

Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the first quarter of the 74th term)

from December 1, 2022
to February 28, 2023

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 7, 2023. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

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[Quarterly Review Report of Independent Auditors]

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Company name (English):	TOSEI CORPORATION
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A. Company Information

I. Overview of the Tosei Group

1. Trends in principal management benchmarks

Term	73rd term First three months	74th term First three months	73rd term
Accounting period	From December 1, 2021 to February 28, 2022	From December 1, 2022 to February 28, 2023	From December 1, 2021 to November 30, 2022
Revenue (¥ thousand)	26,315,717	31,052,331	70,953,486
Profit before tax (¥ thousand)	5,420,496	6,488,045	12,753,538
Profit attributable to owners of parent (¥ thousand)	3,625,101	4,416,708	8,607,088
Comprehensive income for the period attributable to owners of parent (¥ thousand)	3,522,823	4,369,937	8,784,368
Total equity (¥ thousand)	67,334,130	74,170,429	72,290,677
Total assets (¥ thousand)	188,621,259	210,192,743	210,955,801
Basic earnings per share (¥)	76.10	93.55	181.66
Diluted earnings per share (¥)	76.07	93.36	181.33
Ratio of equity attributable to owners of the parent to total assets (%)	35.7	35.3	34.3
Net cash from (used in) operating activities (¥ thousand)	9,835,055	13,386,081	(197,084)
Net cash from (used in) investing activities (¥ thousand)	(2,918,339)	(2,383,961)	(9,081,101)
Net cash from (used in) financing activities (¥ thousand)	(8,292,590)	(5,694,488)	7,477,196
Cash and cash equivalents at end of period (¥ thousand)	32,185,638	37,074,725	31,767,008

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 28, 2023, 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 to major associates include the acquisition of shares of Shibaura Residential Co., Ltd., the establishment of Tachikawa Daikokuya Limited Liability Company, and its inclusion in the scope of consolidation.

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, 2023. 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, 2023.

(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, 2023, the Japanese economy showed signs of moderate recovery, as it took the path of coexistence with COVID-19. Meanwhile, concerns have been raised over the lackluster overseas economies reflecting the global credit tightening and the impact of rising consumer prices, and it will be necessary to monitor them as downside risks.

In the real estate industry where Tosei Group operates, domestic real estate investments for the whole of 2022 decreased by 27% year on year to ¥3.2 trillion. The continuing shortage of income-generating properties and the slowdown in property acquisition by J-REIT, the main players in real estate investment, are believed to be the factors for this decrease. While some investors have chosen to adopt a “wait-and-see” attitude as the market awaits an imminent correction of its monetary policies by the Bank of Japan, many other real estate investors both in Japan and overseas continue to demonstrate an avid appetite for investments and current real estate prices remain high. Therefore, it will be necessary to continue monitoring the trends of monetary policies and other factors going forward (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 2022 decreased 12.1% year on year to 29,569 units and the average price per unit reached a record-breaking ¥62.88 million (up 0.4% year on year) due to the constraints put on supply by developers owing to the difficulty of purchasing land lots and the soaring prices of building materials. Although 32,000 units (up 8.2% year on year) are projected to be supplied in the whole of 2023, given that further cost pass-through will be required going forward, the average contract rate for the first month of 2023 has fallen by 3.8 percentage points year on year to 54.6% and significantly below the 70% threshold from which market conditions are viewed as favorable, raising concerns over declining consumer appetite and longer periods required for sales due to soaring condominium prices. In the Tokyo metropolitan area pre-owned condominium market, while the number of units contracted for the whole of 2022 declined by 11.0% year on year to 35,429 units, sales prices continue to rise, similarly to newly built units. Additionally, in the build-for-sale detached house market, housing starts for the whole of 2022 remained strong at 59,425 units (up 4.2% year on year) (according to a survey by a private research institute).

