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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: NIPPON CONCRETE INDUSTRIES CO., LTD.
 Listing: Tokyo
 Securities code: 5269
 URL: <https://www.ncic.co.jp/>
 Representative: TSUKAMOTO Hiroshi, Representative Director and President
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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 Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 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	%
Three months ended June 30, 2024	12,958	2.5	388	(11.0)	681	6.8	315	(8.6)
June 30, 2023	12,644	20.3	436	-	638	307.7	344	-

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 104 million [(92.2) %]
 Three months ended June 30, 2023: ¥ 1,328 million [457.0 %]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2024	5.80		-	
June 30, 2023	6.35		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	79,310	40,129	47.0
March 31, 2024	81,995	40,395	45.7

(Reference) Equity: As of June 30, 2024: ¥ 37,288 million
 As of March 31, 2024: ¥ 37,506 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	-	6.50	-	6.50	13.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)	-	6.50	-	6.50	13.00

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

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

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
Six months ending September 30, 2024	26,600	0.6	700	(45.0)	1,000	(34.6)	600	(25.8)	11.05
Full year	57,000	6.2	2,400	32.8	2,800	24.8	1,600	160.5	29.47

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

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

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(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

- 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):

June 30, 2024:	57,777,432 shares
March 31, 2024:	57,777,432 shares

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

June 30, 2024:	3,467,732 shares
March 31, 2024:	3,476,234 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024:	54,303,323 shares
Three months ended June 30, 2023:	54,293,671 shares

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

* Explanation for appropriate use of financial forecasts and other special notes.

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. Actual results may differ from these forecasts by a variety of reasons.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

In the three months ended June 30, 2024, although the economic environment had an impact of global monetary tightening, uncertainty in economic policies overseas, and geopolitical risks, the Japanese economy remained on a moderate recovery trend against a backdrop of the improved employment and income environment.

Regarding the business environment in which the Group operates, the demand for concrete piles across Japan and concrete pole shipments throughout Japan during the three months ended June 30, 2024 slightly decreased from a year earlier, and the business environment remained severe.

In these circumstances, the Group has been addressing the significant issues stated in the Medium-Term Management Plan 2024 formulated in May 2024. As a result, the Group's net sales were 12,958 million yen (up 2.5% year-on-year), operating profit was 388 million yen (down 11.0% year-on-year), ordinary profit was 681 million yen (up 6.8% year-on-year), and profit attributable to owners of parent was 315 million yen (down 8.6% year-on-year).

An overview of each business for the period under review is as follows.

1) Foundation Business

The demand for concrete piles across Japan during the three months ended June 30, 2024 slightly decreased from a year earlier, but the Group's shipment volume share expanded. As a result, net sales amounted to 6,763 million yen (up 8.4% year-on-year).

Segment income was 418 million yen (up 281.9% year-on-year) as the Company strived to pursue further profits through efforts, such as penetration of fair pricing and improvement in construction efficiency.

2) Concrete Secondary Product Business

In the Pole-related Business, which is part of the Concrete Secondary Product Business, concrete pole shipments throughout Japan slightly decreased from a year earlier and the Group's shipment volume also decreased slightly. As a result, net sales amounted to 3,686 million yen (down 2.7% year-on-year).

In the Civil Engineering Product Business, production and inspection of RC segments intended for the Linear Chuo Shinkansen remained brisk, but sales dropped due to a decrease in large-scale precast concrete wall projects that were strong in the previous fiscal year. As a result, net sales were 2,429 million yen (down 4.7% year-on-year).

As a result, net sales in the Concrete Secondary Product Business amounted to 6,116 million yen (down 3.5% year-on-year). Segment income was 412 million yen (down 27.5% year-on-year) mainly due to the impact of the aforementioned drop in sales in large-scale precast concrete wall projects.

3) Real Estate and Solar Power Generation Business

The Company reported steady rental income, and generated and sold electricity for net sales that amounted to 78 million yen (up 21.0% year-on-year) and segment income was 49 million yen (up 30.6% year-on-year).

With regard the future outlook, we expect that the current conditions of the business environment in which the Group operates will remain severe due to the on-going risks presented by an unstable international environment and increases in energy, raw material and personnel expenses, in addition to the 2024 logistics problem and construction start delays and extended construction periods and other issues in construction projects.

In the medium to long term, expectations remained high for high-quality precast concrete products that contribute to productivity enhancement and labor saving to address issues such as a decrease in the construction workforce and the 2024 logistics problem, in addition to the Company's own products and construction methods contributing to preparing for increasingly severe and frequent natural disasters (prevention, mitigation, and recovery). Furthermore, a high level of interests remained for the Company-developed technology for carbon capture and CCUS (carbon dioxide capture, utilization and storage) products, and low-carbon type concrete products from the perspective of carbon neutrality, and therefore opportunities for sustainable growth are considered to be numerous.

