



FUJIKURA KASEI Group

Consolidated Financial Statements

as of March 31, 2021

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FUJIKURA KASEI CO.,LTD.
Consolidated Balance Sheet
as of March 31, 2021

as of	March 31, 2021 (Thousands of yen)	March 31, 2021 (Thousands of U.S. dollars)
Assets		
Current assets:		
Cash on hand and in banks	¥ 12,730,767	\$ 114,992
Trade notes and accounts receivable	12,866,377	116,217
Merchandise and finished products	3,969,448	35,854
Work in process	56,747	513
Raw materials and supplies	2,353,552	21,259
Other current assets	1,031,110	9,313
Allowance for doubtful accounts	(150,949)	(1,363)
Total current assets	32,857,052	296,785
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	5,493,706	49,622
Machinery, equipment and vehicles	2,367,224	21,382
Tools, furniture and fixtures	852,679	7,702
Land	4,492,078	40,575
Lease assets	415,259	3,751
Construction in progress	198,661	1,795
Total property, plant and equipment	13,819,607	124,827
Intangible fixed assets:		
Software	150,785	1,362
Others	812,926	7,343
Total intangible fixed assets	963,711	8,705
Investments and other assets		
Investment securities	3,038,212	27,443
Long-term loans receivable	67,950	614
Deferred tax assets	599,185	5,412
Other assets	2,888,403	26,089
Allowance for doubtful accounts	(438,971)	(3,965)
Total investments and other assets	6,154,779	55,593
Total fixed assets	20,938,097	189,125
Total assets	¥ 53,795,149	\$ 485,910

FUJIKURA KASEI CO.,LTD.
Consolidated Balance Sheet
as of March 31, 2021

as of	March 31, 2021 (Thousands of yen)	March 31, 2021 (Thousands of U.S. dollars)
Liabilities and Net Assets		
Current liabilities:		
Trade notes and accounts payable	¥ 7,709,815	\$ 69,640
Short-term borrowings	2,893,770	26,138
Lease obligations	91,887	830
Accrued income taxes	168,715	1,524
Accrued expenses	940,212	8,493
Provision for bonuses	588,057	5,312
Other current liabilities	1,390,482	12,558
Total current liabilities	<u>13,782,938</u>	<u>124,495</u>
Long-term liabilities:		
Lease obligations	214,581	1,938
Deferred tax liabilities	139,476	1,260
Retirement benefit liability	2,708,350	24,463
Long-term accounts payable-other	116,954	1,056
Other long-term liabilities	327,886	2,963
Total long-term liabilities	<u>3,507,247</u>	<u>31,680</u>
Total liabilities	<u>17,290,185</u>	<u>156,175</u>
Net assets:		
Shareholders' equity		
Common stock	5,352,121	48,344
Capital surplus	5,040,199	45,526
Retained earnings	24,027,316	217,029
Treasury stock	(524,976)	(4,742)
Total shareholders' equity	<u>33,894,660</u>	<u>306,157</u>
Accumulated other comprehensive income		
Unrealized holding gains on securities	476,672	4,306
Foreign currency translation adjustments	116,986	1,057
Remeasurements of retirement benefits	(618,348)	(5,586)
Total accumulated other comprehensive income	<u>(24,690)</u>	<u>(223)</u>
Non-controlling interests		
	<u>2,634,994</u>	<u>23,801</u>
Total net assets	<u>36,504,964</u>	<u>329,735</u>
Total liabilities and net assets	<u>¥ 53,795,149</u>	<u>\$ 485,910</u>

FUJIKURA KASEI CO.,LTD.
Consolidated Statement of Income
for the Year Ended March 31, 2021

