Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 19, 2023

Company name: NIPPON CONCRETE INDUSTRIES CO., LTD.
Stock exchange listing: Tokyo
Code number: 5269
URL: https://www.ncic.co.jp/
Representative: TSUKAMOTO Hiroshi, Representative Director and President
Contact: SUGITA Yoshihiko, Director and Executive Officer
Phone: +81-3-3452-1025

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023
Scheduled date of commencing dividend payments: -
Scheduled date of filing annual securities report: June 30, 2023
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	52,986	11.8	(228)	-	97	(93.8)	(439)	-
March 31, 2022	47,376	(3.1)	1,228	(55.3)	1,555	(51.1)	876	(53.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ (522) million [-%]
Fiscal year ended March 31, 2022: ¥ (496) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	(8.07)	-	(1.2)	0.1	(0.4)
March 31, 2022	15.63	-	2.4	2.1	2.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 163 million
Fiscal year ended March 31, 2022: ¥ 218 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	76,906	37,658	45.4	643.71
March 31, 2022	75,003	38,672	48.1	653.95

(Reference) Equity: As of March 31, 2023: ¥ 34,949 million
As of March 31, 2022: ¥ 36,054 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	432	(1,434)	(447)	7,136
March 31, 2022	2,879	(3,590)	532	8,599

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	4.50	-	4.50	9.00	505	57.6	1.4
March 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2024 (Forecast)	-	6.50	-	6.50	13.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :
Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	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, 2023	27,000	9.7	650	-	800	119.8	400	707.8	7.13
Full year	55,000	3.8	1,300	-	1,600	-	800	-	14.26

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
New - (Company name:)
Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2023: 57,777,432 shares
March 31, 2022: 57,777,432 shares

2) Number of treasury shares at the end of the period:
March 31, 2023: 3,483,945 shares
March 31, 2022: 2,644,746 shares

3) Average number of shares outstanding during the period:
Fiscal Year ended March 31, 2023: 54,402,098 shares
Fiscal Year ended March 31, 2022: 56,081,665 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	36,048	10.1	621	(47.9)	(439)	-	(803)	-
March 31, 2022	32,734	(15.9)	1,193	(47.9)	1,062	(52.6)	622	(58.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	(14.72)	-
March 31, 2022	11.05	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	61,398	24,675	40.2	453.49
March 31, 2022	58,336	26,152	44.8	471.75

(Reference) Equity: As of March 31, 2023: ¥ 24,675 million
As of March 31, 2022: ¥ 26,152 million

* Financial results reports are not required to be subjected to reviews.

* 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. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year under Review

During the fiscal year under review (ended March 31, 2023), although the economic environment saw movement toward gradual recovery due to the shift to coexistence with COVID-19, the outlook remained uncertain due to the prolonged situation in Ukraine and significant depreciation of the yen, in addition to repeated increases in energy, raw material and logistics expenses.

Regarding the business environment in which the Group operates, expectations remained high for concrete products that contribute to disaster prevention and mitigation, maintenance of social infrastructure, disaster recovery, the shortening of construction periods and labor saving, as well as for the Company-developed technology for carbon capture and CCUS (carbon dioxide capture, utilization and storage) products, and low-carbon type concrete products. On the other hand, with the market for poles destined for mobile phone base stations experiencing a sharp decline, and the rising prices of raw material and energy for concrete secondary products, conditions are severe.

In these circumstances, the Group recorded net sales of 52,986 million yen (up 11.8% year-on-year) due in part to initiatives to expand sales and enhance plant utilization rates, focused mainly in the Foundation Business, which has proved to be a robust market. However, with the delay in passing on the rising prices of primary materials such as steel and cement to selling prices and the delay in responding to the sharp decline in shipment volumes of poles for mobile phone base stations (COP) and the recording of approximately 300 million yen in provision for loss on evaluation of our inventory of metal components for these same poles, operating loss was 228 million yen (operating profit of 1,228 million yen in the same period of the previous fiscal year), ordinary profit was 97 million yen (down 93.8% year-on-year), and loss attributable to owners of parent was 439 million yen (profit attributable to owners of parent of 876 million yen in the same period of the previous fiscal year).

An overview of each business for the fiscal year under review is as follows:

1) Foundation Business

The demand for concrete piles across Japan during the fiscal year under review rose by approximately 11% year-on-year. As a result of proactive efforts to increase orders by the Group, net sales were 28,232 million yen (up 48.6% year-on-year).

As for profit, segment income was 515 million yen (up 127.2% year-on-year) due, in part, to an improvement in plant utilization rates, despite time being required to pass on rising raw material prices to selling prices.

2) Concrete Secondary Product Business

In the Pole-related Business, which is part of the Concrete Secondary Product Business, concrete pole shipments throughout Japan fell roughly 16% year-on-year. In this severe environment, shipments of COP, which had been strong in the previous fiscal year, reduced significantly, and net sales amounted to 13,049 million yen (down 20.3% year-on-year).

In the Civil Engineering Product Business, while production was brisk for RC segments intended for the Linear Chuo Shinkansen, net sales were 11,410 million yen (down 2.4% year-on-year), partly influenced by reduced orders for slope reinforcement works by Free Kogyo Co., Ltd.

