



MATERIALS INNOVATION

Annual Report 2025

From April 2024 to March 2025

Financial Section

1. Preparation Policy of the Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) pursuant to the provisions of Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976; hereinafter the “Regulation on Consolidated Financial Statements”).

2. Audit Certification

In accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year ended March 31, 2025 were audited by KPMG AZSA LLC.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc., and Development of a System for Fair Preparation of Consolidated Financial Statements, etc. in Accordance with IFRS

- (1) The Company has implemented special efforts to ensure the appropriateness of consolidated financial statements, etc. Specifically, the Company has become a member of the Financial Accounting Standards Foundation and obtains information including the latest accounting standards in order to develop a system that enables it to properly understand the contents of accounting standards, etc. or respond appropriately to changes in accounting standards, etc. In addition, the Company’s staff members have attended seminars, lectures and other events held by the Accounting Standards Board of Japan.
- (2) For the adoption of IFRS, the Company keeps up with the latest accounting standards by obtaining press releases and standards published by the International Accounting Standards Board as needed. To prepare appropriate consolidated financial statements under IFRS, the Company has developed accounting policies, etc. of the Group in accordance with IFRS and performs accounting procedures based on these policies.

Consolidated Financial Statements and Notes

1. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	Note	As of March 31, 2025	As of March 31, 2025
		Millions of yen	Thousands of U.S. dollars
Assets			
Current assets			
Cash and cash equivalents	8	52,908	353,853
Trade and other receivables	9, 34	82,749	553,432
Inventories	11	96,680	646,602
Other financial assets	10, 34	325	2,175
Other current assets	13	14,347	95,955
Subtotal		247,010	1,652,017
Assets related to disposal group classified as held for sale.	12	6,318	42,254
Total current assets		253,327	1,694,271
Non-current assets			
Property, plant and equipment	14, 15, 17	180,032	1,204,066
Goodwill	16, 17	294,723	1,971,127
Other intangible assets	16, 17	353,687	2,365,484
Investments accounted for using equity method	18	3,060	20,463
Retirement benefit asset	22	8,422	56,325
Other financial assets	10, 34	41,393	276,840
Other non-current assets	13	4,789	32,027
Deferred tax assets	19	2,627	17,570
Total non-current assets		888,732	5,943,902
Total assets		1,142,060	7,638,172

	Note	As of March 31, 2025	As of March 31, 2025
		Millions of yen	Thousands of U.S. dollars
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	21, 34	81,079	542,264
Contract liabilities		21,481	143,666
Bonds and borrowings	20, 34	40,391	270,137
Income taxes payable		1,944	12,999
Provisions	23	2,046	13,686
Other financial liabilities	20, 34	4,983	33,326
Other current liabilities	24	8,398	56,166
Subtotal		160,322	1,072,244
Liabilities related to disposal group classified as held for sale	12	2,147	14,357
Total current liabilities		162,469	1,086,601
Non-current liabilities			
Contract liabilities		3,445	23,038
Bonds and borrowings	20, 34	478,568	3,200,693
Retirement benefit liability	22	8,855	59,225
Provisions	23	7,446	49,802
Other financial liabilities	20, 34	26,048	174,210
Other non-current liabilities	24	2,537	16,966
Deferred tax liabilities	19	83,013	555,194
Total non-current liabilities		609,911	4,079,127
Total liabilities		722,380	5,165,728
Equity			
Equity attributable to owners of parent			
Share capital	25	11,300	75,576
Capital surplus	25	545,152	3,646,012
Retained earnings	25	(215,804)	(1,443,313)
Other components of equity	25	(2,054)	(13,739)
Total equity attributable to owners of parent		338,594	2,264,537
Non-controlling interests		31,086	207,908
Total equity		369,680	2,472,444
Total liabilities and equity		1,142,060	7,638,172

(2) Consolidated Statement of Profit or Loss

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
		Millions of yen	Thousands of U.S. dollars
Revenue	6, 27	405,020	2,708,800
Cost of sales		(289,525)	(1,936,364)
Gross profit		115,495	772,435
Selling, general and administrative expenses	28	(161,346)	(1,079,095)
Other operating income	17, 29	2,562	17,134
Other operating expenses	17, 29	(165,920)	(1,109,688)
Share of profit of investments accounted for using equity method	18	64	428
Operating profit (loss)	6	(209,146)	(1,398,785)
Finance income	6, 30	5,201	34,785
Finance costs	6, 30	(30,756)	(205,700)
Profit (loss) before tax	6	(234,702)	(1,569,700)
Income tax expense	19	16,989	113,627
Profit (loss)		(217,712)	(1,456,074)
Profit (loss) attributable to:			
Owners of parent		(217,513)	(1,454,744)
Non-controlling interests		(199)	(1,329)
Total		(217,712)	(1,456,074)
Earnings (loss) per share		Yen	U.S. dollars
Basic earnings (loss) per share	32	(2,318.33)	(15.51)
Diluted earnings (loss) per share	32	(2,318.33)	(15.51)

(3) Consolidated Statement of Comprehensive Income

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
		Millions of yen	Thousands of U.S. dollars
Profit (loss)		(217,712)	(1,456,074)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	31	(1,444)	(9,659)
Remeasurements of defined benefit plans	31	1,830	12,242
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	31	(826)	(5,523)
Share of other comprehensive income of investments accounted for using equity method	31	255	1,709
Total other comprehensive income, net of tax		(184)	(1,232)
Total comprehensive income		<u>(217,896)</u>	<u>(1,457,305)</u>
Comprehensive income attributable to:			
Owners of parent		(217,816)	(1,456,769)
Non-controlling interests		(80)	(536)
Total		<u>(217,896)</u>	<u>(1,457,305)</u>

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025

(Millions of yen)

	Note	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity		
Balance at April 1, 2024		0	-	(3)	-	33,095	33,092
Profit (loss)				(217,513)		(199)	(217,712)
Other comprehensive income					(303)	119	(184)
Total comprehensive income		-	-	(217,513)	(303)	(80)	(217,896)
Capital Increase		11,300	10,964				22,264
share-based compensation transactions			(577)				(577)
Dividends	26					(1,930)	(1,930)
Change in equity resulting from capital increase of subsidiary			534,765				534,765
Transfer from other components of equity to retained earnings				1,751	(1,751)		-
Other increase/decrease				(39)		2	(37)
Total transactions with owners, etc.		11,300	545,152	1,712	(1,751)	(1,928)	554,484
Balance at March 31, 2025		11,300	545,152	(215,804)	(2,054)	31,086	369,680

Fiscal year ended March 31, 2025

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity		
Balance at April 1, 2024		0	-	(20)	-	221,342	221,322
Profit (loss)				(1,454,744)		(1,329)	(1,456,074)
Other comprehensive income					(2,025)	793	(1,232)
Total comprehensive income		-	-	(1,454,744)	(2,025)	(536)	(1,457,305)
Capital Increase		75,575	73,328				148,903
share-based compensation transactions			(3,858)				(3,858)
Dividends	26					(12,910)	(12,910)
Change in equity resulting from capital increase of subsidiary			3,576,543				3,576,543
Transfer from other components of equity to retained earnings				11,714	(11,714)	-	-
Other increase/decrease				(263)		13	(250)
Total transactions with owners, etc.		75,575	3,646,012	11,451	(11,714)	(12,897)	3,708,427
Balance at March 31, 2025		75,576	3,646,012	(1,443,313)	(13,739)	207,908	2,472,444

(5) Consolidated Statement of Cash Flows

	Note	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
		Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities			
Profit (loss) before tax		(234,702)	(1,569,700)
Depreciation and amortization		52,727	352,644
Interest and dividend income		(1,086)	(7,262)
Interest expenses		25,718	172,001
Share of loss (profit) of investments accounted for using equity method		(64)	(428)
Impairment losses	17	157,597	1,054,021
Foreign exchange gain and loss		3,855	25,783
Decrease (increase) in trade and other receivables		2,020	13,507
Decrease (increase) in inventories		5,807	38,839
Increase (decrease) in trade and other payables		(97)	(647)
Other		5,849	39,116
Dividends received		330	2,207
Interest received		775	5,183
Interest paid		(14,902)	(99,666)
Income taxes refund		2,380	15,919
Income taxes paid		(12,378)	(82,788)
Net cash provided by (used in) operating activities		(6,171)	(41,269)
Cash flows from investing activities			
Net decrease (decrease) in time deposits		454	3,035
Purchase of property, plant and equipment		(25,828)	(172,738)
Proceeds from sale of property, plant and equipment		813	5,437
Purchase of investments		(95)	(636)
Proceeds from sale of investments		5,928	39,649
Purchase of shares of subsidiaries resulting in change in scope of consolidation	7	(813,052)	(5,437,747)
Payments for loans receivable		(55)	(367)
Collection of loans receivable		24	162
Other		(2,761)	(18,468)
Net cash provided by (used in) investing activities		(834,572)	(5,581,673)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	20	(20,742)	(138,721)
Net increase (decrease) in commercial papers	20	(39,988)	(267,442)
Repayments of long-term borrowings	20	(46,123)	(308,472)
Proceeds from long-term borrowings	20	440,111	2,943,495
Proceeds from disposal of treasury stock	25	534,765	3,576,543
Proceeds from issuance of stock	25	32,300	216,025
Purchase of treasury stock	25	(13)	(87)
Dividends paid	26	(13)	(87)
Dividends paid to non-controlling interests		(1,953)	(13,064)
Repayments of lease liabilities	20	(3,711)	(25,220)
Other		136	913
Net cash provided by (used in) financing activities		894,710	5,983,884
Effect of exchange rate changes on cash and cash equivalents		(760)	(5,082)

Net increase (decrease) in cash and cash equivalents		<u>53,208</u>	<u>355,859</u>
Cash and cash equivalents at beginning of period		<u>0</u>	<u>0</u>
Cash and cash equivalents included in assets associated with disposal groups classified as held for sale	12	<u>(300)</u>	<u>(2,006)</u>
Cash and cash equivalents at end of period	8	<u><u>52,908</u></u>	<u><u>353,853</u></u>

2. Notes of Consolidated Financial Statements

(1) Reporting Entity

JSR Corporation (the “Company”) is incorporated in Japan. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the “Group”) together with the Group’s attributable share of the results of associates and joint ventures. The Group is primarily engaged in the Digital Solutions business, the Life Sciences business and the Plastics business as well as businesses related to these. The products of these businesses are wide ranging. See the note “(6) Segment Information” for further details.

(2) Basis of Preparation

1) Compliance with Accounting Standards

The Group meets the requirements of a “specified company” set forth in Article 1-2 of the “Ordinance on Consolidated Financial Statements.” Accordingly, the Group prepares consolidated financial statements in accordance with IFRS pursuant to the provisions of Article 312 of the said Ordinance.

2) Presentation Currency and Units

The Group’s consolidated financial statements are presented in Japanese yen, the currency of the primary economic environment in which the Company performs business activities (the “functional currency”), with amounts rounded to the nearest million yen.

The translation of the amounts in Japanese yen into US dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2025, which was ¥149.52 to \$1.00. The amounts translated should not be construed as representations that the amounts in Japanese yen have been, could have been, or could in the future be, converted into US dollars at this or any other rates of exchange.

3) Authorization of Consolidated Financial Statements

The consolidated financial statements have been authorized by Teturo Hori, the Company’s representative director, CEO and president and Chief Executive Officer of the Company, and Ken-ichi Emoto, Executive Officer (in charge of accounting, finance, and public relations), on June 25, 2025.

(3) Explanation of New Standards and Interpretations Not Applied

Of the major new or revised standards and interpretations published prior to the date of authorization of the consolidated financial statements, the Group is not applying the following standards at the end of the current fiscal year because their application is not yet mandatory.

Standard	Name of Standard	Mandatory Effective Date	The Group’s Application Timing	Summary of New/Revised Standard
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Reporting period ending March 31, 2028	New establishment of presentation and disclosure in Statement of Profit or Loss to improve financial performance reporting

IFRS 18 primarily includes new provisions concerning the presentation and disclosure of financial performance in Statement of Profit or Loss. IAS 7 “Statement of Cash Flows” was revised in conjunction with the publication of IFRS 18. The effect of the adoption of these provisions on the consolidated financial statements is under review.

(4) Significant Accounting Policies

The significant accounting policies that have been applied to the consolidated financial statements are as follows and are identical to those applied to all periods stated in the consolidated financial statements.

1) Basis of Consolidation

(i) Subsidiaries

Subsidiaries refer to all entities controlled by the Group. The Group is deemed to have control over an entity if it has exposure or rights to variable returns from its involvement in the entity and has the ability to use its power over an entity to affect such returns. The financial statements of subsidiaries are included in the Group’s consolidated financial statements from the date the Company gains control until the date it loses control of the subsidiary.

In cases where the accounting policies applied by a subsidiary are different from those applied by the Group,

adjustments are made to the subsidiary's financial statements, if necessary. All intergroup balances of payables and receivables, internal transactions and unrealized gains or losses arising from transactions within the Group are eliminated in preparing the consolidated financial statements.

When the Company retains control when there has been partial disposal of ownership interest in a subsidiary, the partial disposal is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to Owners of the parent company.

If the Company loses control over the subsidiary, gains or losses derived from such loss are recognized as profit or loss.

When the fiscal year-end of a subsidiary is different from the end of the reporting period of the Group, the Company uses financial statements of the subsidiary based on the provisional accounting as of the end of the reporting period of the Group.

(ii) Associates

Associates are entities over which the Group has significant influence but does not have control over the financial and operating policies. The equity method is applied to all associates from the date on which the Group acquires significant influence to the date on which it loses the significant influence.

Goodwill recognized on acquisition (less accumulated impairment losses) is included in investments in associates.

In cases where the accounting policies applied by an associate are different from those applied by the Group, adjustments are made to the associate's financial statements, if necessary.

(iii) Joint Ventures

Joint ventures are entities jointly controlled by two or more parties including the Group under the contractually agreed sharing of control over economic activities of joint ventures, which exist only when decisions for strategic financial and operating decisions related to relevant activities require unanimous consent of the parties sharing control.

Joint ventures of the Group are accounted for using the equity method.

In cases where the accounting policies applied by joint ventures are different from those applied by the Group, adjustments are made to joint ventures' financial statements, if necessary.

2) Business Combinations

The Group takes in account business combinations using the acquisition method.

The aggregate of the consideration paid for a business combination measured at fair value on the acquisition date and the amount of non-controlling interests in the acquired entity are taken as the acquisition costs based on the acquisition method.

Non-controlling interests are measured at equivalent amount for the fair price of the acquired entity's identifiable net assets and liabilities in proportion to the share of the non-controlling interest.

Ancillary costs incurred relating to business combination such as brokerage fees, attorney's fees, due diligence costs, other professional fees, consulting fees, as well as other acquisition-related costs are recognized as expenses in the periods in which such costs are incurred.