for the Year Ended	March 31, 2021 (Thousands of yen)	March 31, 2021 (Thousands of U.S. dollars)
Net sales	¥ 49,498,467	\$ 447,100
Cost of sales	35,861,978	323,927
Gross profit	<u>13,636,489</u>	<u>123,173</u>
Selling, general and administrative expenses	12,016,593	108,541
Operating income	<u>1,619,896</u>	<u>14,632</u>
Non-operating income		
Interest and dividend income	86,374	780
Rent income	70,844	640
Foreign exchange gains	79,270	716
Equity in earnings of affiliates	13,155	119
Others	132,554	1,197
Total non-operating income	<u>382,197</u>	<u>3,452</u>
Non-operating expenses		
Interest expenses	39,177	354
Others	65,378	590
Total non-operating expenses	<u>104,555</u>	<u>944</u>
Ordinary income	<u>1,897,538</u>	<u>17,140</u>
Income before income taxes	<u>1,897,538</u>	<u>17,140</u>
Income taxes		
Current	452,755	4,090
Deferred	30,807	278
Total income taxes	<u>483,562</u>	<u>4,368</u>
Net Income	<u>1,413,976</u>	<u>12,772</u>
Profit attributable to non-controlling interests	<u>193,666</u>	<u>1,749</u>
Profit attributable to owners of parent	<u>¥ 1,220,310</u>	<u>\$ 11,023</u>

FUJIKURA KASEI CO.,LTD.
Consolidated Statement of Changes in Net Assets
for the Year Ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥ 5,352,121	¥ 5,040,199	¥ 23,316,273	¥ (524,976)	¥ 33,183,617
Changes during the year					
Cash dividends paid			(509,267)		(509,267)
Profit attributable to owners of parent			1,220,310		1,220,310
Net changes in items other than those in shareholders' equity					—
Total changes during the year	—	—	711,043	—	711,043
Balance at the end of the period	¥ 5,352,121	¥ 5,040,199	¥ 24,027,316	¥ (524,976)	¥ 33,894,660

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gains on securities	Foreign currency translation adjustments	Remeasurements of retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	¥ 153,425	¥ 812,968	¥ (438,512)	¥ 527,881	¥ 2,674,949	¥ 36,386,447
Changes during the year						
Cash dividends paid				—		(509,267)
Profit attributable to owners of parent				—		1,220,310
Net changes in items other than those in shareholders' equity	323,247	(695,982)	(179,836)	(552,571)	(39,955)	(592,526)
Total changes during the year	323,247	(695,982)	(179,836)	(552,571)	(39,955)	118,517
Balance at the end of the period	¥ 476,672	¥ 116,986	¥ (618,348)	¥ (24,690)	¥ 2,634,994	¥ 36,504,964

FUJIKURA KASEI CO.,LTD.
Consolidated Statement of Changes in Net Assets
for the Year Ended March 31, 2021

(Thousands of U.S. dollars)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	\$ 48,344	\$ 45,526	\$ 210,606	\$ (4,742)	\$ 299,734
Changes during the year					
Cash dividends paid			(4,600)		(4,600)
Profit attributable to owners of parent			11,023		11,023
Net changes in items other than those in shareholders' equity					—
Total changes during the year	—	—	6,423	—	6,423
Balance at the end of the period	\$ 48,344	\$ 45,526	\$ 217,029	\$ (4,742)	\$ 306,157

(Thousands of U.S. dollars)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gains on securities	Foreign currency translation adjustments	Remeasurements of retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the period	\$ 1,386	\$ 7,343	\$ (3,961)	\$ 4,768	\$ 24,162	\$ 328,664
Changes during the year						
Cash dividends paid				—		(4,600)
Profit attributable to owners of parent				—		11,023
Net changes in items other than those in shareholders' equity	2,920	(6,286)	(1,625)	(4,991)	(361)	(5,352)
Total changes during the year	2,920	(6,286)	(1,625)	(4,991)	(361)	1,071
Balance at the end of the period	\$ 4,306	\$ 1,057	\$ (5,586)	\$ (223)	\$ 23,801	\$ 329,735

Notes to Consolidated Financial Statements

1. Notes on significant matters serving as the basis for the preparation of consolidated financial statements, etc.

(1) Matters related to the scope of consolidation

1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 19 (companies)

Names of major consolidated subsidiaries:

Fujichemi Tokyo Co.,Ltd.

TOHKOH JUSHI CO.,LTD.

RED SPOT PAINT & VARNISH CO.,INC.

2) Names of major non-consolidated subsidiaries, etc.

Names of major non-consolidated subsidiaries:

Chukyo Paint Service Co.,Ltd.