As a result, net sales in the Concrete Secondary Product Business amounted to 24,460 million yen (down 12.9% year-on-year). As for profit, segment income was 660 million yen (down 74.1% year-on-year) on account of rising raw material prices and a substantial decline in COP production and shipments in addition to the approximately 300 million yen recorded in provision for loss on evaluation of our inventory of metal components for COP.

3) Real Estate and Solar Power Generation Business

The Real Estate Business reported steady rental income from nursing-care facilities and other property. The Solar Power Generation Business also steadily generated and sold electricity, utilizing its two solar power plants in Ibaraki Prefecture: NC Kanto Solar Power Plant in Koga City and NC Tagawa Solar Power Plant in Chikusei City. Consequently, the Real Estate and Solar Power Generation Business recorded net sales of 292 million yen (down 6.0% year-on-year) and segment income of 184 million yen (up 0.8% year-on-year).

(2) Overview of Financial Position for the Fiscal Year under Review

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 fiscal year under review were 76,906 million yen, up 1,902 million yen from the end of the previous fiscal year.

Current assets were 34,559 million yen, up 2,589 million yen from the end of the previous fiscal year, and non-current assets were 42,347 million yen, down 686 million yen from the end of the previous fiscal year.

The increase in current assets was mainly due to contract assets and electronically recorded monetary claims – operating, and the decrease in non-current assets was mainly due to decreases in property, plant and equipment such as machinery, equipment and vehicles.

Total liabilities were 39,247 million yen, up 2,916 million yen from the end of the previous fiscal year.

Current liabilities were 25,446 million yen, up 2,557 million yen from the end of the previous fiscal year, and non-current liabilities were 13,801 million yen, up 359 million yen from the end of the previous fiscal year.

The increase in current liabilities was mainly due to an increase in electronically recorded obligations – operating, and the increase in non-current liabilities was mainly due to increases in long-term borrowings.

Total net assets were 37,658 million yen, down 1,013 million yen from the end of the previous fiscal year.

It was mainly due to the acquisition of treasury shares.

As a result of the above, the equity ratio came to 45.4%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review decreased by 1,463 million yen year-on-year to 7,136 million yen.

1) Cash flows from operating activities

Funds provided by operating activities amounted to 432 million yen. This was chiefly because the factors to increase funds, such as 157 million yen recorded as profit before income taxes, 1,859 million yen recorded as depreciation, and 2,807 million yen recorded as an increase in trade payables exceeded the factors to decrease funds including 3,340 million yen recorded as an increase in notes and accounts receivable – trade and contract assets.

2) Cash flows from investing activities

Funds used in investing activities totaled 1,434 million yen. This was chiefly due to the factors to decrease funds, such as 1,308 million yen recorded as purchase of property, plant and equipment.

3) Cash flows from financing activities

Funds used in financing activities totaled 447 million yen. This was chiefly because the factors to decrease funds, such as 2,303 million yen recorded as repayment of long-term borrowings and 299 million yen recorded as acquisition of treasury shares, exceeded the factors to increase funds including 2,355 million yen recorded as net increase in proceeds from long-term borrowings and 100 million yen recorded as proceeds from issuance of bonds.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	49.0	50.6	50.2	48.1	45.4
Market-value equity ratio (%)	20.3	21.4	31.1	21.3	18.0
Cash flow to interest-bearing debt ratio (years)	3.0	(21.8)	2.8	4.5	32.1
Interest coverage ratio (times)	63.3	(10.3)	85.2	55.1	6.90

Equity ratio = Equity / Total assets
Market-value equity ratio = Market capitalization / Total assets
Cash flow to interest-bearing debt ratio = Interest-bearing debts / Cash flows
Interest coverage ratio = Cash flows / Interest payment

(4) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

The Company recognizes the return of profit to shareholders as one of its key business policies to follow, in parallel with the reinforcement of its management base and enhancement of its corporate value.

As to the distribution of retained earnings, the Company has made it a rule to provide appropriate returns to shareholders by ensuring steady dividend payments as far as its financial results allow. At the same time, we believe it is also in the long-term interests of shareholders to solidify our corporate foundation through research and development, production facility upgrades, and other measures. Therefore, we strive to secure an appropriate level of internal reserves as well.

From these perspectives, in determining the distribution of retained earnings, we comprehensively take into account a variety of factors, such as our consolidated financial results for the period concerned, profit trends, future business development, maintenance and enhancement of financial strength, and payout ratio. Additionally, when determining the distribution of retained earnings at the end of each second quarter, we consider the first-half financial results and the full-year financial results forecast, among other elements.

In accordance with this dividend policy, we regret to say that, following on from the same decision with regard the interim dividend for the second-quarter, we have decided not to pay a year-end dividend due to the fact that we have been unable to post profits that would enable the payment of such dividends. Upon careful consideration of the fact that we have not paid an annual dividend for the current fiscal year under review, we are planning to raise the dividend payout ratio for the next fiscal year to around 90% as part of efforts to increase shareholder returns, bringing the expected annual dividend amount to 13 yen.