If the initial accounting for the business combination has not been completed by the closing date of the reporting period in which the business combination took place, such incomplete items are measured at provisional based on the best estimate.

If the new information obtained during the measurement period, which lasts for a year from the acquisition date, affects the measurement of the amount recognized on the acquisition date, the provisional recognized on the acquisition date is retrospectively revised.

In the event that the aggregate amount of fair value of the consideration paid in relation to the business combination, the amount of non-controlling interests in the acquired entity, and the fair value of equity interests on the control commencement date in the acquired entity previously held by the acquiring entity exceeds the net value of identifiable assets and liabilities at the acquisition date, the excess amount is recognized as goodwill.

If, on the other hand, such aggregate amount does not exceed the net value of identifiable assets and liabilities at the acquisition date, the difference is recognized in profit or loss. Additional acquisitions of non-controlling interests after the controlling acquisition are accounted for as capital transactions and are not recognized as goodwill from the original transaction.

3) Foreign Currency Translation

(i) Functional Currency and Presentation Currency

The Group's consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. The Group's foreign operations generally use the local currency as their functional currency, but if any currency other than the local currency is primarily used in the economic environment in which the entity operates, such currency is used as the entity's functional currency.

(ii) Foreign Currency Transactions

Foreign currency transactions, meaning transactions conducted in a currency other than the respective entity's functional currency, are translated into the functional currency either by using the exchange rates prevailing at the date of the transaction or using an average rate when there are no material fluctuations in exchange rates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the reporting date, and exchange differences are recognized in profit or loss in principle.

(iii) Foreign Operations

The assets and liabilities (including goodwill arising from acquisitions and adjustments of fair value) of foreign operations that use a currency other than Japanese yen as their functional currency are translated into Japanese yen at the exchange rates prevailing at the reporting date. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange over the reporting period, unless there are material fluctuations in exchange rates. Exchange differences arising from such translations in foreign operations' financial statements are recognized in other comprehensive income, and are included and accounted for in other components of equity.

4) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits that can be withdrawn as needed, and short-term investments that are easily converted into cash with minimal risk of changes in value.

5) Inventories

Inventories are measured at the lower of cost or net realizable value. Cost of inventories is calculated based on the weighted-average cost formula. Net realizable value is the estimated selling price of inventories in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. Inventories and work in process manufactured by the Company include the amounts of manufacturing overhead appropriately allocated based on the ordinary operating rate.

6) Property, Plant and Equipment (Excluding Right-of-use Assets)

The cost model has been adopted, and all property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to the acquisition of the assets, and the present value of the estimated costs of removal of the assets and site restoration. Furthermore, borrowing costs that satisfy certain conditions directly attributable to the acquisition, construction, etc., of the assets are recognized as part of the cost of the assets.

Depreciation expenses are recognized using the straight-line method over the estimated useful life of each asset to depreciate the cost less the residual value of the asset. The estimated useful lives, residual values, and depreciation methods are reviewed at the end of the reporting period. In the event of the modification in estimates, impacts therefrom are recognized in the accounting period in which the estimates were modified and in the future accounting periods.

The estimated useful lives of major assets are as follows:

- Buildings and structures: 10 to 50 years
- Machinery, equipment, and vehicles: 4 to 8 years
- Tools, furniture, and fixtures: 3 to 10 years

7) Intangible assets

(i) R&D expenses

Research-related expenditures are recognized as expenses when they are incurred. Development-related expenditures are capitalized as intangible assets only when all of the following conditions are satisfied: the amount for such expenditures can be reliably measured; the products or the processes to be developed therefrom are technically and commercially viable; there is a high probability of generating future economic benefits; and the Group intends to complete the development and use the process or the products therefrom as well as sufficient resources to make them feasible. All other expenditures are recognized as expenses when they are incurred.

(ii) Goodwill

The measurement of goodwill at initial recognition is stated in “2) Business combinations.” The Group does not amortize goodwill, but tests for impairment every fiscal year. Impairment of goodwill is stated in “8) Impairment of non-financial assets.” Impairment losses of goodwill are recognized as profit or loss and not reversed subsequently.

After the initial recognition, goodwill is presented at cost less accumulated impairment losses.

(iii) Intangible Assets Acquired as a Result of a Business Combination

Cost of intangible assets acquired as a result of a business combination is measured at fair value on the acquisition date.

Intangible assets acquired as a result of a business combination are accounted after initial recognition at cost less any accumulated amortization and accumulated impairment losses, which are amortized using the straight-line method over the estimated useful life of each asset.

The estimated useful life of major assets is as follows:

- Technology-based intangible assets, Customer-related intangible assets: 6-20 years

(iv) Intangible Assets Acquired Individually

Other intangible assets acquired individually inclusive of software, etc., are accounted at cost less any accumulated amortization and accumulated impairment losses, which are amortized using the straight-line method over the estimated useful life of each asset.

The estimated useful life of a major asset is as follows:

- Software: 5-10 years

8) Impairment of Non-financial Assets

The Group assesses its non-financial assets, excluding inventories and deferred tax assets at the end of each reporting period to identify any indications of a potential inability to recover the carrying amount due to changes in such assets or circumstances. If any such indication exists, impairment testing is conducted.

If the carrying amount of an asset exceeds its recoverable amount, the difference is recognized as impairment loss.

The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use. In calculating the value in use, the estimated future cash flows from the asset are discounted to the present value using a discount rate that reflects the time value of money and the inherent risks of the asset. For the purposes of determining impairment, assets are grouped into an individual asset or the smallest asset group (cash-generating unit) generating cash inflows that are largely independent of the cash flows of other assets.

Goodwill is tested for impairment once a year periodically, regardless of whether any indications of impairment exist, and the cost at the time of acquisition less any accumulated impairment losses is recognized as the carrying amount.

In the case of property, plant and equipment and intangible assets, excluding goodwill, for which impairment losses have been recognized in prior years, an assessment is conducted at the end of each reporting period to determine if there are any possibilities of reversal of such impairment losses.

9) Financial Instruments

(9.1) Financial Assets

(i) Initial Recognition and Measurement

The Group initially recognizes financial assets on the date when it becomes a party to the contract on the financial instruments concerned. Financial assets bought or sold by ordinary methods are initially recognized on the transaction date. Financial assets are subsequently classified into those measured at amortized cost or those measured at fair value.

Financial assets measured at fair value through profit or loss are initially measured at fair value. Financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Additionally, trade receivables that do not include significant financing components are initially measured at the transaction price.

(a) Financial assets measured at amortized cost

Financial assets are classified as those measured at amortized cost only when both of the following conditions are satisfied; the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value

Financial assets are classified as those measured at fair value if they fail to meet either of the two requirements given above.

Of these assets, financial assets that generate, on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling the assets are classified as debt financial assets measured at fair value through other comprehensive income.

Moreover, for certain equity financial assets, the Group has made an irrevocable election to present subsequent changes in fair value in other comprehensive income and to classify these assets as equity financial assets measured at fair value through other comprehensive income.

Financial assets such as derivative assets, other than the above assets, are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent Measurement

After initial recognition, financial assets are measured according to their classification as follows:

(a) Financial assets measured at amortized cost

Measured at amortized cost using the effective interest method

(b) Financial assets measured at fair value

Measured at fair value on the reporting date

Any changes in the fair value of financial assets are recognized in profit or loss or in other comprehensive income according to their respective classification of the financial asset. Dividends received from designated equity instruments measured at fair value through other comprehensive income are recognized in profit or loss. If the fair value of the equity instrument depreciates materially or if the equity instrument is disposed of, any accumulated other comprehensive income or loss is reclassified to retained earnings.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the investment expire or when the contractual rights to the cash flows from the investment are assigned and substantially all the risks and rewards of the Group's ownership of such financial assets are transferred.

(9.2) Financial Liabilities

(i) Initial Recognition and Measurement

The Group initially recognizes financial liabilities on the contract date. Financial liabilities are initially measured at fair value less transaction costs that are directly attributable to the acquisition of the financial liability.

(ii) Subsequent Measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

(a) Financial liabilities measured at amortized cost

Measured at amortized cost using the effective interest method

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, which include those designated financial liabilities measured at fair value through profit or loss, are measured at fair value.

(iii) Derecognition

Financial liabilities are derecognized when contractual obligations are discharged, cancelled, or expired.

(9.3) Offsetting Financial Instruments

Financial assets and liabilities are offset if and only if: there is a legally enforceable right to set off the recognized amount of financial assets against the recognized amount of financial liabilities; there is the intent either to settle on a net basis or to realize assets and settle liabilities simultaneously.

10) Impairment of Financial Assets

The Group estimates expected credit losses as of the reporting date for financial assets measured at amortized cost.

If the credit risk has not increased materially from initial recognition, the 12-month expected credit loss is recognized as a loss allowance. In the case of trade receivables that do not include significant financial components, however, the loss allowance is always measured at lifetime expected credit loss. If the credit risk has increased materially from initial recognition, the lifetime expected credit loss is recognized as a loss allowance. Judgment as to whether or not a material increase in credit risk has occurred from the initial recognition is based on the degree of changes in default risk. When the Group judges whether or not there are material changes in default risk, it reviews the information on the past due status as well as the following factors;

- External credit grades of the financial asset
- Internal credit grades
- Results of operations of the borrower
- Financial assistance from the parent company, etc. of the borrower

Expected credit losses are measured as weighted average of the present value of the difference between all contractual cash flows that are due to the entity in accordance with the contract and all cash flows that the entity expects to receive, weighted by respective risks of default occurring. The Group treats any financial asset as a credit-impaired financial asset in cases where the financial asset is considered to have defaulted, including cases where the financial asset is significantly past due even after enforcement activities for the performance of obligations are taken and where the debtor files legal proceedings for bankruptcy, corporate reorganization, civil rehabilitation or special liquidation. The Group presents the financial assets measured at amortized cost at the net amount that the loss allowance is deducted from the carrying amount in the consolidated statement of financial position and recognizes the loss as profit or loss.

When the Group has no reasonable expectations of recovering all or part of a financial asset, the carrying amount of the asset is directly written off by that amount.

11) Derivatives and Hedge Accounting

Derivatives are initially recognized at fair value at the date on which the derivative contract is entered into and

are subsequently remeasured at their fair value at the end of each reporting period after initial recognition. The method of recognizing the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedging instruments of cash flow hedges (hedges of a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction), and certain foreign currency borrowings as hedging instruments of net investment in foreign operations.

The Group documents, at the start of the transaction, the relationship between hedging instruments and hedged items as well as the objectives and strategies for managing risk regarding the execution of their hedging transactions. Furthermore, the Group documents at the start of the hedge, and on a continuing basis, assessments of whether or not the derivatives used in the hedging transaction are effective in offsetting changes in the hedged items' cash flow.

Hedge effectiveness is assessed on a continuing basis, and a hedge is deemed effective when it satisfies all of the following conditions: an economic relationship exists between hedged items and hedging instruments; the effect of credit risk is not such that it materially dominates value changes arising from the economic relationship; and the hedge ratio of the hedging relationship is equivalent to the ratio arising from the volume of hedging instruments and hedged items that are actually being hedged.

The effective portions of change in the fair values of derivatives designated as hedging instruments of cash flow hedges and satisfying the conditions thereof are recognized in other comprehensive income. Gains or losses arising from ineffective portions are recognized immediately as profit or loss. Accumulated gains or losses recognized through other comprehensive income are reclassified to profit or loss in the period when the cash flow originating from the hedged items has an effect on profit or loss.

When hedge accounting conditions are no longer satisfied due to forfeit, sale, etc., of hedging instruments, hedge accounting will no longer be applied prospectively. When hedged future cash flow is expected to occur again, the accumulated gains or losses recognized in other comprehensive income will continue to be recognized as other components of equity. In cases where forecast transactions are no longer expected to occur, the accumulated gains or losses recognized in other comprehensive income are reclassified immediately to profit or loss.

With regard to certain foreign currency borrowings that are retained for the purpose of hedging exposure to exchange rate fluctuation risks for net investments in foreign operations, the portion of foreign exchange differences deemed effective as a hedge is recognized in other comprehensive income as hedges of net investment in foreign operations. Of exchange differences in the hedging instruments, any ineffective portion of the hedge or any portion of the hedge not subject to the assessment of hedge effectiveness is recognized in profit or loss.

Through net investment hedges, the cumulative amount of gain or loss recognized in other comprehensive income is reclassified to profit or loss on the disposal of foreign operations.

12) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases within 12 months and leases of low-value assets.

Apart from short-term leases or leases of low-value assets, the group records right-of-use assets and lease liabilities in the consolidated statement of profit or loss at the lease commencement date when a contract is, or contains a lease. The lease payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured under the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of right-of-use assets is initially measured based on the initial measurement amount of the lease liability adjusted for any initial direct costs incurred or any lease payments made at or before the commencement date, plus any costs to restore the underlying asset or the site at which it is located and other

related costs required in the lease contract. Right-of-use assets are depreciated over the lease term on a straight-line basis. Right-of-use assets are recorded in Property, plant and equipment on the current Consolidated Statement of Financial Position. Lease liability is measured at the present value of unpaid lease payments at the calculated interest rate of the lease or when the calculated interest rate cannot be easily calculated, discounted by the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. Lease payments are apportioned between finance costs and repayments of lease liability under the effective interest rate method. Finance costs are recognized in the consolidated statement of profit or loss.

13) Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefits are recognized as an expense in the period in which the employee renders the related service without discounting. Bonus payments are recognized as liabilities in the amount estimated to be paid based on the applicable bonus payment system when there is a legal or constructive obligation to pay and the obligation can be estimated reliably.

(ii) Long-Term Employee Benefits

The Group has adopted defined contribution plans and defined benefit plans as post-employment benefit plans for employees.

Liabilities (assets) recognized in connection to defined benefit pension plans are calculated at the present value of defined benefit obligations under such plans at the end of the reporting period less the fair value of the plan assets. An independent specialist calculates the defined benefit obligations for each reporting period using the projected unit credit method. Any amount recognized as assets from this calculation is limited to the present value of any future economic benefit available in the form of refunds from the plans or reductions in future contributions to the plans when there is a possibility for the assets to generate these to the Group. Calculations of the present value of economic benefits take into consideration the minimum funding requirement. The present value of defined benefit obligations is calculated by discounting the estimated future cash flows in reference to market yields on high-quality corporate bonds that pay benefits and with maturities similar to the estimated timing of payment of the obligations.

Changes due to remeasurements of net defined benefit liabilities (assets) that were recognized in other comprehensive income in the period they occurred are immediately reclassified from other comprehensive income to retained earnings.

Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions to an independent entity and has no legal or constructive obligation to pay further contributions. Contribution obligations under the defined contribution plans are recognized as an expense in the period in which the employee renders the related service.