The average costs per tsubo in terms of construction costs for the whole of 2022 were ¥582 thousand per tsubo (1 tsubo = 3.30 square meters) (an increase of 2.3% year on year) for wooden structures and ¥1,436 thousand per tsubo (an increase of 28.4% year on year) for steel reinforced concrete structures. Although the price of timber, which shot up last year, has been gradually coming down, it remains at high levels and steel prices are also still high, which have resulted in the ongoing rise of construction costs (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 2023 was 6.3% (unchanged from the same month of the previous year), and the average asking rent was ¥20,026 per tsubo (a decrease of 2.4% year on year). Although office demand is on a recovery trend, 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 2023 was ¥11,209 per tsubo (an increase of 2.8% year on year) and the average occupancy rate at condominiums held by J-REIT in the Tokyo Area as of October

31, 2022 was 96.6% (an increase of 0.1 percentage points year on year). The rent for apartments for singles, which had taken a hit during the COVID-19 pandemic, has also begun to rise at a moderate pace (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock as of January 2023 amounted to 8.59 million tsubo (an increase of 15.8% year on year), the vacancy rate was 4.4% (an increase of 2.1 percentage points year on year), and the asking rent was ¥4,510 per tsubo (a decrease of 4.0% year on year). As supply continues to rise at a rapid pace, in 2023, a record-breaking supply of approximately 1.2 million tsubo is expected. While there are concerns about the deteriorating balance of supply and demand in the short term, demand is expected to remain solid in the medium- to long term (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 2023 totaled ¥21.9 trillion (an increase of ¥0.6 trillion year on year) and assets under management in private placement funds totaled ¥29.7 trillion (as of December 31, 2022, an increase of ¥5.6 trillion year on year). Combining the two, the real estate securitization market scale grew to ¥51.6 trillion (according to a survey by a private research institute).

In the Tokyo business hotel market, for the whole of 2022, the average guest room occupancy rate was 58.4% (an increase of 16.6 percentage points year on year), and the total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 58.68 million (an increase of 53.5% year on year). Domestic demand has already recovered to pre-COVID-19 levels, and a recovery in the number of inbound guests is also expected in 2023 (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, 2023 totaled ¥31,052 million (up 18.0% year on year), operating profit was ¥6,781 million (up 19.3%), profit before tax was ¥6,488 million (up 19.7%), and profit attributable to owners of the parent was ¥4,416 million (up 21.8%).

Performance by business segment is shown below.

Revitalization Business

During the three months ended February 28, 2023, the segment sold 16 properties it had renovated and 39 pre-owned condominium units, including Otsuka Tosei Building II (Toshima-ku, Tokyo), Kashiwa Tosei Building (Kashiwa-shi, Chiba), Stellar Court Higashi-kojiya (Ota-ku, Tokyo).

During the three months ended February 28, 2023, it also acquired a total of 15 income-generating office buildings and apartments, nine land lots and 28 pre-owned condominium units.

As a result, revenue in this segment was ¥23,717 million (up 26.7% year on year) and the segment profit was ¥5,061 million (up 22.4%).

Development Business

During the three months ended February 28, 2023, the segment sold 18 units at THE Palms Toda Master Graces (Toda-shi, Saitama) in newly build condominium and sold 13 detached houses at such properties as THE Palms Court Mitaka Veil (Mitaka-shi, Tokyo) and THE Palms Court Hikawadai (Nerima-ku, Tokyo).

During the fiscal year under review, it also acquired two land lots for rental apartment projects, two land lots for rental wooden apartment projects and land lots for four detached houses.

As a result, revenue in this segment was ¥1,752 million (down 44.2% year on year) and the segment profit was ¥215 million (down 65.0%).

Rental Business

During the three months ended February 28, 2023, the Company focused on leasing out its rental properties.

As of February 28, 2023, the number of rental properties increased by seven from 91 at the end of the previous fiscal year to 98, as the segment acquired 18 properties, sold 10 properties, and terminated the leasing of one property.

As a result, revenue in this segment was ¥1,556 million (up 7.6% year on year) and the segment profit was ¥759 million (up 3.4%).

Fund and Consulting Business

During the three months ended February 28, 2023, while ¥25,620 million was subtracted due mainly to property dispositions by funds, ¥558,360 million added due to new asset management contracts, from the balance of assets under management (Note) ¥1,722,896 million for the end of the previous fiscal year. The balance of assets under management as of February 28, 2023, was ¥2,255,636 million.

As a result, revenue in this segment was ¥1,655 million (up 41.8% year on year) and the segment profit was ¥1,060 million (up 51.9%).

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, 2023, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 812 as of February 28, 2023, an increase of 47 from February 28, 2022, with the total comprising 487 office buildings, hotels, logistic facilities and other such properties, and 325 condominiums and apartments.

As a result, revenue in this segment was ¥1,586 million (up 6.8% year on year) and segment profit was ¥263 million (down 6.3%).

