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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 12, 2025

Company name: TODA CORPORATION

Listing: Tokyo

Securities code: 1860

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	380,752	7.9	12,048	54.7	14,557	(3.1)	14,057	112.4
December 31, 2023	352,752	(7.4)	7,787	70.8	15,022	66.5	6,618	(20.9)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥1,350 million [(95.0)%]

Nine months ended December 31, 2023: ¥27,072 million [411.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	46.59	-
December 31, 2023	21.38	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	944,073	347,181	35.6
March 31, 2024	872,060	355,524	40.0

(Reference) Equity: As of December 31, 2024: ¥335,845 million

As of March 31, 2024: ¥348,519 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	14.00	-	14.00	28.00
Fiscal year ending March 31, 2025	-	14.50	-		
Fiscal year ending March 31, 2025 (Forecast)				14.50	29.00

(Note) Revision to the forecast for dividends announced most recently: None

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	580,000	11.0	20,000	11.7	21,800	(14.5)	18,400	14.3	60.98

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 (Company name: Coherent Hotel Ltd.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

December 31, 2024: 322,656,796 shares

March 31, 2024: 322,656,796 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 22,973,012 shares

March 31, 2024: 18,176,306 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 301,748,398 shares

Nine months ended December 31, 2023: 309,538,077 shares

(Note) The number of shares of treasury stock at the end of the period includes the Company's shares held by the BIP Trust for directors' remuneration and the ESOP Trust for granting shares.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes(voluntary)

* Proper use of earnings forecasts, and other special matters

These statements include Toda Corporation's forecasts based on information currently available as of the announcement date, which are subject to a number of risks and uncertainties. Therefore, the actual results of developments may differ from those presented in these forward-looking statements due to the changes in various factors.

(Reference) Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025

(April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	468,000	10.6	16,100	24.5	20,000	13.1	20,000	73.3	66.28

(Note) Revision to the financial results forecast announced most recently: Yes

* Proper use of earnings forecasts, and other special matters

These statements include Toda Corporation's forecasts based on information currently available as of the announcement date, which are subject to a number of risks and uncertainties. Therefore, the actual results of developments may differ from those presented in these forward-looking statements due to the changes in various factors.

**Consolidated Financial Results
for the Nine Months
Ended December 31, 2024**



Table of Contents of Attachments

1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2024.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements.....	4
2. Quarterly Consolidated Financial Statements and Notes.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	7
(3) Notes to Quarterly Consolidated Financial Statements.....	9
Notes to Changes in Accounting Policies.....	9
Notes to Accounting Methods Specific to the Preparation of Consolidated Financial Statements.....	9
Notes to Segment Information, etc.....	9
Notes to Substantial Changes in the Amount of Shareholders' Equity.....	10
Notes to Going Concern Assumption.....	10
Notes on the Cash Flow Statement.....	10
3. (Reference) Non-consolidated Financial Statements.....	11
(1) (Reference) Non-consolidated Balance Sheets.....	11
(2) (Reference) Non-consolidated Statements of Income.....	13
4. Supplementary Information.....	14
(1) Summary of Consolidated Results and Forecasts.....	14
(2) Summary of Non-consolidated Results and Forecasts.....	15
(3) Orders Received, Net Sales and Balance Brought Forward (Non-consolidated).....	16
Independent Auditor's Review Report on Quarterly Consolidated Financial Statements.....	17

1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2024

(1) Explanation of Operating Results

During the nine months ended December 31, 2024, the domestic economy was on a recovery trend, with improvements in employment and income environment, and a gradual rebound expected in the future.

In the construction industry, although orders from public-sector declined, orders from private-sector increased in both manufacturing and non-manufacturing industries, resulting in an overall increase compared to the same period last year. However, construction material prices remained high, and the labor supply-demand situation was tight, raising concerns about rising construction costs.

In May 2022, the Group announced the “Medium-Term Management Plan 2024 - Rolling Plan”, and we are further enhancing the value we provide to customers in the core businesses of architectural construction, civil engineering, and strategy. As key management priorities, we have identified the construction of new TODA BUILDING, overseas business and renewable energy business such as floating offshore wind power generation, and we are making growth investments in these businesses to strengthen our business portfolio. During the current consolidated accounting period, we continued to promote growth investments with the active involvement of top management in order to realize medium to long-term growth. While promoting investment for growth, we are also working to strengthen our investment process by setting ROIC (return on invested capital) at 5% or higher as a management indicator of profitability, with aim of achieving ROE (return on equity) of more 8% or higher over the medium to long-term.

Under these circumstances, the Group’s consolidated results for the period under review were as follows:

Consolidated net sales increased by 7.9% y-o-y to ¥380.7 billion, driven by higher sales in the architectural construction business, civil engineering business, and domestic group companies.

Operating income improved mainly due to better profitability in the Company’s architectural construction business, resulting in a 20.6% y-o-y increase in gross profit to ¥47.9 billion. Selling, general, and administrative expenses, including personnel expenses, also rose by 12.3% y-o-y to ¥35.9 billion. Despite this, operating income still increased by 54.7% y-o-y to ¥12.0 billion.

Ordinary income decreased by 3.1% y-o-y to ¥14.5 billion due to factors including the occurrence of foreign exchange losses, despite recording dividends received from investment securities as non-operating income.

