JSR Corporation

FINANCIAL SECTION 2020

CONTENTS

JSR

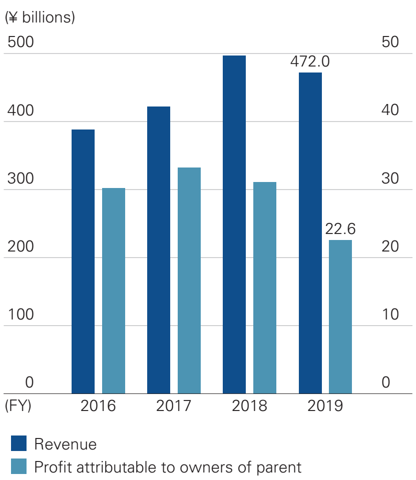
TEN-YEAR SUMMARY

Millions of yen

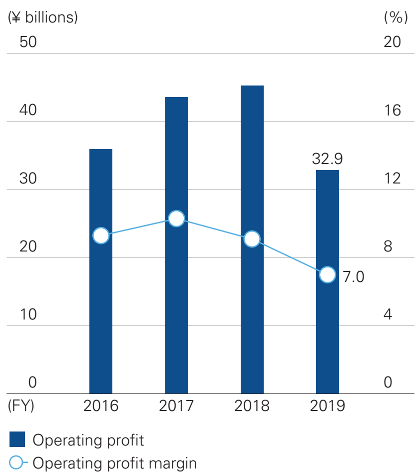
Fiscal Years ended March 31	2010	2011	2012	2013	2014	2015
Results for the year						
Net sales	¥ 340,666	¥ 349,947	¥ 371,487	¥ 394,309	¥ 404,073	¥ 386,709
Costs and expenses	(301,571)	(313,982)	(336,281)	(358,247)	(366,005)	(352,301)
Operating profit	39,095	35,964	35,206	36,062	38,068	34,408
Interest and dividends income	626	634	809	916	1,390	1,380
Interest expenses	(146)	(147)	(126)	(142)	(345)	(527)
Profit before income taxes	40,674	41,245	42,847	36,956	41,069	27,367
Profit attributable to owners of parent	27,571	26,407	30,278	25,173	29,919	24,069
Capital expenditures	11,801	19,728	27,608	21,499	35,157	24,276
Depreciation	19,245	17,784	19,145	18,096	17,407	18,508
Year-end financial position						
Total assets	390,591	430,693	482,935	501,320	534,592	516,360
Long-term loans payable	1,028	500	6,626	11,069	20,387	22,249
Total liabilities	126,475	148,335	167,202	164,060	169,918	154,006
Equity	262,679	280,955	308,641	331,284	358,303	353,145
Current ratio (times)	2.4	2.3	2.3	2.5	2.5	2.7
Return on assets (%)	7.1	6.4	6.6	5.1	5.8	4.6
Return on equity (%)	10.8	9.7	10.3	7.9	8.7	6.8
Equity ratio (%)	67.3	65.2	63.9	66.1	67.0	68.4
Per share of common stock (Yen and U.S. Dollars)						
Profit attributable to owners of parent	¥ 113.07	¥ 109.46	¥ 126.13	¥ 106.10	¥ 128.19	¥ 105.87
Cash dividends	32.00	32.00	34.00	38.00	40.00	50.00
Equity	1,088.87	1,164.63	1,299.77	1,409.06	1,557.08	1,565.45

(Notes) 1. Amounts in U.S. dollars are translated from yen, provided for convenience only, at the exchange rate of 1.00 U.S. dollar = 108.83 Japanese yen; the prevailing rate on March 31, 2020.
2. The Group has adopted International Financial Reporting Standards (IFRS) as from the fiscal year ending March 2018.

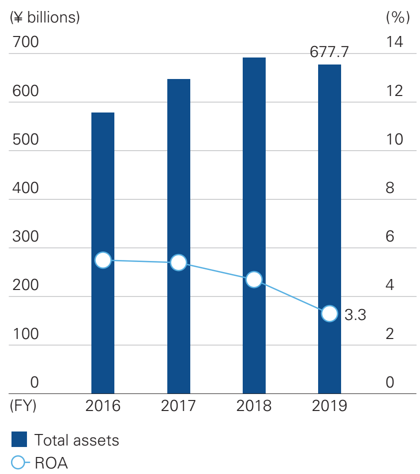
Revenue/Profit attributable to owners of parent



Operating Profit/ Operating Profit Margin



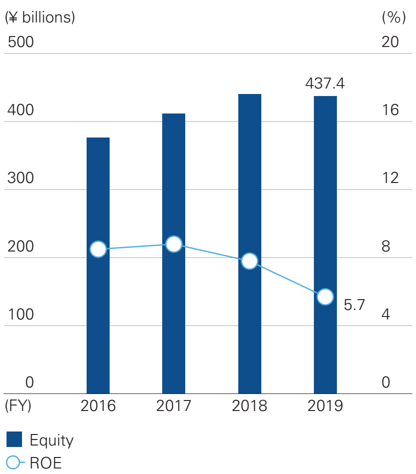
Total Assets/ROA



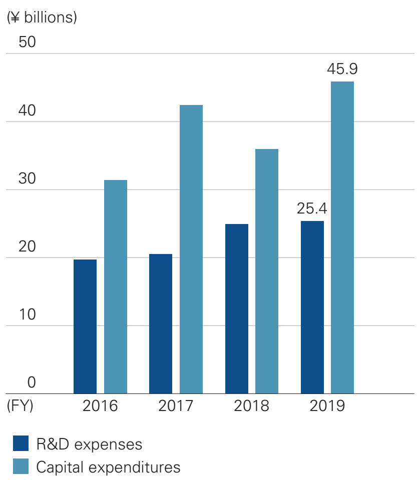
TEN-YEAR SUMMARY

2016		FY2016	FY2017	FY2018	FY2019 (Millions of yen)	FY2019 (Thousands of U.S. dollars)
	Results for the year					
¥ 390,599	Revenue	¥ 388,455	¥ 421,930	¥ 495,354	¥ 471,967	$ 4,336,734
(358,228)	Costs, other income and expenses	(352,512)	(378,360)	(450,093)	(439,082)	(4,034,571)
32,370	Operating profit	35,943	43,569	45,261	32,884	302,163
1,369	Finance income	3,045	3,659	2,499	1,929	17,723
(699)	Finance costs	(694)	(1,022)	(1,352)	(2,184)	(20,070)
38,327	Profit before tax	38,294	46,206	46,408	32,629	299,815
30,078	Profit attributable to owners of parent	30,243	33,230	31,116	22,604	207,699
31,785	Capital expenditures	31,377	42,408	35,981	45,880	432,575
14,676	Depreciation	14,793	16,973	21,790	26,343	241,161
	Year-end financial position					
576,016	Total assets	578,484	647,699	691,435	677,713	6,227,265
38,381	Borrowings (non-current liabilities)	38,381	53,456	50,777	52,684	484,093
199,302	Total liabilities	202,120	236,084	251,075	240,301	2,208,043
361,394	Total equity attributable to owners of parent	361,889	393,499	401,998	396,793	3,645,987
2.5	Current ratio (times)	2.5	2.3	1.97	2.05	2.05
5.5	Return on assets (%)	5.5	5.4	4.7	3.3	3.3
8.4	Return on equity (%)	8.5	8.8	7.8	5.7	5.7
62.7	Equity ratio (%)	62.6	60.8	58.1	58.5	58.5
	Per share of common stock (Yen and U.S. Dollars)					
¥ 134.43	Profit attributable to owners of parent	¥ 135.17	¥ 149.32	¥ 140.62	¥ 104.38	$ 0.96
50.00	Cash dividends	50.00	50.00	60.00	60.00	0.55
1,624.14	Equity attributable to owners of parent	1,626.36	1,767.81	1,823.69	1,848.01	16.98

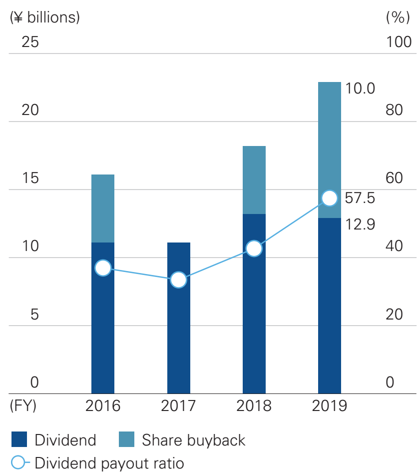
Equity/ROE



R&D Expenses/ Capital Expenditures



Shareholder Return/ Dividend Payout Ratio



MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Operating Results

Overview of FY ended March 2020 (April 1, 2019 to March 31, 2020)

In FY ended in March 2020 (April 1, 2019 to March 31, 2020), among the JSR Group's main customer industries, global automobile production fell from the previous fiscal year, mainly reflecting the growing economic slowdown among East Asian nations. Automobile production in China began to increase in December, recovering from a slump in the first half, but it declined by 12% in January and by 80% in February year-on-year due to the impact of the spread of COVID-19 infections. Automobile production in other regions has also been negatively impacted by the spread of COVID-19 infections. Consequently, automobile tire production was also down year-on-year. In the semiconductor market, memory devices remained sluggish due to the lingering impact of price levels that had tumbled in the second half of the previous fiscal year, whereas logic devices have been on a recovery path since the first half. As overall display market demand, particularly for wide-screen TV LCD panels, has waned, operational adjustments, including abandonment of production by some customers, were implemented from the 3rd quarter onward. As for the exchange rate, the yen appreciated slightly against the dollar year-on-year.

