



Consolidated Financial Results for the Three Months Ended September 30, 2025 [Japanese GAAP]

November 13, 2025

Company name: JTEC Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3446
 URL: <https://www.j-tec.co.jp/english/>
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Scheduled date of commencing dividend payments: -

Availability of supplementary briefing materials on quarterly financial results: Not available

Financial results briefing session: None

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

1. Consolidated Financial Results for the Three Months Ended September 30, 2025 (July 1, 2025 to September 30, 2025)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended September 30, 2025	232	(0.1)	(172)	—	(168)	—	(120)	—
September 30, 2024	232	(21.9)	(132)	—	(147)	—	(105)	—

(Note) Comprehensive income: For the three months ended September 30, 2025: ¥(120) million [—%]

For the three months ended September 30, 2024: ¥(105) million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended September 30, 2025	(20.48)	—
September 30, 2024	(17.96)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	3,534	2,654	75.1
As of June 30, 2025	3,688	2,775	75.3

(Reference) Shareholders' equity: As of September 30, 2025: ¥2,654 million

As of June 30, 2025: ¥2,775 million

2. Dividends

	Annual dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2025	—	0.00	—	0.00	0.00
Fiscal year ending June 30, 2026	—				
Fiscal year ending June 30, 2026 (Forecast)		0.00	—	0.00	0.00

(Note) Changes in dividend forecast from the most recent announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2026 (July 1, 2025 to June 30, 2026)
(Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2025	683	21.0	(296)	—	(298)	—	(214)	—	(36.45)
Fiscal year ending June 30, 2026	2,655	37.9	278	144.9	274	168.8	172	185.9	29.32

(Note) Changes in financial results forecast from the most recent announcement: None

Notes:

(1) Changes in specific subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

Newly included: None

Excluded: None

(2) Application of special accounting treatment in preparing the quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

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

September 30, 2025: 5,890,600 shares

June 30, 2025: 5,890,600 shares

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

September 30, 2025: 970 shares

June 30, 2025: 970 shares

3) Average number of shares outstanding during the period:

Three months ended September 30, 2025: 5,889,630 shares

Three months ended September 30, 2024: 5,879,030 shares

* Review by a certified public accountant or auditing firm of attached quarterly financial statements: Yes (optional)

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

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from the forecasts due to a wide range of factors. Please see page 4 of the attached materials, "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Financial Results Forecast and Other Forward-Looking Information" for more information regarding assumptions made when formulating earnings projections and matters to note when using these projections.

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1. Summary of Financial Results and Other Information

All matters relating to the future in the sections below reflect the current views of the Group as of September 30, 2025.

(1) Overview of Business Results for the Current Quarter

In the three months ended September 30, 2025, the global economy showed signs of a slowdown due to the impact of U.S. trade and tariff policies as well as regional conflicts in the Middle East and Ukraine, and the outlook remained uncertain. In Japan, the employment and income remained capital together with stable capital investment by corporations led to a gradual economic recovery trend.

Under these economic conditions, the Group pursued efforts to deliver high-quality products, strengthen research and development activities, and enhance its business foundation and corporate value through the three businesses utilizing proprietary technologies: Optical, Life Sciences & Equipment Development, and Other (including ESCO Ltd.).

As a result, in three months ended September 30, 2025, we recorded net sales of ¥232,582 thousand (-0.1% year-on-year), an operating loss of ¥172,127 thousand (compared with a loss of ¥132,812 thousand in the same period of the previous year), an ordinary loss of ¥168,880 thousand (versus a loss of ¥147,328 thousand in the same period of the previous year), and a corporate tax adjustment amount (gain) of ¥47,853 thousand, resulting in a loss attributable to owners of parent of ¥120,642 thousand (versus a loss of ¥105,599 thousand in the same period of the previous year).

Results by segment were as follows.

