August 19, 2026

Consolidated Financial Results for the Nine Months Ended December 31, 2025 (Under Japanese GAAP)

Company name: Abalance Corporation
Listing: Tokyo Stock Exchange
Securities code: 3856
URL: https://www.abalance.jp/v1/en/
Representative: Shigeto Yanase, Representative Director and President
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Dividend payment commencement date: —
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, 2025 (from April 1, 2025 to December 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	93,138	–	16,183	–	13,098	–	9,499	–
March 31, 2025	–	–	–	–	–	–	–	–

Note: Comprehensive income For the nine months ended December 31, 2025: ¥13,820 million [–%]
For the nine months ended March 31, 2025: ¥– million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2025	504.93	–
March 31, 2025	–	–

Note: Figures for the nine months ended March 31, 2025 and year-on-year change figures for the nine months ended December 31, 2025 are not shown because the comparison period differs from the first nine months of the previous fiscal year (July 1, 2024 to March 31, 2025) as we changed the fiscal year-end to March 31 from June 30, beginning with the year ended March 31, 2025.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2025	187,284	54,044	22.6
March 31, 2025	146,809	45,002	15.6

Reference: Equity
As of December 31, 2025: ¥42,293 million
As of March 31, 2025: ¥22,874 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	–	0.00	–	3.00	3.00
Fiscal year ended March 31, 2026	–	3.00	–		
Fiscal year ended March 31, 2026 (Forecast)				0.00	3.00

Note: 1. Revisions to the forecast of dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	–	–	–	–	–	–	–	–	–

Notes: 1. Revisions to the financial result forecast most recently announced: Yes
2. Year-on-year changes are not shown because the fiscal year ended March 31, 2025 is a nine-month period due to the transitional period for the accounting term change.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2025	19,033,193 shares
As of March 31, 2025	17,930,693 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2025	82,551 shares
As of March 31, 2025	130,176 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2025	18,813,123 shares
Nine months ended March 31, 2025	– shares

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

* Proper use of earnings forecasts and other special matters

Regarding the financial results report for the nine months ended December 31, 2025, we plan to disclose the financial results report with a review report attached, after the audit corporation completes its review. (Disclosure is scheduled for around mid-May 2026, but the date may change depending on circumstances.)

The earnings forecasts and other forward-looking statements in the report are based on information currently available to the Company and certain assumptions that the Company determines reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results and other data may differ significantly from the forecasts depending on various factors. For the assumptions used as the basis for the forecasts and precautions on the use of the forecasts, please refer to “1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments to this report.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the nine months ended December 31, 2025, the Japanese economy saw a moderate recovery as a result of capital investment remaining firm, supported by stable corporate earnings, as well as factors such as an improvement in the employment and income environment and expectations for various policies, despite rising prices of goods. The global economic outlook remained uncertain due to the ongoing sluggish economy in China as well as persistent geopolitical risks in the Middle East, Ukraine, and elsewhere, and the impact of US trade policies on various economies, despite consumer spending in the US remaining resilient.

In the renewable energy market in Japan, a target of reducing greenhouse gas emissions by 46% compared to 2013 levels by 2030 has been set based on the Japanese government's declaration of carbon neutrality in 2050. Internationally, there have been efforts to realize a carbon-free society, including climate change responses in accordance with the UN Framework Convention on Climate Change (COP30) held in 2025, and the renewable energy market is expected to grow in the medium to long term. Conversely, it is imperative to maintain a close observation of development regarding the US government's climate change response and the US Inflation Reduction Act (IRA).

In the Solar Panel Manufacturing Business, in the US, a major market for the Company, the US government imposed the antidumping duty and countervailing duty on four Southeast Asian countries, and also imposed reciprocal tariffs of 20% and 10% on imports from Vietnam and Ethiopia, respectively. In response to this US policy, to drive future earnings growth, we commenced production at our cell plant in Ethiopia in April 2025 as the first phase (2GW) and the second phase (2GW) production began in August 2025 to strengthen production capacity, expanding sales to customers smoothly. Since solar cells manufactured in Ethiopia offer the advantage of relatively low reciprocal tariffs when imported into the US, we plan to supply products to the new solar panel plant completed in Texas ("New US Plant") and expect strengthened sales to external customers. We also plan to commence production of solar panels in New US Plant in October 2025 as the first phase (1GW) and we anticipate strong demand from large solar power developers in the US because products produced in the New US Plant are eligible for US government tax incentives.