FUJIKURA KASEI COATING INDIA PRIVATE LIMITED

Reason for exclusion from the scope of consolidation:

Non-consolidated subsidiaries are excluded from the scope of consolidation as they are all small in size and their total assets, sales, net income or loss (the amount corresponding to equity interest), retained earnings (the amount corresponding to equity interest), etc. in aggregate, do not have significant effect on the consolidated financial statements.

(2) Matters related to the application of the equity method

1) Number of non-consolidated subsidiaries and affiliates to which the equity method is applied and names of those major companies

Number of non-consolidated subsidiaries and affiliates to which the equity method is applied: 2 (companies)

Name of major companies:

RED SPOT KOREA INC.

PT. FUJIKURA KASEI INDONESIA

2) Names of non-consolidated subsidiaries and affiliates to which the equity method is not applied, etc.

Names of major companies:

(Non-consolidated subsidiaries)

Chukyo Paint Service Co.,Ltd.

FUJIKURA KASEI COATING INDIA PRIVATE LIMITED

Reason for not applying the equity method:

The equity method is not applied to these companies as the impact of excluding these non-consolidated subsidiaries from applying the equity method is insignificant on the consolidated financial statements in view of the net income or loss (the amount corresponding to equity interest) and retained earnings (the amount corresponding to equity interest), etc., and their is immaterial on the whole.

- 3) Matters to be specially mentioned concerning the procedure for applying the equity method
Of the companies to which the equity method is applied, we use the financial statements of their most recent business years when the business year end dates differ from the consolidated account closing date.

- (3) Matters related to the business year of consolidated subsidiaries, etc.

Of the consolidated subsidiaries, the business year end dates of RED SPOT PAINT & VARNISH CO.,INC. and 15 other companies are December 31, 2020.

On preparation of the consolidated financial statements, we use the financial statements as of the business year end date mentioned above. With respect to significant transactions arising between such date and the consolidated account closing date, we make relevant adjustments required in consolidation.

- (4) Matters related to accounting policies

- 1) Valuation policies and methods for significant assets

- i) Valuation policies and methods for securities:

Other securities

Marketable securities

Marketable securities are stated at market values prevailing on the account closing date. Any valuation difference is recorded directly in net assets, and the cost of securities sold is calculated on the basis of the moving average method.

Non-marketable securities

Non-marketable securities are stated at cost based on the moving average method.

- ii) Valuation policies and methods for inventories

Inventories are mainly stated at cost based on the gross average method (devaluated on the balance sheet in the event of profitability deterioration).

- iii) Valuation method of derivative financial instruments

Consolidated subsidiaries adopt the market value method.

- 2) Depreciation method for significant depreciable assets

- i) Property, plant and equipment (excluding lease assets)

The Company and domestic consolidated subsidiaries apply the straight line method for machinery and equipment. The declining balance method is applied for all other assets, however, for buildings (excluding attached facilities) acquired on or after April 1, 1998 and for attached facilities and structures acquired on or after April 1, 2016, the straight line method is applied.

The straight line method is applied for depreciation by overseas consolidated subsidiaries.

Significant renewals and additions are capitalized at cost.

Maintenance and repairs are charged to profit.

The estimated useful lives mainly applied are as follows:

Buildings and structures	3~50 years
Machinery, equipment and vehicles	4~10 years
Tools, furniture and fixtures	3~ 5 years

- ii) Intangible fixed assets

The straight line method is applied. Internal use software is amortized by the straight line method based on the useful lives within the Company (mainly 5 years).

- iii) Lease assets

Leased assets under finance lease transactions of which the ownership do not transfer

The straight line method is applied using the lease terms as useful lives and the residual value of zero.

3) Accounting policy for significant allowances and provisions

i) Allowance for doubtful accounts

For possible losses on uncollectable receivables, estimates of irrecoverable amounts are based on historical loss ratios for general receivables, and on an individual consideration of recoverability for specific receivables from companies in financial difficulty.

ii) Provision for bonuses

For future payment of employee bonuses, the provision for bonuses is attributable to the current fiscal year.

4) Other significant matters serving as the basis for the preparation of consolidated financial statements

i) Accounting policy for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

ii) Accounting policy for retirement benefit liability

The Company provides for employee retirement benefits based on the estimated retirement benefit obligations and plan assets as of March 31, 2021.