Quarterly net income attributable to owners of the parent increased by 112.4% y-o-y to ¥14.0 billion, due to extraordinary gains, including gain on sales of investment securities.

Segment results, including intersegment sales or transfers, were as follows.

Please note that effective from the first quarter of the current consolidated fiscal year, the Group has changed the measurement method of segment income or loss. For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes”, “(3) Notes to Quarterly Consolidated Financial Statements (Notes to Segment Information, etc.) II. For nine months ended December 31, 2024 (April 1, 2024 through December 31, 2024)”, “3. Matters related to changes in reporting segments, etc.”.

Architectural Construction Business

Net sales were ¥263.6 billion (up 19.6% y-o-y), and segment income (operating income) was ¥12.8 billion (up 433.5% y-o-y). Regarding orders received by the Company on a non-consolidated basis, domestic public-sector construction increased by 16.0% y-o-y, and domestic private-sector construction increased by 52.8% y-o-y, resulting in a total increase of 46.1% to ¥339.7 billion.

Civil Engineering Business

Net sales were ¥92.3 billion (up 11.1% y-o-y), and segment income (operating income) was ¥4.6 billion (up 9.0% y-o-y).

Regarding orders received by the Company on a non-consolidated basis, domestic private-sector construction decreased by 53.5% y-o-y, but domestic public-sector construction increased by 134.4% y-o-y, resulting in a total increase of 46.3% to ¥103.1 billion.

Domestic Investment and Development Business

Net sales were ¥5.5 billion (down 11.8% y-o-y), and segment loss (operating loss) was ¥2.3 billion (compared to segment income of ¥0.6 billion in the same period of the previous year).

Domestic Group Companies Business

Net sales were ¥38.1 billion (up 11.9% y-o-y), and segment income (operating income) was ¥2.0 billion (up 207.6% y-o-y).

Overseas Group Companies Business

Net sales were ¥36.8 billion (down 0.5% y-o-y), and segment income (operating income) was ¥0.4 billion (down 69.2% y-o-y).

Environment & Energy Business

Net sales were ¥0.6 billion (down 32.0% y-o-y), and segment loss (operating loss) was ¥0.8 billion (compared to segment loss of ¥0.2 billion in the same period of the previous year).

(2) Explanation of Financial Position

1. Assets, liabilities, and net assets

Assets

Total assets at the end of the third quarter of the current consolidated accounting period were ¥944.0 billion, an increase of ¥72.0 billion (up 8.3%) from the end of the previous consolidated accounting period, due to decreases in cash and deposits of ¥34.0 billion, construction in progress of ¥31.8 billion, and investment securities of ¥15.0 billion, partially offset by increases in notes receivable, accounts receivable from completed construction contracts of ¥38.6 billion, real estate for sale of ¥3.5 billion, costs on uncompleted construction contracts of ¥6.9 billion, other inventories of ¥18.6 billion, and buildings and structures of ¥72.2 billion. The increase in buildings and structures was mainly due to the completion of new TODA BUILDING.

Liabilities

Total liabilities at the end of the third quarter of the current consolidated accounting period increased by ¥80.3 billion from the end of the previous consolidated accounting period to ¥596.8 billion (up 15.6%), mainly due to decreases in notes payable, accounts payable for construction contracts and other of ¥11.9 billion and deferred tax liabilities of ¥5.1 billion, and increases in short-term loans payable of ¥17.1 billion, commercial paper of ¥50.0 billion and advances received on uncompleted construction contracts of ¥18.1 billion.

Net assets

Total net assets at the end of the third quarter of the current consolidated accounting period were ¥347.1 billion, a decrease of ¥8.3 billion (down 2.3%) from the end of the previous consolidated accounting period. This decrease occurred despite recording a quarterly net income attributable to owners of the parent of ¥14.0 billion, due to factors including a ¥12.0 billion decrease in the valuation difference on available-for-sale securities resulting from the sales of investment securities, payment of dividends of ¥8.6 billion, and acquisition of treasury stock of ¥4.9 billion. The capital ratio was 35.6%.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements

The Company has revised the earnings forecasts (consolidated and non-consolidated) for the fiscal year ending March 31, 2025, which were announced on December 26, 2024, for the following reasons. For details on amounts and other specifics, please refer to “4. Supplementary Information” starting on page 14.

Non-consolidated forecasts:

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	¥ mil	¥ mil	¥ mil	¥ mil	¥
Forecasts to be revised (A) (May 15, 2024)	475,000	15,500	18,600	17,600	57.80
New forecasts (B)	468,000	16,100	20,000	20,000	66.28
Change (B-A)	(7,000)	600	1,400	2,400	
Change (%)	(1.5)	3.9	7.5	13.6	
(Reference) Results of the previous fiscal year	423,132	12,936	17,688	11,541	37.41

Net sales are expected to decrease by ¥ 7.0 billion from the previous forecasts due to factors including the progress of large-scale construction projects not anticipated to reach initial expectations in the domestic civil engineering business.

