MATERIALS INNOVATION

Annual Report 2024

From April 2023 to March 2024

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 93 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, 2024 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, 2023	As of March 31, 2024	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	8	72,639	100,645	664,719
Trade and other receivables	9, 34	78,999	87,897	580,526
Inventories	11	118,494	103,910	686,279
Other financial assets	10, 34	2,657	717	4,735
Other current assets	13	26,718	16,749	110,620
Total current assets		299,507	309,918	2,046,879
Non-current assets				
Property, plant and equipment	14, 15, 17	169,617	174,891	1,155,080
Goodwill	16, 17	135,735	153,107	1,011,205
Other intangible assets	16, 17	47,664	49,509	326,989
Investments accounted for using equity method	18	2,479	2,756	18,202
Retirement benefit asset	22	5,674	6,374	42,095
Other financial assets	10, 34	33,157	49,777	328,759
Other non-current assets	13	3,438	4,657	30,757
Deferred tax assets	19	20,240	20,366	134,512
Total non-current assets		418,003	461,437	3,047,599
Total assets		717,511	771,355	5,094,478

	Note	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	21, 34	79,872	79,714	526,476
Contract liabilities		22,407	19,319	127,597
Bonds and borrowings	20, 34	62,510	97,605	644,638
Income taxes payable		3,046	3,529	23,308
Provisions	23	1,474	1,959	12,935
Other financial liabilities	20, 34	3,243	4,261	28,141
Other current liabilities	24	9,410	9,419	62,209
Total current liabilities		181,962	215,805	1,425,305
Non-current liabilities				
Contract liabilities		5,062	2,679	17,693
Bonds and borrowings	20, 34	95,683	81,465	538,040
Retirement benefit liability	22	10,485	10,045	66,341
Provisions	23	7,423	7,359	48,603
Other financial liabilities	20, 34	24,426	37,574	248,162
Other non-current liabilities	24	4,373	2,775	18,327
Deferred tax liabilities	19	7,162	11,210	74,034
Total non-current liabilities		154,614	153,106	1,011,200
Total liabilities		336,576	368,911	2,436,505
Equity				
Equity attributable to owners of parent				
Share capital	25	23,370	23,370	154,351
Capital surplus	25	6,637	6,748	44,565
Retained earnings	25	288,919	276,992	1,829,414
Treasury shares	25	(2,109)	(1,961)	(12,955)
Other components of equity	25	38,709	70,646	466,586
Total equity attributable to owners of parent		355,526	375,794	2,481,962
Non-controlling interests		25,409	26,650	176,011
Total equity		380,935	402,444	2,657,973
Total liabilities and equity		717,511	771,355	5,094,478

(2) Consolidated Statement of Profit or Loss

	Note	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue	6, 27	408,880	404,631	2,672,419
Cost of sales		(265,792)	(269,767)	(1,781,699)
Gross profit		143,088	134,864	890,720
Selling, general and administrative expenses	28	(109,847)	(125,746)	(830,500)
Other operating income	17, 29	7,071	2,730	18,034
Other operating expenses	17, 29	(11,029)	(8,294)	(54,777)
Share of profit of investments accounted for using equity method	18	87	94	621
Operating profit	6	29,370	3,649	24,098
Finance income	6, 30	3,523	2,579	17,031
Finance costs	6, 30	(3,047)	(6,352)	(41,950)
Profit (loss) before tax	6	29,846	(124)	(821)
Income tax expense	19	(13,427)	(4,349)	(28,722)
Profit (loss)		16,419	(4,473)	(29,543)
Profit (loss) attributable to:				
Owners of parent		15,784	(5,551)	(36,663)
Non-controlling interests		634	1,078	7,120
Total		16,419	(4,473)	(29,543)
Earnings (loss) per share		Yen	Yen	U.S. dollars
Basic earnings (loss) per share	32	75.56	(26.74)	(0.18)
Diluted earnings (loss) per share	32	75.47	(26.74)	(0.18)

(3) Consolidated Statement of Comprehensive Income

	Note	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit (loss)		16,419	(4,473)	(29,543)
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	(118)	10,740	70,933
Remeasurements of defined benefit plans	31	734	1,115	7,362
Items that may be reclassified to profit or loss				
Effective portion of cash flow hedges	31	5	—	—
Exchange differences on translation of foreign operations	31	12,035	21,264	140,441
Share of other comprehensive income of investments accounted for using equity method	31	414	188	1,239
Total other comprehensive income, net of tax		13,071	33,306	219,975
Total comprehensive income		29,489	28,833	190,432
Comprehensive income attributable to:				
Owners of parent		28,479	27,181	179,522
Non-controlling interests		1,010	1,652	10,910
Total		29,489	28,833	190,432

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2022		23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739
Profit				15,784			15,784	634	16,419
Other comprehensive income						12,695	12,695	376	13,071
Total comprehensive income		-	-	15,784	-	12,695	28,479	1,010	29,489
Share-based payment transactions			408		371	(0)	779		779
Dividends	26			(14,793)			(14,793)	(800)	(15,593)
Purchase and disposal of treasury shares	25		(549)	(45,913)	16,394		(30,067)		(30,067)
Transfer from other components of equity to retained earnings				477		(477)	-		-
Proceeds from sale of shares of subsidiaries							-	(13,518)	(13,518)
Changes in non-controling interests			(5,021)			111	(4,911)	(11)	(4,922)
Other				23			28		28
Total transactions with owners, etc.		-	(5,162)	(60,200)	16,765	(367)	(48,964)	(14,329)	(63,294)
Balance at March 31, 2023		23,370	6,637	288,919	(2,109)	38,709	355,526	25,409	380,935

Fiscal year ended March 31, 2024

(Millions of yen)

	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2023		23,370	6,637	288,919	(2,109)	38,709	355,526	25,409	380,935
Profit (loss)				(5,551)			(5,551)	1,078	(4,473)
Other comprehensive income						32,733	32,733	574	33,306
Total comprehensive income		-	-	(5,551)	-	32,733	27,181	1,652	28,833
Share-based payment transactions			110			115	225		225
Dividends	26			(7,266)			(7,266)	(408)	(7,674)
Purchase and disposal of treasury shares	25		(73)		148		74		74
Transfer from other components of equity to retained earnings				910		(910)	-		-
Other				(21)			53	(3)	50
Total transactions with owners, etc.		-	110	(6,376)	148	(795)	(6,914)	(411)	(7,325)
Balance at March 31, 2024		23,370	6,748	276,992	(1,961)	70,646	375,794	26,650	402,444

Fiscal year ended March 31, 2024

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2023		154,351	43,836	1,908,191	(13,931)	255,654	2,348,102	167,815	2,515,916
Profit (loss)				(36,633)			(36,633)	7,120	(29,543)
Other comprehensive income						216,185	216,185	3,790	219,975
Total comprehensive income		-	-	(36,633)	-	216,185	179,522	10,910	190,432
Share-based payment transactions			729			756	1,486		1,486
Dividends	26			(47,986)			(47,986)	(2,697)	(50,682)
Purchase and disposal of treasury shares	25		(485)		976		491		491
Transfer from other components of equity to retained earnings				6,009		(6,009)	-		-
Other			485	(138)			347	(17)	330
Total transactions with owners, etc.		-	729	(42,114)	976	(5,253)	(45,662)	(2,714)	(48,376)
Balance at March 31, 2024		154,351	44,565	1,829,414	(12,955)	466,586	2,481,962	176,011	2,657,973

(5) Consolidated Statement of Cash Flows

	Note	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities				
Profit (loss) before tax		29,846	(124)	(821)
Depreciation and amortization		28,425	33,514	221,346
Interest and dividend income		(785)	(1,226)	(8,095)
Interest expenses		3,047	6,352	41,950
Share of loss (profit) of investments accounted for using equity method		(87)	(94)	(621)
Impairment losses	17	7,801	2,191	14,470
Loss (gain) on step acquisition	7	(3,429)	—	—
Decrease (increase) in trade and other receivables		2,274	(5,501)	(36,329)
Decrease (increase) in inventories		(4,761)	20,994	138,655
Increase (decrease) in trade and other payables		(5,895)	8,117	53,609
Other		(563)	(1,934)	(12,775)
Dividends received		474	354	2,336
Interest received		349	907	5,991
Interest paid		(3,420)	(6,416)	(42,375)
Income taxes refund		—	7,570	49,998
Income taxes paid		(24,005)	(4,705)	(31,076)
Net cash provided by (used in) operating activities		29,270	59,998	396,264
Cash flows from investing activities				
Net decrease in time deposits		(1,211)	1,975	13,042
Purchase of property, plant and equipment		(31,202)	(41,043)	(271,073)
Proceeds from sale of property, plant and equipment		2,445	878	5,796
Purchase of investments		(1,745)	(1,623)	(10,719)
Proceeds from sale of investments		1,124	357	2,355
Purchase of shares of subsidiaries resulting in change in scope of consolidation	7	(23,116)	—	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	12	51,160	—	—
Payments for loans receivable		(1,792)	(30)	(201)
Collection of loans receivable		16	21	138
Other		274	(714)	(4,715)
Net cash provided by (used in) investing activities		(4,047)	(40,181)	(265,378)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	20	(13,183)	1,154	7,622
Net increase in commercial papers	20	9,995	19,990	132,024
Repayments of long-term borrowings	20	(9,543)	(6,334)	(41,834)
Proceeds from long-term borrowings	20	26,768	234	1,545
Proceeds from issuance of bonds	20	24,872	—	—
Purchase of treasury shares	25	(30,137)	(6)	(41)
Dividends paid	26	(14,791)	(7,271)	(48,021)
Dividends paid to non-controlling interests		(781)	(410)	(2,706)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	7	(4,922)	—	—
Repayments of lease liabilities	20	(3,744)	(4,112)	(27,161)
Other		262	183	1,211
Net cash provided by (used in) financing activities		(15,203)	3,428	22,640

Effect of exchange rate changes on cash and cash equivalents		628	4,761	31,446
Net increase (decrease) in cash and cash equivalents		10,648	28,007	184,972
Cash and cash equivalents at beginning of period		45,567	72,639	479,748
Cash and cash equivalents included in assets associated with disposal groups classified as held for sale	12	16,424	—	—
Cash and cash equivalents at end of period	8	72,639	100,645	664,719

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 93 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, 2024, which was ¥151.41 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 Eric Johnson, the Company’s representative director, CEO and president, and Ken-ichi Emoto, the Company’s CFO, on June 28, 2024.