Amid these circumstances, the Digital Solutions Business, specifically the Semiconductor Materials Business, recorded higher revenue over the previous fiscal year on the back of strong sales, especially in state-of-the-art photoresists and expanded sales of advanced cleans solutions and packaging materials. Display Materials Business revenue fell because of operational adjustments brought on by worsening demand and a drop in sales prices. Consequently, the Digital Solutions Business, as a whole, posted a gain in revenue against a decline in operating profit.

The JSR Group's Elastomers Business saw lower revenue compared to the previous fiscal year, due to a decline in sales volume because of slackening demand, especially for automobile tires, and falling sales prices caused by deteriorating raw-material market conditions. The segment posted an operating loss, as a result of the revenue decline, worsening price spreads between product prices and raw material prices, and an impairment loss on some fixed assets made in the 4th quarter.

The Plastics Business recorded lower revenue and lower operating profit compared to the previous fiscal year, due to a narrowing price spread caused by slumping raw-material market conditions, in addition to declines in sales volume, primarily in the automobile markets both in Japan and abroad.

As a result, the Group reported revenue of 471,967 million yen (down 4.7% year-on-year), operating profit of 32,884 million yen (down 27.3% year-on-year), and profit attributable to owners of parent of 22,604 million yen (down 27.4% year-on-year).

With the transfer of JM Energy Corporation shares on April 1, 2020, the lithium-ion capacitor business has been classified as a discontinued operation. Consequently, revenue, operating profit or loss, and other line items are accounted for as sums of continuing operations and the previous consolidated accounting period are similarly reclassified for the purpose of comparison.

Business Segment Overview

Digital Solutions Business Segment

As already stated, in the Semiconductor Materials Business, memory devices continued at a sluggish pace reflecting lingering effects of tumbling prices in the second half of the previous fiscal year, whereas logic devices have been on a recovery path since the first half. In addition to strong sales, particularly for state-of-the-art photoresists, expanded sales of new products such as EUV resists and advanced cleans together with sales expansion of packaging materials in the Chinese market pushed revenue higher compared to the previous fiscal year. The Semiconductor Materials Business was not affected by COVID-19. In the Display Materials Business, sales volumes of alignment films and insulating films for wide-screen TV LCD panels for the Chinese market expanded, however, the business posted lower revenue due to the impact of operational adjustments, including abandonment of production by some customers, amid the shifting structural changes of LC display production from Korea and Taiwan to China. The Edge Computing Business expanded sales of its NIR Cut Filter. The Semiconductor Materials Business secured a higher operating profit despite rising temporary expenses accompanying expanded advanced cleans and loss on disposal of finished goods and raw materials and the Edge Computing Business performed steadily whereas the Display Materials Business, which reported lower revenue, also reported a lower operating profit.

Consequently, the Digital Solutions Business segment posted an operating profit of 30,917 million yen (down 5.3% year-on-year) on revenue of 144,805 million yen (up 1.8% year-on-year).

Operating Profit (¥ millions)

Fiscal Years ended March 31	FY2018	FY2019
Digital Solutions Business	¥ 142,216	¥ 144,805
Operating Profit	32,663	30,917
Life Sciences Business	43,872	50,496
Operating Profit	781	3,594
Elastomers Business	200,736	178,794
Operating Profit	7,421	(1,758)
Plastics Business	105,446	95,092
Operating Profit	9,214	6,237
Other Businesses & Adjustment	3,084	2,779
Operating Profit	(4,818)	(6,104)
Revenue	¥ 495,354	¥ 471,967
Operating Profit	45,261	32,884

Life Sciences Business Segment

The Life Sciences Business segment saw stable revenue growth on the back of favorable progress by the CDMO business, led by the Group companies KBI and Selexis, and in the CRO business led by Crown Bio, which became a wholly-owned subsidiary in May 2018. Sales of diagnostic reagent materials, bioprocess materials, and other products also climbed. Medical & Biological Laboratories Co., Ltd.'s diagnostic reagent business grew steadily, contributing to overall higher revenue from the previous fiscal year. The segment saw a substantial jump in operating profit thanks to expanded revenue as well as realizing benefits from business restructuring undertaken in the previous fiscal year.

As a result, the Life Sciences Business segment posted an operating profit of 3,594 million yen (up 360.4% year-on-year) on revenue of 50,496 million yen (up 15.1% year-on-year).

Elastomers Business Segment

Global production of automobile tires, one of the segment's main customer industries, remained weak throughout the year, due to a decline in automobile production, particularly in China, compounded by temporary production stoppages or reductions at tire-maker plants in Europe and other areas. The spread of COVID-19 infections also had a negative impact on the market as a whole.

Amid these circumstances, the sales volume of solution styrene-butadiene rubber (SSBR), positioned by JSR as a strategic product, improved over the previous fiscal year, despite a year-on-year decline in worldwide tire production. Nevertheless, the segment recorded lower revenue compared to the previous fiscal year, as the segment's overall sales volume was sluggish and sales prices slid because of a deterioration in raw-material market conditions. The segment posted an operating loss for the full term as a result of revenue decline, narrower price spreads, and the impairment loss on some fixed assets made in the 4th quarter.

Consequently, the Elastomers Business segment posted an operating loss of 1,758 million yen, on revenue of 178,794 million yen (down 10.9% year-on-year).

Plastics Business Segment

In addition to sluggish performance in the automobile industry, especially outside of Japan, the segment's sales volume was negatively effected by the impact of COVID-19 in the 4th quarter and sales prices fell due to a deterioration in raw material market conditions. These factors caused revenue to decrease from the previous fiscal year, and the decline in revenue together with the decline in price spread led to a lower operating profit.

As a result, the Plastics Business segment posted an operating profit of 6,237 million yen (down 32.3% year-on-year) on revenue of 95,092 million yen (down 9.8% year-on-year).

Business Outlook

With the impact of COVID-19 on global economic and corporate activities, predicting the course of the pandemic or its resolution is extremely difficult. In these circumstances, based on available data, we assume the effects of the pandemic will continue for a certain period of time in the coming consolidated fiscal year, and made the following assumptions for revenues in each business segment in the FY ending March 2021.

The table below shows the rate and amount of change in the Group's revenue for the FY ending March 2021, not including the impact of COVID-19. Cost control measures against the risk of reduced sales have been incorporated into the business plan. As a result, we forecast overall revenue of 423 billion yen (a 10.4% year-on-year decrease), operating profit of 23 billion yen (down 30.1%), and profit attributable to owners of parent of 15 billion yen (down 33.6%).

* Fiscal 2020 forecasts are as of April 2020. Please refer to the JSR website (https://www.jsr.co.jp/jsr_e/ir/library/presentation.html) for the latest forecasts.

Rate and amount of change to revenue forecasts attributable to COVID-19 in FY ending March 2021

		1H	2H
Digital Solutions Business	Semiconductor Materials	-5%	-5%
	Display Materials	-10%	-10%
Life Sciences Business		0%	0%
Elastomers Business		-20%	-10%
Plastics Business		-20%	-10%
Total		-50.0 billion yen	

Analysis of Financial Position

Overview

Total assets at the end of the current consolidated fiscal year amounted to 677,713 million yen, a 13,722 million yen decrease from the previous fiscal year.

Current assets were 303,475 million yen, down 35,508 million yen, owing to a decrease in trade and other receivables and cash and cash equivalents.

Non-current assets increased by 21,787 million yen to 374,238 million yen, due to an increase in property, plant and equipment arising from the application of IFRS 16 standards for leases, which offset a decrease in other financial assets reflecting the sale of securities.