Gross profit is expected to be ¥56.1 billion, exceeding the previous forecast by ¥0.6 billion, with a gross profit margin of 12.0% (previous forecast: 11.7%). As for the main breakdown, the domestic architectural construction business is expected to increase by ¥1.9 billion due to improved profitability of backlog projects, with a gross profit margin of 10.4% (previous forecast: 9.8%). The domestic civil engineering business is expected to decrease by ¥2.4 billion due to a decline in sales, with a gross profit margin of 15.2% (previous forecast: 15.4%). The investment and development business and others are expected to increase by ¥1.1 billion due to an increase in gross profit of real estate for sale, with a gross profit margin of 14.7% (previous forecast: 13.8%). As a result, operating profit is expected to exceed the previous forecast by ¥0.6 billion.

Net income for the period is expected to increase by ¥2.4 billion to ¥20.0 billion due to the recording of gain on the sales of investment securities resulting from the sales of cross-shareholdings.

Consolidated forecasts:

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
	¥ mil	¥ mil	¥ mil	¥ mil	¥
Forecasts to be revised (A) (December 26, 2024)	590,000	20,000	25,500	20,000	66.09
New forecasts (B)	580,000	20,000	21,800	18,400	60.98
Change (B-A)	(10,000)	0	(3,700)	(1,600)	
Change (%)	(1.7)	0.0	(14.5)	(8.0)	
(Reference) Results of the previous fiscal year	522,434	17,908	25,483	16,101	52.19

In addition to the reasons stated in the non-consolidated earnings forecasts above, net sales are expected to decrease by ¥ ¥10.0 billion from the previous forecast due to factors including the progress on construction projects at certain domestic and overseas subsidiaries that are not projected to meet initial expectations.

Operating income is expected to exceed the previous non-consolidated earnings forecast. However, as mentioned above, the progress of construction projects at some domestic and overseas subsidiaries is anticipated to fall short of initial expectations, resulting in no change from the previous forecast.

Ordinary income is expected to decrease by ¥3.7 billion from the previous forecast due to lower-than-expected interest income on bank deposits, resulting from the steady advancement of construction investments by overseas subsidiaries in the environment and energy business, and anticipated foreign exchange losses on yen-denominated parent-subsidiary loans.

As a result, net income attributable to owners of the parent is expected to decrease by ¥1.6 billion from the previous forecast, amounting to ¥18.4 billion.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	113,810	79,735
Notes and accounts receivable - trade	222,602	261,246
Short-term investment securities	600	599
Real estate for sale	35,890	39,427
Costs on uncompleted construction contracts	13,273	20,273
Other inventories	12,054	30,712
Other	25,837	31,949
Allowance for doubtful accounts	(2,143)	(2,341)
Total current assets	421,924	461,603
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,088	119,360
Machinery, vehicles, tools, furniture and fixtures, net	10,961	13,213
Land	81,416	85,571
Lease assets, net	354	447
Construction in progress	70,492	38,652
Total property, plant and equipment	210,313	257,245
Intangible assets		
Goodwill	941	2,303
Other	11,912	11,839
Total intangible assets	12,854	14,142
Investments and other assets		
Investment securities	208,268	193,204
Long-term loans receivable	6,549	6,907
Net defined benefit assets	5,548	5,076
Deferred tax assets	864	855
Other	5,855	5,253
Allowance for doubtful accounts	(118)	(215)
Total investments and other assets	226,967	211,081
Total noncurrent assets	450,135	482,469
Total assets	872,060	944,073

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	97,140	85,231
Short-term loans payable	74,103	91,232
Commercial paper	—	50,000
Current portion of bonds payable	30	10,165
Income taxes payable	7,695	6,276
Advances received on uncompleted construction contracts	38,142	56,251
Provision for bonuses	6,238	2,548
Provision for warranties for completed construction	3,672	3,015
Provision for loss on construction contracts	4,061	2,726
Deposits received	38,732	42,585
Other	25,659	25,193
Total current liabilities	295,476	375,226
Noncurrent liabilities		
Bonds payable	63,165	53,000
Long-term loans payable	89,272	103,096
Deferred tax liabilities	31,546	26,361
Deferred tax liabilities for land revaluation	5,831	5,831
Provision for directors' retirement benefits	109	111
Provision for stock payments for directors	676	863
Provision for loss on liquidation of subsidiaries and affiliates	13	11
Provision for loss on environment and energy business	821	—
Net defined benefit liability	22,000	22,710
Asset retirement obligations	2,114	2,274
Other	5,508	7,403
Total noncurrent liabilities	221,059	221,665
Total liabilities	516,536	596,892
Net assets		
Shareholders' equity		
Capital stock	23,001	23,001
Capital surplus	26,786	26,747
Retained earnings	208,849	214,226
Treasury stock	(12,599)	(17,556)
Total shareholders' equity	246,037	246,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92,805	80,789
Deferred gains on hedges	424	792
Revaluation reserve for land	2,741	2,741
Foreign currency translation adjustments	3,152	2,206
Remeasurements of defined benefit plans	3,357	2,895
Total accumulated other comprehensive income	102,481	89,426
Non-controlling interests	7,004	11,335
Total net assets	355,524	347,181
Total liabilities and net assets	872,060	944,073

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income
Nine Months Ended December 31, 2023 and 2024

(Millions of yen)