(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 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

A joint venture is an entity jointly controlled by two or more parties including the Group under the contractually agreed sharing of control over economic activities of the joint venture, which exists 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 a joint venture are different from those applied by the Group, adjustments are made to the joint venture's 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: 5-25 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) Share-based Remuneration Plans

(i) Stock Options

The Group operated an equity-settled share-based remuneration plan where the Group received services from directors, executive officers, and employees as well as paid equity instruments (options) as consideration thereof until June 2017

The fair value on the date the option was granted under the plan is recognized as an expense over the option's vesting period and the same amount is recorded as an increase in equity. The plan was terminated in June 2017 (however, of share acquisition rights as share-based stock options that were already granted to directors, etc., those share acquisition rights which have not been exercised will be continued).

(ii) Restricted Share-based Remuneration Plan

The Company has adopted the restricted share-based remuneration plan for its directors and others as a performance-linked remuneration plan and applied the accounting treatment for equity-settled share-based plans under this plan.

Fair value of the share-based remuneration is determined using the fair value of ordinary shares on the grant date. The fair value is recognized as an expense over the share's vesting period, and the same amount is recorded as an increase in equity.

(iii) Performance Share Unit Remuneration Plan

The Company has adopted a Performance Share Unit Remuneration plan for directors and executive officers of the Company and officers of certain subsidiaries of the Company, under which the number of shares to be delivered and the amount of individual cash payments are adjusted according to the attainment level of predetermined performance targets, and applied cash-settled share-based payment transactions and equity-settled share-based payment transactions under this plan.

Expenses related to the cash-settled payment transactions are recognized over the applicable period and the same amounts are recognized as an increase in liabilities.

Expenses related to the equity-settled payment transactions are calculated using the fair value of common stock at the grant date and are recognized over the applicable period and the same amounts are recognized as an increase in equity.

18) 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.

19) 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.

20) 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.

21) 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.

22) 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, 2023 (April 1, 2022 to March 31, 2023)

(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	170,439	126,478	95,802	16,162	408,880	-	408,880
Segment profit (loss) (core operating profit)[Note 3]	27,790	8,450	1,853	441	38,534	(4,510)	34,025
Segment assets	267,733	271,240	76,713	18,504	634,191	83,320	717,511
Other items							
Depreciation and amortization	11,475	11,720	2,800	807	26,802	1,623	28,425
Impairment losses	7,801	-	-	-	7,801	-	7,801
Capital expenditures	20,154	15,873	3,253	4,546	43,826	392	44,218

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 (4,510) million yen contains company-wide profits and losses not allocated to the reportable segments. The adjustment amount in the segment assets line are company-wide 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, 2024 (April 1, 2023 to March 31, 2024)

(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	168,115	129,693	92,832	13,991	404,631	—	404,631
Segment profit (loss) (core operating profit) [Note 3]	20,272	(7,739)	1,460	131	14,124	(5,780)	8,345
Segment assets	283,262	272,297	84,661	16,651	656,870	114,485	771,355
Other items							
Depreciation and amortization	12,613	15,802	2,774	702	31,890	1,624	33,514
Impairment losses	—	1,080	—	—	1,080	1,111	2,191
Capital expenditures	11,778	12,857	3,490	790	28,915	2,680	31,595

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 (5,780) million yen 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, 2024 (April 1, 2023 to March 31, 2024)

(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	1,110,328	856,565	613,120	92,406	2,672,419	—	2,672,419
Segment profit (loss) (core operating profit) [Note 3]	133,886	(51,111)	9,641	868	93,284	(38,172)	55,112
Segment assets	1,870,824	1,798,408	559,150	109,972	4,338,355	756,123	5,094,478
Other items							
Depreciation and amortization	83,301	104,363	18,322	4,636	210,622	10,724	221,346
Impairment losses	—	7,135	—	—	7,135	7,335	14,470
Capital expenditures	77,787	84,914	23,052	5,217	190,970	17,702	208,672

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 $(38,172) 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, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Segment profit	34,025	8,345	55,112
Business restructuring expenses	(9,002)	(4,227)	(27,917)
Gain on step acquisitions	3,429	—	—
Loss on sales of fixed assets	(222)	—	—
Gain on sales of subsidiaries' stock	1,020	—	—
Others	120	(469)	(3,098)
Operating profit	29,370	3,649	24,098
Finance income	3,523	2,579	17,031
Finance costs	(3,047)	(6,352)	(41,950)
Profit (loss) before tax	29,846	(124)	(821)

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, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan	154,641	160,360	1,059,109
China	72,016	74,637	492,946
U.S.	76,771	66,056	436,275
Other regions	105,452	107,827	684,089
Total	408,880	404,631	2,672,419

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

Property, Plant and Equipment

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan	78,891	76,118	502,730
U.S.	65,500	71,133	469,804
Other regions	25,226	27,639	182,546
Total	169,617	174,891	1,155,080

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, 2023 (April 1, 2022 to March 31, 2023)

(Wholly Owned Subsidiary through Acquisition of Shares of JSR Electronic Materials Korea Co., Ltd.)

(1) Outline of Business Combination

On January 10, 2023, the company acquired an additional 60.0% stake in JSR Electronic Materials Korea Co., Ltd. ("JEMK"), a distributor of semiconductor materials, making it a wholly owned subsidiary of the company.

1) Name and Business of the Acquired Company
Name: JSR Electronic Materials Korea Co., Ltd.
Business: Sales agency business for semiconductor materials, etc.

2) Date of Acquisition
January 10, 2023

3) Percentage of Voting Rights Acquired

Percentage of Voting Rights Held Immediately before the Date of Acquisition	40.0%
Percentage of Voting Rights Additionally Acquired on the Date of Acquisition	60.%
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
Established in 2014, JEMK has been contributing to the growth and expansion of the company's semiconductor materials business in South Korea. As our customers continue to develop advanced technologies, including Metal Oxide Resists from Inpria Corporation, which was acquired by the company in October 2021, it is becoming increasingly important for us to develop our business in a better and closer relationship with our customers. The company has decided to make JEMK a wholly-owned subsidiary of its company in order to improve customer satisfaction and speed up service delivery through integrated group operations, and to further strengthen our global cooperation in the semiconductor materials business.

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

	Amount
	Millions of yen
Fair value of equity interests held immediately prior to the acquisition date	3,468
Fair value of consideration paid	5,275
Total	8,743
Current Assets	
Cash and cash equivalents	798
Inventories	3,574
Trade and other receivables	1,018
Other current assets	816
Non-current assets	
Property, plant and equipment	31
Other intangible assets	6,539
Other financial assets	662
Other non-current assets	76
Acquired assets	13,514
Current liabilities	
Trade and other payables	4,309
Other current liabilities	1,735
Non-current liabilities	

Deferred tax liabilities	1,437
Total liabilities assumed	7,480
Goodwill	2,709

In the previous fiscal year, the Company reported a provisional amount because the adjustment and allocation of the acquisition consideration had not yet been finalized, but this amount was finalized in the current fiscal year. From the provisional amounts, intangible assets and deferred tax liabilities increased mainly by 6,530 million yen and 1,437 million yen, respectively, and the amount of goodwill decreased by 5,094 million yen.

Figures for the previous fiscal year included in the consolidated financial statements and notes to the consolidated financial statements represent amounts based on the fixed amounts after the adjustment.

The valuation gain recognized by our company as a result of remeasuring the equity interest held immediately prior to the acquisition date at fair value as of the date of acquisition of control is 3,429 million yen and is included in "Other operating income" in the consolidated statements of income. In addition, acquisition-related costs related to the business combination were 26 million yen, and the amount incurred during the current fiscal year is expensed in 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
	Millions of yen
Cash and cash equivalents paid for the acquisition	5,275
Cash and cash equivalents held by the acquired company at the time of acquisition	798
Purchase of shares of subsidiaries resulting in change in scope of consolidation	4,477

(4) Impact on the Group's Performance
The impact on revenue and profit arising from JEMK 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.

(Acquisition of Indivumed Services GmbH & Co. KG)

(1) Outline of Business Combination

On March 31, 2023, Crown Bioscience International (“Crown Bioscience”), a JSR Life Sciences Company, acquired a 100.0% stake in Indivumed Services GmbH& Co. KG (" Indivumed Services"), a provider of biospecimens, biobanks and clinical services, making it a wholly owned subsidiary of our company.

1) Name and Business of the Acquired Company
Name: Indivumed Services GmbH & Co. KG
Business: Biospecimens, biobank and clinical services business, etc.

2) Date of Acquisition
March 31, 2023

3) Percentage of Voting Rights Acquired
100.0%

4) Method of Acquiring Control
Acquisition of Shares for Cash

5) Purpose of Business Combination
The Company has decided to make Indivumed Services a wholly-owned subsidiary of Crown Bioscience in order to further accelerate drug discovery and create solutions to meet customer needs by bringing a variety of synergistic service platforms to Crown Bioscience's drug discovery suport services, enabling

the acquisition of high-quality biospecimens, biobanks and access to fresh patient samples.

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

	Amount
	Millions of yen
Cash	19,029
Contingent consideration	6,130
Total Fair value of consideration paid	25,158
Current Assets	
Cash and cash equivalents	125
Inventories	552
Trade and other receivables	5,271
Other current assets	55
Non-current assets	
Property, plant and equipment	310
Other intangible assets	13,470
Acquired assets	19,783
Current liabilities	
Trade and other payables	127
Other current liabilities	291
Non-current liabilities	
Deferred tax liabilities	438
Total liabilities assumed	856
Goodwill	6,232

In the previous fiscal year, the Company reported a provisional amount because the adjustment and allocation of the acquisition consideration had not been finalized, but this amount was finalized in the current fiscal year. From the provisional amounts, intangible assets and deferred tax liabilities increased mainly by 13,462 million yen and 438 million yen, respectively, and the amount of goodwill decreased by 12,138 million yen.

Figures for the previous fiscal year included in the consolidated financial statements and notes to the consolidated financial statements represent amounts based on the fixed amounts after the adjustment.

Acquisition-related costs related to the business combination were 566 million yen, and the amount incurred during the current fiscal year is expensed in 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) Contingent Consideration

Contingent consideration is a payment agreement that fluctuates according to the level of achievement of certain indicators, such as sales after the business combination and the number of biological samples acquired, and the Group estimates the attainability and recognizes the amount of 5,217 million yen as unpaid acquisition consideration. The amount is calculated based on the level of achievement of each target indicator. The maximum amount of contingent consideration is 8,743 million yen. The fair value hierarchy of contingent consideration is Level 3.

(4) Effect of Business Combination on Cash Flows

	Amount
	Millions of yen
Cash and cash equivalents paid for the acquisition	18,765
Cash and cash equivalents held by the acquired company at the time of acquisition	126
Purchase of shares of subsidiaries resulting in change in scope of consolidation	18,639

(5) Impact on the Group's performance

The impact on sales revenue and net income generated from Individualized Services included in the consolidated statements of income, and on sales revenue and net income assuming the business combination is implemented at the beginning of the fiscal year is immaterial.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not Applicable

2) Acquisition of Non-controlling Interest

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

On February 13, 2023, the company acquired an additional 10.0% shares in KBI Biopharma, Inc., microbial and mammalian, clinical and commercial biopharmaceutical contract development and manufacturing services, to make KBI Biopharma, Inc. a wholly owned subsidiary of the company.