Hotel Business

During the three months ended February 28, 2023, occupancy rates and guest room rates improved in line with the increasing normalization of social and economic activities, as the nation adopted coexistence with COVID-19 and accordingly, both revenue and segment profit exceeded that of the previous fiscal year. The segment, which had continued to report losses ever since the COVID-19 outbreak, returned to profitability.

As a result, revenue in this segment was ¥783 million (up 119.9% year on year) and segment profit was ¥142 million (in comparison with segment loss of ¥188 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

In the domestic real estate investment market, which is the Group's mainstay market, there were no major changes in the investment stance of real estate investors both in Japan and abroad and robust transactions continued. Overseas visitors also began to return since the lifting of border control restrictions and the hotel business market entered a recovery phase. Under such an operating environment, for the first three months ended February 28, 2023, the Group's financial results were off to a good start with consolidated revenue of ¥31.0 billion (up 18.0% year on year), operating profit of ¥6.7 billion (up 19.3% year on year), and profit before tax of ¥6.4 billion (up 19.7% year on year), achieving 36.5% of the full-year forecast based on revenue and 46.3% based on profit before tax.

As for the operating segments, in the Revitalization Business, sales of three major income-generating properties progressed as planned, while sales of condominium units that have been revitalized and small- to medium-sized properties were also strong, which drove the Group's overall profits. Additionally, in the Stock and Fee Business, the Company's stable source of income, each business progressed strongly, with the Hotel Business in particular showing a recovery in occupancy rates and guest room rates exceeding the Company's expectations. In the Fund and Consulting Business, the Company began to provide asset management services to the major property, "Otemachi PLACE" from December, which turned out to be a record real estate transaction deal in Japan, and as a result, the balance of assets under management exceeded ¥2.2 trillion (an increase of ¥532.7 billion from the end of the previous fiscal year).

Recently, our nation's economy has been witnessing rising uncertainty over the business environment, due to various factors including the soaring prices of natural resources, concerns about the global economic downturn, and forecasts for revisions of monetary policies by the Bank of Japan. The Company will closely monitor the trends in real estate market and continue to promote proactive business activities.

(2) Analysis of Financial Positions

As of February 28, 2023, total assets were ¥210,192 million, a decrease of ¥763 million compared with November 30, 2022, while total liabilities were ¥136,022 million, a decrease of ¥2,642 million.

Decrease of total assets were due to a decrease in Trade and other receivables and inventories despite an increase in cash and cash equivalents. 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 ¥1,879 million to ¥74,170 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 28, 2023 totaled ¥37,074 million, up ¥5,307 million compared with November 30, 2022.

The cash flows for the three months ended February 28, 2023 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥13,386 million (up 36.1% year on year). This is mainly attributed to the profit before tax of ¥6,488 million, a decrease in inventories of ¥4,361 million, a decrease in Trade and other receivables of ¥4,455 million, and income taxes paid of ¥2,780 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,383 million (down 18.3% year on year). This is mainly due to payments for acquisition of subsidiaries of ¥1,581 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥5,694 million (down 31.3% year on year). This mainly reflects ¥15,845 million in the repayments of non-current borrowings and ¥2,370 million in cash dividends paid, despite ¥12,918 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the three months ended February 28, 2023, 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, 2023)	Number of issued shares (Shares: as of the date of filing: April 7, 2023)	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, 2022 to February 28, 2023	—	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, 2022, which is the latest record date, as the information as of February 28, 2023 is not yet available.

a. Issued shares

(As of February 28, 2023)

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 1,424,100	—	—
Shares with full voting rights (Other)	Ordinary shares 47,247,400	472,474	—
Shares less than one unit	Ordinary shares 12,300	—	—
Total number of issued shares	48,683,800	—	—
Voting rights owned by all shareholders	—	472,474	—

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, 2023)

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	1,424,100	—	1,424,100	2.92
Total	—	1,424,100	—	1,424,100	2.92

Note: At the Board of Directors’ meeting held on July 5, 2022, the Company resolved to repurchase its own shares during a repurchase period from July 6, 2022 to December 31, 2022, and as of February 28, 2023 had repurchased 84,300 shares. In addition, the number of shares decreased by 36,400 shares due to the exercise of stock acquisition rights. As a result, the number of treasury shares as of February 28, 2023 stands at 1,472,022 shares.