	Consolidated Accounting Period (April 1, 2023 through December 31, 2023)	Consolidated Accounting Period (April 1, 2024 through December 31, 2024)
Net sales		
Net sales of construction contracts	337,371	365,669
Net sales of investment development business and other	15,381	15,082
Total net sales	352,752	380,752
Cost of sales		
Cost of sales of construction contracts	302,241	321,622
Cost of sales of investment development business and other	10,702	11,131
Total cost of sales	312,943	332,753
Gross profit		
Gross profit on construction contracts	35,129	44,047
Gross profit on investment development business and other	4,678	3,950
Total gross profit	39,808	47,998
Selling, general and administrative expenses	32,021	35,950
Operating income	7,787	12,048
Non-operating income		
Interest income	1,722	1,056
Dividend income	4,020	4,307
Foreign exchange gain	2,057	—
Other	703	589
Total non-operating income	8,503	5,953
Non-operating expenses		
Interest expenses	961	1,424
Foreign exchange losses	—	1,242
Commission fee	103	396
Other	204	380
Total non-operating expenses	1,268	3,443
Ordinary Income	15,022	14,557
Extraordinary income		
Gain on sales of investment securities	3,527	8,695
Other	49	100
Total extraordinary income	3,576	8,795
Extraordinary loss		
Impairment loss	2,173	—
Loss on abandonment of noncurrent assets	99	133
Loss on valuation of investment securities	—	158
Provision for loss on liquidation of subsidiaries and affiliates	1,419	—
Provision for loss on environment & energy business	3,193	—
Other	46	29
Total extraordinary losses	6,932	321
Quarterly net income before income taxes and non-controlling interests	11,666	23,031
Total income taxes	4,814	8,380
Quarterly net income	6,852	14,651
Quarterly net income attributable to non-controlling interests	233	594
Quarterly net income attributable to owners of the parent	6,618	14,057

Consolidated Statements of Comprehensive Income
Nine Months Ended December 31, 2023 and 2024

(Millions of yen)

	Consolidated Accounting Period (April 1, 2023 through December 31, 2023)	Consolidated Accounting Period (April 1, 2024 through December 31, 2024)
Quarterly net income	6,852	14,651
Other comprehensive income		
Valuation difference on available-for-sale securities	12,835	(12,004)
Deferred gains or losses on hedges	401	299
Foreign currency translation adjustments	7,014	(1,186)
Remeasurements of defined benefit plans	9	(477)
Share of other comprehensive income of associates accounted for using equity method	(41)	68
Total other comprehensive income	20,220	(13,300)
Quarterly comprehensive income	27,072	1,350
Quarterly comprehensive income attributable to		
Owners of the parent	26,273	1,002
Non-controlling interests	798	348

(3) Notes to Quarterly Consolidated Financial Statements

Notes to Changes in Accounting Policies

Application of Accounting Standard for Corporate Tax, Inhabitant Tax and Enterprise Tax, etc.:

The Group applied the “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes, etc.” (ASBJ Statement No.27, October 28, 2022; Hereinafter referred to as the “Revised Accounting Standard 2022”) from the beginning of the first quarter of the current consolidated accounting period.

The revision of accounting classification of current income taxes (taxation on other comprehensive income) is in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised 2022 Accounting Standard and Paragraph 65-2, Item 2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; Hereinafter referred to as the "Revised Implementation Guidance 2022”). There were no significant effects on the quarterly consolidated financial statements due to the application of the accounting policies.

As for the revision to review the treatment of gains or losses on sales arising from the sale of subsidiaries’ stocks and others between consolidated companies in the consolidated financial statements, in cases where the gains or losses on sales is deferred for tax purposes, the Group applied the Revised Implementation Guidance 2022 from the beginning of the first quarter of the current consolidated accounting period. The application of the accounting policies was applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements of the previous accounting period were prepared retrospectively. There were no significant effects on the quarterly consolidated financial statements and consolidated financial statements of the previous accounting period due to the application of the accounting policies.

Notes to Accounting Methods Specific to the Preparation of Consolidated Financial Statements

Nine Months Ended December 31, 2024 (April 1 through December 31, 2024)	
Calculation of tax expenses	Tax expenses were calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the consolidated accounting period, including the third quarter consolidated accounting period under review, and multiplying quarterly income before income taxes and minority interests by said estimated effective tax rate.

Notes to Segment Information, etc.

Segment information

I. For nine months ended December 31, 2023 (April 1, 2023 through December 31, 2023)

1. Information on sales and income or loss by reporting segment

(Millions of yen)

	Reporting Segments							Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Architectural Construction	Civil Engineering	Domestic Investment and Development	Domestic Group Companies	Overseas Group Development	Environment and Energy	Total		
Net sales									
Sales to external customers	199,824	78,199	5,905	30,958	36,890	975	352,752	—	352,752
Intersegment sales and transfers	20,686	4,913	371	3,114	135	19	29,241	(29,241)	—
Total	220,510	83,113	6,276	34,072	37,025	995	381,993	(29,241)	352,752
Segment income or (loss)	2,411	4,304	669	673	1,371	(294)	9,136	(1,348)	7,787

Note 1. “Segment income or (loss)” adjustment of (¥134.8) million refers to elimination of intersegment transactions.

Note 2. “Segment income or (loss)” is adjusted with operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill, etc. by reporting segment

Significant impairment loss on fixed assets:

As a result of the review of the recoverability of the construction in progress in the “Environment and Energy” segment, taking into account future income/expense projections, the book value was reduced to the recoverable amount and the amount of the reduction was recorded as an impairment loss in extraordinary losses.

