Quarterly Securities Report

(The English translation of the "Shihanki-Houkokusho"
for the first quarter of the 73rd term)

from December 1, 2021
to February 28, 2022

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 8, 2022. 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 20
B. Information on Guarantee Companies, etc. of Filing Company 20

[Quarterly Review Report of Independent Auditors]

[Cover]

Document to be filed:	Quarterly Securities Report
Provisions to base upon:	Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	April 8, 2022
Business year:	First quarter of the 73rd term (from December 1, 2021 to February 28, 2022)
Company name (Japanese):	トーセイ株式会社 (*Tosei Kabushiki-Kaisha*)
Company name (English):	TOSEI CORPORATION
Title and name of representative:	Seiichiro Yamaguchi, President and CEO
Location of head office:	4-5-4, Shibaura, Minato-ku, Tokyo, Japan
Telephone number:	No item to report
Contact person:	No item to report
Place of contact:	4-5-4, Shibaura, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-5439-8807
Contact person:	Noboru Hirano, Director and CFO
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	72nd term First three months	73rd term First three months	72nd term
Accounting period	From December 1, 2020 to February 28, 2021	From December 1, 2021 to February 28, 2022	From December 1, 2020 to November 30, 2021
Revenue (¥ thousand)	25,101,589	26,315,717	61,726,449
Profit before tax (¥ thousand)	4,468,503	5,420,496	10,302,616
Profit attributable to owners of parent (¥ thousand)	3,079,536	3,625,101	6,721,305
Comprehensive income for the period attributable to owners of parent (¥ thousand)	3,422,452	3,522,823	7,134,366
Total equity (¥ thousand)	61,522,318	67,334,130	65,958,740
Total assets (¥ thousand)	158,003,938	188,621,259	195,010,899
Basic earnings per share (¥)	65.31	76.10	142.56
Diluted earnings per share (¥)	65.23	76.07	142.37
Ratio of equity attributable to owners of the parent to total assets (%)	38.9	35.7	33.8
Net cash from (used in) operating activities (¥ thousand)	10,165,327	9,835,055	974,603
Net cash from (used in) investing activities (¥ thousand)	(5,907,836)	(2,918,339)	(15,448,977)
Net cash from (used in) financing activities (¥ thousand)	(5,848,001)	(8,292,590)	10,994,264
Cash and cash equivalents at end of period (¥ thousand)	35,449,599	32,185,638	33,560,679

Notes: 1. Filing company's trends in principal management benchmarks are not disclosed as the Company prepares quarterly consolidated financial statements.
2. Revenue does not include consumption taxes.
3. 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 28, 2022, 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.

The Company saw a change in significant affiliates, which was the exclusion of Princess Holdings Co., Ltd. from the scope of consolidation, as it ceased to exist as a result of an absorption-type merger conducted on January 1, 2022, in which Princess Square Co., Ltd. was the surviving company.

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 28, 2022. 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 28, 2022.

(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 28, 2022, the Japanese economy remained on a weak recovery trend, due to a resurgence of COVID-19. Furthermore, the unstable international situation stemming from Russia's invasion of Ukraine has heightened geopolitical risk and it is necessary to monitor multiple factors such as the ensuing turmoil of the global economy and the soaring prices of natural resources in industrialized countries.

In the real estate industry where Tosei Group operates, domestic real estate investments for the whole of 2021 decreased approximately 2% year on year to approximately ¥4.5 trillion. Although investments slightly decreased against the backdrop of the shortage of properties supplied on the market, real estate transactions remained active, reflecting the continuing proactive investment stance of the investors. Meanwhile, office buildings entered an adjustment phase in the leasing market, but they have held up their prices in the investment market, and transaction volume remained steady and exceeded that of 2020 (according to a survey by a private research institute).

The overall housing market throve and the number of newly built units in the Tokyo metropolitan area condominium market for the whole of 2021 increased 23.5% year on year to 33,636 units. The average contract rate for the first month also reached 73.3%, recording the 70% threshold for the first time since 2015. In addition, in the pre-owned condominium market, the number of units contracted for the whole of 2021 increased 11.1% year on year to 39,812. In the build-for-sale detached house market, housing starts for the whole of 2021 came to 57,000 units (up 5.0% year on year) (according to a survey by a private research institute).