Although other financial liabilities increased due to the application of IFRS 16 standards for leases, total liabilities amounted to 240,301 million yen, down 10,774 million yen, owing to a decrease in trade and other payables.

In terms of equity, although retained earnings were up, total equity attributable to owners of parent was down 5,206 million yen to 396,793 million yen, due to the acquisition of treasury shares and a decrease in other components of equity. Total equity, including non-controlling interests, amounted to 437,412 million yen, a decrease of 2,948 million yen.

Analysis of Cash Flows

Cash and cash equivalents ("funds") as of March 31, 2020 stood at 61,931 million yen, down 8,854 million yen from a year earlier.

Net cash provided by operating activities amounted to 54,228 million yen, up 23,288 million yen from the previous fiscal year. The main factors included profit before tax of 32,629 million, depreciation expenses and depreciation charges of 26,359 million yen, and income taxes paid of 12,773 million yen.

Net cash used in investing activities totaled 35,592 million yen, down 30,674 million yen from the previous fiscal year. The main items were 43,951 million yen in payments for purchase of property, plant and equipment associated with plant expansion and 15,449 million yen in proceeds from sale of investments.

Net cash used in financing activities totaled 25,264 million yen, up 6,298 million yen from the previous fiscal year. The main items were 13,052 million yen in dividends paid and 10,002 million yen in payments for purchase of treasury shares.

Basic Policy on Profit Allocation and Dividends for the Fiscal Year ended March 31, 2020 and the Fiscal Year ending March 31, 2021

The Company believes it is of the utmost importance to pursue sustainable, long-term business growth by strengthening its competitiveness through the reinforcement of research and development activities and new businesses expansion.

The Company determines shareholder returns in consideration of business performance and mid- to long-term capital requirements, while taking into account the balance between returning profits to shareholders and retaining earnings necessary for future growth. During the JSR20i9 mid-term business plan, the Company sought an overall return ratio of more than 50%, through a combination of dividends and timely share buybacks. We will continue to determine shareholder returns based on this target of 50% or higher.

Moreover, the Company's policy is to pay an interim and year-end dividend.

The decision-making bodies that determine dividend payments are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

Based on the above policy, the interim dividend for the fiscal year under consideration was set at 30 yen per share. As previously announced, the year-end dividend was also set at 30 yen per share, yielding a combined annual dividend of 60 yen per share.

Moreover, the Articles of Incorporation stipulate that the Company may distribute dividends pursuant to Paragraph 5, Article 454 of the Companies Act; a resolution to distribute an interim dividend for the FY ended March 2020 was made by the Board of Directors on October 28, 2019.

Risk Information

JSR Group is exposed to the following risks that may impact on operating results, financial position, cash flows, and other aspects of its business performance.

Forward-looking statements are based on the Group's judgments as of March 31, 2020, and the Group's business and other risks are not limited to the following matters.

(1) Changes in Demand due to Economic Trends

Major industries in which JSR Group's products are sold, such as automobiles and electronics, may be influenced by the economic climate in countries or regions. An economic slowdown could reduce demand in these industries and adversely affect JSR Group's operating results.

(2) Fluctuation in Prices for Crude Oil, Naphtha and Other Major Raw Materials

Fluctuations in prices for crude oil and naphtha, or changes in market conditions for other major raw materials, could change procurement prices of raw materials or market conditions for products and adversely affect JSR Group's operating results, especially in the Elastomers Business and Plastics Business.

(3) Development of New Products

Large, unforeseen changes in the industry or market could prevent the timely development of new products and adversely affect JSR Group's operating results.

(4) R&D Involving Next-Stage Growth Businesses
JSR Group actively invests in R&D to create next-stage growth businesses. However, there is no guarantee that all R&D activities will yield worthwhile results. Depending on R&D results, there could be an adverse effect on JSR Group's operating results.

(5) Protection of Intellectual Property
Disputes over intellectual property with other companies could arise or infringements on JSR's intellectual property by other companies could occur.

(6) Product Quality Assurance and Product Liability
Damage or injury caused by a product manufactured by JSR Group could adversely affect JSR Group's operating results.

(7) Procurement of Raw Materials
An interruption in the supply of raw materials due to an accident at a raw materials manufacturer or a supply stoppage due to quality issues or bankruptcy could hinder production activities and adversely affect JSR Group's operating results.

(8) Natural Disasters and Accidents
Constraints on economic activity caused by prolonged COVID-19 infections or a major natural disaster or accident at a manufacturing facility that damages the manufacturing facility or disrupts production could adversely affect JSR Group's operating results.

(9) Environmental Issues
In the event that a spill of any type of chemical occurs or that environmental regulations become more stringent, the Group's business activities could be constrained, the Group may have to pay compensation and other costs, or the Group may have to make new substantial capital expenditures. Any of these events could adversely affect JSR Group's operating results.

(10) Laws and Regulations
In the countries where it operates, JSR Group is subject to various laws and regulations involving business and investment permits, import and export activities, trade, labor relations, intellectual property, taxes, foreign exchange, and other matters. In the event that a law or regulation is violated, or a law or regulation becomes stricter or is significantly altered, there could be limitations to the Group's business activities or additional compliance costs. Any of these events could adversely affect JSR Group's operating results.

(11) Fluctuation in Exchange Rates
JSR Group is susceptible to the effects of exchange rate fluctuations. Operating results of consolidated subsidiaries and equity-method affiliates located in other countries are converted into Japanese yen amounts for the purposes of preparing consolidated financial statements. Accordingly, yen appreciation could adversely affect JSR Group's operating results.

(12) Overseas Operations
Overseas operations are exposed to a number of risks that include, but are not limited to, an unfavorable political environment or economic trends; labor disputes and other problems due to differences in labor laws and other working conditions; difficulty in recruiting and retaining employees; an adverse impact on business activities due to inadequate social infrastructure; and the impact of wars, terrorism, and other social instability. Any of these events could adversely affect JSR Group's operating results.

(13) Litigation
JSR Group may be sued or be involved in other litigation concerning a dispute with a supplier, customer, or other external party. The outcome of significant litigation could adversely affect JSR Group's operating results.

CONSOLIDATED FINANCIAL STATEMENTS

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, 2020 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 STATEMENT OF FINANCIAL POSITION

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2020

	Note	Millions of yen		Thousands of U.S. dollars
		As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Assets				
Current assets				
Cash and cash equivalents	9	¥ 70,785	¥ 61,931	$ 569,064
Trade and other receivables	10, 34	135,280	110,506	1,015,404
Inventories	12	117,046	112,840	1,036,850
Other financial assets	11, 34	5,002	4,064	37,347
Other current assets	14	10,870	11,487	105,547
Subtotal		338,983	300,829	2,764,212
Assets associated with disposal group classified as held for sale	13	—	2,646	24,310
Total current assets		338,983	303,475	2,788,523
Non-current assets				
Property, plant and equipment	15, 16, 18	183,457	215,664	1,981,661
Goodwill	17, 18	59,066	58,283	535,540
Other intangible assets	17	14,205	15,891	146,015
Investments accounted for using equity method	19	24,269	25,385	233,251
Retirement benefit asset	23	1,503	2,560	23,519
Other financial assets	11, 34	58,895	44,656	410,330
Other non-current assets	14	2,305	2,469	22,687
Deferred tax assets	20	8,751	9,331	85,739
Total non-current assets		352,452	374,238	3,438,742
Total assets		691,435	677,713	6,227,265
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	22, 34	118,053	92,839	853,067
Borrowings	21, 34	33,519	30,043	276,050
Income taxes payable		5,598	1,757	16,141
Other financial liabilities	21, 34	532	3,138	28,837
Other current liabilities	24	14,752	17,976	165,172
Subtotal		172,455	145,752	1,339,266
Liabilities associated with disposal group classified as held for sale	13	—	2,646	24,310
Total current liabilities		172,455	148,398	1,363,577
Non-current liabilities				
Borrowings	21, 34	50,777	52,684	484,093
Retirement benefit liability	23	15,870	16,216	148,999
Other financial liabilities	21, 34	1,675	16,198	148,838
Other non-current liabilities	24	2,733	3,667	33,695
Deferred tax liabilities	20	7,565	3,139	28,842
Total non-current liabilities		78,620	91,903	844,466
Total liabilities		251,075	240,301	2,208,043
Equity				
Equity attributable to owners of parent				
Share capital	25	23,370	23,370	214,742
Capital surplus	25	18,436	18,242	167,615
Retained earnings	25	351,476	369,102	3,391,550
Treasury shares	25	(10,042)	(19,547)	(179,614)
Other components of equity	25	18,758	5,626	51,694
Total equity attributable to owners of parent		401,998	396,793	3,645,987
Non-controlling interests		38,361	40,619	373,235
Total equity		440,360	437,412	4,019,222
Total liabilities and equity		¥691,435	¥677,713	$6,227,265

See accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2020

	Note	Millions of yen		Thousands of U.S. dollars
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Continuing operations				
Revenue	7, 27	¥ 495,354	¥ 471,967	$ 4,336,734
Cost of sales		(347,928)	(331,228)	(3,043,537)
Gross profit		147,426	140,739	1,293,197
Selling, general and administrative expenses	28	(102,105)	(104,343)	(958,773)
Other operating income	29	1,713	1,304	11,982
Other operating expenses	18, 29	(2,306)	(4,879)	(44,830)
Share of profit of investments accounted for using equity method		533	64	586
Operating profit	7	45,261	32,884	302,163
Finance income	7, 30	2,499	1,929	17,723
Finance costs	7, 30	(1,352)	(2,184)	(20,070)
Profit before tax	7	46,408	32,629	299,815
Income tax expenses	20	(10,985)	(6,859)	(63,023)
Profit from continuing operations		35,423	25,770	236,792
Discontinued operations				
Profit (loss) from discontinued operations	13	(1,837)	252	2,314
Profit for the period		¥ 33,586	¥ 26,022	$ 239,106
Profit attributable to:				
Owners of parent		31,116	22,604	207,699
Non-controlling interests		2,470	3,418	31,407
Total		¥ 33,586	¥ 26,022	$ 239,106

		Yen		U.S. dollars
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Earnings per share				
Basic earnings per share		¥140.62	¥104.38	$0.96
Continuing operations	32	148.92	103.22	0.95
Discontinued operations	32	(8.30)	1.16	0.01
Diluted earnings per share		140.27	104.19	0.96
Continuing operations	32	148.55	103.03	0.95
Discontinued operations	32	(8.28)	1.16	0.01

See accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2020

	Note	Millions of yen		Thousands of U.S. dollars
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Profit		¥33,586	¥26,022	$239,106
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in financial assets measured at fair value through other comprehensive income	31	(4,678)	(1,377)	(12,650)
Remeasurements of defined benefit plans	31	54	661	6,071
Share of other comprehensive income of investments accounted for using equity method	31	5	(31)	(286)
Items that may be reclassified to profit or loss				
Net change in fair value of cash flow hedges	31	(79)	(124)	(1,143)
Exchange differences on translation of foreign operations	31	476	(4,111)	(37,771)
Share of other comprehensive income of investments accounted for using equity method	31	(1,213)	(904)	(8,306)
Total other comprehensive income, net of tax		(5,435)	(5,886)	(54,084)
Total comprehensive income		28,151	20,136	185,022
Comprehensive income attributable to:				
Owners of parent		25,611	17,486	160,673
Non-controlling interests		2,540	2,650	24,349
Total		¥28,151	¥20,136	$185,022

See accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2020

Fiscal year ended March 31, 2019		Millions of yen							
		Equity attributable to owners of parent							
	Note	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at April 1, 2018		¥23,370	¥18,502	¥331,913	¥ (5,358)	¥25,071	¥393,499	¥18,116	¥411,615
Profit				31,116			31,116	2,470	33,586
Other comprehensive income						(5,505)	(5,505)	70	(5,435)
Total comprehensive income		—	—	31,116	—	(5,505)	25,611	2,540	28,151
Share-based remuneration transactions			(202)		88	(1)	(115)		(115)
Dividends	26			(12,175)			(12,175)	(623)	(12,798)
Changes in treasury shares			(10)		(4,772)		(4,782)		(4,782)
Transfer from other components of equity to retained earnings				689		(689)	—		—
Changes by business combination	8		146			(119)	27	17,610	17,637
Other movements				(67)		1	(67)	718	651
Total transactions with owners, etc.		—	(66)	(11,554)	(4,684)	(808)	(17,111)	17,705	594
Balance at March 31, 2019		¥23,370	¥18,436	¥351,476	¥(10,042)	¥18,758	¥401,998	¥38,361	¥440,360

Fiscal year ended March 31, 2020		Millions of yen							
		Equity attributable to owners of parent							
	Note	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at April 1, 2019		¥23,370	¥18,436	¥351,476	¥(10,042)	¥18,758	¥401,998	¥38,361	¥440,360
Effect of changes in accounting policies				133			133		133
Restated balance at April 1, 2019		23,370	18,436	351,609	(10,042)	18,758	402,131	38,361	440,493
Profit				22,604			22,604	3,418	26,022
Other comprehensive income						(5,118)	(5,118)	(768)	(5,886)
Total comprehensive income		—	—	22,604	—	(5,118)	17,486	2,650	20,136
Share-based remuneration transactions			(174)		292	(47)	71		71
Dividends	26			(13,054)			(13,054)	(1,453)	(14,507)
Changes in treasury shares			(31)		(9,798)		(9,829)		(9,829)
Transfer from other components of equity to retained earnings				7,968		(7,968)	—		—
Changes by sale of shares of subsidiaries							—	(361)	(361)
Changes in equity due to capital increase of subsidiary							—	1,422	1,422
Other movements			10	(24)			(13)		(13)
Total transactions with owners, etc.		—	(194)	(5,110)	(9,506)	(8,014)	(22,825)	(392)	(23,217)
Balance at March 31, 2020		¥23,370	¥18,242	¥369,102	¥(19,547)	¥ 5,626	¥396,793	¥40,619	¥437,412

Fiscal year ended March 31, 2020		Thousands of U.S. dollars							
		Equity attributable to owners of parent							
	Note	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at April 1, 2019		$214,742	$169,400	$3,229,584	$ (92,268)	$172,362	$3,693,820	$352,490	$4,046,310
Effect of changes in accounting policies				1,221			1,221		1,221
Restated balance at April 1, 2019		214,742	169,400	3,230,806	(92,268)	172,362	3,695,041	352,490	4,047,531
Profit				207,699			207,699	31,407	239,106
Other comprehensive income						(47,026)	(47,026)	(7,058)	(54,084)
Total comprehensive income		—	—	207,699	—	(47,026)	160,673	24,349	185,022
Share-based remuneration transactions			(1,598)		2,684	(429)	657		657
Dividends	26			(119,948)			(119,950)	(13,355)	(133,303)
Changes in treasury shares			(283)		(90,029)		(90,312)	(1)	(90,313)
Transfer from other components of equity to retained earnings				73,213		(73,213)	—		—
Changes by sale of shares of subsidiaries								(3,314)	(3,314)
Changes in equity due to capital increase of subsidiary								13,066	13,066
Other movements			95	(218)			(124)		(124)
Total transactions with owners, etc.		—	(1,786)	(46,954)	(87,345)	(73,642)	(209,727)	(3,604)	(213,331)
Balance at March 31, 2020		$214,742	$167,615	$3,391,550	$(179,614)	$ 51,694	$3,645,987	$373,235	$4,019,222

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2020

	Note	Millions of yen		Thousands of U.S. dollars
		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from operating activities				
Profit before tax		¥ 46,408	¥ 32,629	$ 299,815
Loss before tax from discontinued operations	13	(2,232)	(3,208)	(29,477)
Depreciation and amortization		21,842	26,359	242,199
Interest and dividend income		(1,631)	(1,369)	(12,579)
Interest expenses		1,352	1,825	16,769
Share of loss (profit) of investments accounted for using equity method		(533)	(64)	(586)
Impairment loss	18	438	1,801	16,545
Decrease (increase) in trade and other receivables		1,553	23,317	214,254
Decrease (increase) in inventories		(22,039)	1,446	13,285
Increase (decrease) in trade and other payables		(5,834)	(27,721)	(254,716)
Other		3,026	11,912	109,459
Dividends received		1,785	1,591	14,615
Interest received		224	216	1,986
Interest paid		(1,236)	(1,732)	(15,919)
Income taxes paid		(12,183)	(12,773)	(117,367)
Net cash provided by (used in) operating activities		30,940	54,228	498,284
Cash flows from investing activities				
Net decrease (increase) in time deposits		(1,108)	1,036	9,517
Net decrease (increase) in marketable securities		10,000	—	—
Purchase of property, plant and equipment		(36,210)	(43,951)	(403,850)
Proceeds from sale of property, plant and equipment		273	913	8,391
Purchase of investments		(4,449)	(4,426)	(40,671)
Proceeds from sale of investments		1,656	15,449	141,957
Purchase of shares of subsidiaries resulting in change in scope of consolidation	8	(36,225)	—	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation		—	(749)	(6,885)
Proceeds from company split	8	3,213	—	—
Purchase of shares in associates		(163)	(1,928)	(17,713)
Payments for loans receivable		(2,814)	(1,441)	(13,238)
Collection of loans receivable		290	309	2,836
Other		(731)	(804)	(7,385)
Net cash provided by (used in) investing activities		(66,266)	(35,592)	(327,042)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	21	(1,938)	2,547	23,405
Repayments of long-term borrowings	21	(7,975)	(7,839)	(72,028)
Proceeds from long-term borrowings	21	9,231	5,846	53,714
Payments for purchase of treasury shares		(5,001)	(10,002)	(91,908)
Dividends paid	26	(12,175)	(13,052)	(119,928)
Dividends paid to non-controlling interests		(623)	(1,453)	(13,354)
Capital contribution from non-controlling interests		—	1,422	13,066
Repayments of lease liabilities		(551)	(3,025)	(27,791)
Other	21	66	292	2,681
Net cash provided by (used in) financing activities		(18,966)	(25,264)	(232,143)
Effect of exchange rate changes on cash and cash equivalents		121	(1,049)	(9,642)
Net increase (decrease) in cash and cash equivalents		(54,171)	(7,677)	(70,542)
Cash and cash equivalents at beginning of period		124,956	70,785	650,417
Cash and cash equivalents included in assets associated with disposal groups classified as held for sale		—	(1,176)	(10,810)
Cash and cash equivalents at end of period	9	¥ 70,785	¥ 61,931	$ 569,064