2. Status of Officers

There was no change in Officers during the three months ended February 28, 2023 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, 2023 (from December 1, 2022 to February 28, 2023) and for the first three months of the fiscal year ending November 30, 2023 (from December 1, 2022 to February 28, 2023) 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, 2022	As of February 28, 2023
Assets			
Current assets			
Cash and cash equivalents	10	31,767,008	37,074,725
Trade and other receivables	10	10,038,132	6,264,030
Inventories	6	95,303,762	93,416,384
Other current assets		22,640	23,312
Total current assets		137,131,544	136,778,452
Non-current assets			
Property, plant and equipment		22,963,356	22,706,578
Investment properties		39,864,258	40,194,274
Goodwill		1,401,740	1,401,740
Intangible assets		205,354	193,113
Trade and other receivables	10	1,457,809	1,275,091
Other financial assets	10	7,219,963	7,206,577
Deferred tax assets		698,518	423,660
Other non-current assets		13,254	13,254
Total non-current assets		73,824,257	73,414,291
Total assets		210,955,801	210,192,743
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10	5,681,615	7,308,224
Interest-bearing liabilities	10	13,739,325	14,549,381
Current income tax liabilities		1,935,664	1,263,164
Provisions		1,079,970	342,728
Total current liabilities		22,436,575	23,463,497
Non-current liabilities			
Trade and other payables	10	3,612,629	3,492,129
Interest-bearing liabilities	10	111,108,220	107,550,049
Retirement benefits obligations		704,268	709,368
Provisions		15,449	7,498
Deferred tax liabilities		787,980	799,771
Total non-current liabilities		116,228,549	112,558,816
Total Liabilities		138,665,124	136,022,314
Equity			
Share capital		6,624,890	6,624,890
Capital reserves		6,775,532	6,769,673
Retained earnings		60,029,994	62,036,459
Treasury shares		(1,533,670)	(1,607,753)
Other components of equity		393,929	347,158
Total equity attributable to owners of parent		72,290,677	74,170,429
Total equity		72,290,677	74,170,429
Total liabilities and equity		210,955,801	210,192,743

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Notes	Three months ended February 28, 2022	Three months ended February 28, 2023
Revenue	5,7	26,315,717	31,052,331
Cost of revenue		17,820,126	21,148,431
Gross profit		8,495,591	9,903,900
Selling, general and administrative expenses		2,826,704	3,234,839
Other income		21,602	116,163
Other expenses		5,153	4,139
Operating profit	5	5,685,336	6,781,084
Finance income		3,782	3,891
Finance costs		268,621	296,931
Profit before tax		5,420,496	6,488,045
Income tax expense		1,795,394	2,071,336
Profit for the period		3,625,101	4,416,708
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		(105,099)	(44,892)
Remeasurements of defined benefit pension plans		(8,544)	—
Subtotal of Other comprehensive income Items that will not be reclassified to profit or loss		(113,644)	(44,892)
Other comprehensive income Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		4,796	295
Net change in fair values of cash flow hedges		6,569	(2,173)
Subtotal of other comprehensive income Items that may be reclassified to profit or loss		11,366	(1,878)
Other comprehensive income for the period, net of tax		(102,278)	(46,771)
Total comprehensive income for the period		3,522,823	4,369,937
Profit attributable to:			
Owners of parent		3,625,101	4,416,708
Profit for the period		3,625,101	4,416,708
Total comprehensive income attributable to:			
Owners of parent		3,522,823	4,369,937
Total comprehensive income for the period		3,522,823	4,369,937
Earnings per share attributable to owners of the parent			
Basic earnings per share (¥)	9	76.10	93.55
Diluted earnings per share (¥)	9	76.07	93.36

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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