Upon calculating the retirement benefit obligations, the estimated retirement benefit obligations are attributed to each period by the benefit formula method.

Actuarial gains and losses are mainly amortized from the following year in which the gain or loss is recognized by the straight line method over certain periods, which are shorter than the average remaining years of service of the employees (mainly 3 years).

(U.S. dollar amounts)

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥110.71=U.S.\$1, the approximate rate of exchange prevailing at March 31, 2021. This translation should not be construed as a representation that all amounts shown could be converted into U.S. dollars at such rate.

(Shareholders' Equity)

The Company Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

2. Notes on changes in presentation

(Application of the "Accounting Standard for Disclosure of Accounting Estimates")

The Company has adopted Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) effective from the end of the current consolidated fiscal year. Notes on accounting estimates are provided in the consolidated financial statements.

3. Notes on Accounting Estimates

(1) Impairment of Fixed assets for Fujichem Sonneborn Ltd

1) Amount recorded in the consolidated financial statements as of March 31, 2021.

An impairment loss: - thousands yen (- thousand U.S. dollars)

Property, plant and equipment and intangible fixed assets: 1,456,164 thousand yen (13,153 thousand U.S. dollars)

2) Information that contributes to understanding related to the content of accounting estimates

i) Computation method

In the consolidated financial statements as of March 31, 2021, the company recognized indication of impairment due to a decrease in profitability by changing an environment about business for cash generation unit related to property, plant and equipment and intangible fixed assets for the consolidated subsidiary, Fujichem Sonneborn Ltd that belongs to the coating segment. But the company reached not to recognized an impairment loss, because the discounted future cash flows which is generated from the cash generation unit would exceed the book balance of them according to the accounting procedure of impairment test. The estimate of future cash flow that would be gained from continuing use of the cash generation unit is based on the business plan and the estimated growth rate covered after the plan within long average growth rate in a market.

ii) Key assumptions

Key assumptions used for estimates of discounted future cash flows are sales volume which become the basis for the business plan, growth rate applied after the business plan and the discount rate.

iii) Impact on the consolidated financial statements in the following fiscal year

Key assumptions used for estimates of discounted future cash flows which mentioned above entail uncertainty. On the occurrence of decrease of sales volume in the business plan, slow down the rate of growth or increase of the discount rate, there is a possibility that an impairment loss will be recorded.

4. Notes to the consolidated balance sheet

	Thousands of yen	Thousands of U.S. dollars
(1) Accumulated depreciation of property, plant and equipment	23,510,886	212,365
(2) Amount of notes endorsed	59,456	537
(3) Guaranteed obligations		
The Company and consolidated subsidiaries provide the following guarantee to loans from financial institutions of unconsolidated company. TOHOKU TOHKOH CO.,LTD.	80,000	723
(4) Assets pledged as collateral and corresponding liabilities		
Assets pledged as collateral are as follows:		
Buildings and structures	24,087	218
Land	47,649	430
total	71,736	648
Liabilities corresponding to the above:		
Short-term borrowings	842,880	7,613

5. Notes to the consolidated statement of changes in net assets

(1) Matters related to type and number of issued shares and treasury stock

1) Issued shares

Type of share	Beginning of fiscal year (shares)	Increase (shares)	Decrease (shares)	End of fiscal year (shares)
Common share	32,716,878	-	-	32,716,878

2) Treasury stock

Type of share	Beginning of fiscal year (shares)	Increase (shares)	Decrease (shares)	End of fiscal year (shares)
Common share	887,714	-	-	887,714

(2) Matters related to dividends

1) Payment of dividends

Resolution	Type of share	Total amount of dividends (thousands of yen)	Total amount of dividends (thousands of U.S. dollars)	Source of dividends	Dividend per share (yen)	Dividend per share (U.S. dollars)	Reference date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common share	254,633	2,300	Retained earnings	8	0.07	March 31, 2020	June 29, 2020
Board of Directors Meeting held on November 13, 2020	Common share	254,633	2,300	Retained earnings	8	0.07	September 30, 2020	December 7, 2020

- 2) Dividends with reference date in the current consolidated fiscal year, which will become effective after March 31, 2021

The Company proposes the following agenda to the ordinary general meeting of shareholders which will be held on June 29, 2021.