See accompanying notes.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2020

(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 Elastomers Business, the Plastics Business, the Digital Solutions Business and the Life Sciences Business as well as businesses related to these. The products of these businesses are wide ranging. See the note "(7) 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) Basis for Measurement
The Group's consolidated financial statements, with the exception of assets pertaining to post-employment benefit plans, financial instruments measured at fair value, etc., stated on "(4) Significant Accounting Policies," are prepared on a historical cost model.

3) 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 dollar is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2020, which was ¥108.83 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 dollar at this or any other rates of exchange.

4) Authorization of Consolidated Financial Statements
The consolidated financial statements have been authorized by Nobuo Kawahashi, the Company's representative director and president and COO, and Hideki Miyazaki, the Company's CFO, on June 30, 2020.

(3) Explanation of New Standards and Interpretations Not Applied

The major new or revised standards and interpretations published prior to the date of authorization of the consolidated financial statements have no significant impact.

(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 amounts 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 amount 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: 5 to 25 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 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 major asset is as follows:

- Software: 5 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

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Lease transactions are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, while all other leases are classified as operating leases.

Whether a contract is a lease or whether a contract contains a lease is determined based on the substance of the contract following IFRIC 4 — *Determining Whether an Arrangement Contains a Lease,* even when the contract is not legally a lease-type contract.

In finance lease transactions, lease assets and lease liabilities are recognized in the consolidated statement of financial position at the lower of the fair value of the leased property calculated on the inception date of the lease term and the aggregate present value of the minimum lease payments. Lease payments are allocated to liabilities and finance costs. Interest components in finance costs are expensed as profit or loss over the lease term in such a way that a fixed term interest rate applies to the liability balance in each reporting period. Lease assets are depreciated using the straight-line method based on the accounting policies applied to the assets.

In operating lease transactions, lease payments are recognized as an expense over the lease term on a straight-line basis.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

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 incremental borrowing rate as 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.

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 2018.

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 2018 (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.

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 stock outstanding during the reporting period. Diluted quarterly earnings per share are calculated through adjustments for the effect of all potentially dilutive common stock.

(5) Changes in Accounting Policies

The Group has applied the following standard from the current fiscal year.

IFRS	Summary of New / Revised Standard
IFRS 16 — Leases	Revision of accounting related to lease contracts

The Group has applied IFRS 16 — *Leases* ("IFRS 16") from the current consolidated fiscal year. For the adoption of IFRS 16, the Group has employed a method of recognizing the cumulative effect of the standard's application, deemed to be a transitional measure, as the balance of retained earnings at the beginning of the current fiscal year at the date of initial application, without presenting a restatement of comparative information (modified retrospective approach).

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 within12 months and leases of low-value assets.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date when a contract is assessed to be, or contains, a lease. The lease liability of a lease transaction is measured at the discounted present value of the total unpaid value of lease payments at the lease commencement date. The right-of-use asset 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. The right-of-use asset is periodically depreciated over the term of the lease. Lease payments are allocated to finance costs and an amortization component of the lease liability balance, in such a way as to apply a fixed interest rate to the lease liability balance. Finance costs are categorized and recorded as depreciation pertaining to the right-of-use asset in the Consolidated Statement of Profit or Loss.

Whether a contract is a lease or contains a lease is determined based on the substance of the contract, even when the contract is not legally a lease-type contract. The lease payments associated with short-term leases within 12 months and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

As a result of the transition to IFRS 16, right-of-use assets of ¥13,810 million ($126,899 thousand) have been additionally recognized in *Property, plant and equipment* and lease liabilities of ¥13,678 million ($125,678 thousand) have been additionally recognized in *Other financial liabilities* under current liabilities and non-current liabilities in the Consolidated Statement of Financial Position at the date of initial application. The weighted average incremental borrowing rate applied to lease liabilities recognized at the date of initial application of IFRS 16 was 3.0%.

The minimum future lease payments under non-cancellable operating leases to which IAS 17 "Leases" were applied at the end of the fiscal year immediately before the date of initial application, and the lease liability recognized at the date of initial application (excluding ¥1,731 million ($15,903 thousand) in finance lease obligations at the end of the previous fiscal year) has a difference of ¥4,602 million ($42,287 thousand). The main reason for this difference is a cancelable operating lease agreement.

(6) 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 useful life of the asset, 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 "(18) Impairment of Non-Financial Assets."

2) Employee Benefits

The present value of defined benefit plan obligations, service cost, etc. pertaining to post-employment benefit plans adopted by the Group have been calculated based on actuarial assumptions. For actuarial assumptions, estimates and judgments on a variety of variables including discount rate are required. Actuarial assumptions and related sensitivity are provided in the note "(23) Employee Benefits."

3) 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 "(20) Income Taxes."

(7) 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 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.

JSR Group has four reportable segments: Elastomers Business, which is engaged mainly in the manufacture and sale of general-purpose synthetic rubber products for automobile tires, functional special synthetic rubber for automobile components, thermoplastic elastomers for modifying plastics, and synthetic rubber latex for coated paper; Plastics Business, which is engaged mainly in the manufacture and sale of ABS and other resins for automobiles, office equipment, and amusement applications; Digital Solutions Business, which is engaged mainly in the manufacture and sale of semiconductor materials, display materials, and products related to edge computing; and Life Sciences Business. 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.

The Group has classified the lithium-ion capacitor business as discontinued operations from the current fiscal year. Accordingly, 2) Reportable Segment Revenues, Profits and Losses, Assets and other material items and 4) Information by Region present amounts only for continuing operations excluding the lithium-ion capacitor business.

Main Products in Each Business Segment

Business segments	Main products
Elastomers Business	Synthetic rubbers, such as styrene-butadiene rubber, poly-butadiene rubber, ethylene and propylene rubber and compounded products; thermoplastic elastomers and compounded products; latex for paper processing; general industrial-use latex; acrylic emulsions; natural latex compounded products; high-functional coating materials; high-functional dispersants; industrial particles; materials for heat insulation paints; materials for batteries; butadiene monomers; etc.
Plastics Business	Synthetic resins including ABS resins, AES resins, AS resins, and ASA resins
Digital Solutions Business	<Semiconductor Materials> Lithography materials (photoresists, multilayer materials); CMP materials; mounting 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.