(iii) Termination benefits

The Group pays termination benefits when the Group ends an employee's employment before the normal retirement date, or when the employee accepts an offer of benefits in exchange for the termination of employment. The group recognise a liability and expense for termination benefits at the earlier of the following dates: (a) when the group cannot withdraw the offer of those benefits; and (b) when the group recognises costs for a restructuring that involves the payment of termination benefits.

14) Non-current Assets Held for Sale and Discontinued Operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use.

The conditions for classifying an asset or disposal group as held for sale are that it must be available for immediate sale in its present condition and the sale must be highly probable. The classification is also limited to when management of the Group is committed to executing the sale plan and the sale is generally expected to complete within one year. After classification as held for sale, an asset or disposal group is measured at the lower of the carrying amount and the fair value less costs to sell, and is not depreciated or amortized.

A discontinued operation includes a component of the Group that either has been disposed of or is classified as held for sale, represents a line of business or geographical area of the Group, and is recognized when there is a plan to dispose of that line of business or geographical area.

15) Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably and it is probable that an outflow of resources will be required to settle the obligation.

When the time value of money is significant, the estimated future cash flow is discounted by the present value using a before-tax discount rate that reflects the time value of money and inherent risks of the liability. Transfer-backs of the discounted amount over time are recognized as finance costs.

16) Share Capital

The issue price of equity instruments issued by the Company is recognized in share capital and capital surplus, and direct issue costs (net of tax effects) are deducted from capital surplus.

On the purchase of treasury shares, costs net of tax effects including direct transaction costs are recognized as an equity deduction. On the sale of treasury shares, including disposal of treasury shares with the exercise of stock options, the balance of disposals is recognized as capital surplus. Common shares are classified to equity.

17) Revenue Recognition

The Group recognizes revenue by applying the following five steps, apart from interest and dividend income accounted for in accordance with IFRS 9 — Financial Instruments.

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

In case of sales contracts with customers for products and merchandise, the Group recognizes the sale as revenue when the products and merchandise are delivered to the customer, considering that control of the products and merchandise is transferred to the customer and the performance obligation is fulfilled. For rendering of services, the Group recognizes revenue over time with fulfillment of performance obligation based on the contract between the Group and the customer.

18) Government Grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the period the associated costs, which the grant is intended to compensate, are recognized as expenses.

For government grants associated with acquiring assets, the amounts of the grants are deducted directly when calculating the carrying amounts of the assets. Grants are recognized in profit or loss over the useful lives of the depreciated assets as changes in depreciation expense.

19) Finance Income and Finance Cost

Finance income comprises interest received, dividends received, etc. Interest received is recognized when it incurred using the effective interest method. Dividends received are recognized when the Group's rights to receive dividends have been established; there is a high probability that the economic benefits associated with the dividends will flow into the Group; the amounts can be measured reliably.

Finance cost comprises interest paid, etc.

With respect to an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, borrowing costs that are directly attributable to the acquisition, construction or manufacture of the asset form part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

20) Income Taxes

Income taxes comprise current taxes and deferred taxes. They are recognized in profit or loss, with the exception of income taxes associated with items recognized in other comprehensive income or items that are directly recognized in equity.

(i) Current Taxes

The Group recognizes current taxes based on taxable profits for the reporting period. Current tax amounts are calculated using the tax rates that are in force or substantially in force on the final day of the reporting period. Income taxes receivable and payable are measured at the estimated refund from or payment to the tax authorities.

(ii) Deferred Taxes

The Group recognizes deferred taxes using the asset and liability approach for temporary differences between the amounts of assets and liabilities for accounting purposes and their tax bases. In principle, deferred tax liabilities are all recognized in taxable temporary differences, and deferred tax assets are recognized only to the extent it is probable that there will be taxable profits against which deductible temporary differences, tax losses, etc., may be utilized. Deferred tax assets and liabilities, however, are not recognized for the following temporary differences:

- Taxable temporary differences arising from initial recognition of goodwill;
- Temporary differences arising from initial recognition of assets or liabilities in transactions (excluding business combinations) that do not affect taxable profits (tax losses) in profit or loss for accounting purposes; and
- Taxable temporary differences pertaining to investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets pertaining to deductible temporary differences associated with investments in subsidiaries and associates are recognized only to the extent that the temporary difference will reverse in the foreseeable future and that it is probable that there will be adequate taxable profits against which benefits from the temporary difference can be utilized.

Deferred tax assets and liabilities are calculated at the tax rates expected to apply to the period when the associated deferred tax assets will be realized or the period when the deferred tax liabilities will be settled, based on the tax rates that are in force or substantially in force at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities are associated with the income taxes levied on the same taxable entity, or the equivalent or different taxable entity intended to be settled on a net basis, by the same tax authority.

21) Earnings per Share

Basic quarterly earnings per share are calculated by dividing profit for the quarter attributable to ordinary shareholders by the weighted-average number of common shares outstanding during the reporting period. Diluted quarterly earnings per share are calculated through adjustments for the effect of all potentially dilutive common shares.

(5) Significant Accounting Estimates and Judgments Involving Estimates

In the preparation of consolidated financial statements, management is required to make judgments, estimates, and assumptions.

The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of the review are recognized in the period in which the review was conducted and in future periods.

Actual results may differ from these estimates.

Estimates and judgments that have significant effects on amounts recognized in the Group's consolidated financial statements are as follows. These assumptions have been determined based on management's best estimates and judgments. However, the assumptions may be affected by results of uncertain changes in economic conditions in the future and amendment or promulgation of related laws and regulations, and if a review is necessary, this may have significant effects on amounts recognized in consolidated financial statements in the following fiscal years.

1) Impairment of Non-Financial Assets

In the calculation of recoverable amount in impairment test, certain assumptions have been made for future cash flows, discount rate reflecting risks inherent to the asset, long-term growth rate and others. Details of the method for calculating recoverable amount, etc. are provided in the note "(17) Impairment of Non-Financial Assets."

2) Recoverability of Deferred Tax Assets

For the recognition of deferred tax assets, the amount is determined, assuming the probability that there will be taxable profits, by estimating the timing when taxable profits that can be obtained in the future are available and the amount of these profits based on the business plan. The relevant content and amount of deferred tax assets are provided in the note "(19) Income Taxes."

(6) Segment Information

1) Overview of Reportable Segments

JSR Group's reportable segments are based on its business segments for which separate financial information is available and which the Board of Directors determines are the basis that are subject to regular reviews for decisions on the allocation of managerial resources and the evaluation of business results.

The Group has established divisions by product at its head office. Each division formulates comprehensive domestic and overseas strategies for its products and conducts business activities according to the strategies. Core Group companies also take the initiative in working out comprehensive domestic and overseas strategies and conduct business activities according to the strategies. Thus, JSR Group's businesses consist of business segments by product based on divisions and core Group companies.

The Group has three reportable segments. The Digital Solutions business manufactures and sells semiconductor materials, display materials, and products related to edge computing, etc. The Life Sciences business provides diagnostic and research reagents and materials, bioprocess materials, and drug discovery and development services. The Plastics business manufactures and sells ABS and other resins for automobiles office equipment, and amusement applications.

The Digital Solutions business is a reportable segment comprising multiple segments based on the nature of the products and services, the nature of production processes, and similarity in markets and other economic characteristics.

The accounting methods for reportable segments are the same as the methods adopted for the preparation of consolidated financial statements.

Main Products in Each Business Segment

Business segments	Main products
Digital Solutions Business	<Semiconductor Materials> Lithography materials (photoresists, multilayer materials); mounting materials; Cleaning Solution; CMP materials; etc. <Display Materials> Materials for color LCDs; functional coating materials; etc. <Edge Computing Materials> Heat-resistant transparent resins and functional films; photo fabrication and photo molding systems; etc.
Life Sciences Business	Diagnostic and research reagents and similar materials; bio-process materials; drug discovery and development services etc.
Plastics Business	Synthetic resins including ABS resins, AES resins, AS resins, and ASA resins

2) Segment Revenues, Profits or Losses, Assets and Other Material Items
The following information pertains to the Group's reportable segments.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	The Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	215,744	80,893	93,332	15,050	405,020	—	405,020
Segment profit (loss) (core operating profit) [Note 3]	17,814	(189,870)	(1,381)	509	(172,927)	(5,934)	(178,861)
Segment assets	696,163	280,613	93,505	16,645	1,086,926	55,134	1,142,060
Other items							
Depreciation and amortization	26,429	20,672	3,695	523	51,319	1,409	52,727
Impairment losses	571	138,589	—	—	139,160	18,437	157,597
Capital expenditures	16,572	6,448	3,048	955	27,024	1,379	28,403

Note 1: The Other segment is a business segment not contained in the reportable segments. It includes the purchase and sale of chemicals and other businesses.

Note 2: The segment profit (loss) downward adjustment of ¥(5,934) million contains company-wide profits and losses not allocated to the reportable segments. The adjustment amount in the segment assets line are corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and long-term investment funds (securities (equity instrument assets)) by the parent company.

Note 3: The segment profit (loss) is presented as core operating profit after deducting non-recurring profit (loss) arising from business restructuring and other non-recurring factors from operating profit.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

	The Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	1,442,913	541,021	624,210	100,655	2,708,800	—	2,708,800
Segment profit (loss) (core operating profit) [Note 3]	119,143	(1,269,861)	(9,234)	3,402	(1,156,550)	(39,688)	(1,196,238)
Segment assets	4,655,985	1,876,761	625,366	111,323	7,269,435	368,738	7,638,172
Other items							
Depreciation and amortization	176,759	138,255	24,714	3,496	343,224	9,420	352,644
Impairment losses	3,822	926,891	—	—	930,713	123,308	1,054,021
Capital expenditures	110,838	43,126	20,386	6,386	180,735	9,225	189,961

Note 1: The Other segment is a business segment not contained in the reportable segments. It includes the purchase and sale of chemicals and other businesses.

Note 2: The segment profit (loss) downward adjustment of \$(39,688) thousand contains company-wide profits and losses not allocated to the reportable segments. The adjustment amount in the segment assets line are corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and longterm investment funds (securities (equity instrument assets)) by the parent company.

Note 3: The segment profit (loss) is presented as core operating profit after deducting non-recurring profit (loss) arising from business restructuring and other non-recurring factors from operating profit.

adjustments to reconcile segment profit to profit before tax are as follows.

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
	Millions of yen	Thousands of U.S. dollars
Segment profit	(178,861)	(1,196,238)
Business restructuring expenses	(12,012)	(80,334)
Impairment losses	(18,273)	(122,213)
Operating profit	(209,146)	(1,398,785)
Finance income	5,201	34,785
Finance costs	(30,756)	(205,700)
Profit (loss) before tax	(234,702)	(1,569,700)

3) Information on Products and Services

Information on products and services is omitted, since similar information is stated in (1) Outline of Reportable Segments.

4) Information by Region

The following is a breakdown of revenue and non-current assets by region.

Revenue from External Customers

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Japan	120,620	806,712
China	94,844	634,322
U.S.	65,357	437,112
Other regions	124,199	830,653
Total	405,020	2,708,800

Note: Revenue is divided into countries or regions based on the locations of customers.

Property, Plant and Equipment

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Japan	89,949	601,585
U.S.	63,584	425,255
Other regions	26,499	177,226
Total	180,032	1,204,066

Note: The presentation of non-current assets has been restricted to property, plant, and equipment to avoid unreasonable preparation costs

5) Information on Major Customers

Information on major customers is omitted, since no single external customer accounts for more than 10 percent of the Group's revenue in terms of revenue through transactions with a single external customer.

(7) Business Combination and Acquisition of Non-controlling Interest

1) Business Combination

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Wholly Owned Subsidiary through Acquisition of Shares of former JSR Corporation)

(1) Outline of Business Combination

The Company acquired 84.36% of the voting rights and made it a consolidated subsidiary through a tender offer (the “Tender Offer”) conducted from March 19, 2024 to April 16, 2024 for the common stock of the former JSR Corporation.

After the completion of the Tender Offer, a proposal for a reverse stock split was approved and passed at an extraordinary shareholders' meeting of the former JSR Corporation held on June 5, 2024. The shares of the former JSR Corporation fell under the delisting criteria of the Tokyo Stock Exchange and were delisted on June 25, 2024.

Subsequently, the former JSR Corporation became a wholly-owned subsidiary of the Company through a squeeze-out by way of a stock sale demand, whereby the Company will own all the common stock of former JSR Corporation.

The Company is treating the Tender Offer and the Squeeze-Out as a single transaction.

After the completion of the squeeze-out procedure, on December 1, 2024, an absorption-type merger was conducted between the Company and the former JSR Corporation, with the Company as the surviving company and the former JSR Corporation as the absorbed company, and the trade name was changed to “JSR Corporation” on the same date.

1) Name and Business of the Acquired Company

Name: Former JSR Corporation

Business: manufacturing, processing and sales of electronic materials, display materials, optical materials, synthetic resins and other chemical industrial products, life science-related products and medical equipment, etc.

2) Date of Acquisition

April 16, 2024

3) Percentage of Voting Rights Acquired

Percentage of Voting Rights Held Immediately before the Date of Acquisition	0.0%
Percentage of Voting Rights Additionally Acquired on the Date of Acquisition	100.0%
Percentage of Voting Rights at Date of Acquisition	100.0%

4) Method of Acquiring Control

Acquisition of Shares for Cash

5) Purpose of Business Combination

The former JSR Corporation aims to achieve sustainable growth and continue to provide value to society by striving to improve management efficiency and maintain transparency and soundness as a leading technology company pursuing cutting-edge technological innovation. Through this absorption-type merger, the Company will further develop into the above-mentioned corporate entity under a non-listed status, and will work to expand its corporate scale and earnings through portfolio expansion and industry reorganization with a focus on semiconductor materials.

(2) Fair value of Consideration Paid, Assets Acquired, and Liabilities Assumed at the Date of Acquisition

	Amount	Amount
	Millions of yen	Thousands of U.S. dollars
Acquisition price	903,873	6,045,163
Current Assets		
Cash and cash equivalents	100,645	673,122
Inventories	121,575	813,103
Trade and other receivables	87,897	587,864
Other current assets	17,466	116,813
Non-current assets		
Property, plant and equipment	202,817	1,356,457
Other intangible assets	374,484	2,504,572
Other non-current assets	83,852	560,809
Acquired assets	988,737	6,612,739
Current liabilities		
Trade and other payables	79,714	533,131
Bonds and borrowings	97,605	652,787
Other current liabilities	38,487	257,403
Non-current liabilities		
Bonds and borrowings	81,465	544,841
Deferred tax liabilities	123,570	826,444
Other non-current liabilities	60,432	404,171
Total liabilities assumed	481,272	3,218,778
Non-controlling Interest	(33,095)	(221,341)
Goodwill	429,503	2,872,543

In the current consolidated fiscal year, the amount of goodwill incurred, assets received and liabilities assumed on the date of the business combination have been allocated to the acquisition price.