Type of share	Total amount of dividends (thousands of yen)	Total amount of dividends (thousands of U.S. dollars)	Source of dividends	Dividend per share (yen)	Dividend per share (U.S. dollars)	Reference date	Effective date
Common share	254,633	2,300	Retained earnings	8	0.07	March 31, 2021	June 30, 2021

6. Notes related to financial instruments

- (1) Matters related to conditions of financial instruments

The policy of the Company and consolidated subsidiaries is to manage funds only by short-term deposits, etc. and to raise funds by borrowings from financial institutions such as banks.

The Company and consolidated subsidiaries keep credit risks involving customers with notes receivable and accounts receivable lower by managing them in accordance with its credit management rules. Investment securities are mainly equity securities, and market values of listed shares are reviewed on a quarterly basis.

Derivative transactions are executed and managed based on the authorizations and amount limitations approved by the board of directors, and are carried out within actual requirements.

- (2) Matters related to fair value of financial instruments

Carrying amount on the consolidated balance sheet, fair value and difference between the two as of March 31, 2021 are as follows:

(Thousands of yen)

	Carrying amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Cash on hand and in banks	12,730,767	12,730,767	-
(2) Trade notes and accounts receivable	12,866,377	12,866,377	-
(3) Investment securities			
Other securities	1,526,998	1,526,998	-
(4) Trade notes and accounts payable	(7,709,815)	(7,709,815)	-
(5) Short-term borrowings	(2,893,770)	(2,893,770)	-
(6) Derivative transactions (*2)	(9,875)	(9,875)	-

(Thousands of U.S. dollars)

	Carrying amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Cash on hand and in banks	114,992	114,992	-
(2) Trade notes and accounts receivable	116,217	116,217	-
(3) Investment securities			
Other securities	13,793	13,793	-
(4) Trade notes and accounts payable	(69,640)	(69,640)	-
(5) Short-term borrowings	(26,138)	(26,138)	-
(6) Derivative transactions (*2)	(89)	(89)	-

(*1) Items recorded in the liabilities section are stated in ().

(*2) Receivables and payables arising from derivative transactions are indicated in net amounts.

(note1) The calculation methods of the fair values of financial instruments and matters related to securities and derivative transactions

(1) Cash on hand and in banks and (2) Trade notes and accounts receivable

The fair values of these items are stated at their carrying amounts as they are settled on a short-term basis and their fair values are nearly equal to their carrying amounts.

(3) Investment securities

The fair values of investment securities are stated at the market prices of the stock exchange.

(4) Trade notes and accounts payable, and (5) Short-term borrowings

The fair values of trade notes, accounts payable and short-term borrowings are stated at their carrying amounts as they are settled on a short-term basis and their fair values are nearly equal to their carrying amounts.

(6) Derivative transactions

The fair values of derivative transactions are based on the forward quotations or the fair values provided by the counterparty financial institutions.

(note2) Unlisted equity securities (Carrying amount on the consolidated balance sheet: 64,913 thousand yen (586 thousand U.S. dollars)) are not included in (3) Investment securities - Other securities, as their fair values are extremely difficult to calculate, given that no market prices are available and future cash flows cannot be estimated.

7. Notes related to per share information

	Yen	U.S. dollars
(1) Net assets per share	1,064.12	9.61
(2) Net income per share		
Basic	38.34	0.35
Fully diluted (*)	-	-

(*) As the Company does not have any instruments that have dilutive effect, the Company has not disclosed net income per share-fully diluted data.

The bases for calculation are as follows:

	Thousands of yen	Thousands of U.S. dollars
Profit attributable to owners of parent	1,220,310	11,022.58
Profit attributable to common shareholders	1,220,310	11,022.58
	Shares	
Number of weighted average shares	31,829,164	

Independent Auditor's Report

May 13, 2021

The Board of Directors
Fujikura Kasei Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

米村 仁志 

Hitoshi Yonemura
Designated Engagement Partner
Certified Public Accountant

表 晃 靖 

Teruyasu Omote
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Fujikura Kasei Co., Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit 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 the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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