In the period under review, the amount for the impairment loss was ¥2,173 million.

II. For nine months ended December 31, 2024 (April 1, 2024 through December 31, 2024)

1. Information on sales and income or loss by reporting segment

(Millions of yen)

	Reporting Segments							Adjustment (Note 1)	Amount recorded in quarterly consolidated statements of income (Note 2)
	Architectural Construction	Civil Engineering	Domestic Investment and Development	Domestic Group Companies	Overseas Group Companies	Environment and Energy	Total		
Net sales									
Sales to external customers	219,274	85,098	4,753	34,347	36,619	657	380,752	—	380,752
Intersegment sales and transfers	44,423	7,270	780	3,793	231	19	56,519	(56,519)	—
Total	263,697	92,369	5,533	38,141	36,851	677	437,271	(56,519)	380,752
Segment income or (loss)	12,865	4,689	(2,336)	2,073	422	(846)	16,868	(4,820)	12,048

Note 1. “Segment income or (loss)” adjustment of (¥4,820) million refers to elimination of intersegment transactions.

Note 2. “Segment income or (loss)” is adjusted with operating income in the quarterly consolidated statements of income.

2. Information on impairment loss on fixed assets and goodwill, etc. by reporting segment

Significant changes in the amount of goodwill

In the “Overseas Group Companies” segment, the Group acquired the shares of Coherent Hotel Ltd. and made it a consolidated subsidiary during the second quarter consolidated accounting period.

The increase in goodwill due to this event amounted to ¥1,464 million for the cumulative consolidated accounting period of the third quarter.

3. Matters related to changes in reporting segments, etc.

Change in measurement method of segment income (loss)

Effective from the beginning of the first quarter consolidated accounting period, the Group has changed the basis for reporting internal sales due to a change in the management method of real estate for own use.

The segment information for the cumulative consolidated period of the previous third quarter has been prepared using the revised method for measuring income or loss.

Notes to Substantial Changes in the Amount of Shareholders’ Equity

The Company repurchased 4,866,700 shares of treasury stock in accordance with the resolution of the Board of Directors Meeting held on May 15, 2024. As a result of this and other factors, treasury stock increased by ¥4,956 million during the current third quarter consolidated cumulative period, resulting in a total treasury stock of ¥17,556 million at the end of this period.

Notes to Going Concern Assumption

Not applicable.

Notes on the Cash Flow Statement

The quarterly consolidated cash flow statement for the current third quarter consolidated cumulative period has not been prepared. However, the depreciation expenses for the third quarter consolidated cumulative period (including amortization expenses for intangible fixed assets excluding goodwill) and the amortization amount for goodwill are as follows:

	Nine months ended December 31, 2023 (April 1, 2023 through December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 through December 31, 2024)
Impairment loss	¥5,069 million	¥5,260 million
Amortization of goodwill	¥453 million	¥478 million

3. (Reference) Non-consolidated Financial Statements

(1) (Reference) Non-consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	77,809	38,752
Notes receivable, accounts receivable from completed construction contracts, etc.	190,419	227,958
Real estate for sale	28,438	32,833
Costs on uncompleted construction contracts	19,041	23,624
Other inventories	11,274	29,795
Other	24,125	29,243
Allowance for doubtful accounts	(1,144)	(1,426)
Total current assets	349,964	380,780
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	32,076	100,093
Machinery, vehicles, tools, furniture and fixtures, net	1,791	3,035
Land	68,751	70,011
Lease assets, net	195	276
Construction in progress	46,826	11,981
Total property, plant and equipment	149,640	185,399
Intangible assets	9,672	9,528
Investments and other assets		
Investment securities	246,313	231,785
Long-term loans receivable	24,123	30,005
Prepaid pension cost	2,361	2,317
Other	4,128	3,525
Allowance for doubtful accounts	(218)	(255)
Total investments and other assets	276,707	267,378
Total noncurrent assets	436,021	462,305
Total assets	785,986	843,086

	(Millions of yen)	As of Mar. 31, 2024	As of Dec. 31, 2024
Liabilities			
Current liabilities			
Notes and accounts payable - trade		81,498	69,795
Short-term loans payable		68,588	82,442
Commercial paper		—	50,000
Current portion of bonds payable		—	10,000
Income taxes payable		6,454	4,591
Advances received on uncompleted construction contracts		37,711	50,137
Provision for bonuses		5,670	2,228
Provision for warranties for completed construction		3,161	2,644
Provision for loss on construction contracts		4,001	2,680
Deposits received		39,473	42,022
Other		19,209	19,091
Total current liabilities		265,769	335,634
Noncurrent liabilities			
Bonds payable		63,000	53,000
Long-term loans payable		84,435	96,973
Deferred tax liabilities		27,658	22,476
Deferred tax liabilities for land revaluation		5,831	5,831
Provision for retirement benefits		21,716	22,240
Provision for stock payments for directors		676	863
Provision for loss on business of subsidiaries and affiliates		4	51
Provision for loss on environment and energy business		2,825	734
Asset retirement obligations		300	425
Other		4,374	6,204
Total noncurrent liabilities		210,822	208,802
Total liabilities		476,591	544,436
Net assets			
Shareholders' equity			
Capital stock		23,001	23,001
Capital surplus			
Legal capital surplus		25,573	25,573
Other capital surplus		574	574
Total capital surplus		26,147	26,147
Retained earnings			
Legal retained earnings		5,750	5,750
Other retained earnings			
Reserve for construction		50,000	50,000
General reserve		109,774	109,774
Retained earnings brought forward		11,542	17,494
Total retained earnings		177,067	183,019
Treasury stock		(12,599)	(17,556)
Total shareholders' equity		213,616	214,611
Valuation and translation adjustments			
Valuation difference on available-for-sale securities		92,651	80,612
Deferred gains on hedges		383	683
Revaluation reserve for land		2,741	2,741
Total valuation and translation adjustments		95,777	84,037
Total net assets		309,394	298,649
Total liabilities and net assets		785,986	843,086