(5) Future Outlook

With regard the future outlook, we expect that the conditions of the business environment in which the Company Group operates will remain severe owing to the on-going risks presented by an unstable international environment and increases in energy, raw material and logistics expenses.

The next fiscal year will be the final year of the Company Group's FY2021 Medium-Term Management Plan; however, compared to when the plan was formulated, the business environment has changed significantly, including rising raw material costs and a sharp decline in shipments of COP, which makes efforts to achieve the targets set out in said plan difficult. In response to such a situation, we have formulated a business improvement plan that will allow the Group to realize a quick recovery in business performance. The details of the main initiatives of this plan are as follows:

- Universal cost reductions without any sacred cows (taking inventory of businesses, organizational reviews, etc.)

- Manufacturing cost reductions (reviews of factory production systems and manufacturing cost, and optimizing production efficiency)
- Troubleshooting-cost reductions (more robust quality control for manufacturing and construction)
- Sales expansion for poles and precast concrete walls
- Penetration of appropriate selling prices in accordance with rises in the raw material prices
- Improve collaboration between manufacturing and sales to help build a highly profitable structure across the entire Group

The steady implementation of these initiatives should bring the outlook for the Company Group’s next fiscal year in-line with the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024.

(6) Significant Events Relating to Going Concern Assumption, etc.

There is no relevant information.

2. Basic Approach to the Selection of Accounting Standards

The Group makes it a policy to prepare consolidated financial statements in compliance with Japanese accounting standards for the time being, considering comparability between consolidated financial statements for different reporting periods and comparability between reporting entities.

With respect to the adoption of International Financial Reporting Standards, we intend to consider various situations in Japan and abroad and take appropriate steps.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	8,599,733	7,136,254
Notes receivable - trade	2,360,569	2,184,668
Electronically recorded monetary claims - operating	1,526,162	2,851,162
Accounts receivable - trade	8,419,996	8,466,960
Contract assets	1,039,374	3,184,108
Merchandise and finished goods	6,311,250	6,662,602
Work in process	476,576	616,733
Raw materials and supplies	1,898,836	1,851,977
Costs on construction contracts in progress	269,218	548,749
Other	1,103,198	1,080,338
Allowance for doubtful accounts	(35,280)	(24,300)
Total current assets	31,969,634	34,559,255
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,712,117	19,809,852
Accumulated depreciation	(14,414,749)	(14,732,369)
Buildings and structures, net	5,297,368	5,077,483
Machinery, equipment and vehicles	33,120,637	33,444,158
Accumulated depreciation	(30,102,713)	(30,747,747)
Machinery, equipment and vehicles, net	3,017,923	2,696,411
Land	17,237,062	17,237,062
Construction in progress	141,951	504,159
Other	15,401,205	15,220,595
Accumulated depreciation	(14,220,263)	(14,283,237)
Other, net	1,180,942	937,357
Total property, plant and equipment	26,875,248	26,452,474
Intangible assets	444,132	439,632
Investments and other assets		
Investment securities	12,241,800	12,235,905
Retirement benefit asset	1,884,476	1,922,733
Deferred tax assets	734,118	788,855
Other	1,090,681	644,444
Allowance for doubtful accounts	(236,696)	(136,987)
Total investments and other assets	15,714,380	15,454,951
Total non-current assets	43,033,760	42,347,059
Total assets	75,003,395	76,906,314

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,983,962	5,345,374
Electronically recorded obligations - operating	7,792,309	10,094,953
Short-term borrowings	4,000,000	4,049,600
Current portion of long-term borrowings	2,389,054	2,121,673
Current portion of bonds payable	24,500	20,000
Income taxes payable	203,887	308,412
Provision for bonuses	586,357	561,537
Provision for bonuses for directors (and other officers)	48,615	15,617
Provision for loss on construction contracts	117,070	27,970
Other	2,743,175	2,901,088
Total current liabilities	22,888,930	25,446,227
Non-current liabilities		
Bonds payable	80,000	160,000
Long-term borrowings	6,378,494	6,697,597
Deferred tax liabilities	2,860,025	2,808,385
Deferred tax liabilities for land revaluation	2,410,926	2,410,926
Retirement benefit liability	1,193,732	1,242,252
Other	518,493	481,998
Total non-current liabilities	13,441,671	13,801,160
Total liabilities	36,330,602	39,247,387
Net assets		
Shareholders' equity		
Share capital	5,111,583	5,111,583
Capital surplus	3,894,910	3,857,548
Retained earnings	19,181,307	18,493,031
Treasury shares	(818,520)	(1,010,996)
Total shareholders' equity	27,369,281	26,451,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,547,540	3,452,402
Revaluation reserve for land	5,312,368	5,312,368
Foreign currency translation adjustment	(147,543)	(178,438)
Remeasurements of defined benefit plans	(27,616)	(88,161)
Total accumulated other comprehensive income	8,684,749	8,498,170
Non-controlling interests	2,618,762	2,709,590
Total net assets	38,672,793	37,658,927
Total liabilities and net assets	75,003,395	76,906,314