As the consideration for additional acquisition, cash of ¥ 4,922 million was paid to the non-controlling-interest shareholders, and the Group accounted for ¥ 5,021 million as the decreasing capital surplus ,which is the difference between the consideration for the additional acquisition and ¥ (99) million which is the total amount of non-controlling interest reduced because of the additional acquisition, the exchange differences on translation of foreign operations and valuation difference on available-for-sale securities.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not Applicable

(8) Cash and Cash Equivalents

Cash and cash equivalents for each fiscal year 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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents			
Cash and deposit	72,634	100,640	664,686
Short-term investment	5	5	33
Total	72,639	100,645	664,719

(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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Trade receivables			
Notes and account receivable-trade	70,595	77,193	509,827
Other receivables			
Account receivables-other	8,292	10,612	70,085
Other	112	93	613
Total	78,999	87,897	580,526

(10) Other financial assets

1) Breakdown of Other financial assets

The breakdown of other financial assets is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Derivative asset	78	–	-
Investments (equity financial assets)	31,632	48,725	321,810
Term deposits	2,285	475	3,134
Other	1,819	1,295	8,551
Total	35,814	50,494	333,494
Current assets	2,657	717	4,735
Non-current assets	33,157	49,777	328,759
Total	35,814	50,494	333,494

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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cambridge Quantum Computing.	3,690	18,172	120,022
Carbon, Inc.	6,309	5,006	33,065
Optorun Co., Ltd.	5,114	4,777	31,551
Vedanta Biosciences Inc	2,972	3,203	21,154
OSAKA ORGANIC CHEMICAL INDUSTRY LTD.	1,509	2,216	14,632
Other	9,081	11,873	78,414
Total	28,676	45,247	298,838

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, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Dividends received	434	331	2,188

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, 2023		Fiscal year ended March 31,2024		Fiscal year ended March 31, 2024	
Millions of yen		Millions of yen		Thousands of U.S. dollars	
Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses
1,124	(226)	357	(79)	2,355	(523)

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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Finished goods and merchandise	62,482	58,436	385,942
Work in process	2,629	2,955	19,514
Raw materials and supplies	53,384	42,519	280,823
Total	118,494	103,910	686,279

The amount of valuation losses on inventories recognized as expenses was ¥ 466 million as of March 31, 2023 and ¥ (99) million ($ (655) thousand) as of March 31, 2024. 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 ¥ 204,695 million as of March 31, 2023 and ¥ 196,959 million ($ 1,300,832 thousand) as of March 31, 2024.

(12) Discontinued Operations

At the Board of Directors meeting held on May 11, 2021, the Company decided to transfer the Elastomers Business to ENEOS Corporation, and accordingly, the business was classified as discontinued operations. The transfer was completed on April 1, 2022.

The following are cash flows from discontinued operations.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities	-	-	-
Cash flows from investing activities*	50,880	-	-
Cash flows from financing activities	-	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Total	50,880	-	-

Note: The relationship between consideration received for the transfer of shares and income and expenditure of the transfer is as follows:

	Millions of yen
Consideration received	68,473
Cash and cash equivalents of transferred subsidiaries	(17,593)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	50,880

(13) Other Assets

The breakdown of other assets is as shown below.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other current assets			
Excise tax receivable	7,719	6,638	43,844
Income taxes receivable	10,689	2,484	16,406
Prepaid expenses	2,892	3,787	25,011
Other	5,418	3,839	25,358
Total	26,718	16,749	110,620
Other non-current assets			
Long-term prepaid expenses	224	567	3,744
Other	3,214	4,090	27,013
Total	3,438	4,657	30,757

(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, 2022	64,383	36,521	9,948	15,098	33,452	135	159,539
Acquisition	2,600	5,252	884	826	30,071	936	40,570
Acquisition by business combination	7	313	21	-	-	-	341
Depreciation	(8,747)	(10,485)	(4,300)	(127)	-	-	(23,659)
Impairment loss	(3,245)	(4,416)	(112)	-	(29)	-	(7,801)
Sales and disposals	(1,214)	(185)	(530)	-	(74)	(77)	(2,079)
Transfer	29,846	7,675	4,507	-	(41,974)	(54)	-
Exchange differences of foreign operations	1,432	1,227	185	204	4,098	17	7,162
Other	(1,930)	(341)	14	205	(2,403)	-	(4,455)
March 31, 2023	83,133	35,561	10,617	16,206	23,143	957	169,617
Acquisition	5,583	3,457	1,153	-	17,831	677	28,701
Acquisition by business combination	-	-	-	-	-	-	-
Depreciation	(11,979)	(10,265)	(4,548)	(125)	-	-	(26,917)
Impairment loss	(864)	(136)	(72)	-	(6)		(1,078)
Sales and disposals	(168)	(787)	(11)	(69)	(7)	-	(1,042)
Transfer	12,802	8,795	3,379	-	(23,653)	(1,324)	-
Exchange differences of foreign operations	7,875	1,973	344	330	1,682	35	12,239
Other	(3,556)	255	(49)	-	(3,282)	1	(6,630)
March 31, 2024	92,826	38,854	10,813	16,342	15,709	347	174,891

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2023	549,058	234,865	70,122	107,035	152,851	6,320	1,120,251
Acquisition	36,873	22,834	7,618	-	117,764	4,473	189,561
Acquisition by business combination	-	-	-	-	-	-	-
Depreciation	(79,114)	(67,793)	(30,040)	(826)	-	-	(177,774)
Impairment loss	(5,708)	(901)	(476)	-	(38)	-	(7,123)
Sales and disposals	(1,110)	(5,197)	(70)	(457)	(47)	-	(6,881)
Transfer	84,554	58,089	22,315	-	(156,216)	(8,742)	-
Exchange differences of foreign operations	52,010	13,030	2,269	2,180	11,109	232	80,831
Other	(23,483)	1,685	(324)	-	(21,673)	10	(43,786)
March 31, 2024	613,078	256,612	71,414	107,933	103,749	2,293	1,155,080

Acquisition Cost

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2023	166,329	166,043	65,787	18,161	23,172	957	440,449
March 31, 2024	187,332	176,739	68,013	18,493	15,714	347	466,639

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2024	1,237,248	1,167,287	449,199	122,139	103,787	2,293	3,081,953

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, 2023	83,197	130,482	55,170	1,955	29	-	270,832
March 31, 2024	94,505	137,885	57,200	2,151	6	-	291,748

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2024	624,169	910,674	377,785	14,206	38	-	1,926,873

(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, 2023 (from April1, 2022 to March 31, 2023)

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	16,419	2,056	48	778	19,302
Depreciation	(3,614)	(34)	(12)	(127)	(3,787)

(Note) 1. Increase amount of right-of-use asset is ¥2,650 million.

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

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	17,440	2,232	37	651	20,359
Depreciation	(3,306)	(59)	(12)	(125)	(3,502)

(Note) 1. Increase amount of right-of-use asset is ¥ 4,908 million.

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

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	115,185	14,739	242	4,298	134,463
Depreciation	(21,833)	(391)	(77)	(826)	(23,127)

(Note) 1. Increase amount of right-of-use asset is $ 32,415 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, 2023(from April 1, 2022 to March 31, 2023)

	Millions of yen
Finance costs related to leases	434
Expenses relating to short-term leases	328
Expenditures relating to leases of low-value assets	472
Variable lease payments	68
The amount of cash outflow related to leases	3,744

Fiscal year ended March 31, 2024(from April 1, 2023 to March 31, 2024)

	Millions of yen	Thousands of U.S. dollars
Finance costs related to leases	390	2,578
Expenses relating to short-term leases	394	2,604
Expenditures relating to leases of low-value assets	509	3,364
Variable lease payments	130	856
The amount of cash outflow related to leases	4,112	27,161

(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, 2022	117,640	10,307	14,264	24,571
Acquisition		716	4,516	5,232
Acquisition by business combination	8,941	16	19,992	20,008
Amortization	—	(2,567)	(2,199)	(4,766)
Sales and disposals	(830)	(43)	(25)	(68)
Transfer to other property, plant and equipment	—	365	(365)	—
Exchange differences of foreign operations	9,985	73	749	822
Other	—	1,022	842	1,864
March 31, 2023	135,735	9,890	37,774	47,664
Acquisition	—	238	4,256	4,494
Amortization	—	(2,738)	(3,860)	(6,597)
Impairment loss	—	(128)	(984)	(1,112)
Sales and disposals	—	(3)	(433)	(436)
Transfer to other property, plant and equipment	—	2,766	(2,766)	—
Exchange differences of foreign operations	17,371	266	3,780	4,046
Other	—	591	861	1,452
March 31, 2024	153,107	10,882	38,628	49,509

(Thousands of U.S. dollars)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2023	896,476	65,316	249,482	314,799
Acquisition	-	1,73	28,106	29,680
Amortization	-	(18,081)	(25,491)	(43,572)
Impairment loss	-	(845)	(6,502)	(7,347)
Sales and disposals	-	(22)	(2,857)	(2,879)
Transfer to other property, plant and equipment	-	18,269	(18,269)	-
Exchange differences of foreign operations	114,729	1,755	24,966	26,721
Other	-	3,904	5,684	9,588
March 31, 2024	1,011,205	71,869	255,119	326,989

Acquisition Cost

(Millions of yen)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2023	135,735	33,906	55,681	89,587
March 31, 2024	153,107	34,905	56,258	91,162

(Thousands of U.S. dollars)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2024	1,011,205	230,530	371,560	602,090

Accumulated Amortization and Impairment

(Millions of yen)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2023	-	24,016	17,907	41,923
March 31, 2024	-	24,023	17,630	41,653

(Thousands of U.S. dollars)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2024	-	158,661	116,440	275,101

(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, 2023 and 2024 are as follows:

	Fiscal year ended March 31, 2023 Millions of yen	Fiscal year ended March 31, 2024 Millions of yen	Fiscal year ended March 31, 2024 Thousands of U.S. dollars
Property, plant and equipment			
Buildings and structures	3,245	864	5,708
Machinery and vehicles	4,416	136	901
Tools, fixtures and fittings	112	72	476
Construction in progress	29	6	38
Intangible assets			
Software	-	128	845
Other	-	984	6,502
Total	7,801	2,191	14,470

In the previous fiscal year, due to a significant decline in the revenue outlook as a result of the worsening business environment in the U.S. for our cleaning solutions business, the book value of the assets at the U.S. plant, for which the recovery of the investment amount could no longer be expected, was reduced to the recoverable amount. An impairment loss of ¥7,801 million was recorded as "Other operating expenses."