Due to a change in the fiscal year-end implemented in the previous consolidated fiscal year, the fiscal year ended March 31, 2025, is an irregular nine-month accounting period. As a result, the previous third quarter consolidated accounting period (from July 1, 2024 to March 31, 2025) and the current third quarter consolidated accounting period (from April 1, 2025 to December 31, 2025) cover different timeframes. Accordingly, the following explanation of operating results does not include year-on-year comparisons or changes in amounts and percentages.

As a result of the above, for the nine months ended December 31, 2025, Abalance Corporation (the "Company," together with its subsidiaries, the "Group") recorded net sales of 93,138 million yen, operating profit of 16,183 million yen, ordinary profit of 13,098 million yen owing to the recording of foreign exchange losses of 1,989 million yen, and profit attributable to owners of parent of 9,499 million yen.

In the Solar Panel Manufacturing Business, Vietnam Sunergy Joint Stock Company ("VSUN") in Vietnam and TOYO Co., Ltd. ("TOYO"), are collaborating to engage in strengthening the global supply chain. TOYO owns TOYO SOLAR COMPANY LIMITED ("TOYO SOLAR"), which manufactures the cells that are the upstream processes of solar panels.

In the Green Energy Business, while continuing with the sales of goods for solar power plants and related equipment (one-time revenue business model), we are working to strengthen our business foundations by promoting company ownership of solar power plants (recurring revenue business model).

The business results for each segment are as follows.

1. Solar Panel Manufacturing Business

For the nine months ended December 31, 2025, net sales were 86,578 million yen, and segment profit was 16,116 million yen.

In August 2025, we increased the production capacity of solar cells manufactured in Ethiopia to 4GW. Sales of cost-competitive solar cells have progressed, mainly in the US and Asia, resulting in operating profit exceeding the plan. Sales of solar panels and cells manufactured by VSUN and TOYO SOLAR in Vietnam to Asian customers, particularly in India, were solid. With the approach of the Vietnamese Lunar New Year in the fourth quarter, we front-loaded sales to the US in the third quarter and expect sales in the fourth quarter to decline as a result. The Group is strengthening its supply chain and competitiveness in this Business by implementing a three-area system in Vietnam, Ethiopia, and the US, taking into account geopolitical risks. Therefore, we expect to maintain a certain level of neutrality in response to future changes in US import tariff policies. The operating results for the October to December 2025 period of New US Plant, which began sales of solar panels, will be reflected in the consolidated financial results for the fourth quarter of the fiscal year ended March 31, 2026.

2. Green Energy Business

For the nine months ended December 31, 2025, net sales were 6,116 million yen, and segment profit was 720 million yen.

The Group, led by WWB Corporation ("WWB") and VALORS Corporation, sells components related to solar power generation facilities such as solar panels, PCS (power conditioners), and industrial and residential storage batteries, in addition to sales of solar power plants in a one-time revenue business model. At the same time, it is also promoting a recurring revenue business model, in which the Company continues to own and manage power plants even after the completion of construction, as a way of securing stable revenue from sales of electricity.

In the one-time revenue business model, the sale of solar power plants progressed in the first half of the year, but we experienced a decline in both revenue and profit in the third quarter, partly due to a reactionary decline. In the recurring revenue business model, we are working to develop high-quality power generation projects by leveraging our in-house development capabilities, promoting the development and construction of power plants, and expanding our business foundation. However, revenue decreased due to progress in the sale of company-owned solar panel plants.

In the recurring revenue business model, we are working to develop high-quality power generation projects by leveraging our in-house development capabilities, promoting the development and construction of power plants, and expanding our business foundation. In addition to actively utilizing the development and construction of non-FIT power plants and M&A, we are working to build an optimal portfolio and expand our revenue base. Furthermore, the Group has entered the grid-connected batteries business in the Hokkaido area, which will enable stable power supply in preparation for times of electricity supply-demand adjustment or during power outages. Going forward, we will work to acquire new projects for the grid-connected batteries business.

3. Other

For the nine months ended December 31, 2025, net sales amounted to 444 million yen, and segment loss was 91 million yen.

The Other category is a business segment not included in the reportable segments, and includes the IT Business, Photocatalyst Business, and Smart Mobility Business.

(2) Overview of Financial Position for the Period under Review

Assets, Liabilities and Net Assets

(Assets)

Current assets as of December 31, 2025 totaled 114,602 million yen, an increase of 23,921million yen from the end of the previous fiscal year. This was mainly due to a decrease of 3,535 million yen in accounts receivable - trade. Non-current assets amounted to 72,682 million yen, an increase of 16,554 million yen from the end of the previous fiscal year. This was mainly due to an increase of 180 million yen in other property, plant and equipment.