(Optical segment)

In the three months ended September 30, 2025, sales were primarily driven by the Asian market—SHINE (Shanghai), HALF (Hefei), and TPS (Taiwan)—and the European market including ESRF (France). Revenues also benefited from the completion and inspection of several projects carried over from the previous fiscal year, resulting in higher sales and profits compared to the same period of the prior year. In addition, the Group is steadily progressing with manufacturing activities for orders received from customers in the domestic and U.S. markets. In response to growing user demand for even higher precision than ever before, leading to requests for additional processing such as coatings and engraving for high-precision mirrors, which only we are able to produce, we have been pursuing active research and development and strengthening production capabilities in line with our management philosophy of creating products with unique, one-of-a-kind technologies.

Major domestic and international synchrotron radiation facilities are planning upgrades, and new construction projects, particularly in China and South Korea, are making progress in the Asian market. These developments have already led to numerous inquiries from related facilities. Demand for high-precision mirrors has grown to the highest levels to date in tandem with cutting-edge research in energy and semiconductors in particular, and this is reflected in the success of our ongoing market expansion initiatives.

With regards to our sales activities, we continued to showcase our ultra-precision processing and measurement technologies at academic conferences and exhibitions in the synchrotron radiation field, both domestically and internationally, as well as at general optical exhibitions. During the first quarter, we gave presentations on our technology in the "SPIE Optics + Photonics 2025" in the United States and "PhotonDiag 2025" in Europe, where we proactively undertook sales activities, taking the opportunity to engage in information sharing and opinion exchange, as well as business discussions directly with researchers from around the world.

As a result, during the period under review, the Optical segment recorded sales of ¥189,969 thousand (+29.8% year-on-year) and segment profit of ¥44,500 thousand (+65.3% year-on-year).

(LS & Equipment Development segment)

In the three months ended September 30, 2025, segment sales were mainly driven by recurring revenues such as consumables for automated cell culture systems and fees for equipment maintenance and inspection. We expect to book sales of large-sized automated cell-culture systems in the Life Science business, as well as next-generation machining and polishing equipment (PAP, CARE, PCVM, ECMP), which is a key focus area for the equipment R&D business.

Continuing from the previous year, the LS & Equipment Development business has prioritized new areas, particularly nano-surface processing technologies such as Plasma Chemical Vaporization Machining (PCVM),

Plasma-Assisted Polishing (PAP), CAtalyst-Referred Etching (CARE), and Electrochemical Mechanical Polishing (ECMP) for semiconductor materials. We are actively promoting orders and sales activities for surface processing equipment in these areas. As a new pillar of our business, we are advancing the development and practical application of proprietary surface machining and polishing technologies and equipment. Several semiconductor-related companies have shown interest in our products, and evaluation testing for potential implementation is underway.

Meanwhile, in the Life Sciences business, the number of customers considering the introduction of large-scale automated cell culture systems and with whom we have concrete discussions underway is rising, and projects expected to generate revenues is also trending upward.

As a result, the LS & Equipment Development segment recorded sales of ¥11,917 thousand (+80.1% year-on-year) and a segment loss of ¥33,651 thousand (versus a loss of ¥39,790 thousand in the same period of the previous year).

(Other segment)

The Other segment (ESCO, Ltd), maintained stable revenue streams from equipment maintenance services (approximately ¥19 million) and contract analysis services (approximately ¥11 million), supporting strong relationships with existing customers and demonstrating the ability to meet sophisticated technical requirements. However, the segment was unable to secure sales in its core equipment sales business.

To drive growth going forward, from this fiscal year, we have ramped up outsourcing of production to eliminate production bottlenecks, and concentrated resources in domains with high development productivity, while prioritizing development of specialized equipment for hydrogen-related and semiconductor applications, which we aim to complete within the year. This is an initiative to establish a foundation for future revenue pillars in line with macro trends, and, going forward, with an improved supply capacity, we will focus on acquiring new customers and diversifying sales channels in our target markets.

As a result, the Other segment recorded net sales of ¥30,694 thousand (-61.7% year-on-year) and a segment loss of ¥43,248 thousand (compared with a loss of ¥15,479 thousand in the same period of the previous year).