In the current fiscal year, upon reviewing the future plans in the course of the business reorganization of the CDMO business, 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 ¥1,080 million ($ 7,135 thousand)was recorded as an impairment loss under "Other operating expenses."

In the current fiscal year, for the assets related to DX 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 ¥1,111 million($ 7,335 thousand) was recorded as an impairment loss under "Other operating expenses."

2) Reversal of Impairment Losses

There are no applicable items.

3) Impairment Test on Goodwill

The goodwill recorded in the consolidated statement of financial position is primarily goodwill related to drug discovery and development services that arose upon the acquisition of Crown Bioscience International in fiscal 2018 and the acquisition of Indivumed Services GmbH & Co. KG in fiscal 2022, and Goodwill related to lithography materials and other products arising from the acquisition of Inpria Corporation in fiscal 2021 and the acquisition of JSR Electronic Materials Korea Co. 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, 2023	As of March 31, 2024	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Plastics business	Plastics	2,598	2,598	17,162
Life Sciences business	In-vitro Diagnostics and Research Reagents	3,641	3,641	24,047
	CDMO (Contract Development and Manufacturing Organization for Biopharmaceuticals)	17,165	19,626	129,621
	Drug Discovery and Development Services	52,066	59,019	389,797
Digital Solutions Business	Lithography Materials, etc.	60,265	68,222	450,578
Total		135,735	153,107	1,011,205

(Note).

JSR Life Sciences LLC, which oversees our Life Sciences business, has integrated the operations of KBI Biopharma, Inc. (KBI) and Selexis SA (SLX) in the current consolidated fiscal year with the aim of providing customers with more seamless solutions, ranging from cell line development to process development, and clinical and commercial cGMP manufacturing services for animal cell programs.

Until the previous consolidated fiscal year, the cash-generating unit for KBI was "Contract of the Services for Development and Generation of Cell-lines" and for SLX was "Contract Cell Line Construction Services." However, following the integration, from this fiscal year, the cash-generating unit for " Contract Cell Line Construction Services" has been consolidated into the cash-generating unit for "CDMO (Contract Development and Manufacturing Organization for Biopharmaceuticals)."

(Note) .

The Group acquired Inpria Corporation in September 2021 with the aim of acquiring technology for Metal Oxide Resists (MOR). Chemically Amplified Resists (CAR) and MOR used in extreme ultraviolet (EUV) lithography are lithographic materials used in the same EUV exposure, and following a review of the commercial flow, we have started offering MOR as part of our lithography materials product lineup in addition to the CAR that we have traditionally commercialized. Accordingly, from the current consolidated fiscal year, the cash-generating unit for MOR has been consolidated into the cash-generating unit for lithography materials, etc. In addition, the goodwill previously allocated to each cash-generating unit has been reallocated to this cash-generating unit. Furthermore, the provisional of goodwill arising from the acquisition of JSR Electronic Materials Korea Co., Ltd., which was presented as "Lithography Materials" in the previous consolidated fiscal year, has been finalized in the current fiscal year as described in "7. Business Combinations and Acquisitions of Non-controlling Interests," and the revised initial allocation amount of the acquisition cost is now reflected as the finalized amount attributed to "Lithography Materials, etc."

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	0.0%	10.0%	5 years
In-vitro Diagnostics and Research Reagents	1.0%	7.5%	5 years
CDMO (Contract Development and Manufacturing Organization for Biopharmaceuticals)	2.0%	15.0%	5 years
Drug Discovery and Development Services	2.0%	15.4%	5 years
Lithography Materials, etc.	2.0%	10.8%	5 years

Except for drug discovery and development services, based on the calculations using the above, the recoverable amount significantly exceeds the carrying amount for each cash-generating unit or group of cash-generating units, and we believe that 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 carrying amount.
For drug discovery and development services, if the discount rate were to increase by 0.1% or if the perpetual growth rate used to calculate the continuing value of the business were to decrease by 0.1%, the recoverable amount would become equal to the carrying amount.

(18) Investments Accounted for Using the Equity Method

There are no investments in significant associates.

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

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amount	2,479	2,756	18,202

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Share of profit	87	94	621
Share of other comprehensive income	414	188	1,239
Share of total comprehensive income	501	282	1,860

(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 each fiscal year is as follows:

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	April 1, 2022	Recognized through profit(loss)	Recognized through other comprehensive income	Other	March 31, 2023
Deferred Tax Assets					
Inventories	1,274	(149)	-	-	1,124
Accrued bonuses	2,206	(908)	-	-	1,297
Non-current assets	26,148	(24,043)	-	-	2,106
Retirement benefit liability	3,409	(2,046)	-	-	1,364
Unused tax losses	172	10,898	-	-	11,070
Other	7,454	967	(134)	(164)	8,123
Total	40,663	(15,281)	(134)	(164)	25,084
Deferred Tax Liabilities					
Non-current assets	(1,465)	(64)	-	-	(1,529)
Financial asset measured at fair value through other comprehensive income	(3,884)	-	(295)	66	(4,114)
Retained earnings	(9,303)	7,973	-	-	(1,330)
Other	(2,938)	(253)	-	(1,842)	(5,033)
Total	(17,590)	7,656	(295)	(1,776)	(12,006)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	April 1, 2023	Recognized through profit(loss)	Recognized through other comprehensive income	Other	March 31, 2024
Deferred Tax Assets					
Inventories	1,124	(270)	-	-	854
Accrued bonuses	1,297	(254)	-	-	1,043
Non-current assets	2,106	(257)	-	-	1,849
Retirement benefit liability	1,364	(403)	-	-	960
Unused tax losses	11,070	(2,829)	-	-	8,241
Other	8,123	4,995	92	2	13,212
Total	25,084	982	92	2	26,159
Deferred Tax Liabilities					
Non-current assets	(1,529)	78	-	-	(1,452)
Financial asset measured at fair value through other comprehensive income	(4,114)	-	(4,839)	47	(8,906)
Retained earnings	(1,330)	43	-	-	(1,287)
Other	(5,033)	(325)	-	-	(5,358)
Total	(12,006)	(204)	(4,839)	47	(17,002)

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of U.S. dollars)

	April 1, 2023	Recognized through profit(loss)	Recognized through other comprehensive income	Other	March 31, 2024
Deferred Tax Assets					
Inventories	7,426	(1,783)	-	-	5,642
Accrued bonuses	8,569	(1,681)	-	-	6,888
Non-current assets	13,906	(1,696)	-	-	12,211
Retirement benefit liability	9,006	(2,663)	-	-	6,343
Unused tax losses	73,115	(18,685)	-	-	54,431
Other	53,647	32,993	605	12	87,257
Total	165,669	6,486	605	12	172,772
Deferred Tax Liabilities					
Non-current assets	(10,099)	513	-	-	(9,587)
Financial asset measured at fair value through other comprehensive income	(27,168)	-	(31,961)	310	(58,819)
Retained earnings	(8,785)	283	-	-	(8,502)
Other	(33,243)	(2,143)	-	-	(35,386)
Total	(79,296)	(1,348)	(31,961)	310	(112,294)

(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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Unused tax losses	21,827	23,989	158,438
Deductible temporary differences	14,868	17,777	117,408
Total	36,695	41,766	275,846

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

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Not later than one year	-	-	-
Later than one year and not later than five years	6,455	4,396	29,031
Later than five years	15,372	19,593	129,407
Total	21,827	23,989	158,438

The amount of taxable temporary differences pertaining to investments in subsidiaries, etc. for which deferred tax liabilities have not been recognized was ¥50,347 million as of March 31, 2023 and ¥45,117million ($297,977 thousand) as of March 31, 2024. 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, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current tax expenses	5,755	1,915	12,650
Previous Taxes Expenses	47	(473)	(3,124)
Deferred tax expenses	7,625	(778)	(5,138)
Total	13,427	665	4,389

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	%	%
Statutory income tax rate	30.6	30.6
Retained earnings	(0.6)	493.0
Differences in tax rates applied to foreign operations	2.2	3.1
Special deduction for reconstruction district	2.1	(2,586.8)
Share of loss (profit) of entities accounted for using the equity method	10.4	(1,557.5)
Other	0.3	119.0
Average effective tax rate	45.0	(3,498.7)

(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, 2023	As of March 31, 2024	As of March 31, 2024	Average interest rates	Payment Due
	Millions of yen	Millions of yen	Thousands of U.S. dollars	%	
Current borrowings	36,780	42,136	278,294	4.37%	-
Commercial Papers	19,998	39,988	264,103	0.03%	-
Current portion of non-current borrowings	5,732	15,480	102,241	1.20%	-
Non-current borrowings	35,878	21,623	142,812	0.94%	2025-32
Bonds Payable	59,805	59,841	395,228	0.39%	2025-32
Current lease liabilities	3,195	3,496	23,087	-	-
Non-current lease liabilities	15,647	17,283	114,144	-	2025-42
Derivative liabilities	2,698	14,107	93,168	-	-
Contingent consideration	6,130	6,950	45,904	-	-
Total	185,862	220,904	1,458,981	-	-
Current liabilities	65,753	101,865	672,779	-	-
Non-current liabilities	120,109	119,039	786,202	-	-
Total	185,862	220,904	1,458,981	-	-

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

No restrictive financial covenants have been attached to the Group’s borrowings.