Acquisition-related costs related to the business combination were ¥5,480 million (\$36,649 thousand), and the amount incurred during the current fiscal year is expensed in the “Selling, general and administrative” line item in the consolidated statements of income.

Goodwill is primarily composed of expected future earning power. The goodwill cannot be reported as a deductible for tax purposes.

(3) Effect of Business Combination on Cash Flows

	Amount	Amount
	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents paid for the acquisition	903,873	6,045,163
Cash and cash equivalents held by the acquired company at the time of acquisition	100,645	673,121
Purchase of shares of subsidiaries resulting in change in scope of consolidation	803,228	5,372,043

(Wholly Owned Subsidiary through Acquisition of Shares of Yamanaka Hutech Corporation)

(1) Outline of Business Combination

On August 1, 2024, the former JSR Corporation acquired a 100.0% stock in Yamanaka Hutech Corporation (hereinafter “YHC”), manufacture and sale of high-purity chemicals for semiconductors, making it a wholly owned subsidiary of our company.

1) Name and Business of the Acquired Company

Name: Yamanaka Hutech Corporation

Business: Manufacture and sale of high-purity chemicals for semiconductors and optical fiber

2) Date of Acquisition

August 1, 2024

3) Percentage of Voting Rights Acquired

Percentage of Voting Rights Held Immediately before the Date of Acquisition 0.0%

Percentage of Voting Rights Additionally Acquired on the Date of Acquisition 100.0%

Percentage of Voting Rights at Date of Acquisition 100.0%

4) Method of Acquiring Control

Acquisition of Shares for Cash

5) Purpose of Business Combination

YHC has maintained its advanced molecular design, synthesis technology and quality control system since its establishment in 1960, and has a track record of more than 60 years of supplying high-quality CVD/ALD precursors to leading-edge semiconductor device manufacturers. In particular, YHC is highly competitive in some ALD material areas.

Through this share acquisition, YHC's CVD/ALD precursors for semiconductors will be added to the Company's product portfolio, which has been centered on photoresists, and the Company will strengthen its capability to generate greater customer value as a global supplier of semiconductor materials.

The impact on our group by this stock acquisition is currently under investigation.

(2) Fair value of Consideration Paid, Assets Acquired, and Liabilities Assumed at the Date of Acquisition

	Amount	Amount
	Millions of yen	Thousands of U.S. dollars
Acquisition price	12,450	83,267
Current Assets		
Cash and cash equivalents	2,626	17,562
Inventories	646	4,322
Trade and other receivables	929	4,204
Other current assets	80	537
Non-current assets		
Property, plant and equipment	1,491	9,972
Other intangible assets	7,906	52,877
Other financial assets	1	3
Other non-current assets	176	1,179
Acquired assets	13,555	90,657
Current liabilities		
Trade and other payables	617	4,125
Other financial liabilities	276	1,846
Other current liabilities	818	5,473
Non-current liabilities		
Deferred tax liabilities	2,653	17,746
Other financial liabilities	693	4,632
Other non-current liabilities	159	1,066
Total liabilities assumed	5,216	34,888
Goodwill	4,112	27,498

In the current consolidated fiscal year, the amount of goodwill incurred, assets received and liabilities assumed on the date of the business combination have been allocated to the acquisition price.

Acquisition-related costs related to the business combination were ¥61 million (\$410 thousand) and the amount incurred during the current fiscal year is expensed in the “Selling, general and administrative” line item in the consolidated statements of income.

Goodwill is primarily composed of expected future earning power. The goodwill cannot be reported as a deductible for tax purposes.

(3) Effect of Business Combination on Cash Flows

	Amount	Amount
	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents paid for the acquisition	12,450	83,267
Cash and cash equivalents held by the acquired company at the time of acquisition	2,626	17,562
Purchase of shares of subsidiaries resulting in change in scope of consolidation	9,824	65,705

(4) Impact on the Group's Performance

The impact on revenue and profit arising from YHC included in the consolidated statement of profit or loss and the impact on revenue and profit assuming that the business combination was carried out at the beginning of the current fiscal year are insignificant.

2) Acquisition of Non-controlling Interest

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Not applicable

(8) Cash and Cash Equivalents

Cash and cash equivalents in the fiscal years ended March 31, 2025 are as follows.

Cash and cash equivalents comprise cash, short-term deposits (not later than three months) and short-term investments (e.g. securities redeemable not later than three months from the date of acquisition).

Cash and cash equivalents on the indicated dates consisted of the following items.

The total amount of cash and cash equivalents corresponds to cash and cash equivalents at the end of the period in the consolidated statement of cash flows.

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents		
Cash and deposit	52,904	353,825
Short-term investment	4	28
Total	<u>52,908</u>	<u>353,853</u>

(9) Trade and Other Receivables

Trade and other receivables are classified as financial assets measured at amortized cost.

Trade and other receivables include the following items.

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Trade receivables		
Notes and account receivable-trade	72,788	486,808
Other receivables		
Account receivables-other	9,873	66,033
Other	88	591
Total	<u>82,749</u>	<u>553,432</u>

(10) Other financial assets

1) Breakdown of Other financial assets

The breakdown of other financial assets is as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Derivative asset	85	566
Investments (equity financial assets)	40,205	268,896
Term deposits	20	134
Other	1,409	9,420
Total	41,718	279,015
Current assets	325	2,175
Non-current assets	41,393	276,840
Total	41,718	279,015

Derivative assets are classified as financial assets measured at fair value through profit or loss. Investments (equity financial assets) are classified as financial assets measured at fair value through other comprehensive income, or those through profit or loss. Term deposits are classified as financial assets measured at amortized cost.

2) Financial Assets Measured at Fair Value through Other Comprehensive Income

Major stocks classified as financial assets measured at fair value through other comprehensive income and their fair values are as follows:

Name of Stock	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Cambridge Quantum Computing	17,946	120,022
Carbon, Inc.	4,944	33,065
Optorun Co., Ltd.	3,525	23,576
Vedanta Biosciences Inc	3,163	21,154
Other	7,503	50,178
Total	37,080	247,994

Amounts of dividends received recognized related to financial assets measured at fair value through other comprehensive income are as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Dividends received	298	1,994

3) Derecognition of Financial Assets Measured at Fair Value through Other Comprehensive Income

The Group has derecognized certain financial assets measured at fair value through other comprehensive income by disposing of such assets for the purpose of improving the asset efficiency. Fair value and accumulated gains or losses (net of tax) recognized as other comprehensive income at the time of disposal in each fiscal year are as follows:

Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2025	
Millions of yen		Thousands of U.S. dollars	
Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses
5,928	(21)	39,649	(142)

For financial assets measured at fair value through other comprehensive income, accumulated gains or losses recognized as other comprehensive income are transferred to retained earnings when the assets are derecognized.

(11) Inventories

Inventories consist of the following items.

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Finished goods and merchandise	50,347	336,725
Work in process	3,302	22,084
Raw materials and supplies	43,031	287,793
Total	96,680	646,602

The amount of valuation losses on inventories recognized as expenses was ¥(144) million (\$963) thousand as of March 31, 2025. The write-off amount is included in “cost of sales” in the consolidated statement of profit or loss.

The amount included in cost of sales was ¥196,996 million (\$1,317,520 thousand) as of March 31, 2025.

(12) Notes on Disposal Groups Classified as Held for Sale

Emulsion Technology Co., Ltd. split and stock purchase

The Company reached an agreement with Emulsion Technology Co., Ltd. (hereinafter “ETEC”), which is a wholly owned subsidiary, split into an Emulsion business and a Fine business, and to transfer the Emulsion business division to NIPPON SHOKUBAI CO., LTD. (“Nippon Shokubai”) on November 12, 2024.

Based on the share transfer agreement, the transfer of all shares of ETEC to Nippon Shokubai was completed on April 1, 2025.

Assets held for sale and liabilities are as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Assets associated with disposal groups classified as held for sale		
Cash and cash equivalents	300	2,006
Trade and other receivables	1,321	8,838
Inventories	1,112	7,439
Other current assets	2	16
Property, plant and equipment	1,484	9,928
Other intangible assets	101	674
Other financial assets	7	47
Other non-current assets	31	207
Deferred tax assets	212	1,416
Total assets	4,571	30,572
Liabilities associated with disposal groups classified as held for sale		
Trade and other payables	1,323	8,848
Income taxes payable	125	834
Other current liabilities	238	1,589
Retirement benefit liability	461	3,086
Total liabilities	2,147	14,357

Sale of a part of the land of Yokkaichi Plant

At a meeting of the Board of Directors held on March 25, 2025, the Company resolved to sell the land of the Yokkaichi Plant, which is leased to another company. The sale is scheduled to be completed in fiscal year ending march 31, 2026.

Assets held for sale are as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Assets held for sale		
Property, plant and equipment	1,747	11,682
Total assets	1,747	11,682

(13) Other Assets

The breakdown of other assets is as shown below.

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Other current assets		
Excise tax receivable	5,785	38,689
Income taxes receivable	938	6,271
Prepaid expenses	4,497	30,079
Other	3,127	20,917
Total	14,347	95,955
Other non-current assets		
Long-term prepaid expenses	726	4,855
Other	4,063	27,172
Total	4,789	32,027

(14) Property, Plant and Equipment

Changes in carrying amounts and the balance of acquisition costs and accumulated depreciation of property, plant and equipment are as follows. For information on impairment losses, see “(17) Impairment on Non-financial Assets.”

Changes in carrying amounts

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
April 1, 2024	-	-	-	-	-	-	-
Acquisition	1,026	2,024	418	34	21,403	163	25,068
Acquisition due to business combination	89,963	54,962	14,754	26,322	15,709	347	202,056
Depreciation	(10,798)	(10,586)	(4,513)	(125)	-	-	(26,022)
Impairment loss	(6,699)	(3,122)	(327)	(3,511)	(101)	-	(13,760)
Sales and disposals	(1,072)	(30)	(205)	(73)	(65)	(3)	(1,449)
Transfer	4,179	9,197	5,663	-	(18,740)	(299)	-
Exchange differences of foreign operations	(573)	(526)	47	(33)	(309)	11	(1,382)
Other	1,239	102	(8)	-	(2,582)	-	(1,249)
Transfer to assets held for sale	(762)	(353)	(72)	(2,016)	(27)	-	(3,231)
March 31, 2025	76,502	51,667	15,756	20,598	15,288	221	180,032

	(Thousands of U.S. dollars)						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
April 1, 2024	-	-	-	-	-	-	-
Acquisition	6,859	13,536	2,798	228	143,146	1,092	167,659
Acquisition due to business combination	601,678	367,587	98,673	176,044	105,061	2,322	1,351,364
Depreciation	(72,215)	(70,803)	(30,184)	(836)	-	-	(174,039)
Impairment loss	(44,803)	(20,880)	(2,190)	(23,481)	(674)	-	(92,028)
Sales and disposals	(7,172)	(200)	(1,371)	(491)	(435)	(18)	(9,688)
Transfer	27,949	61,513	37,872	-	(125,336)	(1,997)	-
Exchange differences of foreign operations	(3,832)	(3,520)	317	(219)	(2,064)	77	(9,241)
Other	8,288	685	(54)	-	(17,271)	-	(8,352)
Transfer to assets held for sale	(5,099)	(2,364)	(480)	(13,485)	(182)	-	(21,610)
March 31, 2025	<u>511,652</u>	<u>345,554</u>	<u>105,380</u>	<u>137,759</u>	<u>102,245</u>	<u>1,476</u>	<u>1,204,066</u>

Acquisition Cost

	(Millions of yen)						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2025	187,552	197,459	74,683	26,337	15,388	226	501,646

	(Thousands of U.S. dollars)						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2025	1,254,361	1,302,622	499,482	176,145	102,919	1,513	3,355,042

Accumulated Depreciation and Impairment

	(Millions of yen)						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2025	111,050	145,792	58,926	5,739	101	6	321,614

	(Thousands of U.S. dollars)						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2025	742,708	975,068	394,102	38,386	674	38	2,150,976

- (Note) 1. Depreciation expenses of property, plant and equipment are recorded as “inventories” in the consolidated statement of financial position, or “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss.
2. Impairment loss is recorded as “other operating expenses” in the consolidated statement of profit or loss.
3. “Other” in the changes of carrying amounts includes transfer to/from “inventories” in the consolidated statement of financial position, or “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss.
4. Amounts of property, plant and equipment pledged as collateral for liabilities are stated in “(20) Borrowings and bonds (including Other financial liabilities).”
5. Right-of-use asset included in carrying amounts of property, plant and equipment is stated in “(15) Lease.”

(15) Leases

The Group leases Offices, Production equipment, Company cars, Land and Other assets as the lessee. Certain lease contracts include an extension option. No significant restrictions are imposed by lease contracts, such as restrictions regarding additional borrowings or leases.

1) Right-of-use Asset

Carrying amount of right-of-use assets and the breakdown of depreciation expenses are as follows:

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	11,916	1,954	25	561	14,457
Depreciation	(3,876)	(72)	(12)	(125)	(4,084)

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	79,696	13,071	167	3,753	96,687
Depreciation	(25,920)	(481)	(78)	(836)	(27,315)

(Note) 1. Increase amount of right-of-use asset is ¥1,420 million (\$9,496 thousand).

2. Depreciation of right-of-use assets is included in “Inventories” in the consolidated statement of financial position or “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

2) Finance Costs Related to Lease

Finance costs related to leases are as follows:

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Millions of yen	Thousands of U.S. dollars
Finance costs related to leases	379	2,534
Expenses relating to short-term leases	377	2,522
Expenditures relating to leases of low-value assets	404	2,701
Variable lease payments	114	760
The amount of cash outflow related to leases	3,771	25,220

(Note) 1. Finance costs related to leases are included in “Finance costs” in the consolidated statement of profit or loss.

2. Expenses relating to short-term leases, expenditures relating to leases of low-value assets and variable lease payments are included in “Cost of sales,” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

For the information on Maturity analysis for lease liabilities, see “(34) Financial Instruments, 2) Financial Risks, (iii) Liquidity Risks.”

(16) Goodwill and Other Intangible Assets

Changes in carrying amounts and the balance of acquisition costs and accumulated amortization of goodwill and other intangible assets are as follows. For information of impairment losses, see “(17) Impairment on Non-financial Assets.”