(2) (Reference) Non-consolidated Statements of Income

	(Millions of yen)	
	Nine Months Ended December 31, 2023 (April 1 through December 31, 2023)	Nine Months Ended December 31, 2024 (April 1 through December 31, 2024)
Net sales		
Net sales of construction contracts	278,035	304,402
Net sales of investment development business and other	6,047	4,933
Total net sales	284,083	309,335
Cost of sales		
Cost of sales of construction contracts	249,798	268,285
Cost of sales of investment development business and other	4,047	3,508
Total cost of sales	253,846	271,793
Gross profit		
Gross profit on construction contracts	28,236	36,116
Gross profit on investment development business and other	2,000	1,425
Total gross profit	30,236	37,541
Selling, general and administrative expenses	25,524	28,698
Operating income	4,712	8,843
Non-operating income	5,637	5,789
Non-operating expenses	1,101	1,708
Ordinary income	9,249	12,924
Extraordinary income	3,514	8,750
Extraordinary loss	8,294	499
Quarterly net income before income taxes	4,468	21,175
Income taxes	1,363	6,544
Quarterly net income	3,105	14,631

4. Supplementary Information

(1) Summary of Consolidated Results and Forecasts

(Millions of yen)

	Nine months period ended December 31, 2024				Full year						
	FY2023	FY2024	Y-o-Y		FY2023	FY2024	FY2024	Y-o-Y		Comparison with revised forecasts (Dec 26, 2024)	
	Actual	Actual	Amount	Rate of change (%)	Actual	Revised forecasts Dec 26, 2024	Revised forecasts Feb 12, 2025	Amount	Rate of change (%)	Amount	Rate of change (%)
Net sales	352,752	380,752	27,999	7.9	522,434	590,000	580,000	57,565	11.0	(10,000)	(1.7)
Construction Business	278,023	304,373	26,349	9.5	400,466	435,000	423,000	22,533	5.6	(12,000)	(2.8)
Architectural Construction	199,824	219,274	19,450	9.7	287,954	305,000	308,000	20,045	7.0	3,000	1.0
Civil Engineering	78,199	85,098	6,899	8.8	112,511	130,000	115,000	2,488	2.2	(15,000)	(11.5)
Domestic Investment and Development	5,905	4,753	(1,151)	(19.5)	22,421	40,000	45,000	22,578	100.7	5,000	12.5
Domestic Group Companies	30,958	34,347	3,389	10.9	49,524	55,500	52,000	2,475	5.0	(3,500)	(6.3)
Overseas Group Companies	36,890	36,619	(270)	(0.7)	48,673	58,000	59,000	10,326	21.2	1,000	1.7
Environment and Energy	975	657	(318)	(32.6)	1,348	1,500	1,000	(348)	(25.8)	(500)	(33.3)
Gross profit	39,808	47,998	8,189	20.6	63,587	69,000	71,000	7,412	11.7	2,000	2.9
Profit margin	11.3 %	12.6 %			12.2 %	11.7 %	12.2 %				
SG&A expenses	32,021	35,950	3,928	12.3	45,679	49,000	51,000	5,320	11.6	2,000	4.1
Operating income	7,787	12,048	4,260	54.7	17,908	20,000	20,000	2,091	11.7	-	-
Non-operating income	7,234	2,509	(4,725)	(65.3)	7,575	5,500	1,800	(5,775)	(76.2)	(3,700)	(67.3)
Ordinary income	15,022	14,557	(465)	(3.1)	25,483	25,500	21,800	(3,683)	(14.5)	(3,700)	(14.5)
Extraordinary income	(3,356)	8,474	11,830	-	2,785	6,500	9,000	6,214	223.1	2,500	38.5
Income before income taxes	11,666	23,031	11,365	97.4	28,269	32,000	30,800	2,530	8.9	(1,200)	(3.8)
Income taxes	4,814	8,380	3,565	74.1	11,454	12,000	11,700	245	2.1	(300)	(2.5)
Quarterly net income	6,852	14,651	7,799	113.8	16,815	20,000	19,100	2,284	13.6	(900)	(4.5)
Quarterly net income attributable to non-controlling interests	233	594	360	154.5	713	-	700	(13)	(1.9)	700	-
Quarterly net income attributable to owners of the parent	6,618	14,057	7,438	112.4	16,101	20,000	18,400	2,298	14.3	(1,600)	(8.0)

Note: Net sales are based on business segment classifications, and internal transactions are eliminated.