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	2,700	3,923	1	-	15,000	21,623
Bonds Payable	13,000	-	15,000	-	32,000	60,000

(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	17,830	25,907	6	-	99,069	142,812
Bonds Payable	85,860	-	99,069	-	211,347	396,276

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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment	7,719	7,625	50,357
Total	7,719	7,625	50,357

Corresponding liabilities are as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current borrowings and current portion of non-current borrowings	-	30	198
Non-current portion of non-current borrowings	30	-	-
Total	30	30	198

3) Reconciliation of Liabilities Arising from Financing Activities

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	As of April 1, 2022	Cash flow	Non-cash items				As of March 31, 2023
			Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	13,847	26,610	-	1,236	(5,815)	-	35,878
Bonds Payable	34,890	24,872	-	-	-	42	59,805
Borrowings (current)	59,167	(22,569)	-	127	5,815	(28)	42,512
Commercial Papers	10,003	9,995	-	-	-	-	19,998
Lease liabilities	19,215	(3,744)	2,251	1,218	-	(100)	18,842
Total	137,123	35,165	2,251	2,581	-	(86)	177,035

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	As of April 1, 2023	Cash flow	Non-cash items				As of March 31, 2024
			Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	35,878	(4,057)	-	914	(11,111)	-	21,623
Bonds Payable	59,805	-	-	-	-	37	59,841
Borrowings (current)	42,512	(889)	-	4,905	11,111	(22)	57,617
Commercial Papers	19,998	19,990	-	-	-	-	39,988
Lease liabilities	18,842	(4,112)	2,427	3,669	-	(46)	20,778
Total	177,035	10,931	2,427	9,487	-	(32)	199,847

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of U.S. dollars)

	As of April 1, 2023	Cash flow	Non-cash items				As of March 31, 2024
			Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	236,960	(26,798)	-	6,033	(73,384)	-	142,812
Bonds Payable	394,986	-	-	-	-	242	395,228
Borrowings (current)	280,773	(5,870)	-	32,396	73,384	(147)	380,535
Commercial Papers	132,080	132,024	-	-	-	-	264,103
Lease liabilities	124,441	(27,161)	16,026	24,229	-	(306)	137,231
Total	1,169,240	72,195	16,026	62,658	-	(211)	1,319,909

(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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Trade Payable			
Notes and accounts payable - trade	40,678	48,666	321,420
Other Payable			
Accounts payable - other, and accrued expenses	38,868	30,363	200,533
Other	326	685	4,523
Total	79,872	79,714	526,476

(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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Present value of funded retirement benefit obligation	28,983	28,104	185,613
Fair value of plan assets	(32,415)	(32,239)	(212,923)
Subtotal	(3,432)	(4,135)	(27,310)
Present value of unfunded retirement benefit obligation	8,243	7,806	51,556
Total Net liability (asset) for retirement benefit	4,811	3,671	24,246
Amounts on consolidated statement of financial position			
Retirement benefit liability	10,485	10,045	66,341
Retirement benefit asset	(5,674)	(6,374)	(42,095)
Total Net liability (asset) for retirement benefit	4,811	3,761	24,246

(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, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2023
	Millions of yen	Millions of yen	Thousands of U,S, dollars
Balance of present value of retirement benefit obligation at the beginning of the fiscal year	43,188	37,226	245,864
Service cost	1,539	1,715	11,327
Interest expense	213	351	2,319
Remeasurement			
Actuarial gains (losses) arising from changes in demographic assumptions	829	130	862
Actuarial gains (losses) arising from changes in financial assumptions	(1,846)	(1,092)	(7,212)
Benefits paid	(2,308)	(2,151)	(14,209)
Transfer to liabilities associated with disposal group classified as held for sale	(4,890)	-	-
Other	502	(270)	(1,782)
Balance of present value of retirement benefit obligation at the end of the fiscal year	37,226	35,910	237,169

The weighted average duration of defined benefit plan obligations was 12.9 years in the fiscal year ended March 31, 2023 and 12.8 years in the fiscal year ended March 31, 2024.

(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, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance of fair value of plan assets at the beginning of the fiscal year	38,103	32,415	214,090
Interest revenue	149	264	1,745
Remeasurement			
Return on plan assets	(25)	276	1,821
Contributions paid by the employer	940	864	5,708
Benefits paid	(1,589)	(1,440)	(9,508)
Transfer to liabilities associated with disposal group classified as held for sale classified as held for sale	(5,137)	-	-
Other	(25)	(141)	(933)
Balance of fair value of plan assets at the end of the fiscal year	32,415	32,239	212,923

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 ¥1,287 million ($8,500 thousand) in the fiscal year ending March 31, 2025.

(iv) Items of Plan Assets

Plan assets consisted of the following items.

	As of March 31, 2023			As of March 31, 2024		
	Assets for which active market prices are available	Assets for which active market prices are not available	Total	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	Millions of yen	Millions of yen	Millions of yen
Cash and cash equivalents	3,391	-	3,391	6,950	-	6,950
Equity instruments						
Domestic equity securities	1,411	-	1,411	360	-	360
Foreign equity securities	3,504	-	3,504	4,081	-	4,081
Debt instruments						
Domestic bonds	8,330	-	8,330	629	-	629
Foreign bonds	7,889	-	7,889	11,382	-	11,382
General accounts of life insurance	-	434	434	-	654	654
Alternative investments*	-	7,457	7,457	-	8,182	8,182
Total	24,525	7,891	32,415	23,402	8,836	32,239

*Alternative investments include hedge funds.

	As of March 31, 2024		
	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	45,901	-	45,901
Equity instruments	-	-	-
Domestic equity securities	2,380	-	2,380
Foreign equity securities	26,951	-	26,951
Debt instruments	-	-	-
Domestic bonds	4,154	-	4,154
Foreign bonds	75,176	-	75,176
General accounts of life insurance	-	4,321	4,321
Alternative investments*	-	54,040	54,040
Total	154,562	58,360	212,923

*Alternative investments include hedge funds.

(v) Main Component Used for Actuarial Assumption

	As of March 31, 2023	As of March 31, 2024
	%	%
Discount rates (weighted average)	1.08	1.35

(vi) Sensitivity Analysis

In the fiscal year ended March 31, 2024, 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 ¥2,045 million ($13,506 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 ¥2,008 million in the fiscal year ended March 31, 2023 and ¥2,287 million ($15,102 thousand) in the fiscal year ended March 31, 2024.

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, 2023 and the fiscal year ended March 31, 2024 was ¥3,610 million and ¥4,088 million ($27,003 thousand), respectively.

(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, 2023	772	8,093	31
Increase	269	469	-
Decrease (used for purposes)	(100)	(217)	(0)
As of March 31, 2024	941	8,346	31

	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, 2023	5,102	53,453	206
Increase	1,775	3,098	-
Decrease (used for purposes)	(662)	(1,431)	(2)
As of March 31, 2024	6,215	55,120	204

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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current liabilities	1,474	1,959	12,935
Non-Current liabilities	7,423	7,359	48,603
Total	8,897	9,318	61,539

(24) Other Liabilities

Other liabilities include the following items.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other current liabilities			
Accrued bonuses	3,835	4,047	26,732
Accrued consumption taxes	2,797	1,276	8,425
Other	2,777	4,096	27,052
Total	9,410	9,419	62,209
Other non-current assets			
Other	4,373	2,775	18,327
Total	4,373	2,775	18,327

(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	Number of shares issued
As of April 1, 2022	696,061,000	226,126,145
Increase/Decrease	-	(17,726,145)
As of March 31, 2023	696,061,000	208,400,000
Increase/Decrease	-	-
As of March 31, 2024	696,061,000	208,400,000

(Note) All shares issued by the Company are ordinary shares with no rights limitations and without par value and restricted shares. Issued shares are fully paid.
Increase or decrease during the current consolidated fiscal year is due to the cancellation of treasury stock.

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. Moreover, in the case of acquisition through market transactions or a takeover bid, treasury shares may be acquired by resolution of the Board of Directors within the requirements prescribed in the Companies Act in accordance with the provisions of the Articles of Incorporation.

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

	Number of shares
As of April 1, 2022	11,047,900
Increase/Decrease	(10,233,673)
As of March 31, 2023	814,227
Increase/Decrease	(49,817)
As of March 31, 2024	764,410

(Note) Increase or decrease during the period is mainly due to the cancellation of treasury stock and the disposal of treasury stock as the restricted share-based remuneration.

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, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Net change in financial assets measured at fair value through other comprehensive income	Net change in fair value on cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Restricted Shares	Total
As of April 1, 2022	8,713	(2)	17,784	-	(114)	26,381
Other comprehensive income	(12)	2	12,001	703	-	12,695
Total comprehensive income	(12)	2	12,001	703	-	12,695
Share-based remuneration plan	-	-	-	-	(0)	(0)
Transfer from other components of equity to retained earnings	226	-	-	(703)	-	(477)
Changes in non-controlling interests	(3)	-	113	-	-	111
Total transactions with owners, etc.	223	-	113	(703)	(0)	(367)
As of March 31, 2023	8,925	-	29,898	-	(115)	38,709

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Net change in financial assets measured at fair value through other comprehensive income	Net change in fair value on cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Restricted Shares	Total
As of April 1, 2023	8,925	-	29,898	-	(115)	38,709
Other comprehensive income	10,766	-	20,978	989	-	32,733
Total comprehensive income	10,766	-	20,978	989	-	32,733
Share-based remuneration plan	-	-	-	-	115	115
Transfer from other components of equity to retained earnings	79	-	-	(989)	-	(910)
Changes in non-controlling interests	-	-	-	-	-	-
Total transactions with owners, etc.	79	-	-	(989)	115	(795)
As of March 31, 2024	19,770	-	50,876	-	-	70,646

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of U.S. dollars)

	Net change in financial assets measured at fair value through other comprehensive income	Net change in fair value on cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Restricted Shares	Total
As of April 1, 2023	58,944	-	197,467	-	(756)	255,654
Other comprehensive income	71,102	-	138,550	6,533	-	216,185
Total comprehensive income	71,102	-	138,550	6,533	-	216,185
Share-based remuneration plan	-	-	-	-	756	756
Transfer from other components of equity to retained earnings	523	-	-	(6,533)	-	(6,009)
Changes in non-controlling interests	-	-	-	-	-	-
Total transactions with owners, etc.	523	-	-	(6,533)	756	(5,253)
As of March 31, 2024	130.570	-	336,017	-	-	466,586

(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) Net Change in Fair Value of Cash Flow Hedges

It represents change in profit or loss on valuation of derivatives as hedging instruments that were recorded in the statement of comprehensive income on and before the date of cessation of hedge accounting.

(c) Exchange Differences on Translation of Foreign Operations

They represent translation differences on foreign operations' financial statements.

(d) 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.

(e) Restricted Shares

Under the restricted share-based remuneration plan, monetary remuneration to be used as contributed properties for restricted shares is provided. The amount equivalent to fair value of remuneration determined at the initial recognition is recorded in share capital, and recognized as the amount debited to other components of equity. Over the vesting period, other components of equity recognized as the debited amount are deducted at the time when remuneration cost is recognized.

Details of the restricted share-based remuneration plan are provided in the note “(33) Share-based remuneration.”