Changes in Carrying Amounts

(Millions of yen)

	Goodwill	Other intangible asset		
		Software	Other	Total
April 1, 2024	-	-	-	-
Acquisition		103	3,877	3,980
Acquisition due to business combination	433,312	10,903	371,201	382,105
Amortization	-	(3,420)	(23,285)	(26,705)
Impairment loss	(138,589)	(1,025)	(4,224)	(5,248)
Sales and disposals	-	(812)	(18)	(831)
Transfer	-	3,235	(3,235)	-
Transfer to assets held for sale	-	(83)	(17)	(101)
Exchange differences of foreign operations	-	(4)	(269)	(274)
Other	-	(19)	781	762
March 31, 2025	<u>294,723</u>	<u>8,877</u>	<u>344,810</u>	<u>353,687</u>

(Thousands of U.S. dollars)				
	Goodwill	Other intangible asset		
		Software	Other	Total
April 1, 2024	-	-	-	-
Acquisition	-	688	25,929	26,618
Acquisition due to business combination	2,898,018	72,922	2,482,619	2,555,541
Amortization	-	(22,874)	(155,731)	(178,606)
Impairment loss	(926,891)	(6,854)	(28,248)	(35,102)
Sales and disposals	-	(5,433)	(123)	(5,556)
Transfer	-	21,683	(21,638)	0
Transfer to other property, plant and equipment	-	(557)	(116)	(674)
Exchange differences of foreign operations	-	(29)	(1,801)	(1,830)
Other	-	(129)	5,223	5,093
March 31, 2025	1,971,127	59,371	2,306,113	2,365,484

Acquisition Cost

(Millions of yen)				
	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2025	433,312	35,474	385,011	420,485

(Thousands of U.S. dollars)				
	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2025	2,898,018	237,256	2,574,978	2,812,234

Accumulated Amortization and Impairment

(Millions of yen)				
	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2025	138,589	26,597	40,201	66,798

(Thousands of U.S. dollars)				
	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2025	926,891	177,885	268,865	446,750

(Note) 1. Amortization expenses of other intangible assets are recorded as “cost of sales” and “selling, general and administrative expenses”.

2. “Other” in the changes of carrying amounts includes transfer to from “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss.

(17) Impairment on Non-Financial Assets

1) Impairment Losses on Property, Plant and Equipment and Intangible Assets Other Than Goodwill

Impairment losses in the fiscal years ended March 31, 2025 are as follows:

	Fiscal year ended March 31, 2025 Millions of yen	Fiscal year ended March 31, 2025 Thousands of U.S. dollars
Property, plant and equipment		
Buildings and structures	4,424	29,585
Machinery and vehicles	3,122	20,880
Tools, fixtures and fittings	327	2,190
Construction in progress	101	674
Land	3,511	23,481
Right-of-use assets	2,275	15,218
Goodwill		
Goodwill	138,589	926,891
Intangible assets		
Software	1,025	6,854
Other	4,224	28,248
Total	157,597	1,054,021

In the current fiscal year, upon reviewing the future plans due to changes in the market environment and business reorganization of the CDMO, CRO, and IVD businesses, the book value of the assets, for which the recovery of the investment amount could no longer be expected, was reduced to the recoverable amount. The resulting reduction amounting to ¥150,980 million (\$1,009,762 thousand) was recorded as an impairment loss under “Other operating expenses.”

In the current fiscal year, for the assets related to land, DX and other investments, where the recovery of the investment amount could no longer be expected, the book value was reduced to the recoverable amount. The related reduction amounting to ¥6,618 million (\$44,259 thousand) was recorded as an impairment loss under “Other operating expenses.”

2) Reversal of Impairment Losses

Not applicable

3) Impairment Test on Goodwill

The goodwill recorded in the consolidated statement of financial position is mainly goodwill related to the acquisition of the former JSR Corporation in the current fiscal year. The carrying amounts of goodwill allocated to each cash-generating unit (or group of cash-generating units) are as follows

Segment	Cash-generating units (groups of cash-generating units)	As of March 31, 2025	As of March 31, 2025
		Millions of yen	Thousands of U.S. dollars
Plastics business	Plastics	6,445	43,106
Life Sciences business	In-vitro Diagnostics and Research	4,997	33,421
	Reagents		
	CDMO (Contract Development and Manufacturing Organization)	28,861	193,024
	Drug Discovery and Development Services	18,541	124,001
Digital Solutions business	Semiconductor Materials	197,994	1,324,199
	Display Materials	37,885	253,376
Total		294,723	1,971,127

Of the above goodwill, major goodwill was tested for impairment as follows. The recoverable amount was measured as the higher of the value in use or the fair value less costs of disposal.

The value in use was calculated by reflecting the external information such as past experience and market growth rate which each cash-generating unit or cash-generating unit groups belong to and internal information such as equipment capacity, and it was discounting the estimated amount of cash flows to the present value based on the plan approved by management.

A terminal growth rate used for impairment test of major goodwill, pre-tax discount rate and term to estimate cash flows are as below.

Measured at the Value in Use Cash-generating units (groups of cash-generating units)	Terminal growth rate	Pre-tax discount rate	Term to estimate cash flows
Plastics	1.0%	8.9%	5 years
In-vitro Diagnostics and Research	1.0%	11.1%	5 years
Reagents			
CDMO (Contract Development and Manufacturing Organization)	2.1%	12.6%	5 years
Drug Discovery and Development Services	2.1%	14.9%	5 years
Semiconductor Materials	1.0%	11.5%	5 years
Display Materials	1.0%	9.6%	5 years

Based on the calculations using the above, in Contract Development and Manufacturing Organization (CDMO) and drug discovery and development services, upon reviewing the future plans due to changes in the market environment, impairment losses were recognized as the recoverable amount that fell below the book value, amounting to ¥89,333 million (\$597,467 thousand) and ¥49,256 million (\$329,425 thousand), respectively.

Except for CDMO and drug discovery and development services, the recoverable amount significantly exceeds the book value for each cash-generating unit or group of cash-generating units, and even if there is a reasonable range of variability in the key judgments for each cash-generating unit or group, the recoverable amount will not fall below the book value.

(18) Investments Accounted for Using the Equity Method

There are no investments in significant associates.

Carrying amount of investments in associates that are not individually significant is as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Carrying amount	3,060	20,463

The Group's share of comprehensive income of associates that are not individually significant is as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Share of profit	64	428
Share of other comprehensive income	255	1,709
Share of total comprehensive income	319	2,136

(19) Income Taxes

1) Deferred Tax Assets and Liabilities

(i) Deferred Tax Assets and Liabilities Recognized

The breakdown of deferred tax assets and liabilities by major causes for occurrence in the current fiscal year is as follows:

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	April 1, 2024	Increase due to the business combination	Recognized through profit(loss)	Recognized through other comprehen sive income	Other	March 31, 2025
Deferred Tax Assets						
Inventories	-	854	912	-	-	1,766
Accrued bonuses	-	1,043	320	-	-	1,363
Non-current assets	-	1,849	483	-	-	2,332
Retirement benefit liability	-	960	(491)	-	-	469
Unused tax losses	-	8,241	8,502	-	-	16,744
Other	-	13,212	316	109	(195)	13,442
Total	-	26,159	10,042	109	(195)	36,116
Deferred Tax Liabilities						
Non-current assets	-	(113,812)	4,854	-	-	(108,958)
Financial asset measured at fair value through other comprehensive income	-	(8,906)	-	1,739	(15)	(7,182)
Retained earnings	-	(1,287)	38	-	-	(1,249)
Other	-	(5,358)	6,246	-	-	888
Total	-	(129,363)	11,138	1,739	(15)	(116,501)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

	April 1, 2024	Increase due to the business combination	Recognized through profit(loss)	Recognized through other comprehen sive income	Other	March 31, 2025
Deferred Tax Assets						
Inventories	-	5,714	6,097	-	-	11,811
Accrued bonuses	-	6,975	2,140	-	-	9,116
Non-current assets	-	12,365	3,231	-	-	15,596
Retirement benefit liability	-	6,423	(3,286)	-	-	3,136
Unused tax losses	-	55,119	56,867	-	-	111,986
Other	-	88,360	2,113	732	(1,306)	89,900
Total	-	174,956	67,163	732	(1,306)	241,544
Deferred Tax Liabilities						
Non-current assets	-	(761,182)	32,465	-	-	(728,717)
Financial asset measured at fair value through other comprehensive income	-	(59,562)	-	11,630	(102)	(48,034)
Retained earnings	-	(8,609)	256	-	-	(8,353)
Other	-	(35,834)	41,771	-	-	5,937
Total	-	(865,187)	74,491	11,630	(102)	(779,168)

(ii) Temporary Differences, etc. for Which Deferred Tax Assets Have Not Been Recognized

The Group assesses the recoverability of deferred tax assets in each period and recognizes deferred tax assets taking into account significant uncertainty on the recoverability of its deferred tax assets.

Tax losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized are as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Unused tax losses	35,635	238,333
Deductible temporary differences	23,680	158,376
Total	59,316	396,709

Expiration schedule of tax losses carried forward for which no deferred tax asset is recognized is as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Not later than one year	-	-
Later than one year and not later than five years	18,418	123,182
Later than five years	17,217	115,150
Total	35,635	238,332

The amount of taxable temporary differences pertaining to investments in subsidiaries, etc. for which deferred tax liabilities have not been recognized was ¥49,756million (\$332,770 thousand) as of March 31, 2025. For these temporary differences, deferred tax liabilities have not been recognized because the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

2) Income Tax Expense

The breakdown of income tax expense is as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Current tax expenses	3,819	25,543
Previous Taxes Expenses	371	2,484
Deferred tax expenses	(21,180)	(141,654)
Total	(16,989)	(113,627)

Differences between statutory income tax rates and average effective tax rates can be explained by the following factors.

	Fiscal year ended March 31, 2025
	%
Statutory income tax rate	30.6
Differences in tax rates applied to foreign operations	(4.4)
Changes in unrecognized deferred tax assets and liabilities	(18.3)
Other	(0.7)
Average effective tax rate	7.2

(20) Borrowings and Bonds (including Other Financial Liabilities)

1) Financial Liabilities

Borrowings and bonds (including Other financial liabilities) consisted of the following:

	As of March 31, 2025	As of March 31, 2025	Average interest rates	Payment Due
	Millions of yen	Thousands of U.S. dollars	%	
Current borrowings	22,553	150,837	3.51%	-
Current portion of non-current borrowings	4,838	32,355	3.31%	-
Current portion of redemption of bonds	13,000	86,945	0.18%	-
Non-current borrowings	431,690	2,887,169	3.50%	2026-2031
Bonds Payable	46,878	313,524	0.45%	2027-2032
Current lease liabilities	3,045	20,364	-	-
Non-current lease liabilities	13,948	93,286	-	2026-2042
Derivative liabilities	14,038	93,886	-	-
Total	549,989	3,678,366	-	-
Current liabilities	45,374	303,464	-	-
Non-current liabilities	504,615	3,374,902	-	-
Total	549,989	3,678,366	-	-

Borrowings and bonds are classified as financial liabilities measured at cost. Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.

On April 22, 2024 and September 27, 2024, the Company borrowed ¥220,000 million (\$1,471,375 thousand) and ¥140,000 million (\$936,330 thousand), respectively, from financial institutions to acquire shares of the former JSR Corporation, repay borrowings, and use for working capital.

The borrowings are subject to financial covenants, the main contents of which are as follows

- From the fiscal year ending March 31, 2026 onwards (including the fiscal year ending March 31, 2026), not to incur a net loss in the consolidated income statement at the end of each fiscal year (excluding certain expenses such as amortization of intangible assets recognized through the Purchase Price Allocation (PPA) process from the calculation).

Payment schedules of non-current borrowings and bonds payable are as follows:

(Millions of yen)

	Later than one year and not later than two years	Later than two years and not later than three years	Later than three years and not later than four years	Later than four years and not later than five years	Later than five years	Total
Non-current borrowings	11,125	3,600	26,300	33,310	362,909	437,244
Bonds Payable	-	15,000	-	5,000	27,000	47,000

(Thousands of U.S. dollars)

	Later than one year and not later than two years	Later than two years and not later than three years	Later than three years and not later than four years	Later than four years and not later than five years	Later than five years	Total
Non-current borrowings	74,405	24,077	175,896	222,780	2,427,160	2,924,319
Bonds Payable	-	100,321	-	33,440	180,578	314,339

2) Pledged Assets

The Company and its consolidated subsidiaries have pledged collateral under standard customary terms in standard borrowing contracts.

Pledged assets are as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Financial assets	63,974	427,865
Inventories	46,588	311,583
Property, plant and equipment	44,610	298,354
Intangible assets	14,597	97,626
Other	7,062	47,228
Total	<u>176,831</u>	<u>1,182,656</u>

Corresponding liabilities are as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Current borrowings and current portion of non-current borrowings	27,278	182,437
Non-current portion of non- current borrowings	427,233	2,857,364
Total	<u>454,511</u>	<u>3,039,801</u>

3) Reconciliation of Liabilities Arising from Financing Activities

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	As of April 1, 2024	Cash flow	Non-cash items					As of March 31, 2025
			Business combination	Lease	Exchange differences	Transfer between non- current and current	Other	
Borrowings (non-current)	-	409,629	22,316	-	137	(4,837)	4,445	431,690
Bonds Payable	-	-	59,841	-	-	(13,000)	37	46,878
Borrowings (current)	-	(36,382)	57,893	-	1,035	4,837	8	27,391
Commercial Papers	-	(39,988)	39,988	-	-	-	-	-
Current portion of redemption of bonds	-	-	-	-	-	13,000	-	13,000
Lease liabilities	-	(3,771)	20,778	682	(519)	-	(177)	16,993
Total	-	329,488	200,816	682	652	-	4,313	535,951

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

	As of April 1, 2024	Cash flow	Non-cash items					As of March 31, 2025
			Business combination	Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	-	2,739,626	149,250	-	915	(32,353)	29,731	2,887,169
Bonds Payable	-	-	400,224	-	-	(86,945)	245	313,524
Borrowings (current)	-	(243,324)	387,191	-	6,919	32,353	53	183,192
Commercial Papers	-	(267,442)	267,442	-	-	-	-	-
Current portion of redemption of bonds	-	-	-	-	-	86,945	-	86,945
Lease liabilities	-	(25,220)	138,965	4,561	(3,472)	-	(1,184)	113,650
Total	-	2,203,640	1,343,072	4,561	4,362	-	28,845	3,584,480

(21) Trade and Other Payables

Trade and other payables are classified as financial liabilities measured at amortized cost. The breakdown is shown below.

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Trade Payable		
Notes and accounts payable - trade	44,347	296,593
Other Payable		
Accounts payable - other, and accrued expenses	36,338	243,031
Other	395	2,639
Total	81,079	542,264

(22) Employee Benefits

1) Outline of Post-Employment Benefit Plans

The Company and certain consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans, and virtually all employees of these companies are covered by these plans. In Japan, defined benefit plans under the Defined-benefit Corporate Pension Act, defined benefit corporate pension plans and lump-sum retirement benefit plans have been operational. The amount of these benefits is calculated based on certain points, etc. given in accordance with service years and contribution. These pension plans are exposed to general investment risk, interest rate risk, inflation risk and others.