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, 2019 (April 1, 2018 to March 31, 2019)

Millions of yen

	Reportable Segment							
	Elastomers	Plastics	Digital Solutions	Life Sciences	Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
Revenue from external customers	¥200,736	¥105,446	¥142,216	¥ 43,872	¥3,083	¥495,353	¥ 1	¥495,354
Operating profit (loss)	7,421	9,214	32,663	781	135	50,214	(4,953)	45,261
Finance income						—		2,499
Finance costs						—		(1,352)
Profit before tax						—		46,408
Segment assets	291,256	77,794	131,779	114,353	9,594	624,775	64,193	688,968
Other items								
Depreciation and amortization	8,821	2,395	6,036	3,740	214	21,207	584	21,790
Impairment losses	—	—	—	—	—	—	—	—
Capital expenditures	19,738	3,108	7,194	5,218	—	35,257	724	35,981

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 operating profit or operating loss downward adjustment of ¥4,953 million contains company-wide profits and losses not allocated to the reportable segments. The adjustment amounts 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 long-term investment funds (securities (equity financial assets))) owned by the parent company.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Millions of yen							
	Reportable Segment							
	Elastomers	Plastics	Digital Solutions	Life Sciences	Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
Revenue from external customers	¥178,794	¥95,092	¥144,805	¥ 50,496	¥ 2,779	¥471,967	¥ 0	¥471,967
Operating profit (loss)	(1,758)	6,237	30,917	3,594	(250)	38,739	(5,855)	32,884
Finance income						—		1,929
Finance costs						—		(2,184)
Profit before tax						—		32,629
Segment assets	260,488	69,035	145,736	129,485	11,485	616,230	58,837	675,068
Other items								
Depreciation and amortization	9,925	2,372	6,627	5,420	221	24,565	1,778	26,343
Impairment losses	1,454	—	—	60	—	1,514	—	1,514
Capital expenditures	15,560	2,891	18,341	8,613	—	45,405	475	45,880

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 operating profit or operating loss downward adjustment of ¥5,855 million contains company-wide profits and losses not allocated to the reportable segments. The adjustment amount in the segment assets line are corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents and long-term investment funds (securities (equity financial assets))) owned by the parent company.
Note 3: In the Elastomers Business, impairment losses of 1,454 million yen were recorded for fixed assets associated with the production of general-purpose rubber products.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Thousands of U.S. dollars							
	Reportable Segment							
	Elastomers	Plastics	Digital Solutions	Life Sciences	Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
Revenue from external customers	$1,642,872	$873,770	$1,330,565	$ 463,987	$ 25,538	$4,336,733	$ 1	$4,336,734
Operating profit (loss)	(16,157)	57,311	284,083	33,021	(2,296)	355,962	(53,799)	302,163
Finance income						—		17,723
Finance costs						—		(20,070)
Profit before tax						—		299,815
Segment assets	2,393,533	634,341	1,339,118	1,189,793	105,535	5,662,321	540,634	6,202,954
Other items								
Depreciation and amortization	91,198	21,792	60,897	49,805	2,027	225,718	16,342	242,060
Impairment losses	13,356	—	—	552	—	13,908	—	13,908
Capital expenditures	142,972	26,566	168,528	79,144	—	417,209	4,366	421,575

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 operating profit or operating loss downward adjustment of $53,799 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 long-term investment funds (securities (equity financial assets))) owned by the parent company.
Note 3: In the Elastomers Business, impairment losses of 1,454 million yen ($13,356 thousand) were recorded for fixed assets associated with the production of general-purpose rubber products.

3) Information on Products and Services

Information on products and services is stated on "1) Overview of reportable segments."

4) Information by Region

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

Revenue from External Customers

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Japan	¥220,288	¥198,238	$1,821,540
China	63,876	67,022	615,837
U.S.	58,192	60,403	555,023
Other regions	152,999	146,304	1,344,334
Total	¥495,354	¥471,967	$4,336,734

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

Property, Plant and Equipment

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Japan	¥ 93,327	¥111,160	$1,021,408
Thailand	27,202	25,287	232,349
Hungary	32,075	37,867	347,943
U.S.	13,968	23,769	218,406
Other regions	16,886	17,582	161,556
Total	¥183,457	¥215,664	$1,981,661

Note: We confine items presented to property, plant and equipment considering cost of the preparation.

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.

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

1) Business Combination

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Absorption-type split in which a subsidiary is the successor company

(1) Overview of the Business Combination

The Company executed an absorption-type split dated April 1, 2019, with UMG ABS, Ltd., which was equally owned by Ube Industries, Ltd. (50%) and Mitsubishi Chemical Corporation (50%), as the absorbed company and Techno Polymer Co., Ltd. (renamed Techno-UMG Co., Ltd. on April 1, 2019), a wholly owned subsidiary of the Company, as the successor company.

In keeping with the absorption-type split, Techno-UMG Co., Ltd. issued new common shares so that the Company owns 51% of the issued shares of Techno-UMG Co., Ltd.

(i) Name of acquired company and business domain
Name of acquired company: UMG ABS, Ltd.
Business domain: manufacture and sale of ABS resins

(ii) Date of business combination
April 1, 2018

(iii) Method by which the acquiring company obtained control of the acquired company
Absorption-type split through the allocation of 58,800 common shares of Techno Polymer Co., Ltd., with UMG ABS, Ltd. as the absorbed company and Techno Polymer Co., Ltd. as the successor company

(2) Primary Reason for the Business Combination

The conditions surrounding the ABS resin business will become increasingly challenging both in and outside of Japan. The primary purpose of the business combination is to optimize operations, enhance manufacturing efficiencies, and secure cost competitiveness for the ABS resin business, in order to ensure the stable supply of products in Japan and expand sales in global markets.

(3) Fair Value of Assets Acquired, Liabilities Assumed, and Goodwill Recognized on the Acquisition Date

(i) Fair value of the consideration transferred
Techno-UMG Co., Ltd. common shares: ¥19,350 million

(ii) Share valuation method
The Company calculated the share valuation in consultation with the transaction parties, referring to a share valuation report and other materials received from a third-party appraiser.

(iii) Assets acquired, liabilities assumed, and goodwill recognized as of the acquisition date (April 1, 2018).

	Millions of yen
Current assets	
Cash and cash equivalents	¥ 2,617
Trade and other receivables	10,508
Inventories	6,945
Other	736
Non-current assets	
Property, plant and equipment	11,356
Other intangible assets	357
Deferred tax assets	992
Other	1,775
Assets acquired	35,287
Current liabilities	
Trade and other payables	13,865
Borrowings	3,450
Income taxes payable	719
Other	910
Non-current liabilities	
Borrowings	80
Retirement benefit liability	629
Other	45
Liabilities assumed	19,698
Recognized value of assets acquired and liabilities assumed (net amount)	15,589
Goodwill	3,760

Goodwill is primarily composed of synergies with existing businesses and excess earning power that are expected to arise from the acquisition, which do not individually fulfill the criteria for recognition. Furthermore, the goodwill is not deductible for tax purposes.

The amount of goodwill included in the consolidated statement of financial position as of the date of the business combination was ¥1,918 million because of the change in ownership ratio in Techno-UMG Co., Ltd.

(4) Acquisition-related Costs

Acquisition-related costs pertaining to the business combination were ¥136 million including those incurred prior to the current fiscal year. The amount incurred in the current fiscal year is accounted for as an expense in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

(5) Impact on Cash Flows of Business Combination

	Millions of yen
Cash and cash equivalents held by the company acquired on the date of acquisition	¥3,213
Proceeds from the company's split	¥3,213

(6) Impact on the Group's Result

A quantitative statement of the impact on the Group's result has been omitted as it is difficult to calculate rationally the quantitative effect on the Group during the current fiscal year.

(7) Effect on Non-controlling Interests

Non-controlling interests increased by ¥17,625 million due to the decrease in the ownership ratio in Techno-UMG Co., Ltd. from 100 percent to 51 percent.

2. Subsidiary Establishment by Means of the Acquisition of Crown Bioscience International

(1) Overview of the Business Combination

(i) Name of acquired company and business domain
Name of acquired company: Crown Bioscience International
Business domain: drug discovery and development services

(ii) Acquisition date
May 31, 2018

(iii) Percentage of voting rights acquired
100%

(iv) Method for the acquiring company to obtain control over the acquired company
Acquisition of shares in exchange for cash payment

(v) Primary reason for the business combination
The primary purpose of the business combination is to incorporate a drug discovery and development contracting business into the Group's Life Sciences Business and to provide seamless value to the pharmaceutical industry, from the provision of products and services for drug-discovery processes to GMP manufacturing.

(2) Fair Value of Consideration Transferred and Recognized Value of Assets Acquired and Liabilities Assumed on the Acquisition Date

	Millions of yen
Fair value of consideration	¥40,583
Current assets	
Cash and cash equivalents	4,398
Trade and other receivables	2,164
Other	429
Non-current assets	
Property, plant and equipment	2,412
Other intangible assets	2,438
Deferred tax assets	132
Other	87
Assets acquired	12,060
Current liabilities	
Trade and other payables	1,282
Other	3,941
Non-current liabilities	
Borrowings	2,581
Deferred tax liabilities	376
Liabilities assumed	8,180
Non-controlling interests	157
Goodwill	36,860

As of March 31, 2019, the allocation of the purchase price, for the amount of goodwill incurred and the amounts of assets acquired and liabilities assumed on the date of the business combination, was completed because the identifiable assets and liabilities on the date of the business combination were identified. As a result, goodwill decreased ¥1,257 million from the amount calculated provisionally. The increase in the assets and liabilities received from the original provisional amounts is other intangible assets of ¥1,505 million and deferred tax liabilities of ¥248 million.