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales	47,376,648	52,986,076
Cost of sales	39,580,268	46,545,904
Gross profit	7,796,380	6,440,172
Selling, general and administrative expenses	6,568,327	6,668,825
Operating profit (loss)	1,228,052	(228,653)
Non-operating income		
Interest income	8,218	6,630
Dividend income	200,134	186,000
Share of profit of entities accounted for using equity method	218,485	163,855
Other	151,855	242,645
Total non-operating income	578,694	599,133
Non-operating expenses		
Loss on claims	-	80,000
Interest expenses	54,730	63,658
Arrangement fee	96,100	16,666
Loss from suspension of plantoperations assets	32,793	22,136
Other	67,615	90,987
Total non-operating expenses	251,238	273,449
Ordinary profit	1,555,508	97,030
Extraordinary income		
Gain on sale of non-current assets	12,825	18,315
Gain on sale of investment securities	164,036	75,526
Gain on step acquisitions	433,716	-
Total extraordinary income	610,578	93,841
Extraordinary losses		
Loss on retirement of non-current assets	8,460	33,103
Loss on valuation of investment securities	117,949	-
Impairment losses	329,354	-
Total extraordinary losses	455,764	33,103
Profit before income taxes	1,710,322	157,768
Income taxes - current	633,725	531,856
Income taxes - deferred	121,241	(39,881)
Total income taxes	754,967	491,974
Profit (loss)	955,355	(334,206)
Profit attributable to non-controlling interests	79,019	104,990
Profit (loss) attributable to owners of parent	876,336	(439,196)

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Profit (loss)	955,355	(334,206)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,081,911)	(89,317)
Foreign currency translation adjustment	(120,515)	(35,372)
Remeasurements of defined benefit plans, net of tax	(246,558)	(60,753)
Share of other comprehensive income of entities accounted for using equity method	(2,749)	(2,986)
Total other comprehensive income	(1,451,735)	(188,430)
Comprehensive income	(496,380)	(522,637)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(558,580)	(625,774)
Comprehensive income attributable to non-controlling interests	62,200	103,137

(3) Consolidated Statements of Changes in Net Assets

Retained earnings

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,111,583	3,850,779	18,900,629	(443,433)	27,419,559
Cumulative effects of changes in accounting policies			25,294		25,294
Restated balance	5,111,583	3,850,779	18,925,924	(443,433)	27,444,853
Changes during period					
Dividends of surplus			(620,952)		(620,952)
Change in ownership interest of parent due to transactions with non-controlling interests		44,131			44,131
Profit (loss) attributable to owners of parent			876,336		876,336
Purchase of treasury shares				(403,069)	(403,069)
Disposal of treasury shares				27,982	27,982
Net changes in items other than shareholders' equity					
Total changes during period	-	44,131	255,383	(375,087)	(75,572)
Balance at end of period	5,111,583	3,894,910	19,181,307	(818,520)	27,369,281

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,628,464	5,312,368	(42,293)	221,127	10,119,665	1,844,839	39,384,064
Cumulative effects of changes in accounting policies							25,294
Restated balance	4,628,464	5,312,368	(42,293)	221,127	10,119,665	1,844,839	39,409,359
Changes during period							
Dividends of surplus							(620,952)
Change in ownership interest of parent due to transactions with non-controlling interests							44,131
Profit (loss) attributable to owners of parent							876,336
Purchase of treasury shares							(403,069)
Disposal of treasury shares							27,982
Net changes in items other than shareholders' equity	(1,080,923)	-	(105,250)	(248,743)	(1,434,916)	773,923	(660,993)
Total changes during period	(1,080,923)	-	(105,250)	(248,743)	(1,434,916)	773,923	(736,566)
Balance at end of period	3,547,540	5,312,368	(147,543)	(27,616)	8,684,749	2,618,762	38,672,793

For the fiscal year ended March 31,2023

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,111,583	3,894,910	19,181,307	(818,520)	27,369,281
Cumulative effects of changes in accounting policies					
Restated balance	5,111,583	3,894,910	19,181,307	(818,520)	27,369,281
Changes during period					
Dividends of surplus			(249,079)		(249,079)
Change in ownership interest of parent due to transactions with non-controlling interests		6,951			6,951
Profit (loss) attributable to owners of parent			(439,196)		(439,196)
Purchase of treasury shares				(299,364)	(299,364)
Disposal of treasury shares		(44,314)		106,888	62,574
Net changes in items other than shareholders' equity					
Total changes during period	-	(37,362)	(688,276)	(192,476)	(918,115)
Balance at end of period	5,111,583	3,857,548	18,493,031	(1,010,996)	26,451,166

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,547,540	5,312,368	(147,543)	(27,616)	8,684,749	2,618,762	38,672,793
Cumulative effects of changes in accounting policies							
Restated balance	3,547,540	5,312,368	(147,543)	(27,616)	8,684,749	2,618,762	38,672,793
Changes during period							
Dividends of surplus							(249,079)
Change in ownership interest of parent due to transactions with non-controlling interests							6,951
Profit (loss) attributable to owners of parent							(439,196)
Purchase of treasury shares							(299,364)
Disposal of treasury shares							62,574
Net changes in items other than shareholders' equity	(95,137)	-	(30,894)	(60,545)	(186,578)	90,827	(95,750)
Total changes during period	(95,137)	-	(30,894)	(60,545)	(186,578)	90,827	(1,013,865)
Balance at end of period	3,452,402	5,312,368	(178,438)	(88,161)	8,498,170	2,709,590	37,658,927