Regarding construction costs for the whole of 2021, average costs per tsubo for reinforced concrete structure were ¥953 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 4.5% year on year), and average costs per tsubo for wooden structure were ¥569 thousand (unchanged from the previous year). A rise in the price of building materials is affecting construction costs (according to a survey by the Ministry of Land, Infrastructure, Transportation and Tourism).

In the office leasing market of Tokyo's five business wards, the average vacancy rate as of January 2022 was 6.3% (an increase of 1.4 percentage points year on year), and the average asking rent was ¥20,508 per tsubo (a decrease of ¥1,338 year on year), demonstrating a downward trend in the office leasing market in the Tokyo metropolitan area, but it seems to have bottomed out in certain areas. A massive supply of new office buildings is expected in 2023 and it remains necessary to continue monitoring the trends in supply and demand (according to a survey by a private research institute).

Meanwhile, the condominium leasing market remained robust and the average asking rent of apartments in the Tokyo metropolitan area as of January 2022 was ¥10,899 per tsubo (an increase of 3.1% year on year) and the average occupancy rate at condominiums held by J-REIT in the Tokyo Area as of November 30, 2021 was 97.0% (an increase of 0.6 percentage points year on year). As for studio apartments, two distinct trends have emerged for the Tokyo metropolitan area and the Tokyo suburbs where single persons' preference for the suburbs has brought down the rent in the 23 wards of Tokyo (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock in January 2022 amounted to 7.40 million tsubo (an increase of 14.9% year on year). The vacancy rate was 2.5%. Although this was an increase from the level of 1.7% observed in October 2021, rent continues to gradually increase.

Supply and demand remain tight, but new supplies are expected in future, and it remains necessary to monitor the balance of supply and demand (according to a survey by a private research institute).

In the real estate fund market, the market scale continues to expand. J-REIT assets under management in January 2022 totaled ¥21.2 trillion (an increase of ¥0.7 trillion year on year) and assets under management in private placement funds totaled ¥23.4 trillion (as of June 2021, an increase of ¥2.3 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥44.6 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, the average guest room occupancy rate in the whole of 2021 was 41.8% (85.1% in the whole of 2019, prior to the COVID-19 pandemic), and the total number of hotel guests in Tokyo encompassing all types of accommodation in the whole of 2021 amounted to 36.56 million (78.98 million overnight stays in the whole of 2019). The number of new cases of the COVID-19 variant has been climbing in Japan and the hotel market will still need more time until it recovers (according to a survey by the Japan Tourism Agency).

Amid this operating environment, in the Fund and Consulting Business, the Group increased its balance of assets under management, while 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.

As a result, consolidated revenue for the three months ended February 28, 2022 totaled ¥26,315 million (up 4.8% year on year), operating profit was ¥5,685 million (up 22.5%), profit before tax was ¥5,420 million (up 21.3%), and profit attributable to owners of the parent was ¥3,625 million (up 17.7%).

Performance by business segment is shown below.

From the three months ended February 28, 2022, the Company changed the name of its “Real Estate Securitization Business” (in Japanese. In English, the segment has been known as the “Revitalization Business” and remains the same) to the “Revitalization Business.” As this is merely a change of the segment name, there will be no impact on segment information.

Revitalization Business

During the three months ended February 28, 2022, the segment sold 24 properties it had renovated and 41 pre-owned condominium units, including Ochanomizu Tosei Building (Chiyoda-ku, Tokyo), Hon-Atsugi Building II (Atsugi-shi, Kanagawa), Akihabara Tosei Building III (Taito-ku, Tokyo).

During the three months ended February 28, 2022, it also acquired a total of eight income-generating office buildings and apartments and and 37 pre-owned condominium units.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of inventories valuation loss of ¥456 million.

As a result, revenue in this segment was ¥18,719 million (up 30.9% year on year) and the segment profit was ¥4,133 million (up 27.5%).

Development Business

During the three months ended February 28, 2022, the segment sold T’S BRIGHTIA Minami-Aoyama EAST (Minato-ku, Tokyo). In addition, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 17 detached houses at such properties as THE Palms Court Hibarigaoka (Nishitokyo-shi, Tokyo) and THE Palms Court Kamakura Shiromeguri (Kamakura-shi, Kanagawa).