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

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Three months ended February 28, 2022	Three months ended February 28, 2023
Cash flows from operating activities			
Profit before tax		5,420,496	6,488,045
Depreciation expense		391,435	386,643
Increase (decrease) in provisions and retirement benefits obligations		(499,521)	(731,496)
Interest and dividend income		(3,782)	(3,891)
Interest expenses		268,621	296,931
Decrease (increase) in trade and other receivables		(230,921)	4,455,728
Decrease (increase) in inventories		7,884,330	4,361,145
Increase (decrease) in trade and other payables		(37,523)	819,765
Other, net		(111)	(97,257)
Subtotal		13,193,023	15,975,613
Interest and dividend income received		101,688	190,563
Income taxes paid		(3,459,656)	(2,780,096)
Net cash from (used in) operating activities		9,835,055	13,386,081
Cash flows from investing activities			
Purchase of property, plant and equipment		(18,362)	(12,062)
Purchase of investment properties		(41,331)	(451,711)
Purchase of intangible assets		(8,396)	(8,076)
Payments of loans receivable		—	(281,000)
Collection of loans receivable		1,664	2,096
Purchase of other financial assets		(2,878,764)	(55,660)
Collection of other financial assets		100	3,846
Payments for acquisition of subsidiaries		—	(1,581,393)
Other, net		26,750	—
Net cash from (used in) investing activities		(2,918,339)	(2,383,961)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		1,680,000	165,004
Proceeds from non-current borrowings		4,829,500	12,918,400
Repayments of non-current borrowings		(12,290,221)	(15,845,572)
Redemption of bonds		(20,000)	(10,000)
Repayments of lease obligations		(106,454)	(105,529)
Cash dividends paid		(1,777,084)	(2,370,212)
Purchase of treasury shares		(335,387)	(113,831)
Proceeds from disposal of treasury shares		4,024	36,618
Interest expenses paid		(276,965)	(369,364)
Net cash from (used in) financing activities		(8,292,590)	(5,694,488)
Net increase (decrease) in cash and cash equivalents		(1,375,873)	5,307,631
Cash and cash equivalents at beginning of period		33,560,679	31,767,008
Effect of exchange rate change on cash and cash equivalents		832	84
Cash and cash equivalents at end of period		32,185,638	37,074,725

(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, 2023 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 6, 2023.

(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, 2023. It predicts that the impact of COVID-19 on hotels and commercial facilities will persist for the time being, and that it will gradually recover toward November 30, 2023.

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, 2022

(December 1, 2021 – February 28, 2022)

	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

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

6. Inventories

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

(¥ thousand)

	Three months ended February 28, 2022	Three months ended February 28, 2023
Loss on valuation	—	3,297
Reversal of loss on valuation	522,598	4,347

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, 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.

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.

8. Dividends

Dividends paid in the three months ended February 28, 2022 and February 28, 2023 are as follows:

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

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

9. Earnings per Share

	Three months ended February 28, 2022	Three months ended February 28, 2023
Profit attributable to owners of parent (¥ thousand)	3,625,101	4,416,708
Net income used to figure diluted net income per share (¥ thousand)	3,625,101	4,416,708
Weighted average number of outstanding ordinary shares (shares)	47,639,028	47,212,653
The number of increased ordinary shares used to figure diluted earnings per share (shares)	14,839	94,177
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	47,653,867	47,306,830
Basic earnings per share (¥)	76.10	93.55
Diluted net income per share (¥)	76.07	93.36

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, 2022		As of February 28, 2023	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	31,767,008	31,767,008	37,074,725	37,074,725
Trade and other receivables	8,977,304	8,977,304	4,125,996	4,125,996
Financial assets measured at fair value through other comprehensive income				
Other financial assets	7,219,963	7,219,963	7,206,577	7,206,577
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	7,428,561	7,428,561	9,017,543	9,017,543
Interest-bearing liabilities	124,847,546	124,832,181	122,099,430	122,081,986

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

(¥ thousand)

	As of November 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	7,054,562	40,317	125,083	7,219,963
Financial assets measured at fair value through other comprehensive income (derivative)	—	63,749	—	63,749
Financial liabilities measured at fair value through other comprehensive income (derivative)	—	3,580	—	3,580

	As of February 28, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair values through other comprehensive income	6,982,718	—	223,859	7,206,577
Financial assets measured at fair value through other comprehensive income (derivative)	—	59,193	—	59,193
Financial liabilities measured at fair value through other comprehensive income (derivative)	—	2,071	—	2,071

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, 2022	Three months ended February 28, 2023
Balance at beginning of period	447,918	125,083
Acquisition	—	55,660
Comprehensive income		
Profit (loss)	146	—
Other comprehensive income	190	6,644
Disposal	(100)	(3,846)
Transfer	—	40,317
Balance at end of period	448,155	223,859

Note: 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, 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.

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.

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 6, 2023

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, 2022 to February 28, 2023) and the first three-month period (December 1, 2022 to February 28, 2023) of the fiscal year from December 1, 2022 to November 30, 2023.

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, 2023, 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 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.