Funded defined benefit plans have been operated by a corporate pension fund that is legally separated from the Group in accordance with laws and regulations including Defined-Benefit Corporate Pension Act. The board of the corporate pension fund and the pension-managing trustee are required by laws and regulations to act in the best interests of plan participants, and are responsible for managing plan assets based on predetermined policies.

The management of plan assets is conducted based on basic asset allocation aimed to ensure stable revenue in the medium to long term within the limits of tolerable risks, in order to ensure the payment of pension benefits, etc. at present and in the future. The basic asset allocation is periodically reviewed in order to respond to changes in the market environment and the funding position from initial assumptions made.

2) Defined Benefit Plans

(i) Reconciliation of Defined Benefit Plan Obligations and Plan Assets

The relationship between defined benefit plan obligations and plan assets, and net defined benefit liabilities and assets recorded in the consolidated statement of financial position is as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Present value of funded retirement benefit obligation	24,828	166,052
Fair value of plan assets	(31,458)	(210,393)
Subtotal	(6,630)	(44,341)
Present value of unfunded retirement benefit obligation	7,063	47,241
Total Net liability (asset) for retirement benefit	434	2,900
Amounts on consolidated statement of financial position		
Retirement benefit liability	8,855	59,225
Retirement benefit asset	(8,422)	(56,325)
Total Net liability (asset) for retirement benefit	434	2,900

(ii) Reconciliation of Present Value of Defined Benefit Plan Obligations

Increase or decrease in the present value of defined benefit plan obligations is as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S., dollars
Balance of present value of retirement benefit obligation at the beginning of the fiscal year	-	-
Increase due to the business combination	36,122	241,589
Service cost	1,516	10,142
Interest expense	419	2,800
Remeasurement		
Actuarial gains (losses) arising from changes in demographic assumptions	793	5,303
Actuarial gains (losses) arising from changes in financial assumptions	(3,296)	(22,047)
Benefits paid	(2,487)	(16,633)
Transfer to liabilities associated with disposal group classified as held for sale	(1,194)	(7,986)
Other	19	125
Balance of present value of retirement benefit obligation at the end of the fiscal year	31,891	213,292

The weighted average duration of defined benefit plan obligations was 12.8 years in the fiscal year ended March 31, 2025.

(iii) Reconciliation of Fair Value of Plan Assets

Increase or decrease in the fair value of plan assets is as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Balance of fair value of plan assets at the beginning of the fiscal year	-	-
Increase due to the business combination	32,379	216,555
Interest revenue	361	2,416
Remeasurement		
Return on plan assets	(35)	(234)
Contributions paid by the employer	955	6,389
Benefits paid	(1,487)	(9,944)
Transfer to liabilities associated with disposal group classified as held for sale classified as held for sale	(733)	(4,901)
Other	17	112
Balance of fair value of plan assets at the end of the fiscal year	31,458	210,393

Contributions to defined benefit plans are determined by performing an actuarial review periodically so that balanced budgets can be maintained in the future. In the actuarial review, the Group reviews assumptions related to the determination of contributions (such as expected rate of interest, expected mortality rate and expected withdrawal rate) and verifies the appropriateness of contributions determined.

The Group will make contributions of ¥1,756 million (\$11,746 thousand) in the fiscal year ending March 31, 2026.

(iv) Items of Plan Assets

Plan assets consisted of the following items.

	As of March 31, 2025		
	Assets for which active market prices are available	Assets for which active market prices are not available	Total
	Millions of yen	Millions of yen	Millions of yen
Cash and cash equivalents	6,757	-	6,757
Equity instruments			
Domestic equity securities	430	-	430
Foreign equity securities	3,901	-	3,901
Debt instruments			
Domestic bonds	696	-	696
Foreign bonds	11,772	-	10,772
General accounts of life insurance	-	636	636
Alternative investments*	-	8,266	8,266
Total	22,556	8,902	31,458

*Alternative investments include hedge funds.

As of March 31, 2025			
	Assets for which active market prices are available	Assets for which active market prices are not available	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Cash and cash equivalents	45,193	-	45,193
Equity instruments			
Domestic equity securities	2,878	-	2,878
Foreign equity securities	26,088	-	26,088
Debt instruments			
Domestic bonds	4,653	-	4,653
Foreign bonds	72,046	-	72,046
General accounts of life insurance	-	4,251	4,251
Alternative investments*	-	55,285	55,285
Total	150,857	59,535	210,393

* Alternative investments include hedge funds.

(v) Main Component Used for Actuarial Assumption

As of March 31, 2025	
	%
Discount rates (weighted average)	2.16

(vi) Sensitivity Analysis

In the fiscal year ended March 31, 2025, a 0.5% increase (decrease) in the discount rate used in actuarial calculation would have resulted in a decrease (increase) in the present value of defined benefit plan obligations by ¥2,025 million (\$13,542 thousand). This provisional calculation assumes that variables other than the assumptions used in the calculation are constant. In reality, since individual assumptions are affected by changes in economic indicators and conditions at the same time, the assumptions are expected to change independently or in a correlated fashion, and the actual effects of such changes on defined benefit plan obligations may differ from the expected effects.

3) Defined Contribution Plans

The amount recognized as expenses in relation to defined contribution plans was ¥2,357 million (\$15,765 thousand) in the fiscal year ended March 31, 2025.

4) Employee Benefits Expense

The total amount of employee benefits expense included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss in the fiscal year ended March 31, 2025 was ¥3,931 million (\$26,291 thousand).

(23) Provisions

Increase or decrease in provisions are the following.

	Provision for loss on business restructuring	Allowance for dismantling and removal	Other
	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2024	-	-	-
Acquisition due to business combination	941	8,346	31
Increase	920	0	-
Decrease (used for purposes)	-	(714)	(31)
As of March 31, 2025	1,861	7,631	-

	Provision for loss on business restructuring	Allowance for dismantling and removal	Other
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2024	-	-	-
Acquisition due to the business combination	6,294	55,816	206
Increase	6,155	1	-
Decrease (used for purposes)	-	(4,778)	(206)
As of March 31, 2025	12,449	51,039	-

Provision for Loss on Business Restructuring

To provide for losses due to business restructuring that are expected to arise for the future, the estimated loss is recorded.

Allowance for dismantling and removal

To provide for expenses for the dismantling and removal of manufacturing facilities, etc., that are expected to arise in the future, an estimated amount of expenses at the end of the current fiscal year is recorded.

The payment period may change due to a review of future dismantling and removal plans.

Provisions on consolidated statement of financial position consisted of the following:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Current liabilities	2,046	13,686
Non-Current liabilities	7,446	49,802
Total	9,493	63,487

(24) Other Liabilities

Other liabilities include the following items.

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Other current liabilities		
Accrued bonuses	4,113	27,505
Accrued consumption taxes	372	2,486
Other	3,914	26,174
Total	8,398	56,166
Other non-current assets		
Other	2,537	16,966
Total	2,537	16,966

(25) Equity and Other Equity Items

1) Share Capital and Capital Surplus

Capital surplus consists of legal capital surplus and other capital surplus.

The Companies Act of Japan (hereinafter the “Companies Act”) stipulates that at least half of the payment or contribution at the share issue shall be credited to share capital, and the remaining amount may be recorded as legal capital surplus included in capital surplus. In addition, under the Companies Act, legal capital surplus may be credited to share capital by resolution of the general meeting of shareholders.

Increase or decrease in the number of authorized shares and the number of issued shares are as follows:

Number of shares authorized	Ordinary shares	Class A preferred shares	Class B preferred shares
As of April 1, 2024	300,000,000	-	-
Increase/Decrease	(20,000,000)	10,000,000	10,000,000
As of March 31, 2025	280,000,000	10,000,000	10,000,000

Number of shares issued	Ordinary shares	Class A preferred shares	Class B preferred shares
As of April 1, 2024	99,950,000	-	-
Increase/Decrease	2,292,573	1,868,933	1,868,933
As of March 31, 2025	102,242,573	1,868,933	1,868,933

- (Note)
1. The Company allocated 50,000 ordinary shares to third parties on April 17, 2025, and 2,242,573 shares on July 30, 2025, for consideration.
 2. The Company allocated 1,868,933 shares each of Class A preferred shares and Class B preferred shares to third parties for consideration on April 22, 2024.
 3. All shares issued by the Company are no-par value.

2) Treasury Shares

The Companies Act stipulates that entities may determine the number of shares to be acquired, the total amount of acquisition price, etc. and acquire treasury shares by resolution of the general meeting of shareholders, to the extent of the distributable amount.

Increase or decrease in the number of treasury shares is as follows:

	Number of shares
As of April 1, 2024	99,900,000
Increase/Decrease	(99,900,000)
As of March 31, 2025	-

- (Note) Increase or decrease during the period is due to the disposal of treasury shares through third party allocation.

3) Retained Earnings

Retained earnings consist of legal retained earnings and other retained earnings.

The Companies Act stipulates that one-tenth of the amount paid as dividends of surplus shall be reserved as legal capital surplus or legal retained earnings until the sum of legal capital surplus included in capital surplus and legal retained earnings included in retained earnings reaches one quarter of share capital. Accumulated legal retained earnings may be appropriated to cover a deficit. It is specified that legal retained earnings may be reversed by resolution of the general meeting of shareholders.

4) Other Components of Equity

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Net change in financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasure ments of defined benefit plans	Total
As of April 1, 2024	-	-	-	-
Other comprehensive income	(1,250)	(825)	1,773	(303)
Total comprehensive income	(1,250)	(825)	1,773	(303)
Transfer from other components of equity to retained earnings	21	-	(1,773)	(1,751)
Total transactions with owners, etc.	21	-	(1,773)	(1,751)
As of March 31, 2025	(1,228)	(825)	-	(2,054)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

	Net change in financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasure ments of defined benefit plans	Total
As of April 1, 2024	-	-	-	-
Other comprehensive income	(8,358)	(5,523)	11,856	(2,025)
Total comprehensive income	(8,358)	(5,523)	11,856	(2,025)
Transfer from other components of equity to retained earnings	142	-	(11,856)	(11,714)
Total transactions with owners, etc.	142	-	(11,856)	(11,714)
As of March 31, 2025	(8,216)	(5,523)	-	(13,739)

- (a) Net Change in Financial Assets Measured at Fair Value through Other Comprehensive Income
It represents valuation differences on fair value of equity instruments measured at fair value through other comprehensive income.
- (b) Exchange Differences on Translation of Foreign Operations
They represent translation differences on foreign operations' financial statements.

(c) Remeasurements of Defined Benefit Liabilities (Assets)

Remeasurements of defined benefit liabilities (assets) are changes in actuarial differences, return on plan assets (excluding the amount included in interest revenue) and the effect of the asset ceiling (excluding the amount included in interest revenue). Actuarial differences are adjustments based on actual results related to defined benefit plan obligations (differences between actuarial assumptions at the beginning of the period and actual results) and the effect of changes in actuarial assumptions. These items are recognized in other comprehensive income when they arise, and immediately transferred from other components of equity to retained earnings.

(26) Dividends

The amounts of dividends paid are as follows:

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Not applicable

Dividends of which record dates belong to the current fiscal year and of which effective dates of dividends fall after the end of the current fiscal year are as follows:

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Not applicable

(27) Revenue

(1) Disaggregation of Revenue

Regarding the revenue arising from contracts with the Group's customers, the breakdown of revenue into domestic and overseas and its relation to the reportable segments are as follows.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	32,145	183,600	215,744
	Semiconductor Materials	24,736	133,130	157,866
	Display Materials	1,745	46,492	48,237
	Edge Computing Materials	5,664	3,978	9,642
	Life Sciences	12,010	68,884	80,893
	Plastics	61,415	31,917	93,332
Other		15,050	-	15,050
Total		120,620	284,400	405,020
Adjustment		-	-	-
Amount Recorded in the Consolidated Financial Statements		120,620	284,400	405,020

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	214,986	1,227,928	1,442,913
	Semiconductor Materials	165,435	890,382	1,055,817
	Display Materials	11,667	310,944	322,611
	Edge Computing Materials	37,883	26,602	64,485
	Life Sciences	80,321	460,700	541,021
	Plastics	410,750	213,460	624,210
Other		100,655	-	100,655
Total		806,712	1,902,088	2,708,800
Adjustment		-	-	-
Amount Recorded in the Consolidated Financial Statements		806,712	1,902,088	2,708,800

1) Digital Solutions Business

In Digital Solutions business, the Group manufactures and sells semiconductor materials, display materials, and products related to edge computing, etc.

For the sales contracts on products and merchandise, the Group recognizes revenue upon delivery because the control of the products and merchandise is considered to be transferred to the customer and the performance obligation is satisfied by delivery.

2) Life Sciences Business

- (i) Manufacturing and sale of in-vitro diagnostics and research reagents, related materials, and bioprocess materials

For the sales contracts on products and merchandise, the Group recognizes revenue upon delivery because the control of the products and merchandise is considered to be transferred to the customer and the performance obligation is satisfied by delivery.

- (ii) Contract development and manufacturing for bioprocess, etc.

The Group renders services in the contract research and manufacturing businesses related to bioprocess, etc.

For rendering of services, the Group recognizes revenue at over time with fulfillment of performance obligation based on the contract between the Group and the customer.

3) Plastics Business

In Plastics business, the Group manufactures and sells ABS and other resins for automobiles, office equipment, and amusement applications, etc.

For the sales contracts on products and merchandise, the Group recognizes revenue upon delivery because the control of the products and merchandise is considered to be transferred to the customer and the performance obligation is satisfied by delivery.

(2) Liabilities Arising from Contracts with the Customers

Contract liabilities primarily consist of consideration received from customers before performance obligations are satisfied for biologics Contract Development and Manufacturing Organization (CDMO) services in the Life Sciences business. Said contract liabilities are transferred to revenue as the corresponding performance obligation is satisfied. Among the beginning balance of contract liabilities for the current fiscal year, the amount of revenue recognized is ¥9,456 million (\$63,243 thousand).

The amount of revenue recognized from the performance obligations that were satisfied (or partially satisfied) in previous fiscal years is insignificant in the current fiscal year.

(3) Transaction Price Allocated to the Remaining Performance Obligations

The Group applies the practical expedient and omits information on the remaining performance obligations because there are no significant transactions with initial expected contractual terms exceeding one year.

There are no significant amounts of consideration from contracts with customers that are not included in transaction prices.

The consideration does not include a significant financing component, since the consideration for transaction prices is mainly collected within one year from the time of delivery of products and merchandise to customers or the agreement based on the contract such as milestone achievement.

(4) Assets Recognized from the Costs of Obtaining or Fulfilling Contracts with Customers

There is no significance in the amount of assets recognized from the costs incurred to obtain or fulfill a contract with a customer in the current fiscal year.