(26) Dividends

The amounts of dividends paid are as follows:

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date of dividends	Source of dividends
Ordinary General Meeting of Shareholders on June 17, 2022	Ordinary Shares	¥7,528 million	¥35	March 31, 2022	June 20, 2022	Retained Earnings
Board of Directors Meeting on October 31, 2022	Ordinary Shares	¥7,265 million	¥35	September 30, 2022	December 1, 2022	Retained Earnings

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date of dividends	Source of dividends
Ordinary General Meeting of Shareholders on June 16, 2023	Ordinary Shares	¥ 7,266 million ($ 47,986 thousand)	¥35($0.23)	March 31, 2023	June 19, 2023	Retained Earnings

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, 2023 (April 1, 2022 to March 31, 2023)

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date of dividends	Source of dividends
Ordinary General Meeting of Shareholders on June 16, 2023	Ordinary Shares	¥7,266 million ($ 47,986 thousand)	¥35 ($0.23)	March 31, 2023	June 19, 2023	Retained Earnings

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	26,625	143,814	170,439
	Semiconductor Materials	20,421	105,962	126,383
	Display Materials	2,785	33,806	36,590
	Edge Computing Materials	3,419	4,046	7,466
	Life Sciences	54,660	71,818	126,478
	Plastics	57,701	38,101	95,802
Other		15,656	506	16,162
Total		154,641	254,239	408,880
Adjustment		-	-	-
Amount Recorded in the Consolidated Financial Statements		154,641	254,239	408,880

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	27,304	140,810	168,115
	Semiconductor Materials	19,472	99,398	118,870
	Display Materials	4,444	38,091	42,535
	Edge Computing Materials	3,389	3,321	6,710
	Life Sciences	59,510	70,182	129,693
	Plastics	59,554	33,278	92,832
Other		13,991	-	13,991
Total		160,360	244,271	404,631
Adjustment		-	-	-
Amount Recorded in the Consolidated Financial Statements		160,360	244.271	404,631

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of U.S. dollars)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	180,333	929,995	1,110,328
	Semiconductor Materials	128,602	656,481	785,084
	Display Materials	29,349	251,576	280,925
	Edge Computing Materials	22,382	21,937	44,319
	Life Sciences	393,040	463,325	856,565
	Plastics	393,330	219,790	613,120
Other		92,406	-	92,406
Total		1,059,109	1,613,310	2,672,419
Adjustment		-	-	-
Amount Recorded in the Consolidated Financial Statements		1,059,109	1,613,310	2,672,419

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 for Biopharmaceuticals (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 ¥15,218 million ($100,512 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, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Transportation and warehousing expenses	8,878	7,320	48,348
Salaries and allowances	31,829	36,334	239,969
Retirement benefit expenses	1,526	1,288	8,508
Experiment and research expenses	23,182	25,924	171,216
Depreciation	9,287	9,413	62,167
Supplies expenses	479	516	3,409
Business consignment expenses	7,500	6,251	41,287
Other	27,167	38,700	255,595
Total	109,847	125,746	830,500

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Research and development expense	26,951	31,808	210,082

(29) Other Operating Income and Expenses

Other operating income consisted of as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Gain on sales of non-current assets	85	307	2,029
Rent income	372	376	2,484
Remeasured gains on business combinations *1	3,429	-	-
Gain on sale of shares of subsidiaries *2	1,020	-	-
Other	2,166	2,047	13,521
Total	7,071	2,730	18,034

*1 Remeasured gains on business combinations are described in "Notes of Consolidated Financial Statements (7) Business Combinations and Acquisition of Non-controlling Interest."

*2 Gain on sale of shares of subsidiaries in fiscal year ended March 31, 2023 is the gain on the transfer of the Elastomers Business.

Other operating expenses consisted of as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Loss on abandonment of non-current assets	163	1,173	7,745
Loss on sales of non-current assets	264	191	1,265
Impairment loss	7,801	2,191	14,470
Other	2,801	4,739	31,298
Total	11,029	8,294	54,777

(30) Financial Income and Costs

Financial income consisted of the following:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest income			
Financial assets measured at amortized cost	351	894	5,907
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	434	331	2,188
Foreign exchange gains	2,738	1,353	8,935
Total	3,523	2,579	17,031

Financial costs consisted of the following:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest expenses			
Financial liabilities measured at amortized cost	2,613	5,961	39,371
Lease liabilities	434	390	2,578
Total	3,047	6,352	41,950

(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, 2023 (April 1, 2022 to March 31, 2023)

(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	177	-	177	(295)	(118)
Remeasurements of defined benefit plans	1,058	-	1,058	(324)	734
Total	1,235	-	1,235	(619)	616
Items that may be reclassified to profit or loss					
Cash flow hedges	5	-	5	-	5
Exchange differences on translation of foreign operations	12,743	(1,020)	11,723	312	12,035
Share of other comprehensive income of investments accounted for using the equity method	414	-	414	-	414
Total	13,162	(1,020)	12,142	312	12,455
Total	14,397	(1,020)	13,377	(307)	13,071

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	15,579	-	15,579	(4,839)	10,740
Remeasurements of defined benefit plans	1,607	-	1,607	(492)	1,115
Total	17,186	-	17,186	(5,331)	11,855
Items that may be reclassified to profit or loss					
Cash flow hedges	-	-	-	-	-
Exchange differences on translation of foreign operations	21,264	-	21,264	-	21,264
Share of other comprehensive income of investments accounted for using the equity method	188	-	188	-	188
Total	21,452	-	21,452	-	21,452
Total	38,638	-	38,638	(5,331)	33,306

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	102,894	-	102,894	(31,961)	70,933
Remeasurements of defined benefit plans	10,612	-	10,612	(3,249)	7,362
Total	113,505	-	113,505	(35,210)	78,295
Items that may be reclassified to profit or loss					
Cash flow hedges	-	-	-	-	-
Exchange differences on translation of foreign operations	140,441	-	140,441	-	140,441
Share of other comprehensive income of investments accounted for using the equity method	1,239	-	1,239	-	1,239
Total	141,680	-	141,680	-	141,680
Total	255,185	-	255,185	(35,210)	219,975

(32) Earnings per Share

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
1) Basic earnings per share (Loss)	¥75.56	(¥26.74)	($0.18)
(Basis of calculation)			
Profit attributable to owners of parent (Loss)	¥15,784 million	(¥5,551 million)	($36,663 thousand)
Average shares outstanding during the year (1,000 shares)	208,907	207,598	207,598
2) Diluted earnings per share (Loss)	¥75.47	(¥26.74)	($0.18)
(Basis of calculation)			
Increase in common shares due to stock options (1,000 shares)	237	-	-
Average diluted shares outstanding during the year (1,000 shares)	209,144	207,598	207,598

(Note) 1. There are 192,000 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.
2. On June 27, 2024, the Company conducted a consolidation of shares at a ratio of 1 share for every 88 million shares of the Company.If the consolidation of shares were carried out at the beginning of fiscal 2022, the basic earnings per share and diluted earnings per share would be ¥7,892.13 million and ¥(2,775.56) million ($(18,331.42) thousand), respectively.

(33) Share-based Remuneration

1) Stock Options

(i) Overview of Share-based Remuneration Plan

The Group operated an equity-settled share-based remuneration plan where it received services from directors, executive officers, and employees and paid equity instruments (options) as consideration thereof until June 2017.

The fair value on the date the option was granted under the plan is recognized as an expense over the option's vesting period and the same amount is recorded as an increase of equity. The plan was terminated in June 2017 (however, share acquisition rights already granted as share-based stock options to directors, etc. that have not been exercised will be continued).

(ii) Number and Weighted Average Exercise Prices of Stock Options

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Weighted average exercise price
	Shares	Yen	Shares	Yen	U.S. dollars
Outstanding at the beginning	263,600	1	211,300	1	0.01
Granted	-	-	-	-	-
Exercised	(52,300)	1	(60,000)	1	0.01
Forfeited	-	-	-	-	-
Expired	-	-	-	-	-
Outstanding at the end	211,300	1	151,300	1	0.01
Exercisable at the end	211,300	1	151,300	1	0.01

The weighted average share price as of the exercise date of stock options exercised during the period was ¥3,284 and ¥4,016 ($26.52) in the fiscal years ended March 31, 2023 and 2024, respectively.

In the fiscal years ended March 31, 2023 and 2024, the exercise price of unexercised stock options was ¥1 each. The weighted average remaining contract terms in the fiscal years ended March 31, 2023 and 2024 were 8.9 years and 7.6 years, respectively, for the unexercised balance at the end of the fiscal year, and 8.9 years and 7.6 years, respectively, for the exercisable balance at the end of the fiscal year.

2) Restricted Share-based Remuneration Plan

The Group employs the restricted share-based remuneration plan in order to further promote sharing of values with shareholders and establish a remuneration structure that contributes to sustained improvement in corporate value in the medium to long term. Under this plan, to grant restricted shares to directors, excluding outside directors, and executive officers (hereinafter "Eligible Directors, etc."), the Company is to provide the Eligible Directors, etc. with claims for monetary remuneration in principle in each period and have them contribute these claims in kind as contributed properties to the Company. Accordingly, the Company is to issue or dispose of ordinary shares of the Company to the Eligible Directors, etc. and make them hold the shares.

The Company enters into an agreement with Eligible Directors, etc. for allotment of restricted shares, and Eligible Directors, etc. cannot transfer, pledge or dispose of in any other way shares granted under the allotment agreement at will during a given period of time stipulated in the agreement (hereinafter the "Transfer Restriction Period") (hereinafter, the "Transfer Restriction"). The Transfer Restriction is lifted for all shares held by Eligible Directors, etc. when the Transfer Restriction Period expires, on the condition that the Eligible Directors, etc. continued to hold a position of directors, executive officers, audit & supervisory board members, employees, or any other equivalent position of the Company or its subsidiaries during the Transfer Restriction Period. On the other hand, under this structure, shares for which the Transfer Restriction has not been lifted at the time when the Transfer Restriction Period expires are acquired by the Company without any payment in principle.

3) Performance Share Unit Remuneration Plan

The Company has adopted the performance share unit remuneration plan for directors and executive officers of the Company and officers of certain subsidiaries of the Company, under which the number of shares to be delivered and the amount of individual cash payments are adjusted according to the attainment level of predetermined performance targets. (hereinafter referred to as" Eligible Directors, Executive Officers and Subsidiaries Officers").

The Eligible Directors, Executive Officers and Subsidiaries Officers shall, at the beginning of the performance evaluation period, be granted the basic number of share units determined by position, by resolution of the Board of Directors based on the deliberation and report of the Compensation Advisory Committee of the Company, except for cases of transfer to a competitor which is not approved by the Company or cases of disciplinary action.

The number of the Company shares to be paid to Eligible Directors, Executive Officers and Subsidiaries Officers and the amount of cash paid shall be determined by multiplying the base number of share units by the payment rate (varying from 0% to 200%) corresponding to the degree of achievement of the target value of the consolidated performance indicator (average consolidated ROE for fiscal year 2023 and fiscal year 2024) set in fiscal year 2021. Out of the number calculated by multiplying the base number of share units for the Company shares granted to each Eligible Director, Executive Officer and Subsidiaries Officers by the allocation rate determined after the end of the performance evaluation period, 50% is calculated as the number of individual shares to be allocated and the remaining amount is calculated as the amount of individual cash to be paid.