(2) Overview of Financial Position for the Current Quarter

1. Assets, Liabilities and Net Assets

(Assets)

As of September 30, 2025, current assets amounted to ¥1,727,846 thousand, down ¥211,788 thousand from their level on June 30, 2025. This was mainly due to a decrease by ¥589,367 thousand in accounts receivable - trade, while cash and deposits increased by ¥221,164 thousand, work- in-progress increased by ¥65,552 thousand, and merchandise and finished goods increased by ¥39,353 thousand. Non-current assets totaled ¥1,806,513 thousand, an increase of ¥58,016 thousand compared to the level on June 30, 2025. This was mainly due to increases in deferred tax assets of ¥47,853 thousand and construction in progress of ¥11,570 thousand.

As a result, total assets were ¥3,534,359 thousand, down ¥153,771 thousand from their level on June 30, 2025.

(Liabilities)

As of September 30, 2025, current liabilities came to ¥473,819 thousand, down ¥19,218 thousand from their level on June 30, 2025. This was mainly because accounts payable decreased by ¥30,236 thousand and income taxes payable decreased by ¥25,097 thousand, while contract liabilities increased by ¥40,856 thousand. Non-current liabilities were ¥405,655 thousand, down ¥13,910 thousand from their level on June 30, 2025. This was mainly due to an ¥18,864 thousand decrease in long-term borrowings, while lease liabilities increased by ¥4,890 thousand.

As a result, total liabilities decreased ¥33,129 thousand from their level on June 30, 2025, to ¥879,474 thousand.

(Net assets)

As of September 30, 2025, total net assets amounted to ¥2,654,884 thousand, down ¥120,642 thousand from their level on June 30, 2025. This was due to a decrease in retained earnings of ¥120,642 thousand.

2. Cash flows

In the three months ended September 30, 2025, cash and cash equivalents stood at ¥933,544 thousand, up ¥221,164 thousand compared to the level on June 30, 2025.

Cash flow conditions and their main factors for the three months ended September 30, 2025 are as follows.

(Cash flows from Operating Activities)

Net cash flows from operating activities resulted in a cash inflow of ¥274,665 thousand (compared to a cash inflow of ¥442,973 thousand for the same period of the previous fiscal year). Main factors include inflow from a ¥589,367 thousand decrease in trade receivables, while there was also a ¥167,289 thousand loss before income taxes and a ¥112,945 thousand increase in inventories (which resulted in cash outflows).

(Cash flows from Investing Activities)

Net cash flows from investing activities resulted in a cash outflow of ¥32,186 thousand (compared to a cash outflow of ¥17,353 thousand for the same period of the previous fiscal year). Main factors include acquisition of tangible fixed assets of ¥31,961 thousand.

(Cash flows from Financing Activities)

Net cash flows from financing activities resulted in a cash outflow of ¥21,537 thousand (compared to a cash outflow of ¥18,864 thousand for the same period of the previous fiscal year). Main factors include the outflow of ¥18,864 thousand for the repayment of long-term borrowings.

(3) Consolidated Financial Results Forecast and Other Forward-Looking Information

The Company has made no changes to its forecasts for the second quarter (cumulative) or fiscal year ending June 30, 2026 that it announced in the “Consolidated Financial Results for the Fiscal Year Ended June 30, 2025” released on August 13, 2025.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of June 30, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	712,379	933,544
Accounts receivable–trade	690,086	100,718
Merchandise and finished goods	89,356	128,710
Work in progress	205,334	270,887
Raw materials and supplies	110,135	118,174
Other	134,945	178,414
Allowance for doubtful accounts	(2,604)	(2,604)
Total current assets	1,939,634	1,727,846
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	700,828	693,825
Machinery, equipment and vehicles (net)	208,806	202,137
Land	340,429	340,429
Leased assets (net)	44,550	52,179
Construction in progress	71,101	82,671
Other (net)	12,234	23,552
Total property, plant and equipment	1,377,950	1,394,796
Intangible assets		
Goodwill	264,893	254,297
Other	3,178	2,905
Total intangible assets	268,072	257,202
Investments and other assets		
Investment securities	27,751	27,751
Deferred tax assets	55,152	103,006
Other	19,569	23,755
Total investments and other assets	102,474	154,513
Total non-current assets	1,748,497	1,806,513
Total assets	3,688,131	3,534,359