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from operating activities		
Profit before income taxes	1,710,322	157,768
Depreciation	2,119,312	1,859,940
Impairment losses	329,354	-
Amortization of goodwill	56,928	56,928
Increase (decrease) in allowance for doubtful accounts	(5,674)	(110,689)
Increase (decrease) in provision for bonuses	82,099	(25,641)
Increase (decrease) in provision for bonuses for directors (and other officers)	(4,924)	(33,798)
Increase (decrease) in provision for loss on construction contracts	(11,330)	(89,100)
Increase (decrease) in retirement benefit liability	(2,976)	48,520
Decrease (increase) in retirement benefit asset	(151,171)	(38,256)
Share of loss (profit) of entities accounted for using equity method	(218,485)	(163,855)
Interest and dividend income	(208,353)	(192,631)
Interest expenses	54,730	63,658
Loss (gain) on step acquisitions	(433,716)	-
Loss (gain) on valuation of investment securities	117,949	-
Loss (gain) on sale of non-current assets	(12,825)	(18,315)
Loss on retirement of non-current assets	8,460	33,103
Loss (gain) on sale of investment securities	(164,036)	(75,526)
Decrease (increase) in notes and accounts receivable - trade and contract assets	3,010,380	(3,340,797)
Decrease (increase) in inventories	81,750	(724,181)
Increase (decrease) in trade payables	(635,434)	2,807,701
Increase (decrease) in dvance received and contract debt	(739,595)	41,190
Decrease (increase) in accounts receivable - other	(202,226)	(128,862)
Increase (decrease) in accounts payable - other	75,478	(45,250)
Increase (decrease) in accrued consumption taxes	(407,419)	(57,741)
Decrease (increase) in other investments	(291,658)	363,091
Other, net	(252,266)	229,726
Subtotal	3,904,670	616,983
Interest and dividends received	253,295	210,260
Interest paid	(52,968)	(62,831)
Income taxes paid	(1,225,934)	(391,126)
Income taxes refund	-	59,092
Net cash provided by (used in) operating activities	2,879,062	432,378
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,605,267)	(1,308,082)
Proceeds from sale of property, plant and equipment	12,825	18,315
Purchase of intangible assets	(180,203)	(242,571)
Purchase of investment securities	(511)	(578)
Proceeds from sale of investment securities	276,146	98,279
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,097,117)	-
Other, net	3,811	160
Net cash provided by (used in) investing activities	(3,590,316)	(1,434,478)

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100,000)	49,600
Proceeds from long-term borrowings	5,200,000	2,355,663
Repayments of long-term borrowings	(3,418,008)	(2,303,941)
Proceeds from issuance of bonds	100,000	100,000
Redemption of bonds	(27,000)	(24,500)
Repayments of lease liabilities	(102,861)	(102,494)
Purchase of treasury shares	(343,375)	(299,364)
Dividends paid	(622,276)	(249,621)
Dividends paid to non-controlling interests	(14,770)	(13,555)
Repayments of construction assistance fund	(17,500)	(17,500)
Proceeds from sales of shares of parent held by subsidiaries	-	60,200
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(121,501)	(1,876)
Net cash provided by (used in) financing activities	532,707	(447,390)
Effect of exchange rate change on cash and cash equivalents	(26,032)	(13,988)
Net increase (decrease) in cash and cash equivalents	(204,578)	(1,463,478)
Cash and cash equivalents at beginning of period	8,804,311	8,599,733
Cash and cash equivalents at end of period	8,599,733	7,136,254

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Significant Accounting Policies for Preparation of Consolidated Financial Statements)

1. Disclosure of scope of consolidation

1) Consolidated subsidiaries

・Number of consolidated subsidiaries: 20

・Names of consolidated subsidiaries:

NC East Japan Concrete Industries Co., Ltd.; NC Central Japan Concrete Industries Co., Ltd.; NC Kanto Pile Manufacturing Co., Ltd.; NC West Japan Pile Manufacturing Co., Ltd.; NC Shikoku Concrete Industries Co., Ltd.; NC Kyushu Co., Ltd.; NC Kaihara Pile Manufacturing Co., Ltd.; NC Chubu Pile Manufacturing Co., Ltd.; NC Segment Co., Ltd.; NC Precon Co., Ltd.; Hokkaido Concrete Industries Co., Ltd.; NC Steel Co., Ltd.; NC Nikkon Industries Co., Ltd.; NIPPON CONCRETE (Myanmar) Co., Ltd.; NC Kaihara Concrete Co., Ltd.; NC Koki Co., Ltd.; Free Kogyo Co., Ltd.; Tohoku Pole Co., Ltd.; NC Management Service Co., Ltd. and NC Logistics Co., Ltd.

2) Name of major unconsolidated subsidiary:

NC Union Kosan Co., Ltd.

Reasons for exclusion from scope of consolidation:

This unconsolidated subsidiary is small in size and none of its total assets, net sales, profit (amount corresponding to the Company’s equity in the subsidiary), retained earnings (amount corresponding to the Company’s equity in the subsidiary), and so forth has a significant impact on the consolidated financial statements.