The fair value in the plan is estimated based on the market price of the Company's shares, which is not revised in consideration of the estimated dividend. The fair value at the reporting date for the fiscal year ended March 31, 2023 was ¥3,531 and, the fiscal year ended March 31,2024 was ¥3,544 ($23.41).

4) Share-based Remuneration Expense

The breakdown of share-based remuneration expenses in the consolidated statement of profit or loss is as follows:

The amount of share-based remuneration expense is included in “selling, general and administrative expenses”.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Equity-settled (Restricted Share-based Remuneration Plan)	476	113	747
Cash-settled (Performance Share Unit Remuneration Plan)	169	405	2,673
Equity-settled (Performance Share Unit Remuneration Plan)	219	193	1,274
Total	863	711	4,694

5) Liabilities Arising from Share-based Payment

The liabilities included in “Other current liabilities” in the consolidated statement of the financial position are as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amount of liabilities	341	745	4,922

(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.

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, 2023			As of March 31, 2024		
	Contracted Amount	Later than one year	Fair value	Contracted Amount	Later than one year	Fair value
U.S. dollar	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Forward exchange contracts						
Purchase	-	-	-	-	-	-
Sell	5,240	-	(48)	6,516	-	(240)
Total	5,240	-	(48)	6,516	-	(240)

	As of March 31, 2024		
	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	43,037	-	(1,583)
Total	43,037	-	(1,583)

	As of March 31, 2023			As of March 31, 2024		
	Assumed principal	Later than one year	Fair value	Contracted Amount	Later than one year	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Currency swap						
U.S. dollars	78,249	74,910	(2,360)	87,136	87,136	(13,341)
EUR	2,332	-	(10)	979	-	(119)
Total	80,580	74,910	(2,370)	88,116	87,136	(13,460)

	As of March 31, 2024		
	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	575,500	575,500	(88,114)
EUR	6,469	-	(786)
Total	581,969	575,500	(88,900)

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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japanese yen	6,061	12,121	80,056
Korean won	2,334	2,876	18,996

Foreign Exchange Sensitivity Analysis

With regard to foreign currency receivables and payables held by the Group at the end of each 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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japanese yen (weak U.S. dollar)	(61)	(121)	(801)
Korean won (weak U.S. dollar)	(23)	(29)	(190)

(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 ¥497 million ($3,280 thousand) for the fiscal year ended March 31, 2024 (fiscal year ended March 31, 2023: ¥440 million) 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, 2023	Millions of yen	8,404	-	71,201	49	3
As of March 31, 2024	Millions of yen	10,705	-	80,243	69	2
As of March 31, 2024	Thousands of U.S. dollars	70,699	-	529,969	455	15

* 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 April 1, 2022	-	-	567	-	4
Increase	-	-	227	-	-
Decrease (Utilization)	-	-	(127)	-	(1)
Decrease (Reversal)	-	-	(105)	-	-
Other	-	-	44	-	-
As of March 31, 2023	-	-	606	-	3
Increase	-	-	3,917	-	-
Decrease (Utilization)	-	-	(2)	-	(1)
Decrease (Reversal)	-	-	(2,143)	-	0
Other	-	-	672	-	-
As of March 31, 2024	-	-	3,050	-	2

(Thousands of U.S. dollars)

As of March 31, 2023	-	-	4,002	-	20
Increase	-	-	25,870	-	-
Decrease (Utilization)	-	-	(12)	-	(7)
Decrease (Reversal)	-	-	(14,155)	-	-
Other	-	-	4,437	-	-
As of March 31, 2024	-	-	20,142	-	15

* 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, 2023	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	79,872	79,872	-	-	-	-	-	79,872
Commercial papers	19,998	19,998	-	-	-	-	-	19,998
Borrowings	78,390	43,398	14,804	2,342	3,756	6	15,000	79,307
Bonds payable	59,805	234	234	13,215	211	15,176	32,545	61,615
Derivative liabilities	2,698	48	-	-	-	-	2,650	2,698
Lease liabilities	18,842	3,803	2,554	2,307	2,200	1,816	7,831	20,511
Total	259,604	147,354	17,592	17,863	6,167	16,999	58,026	264,001

(Millions of yen)

As of March 31, 2024	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	79,714	79,714	-	-	-	-	-	79,714
Commercial papers	39,988	39,988	-	-	-	-	-	39,988
Borrowings	79,240	58,630	2,702	3,924	1	-	15,000	80,258
Bonds payable	59,841	234	13,215	211	15,176	164	32,380	61,381
Derivative liabilities	14,107	765	-	-	-	-	13,341	14,107
Lease liabilities	20,778	4,165	3,716	3,060	2,566	2,292	7,659	23,458
Total	293,668	183,496	19,633	7,195	17,744	2,456	68,380	298,904

(Thousands of U.S. dollars)

As of March 31, 2024	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	526,476	526,476	-	-	-	-	-	526,476
Commercial papers	264,103	264,103	-	-	-	-	-	264,103
Borrowings	523,347	387,230	17,846	25,918	6	-	99,069	530,069
Bonds payable	395,228	1,546	87,277	1,392	100,234	1,086	213,859	405,394
Derivative liabilities	93,168	5,054	-	-	-	-	88,114	93,168
Lease liabilities	137,231	27,507	24,545	20,209	16,950	15,136	50,582	154,929
Total	1,939,553	1,211,917	129,668	47,519	117,190	16,222	451,624	1,974,139

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, 2023		As of March 31, 2024		As of March 31, 2024	
	Millions of yen		Millions of yen		Thousands of U.S. dollars	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term loans payable	41,610	40,731	37,104	36,350	245,054	240,077
Bonds payable	59,805	60,076	59,841	59,259	395,228	391,382

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, 2023			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	2,956	2,956
Derivatives	-	78	-	78
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	8,795	-	19,881	28,676
Total	8,795	78	22,837	31,710
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	2,698	-	2,698
Contingent consideration	-	-	6,130	6,130
Total	-	2,698	6,130	8,828

(Millions of yen)

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	3,478	3,478
Derivatives	-	-	-	-
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	9,933	-	35,314	45,247
Total	9,933	-	38,792	48,725
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	14,107	-	14,107
Contingent consideration	-	-	6,950	6,950
Total	-	14,107	6,950	21,057

(Thousands of U.S. dollars)

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	22,972	22,972
Derivatives	-	-	-	-
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	65,606	-	233,232	298,838
Total	65,606	-	256,204	321,810
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	93,168	-	93,168
Contingent consideration	-	-	45,904	45,904
Total	-	93,168	45,904	139,072

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, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at the beginning	19,661	22,837	150,828
Total gains and losses	1,268	14,441	95,377
Profit or loss (Note1)	133	262	1,728
Other comprehensive income (Note2)	1,135	14,179	93,649
Purchase	1,447	1,638	10,817
Selling	(70)	(64)	(420)
Other	531	(60)	(398)
Balance at the end	22,837	38,792	256,204

(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.

2.Other financial liabilities classified as Level 3

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at the beginning	-	6,130	40,483
Increase (Note1)	6,130	-	-
Other	-	821	5,421
Balance at the end	-	6,950	45,904

(Note) 1. Details are described in "Notes of Consolidated Financial Statements (7) Business Combinations and Acquisition of Non-controlling Interest."

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. The financial liabilities classified as Level 3 are composed of contingent considerations arising from business combinations. Contingent considerations are a payment agreement that varies according to the level of achievement of certain indicators, such as sales after the business combination and the number of biological samples acquired. The fair value of the contingent consideration is estimated based on the achievement probability. 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) 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
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)

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, 2024 was 55 (56 as of March 31, 2023).

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

The number of companies consolidated by acquisition, establishment, etc.: 0

The number of subsidiaries excluded by liquidation, sales, etc.: 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, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Proportion of share of non-controlling interests	49%	49%	49%
The cumulative amount of non-controlling interests	21,264	22,194	146,582

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit or loss allocated to non-controlling interests	942	1,276	8,426
Dividends paid for non-controlling interests	779	386	2,547

(3) The condensed financial information

1) Condensed Statement of Financial Position

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current assets	43,173	51,783	342,006
Non-current assets	24,008	24,106	159,213
Total assets	67,181	75,890	501,220
Current liabilities	18,771	25,986	171,626
Non-current liabilities	732	617	4,073
Total current liabilities	19,503	26,603	175,699
Total equity	47,678	49,287	325,521
Total liabilities and equity	67,181	75,890	501,220

2) Condensed Statements of Profit or Loss and Comprehensive Income

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue	82,865	81,193	536,245
Profit	1,972	2,570	16,976
Comprehensive income	1,845	2,396	15,825

3) Condensed Statement of Cash Flows

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities	2,573	10,565	69,778
Cash flows from investing activities	(2,237)	(2,451)	(16,189)
Cash flows from financing activities	(1,590)	(787)	(5,198)
Net increase (decrease) in cash and cash equivalents	(1,255)	7,327	48,391
Cash and cash equivalents at the end of the period	1,591	8,917	58,896

(36) Related Parties

Key Management Personnel Compensation

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Basic compensation	405	684	4,514
Bonuses	148	443	2,923
Share-based remuneration	504	437	2,885
Total	1,056	1,563	10,323

(37) Commitments

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

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Acquisition of property, plant and equipment	7,108	13,656	90,189

(38) Contingent liabilities

There is a need for re-inspection of quality required for certain products that a subsidiary of the Group manufactured on contract for a specific customer. And the subsidiary, the specific customer and the external third party are working together and investigating for pursuing the causes and future actions. The results of the investigation may reveal problems with issues related to safety, and so on not expected from the information available at this time.

At this time, there is no high probability of an outflow of economic benefits of the Group related to this issue, and we cannot predict the impact of this issue on the Group’s financial position, operating results, or cash flow. In addition, as it is impossible to predict the outcome of this investigation at this time, we do not disclose detailed information regarding these matters.

(39) Material subsequent events

(Tender Offer and Share Consolidation)

At a meeting of the Board of Directors held on June 26, 2023, the Company resolved to express its opinion in favor of the tender offer in connection with the tender offer by JICC-02, Ltd. for the Company's common shares, the Share Acquisition Rights, and the American Depository Receipts, and to recommend the shareholders and holders of the Share Acquisition Rights of the Company to tender their shares in the tender offer, and to recommend the holders of the American Depository Receipts to tender their shares in the tender offer after delivering the American Depository Receipts to the depositary bank in advance and receiving the delivery of the Company's shares represented by the American Depository Receipts.

As a result of the tender offer conducted by JICC-02, Ltd. for the Company's common shares, the Share Acquisition Rights, and the American Depository Receipts from March 19, 2024 to April 16 of the same year, the Company became the largest shareholder, which is the parent company and major shareholder, as of the commencement date of settlement of the tender offer on April 23, 2024.