During the fiscal year under review, it also acquired one land lot for apartment project and land lots for 27 detached houses.

In addition, the Group reviewed the valuation of its income-generating properties, recording a reversal of inventories valuation loss of ¥66 million.

As a result, revenue in this segment was ¥3,140 million (down 56.3% year on year) and the segment profit was ¥616 million (down 5.9%) .

Rental Business

During the three months ended February 28, 2022, while the segment sold 19 buildings of its inventory assets held for leasing purposes, it newly acquired four properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its holding non-current assets and inventory assets.

As a result, revenue in this segment was ¥1,446 million (up 4.7% year on year) and the segment profit was ¥733 million (up 0.7%).

Fund and Consulting Business

During the three months ended February 28, 2022, while ¥20,839 million was subtracted due mainly to property dispositions by funds, ¥109,223 million added due to new asset management contracts, from the balance of assets under management (Note) ¥1,420,867 million for the end of the previous fiscal year. The balance of assets under management as of February 28, 2022, was ¥1,509,252 million.

As a result, revenue in this segment was ¥1,167 million (up 24.4% year on year) and the segment profit was ¥698 million (up 13.2%).

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 28, 2022, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 765 as of February 28, 2022, an increase of 76 from February 28, 2021, with the total comprising 469 office buildings, hotels, logistic facilities and other such properties, and 296 condominiums and apartments.
As a result, revenue in this segment was ¥1,485 million (up 22.8% year on year) and segment profit was ¥280 million (up 31.5%).

Hotel Business

While the impact of COVID-19 still persisted in the three months ended February 28, 2022, the Company strived to improve the occupancy rates at existing hotels, resulting in improvements in revenue and segment loss from the same period of the previous fiscal year.

As a result, revenue in this segment was ¥356 million (up 331.6% year on year) and segment loss was ¥188 million (in comparison with segment loss of ¥218 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

In the real estate investment market, which is the Group's mainstay market, investors both in Japan and abroad have been engaged in investment activities proactively. Under such a business environment, the Group's financial results have been strong and, in particular, at Tosei's Fund and Consulting Business, which supports real estate investment funds of domestic and overseas investors, the balance of assets under management has further increased and exceeded ¥1.5 trillion (a year-on-year increase of ¥88.3 billion), maintaining a steady growth. Meanwhile, the Revitalization Business and the Development Business saw sales of whole buildings remain robust. As a result, consolidated revenue for the three months ended February 28, 2022 totaled ¥26.3 billion (up 4.8% year on year), and operating profit amounted to ¥5.6 billion (up 22.5%). Profit before tax was ¥5.4 billion (up 21.3%), achieving 45.2% of the full-year forecast.

While there are concerns over the future business environment such as the turmoil of the global economy stemming from the Russian invasion of Ukraine, inflation triggered by the high prices of natural resources, accelerated tapering by various countries, and social changes as a result of coexisting with COVID-19 as well as the changes anticipated in a post-COVID-19 society, the Company will closely monitor the trends in the real estate market and continue to proactively promote its purchasing and sales activities.

(2) Analysis of Financial Positions

As of February 28, 2022, total assets were ¥188,621 million, a decrease of ¥6,389 million compared with November 30, 2021, while total liabilities were ¥121,287 million, a decrease of ¥7,765 million.

Decrease in total assets were due to a decrease in inventories. Decrease in total liabilities were due to a decrease in Interest-bearing liabilities and current income tax liabilities despite an increase in Trade and other payables.

Total equity increased by ¥1,375 million to ¥67,334 million, mainly due to an increase in retained earnings, payment of cash dividends and purchase of treasury shares.

(3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter "cash") as of February 28, 2022 totaled ¥32,185 million, down ¥1,375 million compared with November 30, 2021.

The cash flows for the three months ended February 28, 2022 and factors contributing to those amounts are as follows :

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥9,835 million (down 3.2% year on year). This is mainly attributed to the profit before tax of ¥5,420 million, a decrease in inventories of ¥7,884 million, and income taxes paid of ¥3,459 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,918 million(down 50.6% year on year). This is primarily due to purchase of other financial assets of ¥2,878 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥8,292 million (up 41.8% year on year). This mainly reflects ¥12,290 million in the repayments of non-current borrowings and ¥1,777 million in cash dividends paid, despite ¥4,829 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the three months ended February 28, 2022, 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 28, 2022)	Number of issued shares (Shares: as of the date of filing: April 8, 2022)	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	–	–

Note: The Company's shares were listed on the Prime Market of the Tokyo Stock Exchange on April 4, 2022.