(2) Summary of Non-consolidated Results and Forecasts

(Millions of yen)

	Nine months period ended December 31, 2024				Full year						
	FY2023	FY2024	Y-o-Y		FY2023	FY2024	FY2024	Y-o-Y		Comparison with revised forecasts (Dec 26, 2024)	
	Actual	Actual	Amount	Rate of change (%)	Actual	Revised forecasts May 15, 2024	Revised forecasts Feb 12, 2025	Amount	Rate of change (%)	Amount	Rate of change (%)
Orders received	309,173	447,910	138,736	44.9	523,404	540,000	585,000	61,595	11.8	45,000	8.3
Construction Business	303,125	442,976	139,851	46.1	500,765	500,000	540,000	39,234	7.8	40,000	8.0
Domestic Architectural Construction	232,080	339,725	107,644	46.4	375,629	359,000	399,000	23,370	6.2	40,000	11.1
Domestic Civil Engineering	70,539	103,132	32,592	46.2	122,527	138,000	138,000	15,472	12.6	-	-
Overseas	504	118	(385)	(76.5)	2,608	3,000	3,000	391	15.0	-	-
Investment and Development	6,047	4,933	(1,114)	(18.4)	22,638	40,000	45,000	22,361	98.8	5,000	12.5
Net sales	284,083	309,335	25,252	8.9	423,132	475,000	468,000	44,867	10.6	(7,000)	(1.5)
Construction Business	278,035	304,402	26,367	9.5	400,493	435,000	423,000	22,506	5.6	(12,000)	(2.8)
Domestic Architectural Construction	198,914	218,726	19,811	10.0	286,968	303,500	306,700	19,731	6.9	3,200	1.1
Domestic Civil Engineering	78,199	85,032	6,833	8.7	112,081	129,400	115,000	2,918	2.6	(14,400)	(11.1)
Overseas	921	643	(277)	(30.2)	1,444	2,100	1,300	(144)	(10.0)	(800)	(38.1)
Investment and Development	6,047	4,933	(1,114)	(18.4)	22,638	40,000	45,000	22,361	98.8	5,000	12.5
Gross profit	30,236	37,541	7,305	24.2	49,885	55,500	56,100	6,214	12.5	600	1.1
Profit margin	10.6 %	12.1 %			11.8 %	11.7 %	12.0 %				
Construction Business	28,236	36,116	7,880	27.9	44,041	50,000	49,500	5,458	12.4	(500)	(1.0)
Domestic Architectural Construction	16,349	24,106	7,757	47.4	25,972	29,850	31,800	5,827	22.4	1,950	6.5
Domestic Civil Engineering	11,712	11,950	237	2.0	17,494	19,970	17,500	5	0.0	(2,470)	(12.4)
Overseas	174	60	(114)	(65.5)	574	180	200	(374)	(65.2)	20	11.1
Investment and Development	2,000	1,425	(575)	(28.8)	5,843	5,500	6,600	756	12.9	1,100	20.0
Profit margin	33.1 %	28.9 %			25.8 %	13.8 %	14.7 %				
SG&A expenses	25,524	28,698	3,174	12.4	36,948	40,000	40,000	3,051	8.3	-	-
Operating income	4,712	8,843	4,131	87.7	12,936	15,500	16,100	3,163	24.5	600	3.9
Non-operating income	4,536	4,080	(455)	(10.0)	4,752	3,100	3,900	(852)	(17.9)	800	25.8
Ordinary income	9,249	12,924	3,675	39.7	17,688	18,600	20,000	2,311	13.1	1,400	7.5
Extraordinary income	(4,780)	8,250	13,030	-	1,032	6,500	8,500	7,467	723.2	2,000	30.8
Income before income taxes	4,468	21,175	16,706	373.8	18,721	25,100	28,500	9,778	52.2	3,400	13.5
Income taxes	1,363	6,544	5,181	380.1	7,179	7,500	8,500	1,320	18.4	1,000	13.3
Net income	3,105	14,631	11,525	371.1	11,541	17,600	20,000	8,458	73.3	2,400	13.6
Dividend per share (yen)	14.0	14.5	0.5	3.6	28.0	29.0	29.0	1.0	3.6	-	-

Note: The quarterly financial statements were prepared in accordance with the Regulations Concerning Financial Statements, etc., but not subject to review in the statutory disclosure.

(3) Orders Received, Net Sales and Balance Brought Forward (Non-consolidated)

1) Orders Received

(Millions of yen)

Business segment/ Classification			Nine months period From April 1, 2023 to Dec 31, 2023		Nine months period From April 1, 2024 to Dec 31, 2024		Change		Previous fiscal year From April 1, 2023 to March 31, 2024	
			Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Construction Business	Architectural Construction	Domestic Public-Sector	40,670	13.2	47,162	10.5	6,492	16.0	49,538	9.5
		Domestic Private-Sector	191,410	61.9	292,562	65.3	101,152	52.8	326,091	62.3
		Overseas	504	0.2	52	0.0	(452)	(89.6)	2,178	0.4
		Total	232,585	75.2	339,778	75.9	107,192	46.1	377,808	72.2
	Civil Engineering	Domestic Public-Sector	37,444	12.1	87,752	19.6	50,308	134.4	62,157	11.9
		Domestic Private-Sector	33,095	10.7	15,379	3.4	(17,715)	(53.5)	60,369	11.5
		Overseas	-	-	66	0.0	66	-	430	0.1
		Total	70,539	22.8	103,198	23.0	32,658	46.3	122,957	23.5
	Total	Domestic Public-Sector	78,114	25.3	134,915	30.1	56,800	72.7	111,695	21.3
		Domestic Private-Sector	224,506	72.6	307,942	68.8	83,436	37.2	386,461	73.8
		Overseas	504	0.2	118	0.0	(385)	(76.5)	2,608	0.5
		Total	303,125	98.0	442,976	98.9	139,851	46.1	500,765	95.7
Domestic Investment and Development			5,990	1.9	4,888	1.1	(1,101)	(18.4)	22,574	4.3
Environment and Energy			57	0.0	44	0.0	(12)	(22.0)	63	0.0
Total			309,173	100.0	447,910	100.0	138,736	44.9	523,404	100.0