As a result, total assets were 187,284 million yen, an increase of 40,475 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of December 31, 2025 totaled 114,076 million yen, an increase of 33,061 million yen from the end of the previous fiscal year. This was mainly due to an increase of 8,836 million yen in accounts payable - trade. Non-current liabilities amounted to 19,163 million yen, a decrease of 1,628 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,679 million yen in lease liabilities.

As a result, total liabilities amounted to 133,239 million yen, an increase of 31,432 million yen from the end of the previous fiscal year.

(Net Assets)

Total net assets as of December 31, 2025 amounted to 54,044 million yen, an increase of 9,042 million yen from the end of the previous fiscal year. This was mainly due to recording of 9,499 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 22.6% (15.6% at the end of the previous fiscal year).

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the consolidated financial results forecast for the fiscal year ended March 31, 2026, the full-year forecast announced in the “Consolidated Financial Results for the Six Months Ended September 30, 2025 (Under Japanese GAAP)” announced on January 13, 2026 have been withdrawn, as stated in the “Notice Concerning the Financial Results Forecast for the Fiscal Year Ended March 31, 2026” (in Japanese only), disclosed on April 27, 2026.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	26,452	34,771
Accounts receivable - trade	6,368	2,833
Merchandise and finished goods	17,721	26,046
Real estate for sale	1,589	1,827
Work in process	3,925	5,295
Raw materials and supplies	1,322	8,072
Advance payments to suppliers	9,577	3,046
Accounts receivable - other	3,587	10,770
Deposits paid	20,033	20,975
Other	250	1,129
Allowance for doubtful accounts	(147)	(166)
Total current assets	90,680	114,602
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,623	15,179
Accumulated depreciation	(715)	(1,601)
Buildings and structures, net	4,907	13,577
Machinery, equipment and vehicles	42,903	53,520
Accumulated depreciation	(11,745)	(14,406)
Machinery, equipment and vehicles, net	31,158	39,113
Land	2,472	2,395
Leased assets	13	11
Accumulated depreciation	(10)	(9)
Leased assets, net	3	2
Right-of-use assets	3,333	9,742
Accumulated depreciation	(893)	(2,074)
Right-of-use assets, net	2,440	7,667
Construction in progress	7,250	1,867
Other	1,069	1,249
Accumulated depreciation	(725)	(838)
Other, net	343	410
Total property, plant and equipment	48,577	65,034
Intangible assets		
Goodwill	3,899	3,632
Other	246	192
Total intangible assets	4,146	3,824
Investments and other assets		
Investment securities	1,453	1,494
Long-term loans receivable	10	51
Deferred tax assets	203	1,079
Other	1,979	1,435
Allowance for doubtful accounts	(242)	(239)
Total investments and other assets	3,404	3,822
Total non-current assets	56,128	72,682
Deferred assets	0	0
Total assets	146,809	187,284

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	11,120	19,956
Short-term borrowings	32,310	39,333
Current portion of long-term borrowings	1,562	1,489
Current portion of bonds payable	66	33
Lease liabilities	249	1,196
Income taxes payable	1,289	5,168
Contract liabilities	9,662	25,309
Accounts payable - other	589	1,755
Current portion of long-term accounts payable - installment purchase	3,349	266
Provision for bonuses	28	21
Buy-sell transaction liabilities	952	–
Provision for import, export tax	13,055	13,147
Other	6,779	6,399
Total current liabilities	81,015	114,076
Non-current liabilities		
Long-term borrowings	11,331	9,611
Long-term accounts payable - installment purchase	7,418	2,834
Retirement benefit liability	0	–
Lease liabilities	1,466	6,146
Long-term accounts payable - other	6	7
Deferred tax liabilities	365	333
Other	202	229
Total non-current liabilities	20,791	19,163
Total liabilities	101,807	133,239
Net assets		
Shareholders’ equity		
Share capital	2,521	2,766
Capital surplus	2,379	8,876
Retained earnings	18,258	27,469
Treasury shares	(91)	(24)
Total shareholders’ equity	23,068	39,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25	19
Foreign currency translation adjustment	(218)	3,186
Total accumulated other comprehensive income	(193)	3,206
Share acquisition rights	264	138
Non-controlling interests	21,862	11,612
Total net assets	45,002	54,044
Total liabilities and net assets	146,809	187,284