(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, 2021 to February 28, 2022	—	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, 2021, which is the latest record date, as the information as of February 28, 2022 is not yet available.

a. Issued shares

(As of February 28, 2022)

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 900,000	–	–
Shares with full voting rights (Other)	Ordinary shares 47,775,200	477,752	–
Shares less than one unit	Ordinary shares 8,600	–	–
Total number of issued shares	48,683,800	–	–
Voting rights owned by all shareholders	–	477,752	–

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 22 shares of treasury shares.

b. Treasury shares, etc.

(As of February 28, 2022)

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	900,000	―	900,000	1.84
Total	–	900,000	―	900,000	1.84

Note: At the board of directors meeting held on January 12, 2022 the Company resolved the acquisition of treasury shares from January 13, 2022 to July 31, 2022, and the Company acquired 321,700 treasury shares. As a result, the total number of treasury shares was 1,217,722 shares as of February 28, 2022.

2. Status of Officers

There was no change in Officers during the three months ended February 28, 2022 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, 2022 (from December 1, 2021 to February 28, 2022) and for the first three months of the fiscal year ending November 30, 2022 (from December 1, 2021 to February 28, 2022) 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, 2021	As of February 28, 2022
Assets			
Current assets			
Cash and cash equivalents	10	33,560,679	32,185,638
Trade and other receivables	10	4,139,380	4,785,639
Inventories	6	85,210,849	77,870,047
Other current assets		46,903	20,826
Total current assets		122,957,812	114,862,152
Non-current assets			
Property, plant and equipment		23,860,236	23,639,537
Investment properties		39,812,070	39,259,807
Goodwill		1,401,740	1,401,740
Intangible assets		191,758	189,281
Trade and other receivables	10	1,509,310	1,558,436
Other financial assets	10	4,511,800	7,239,127
Deferred tax assets		752,916	457,921
Other non-current assets		13,254	13,254
Total non-current assets		72,053,087	73,759,107
Total assets		195,010,899	188,621,259
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10	4,976,342	6,304,195
Interest-bearing liabilities	10	11,432,641	12,179,973
Current income tax liabilities		2,625,593	493,244
Provisions		788,366	278,317
Total current liabilities		19,822,944	19,255,730
Non-current liabilities			
Trade and other payables	10	4,373,252	3,675,221
Interest-bearing liabilities	10	103,521,924	96,944,148
Retirement benefits obligations		646,515	657,129
Provisions		15,284	15,326
Deferred tax liabilities		672,238	739,572
Total non-current liabilities		109,229,215	102,031,398
Total Liabilities		129,052,159	121,287,129
Equity			
Share capital		6,624,890	6,624,890
Capital reserves		6,790,172	6,789,833
Retained earnings		53,250,370	55,051,143
Treasury shares		(911,662)	(1,242,973)
Other components of equity		204,969	111,235
Total equity attributable to owners of parent		65,958,740	67,334,130
Total equity		65,958,740	67,334,130
Total liabilities and equity		195,010,899	188,621,259

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Notes	Three months ended February 28, 2021	Three months ended February 28, 2022
Revenue	5,7	25,101,589	26,315,717
Cost of revenue		18,271,682	17,820,126
Gross profit		6,829,907	8,495,591
Selling, general and administrative expenses		2,252,671	2,826,704
Other income		63,801	21,602
Other expenses		583	5,153
Operating profit	5	4,640,454	5,685,336
Finance income		23,134	3,782
Finance costs		195,085	268,621
Profit before tax		4,468,503	5,420,496
Income tax expense		1,389,229	1,795,394
Profit for the period		3,079,274	3,625,101
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		338,840	(105,099)
Remeasurements of defined benefit pension plans		—	(8,544)
Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss		338,840	(113,644)
Other comprehensive income Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		5,495	4,796
Net change in fair values of cash flow hedges		(1,419)	6,569
Subtotal of other comprehensive income Items that may be reclassified to profit or loss		4,075	11,366
Other comprehensive income for the period, net of tax		342,915	(102,278)
Total comprehensive income for the period		3,422,190	3,522,823
Profit attributable to:			
Owners of parent		3,079,536	3,625,101
Non-controlling interests		(262)	—
Profit for the period		3,079,274	3,625,101
Total comprehensive income attributable to:			
Owners of parent		3,422,452	3,522,823
Non-controlling interests		(262)	—
Total comprehensive income for the period		3,422,190	3,522,823
Earnings per share attributable to owners of the parent			
Basic earnings per share (¥)	9	65.31	76.10
Diluted earnings per share (¥)	9	65.23	76.07