2) Net Sales

(Millions of yen)

Business segment/ Classification			Nine months period From April 1, 2023 to Dec 31, 2023		Nine months period From April 1, 2024 to Dec 31, 2024		Change		Previous fiscal year From April 1, 2023 to March 31, 2024	
			Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Construction Business	Architectural Construction	Domestic Public-Sector	27,162	9.6	38,909	12.6	11,747	43.3	41,567	9.8
		Domestic Private-Sector	171,752	60.5	179,816	58.1	8,064	4.7	245,400	58.0
		Overseas	921	0.3	577	0.2	(344)	(37.4)	1,013	0.2
		Total	199,835	70.3	219,303	70.9	19,467	9.7	287,981	68.1
	Civil Engineering	Domestic Public-Sector	60,639	21.3	66,742	21.6	6,103	10.1	83,085	19.6
		Domestic Private-Sector	17,560	6.2	18,290	5.9	730	4.2	28,996	6.9
		Overseas	-	-	66	0.0	66	-	430	0.1
		Total	78,199	27.5	85,098	27.5	6,899	8.8	112,511	26.6
	Total	Domestic Public-Sector	87,801	30.9	105,652	34.2	17,851	20.3	124,652	29.5
		Domestic Private-Sector	189,312	66.6	198,107	64.0	8,794	4.6	274,397	64.8
		Overseas	921	0.3	643	0.2	(277)	(30.2)	1,444	0.3
		Total	278,035	97.9	304,402	98.4	26,367	9.5	400,493	94.6
Domestic Investment and Development			5,990	2.1	4,888	1.6	(1,101)	(18.4)	22,574	5.3
Environment and Energy			57	0.0	44	0.0	(12)	(22.0)	63	0.0
Total			284,083	100.0	309,335	100.0	25,252	8.9	423,132	100.0

3) Balance Brought Forward

(Millions of yen)

Business segment/ Classification			FY2023 3Q As of Dec 31, 2023		FY2024 3Q As of Dec 31, 2024		Change		As of March 31, 2024	
			Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Construction Business	Architectural Construction	Domestic Public-Sector	94,215	12.7	96,931	10.1	2,715	2.9	88,678	10.8
		Domestic Private-Sector	377,790	50.8	551,569	57.6	173,778	46.0	438,823	53.6
		Overseas	133	0.0	1,189	0.1	1,056	793.6	1,714	0.2
		Total	472,139	63.5	649,690	67.9	177,550	37.6	529,216	64.6
	Civil Engineering	Domestic Public-Sector	180,211	24.2	208,046	21.7	27,835	15.4	182,478	22.3
		Domestic Private-Sector	91,401	12.3	99,771	10.4	8,369	9.2	107,239	13.1
		Overseas	-	-	-	-	-	-	-	-
		Total	271,612	36.5	307,818	32.1	36,205	13.3	289,718	35.4
	Total	Domestic Public-Sector	274,427	36.9	304,978	31.9	30,551	11.1	271,157	33.1
		Domestic Private-Sector	469,192	63.1	651,340	68.0	182,148	38.8	546,063	66.7
		Overseas	133	0.0	1,189	0.1	1,056	793.6	1,714	0.2
		Total	743,752	100.0	957,508	100.0	213,756	28.7	818,934	100.0
Domestic Investment and Development			-	-	-	-	-	-	-	-
Environment and Energy			-	-	-	-	-	-	-	-
Total			743,752	100.0	957,508	100.0	213,756	28.7	818,934	100.0

(TRANSLATION)

Independent Auditor's Review Report on Quarterly Consolidated Financial Statements

February 12, 2025

The Board of Directors
TODA CORPORATION

Fujimi Audit Corporation
Tokyo Office

Toshio Saito
Designated Engagement Partner
Certified Public Accountant

Takeshi Morinaga
Designated Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have reviewed the consolidated financial statements of TODA CORPORATION and its consolidated subsidiaries (the Group) included in the Appendix to Consolidated Financial Report, namely, the quarterly consolidated balance sheet as of December 31, 2024, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income, and notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange, Inc.'s standards for the preparation of quarterly financial statements (the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the execution of the Directors' duties in establishing and operating the Group's financial reporting processes.

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

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group to express a conclusion on the quarterly consolidated financial statements. We are responsible for the instruction, supervision and execution of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding the planned scope and timing of the review and significant review findings.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

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

(Notes to the Readers of Independent Accountant's Review Report)

This is an English translation of the independent accountant's review report as originally issued in Japanese for the conveniences of the reader.