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2025
Net sales	93,138
Cost of sales	65,619
Gross profit	27,519
Selling, general and administrative expenses	11,335
Operating profit	16,183
Non-operating income	
Interest income	662
Share of profit of entities accounted for using equity method	15
Other	666
Total non-operating income	1,344
Non-operating expenses	
Interest expenses	1,853
Foreign exchange losses	1,989
Other	585
Total non-operating expenses	4,429
Ordinary profit	13,098
Extraordinary income	
Gain on sale of non-current assets	4,306
Gain on sale of investment securities	21
Gain on reversal of share acquisition rights	143
Other	75
Total extraordinary income	4,547
Extraordinary losses	
Loss on sale of non-current assets	1
Loss on retirement of non-current assets	0
Impairment losses	27
Correction-related cost	129
Extraordinary loss associated with repayment of installment debt	99
Other	222
Total extraordinary losses	480
Profit before income taxes	17,165
Income taxes - current	5,465
Income taxes - deferred	(644)
Total income taxes	4,820
Profit	12,344
Profit attributable to non-controlling interests	2,845
Profit attributable to owners of parent	9,499

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Millions of yen)

	For the nine months ended December 31, 2025
Profit	12,344
Other comprehensive income	
Valuation difference on available-for-sale securities	(5)
Foreign currency translation adjustment	1,481
Total other comprehensive income	1,476
Comprehensive income	13,820
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	11,262
Comprehensive income attributable to non-controlling interests	2,557

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on changes in accounting policies)

Not applicable.

(Additional information)

(Status of investigation into inappropriate accounting treatments)

Regarding the accounting treatments related to past consignment transactions, the Company established a third-party committee consisting of external experts on September 2, 2025 to confirm the facts, verify the appropriateness of the accounting treatments, and identify the impact this will have on financial statements. The Company received the investigation report from the third-party committee on December 17, 2025, and disclosed its contents. We subsequently determined that further verification of the contents of the investigation report and individual matters raised therein was necessary. Accordingly, on January 8, 2026, the Company established a verification committee consisting of external experts with no conflict of interest with the Company. On February 20, 2026, we received the investigation report from the committee and disclosed its contents.

Based on the findings of the above investigation, we formulated an improvement plan to fundamentally improve our internal control system and related frameworks, and disclosed the details of the plan on July 31, 2026.

In addition to the investigation conducted by the external organization into domestic consignment transactions, the Company also conducted a voluntary investigation into consignment transactions at our overseas subsidiaries, including whether similar transactions occurred within the Abalance Group as a whole, and whether the accounting treatments for such transactions were appropriate. As a result, we confirmed that in the wafer manufacturing process of solar panel production, overseas subsidiaries of the Abalance Group imported polysilicon, a raw material, supplied it to external processors for a fee, and subsequently repurchased the processed wafers and other intermediate materials from the processors. The Company reviewed the substance of these transactions and their accounting treatments, and has made the necessary corrections.

(Notes on segment information, etc.)

(Segment information)

Nine months ended December 31, 2025 (from April 1, 2025 to December 31, 2025)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Other (Note 3)	Total	Adjustments (Note 1)	Amounts recorded in quarterly consolidated statements of income (Note 2)
	Solar Panel Manufacturing Business	Green Energy Business	Total				
Net sales							
Net sales to outside customers	86,578	6,116	92,694	444	93,138	–	93,138
Intersegment sales or transfers	–	0	0	–	0	(0)	–
Total	86,578	6,116	92,694	444	93,138	(0)	93,138
Segment profit (loss)	16,116	720	16,836	(91)	16,745	(562)	16,183

Notes: 1. The (562) million yen of segment profit (loss) adjustment consists of corporate expenses not allocated to any reportable segment, which mostly consist of expenses incurred in the administrative division.

2. Segment profit (loss) is consistent with operating profit stated in the quarterly consolidated statements of income.

3. The “Other” category refers to the IT Business, the Photocatalyst Business, the Smart Mobility Business (former sales of construction machinery), which are not included in the reportable segments.

(Notes to Quarterly Consolidated Balance Sheets)

(Contingent liabilities)

(i) Non-deductible expenses for tax purposes related to export duties, etc.

The Company's consolidated subsidiary Vietnam Sunergy Joint Stock Company and its subsidiaries have recorded estimated amounts related to export duties, etc. on sales, and treated them as deductible expenses for local income tax purposes. Therefore, such export duties, etc. on sales may not be considered deductible for tax purposes depending on the results of future examinations by the local tax authorities. However, we recognize that it is difficult to reasonably estimate the likelihood of occurrence and the amount of additional income taxes in the future at this time.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2025 have not been prepared. Depreciation (including amortization for intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2025 are as follows.

	For the nine months ended December 31, 2025
Depreciation	6,142 million yen
Amortization of goodwill	240

(Notes on significant subsequent events)

Not applicable.