In this business environment, while incorporating the market and customer needs outlined in the Medium-Term Management Plan into building and expanding our business and revenue bases, we will further increase revenue through the current sales expansion of new construction methods and low-carbon type concrete products in the Foundation Business, expansion of engineering business in the Pole-related Business, and further promotion of the development of precast concrete wall projects across Japan in the Civil Engineering Product Business.

Looking ahead, the Group will continue to play a role in strengthening social infrastructure and contribute to society through offering technology and products to reduce environmental loads. In addition, we will be committed to utilizing the Group's synergy effect and realizing further growth, and by intensifying our efforts on corporate governance and sustainability, we are aiming to realize sustainable growth and enhance our corporate value to meet the expectations of our stakeholders.

(2) Explanation of Financial Position

The Group's financial policies are to reduce total assets so as to improve ROA through measures such as early collection of accounts receivable, optimization of product inventories, and efficient capital investment strategies; and to reduce interest-bearing debts by improving the efficiency of the Group's funds and assets.

Total assets at the end of the first quarter of the fiscal year under review were 79,310 million yen, down 2,685 million yen from the end of the previous fiscal year.

Current assets were 33,844 million yen, down 2,572 million yen from the end of the previous fiscal year, and non-current assets were 45,465 million yen, down 112 million yen from the end of the previous fiscal year.

The decrease in current assets was mainly due to a decrease in cash and deposits, and the decrease in non-current assets was mainly due to a decrease in investment securities.

Total liabilities were 39,180 million yen, down 2,419 million yen from the end of the previous fiscal year.

Current liabilities were 24,968 million yen, down 1,919 million yen from the end of the previous fiscal year, and non-current liabilities were 14,212 million yen, down 499 million yen from the end of the previous fiscal year.

The decrease in current liabilities was mainly due to a decrease in income taxes payable, and the decrease in non-current liabilities was mainly due to a decrease in long-term borrowings.

Total net assets were 40,129 million yen, down 266 million yen from the end of the previous fiscal year.

It was mainly due to a decrease in valuation difference on available-for-sale securities.

As a result of the above, the equity ratio came to 47.0%, up from 45.7% at the end of the previous consolidated fiscal year.

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

There is no change in the consolidated financial results forecast for the fiscal year ending March 31, 2025 announced on May 15, 2024.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	11,120,707	8,833,625
Notes and accounts receivable - trade, and contract assets	11,259,470	10,922,093
Electronically recorded monetary claims - operating	2,925,147	2,943,454
Merchandise and finished goods	6,950,355	6,931,511
Work in process	740,826	663,569
Raw materials and supplies	2,038,697	2,017,622
Costs on construction contracts in progress	319,817	458,470
Other	1,070,595	1,082,714
Allowance for doubtful accounts	(8,134)	(8,134)
Total current assets	36,417,483	33,844,926
Non-current assets		
Property, plant and equipment		
Land	17,237,062	17,237,062
Other, net	9,051,028	9,224,355
Total property, plant and equipment	26,288,090	26,461,417
Intangible assets	881,242	899,453
Investments and other assets		
Investment securities	14,547,526	14,301,391
Other	3,992,230	3,936,553
Allowance for doubtful accounts	(130,861)	(133,160)
Total investments and other assets	18,408,895	18,104,784
Total non-current assets	45,578,229	45,465,655
Total assets	81,995,712	79,310,582

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,285,032	4,827,298
Electronically recorded obligations - operating	9,864,508	9,568,174
Short-term borrowings	4,084,600	4,220,566
Current portion of long-term borrowings	2,260,089	2,049,284
Income taxes payable	945,725	141,396
Provisions	717,594	453,065
Other	3,730,222	3,708,418
Total current liabilities	26,887,772	24,968,203
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term borrowings	6,533,312	6,070,742
Retirement benefit liability	1,220,462	1,212,863
Other	6,858,210	6,828,842
Total non-current liabilities	14,711,984	14,212,447
Total liabilities	41,599,757	39,180,651
Net assets		
Shareholders' equity		
Share capital	5,111,583	5,111,583
Capital surplus	3,858,899	3,936,336
Retained earnings	18,752,806	18,713,304
Treasury shares	(1,009,783)	(1,005,552)
Total shareholders' equity	26,713,506	26,755,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,999,946	4,801,977
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(138,068)	(173,505)
Remeasurements of defined benefit plans	618,394	591,601
Total accumulated other comprehensive income	10,792,641	10,532,441
Non-controlling interests	2,889,807	2,841,816
Total net assets	40,395,955	40,129,931
Total liabilities and net assets	81,995,712	79,310,582