3) Number of associates accounted for using equity method: 3

Names of major entities accounted for using equity method:

Kyushu Kouatsu Concrete Industries Co. Ltd. and Chugoku Kouatsu Concrete Industries Co. Ltd.

4) Names of major unconsolidated subsidiaries and associates not accounted for using equity method:

NC Union Kosan Co., Ltd. and Nihonkai Concrete Industries Co. Ltd.

Reasons for not being accounted for using equity method:

Each of the companies not accounted for using the equity method has only an insignificant impact on the Company’s profit or loss, retained earnings, and other items, and is generally immaterial. Therefore, they are excluded from the application of the equity method.

5) Disclosure about fiscal years, etc. of consolidated subsidiaries

The balance sheet date of consolidated subsidiaries is the same as the consolidated balance sheet date.

2. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

1) Securities

Available-for-sale securities

Excluding shares, etc. with no market value:

Stated at market value (The entire valuation difference is recognized directly in net assets, and the cost of securities sold is calculated using the moving-average method.)

Shares with no market value:

Stated at cost, using the moving average method.

2) Inventories

Merchandise, finished goods, raw materials, and supplies:

Stated at cost, mainly using the moving average method (write-downs due to decreased profitability).

Work in process and expenditure on contracts in process:

Stated at cost, mainly using the identified cost method

(2) Accounting policy for depreciation of significant assets

1) Property, plant and equipment (excluding leased assets)

Depreciated mainly using the declining-balance method.

However, the straight-line method is used to depreciate the buildings (excluding facilities attached to them) acquired on or after April 1, 1998, and the facilities attached to buildings and structures acquired on or after April 1, 2016.

The useful lives of major assets are as follows:

Buildings and structures: 10 to 50 years

Machinery, equipment and vehicles: five to nine years

2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is amortized based on the usable period within the Company (five years).

3) Leased assets

Leased assets related to finance lease transactions not involving the transfer of ownership:

Depreciated using the straight-line method, based on the assumption that the useful life equals the lease term and the residual value equals zero.

(3) Accounting policy for significant provisions

1) Allowance for doubtful accounts

To provide for losses from bad debts, an allowance is recognized in the amount estimated to be uncollectible, using the loan loss ratio for general accounts receivable, while examining collectability on an individual basis for specific accounts receivable such as doubtful accounts receivable.

2) Provision for bonuses

To prepare for the payment of bonuses (including a performance-linked portion of performance-linked compensation) to employees, a provision is recognized based on the estimated amount of payments attributable to the fiscal year under review.

3) Provision for bonuses for directors (and other officers)

To prepare for the payment of salaries (including a performance-linked portion of performance-linked compensation) to directors and other officers, a provision is recognized based on the estimated amount of payments for the fiscal year under review.

4) Provision for loss on construction contracts

To provide for losses on construction contracts, a provision is recognized in the amount of estimated losses for uncompleted construction contracts at the end of fiscal year under review that are likely to incur losses and for which the amount of losses can be reasonably estimated.

(4) Accounting policy for retirement benefits

To provide for the payment of retirement benefits to employees, the amount of retirement benefit obligations minus plan assets is recognized as retirement benefit liability, based on the estimated amounts at the end of the fiscal year under review. The methods of accounting for provision for retirement benefits and retirement benefit expenses are as follows:

1) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit liability, expected retirement benefits are attributed to the periods up to the end of the fiscal year under review using the benefit formula basis.

2) Method of expensing actuarial gains and losses and past service cost

Past service cost is expensed using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence.

Actuarial gains and losses are expensed in an amount prorated using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence, from the fiscal year following the fiscal year of incurrence.

3) Application of the simplified method for small businesses

In the calculation of retirement benefit liability and retirement benefit expenses, some consolidated subsidiaries apply a simplified method in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recognized as retirement benefit obligations.

(5) Accounting policy for revenue and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Product sales

In terms of product sales for the Foundation Business and the Concrete Secondary Product Business, the Company is engaged in the manufacture and selling of concrete piles, poles, and civil engineering products. Our primary performance obligation in these transactions is the delivery of specified products to customers based upon contracts with the same customers. Therefore, the typical timing (when the Company typically recognizes revenue) at which such performance obligations are satisfied, when control of the products is transferred to customers via delivery of the products and the performance obligations are satisfied, is the point of delivery of the goods. However, for transactions within Japan, in which the period comprising shipment of the product until the control of said merchandise or finished product is transferred to the customer represents the typical timing, revenue is recognized at the point of shipment of the product. Further, the Company receives consideration for such transactions generally within one year of delivery of the product, which is not considered to include a significant financial-components.