The Group applies the practical expedient of recognizing the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

(28) Selling, General and Administrative Expenses

1) Major items in selling, general and administrative expenses are as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Transportation and warehousing expenses	7,713	51,583
Salaries and allowances	40,739	272,467
Retirement benefit expenses	852	5,701
Experiment and research expenses	26,087	174,475
Depreciation	30,224	202,138
Supplies expenses	504	3,373
Business consignment expenses	5,585	37,355
Other	49,641	332,004
Total	161,346	1,079,095

2) Amount of research and development expense included in general and administrative expenses and manufacturing costs

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Research and development expense	34,185	228,629

(29) Other Operating Income and Expenses

Other operating income consisted of as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Gain on sales of non-current assets	161	1,074
Rent income	369	2,469
Subsidy income	736	4,925
Other	1,296	8,666
Total	2,562	17,134

Other operating expenses consisted of as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Loss on abandonment of non-current assets	172	1,149
Loss on sales of non-current assets	134	894
Impairment loss*1	157,597	1,054,021
Business restructuring expenses *2	6,384	42,698
Other	1,634	10,925
Total	165,920	1,109,688

*1 The main components of the impairment losses are related to the CDMO and CRO businesses.

*2 The main components of the business restructuring expenses include costs related to the tender offer and restructuring expenses associated with the consolidation and closure of sites in the Life Sciences business.

(30) Financial Income and Costs

Financial income consisted of the following:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Interest income		
Financial assets measured at amortized cost	788	5,269
Dividend income		
Equity financial assets measured at fair value through other comprehensive income	298	1,994
Change in fair value of contingent considerations		
Financial assets measured at fair value through profit or loss	4,098	27,405
Other	18	117
Total	5,201	34,785

Financial costs consisted of the following:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Interest expenses		
Financial liabilities measured at amortized cost	25,339	169,467
Lease liabilities	379	2,534
Foreign exchange losses	5,035	33,672
Other	4	27
Total	30,756	205,700

(31) Other Comprehensive Income

Changes in items of other comprehensive income are shown below:

Amount incurred and reclassification for profit or loss in items of other comprehensive income, and effects of income tax are shown below:

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

	(Millions of yen)				
	Amount incurred	Reclassification	before tax	Income tax	Net of tax
Other comprehensive income that will not be reclassified to profit or loss					
Net change in financial assets measured at fair value through other comprehensive income	(3,183)	-	(3,183)	1,739	(1,444)
Remeasurements of defined benefit plans	2,638	-	2,638	(808)	1,830
Total	(545)	-	(545)	931	386
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(826)	-	(826)	-	(826)
Share of other comprehensive income of investments accounted for using the equity method	255	-	255	-	255
Total	(570)	-	(570)	-	(570)
Total	(1,115)	-	(1,115)	931	(184)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

	(Thousands of U.S. dollars)				
	Amount incurred	Reclassification	before tax	Income tax	Net of tax
Other comprehensive income that will not be reclassified to profit or loss					
Net change in financial assets measured at fair value through other comprehensive income	(21,289)	-	(21,289)	11,630	(9,659)
Remeasurements of defined benefit plans	17,644	-	17,644	(5,403)	12,242
Total	(3,645)	-	(3,645)	6,227	2,582
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(5,523)	-	(5,523)	-	(5,523)
Share of other comprehensive income of investments accounted for using the equity method	1,709	-	1,709	-	1,709
Total	(3,814)	-	(3,814)	-	(3,814)
Total	(7,459)	-	(7,459)	6,227	(1,232)

(32) Earnings per Share

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
1) Basic earnings per share (Loss)	(¥2,318.33)	(\$15.51)
(Basis of calculation)		
Profit attributable to owners of parent (Loss)	(¥217,513 million)	(\$1,454,744 thousand)
Profit not attributable to owners of parent	¥94 million	\$630 thousand
Profit used to calculate basic earnings per share(Loss)	(¥217,608 million)	(\$1,455,374 thousand)
Average shares outstanding during the year (1,000 shares)	93,864	93,864
2) Diluted earnings per share (Loss)	(¥2,318.33)	(\$15.51)
(Basis of calculation)		
Increase in common shares due to preferred shares with acquisition rights	-	-
Average diluted shares outstanding during the year (1,000 shares)	93,864	93,864

(Note) There are 1,904,000 dilutive potential common shares, which were excluded from the calculation of net loss per diluted share due to the reverse dilution effect in the current fiscal year.

(33) Share-based Remuneration

Not applicable

(34) Financial Instruments

1) Capital Management Policy

The Group considers it vitally important to improve corporate performance on a long-term basis and achieve improvement in corporate value in the medium to long term by strengthening its research and development activities from a long-term viewpoint and enhancing competitiveness through development of new businesses. For capital efficiency, the Group monitors ROE on a timely basis.

See the note “(20) Loans and Bonds (including Other Financial Liabilities)” for information on the financial covenants imposed on interest-bearing liabilities.

2) Financial Risks

The Group is exposed to financial risks related to operating activities (market risk, credit risk and liquidity risk), and conducts risk management based on a certain policy to avoid or mitigate effects of the risks. For fund management, approval of the Company’s Board of Directors is received in principle at the beginning of each period. Transactions and risk management during the period are principally conducted based on internal management regulations. The Group uses derivatives to avert risks described below, and as its policy, does not perform any speculative transaction.

(i) Market Risks

(a) Exchange Rate Risks

The Group operates business globally and sells products manufactured by the Company and each subsidiary and others abroad. Thus, the Group is exposed to the risk that profit or loss, cash flows, etc. are affected by fluctuations in exchange rates.

To avoid exchange rate risks, the Group mainly utilizes foreign exchange forward contracts as derivative transactions for trade receivables and payables denominated in foreign currencies.

The Company’s responsible department manages risks in accordance with the derivative transaction management regulations that specify authority for transactions, maximum amount, etc. and reports monthly trading results to responsible directors.

Details of currency derivatives are as follows:

Derivative Transactions to which Hedge Accounting is Not Applied

As of March 31, 2025			
	Contracted Amount	Later than one year	Fair value
U.S. dollar	Millions of yen	Millions of yen	Millions of yen
Forward exchange contracts			
Purchase	-	-	-
Sell	24,154	-	63
Total	24,154	-	63

As of March 31, 2025			
	Contracted Amount	Later than one year	Fair value
U.S. dollar	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Forward exchange contracts			
Purchase	-	-	-
Sell	161,542	-	421
Total	161,542	-	421

As of March 31, 2025			
	Assumed principal	Later than one year	Fair value
	Millions of yen	Millions of yen	Millions of yen
Currency swap			
U.S. dollars	87,136	78,052	(14,016)
EUR	-	-	-
Total	87,136	78,052	(14,016)

As of March 31, 2025			
	Assumed principal	Later than one year	Fair value
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Currency swap			
U.S. dollars	582,775	522,016	(93,742)
EUR	-	-	-
Total	582,775	522,016	(93,742)

Although the Group does not apply hedge accounting to these derivative transactions, it considers that the transactions effectively offset effects of exchange fluctuations.

Exposure to Exchange Rate Risks

The Group's exposure of Japanese yen and Korean won as functional currencies against the US dollar, the major foreign currency, is as follows. These amounts are after deduction of amounts of exchange rate risks hedged through derivative transactions, etc.

Functional Currency	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Japanese yen	12,703	84,956
Korean won	1,371	9,172

Foreign Exchange Sensitivity Analysis

With regard to foreign currency receivables and payables held by the Group at the end of current consolidated fiscal year, effects of 1% depreciation of the US dollar against each functional currency on profit before tax in the consolidated statement of profit or loss are as follows. If each currency moves inversely, this will have effects opposite to and at the same amount as the table below. The calculation is based on the assumption that currencies other than the currency used do not fluctuate.

Functional Currency	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Japanese yen (weak U.S. dollar)	(127)	(850)
Korean won (weak U.S. dollar)	(14)	(92)

(b) Equity Price Risks

Equity instruments held by the Group are principally shares of companies with which the Group has business relationships. These shares were acquired to expand businesses mutually and enhance the transaction relationships, and the Group does not hold the shares for the purpose of short-term trading.

Equity instruments include listed shares and unlisted shares. The Group periodically monitors market value, financial conditions of the issuers (business partners), etc. and reviews the ownership in light of the relationships with the business partners.

If the share price increases (decreases) by 5% with other changing factors remaining constant, other components of equity (net of related tax effects) will increase (decrease) by ¥189 million (\$1,266 thousand) for the fiscal year ended March 31, 2025 due to the change in fair value.

(c) Interest Rate Risks

The Group is exposed to interest rate fluctuation risks because it receives variable-rate loans from financial institutions.

For variable-rate, long-term borrowings involving interest rate fluctuation risks, the Group mitigates the risks by fixing cash flows using interest rate swap transactions, and applies cash flow hedges.

Exposure to interest rate fluctuation risks for the Group is limited, and effects of interest rate fluctuations are insignificant.

(ii) Credit Risks

The Group's trade and other receivables, other financial assets, etc. are exposed to credit risks of customers.

The Group establishes terms of collection and credit limit for transaction partners. In addition, the Group confirms the credit status periodically by obtaining the latest credit report on transaction partners from external organizations where necessary and analyzing the report as well as past results of collection and other factors. If it is considered that there is any change or abnormality in the credit status as a result of the confirmation, measures for protection of receivables are taken appropriately, including change in the credit limit, modification of the terms of collection or obtaining transaction credit insurance.

In the execution of derivative transactions, the Group conducts transactions only with financial institutions with high credit ratings in principle to mitigate credit risks.

The Group classifies receivables, etc. based on the nature of the credit risk to calculate loss allowance.

In terms of trade receivables that do not include significant financial components, the loss allowance is always determined as the same amount as lifetime expected credit loss (simplified approach). The amount of expected credit loss is calculated by classifying receivables, etc. according to the nature of the credit risk of the counterparty and multiplying the receivables amount by the allowance rate set according to the classification. This allowance rate is set in view of the probability of future occurrence of credit loss based on external credit reports.

In terms of other receivables, etc., the loss allowance is measured as the same amount as the 12-month expected credit loss in principle. The amount of expected credit loss is calculated by multiplying the gross carrying amount by the allowance rate established as stated above, in accordance with the general approach.

Of other receivables, etc., in terms of assets for which the credit risk has significantly increased from the initial recognition, including the case where the receivable is past due for payment, and credit-impaired financial assets, the loss allowance is recognized at the same amount as lifetime expected credit loss. In doing so, the amount of expected credit loss is determined as the difference between the present value, which is calculated by discounting future estimated cash flows using the original effective interest rate for the asset, and the gross carrying amount.

The Gross carrying amount and loss allowance of financial assets for which loss allowance is recognized are as shown below. Time deposits are excluded from the table below as those are considered to be not exposed to credit risks.

Gross carrying amount		Trade and other receivables			Other financial assets	
		Measured at 12-month expected credit losses	Measured at lifetime expected credit losses	Measured by simplified approach	Measured at 12-month expected credit losses	Measured at lifetime expected credit losses
As of March 31, 2025	Millions of yen	9,962	-	77,521	99	-
As of March 31, 2025	Thousands of U.S. dollars	66,624	-	518,468	661	-

* Financial assets for which loss allowance is measured at the amount equivalent to lifetime expected credit loss are principally credit-impaired financial assets.

* Credit risk rating:

For financial assets for which loss allowance is measured at 12-month expected credit loss, the credit risk rating for expected credit loss (assets to which the simplified approach is applied also correspond to this) is relatively high compared to financial assets for which loss allowance is measured at the amount equivalent to lifetime expected credit loss, and the credit rating of financial assets falling in the same category is basically the same.

(Millions of yen)

Loss Allowance	Trade and other receivables			Other financial assets	
	Measured at 12-month expected credit losses	Measured at lifetime expected credit losses	Measured by simplified approach	Measured at 12-month expected credit losses	Measured at lifetime expected credit losses
As of March 31, 2024	-	-	-	-	-
Acquisition due to business combination	-	-	3,050	-	2
Increase	-	-	2,154	-	-
Decrease (Utilization)	-	-	(53)	-	(1)
Decrease (Reversal)	-	-	(810)	-	(2)
Other	-	-	392	-	-
As of March 31, 2025	-	-	4,733	-	0

(Thousands of U.S. dollars)

As of March 31, 2024	-	-	-	-	-
Acquisition due to business combination	-	-	20,397	-	15
Increase	-	-	14,409	-	-
Decrease (Utilization)	-	-	(357)	-	(4)
Decrease (Reversal)	-	-	(5,414)	-	(11)
Other	-	-	2,622	-	-
As of March 31, 2025	-	-	31,658	-	0

* There is no significant change in gross carrying amount that could affect a change in loss allowance.

The maximum exposure for credit risk of financial assets is the carrying amount presented in the consolidated statement of financial position.

(iii) Liquidity Risks

Liquidity risks are the risks that the Group cannot execute a payment on the due date. Funds of the Group as a whole are in a position of net cash where funds held exceed borrowings. The Group formulates a financial plan based on the annual business plan, and then manages liquidity risks by ensuring an appropriate balance between direct and indirect financing and between short-term and long-term financing to prepare for these risks.

The balance of financial liabilities of the Group by maturity is as follows:

								(Millions of yen)
As of March 31, 2025	Carrying amount	Not later than one year	1-2 years	2-3 years	3-4 years	4-5 years	Later than 5 years	Contractual cash flows Total
Trade and other receivables	81,079	81,079	-	-	-	-	-	81,079
Borrowings	436,527	29,428	25,281	17,664	40,224	46,554	439,566	598,718
Bonds payable	59,878	13,215	211	15,176	164	5,149	27,232	61,147
Derivative liabilities	14,038	1,938	-	-	-	-	12,100	14,038
Lease liabilities	16,993	4,091	3,343	2,766	2,456	1,942	6,755	21,353
Total	608,515	129,751	28,835	35,606	42,845	53,645	485,653	776,334

								(Thousands of U.S. dollars)
As of March 31, 2025	Carrying amount	Not later than one year	1-2 years	2-3 years	3-4 years	4-5 years	Later than 5 years	Contractual cash flows Total
Trade and other receivables	542,264	542,264	-	-	-	-	-	542,264
Borrowings	2,919,524	196,815	169,082	118,137	269,024	311,358	2,939,848	4,004,264
Bonds payable	400,469	88,380	1,409	101,501	1,100	34,434	182,128	408,953
Derivative liabilities	93,886	12,962	-	-	-	-	80,924	93,886
Lease liabilities	113,650	27,363	22,356	18,497	16,424	12,989	45,181	142,809
Total	4,069,793	867,784	192,848	238,134	286,547	358,782	3,248,081	5,192,176

3) Fair Value of Financial Instruments

The Group classifies financial instruments into the following three levels in the fair value hierarchy according to the observability of inputs used for fair value measurement in markets:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Directly or indirectly observable inputs that are not included in Level 1

Level 3: Fair value that is determined using a valuation technique including unobservable inputs

Carrying amount and fair value of financial instruments measured at amortized cost are as follows:

	As of March 31, 2025		As of March 31, 2025	
	Millions of yen		Thousands of U.S. dollars	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term loans payable	436,527	435,374	2,919,524	2,911,811
Bonds payable	59,878	57,438	400,469	384,148

The above figures include balances to be collected within one year or to be repaid and redeemed within one year.