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended February 28, 2021 (December 1, 2020 – February 28, 2021)

(¥ thousand)

	Notes	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, 2020		6,624,890	6,627,004	47,442,372	(1,500,055)	(224,688)	58,969,524	—	58,969,524
Profit for the period				3,079,536			3,079,536	(262)	3,079,274
Other comprehensive income						342,915	342,915		342,915
Total comprehensive income for the period		—	—	3,079,536	—	342,915	3,422,452	(262)	3,422,190
Amount of transactions with owners									
Purchase of treasury shares			(67)		(97,970)		(98,038)		(98,038)
Dividends of surplus	8			(896,333)			(896,333)		(896,333)
Change from newly consolidated subsidiary							—	117,600	117,600
Share-based payment			7,375				7,375		7,375
Balance at February 28, 2021		6,624,890	6,634,312	49,625,575	(1,598,026)	118,227	61,404,980	117,337	61,522,318

Three months ended February 28, 2022 (December 1, 2021 – February 28, 2022)

(¥ thousand)

	Notes	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, 2021		6,624,890	6,790,172	53,250,370	(911,662)	204,969	65,958,740	65,958,740
Profit for the period				3,625,101			3,625,101	3,625,101
Other comprehensive income						(102,278)	(102,278)	(102,278)
Total comprehensive income for the period		—	—	3,625,101	—	(102,278)	3,522,823	3,522,823
Amount of transactions with owners								
Purchase of treasury shares			(232)		(335,387)		(335,619)	(335,619)
Disposal of treasury shares			(105)		4,076		3,970	3,970
Dividends of surplus	8			(1,815,783)			(1,815,783)	(1,815,783)
Transfer from other components of equity to retained earnings				(8,544)		8,544	—	—
Balance at February 28, 2022		6,624,890	6,789,833	55,051,143	(1,242,973)	111,235	67,334,130	67,334,130

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Three months ended February 28, 2021	Three months ended February 28, 2022
Cash flows from operating activities			
Profit before tax		4,468,503	5,420,496
Depreciation expense		355,172	391,435
Increase (decrease) in provisions and retirement benefits obligations		(376,098)	(499,521)
Interest and dividend income		(23,134)	(3,782)
Interest expenses		195,085	268,621
Decrease (increase) in trade and other receivables		(68,132)	(230,921)
Decrease (increase) in inventories		8,834,312	7,884,330
Increase (decrease) in trade and other payables		(1,747,928)	(37,523)
Other, net		(2,535)	(111)
Subtotal		11,635,244	13,193,023
Interest and dividend income received		133,119	101,688
Income taxes paid		(1,603,036)	(3,459,656)
Net cash from (used in) operating activities		10,165,327	9,835,055
Cash flows from investing activities			
Purchase of property, plant and equipment		(39,103)	(18,362)
Purchase of investment properties		(5,963,524)	(41,331)
Purchase of intangible assets		(2,800)	(8,396)
Collection of loans receivable		20	1,664
Purchase of other financial assets		—	(2,878,764)
Collection of other financial assets		97,500	100
Other, net		70	26,750
Net cash from (used in) investing activities		(5,907,836)	(2,918,339)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		898,650	1,680,000
Proceeds from non-current borrowings		10,006,400	4,829,500
Repayments of non-current borrowings		(15,549,418)	(12,290,221)
Redemption of bonds		—	(20,000)
Repayments of lease obligations		(60,508)	(106,454)
Capital contribution from non-controlling interests		117,600	—
Cash dividends paid		(881,253)	(1,777,084)
Purchase of treasury shares		(97,970)	(335,387)
Proceeds from disposal of treasury shares		—	4,024
Interest expenses paid		(281,500)	(276,965)
Net cash from (used in) financing activities		(5,848,001)	(8,292,590)
Net increase (decrease) in cash and cash equivalents		(1,590,510)	(1,375,873)
Cash and cash equivalents at beginning of period		37,039,600	33,560,679
Effect of exchange rate change on cash and cash equivalents		509	832
Cash and cash equivalents at end of period		35,449,599	32,185,638

(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 28, 2022 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 7, 2022.