2) Construction contract sales

In terms of construction contract sales for the Foundation Business and the Concrete Secondary Product Business, the Company is engaged in contracted work related to the construction of concrete piles, poles, and civil engineering products. Our primary performance obligation in these transactions is the competition of the respective construction works, including the construction of pile foundations on the land of the contractor based on the contract with the customer. With regard to these construction contracts, as the customer assumes control over the asset as it is built over the course of the construction work, the performance obligation is one in which its satisfaction is achieved over a set period of time. Further, the degree of progress toward satisfaction of said performance obligations is measured by the ratio of the construction cost actually incurred by the end of the fiscal year under review to the estimated total construction cost, which we judge to be a faithful characterization with regard to the transfer of control to the customer. As such, we recognize revenue based on the ratio of the construction cost actually incurred by the end of the fiscal year under review to the estimated total construction cost (hereinafter referred to as, "revenue recognized based on the percentage-of-completion method"). However, due to the fact that it is impossible to make reasonable estimates with regard to the degree of progress at the end of the fiscal year under review due to the lack of reliable information for estimating total construction costs, etc., if it is probable that the construction cost incurred when the performance obligations are satisfied will be recovered, the Company will recognize revenue using the actual construction costs up until it becomes possible to reasonably estimate the degree of progress toward satisfaction of said performance obligations (hereinafter referred to as, “revenue recognized based on the cost recovery method”).

For construction contracts in which the period from the time when a transaction is commenced to the period the construction is complete is very short, the Company applies alternative treatment, and does not recognize revenue over a period of time but recognizes revenue at the point in time when the construction is complete (hereinafter referred to as, “revenue recognized based on the completion method”.)

The considerations for these construction contract transactions are received in stages according to the general degree of progress and in accordance with the terms of the contract.

Further the main item under “Other revenue” recorded in Net Sales includes revenue from real estate leasing, the revenue from which is recognized based on time elapsed.

(6) Accounting policy for translation of significant foreign currency denominated assets or liabilities into yen

Monetary claims and debts denominated in foreign currency are translated into yen at the spot exchange rate on the balance sheet date, with translated amounts recognized in profit or loss.

(7) Accounting policy for goodwill

Goodwill is amortized evenly over five years, except for goodwill with immaterial value that is fully amortized as incurred.

(8) Scope of funds in consolidated statement of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows consist of cash on hand, demand deposits, and liquid short-term investments bearing a very low risk of value fluctuation with maturities not exceeding three months from the acquisition date.

(Changes in Accounting Policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from the beginning of the fiscal year under review, the Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Fair Value Measurement Guidance”), and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. There has been no impact on the quarterly consolidated financial statements.

(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 11, 2021 to continue the BIP Trust and the J-ESOP Trust for a new three-year period (from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024) 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. The book value and the number of shares of the treasury shares at the end of the fiscal year under review are 43,816 thousand yen and 136,995 shares for the BIP Trust, and 35,117 thousand yen and 107,785 shares for the J-ESOP Trust.

(Matters Related to Revenue Recognition)

Information on the breakdown of revenue arising from contracts with customers

For the previous fiscal year ended March 31, 2022

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	3,175,323	25,297,620	—	28,472,944
Construction contract sales	15,788,884	2,757,634	—	18,546,519
Other sales	14,743	14,686	76,511	105,941
Revenue from contracts with customers	18,978,952	28,069,941	76,511	47,125,405
Other revenue (Note)	16,597	—	234,645	251,243
Net sales to outside customers	18,995,549	28,069,941	311,157	47,376,648

(Note) Other revenue includes revenue from real estate leasing.

For the fiscal year ended March 31, 2023

(Thousand yen)

	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total
Product sales	4,529,468	21,694,442	—	26,223,910
Construction contract sales	23,683,384	2,753,882	—	26,437,266
Other sales	13,150	12,238	58,182	83,571
Revenue from contracts with customers	28,226,003	24,460,563	58,182	52,744,748
Other revenue (Note)	6,926	—	234,400	241,327
Net sales to outside customers	28,232,929	24,460,563	292,583	52,986,076

(Note) Other revenue includes revenue from real estate leasing.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

(1) Method of determining reportable segments

The Company’s reportable segments are constituent units of the Group for which separate financial statements are available, and which are subject to regular review by the Board of Directors for the purpose of determining the allocation of management resources and assessing business performance.

The Company is organized based on the three business units of Foundation Business, Concrete Secondary

Product Business, and Real Estate and Solar Power Generation Business, each of which formulates comprehensive strategies and engages in business activities.

Accordingly, the Company classifies its operations into three reportable segments: Foundation Business, Concrete Secondary Product Business, and Real Estate and Solar Power Generation Business.

(2) Types of products and services belonging to each reportable segment

The Foundation Business segment manufactures and sells piles, as well as performing piling and soil stabilization works. The Concrete Secondary Product Business segment focuses primarily on the manufacture, sale, and commissioned testing and research of poles, civil engineering products, and other concrete secondary products and on the construction of poles and civil engineering products. The Real Estate and Solar Power Generation Business segment engages in renting real estate and generating electricity from solar energy.

2. Method of calculating net sales, income or loss, assets, and other items by reportable segment

Accounting policies for reportable segments are generally the same as those described in “Significant Accounting Policies for Preparation of Consolidated Financial Statements” above.

Income for each reportable segment is based on operating profit, and inter-segment revenues and transfers are based on market prices.