(Thousands of yen)

	As of June 30, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable–trade	61,188	30,951
Current portion of long-term borrowings	75,456	75,456
Lease liabilities	10,692	12,784
Income taxes payable	28,379	3,281
Contract liabilities	175,889	216,746
Provision for bonuses	29,744	41,149
Provision for order losses	10,756	13,967
Other	100,931	79,481
Total current liabilities	493,038	473,819
Non-current liabilities		
Long-term borrowings	371,051	352,187
Lease liabilities	38,313	43,203
Provision for retirement benefits for directors (and other officers)	1,650	1,650
Retirement benefit liability	593	650
Other	7,959	7,964
Total non-current liabilities	419,566	405,655
Total liabilities	912,604	879,474
Net assets		
Shareholders' equity		
Share capital	847,148	847,148
Capital surplus	807,141	807,141
Retained earnings	1,121,857	1,001,215
Treasury shares	(621)	(621)
Total shareholders' equity	2,775,527	2,654,884
Total net assets	2,775,527	2,654,884
Total liabilities and net assets	3,688,131	3,534,359

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

Quarterly Consolidated Statement of Income

(Thousands of yen)

	For the three months ended September 30, 2024	For the three months ended September 30, 2025
Net sales	232,713	232,582
Cost of sales	79,389	83,085
Gross profit	153,323	149,496
Selling, general and administrative expenses	286,136	321,624
Operating profit (loss)	(132,812)	(172,127)
Non-operating income		
Interest income	49	544
Foreign exchange gains	—	3,104
Fees from dispatched personnel	763	628
Other	196	215
Total non-operating income	1,009	4,492
Non-operating expenses		
Interest expenses	1,071	1,245
Foreign exchange losses	14,452	—
Total non-operating expenses	15,524	1,245
Ordinary profit (loss)	(147,328)	(168,880)
Extraordinary income		
Gains on sale of fixed asset	—	1,590
Total extraordinary income	—	1,590
Extraordinary losses		
Loss on disposal of fixed asset	35	0
Total extraordinary losses	35	0
Total extraordinary losses	(147,363)	(167,289)
Corporate tax, resident tax and business tax	1,129	1,205
Corporate tax adjustment amount	(42,893)	(47,853)
Total income taxes	(41,764)	(46,647)
Quarterly net loss	(105,599)	(120,642)
Net profit attributable to non-controlling interests	—	—
Net loss attributable to owners of parent	(105,599)	(120,642)

Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the three months ended September 30, 2024	For the three months ended September 30, 2025
Net profit (loss)	(105,599)	(120,642)
Comprehensive income	(105,599)	(120,642)
(Breakdown)		
Comprehensive income attributable to owners of parent	(105,599)	(120,642)
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Three months ended September 30, 2024	Three months ended September 30, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(147,363)	(167,289)
Depreciation expenses	27,301	29,079
Amortization of goodwill	10,595	10,595
Increase (decrease) in provision for loss on orders received	—	3,211
Increase (decrease) in provision for bonuses	7,994	11,404
Increase (decrease) in provision for retirement benefits for directors (and other officers)	133	56
Interest and dividend income	(49)	(544)
Interest expenses	1,071	1,245
Loss on disposal of non-current assets	35	0
Decrease (increase) in trade receivables	766,993	589,367
Decrease (increase) in inventories	(78,803)	(112,945)
Decrease (increase) in prepaid expenses	(498)	(29,359)
Increase (decrease) in trade payables	(40,908)	(30,236)
Increase (decrease) in accrued expenses	(31,054)	(31,496)
Increase (decrease) in contract liabilities	3,398	40,856
Other	(39,090)	(19,923)
Subtotal	479,757	294,021
Interest and dividend income	49	544
Interest paid	(1,104)	(1,227)
Income taxes paid	(35,728)	(18,672)
Net cash provided by (used in) operating activities	442,973	274,665
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,143)	(31,961)
Other	(210)	(225)
Net cash provided by (used in) investing activities	(17,353)	(32,186)
Cash flows from financing activities		
Repayments of long-term borrowings	(18,864)	(18,864)
Other	—	(2,673)
Net cash provided by (used in) financing activities	(18,864)	(21,537)
Effect of exchange rate change on cash and cash equivalents	(597)	222
Net increase (decrease) in cash and cash equivalents	406,158	221,164
Cash and cash equivalents at beginning of period	610,230	712,379
Cash and cash equivalents at end of period	1,016,388	933,544