(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. Significant accounting policies

With the exception of the following items, significant 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.

Effect of the Spread of COVID-19 on Accounting Estimates

In determining accounting estimates regarding the valuation of inventory assets, impairment accounting for non-current assets, the recoverability of deferred tax assets, and other items, the Group has assumed that the spread of COVID-19 will exert a degree of impact on future income.

The Group considers that real estate markets other than hotels and commercial facilities are already recovering as of February 28, 2022. It predicts that the impact of COVID-19 on hotels and commercial facilities will persist for the time being, and that it will be next fiscal year or later before a recovery

takes place.

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.

From the three months ended February 28, 2022, the Company changed the name of its "Real Estate Securitization Business" (in Japanese. In English, the segment has been known as the "Revitalization Business" and remains the same) to the "Revitalization Business." As this is merely a change of the segment name, there will be no impact on segment information. Segment information for the three months ended February 28, 2021 is also provided based on the changed segment name.

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

Three months ended February 28, 2021

(December 1, 2020 – February 28, 2021)

(¥ 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	14,297,775	7,190,590	1,382,179	938,707	1,209,761	82,575	—	25,101,589
Intersegment revenue	—	—	11,443	3,052	350,615	50	(365,161)	—
Total	14,297,775	7,190,590	1,393,623	941,759	1,560,377	82,625	(365,161)	25,101,589
Segment profit or loss	3,241,011	655,062	728,713	616,549	213,457	(218,288)	(596,051)	4,640,454
Finance income/costs, net								(171,950)
Profit before tax								4,468,503

Three months ended February 28, 2022
(December 1, 2021 – February 28, 2022)

(¥ 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	18,719,768	3,140,491	1,446,586	1,167,411	1,485,047	356,413	—	26,315,717
Intersegment revenue	—	—	36,616	1,799	370,405	85	(408,906)	—
Total	18,719,768	3,140,491	1,483,203	1,169,210	1,855,453	356,498	(408,906)	26,315,717
Segment profit or loss	4,133,802	616,147	733,969	698,185	280,725	(188,527)	(588,966)	5,685,336
Finance income/costs, net								(264,839)
Profit before tax								5,420,496

6. Inventories

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

(¥ thousand)

	Three months ended February 28, 2021	Three months ended February 28, 2022
Loss on valuation	—	—
Reversal of loss on valuation	389,762	522,598

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, 2021

(December 1, 2020 – February 28, 2021)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	14,297,775	7,165,690	–	–	–	–	21,463,466
Revenue from services	–	24,899	162,430	935,189	1,209,761	55,554	2,387,836
Revenue recognized from other sources	–	–	1,219,749	3,517	–	27,020	1,250,287
Total	14,297,775	7,190,590	1,382,179	938,707	1,209,761	82,575	25,101,589

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

Three months ended February 28, 2022

(December 1, 2021 – February 28, 2022)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business	Total
Sales of real estate	18,719,768	3,133,777	–	–	–	–	21,853,545
Revenue from services	–	6,713	119,405	1,166,116	1,485,047	329,624	3,106,907
Revenue recognized from other sources	–	–	1,327,181	1,294	–	26,788	1,355,264
Total	18,719,768	3,140,491	1,446,586	1,167,411	1,485,047	356,413	26,315,717

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, 2021 and February 28, 2022 are as follows:

Three months ended February 28, 2021				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2021	19	896,333	November 30, 2020	February 26, 2021

Three months ended February 28, 2022				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2022	38	1,815,783	November 30, 2021	February 28, 2022