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	12,644,131	12,958,497
Cost of sales	10,488,255	10,725,123
Gross profit	2,155,875	2,233,374
Selling, general and administrative expenses	1,719,664	1,844,970
Operating profit	436,211	388,403
Non-operating income		
Interest income	1,373	1,133
Dividend income	174,408	215,258
Share of profit of entities accounted for using equity method	71,438	59,574
Other	42,732	70,910
Total non-operating income	289,952	346,876
Non-operating expenses		
Interest expenses	17,496	18,793
Loss on claims	13,964	-
Loss from suspension of plantoperations assets	28,753	11,798
Other	27,555	22,808
Total non-operating expenses	87,769	53,399
Ordinary profit	638,394	681,880
Extraordinary income		
Gain on sale of non-current assets	1,817	19,049
Gain on sale of investment securities	93,732	-
Total extraordinary income	95,549	19,049
Extraordinary losses		
System failure response costs	25,728	-
Loss on retirement of non-current assets	6,098	10,531
Total extraordinary losses	31,826	10,531
Profit before income taxes	702,117	690,399
Income taxes - current	233,912	163,840
Income taxes - deferred	91,791	162,682
Total income taxes	325,703	326,523
Profit	376,414	363,875
Profit attributable to non-controlling interests	31,871	48,853
Profit attributable to owners of parent	344,543	315,022

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	376,414	363,875
Other comprehensive income		
Valuation difference on available-for-sale securities	912,236	(193,508)
Foreign currency translation adjustment	28,398	(40,573)
Remeasurements of defined benefit plans, net of tax	7,329	(27,368)
Share of other comprehensive income of entities accounted for using equity method	4,187	1,594
Total other comprehensive income	952,151	(259,856)
Comprehensive income	1,328,566	104,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,284,475	54,823
Comprehensive income attributable to non-controlling interests	44,090	49,196

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes in the Case of Significant Changes in the Amount of Shareholders' Equity)

For the three months ended June 30, 2023

1. Dividends paid

There is no relevant information due to non-payment of dividends.

2. Dividends with a record date in the three months ended June, 2023 but with an effective date after the end of the period

There is no relevant information.

For the three months ended June 30, 2024

1. Dividends paid

Resolution	Type of shares	Source of dividends	Total amount of dividends paid (Thousand yen)	Dividend per share (yen)	Record date	Effective date
May 24, 2024 Board of Directors' Meeting	Common shares	Retained earnings	355,279	6.50	March 31, 2024	June 12, 2024

(Note) The total amount of dividends based on the resolution of the Board of Directors' Meeting held on May 24, 2024 includes dividend of 873 thousand yen for the Board Incentive Plan Trust (BIP) and dividend of 692 thousand yen for the Stock Granting Trust (J-ESOP).

2. Dividends with a record date in the three months ended June 30, 2024 but with an effective date after the end of the period

There is no relevant information.

(Changes in Accounting Policies)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard in 2022”) from the beginning of the first quarter of the fiscal year under review.

The accounting category of income taxes (taxation on other comprehensive income) has been revised in accordance with the transitional treatment provided for in the proviso to Paragraph 20-3 of the Revised Accounting Standard in 2022 and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance in 2022”). These changes in accounting policies do not affect the quarterly consolidated financial statements.

In addition, the Company has applied the Revised Guidance in 2022 from the beginning of the first quarter of the fiscal year under review for the revision to the treatment of the consolidated financial statements in case losses or gains on sale of subsidiaries’ shares among consolidated companies are deferred for tax purposes. These changes in accounting policies are applied retrospectively, and the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been adjusted retrospectively. These changes in accounting policies do not affect the quarterly consolidated financial statements for the same period of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Additional Information)

(A transaction in which the Company’s shares are delivered to its employees, etc. through a trust)

(1) Summary of the transaction

As for the Board Incentive Plan Trust (hereinafter referred to as the “BIP Trust”) and the Stock Granting Trust (J-ESOP) (hereinafter referred to as the “J-ESOP Trust”) introduced in August 2015, the Company resolved at the Board of Directors’ Meeting held on August 9, 2024 to continue the BIP Trust and the J-ESOP Trust for a new three-year period (from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027) and reintroduced them by entering into an agreement to extend their terms, for the purpose of increasing motivation to improve the Company’s medium- to long-term performance and raising awareness toward the contribution to an increase in shareholder value.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares in net assets at their book value (excluding incidental expenses) in the trust. For the BIP Trust, the book value and the number of treasury shares at the end of the first quarter of the fiscal year under review are 42,566 thousand yen and 133,086 shares, and for the J-ESOP Trust, 32,375 thousand yen and 99,368 shares.