Independent Auditor's Interim Review Report on Quarterly Consolidated Financial Statements

August 18, 2026

Abalance Corporation
To the Board of Directors

Chubu Audit Corporation LLC
Nagoya, Aichi Prefecture

Masahito Horie
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomohiro Waseda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Disclaimer of Conclusion

We have conducted an interim review of the quarterly consolidated financial statements of Abalance Corporation for the third quarter (from October 1, 2025 to December 31, 2025) and the first nine months (from April 1, 2025 to December 31, 2025) of the consolidated fiscal year from April 1, 2025 to March 31, 2026, as listed in the "Attachments" of the quarterly financial results; namely, the quarterly consolidated balance sheets, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income, and notes.

In our interim review of the quarterly consolidated financial statements, we do not express a conclusion as to whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements have not been prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and accounting standards for quarterly financial statements generally accepted in Japan (however, the omission of disclosure specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. has been applied), in light of the materiality of the effects of the matters described in "Basis for Disclaimer of Conclusion" in the quarterly consolidated financial statements.

Basis for Disclaimer of Conclusion

Regarding the accounting treatments related to past consignment transactions, as described in "Additional information" (Status of the investigation into inappropriate accounting treatments), the company established a third-party committee consisting of external experts on September 2, 2025 to confirm the facts, verify the appropriateness of the accounting treatments, and identify the impact this will have on its financial statements. The company received the investigation report from the third-party committee on December 17, 2025, and disclosed its contents. It subsequently determined that further verification of the contents of the investigation report and individual matters raised therein was necessary. Accordingly, on January 8, 2026, the company established a verification committee consisting of external experts. On February 20, 2026, it received the verification report from the committee and disclosed its contents.

Based on the findings of the above investigation, the company formulated an improvement plan to fundamentally improve its internal control system and related frameworks, and disclosed the details of the plan on July 31, 2026.

In addition to the investigation conducted by the external organization into domestic consignment transactions, the company also conducted a voluntary investigation into consignment transactions at its overseas subsidiaries, including whether similar transactions occurred within the Abalance Group as a whole, and whether the accounting treatments for such transactions were appropriate. As a result, the company confirmed that in the wafer manufacturing process of solar panel production, overseas subsidiaries of the Abalance Group imported polysilicon, a raw material, supplied it to external processors for a fee, and subsequently repurchased the processed wafers and other intermediate materials from the processors. The company reviewed the substance of these transactions and their accounting treatments, and made the necessary corrections.

Although we attempted to conduct an audit based on the above findings and the results of the company's voluntary investigation into consignment transactions at its overseas subsidiaries, the company has not yet completed the implementation of a fundamental improvement plan for its internal control system and other frameworks and measures to prevent recurrence. Furthermore, specific measures for improving the internal control system are still under review, while internal controls regarding consignment transactions have not been established throughout the group. In addition, due to the complex capital structure and transaction structure involving multiple subsidiaries, the company is unable to comprehensively identify all transactions. As a result, we were unable to obtain sufficient and appropriate audit evidence regarding the accuracy and comprehensiveness of the corrections made by the company for multiple accounting treatments, including consignment transactions, and related accounting issues.

Based on the above, we were unable to obtain the evidence necessary to form a conclusion regarding the quarterly consolidated financial statements. We also determined that undiscovered misstatements, if any, could have a material and pervasive impact on the quarterly consolidated financial statements, not limited to specific items and notes. As a result, we were unable to determine whether any adjustments were necessary with respect to the elements comprising the above quarterly consolidated financial statements.

Responsibilities of Management and the Audit & Supervisory Committee for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and accounting standards for quarterly consolidated financial statements generally accepted in Japan (however, the omission of disclosure specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. has been applied). This includes designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation 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 whether it is appropriate to prepare the quarterly consolidated financial statements on a going concern basis, and for disclosing matters related to going concern when it is necessary to disclose such matters based on Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and accounting standards for quarterly consolidated financial statements generally accepted in Japan (however, the omission of disclosure specified in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. has been applied).

The Audit & Supervisory Committee is responsible for overseeing the execution of duties by directors in the development and operation of the financial reporting process.

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

The auditor's responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in the interim review report, based on the interim review conducted in accordance with accounting standards for interim reviews generally accepted in Japan. However, as stated in the "Basis for Disclaimer of Conclusion" section of this report, we were unable to obtain the evidence necessary to form a conclusion regarding the quarterly consolidated financial statements. Our firm is independent of the company and its consolidated subsidiaries in accordance with the ethical requirements in Japan (including those that apply to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities as an auditor.

Conflicts of Interest

Our firm and its engagement partners do not have any interest in the company and its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

(Notes) 1. The original copy of the above Interim Review Report is retained by the company.
2. The XBRL data and HTML data are not included in the scope of the interim review.