3. Information on net sales, income or loss, assets, and other items by reportable segment

For the previous fiscal year ended March 31, 2022

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	18,995,549	28,069,941	311,157	47,376,648	—	47,376,648
Inter-segment net sales or transfers	6,578	—	—	6,578	(6,578)	—
Total	19,002,128	28,069,941	311,157	47,383,227	(6,578)	47,376,648
Segment income	227,029	2,551,001	182,578	2,960,608	(1,732,556)	1,228,052
Segment assets	19,273,009	33,875,945	1,600,742	54,749,697	20,253,698	75,003,395
Other items						
Depreciation	1,019,485	953,808	64,957	2,038,251	81,061	2,119,312
Amortization of goodwill	—	56,928	—	56,928	—	56,928
Impairment losses	66,441	262,912	—	329,354	—	329,354
Increase in property, plant and equipment and intangible assets	568,448	942,102	2,789	1,513,339	123,324	1,636,663

(Notes)

1. The adjustments are as follows:
   (1) The adjustment for segment income mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.
   (2) The adjustment for segment assets principally represents corporate assets. Corporate assets mainly include assets not attributed to reportable segments, such as funds on hand to prepare for the settlement of accounts (cash and deposits), funds for long-term investment (investment securities), and assets related to administrative divisions.
   (3) The adjustment for depreciation represents depreciation of corporate assets not allocated to reportable segments.
   (4) The adjustment for increase in property, plant and equipment and intangible assets pertains to corporate assets not allocated to reportable segments.
2. Segment income is adjusted to the operating profit in the consolidated statement of income.

For the fiscal year ended March 31, 2023

(Thousand yen)

	Reportable segment				Adjustment (Note 1)	Amounts recorded in the consolidated financial statements (Note 2)
	Foundation Business	Concrete Secondary Product Business	Real Estate and Solar Power Generation Business	Total		
Net sales						
Net sales to outside customers	28,232,929	24,460,563	292,583	52,986,076	—	52,986,076
Inter-segment net sales or transfers	1,596	—	—	1,596	(1,596)	—
Total	28,234,525	24,460,563	292,583	52,987,672	(1,596)	52,986,076
Segment income (loss)	515,730	660,246	184,086	1,360,063	(1,588,716)	(228,653)
Segment assets	25,265,513	29,144,774	2,951,939	57,362,227	19,544,087	76,906,314
Other items						
Depreciation	833,587	888,825	56,539	1,778,952	80,987	1,859,940
Amortization of goodwill	—	56,928	—	56,928	—	56,928
Increase in property, plant and equipment and intangible assets	594,840	785,250	194,841	1,574,931	31,629	1,606,561

(Notes)

1. The adjustments are as follows:
   (1) The adjustment for segment income (loss) mainly includes corporate expenses. Corporate expenses mainly include general and administrative expenses, not attributed to reportable segments.
   (2) The adjustment for segment assets principally represents corporate assets. Corporate assets mainly include assets not attributed to reportable segments, such as funds on hand to prepare for the settlement of accounts (cash and deposits), funds for long-term investment (investment securities), and assets related to administrative divisions.
   (3) The adjustment for depreciation represents depreciation of corporate assets not allocated to reportable segments.
   (4) The adjustment for increase in property, plant and equipment and intangible assets pertains to corporate assets not allocated to reportable segments.
2. Segment income (loss) is adjusted to the operating profit in the consolidated statement of income.

4. Information on impairment losses of non-current assets and goodwill by reportable segment

For the previous fiscal year ended March 31, 2022

(1) In the Foundation Business segment, the Company reduced the book value of assets held for sale to their recoverable value.
The amount of the said impairment loss reported during the fiscal year under review was 26,741 thousand yen.

(2) In the Concrete Secondary Product Business segment, the Company reduced the book value of non-current assets in the Myanmar subsidiary to their recoverable value.
The amount of the said impairment loss reported during the fiscal year under review was 262,912 thousand yen.

(3) In the Foundation Business segment, the Company reduced the book value of assets in subsidiaries to their recoverable value.
The amount of the said impairment loss reported during the fiscal year under review was 39,700 thousand

yen.

For the fiscal year ended March 31, 2023

There is no relevant information.

(Per Share Information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share (yen)	653.95	643.71
Basic earnings (loss) per share (yen)	15.63	(8.07)
Diluted earnings per share	Not presented as there were no potential shares.	Not presented as there were no potential shares.

Note: Basic earnings (loss) per share was computed based on the figures below.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit (loss) attributable to owners of parent (thousand yen)	876,336	(439,196)
Amount not attributable to common shareholders (thousand yen)	—	—
Profit (loss) attributable to owners of parent related to common shares (thousand yen)	876,336	(439,196)
Average number of common shares during the period (thousand shares)	56,081	54,402

(Significant Events after Reporting Period)

(Unauthorized access and cyberattack on Company servers)

On May 5, 2023, the Company found evidence of unauthorized third-party access to Company servers and subsequently confirmed that the Company was victim to a ransomware infection.

We have reported the incident to, and are consulting with, law enforcement and other relevant bodies, and are currently investigating the cause of the incident and the extent of the damage together with the guidance and cooperation of external IT security experts.

We will promptly disclose as such should it become apparent that the incident will have a significant impact on the Company’s financial position and operating results for the next fiscal year.