Based on the results of the tender offer, the proposal for the share consolidation was approved and approved at the Extraordinary General Meeting of Shareholders held on June 5, 2024. The Company's shares fell under the delisting criteria of the Tokyo Stock Exchange, and the Company's shares were delisted on June 25, 2024 after being designated as shares under liquidation from June 5, 2024 to June 24 of the same year.

(1) Overview of the Tender Offeror, JICC-02, Ltd. (as of April 17, 2024)

(1)Name	JICC-02, Ltd.
(2)Location	1-3-1 Toranomon, Minato-ku, Tokyo
(3)Representative Director	Osamu Itabashi
(4)Business	(1) Business to control and manage the business activities of a company by owning its shares or equity interests . (2)Other businesses incidental to or related to the businesses listed in the preceding item.
(5)Capital	100,000 yen
(6)Date of Establishment	June 15, 2023

(7)Major shareholders and shareholding ratio	JIC PE Joint Investment Fund No. 1 Investment Business Limited Partnership 97% JIC PE Fund No. 1 Investment Business Limited Partnership 3%
(8)Relationship between the Company and the Tender Offeror	
Capital relationship	Not applicable.
Personnel relationship	Not applicable.
Business relationship	Not applicable.
Status of related party	Not applicable.

(2) Outline of the Tender Offer

① Period of Tender Offer

From March 19, 2024 to April 16, 2024 (20 business days)

② Price of Tender Offer

(i) ¥4,350 per share of common stock

(ii)Share Options
¥434,900 per share of First Series Share Options
¥434,900 per share of 2006 Share Options (for Directors)
¥434,900 per share of 2006 Share Options (for Executive Officers)
¥434,900 per share of 2007 Share Options
¥434,900 per share of 2008 Share Options
¥434,900 per share of 2009 Share Options
¥434,900 per share of 2010 Share Options
¥434,900 per share of 2011 Share Options
¥434,900 per share of 2012 Share Options
¥434,900 per share of 2013 Share Options
¥434,900 per share of 2014 Share Options

(iii) Depository Receipts for Share Certificates, etc.
Number of Target Company Shares for the American Depository Shares ¥4,350 per share
(Note)Since the tender offer will not accept the tender offer for the American Depository Shares, but will accept the tender offer for the Target Company Shares for the American Depository Shares represented by the American Depository Shares, the purchase price per share of the Target Company Shares to be delivered upon delivery of the American Depository Shares to the Depository Bank is stated.

(3) Overview of Share Consolidation

① Type of Shares to be Consolidated

Common Shares

② Consolidation Ratio

In accordance with the resolution of the Extraordinary General Meeting of Shareholders held on June 5, 2024, the Company consolidated its shares at a ratio of 1 share for every 88 million shares of the Company on June 27, 2024.

③ Total number of issued shares to be decreased

207,635,588 shares

④ Total number of issued shares before the effective date

207,635,590 shares

(Note)In accordance with the resolution of the Board of Directors held on May 8, 2024, treasury shares were cancelled on June 26, 2024, and the total number of issued shares decreased by 764,410 shares.

⑤ Total number of issued shares after the effective date
2 shares

⑥ Total number of authorized shares on the effective date
8 shares

⑦ Method of treatment of fractions of less than one share and the amount of money expected to be delivered to shareholders as a result of such treatment

Regarding fractional shares arising from the Share Consolidation, in accordance with the procedures prescribed by Article 235 of the Companies Act (Act No. 86 of 2005, including subsequent revisions; hereinafter referred to as the "Companies Act".) and other relevant laws and regulations, the Company will sell shares equivalent to the total number of such fractions (If the total number includes a fraction of less than one share, the fraction will be rounded down.) and deliver the proceeds from the sale to shareholders in proportion to their fractions. With respect to this sale, the Company plans to have JICC-02, Ltd. purchase the shares with the permission of the court in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the same Act, in consideration of the fact that the Share Consolidation is conducted as part of the transaction for the purpose of making the Company's shares private with JICC-02, Ltd. being the only shareholder of the Company, and that the Company's shares will be delisted as of June 25, 2024 and will have no market price. In this case, the sale price is planned to be set at such a price that, if the necessary court permission is obtained as scheduled, money equivalent to the amount obtained by multiplying the number of shares of the Company held by the shareholders stated or recorded in the final shareholder register of the Company as of June 26, 2024, which is the day before the effective date of the Share Consolidation, by 4,350 yen, which is the same amount as the tender offer price, will be delivered. However, the actual amount to be delivered may differ from the above amount in cases where the court permission is not obtained or where fractional adjustments are necessary for calculation.
In accordance with the provisions of Article 234, Paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the Companies Act, the Company plans to file a petition with the court in late July 2024 for permission to sell the fractional shares to the tender offeror. The time when such permission can be obtained may vary depending on the circumstances of the court, etc., but with the permission of the court, the Company expects to sell the relevant shares to JICC-02, Ltd., from early to late August 2024, and to deliver the proceeds of the sale to the shareholders around mid-September to late October 2024 after making the necessary preparations to deliver the proceeds of the sale to the shareholders. Taking into consideration the period required for the series of procedures related to the sale from the effective date of the Share Consolidation, the Company has determined that the fractional shares will be sold and the proceeds of the sale will be delivered to the shareholders at each of the aforementioned times.

(Stock Purchase Agreement as to acquisition of stock of Yamanaka Hutech Corporation)

The Company reached an agreement with Yamanaka Hutech Corporation (hereinafter ”YHC”) to acquire all of its shares and make it a wholly owned subsidiary. The share purchase agreement was signed on May 15, 2024. YHC manufactures and sells high-purity chemicals for semiconductor manufacturing.
The transaction is expected to close in August 2024, after the completion of several processes, including regulatory approvals.
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 the Group by this stock acquisition is currently under investigation.

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, 2024, 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, 2024, 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.

Appropriateness of management's judgment on the change in the CGU for lithography materials, etc. and as to whether an impairment loss should be recognized on goodwill allocated to the CGU

The key audit matter	How the matter was addressed in our audit

As described in Note 17, “Impairment on Non-Financial Assets” of the consolidated financial statement, the Group recognized goodwill of ¥68,222 million allocated to CGU for lithography materials, etc., which represented 9% of total assets in the consolidated financial statements. The goodwill arose mainly when the Company acquired control of Inpria Corporation. As also described in Note 17, “Impairment of Non-Financial Assets" of the consolidated financial statements, the Company reviewed the commercial flow and started to offer metal oxide resists (hereinafter "MOR") as a product lineup of lithography materials in addition to the conventional chemically amplified resists. As a result, lithography materials and MOR, which had been identified as independent CGUs, were combined into a single CGU, “lithography materials, etc.,” in the current fiscal year, and goodwill which had been allocated to the respective CGUs was reallocated to the new CGU. Continuous identification of a CGU over each period is required for the same asset or asset type, unless a change is justified. The identification of a new CGU based on an event or situation that justifies a change in the CGU requires a high degree of judgment by management. The Company tests goodwill 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. In the annual impairment testing, no impairment loss was recognized in the current fiscal year as the value in use of the CGU for lithography materials, etc. exceeded the carrying amount including goodwill.	The primary procedures we performed to assess whether management’s judgment with respect to the change in the CGU for lithography materials, etc. and the recognition of an impairment loss on goodwill allocated to the CGU was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company’s internal controls for its assessment of goodwill including the judgment on the identification of the CGU. **(2) Assessment of the reasonableness of the change in the CGU** The change in the CGU by the Company was based on significant changes in cash inflows and other factors. We assessed whether the identification of a new CGU was appropriate, mainly through: • Inspecting relevant materials, inquiring of management and personnel responsible for the business, and inspecting materials from the Management Committee regarding the interrelationship between lithography materials and MOR; • Inspecting relevant materials such as the sales agent agreement with the main sales agent and inquiring of management regarding the review of commercial distribution to obtain an understanding on its content and objective; and • Assessing the appropriateness of the change by inspecting relevant materials such as those of the Management Committee regarding the supervisory categories of management and the decision-making units for investment. **(3) Assessment of the reasonableness of the estimated value in use** We inquired of management and the personnel responsible for the CGU 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: • Assessed the consistency of the business plan used for estimating the future cash flows with the business plan approved by management;

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The value in use is used as the recoverable amount in the impairment testing of the CGU for lithography materials, etc., in the current fiscal year. Future cash flows used to measure the value of use are estimated on the basis of the business plan for lithography materials, etc. However, the revenue projection which formed the basis for the business plan involved a high degree of uncertainty as revenue is affected by the growth potential of the photoresist market, etc. Accordingly, management’s judgment thereon 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 management’s judgment on the change in the CGU for lithography materials, etc. and as to whether an impairment loss should be recognized on goodwill allocated to the CGU 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.
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• Compared the business plan formulated in the previous year with the actual results to retrospectively examine the accuracy of the business plan;

• Compared sales growth rates used in the business plan with available external data on market growth rates; 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.
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<td colspan="2">Appropriateness of management’s judgment as to whether an impairment loss should be recognized on goodwill allocated to the drug discovery and development services business</td>
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<td>The key audit matter</td>
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As described in Note 17, “Impairment on Non-Financial Assets” of the consolidated financial statement, the Group recognized goodwill of ¥59,019 million allocated to the drug discovery and development services business, which represented 8% of total assets in the consolidated financial statements. The goodwill arose primarily when the Company acquired control of Crown Bioscience International.

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
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The primary procedures we performed to assess whether management’s judgment with respect to the recognition of an impairment loss on goodwill allocated to the drug discovery and development services business was appropriate 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. In this assessment, we focused our
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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, no impairment loss was recognized in the current fiscal year as the value in use of the drug discovery and development services business exceeded the carrying amount. The value in use was discounted to the present value of an estimated amount of future cash flows based on the five-year business plan approved by management. The five-year revenue projection based on the business plan involved a high degree of uncertainty as the revenue is affected by the future growth potential of the CRO business in which the drug discovery and development services business operates and the capacity of the equipment used in the business. Accordingly, management's judgment thereon 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 management's judgment as to whether an impairment loss should be recognized on goodwill allocated to the drug discovery and development services business 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.	testing on controls to prevent and/or detect the use of inappropriate assumptions to estimate the value in use. **(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 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. We also assessed whether assumptions used in preparing the business plan were appropriately selected, by estimating the impact on future cash flows for the subsequent fiscal years when the effects on specific uncertainties were incorporated into each assumption. In addition, we: • Compared the five-year revenue included in the business plan with available external data related to the market growth rate; • Examined the consistency of the capacity of the equipment which is currently held with the projected revenue; 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.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 328 million yen and 18 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 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

July 19, 2024

<u>Notes to the Reader of Independent Auditor's Report</u>:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.