Acquisition-related costs pertaining to the business combination were ¥335 million including those incurred prior to the current fiscal year. The amount incurred in the current fiscal year is accounted for as an expense in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

The incurred goodwill is primarily composed of expected future earning power. The goodwill is not deductible.

(3) Impact on Cash Flows of Business Combination

	Millions of yen
Cash and cash equivalents used for the acquisition	¥40,583
Cash and cash equivalents held by the company acquired on the date of acquisition	4,398
Purchase of investments in subsidiaries resulting in change in the scope of consolidation	¥36,186

(4) Impact on the Group’s Result
Revenue of ¥8,380 million and profit of ¥800 million arising from Crown Bioscience International since the acquisition date, are included in the Group’s Consolidated Statement of Profit or Loss. The impact on the Group’s result in the current fiscal year would have been immaterial on the assumption that the business combination had been executed at the beginning of the term.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Not Applicable

2) Acquisition of Non-controlling Interest

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Not Applicable

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Not Applicable

(9) Cash and Cash Equivalents

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.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Cash and cash equivalents			
Cash and deposit	¥55,784	¥48,931	$449,606
Short-term investment	15,001	13,001	119,458
Total	¥70,785	¥61,931	$569,064

(10) 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.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Trade receivables			
Notes and account receivable-trade	¥116,956	¥ 97,758	$ 898,268
Other receivables			
Account receivables-other	18,053	12,430	114,219
Other	271	317	2,919
Total	¥135,280	¥110,506	$1,015,404

(11) Other Financial Assets

1) Breakdown of Other Financial Assets

The breakdown of other financial assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Derivative asset	¥ 60	¥ 3	$ 24
Investments (equity financial assets)	55,005	39,955	367,134
Term deposits	4,485	3,297	30,292
Other	4,347	5,466	50,227
Total	¥63,896	¥48,721	$447,677
Current assets	5,002	4,064	37,347
Non-current assets	58,895	44,656	410,330
Total	¥63,896	¥48,721	$447,677

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. Time 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:

	Millions of yen		Thousands of U.S. dollars
Name of Stock	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
BRIDGESTONE Corporation	¥20,656	¥6,576	$60,427
Optorun Co., Ltd.	4,941	5,941	54,593
Carbon, Inc.	3,509	5,775	53,061
Tosoh Corporation	2,717	1,456	13,381
OSAKA ORGANIC CHEMICAL INDUSTRY LTD.	762	1,051	9,661
Mitsubishi Chemical Holdings Corporation	1,249	1,030	9,467

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Dividends received	¥1,409	¥1,139	$10,467

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:

Millions of yen				Thousands of U.S. dollars	
Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2020	
Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses
¥1,656	¥629	¥15,449	¥7,338	$141,957	$67,427

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.

(12) Inventories

Inventories consist of the following items.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Finished goods and merchandise	¥ 78,707	¥ 73,823	$ 678,337
Work in process	3,665	3,613	33,197
Raw materials and supplies	34,674	35,404	325,317
Total	¥117,046	¥112,840	$1,036,850

The amount of valuation losses on inventories recognized as expenses was ¥835 million as of March 31, 2019 and ¥497 million ($4,565 thousand) as of March 31, 2020. 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 ¥328,648 million as of March 31, 2019 and ¥308,487 million ($2,834,574 thousand) as of March 31, 2020.

(13) Notes on Disposal Groups Classified as Held for Sale and Discontinued Operations

The Group classifies as discontinued operations business segments that have been disposed of or are classified as held for sale.

1) Disposal Groups Classified as Held for Sale

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
As part of JSR's business portfolio management efforts, JSR entered into an agreement with Musashi Seimitsu Industry Co., Ltd. (Musashi Seimitsu Industry), for the transfer of 80% shares of JM Energy Corporation (JM Energy), a consolidated subsidiary of JSR, in January, 2020. Upon completion of the share transfer, JSR will hold 20% of JM Energy's shares, and JM Energy will then become an equity-method affiliate of JSR. With the execution of the transfer, the assets and liabilities of JM Energy are classified as disposal groups classified as held for sale and the lithium-ion capacitor business is classified as discontinued operations from the fiscal year ended March 2020.

The following are the assets and liabilities related to disposal groups classified as held for sale.

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Assets associated with disposal groups classified as held for sale			
Cash and cash equivalents	¥—	¥1,176	$10,810
Trade and other receivables	—	216	1,980
Inventories	—	1,207	11,090
Other current assets	—	47	430
Property, plant and equipment	—	0	0
Total assets	¥—	¥2,646	$24,310
Liabilities associated with disposal groups classified as held for sale			
Trade and other payables	—	659	6,055
Income taxes payable	—	222	2,037
Other current liabilities	—	1,016	9,332
Retirement benefit liability	—	254	2,332
Deferred tax liabilities	—	496	4,555
Total liabilities	¥—	¥2,646	$24,310

2) Discontinued Operations

(i) Profit or Loss from Discontinued Operations
The following are the profit or loss from discontinued operations.

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Revenue	¥ 1,392	¥ 590	$ 5,424
Cost of sales and expenses	(3,623)	(3,798)	(34,901)
Loss before tax from discontinued operations	(2,232)	(3,208)	(29,477)
Income tax expenses	394	3,460	31,791
Profit (loss) from discontinued operations	¥(1,837)	¥ 252	$ 2,314

(ii) Cash Flows Arising from Discontinued Operations
The following are cash flows from discontinued operations.

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from operating activities	¥(1,091)	¥(1,278)	$(11,747)
Cash flows from investing activities	(113)	(517)	(4,754)
Cash flows from financing activities	1,241	2,858	26,261
Total	¥ 37	¥ 1,062	$ 9,761

(14) Other Assets

The breakdown of other assets is as shown below.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Other current assets			
Excise tax receivable	¥ 6,650	¥ 5,837	$ 53,635
Income taxes receivable	566	1,569	14,413
Prepaid expenses	1,446	1,921	17,651
Other	2,208	2,160	19,849
Total	¥10,870	¥11,487	$105,547
Other non-current assets			
Long-term prepaid expenses	472	195	1,793
Other	1,833	2,274	20,895
Total	¥ 2,305	¥ 2,469	$ 22,687

(15) 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 "(18) Impairment of 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, 2018	¥38,512	¥ 59,463	¥ 9,095	¥15,153	¥ 37,412	¥ 199	¥159,834
Acquisition	525	2,194	1,090	102	30,198	(182)	33,927
Changes by business combination	6,403	4,616	701	2,171	924	—	14,816
Depreciation	(3,717)	(11,552)	(3,899)	—	—	—	(19,167)
Impairment loss	(46)	(117)	(101)	(163)	(2)	—	(430)
Sales and disposals	(187)	(492)	(130)	(32)	0	—	(840)
Transfer	6,115	13,502	4,342	(3)	(23,956)	—	—
Exchange differences of foreign operations	(2)	574	(47)	13	(1,423)	5	(879)
Other	(309)	1,508	(23)	—	(4,980)	—	(3,804)
March 31, 2019	¥47,295	¥ 69,697	¥11,029	¥17,240	¥ 38,173	¥ 23	¥183,457
Adjustment due to adoption of IFRS 16	11,965	227	12	1,607	—	—	13,810
April 1, 2019	59,260	69,924	11,041	18,847	38,173	23	197,268
Acquisition	4,587	5,458	813	1,997	35,753	143	48,750
Depreciation	(6,585)	(12,559)	(4,196)	(253)	—	—	(23,593)
Impairment loss	(104)	(1,563)	(93)	(1)	(37)	—	(1,797)
Sales and disposals	(424)	(788)	(72)	(12)	(159)	—	(1,454)
Transfer	4,772	11,978	4,604	0	(21,337)	(18)	—
Exchange differences of foreign operations	(816)	(1,342)	(96)	(31)	(1,300)	0	(3,584)
Other	(210)	656	(3)	(271)	(95)	(1)	75
March 31, 2020	¥60,481	¥ 71,763	¥11,999	¥20,275	¥ 50,999	¥ 147	¥215,664