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on segment information)

(Segment information)

I Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)

1. Information on sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount stated in the quarterly consolidated statement of income (Note 2)
	Optical	LS & Equipment Development	Other	Total		
Net sales						
Sales to external customers	146,388	6,615	79,709	232,713	—	232,713
Intersegment sales or transfers	—	—	330	330	(330)	—
Total	146,388	6,615	80,039	233,043	(330)	232,713
Segment profit (loss)	26,914	(39,790)	(15,479)	(28,354)	(104,457)	(132,812)

Notes

1. "Adjustments" of (¥104,457 thousand) are company-wide expenses, mainly comprising general and administrative expenses, and research and development expenses not attributable to reportable segments.
2. Segment profit (loss) is adjusted to operating profit (loss) in the quarterly consolidated statement of income.

2. Information on impairment losses on non-current assets and goodwill, etc., by reportable segment
(Significant impairment losses on non-current assets)

There is no relevant information.

II Three months ended September 30, 2025 (July 1, 2025 to September 30, 2025)

1. Information on sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment				Adjustments (Note 1)	Amount stated in the quarterly consolidated statement of income (Note 2)
	Optical	LS & Equipment Development	Other	Total		
Net sales						
Sales to external customers	189,969	11,917	30,694	232,582	—	232,582
Intersegment sales or transfers	—	—	—	—	—	—
Total	189,969	11,917	30,694	232,582	—	232,582
Segment profit (loss)	44,500	(33,651)	(43,248)	(32,399)	(139,728)	(172,127)

Notes

1. "Adjustments" of (¥139,728 thousand) are company-wide expenses, mainly comprising general and administrative expenses, and research and development expenses not attributable to reportable segments.
2. Segment profit (loss) is adjusted to operating profit (loss) in the quarterly consolidated statement of income.

2. Information on impairment losses on non-current assets and goodwill, etc., by reportable segment
(Significant impairment losses on non-current assets)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Notes on going concern assumption)

There is no relevant information.

(Notes regarding revenue recognition)

Information disaggregated by Revenue from Contracts with Customers

Three months ended September 30, 2024 (July 1, 2024 to September 30, 2024)

(Thousands of yen)

	Reportable segment			Total
	Optical	LS & Equipment Development	Other	
Optical Mirrors and Components	144,341	—	—	144,341
General-purpose Life Science Equipment	—	6,081	—	6,081
Equipment development	—	534	—	534
TDS	—	—	51,122	51,122
Other	2,046	—	28,586	30,633
Revenue from Contracts with Customers	146,388	6,615	79,709	232,713
Net sales to External Customers	146,388	6,615	79,709	232,713

Three months ended September 30, 2025 (July 1, 2025 to September 30, 2025)

(Thousands of yen)

	Reportable segment			Total
	Optical	LS & Equipment Development	Other	
Optical Mirrors and Components	187,426	—	—	187,426
General-purpose Life Science Equipment	—	9,627	—	9,627
Equipment development	—	2,290	—	2,290
TDS	—	—	—	—
Other	2,543	—	30,694	33,238
Revenue from Contracts with Customers	189,969	11,917	30,694	232,582
Net sales to External Customers	189,969	11,917	30,694	232,582

Independent auditor's interim review report on quarterly consolidated financial statements