(Segment Information, etc.)

[Segment Information]

I. For the three months ended June 30, 2023

1. Information on net sales and income by reportable segment

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statements of income (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	6,241,231	6,337,791	65,108	12,644,131	–	12,644,131
Inter-segment net sales or transfers	139	–	–	139	(139)	–
Total	6,241,371	6,337,791	65,108	12,644,271	(139)	12,644,131
Segment income	109,628	569,343	38,136	717,108	(280,897)	436,211

(Notes) 1. The adjustment for segment income mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.

2. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

II. For the three months ended June 30, 2024

1. Information on net sales and income by reportable segment

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statements of income (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	6,763,425	6,116,286	78,785	12,958,497	–	12,958,497
Inter-segment net sales or transfers	503	–	–	503	(503)	–
Total	6,763,929	6,116,286	78,785	12,959,001	(503)	12,958,497
Segment income	418,723	412,542	49,789	881,056	(492,652)	388,403

(Notes) 1. The adjustment for segment income mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.

2. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

(Notes on Statements of Cash Flows)

Quarterly consolidated statements of cash flows are not prepared for the period under review. Depreciation (including amortization of intangible assets) for the period under review is as follows.

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	380,692 thousand yen	404,086 thousand yen

(Significant Events after Reporting Period)

There is no relevant information.

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

August 9, 2024

To the Board of Directors of
NIPPON CONCRETE INDUSTRIES CO., LTD.

Crowe Toyo & Co.
Tokyo Office

Designated and Managing Partner	Certified Public Accountant	TANAKA Akihiro
Designated and Managing Partner	Certified Public Accountant	IKEDA Hiroaki
Designated and Managing Partner	Certified Public Accountant	KIDO Akihito

Auditor's Conclusion

We have reviewed the quarterly consolidated financial statements of NIPPON CONCRETE INDUSTRIES CO., LTD. (the "Group") for the first quarter (from April 1, 2024 to June 30, 2024) and the first three months (from April 1, 2024 to June 30, 2024) of the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025) included in the Consolidated Financial Results, namely, the quarterly consolidated balance sheets, the quarterly consolidated statements of income, the quarterly consolidated statements of comprehensive income, and the notes thereto.

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned quarterly consolidated financial statements are not prepared, in all material respects, in accordance with the Article 4, Paragraph 1 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under the Article 4, Paragraph 2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

Basis for Auditor's Conclusion

We conducted our review in accordance with the interim review standards generally accepted in Japan. Our responsibility under those standards is described in the Auditor's Responsibility for the Interim Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the code of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained the evidence to provide a basis for our review conclusion.

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

Management is responsible for the preparation of the quarterly consolidated financial statements in accordance with the Article 4, Paragraph 1 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under the Article 4, Paragraph 2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements. This includes designing and operating such internal control as management determines is necessary to enable the preparation of the 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, and disclosing, as applicable, matters related to going concern in accordance with the Article 4, Paragraph 1 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under the Article 4, Paragraph 2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties related to designing and operating the Group's financial reporting process.

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

Our responsibility as auditors is to express a conclusion on the quarterly consolidated financial statements in our review report from an independent standpoint based on our review.

In accordance with interim review standards generally accepted in Japan, we exercise professional judgment throughout the review, and perform the following with professional skepticism.

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other interim review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude whether nothing has come to our attention, based on the evidence obtained, related to going concern that causes us to believe that the quarterly consolidated financial statements are not prepared, in all material respects, in accordance with the Article 4, Paragraph 1 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under the Article 4, Paragraph 2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements, if we conclude 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the quarterly consolidated financial statements or, if such notes are inadequate, to express a qualified or negative conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether nothing has come to our attention that causes us to believe that the overall presentation and notes to the quarterly consolidated financial statements are not prepared in accordance with the Article 4, Paragraph 1 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements and accounting standards for the quarterly financial statements generally accepted in Japan, omitting certain disclosures under the Article 4, Paragraph 2 of the Tokyo Stock Exchange's standard for preparation of quarterly financial statements.
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision, and review of the interim review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the review and significant findings that we identify during our review.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

Conflicts of Interest

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

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- (Notes) 1. The original copy of the above interim review report is retained separately by the Company (filing company of the quarterly financial results).
2. XBRL data and HTML data are excluded from the scope of the interim review.