Financial instruments for which the carrying amount is reasonably approximate to the fair value are not included in the table above.

The fair value of long-term borrowings is calculated by discounting the total amount of principal and interest using the interest rate at which a similar new loan is assumed to be made.

Borrowings are classified as Level 3 in the fair value hierarchy.

The fair value of bonds payable is calculated by discounting future cash flows using the current market interest rate.

Bonds payable are classified as Level 2 in the fair value hierarchy.

Assets and liabilities measured at fair value by the Group are as follows:

(Millions of yen)

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	3,132	3,132
Derivatives	-	85	-	85
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	3,785	-	33,295	37,073
Total	3,785	85	36,427	40,290
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	14,037	-	14,037
Total	-	14,037	-	14,037

(Thousands of U.S. dollars)

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	20,948	20,948
Derivatives	-	566	-	566
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	25,314	-	222,680	247,994
Total	25,314	566	243,629	269,508
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	93,886	-	93,886
Total	-	93,886	-	93,886

Transfer between levels in the fair value hierarchy is recognized on the day when the event or

change in circumstances that caused the transfer occurred. In each fiscal year, there was no significant transfer between Level 1 and Level 2 in the fair value hierarchy.

Changes in financial instruments classified as Level 3 are as follows:

1. Other financial assets classified as Level 3

	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
	Millions of yen	Thousands of U.S. dollars
Balance at the beginning	-	-
Acquisition due to business combination	38,729	259,442
Total gains and losses	(1,169)	(7,821)
Profit or loss (Note1)	(165)	(1,106)
Other comprehensive income (Note2)	(1,004)	(6,715)
Purchase	95	632
Selling	(668)	(4,466)
Other	(622)	(4,160)
Balance at the end	36,427	243,629

(Note) 1. Gains and losses included in profit or loss relate to financial assets measured at fair value through profit or loss.

These gains and losses are included in “Operating income,” “Operating expenses,” “Finance income” and “Finance costs.”

2. Gains and losses included in other comprehensive income relate to financial assets measured at fair value through other comprehensive income as at the reporting date. These gains and losses are included in “net change in financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

Financial assets and liabilities classified as Level 2 are derivative transactions related to foreign exchange forward contracts, interest rate swaps, etc. Fair value of foreign exchange forward contracts, interest rate swaps, etc. is calculated based on observable market data such as the interest rate presented by financial institutions with which the Group has transactions and others.

Financial assets classified as Level 3 are mainly unlisted shares. With regard to valuation of unlisted shares, principally, the fair value is measured taking into account future profitability or cash flows of the investees comprehensively. The results are reviewed and approved by a person with appropriate authority. For financial instruments classified as Level 3, an increase or decrease in fair value if unobservable inputs are changed to reasonably possible alternative assumptions is not significant.

4) Hedge Accounting

Not applicable

(35) Significant Subsidiaries

The circumstances of the main subsidiaries of the Company is as below.

Name of the company	Address	Percentage of Voting Rights
Emulsion Technology, Co., Ltd.	Yokkaichi, Mie, Japan	% 100.0
Techno-UMG Co., Ltd.	Minato-ku, Tokyo, Japan	51.0
JAPAN COLORING CO., LTD.	Yokkaichi, Mie, Japan	100.0
JSR Micro Kyushu Co., Ltd.	Saga, Saga, Japan	100.0
MEDICAL&BIOLOGICAL LABORATORIES CO., LTD.	Minato-ku, Tokyo, Japan	100.0
Yamanaka Hutech Corporation	Kyoto-shi, Kyoto, Japan	100.0
JSR Micro N.V.	Leuven, Belgium	100.0
JSR Micro, Inc.	Sunnyvale, CA U.S.A.	100.0 (100.0)
JSR Electronic Materials Korea Co., Ltd.	Gyeonggi-do, Korea	100.0
Inpria Corporation	Corvallis, Oregon U.S.A.	100.0
JSR Micro Korea Co., Ltd.	Chungcheongbuk-do, Korea	100.0
JSR Micro Taiwan Co., Ltd.	Yunlin County, Taiwan	100.0
KBI Biopharma, Inc.	Durham, NC, U.S.A	100.0
Selexis SA	Geneva, SWITZERLAND	100.0
JSR Micro (Changshu) Co., Ltd.	Changshu, JiangsuProvince, China	51.0
Crown Bioscience International	Cayman Islands, U.K.	100.0 (100.0)
Indivumed Services GmbH & Co. KG	Hamburg, Germany	100.0 (100.0)
EUV Resist Manufacturing & Qualification Center N.V.	Leuven, Belgium	69.4 (69.4)
JSR North America Holdings, Inc.	Sunnyvale, CA U.S.A.	100.0
JSR Life Sciences, LLC	Sunnyvale, CA U.S.A.	100.0 (100.0)
JSR Electronic Materials Taiwan Co., Ltd.	Hsinchu County, Taiwan	100.0

The figure in the parentheses in the column of Percentage of Voting Rights is Indirect ownership ratio.

The number of consolidated subsidiaries as of March 31, 2025 was 57.

Changes in the consolidated subsidiaries in the current fiscal year are as follows:

The number of consolidated subsidiaries increased at the beginning of the fiscal year due to business combinations: 56

The number of companies consolidated by acquisition, establishment, etc.: 2

The number of companies reduced by mergers: 1

The condensed financial information for consolidated subsidiaries for which the Group has recognized significant non-controlling interests are as follows. The condensed financial information shows the amount before elimination of transactions within the Group.

Techno-UMG Co., Ltd.

(1) Proportion of non-controlling interests and the cumulative amount of non-controlling interests

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Proportion of share of non-controlling interests	49%	49%
The cumulative amount of non-controlling interests	26,208	175,283

(2) Profit or loss allocated to non-controlling interests and dividends paid for non-controlling interests

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Profit or loss allocated to non-controlling interests	(558)	(3,733)
Dividends paid for non-controlling interests	(1,930)	(12,910)

(3) The condensed financial information

1) Condensed Statement of Financial Position

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Current assets	41,918	280,350
Non-current assets	23,980	160,377
Total assets	65,898	440,727
Current liabilities	19,286	128,988
Non-current liabilities	636	4,253
Total current liabilities	19,922	133,241
Total equity	45,975	307,486
Total liabilities and equity	65,898	440,727

2) Condensed Statements of Profit or Loss and Comprehensive Income

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Revenue	81,271	543,546
Profit	628	4,198
Comprehensive income	628	4,198

3) Condensed Statement of Cash Flows

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities	2,230	14,913
Cash flows from investing activities	(3,004)	(20,090)
Cash flows from financing activities	(3,959)	(26,480)
Net increase (decrease) in cash and cash equivalents	(4,733)	(31,657)
Cash and cash equivalents at the end of the period	4,184	27,984

(36) Related Parties

Key Management Personnel Compensation

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
	Millions of yen	Thousands of U.S. dollars
Basic compensation	629	4,206
Bonuses	460	3,075
Total	1,089	7,281

(37) Commitments

Commitments related to expenditures taking place after the last day of the fiscal year are as follows:

	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Thousands of U.S. dollars
Acquisition of property, plant and equipment	18,509	123,791

(38) Contingent liabilities

Not applicable

(39) Material subsequent events

(Spin-off of ETEC and Transfer of Shares)

The former JSR Corporation is dividing the Emulsion business and Fine business of our wholly owned subsidiary, Emulsion Technology, Co., Ltd. (hereinafter referred to as “ETEC”), in a spin-off. The Emulsion business will remain as ETEC and transfer to NIPPON SHOKUBAI CO., LTD. (hereinafter referred to as “NIPPON SHOKUBAI”). NIPPON SHOKUBAI and JSR signed the share transfer agreement for the Emulsion business on November 12, 2024.

The transfer of all shares of ETEC to NIPPON SHOKUBAI was completed on April 1, 2025. Furthermore, the company has classified the assets and liabilities of ETEC's Emulsion business into a disposal group intended for sale.

The impact of this transaction on the consolidated financial statements for the following fiscal year is currently under review.

(Transfer of In Vitro Diagnostic business and In Vitro Diagnostic Materials business - Including Medical & Biological Laboratories Co., Ltd. and JSR Life Sciences Corporation)

The company hereby announces that its Board of Directors resolved on April 22, 2025 to establish a new company, JSR-01 Corporation (hereinafter “newly established company”), and to transfer its in vitro diagnostics and in vitro diagnostics materials businesses, including Medical & Biological Laboratories Co., Ltd. and JSR Life Sciences Corporation will be transferred to the newly established company through an absorption-type company split, and all outstanding shares of the newly established company will be transferred to Tokuyama Corporation.

The establishment of the newly established company was completed on June 9, 2025, and the execution of the share transfer is scheduled for October 1, 2025.

Starting from the fiscal year ending March 31, 2026, the in vitro diagnostics and in vitro diagnostics materials businesses are scheduled to be classified as discontinued operations.

The impact of this transaction on the consolidated financial statements for the following fiscal year is currently under review.



Independent auditor's report

To the Board of Directors of JSR Corporation:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of JSR Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the fair value measurement of intangible assets identified through the acquisition of shares of the former JSR Corporation

The key audit matter	How the matter was addressed in our audit
As described in Note 7, “Business Combinations and Acquisitions of Non-controlling Interests” of the consolidated	The primary procedures we performed to assess the reasonableness of the fair value measurement of intangible assets identified through the acquisition of

<p>financial statements, JSR Corporation (hereinafter the “Company”) acquired common shares of the former JSR Corporation through a tender offer on April 16, 2024, and subsequently, the former JSR Corporation became a consolidated subsidiary of the Company. Post completion of the tender offer, for purchase price allocation (hereinafter, “PPA”) purposes, the Company measured identifiable assets acquired at their acquisition-date fair values with the assistance of external fair value measurement experts. As a result, the Company recognized intangible assets of ¥374,484 million and goodwill of ¥429,503 million, which were identified when acquiring the shares of the former JSR Corporation.</p> <p>As described in Note 4, “Significant Accounting Policies, 2) Business Combinations” of the consolidated financial statements, the identifiable assets acquired through a business combination are measured at their acquisition-date fair values, and the fair values of the assets are estimated based on the business plan prepared by management.</p> <p>The business plan includes key assumptions that involve management judgment, such as the growth potential of the markets where the businesses of the former JSR Corporation operated. The assumptions may be affected by changes in the business strategies and market environment and involve uncertainty.</p> <p>In addition, the fair value measurement of the identifiable assets requires a high degree of expertise in selecting models and input data.</p> <p>We, therefore, determined that our assessment of the reasonableness of the fair value measurement of intangible assets identified through the acquisition of shares of the former JSR Corporation was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>shares of the former JSR Corporation included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to confirming the reasonableness of the fair value measurement of intangible assets identified through the acquisition of shares of the former JSR Corporation.</p> <p>(2) Assessment of the reasonableness of the fair value measurement of intangible assets</p> <p>In order to assess the appropriateness of key assumptions used in estimating the fair value of intangible assets identified by the Company, we inquired of management and the personnel responsible for the business about the basis on which those assumptions were developed. In addition, we:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the potential growth rates included in the business plan through comparison with relevant data published by the external organizations; Assessed the appropriateness of the fair value measurement and the model used to estimate the discount rate based on subject matters relevant to valuation and the requirements of accounting standards by involving a valuation specialist within our domestic network firms; and Assessed the appropriateness of the input data used to estimate the discount rate through comparison with relevant data published by external organizations and obtained independently by the valuation specialist.
Appropriateness of the amount of impairment loss recognized on goodwill allocated to the drug discovery and development services business and CDMO (Contract Development and Manufacturing Organization for Biopharmaceuticals) business	
The key audit matter	How the matter was addressed in our audit
<p>As described in Note 17, “Impairment on Non-</p>	<p>The primary procedures we performed to assess the</p>

Financial Assets” of the consolidated financial statement, the Group recognized goodwill of ¥18,541 million and ¥28,861 million allocated to the drug discovery and development services business and CDMO (Contract Development and Manufacturing Organization for Biopharmaceuticals) business (hereinafter the “CDMO business”) respectively, which, in aggregate, represented 4.2% of total assets in the consolidated financial statements.

Goodwill is required to be tested for impairment at least annually or more frequently whenever it is determined that there is an impairment indicator. In the impairment testing, when the recoverable amount of a group of cash-generating units is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is the higher of either the value in use or fair value less costs of disposal.

In the annual impairment testing, impairment losses of ¥49,256 million and ¥89,333 million were recognized on the drug discovery and development services business and the CDMO business respectively in the consolidated statement of profit or loss for the current fiscal year, as the value in use of the drug discovery and development services business and the value in use of the CDMO business were less than their respective carrying amounts.

The value in use was discounted to the present value of the estimated amount of future cash flows based on the five-year business plan prepared by management. In developing the five-year revenue projection that formed the basis for the business plan, key assumptions, such as the growth potential of the markets where the drug discovery and development services business and the CDMO business operate, were used. These assumptions involved a high degree of uncertainty and had a significant effect on the estimated future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate requires a high degree of expertise in valuation.

We, therefore, determined that our assessment of the appropriateness of the amount of impairment loss recognized on goodwill allocated to the drug discovery and development services business and CDMO business was one of the most significant

appropriateness of the amount of impairment loss recognized on goodwill allocated to the drug discovery and development services business and the CDMO business included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to measuring the value in use used in the impairment testing on goodwill.

(2) Assessment of the reasonableness of the estimated value in use

We inquired of management and the personnel responsible for the drug discovery and development services business and the CDMO business about the basis on which key assumptions were developed to assess the appropriateness of those assumptions used in preparing the business plan, which formed the basis for estimating future cash flows. In addition, we:

- Compared the five-year revenue projection included in the business plan with available external data related to the market growth rate; and
- Involved a valuation specialist within our domestic network firms to assess the appropriateness of the model used by management to estimate the discount rate and compared it with the discount rate independently calculated by the valuation specialist.

matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	
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Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 our 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express 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 whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide corporate auditors and the board of corporate auditors 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.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are ¥280 million and ¥64 million, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Toshiyuki Tamura

Designated Engagement Partner

Certified Public Accountant

Tatsuo Utsugi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

August 7, 2025

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.