13 November 2025

To the Board of Directors of J-TEC Corporation

Gyosei & Co
Osaka Branch

Designated Partner
Managing Partner
Certified Public Accountant
In Koo Huh

Designated Partner
Managing Partner
Certified Public Accountant
Kawakatsu Mitsuki

Opinion

We conducted a quarterly review of the quarterly consolidated financial statements of JTEC Corporation, listed in the "Attached Materials" of the Quarterly Financial Report. These financial statements cover the first quarter of the consolidated fiscal year from July 1, 2024, to June 30, 2025 (July 1, 2024, to September 30, 2024), and comprise the quarterly consolidated balance sheet, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income, quarterly consolidated statement of cash flows, and notes.

Based on our interim review, we identified no matters that would cause us to believe that the aforementioned quarterly consolidated financial statements are not prepared in conformity with the quarterly financial statement preparation standards outlined in Article 4, Paragraph 1 of the Tokyo Stock Exchange's Quarterly Financial Statement Preparation Standards and the generally accepted accounting standards in Japan for quarterly financial statements (excluding omissions permitted under Article 4, Paragraph 2 of the preparation standards for quarterly financial statements) in all material respects.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally acceptable in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Quarterly Consolidated Financial Statements of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan (including those applicable to audits of financial statements of entities of significant public interest), and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Quarterly Financial Statement Preparation Standards of the Tokyo Stock Exchange and accounting standards generally accepted in Japan for quarterly financial statements (subject to the application of the omissions specified in Article 4, Paragraph 2 of the Quarterly Financial Statement

Preparation Standards). This includes designing and operating internal controls that management deems from necessary to ensure the preparation of quarterly consolidated financial statements free from material misstatements, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern assumption under Article 4, Paragraph 1 of the Quarterly Financial Statement Preparation Standards of the Tokyo Stock Exchange and accounting standards generally accepted in Japan (subject to the application of omissions specified in Article 4, Paragraph 2).

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Quarterly Financial Statements

Our objectives are to provide a conclusion from an independent standpoint regarding the Quarterly Financial Statements in the audit report, based on the reviews we conducted. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- We primarily review procedures involving inquiries toward management and individuals responsible for financial and accounting matters, as well as analytical procedures and other review processes. These review procedures are more limited in scope compared to the audit procedures conducted for annual financial statements in accordance with generally accepted auditing standards in Japan.
- Conclude on the appropriateness of the going concern assumption. If we identify significant uncertainties regarding events or conditions that may cast substantial doubt on the entity's ability to continue as a going concern, we will determine, based on the evidence obtained, whether the quarterly consolidated financial statements are prepared in accordance with the Tokyo Stock Exchange's "Rules on Preparation of Quarterly Financial Statements" Article 4, Paragraph 1, and accounting standards for quarterly financial statements generally accepted in Japan (with certain disclosures omitted as stipulated in Article 4, Paragraph 2 of the Rules). If we conclude that material risks exist, we are required to draw attention in our auditor's report to the related disclosures in the quarterly consolidated financial statements in the interim review report or, if the disclosures are inadequate, to express a qualified or adverse conclusion on the financial statements. Our conclusion is based on evidence obtained up to the date of the interim review report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Identify and evaluate whether the presentation and disclosures in the quarterly consolidated financial statements are consistent with the Tokyo Stock Exchange's "Rules on Preparation of Quarterly Financial Statements" Article 4, Paragraph 1, and the accounting standards for quarterly financial statements generally accepted in Japan (with certain disclosures omitted as stipulated in Article 4, Paragraph 2 of the Rules).
- Obtain evidence regarding the financial information of the company and its subsidiaries that forms the basis for the conclusion on the quarterly consolidated financial statements. We are responsible for directing, supervising, and reviewing the interim review of the quarterly consolidated financial statements and assume sole responsibility for our conclusion.

Independence

Our firm and its designated engagement partners do not have any interest in the Company, which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes

1. The original copy of the audit mentioned above is separately retained by the Company (the entity disclosing the quarterly financial statements).
2. XBRL data and HTML data are not included in the scope of this audit.