9. Earnings per Share

	Three months ended February 28, 2021	Three months ended February 28, 2022
Profit attributable to owners of parent (¥ thousand)	3,079,536	3,625,101
Net income used to figure diluted net income per share (¥ thousand)	3,079,536	3,625,101
Weighted average number of outstanding ordinary shares (shares)	47,152,020	47,639,028
The number of increased ordinary shares used to figure diluted earnings per share (shares)	60,267	14,839
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,212,287	47,653,867
Basic earnings per share (¥)	65.31	76.10
Diluted net income per share (¥)	65.23	76.07

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, 2021		As of February 28, 2022	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	33,560,679	33,560,679	32,185,638	32,185,638
Trade and other receivables	4,082,157	4,082,157	3,715,006	3,715,006
Financial assets measured at fair value through other comprehensive income				
Other financial assets	4,148,616	4,148,616	6,875,797	6,875,797
Financial assets measured at fair value through profit or loss				
Other financial assets	363,183	363,183	363,330	363,330
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	7,823,519	7,823,519	8,373,591	8,373,591
Interest-bearing liabilities	114,954,565	114,941,596	109,124,121	109,111,750

Note: In the three months ended February 28, 2022, the Company finalized the provisional accounting treatment of the business combination with ICOMPANY, Inc. and its four subsidiaries and restated the figures for the previous fiscal year retroactively.

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.

(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

(¥ thousand)

	As of November 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	4,023,462	40,420	84,734	4,148,616
Financial assets measured at fair values through profit or loss	—	—	363,183	363,183
Financial liabilities measured at fair value through other comprehensive income (derivative)	—	12,950	—	12,950

	As of February 28, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	6,750,551	40,420	84,825	6,875,797
Financial assets measured at fair value through other comprehensive income (derivative)	—	10,853	—	10,853
Financial assets measured at fair values through profit or loss	—	—	363,330	363,330
Financial liabilities measured at fair value through other comprehensive income (derivative)	—	15,203	—	15,203

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, 2021	Three months ended February 28, 2022
Balance at beginning of period	535,680	447,918
Acquisition	—	—
Comprehensive income		
Profit (loss)	—	146
Other comprehensive income	2,930	190
Disposal	(97,500)	(100)
Balance at end of period	441,110	448,155

11. Business combinations

Three months ended February 28, 2022 (December 1, 2021 – February 28, 2022)

Finalization of the provisional accounting for a business combination

In the fiscal year ended November 30, 2021, the Company applied a provisional accounting treatment to the business combination with ICOMPANY, Inc. and its four subsidiaries, which was conducted in September 2021. In the three months ended February 28, 2022, however, the Company finalized the provisional accounting treatment. By reflecting updated information obtained as a result of the finalization of the provisional accounting treatment, the Company reviewed and restated the initial allocation of acquisition costs as follows.

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

(¥ thousand)

	Provisional	Retroactively restated	Finalized
Fair value of consideration for the acquisition	5,674,243		5,674,243
Current assets			
Cash and cash equivalents	1,951,066		1,951,066
Inventories	12,946,858		12,946,858
Other	339,834	118,340	458,174
Non-current assets			
Property, plant and equipment	568,772		568,772
Other	344,454	10,287	354,741
Current liabilities			
Interest-bearing liabilities	2,775,205		2,775,205
Other	895,093		895,093
Non-current liabilities			
Interest-bearing liabilities	7,962,143		7,962,143
Other	374,668		374,668
Fair value of assets acquired and liabilities assumed (net)	4,143,874	128,628	4,272,502
Goodwill	1,530,369	(128,628)	1,401,740

As the allocation of the consideration for the acquisition was completed, the Company restated the balance as of November 30, 2021 in the Consolidated Statement of Financial Position of the previous fiscal year.

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 7, 2022

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Chuo-ku, Tokyo

Designated and Engagement Partner,
Certified Public Accountant:

Takashi Aikawa (Seal)

Designated and Engagement Partner,
Certified Public Accountant:

Atushi Iijima (Seal)

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, 2021 to February 28, 2022) and the first three-month period (December 1, 2021 to February 28, 2022) of the fiscal year from December 1, 2021 to November 30, 2022.

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 28, 2022, 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 that it has complied with Japan’s professional ethics regulations regarding independence as well as on matters that are reasonably considered to affect the independence of the auditor, and the content of safeguards, if any, taken in order to eliminate or mitigate disincentives.

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 above is a digitization of the text contained in the original copy of the Quarterly Review Report, which 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.