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2019	$434,577	$ 640,421	$101,343	$158,412	$ 350,761	$ 210	$1,685,725
Adjustment due to adoption of IFRS 16	109,945	2,083	106	14,765	—	—	126,899
April 1, 2019	544,522	642,504	101,450	173,178	350,761	210	1,812,624
Acquisition	42,149	50,149	7,470	18,346	328,522	1,314	447,951
Depreciation	(60,506)	(115,404)	(38,554)	(2,328)	—	—	(216,792)
Impairment loss	(955)	(14,361)	(851)	(8)	(337)	—	(16,513)
Sales and disposals	(3,895)	(7,237)	(660)	(112)	(1,459)	—	(13,364)
Transfer	43,850	110,059	42,306	0	(196,054)	(161)	—
Exchange differences of foreign operations	(7,494)	(12,327)	(882)	(280)	(11,949)	(3)	(32,936)
Other	(1,932)	6,024	(24)	(2,491)	(873)	(12)	691
March 31, 2020	$555,739	$ 659,406	$110,256	$186,303	$ 468,610	$1,347	$1,981,661

Acquisition Cost

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2019	¥141,647	¥356,983	¥65,906	¥17,240	¥38,173	¥156	¥620,105
March 31, 2020	¥162,002	¥364,873	¥68,381	¥21,779	¥50,999	¥147	¥668,201

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2020	$1,488,759	$3,352,690	$628,329	$200,121	$468,610	$1,347	$6,139,857

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, 2019	¥ 94,352	¥287,286	¥54,877	¥ —	¥—	¥133	¥436,648
March 31, 2020	¥101,541	¥293,110	¥56,382	¥1,504	¥—	¥ —	¥452,536

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2020	$933,020	$2,693,283	$518,074	$13,818	$—	$—	$4,158,195

(Notes) 1. Depreciation expenses of property, plant and equipment are recorded as "inventories" in the consolidated statement of financial position, or "cost of sales", "selling, general and administrative expenses" and "profit (loss) from discontinued operations" in the consolidated statement of profit or loss.
2. Impairment loss is recorded as "other operating expenses" and "Profit (loss) from discontinued operations" 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 "(21) Borrowings and Other Financial Liabilities."
5. Right-of-use asset included in carrying amounts of property, plant and equipment is stated in "(16) Lease."

(16) Lease

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

1) Right-of-Use Asset

Net increase in right-of-use asset, depreciation and carrying amount in the fiscal year ended March 31, 2020 are as follows:

	Millions of yen				
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Net increase	¥ 3,616	¥3,133	¥ 37	¥ 931	¥ 7,718
Depreciation	(2,734)	(704)	(37)	(253)	(3,728)
Carrying amount	12,710	3,944	33	2,278	18,965

	Thousands of U.S. dollars				
	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Net increase	$ 33,225	$28,790	$ 344	$ 8,557	$ 70,916
Depreciation	(25,122)	(6,468)	(337)	(2,328)	(34,256)
Carrying amount	116,786	36,239	307	20,929	174,260

2) Finance Costs Related to Lease

Finance costs related to leases in the fiscal year ended March 31, 2020 are as follows:

	Millions of yen	Thousands of U.S. dollars
Finance costs related to leases	¥ 615	$ 5,655
Expenses relating to short-term leases	340	3,128
Expenditures relating to leases of low-value assets	672	6,176
Variable lease payments	67	616
The amount of cash outflow related to leases	3,899	35,825

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

(17) 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 "(18) Impairment of Non-financial Assets."

Changes in Carrying Amounts

	Millions of yen			
		Other intangible asset		
	Goodwill	Software	Other	Total
April 1, 2018	¥19,389	¥ 2,734	¥ 7,670	¥10,403
Acquisition	—	1,773	339	2,112
Changes by business combination	38,549	444	2,898	3,342
Amortization	—	(1,138)	(1,536)	(2,675)
Impairment loss	—	(9)	—	(9)
Sales and disposals	—	(11)	(59)	(71)
Transfer to other property, plant and equipment	—	(153)	153	—
Exchange differences of foreign operations	1,128	18	132	150
Other	—	480	471	951
March 31, 2019	¥59,066	¥ 4,137	¥10,068	¥14,205
Acquisition	—	4,134	306	4,440
Amortization	—	(1,144)	(1,621)	(2,765)
Impairment loss	—	(3)	—	(3)
Sales and disposals	—	(116)	(267)	(382)
Transfer to other property, plant and equipment	—	(214)	214	—
Exchange differences of foreign operations	(784)	(34)	(194)	(228)
Other	—	461	165	626
March 31, 2020	¥58,283	¥ 7,220	¥ 8,671	¥15,891

	Thousands of U.S. dollars			
		Other intangible asset		
	Goodwill	Software	Other	Total
March 31, 2019	$542,740	$ 38,010	$ 92,510	$130,520
Acquisition	—	37,985	2,811	40,796
Amortization	—	(10,513)	(14,894)	(25,407)
Impairment loss	—	(32)	—	(32)
Sales and disposals	—	(1,063)	(2,451)	(3,514)
Transfer to other property, plant and equipment	—	(1,971)	1,971	—
Exchange differences of foreign operations	(7,200)	(314)	(1,783)	(2,096)
Other	—	4,237	1,512	5,749
March 31, 2020	$535,540	$ 66,340	$ 79,676	$146,015

Acquisition Cost

	Millions of yen			
		Other intangible asset		
	Goodwill	Software	Other	Total
March 31, 2019	¥59,066	¥21,045	¥24,315	¥45,359
March 31, 2020	¥58,283	¥24,919	¥26,708	¥51,627

	Thousands of U.S. dollars			
		Other intangible asset		
	Goodwill	Software	Other	Total
March 31, 2020	$535,540	$228,969	$245,414	$474,383

Accumulated Amortization and Impairment

	Millions of yen			
		Other intangible asset		
	Goodwill	Software	Other	Total
March 31, 2019	¥—	¥16,908	¥14,247	¥31,155
March 31, 2020	¥—	¥17,699	¥18,037	¥35,736

	Thousands of U.S. dollars			
		Other intangible asset		
	Goodwill	Software	Other	Total
March 31, 2020	$—	$162,629	$165,738	$328,368

(Notes) 1. Amortization expenses of other intangible assets are recorded as "cost of sales", "selling, general and administrative expenses" and "profit (loss) from discontinued operations" in the consolidated statement of profit or loss.
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.

(18) 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, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Property, plant and equipment			
Buildings and structures	¥—	¥ 92	$ 847
Machinery and vehicles	—	1,355	12,447
Tools, fixtures and fittings	—	63	582
Subtotal	—	1,510	13,876
Other intangible asset			
Software	—	3	32
Total	¥—	¥1,514	$13,908

The impairment losses were recognized in the fiscal year ended March 31, 2020 due to the decrease in future profitability regarding a part of non-current assets in production equipment for general-purpose synthetic rubber products in the Elastomers business and a part of fixed assets in the Life Sciences business. The carrying amounts of the above assets has been reduced to the recoverable amount, and impairment losses of ¥1,454 million ($13,356 thousand) and ¥60 million ($552 thousand), respectively, totaling ¥1,514 million ($13,908 thousand) were recorded in "Other operating expenses" in the consolidated statement of profit or loss. The recoverable amount is measured by the value in use, and the value in use is calculated as zero.

The impairment losses regarding fixed assets of the lithium-ion capacitor business in the previous fiscal year (¥438 million) and the current fiscal year (¥287 million, $2,637 thousand) were reclassified as profit (loss) from discontinued operations.

2) Impairment Test on Goodwill

Carrying amount of goodwill allocated to cash-generating units (or groups of cash-generating units) is as follows:

		Millions of yen		Thousands of U.S. dollars
Segment	Cash-generating units (groups of cash-generating units)	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Plastics business	Plastics	¥ 2,598	¥ 2,598	$ 23,876
Life Sciences business	In-vitro Diagnostics and Research Reagents	3,641	3,641	33,457
	Contract Development and Manufacturing for Biomedicine	5,226	5,124	47,086
	Contract of the Services for Development and Generation of Cell-lines	9,133	9,184	84,390
	Drug Discovery and Development Services	37,637	36,904	339,105
	Other	830	830	7,628
Total		¥59,066	¥58,283	$535,540

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.

Measured at the Value in Use

Cash-generating units (groups of cash-generating units)	Continued growth rate	Pre-tax discount rate	Term to estimate cash flows
Plastics	0.0%	11.3%	5 years
In-vitro Diagnostics and Research Reagents	1.0%	10.1%	5 years
Contract Development and Manufacturing for Biomedicine	2.0%	13.6%	5 years
Contract of the Services for Development and Generation of Cell-lines	2.0%	12.6%	5 years
Drug Discovery and Development Services	2.0%	13.0%	5 years

The value in use was calculated by discounting the estimated cash flows to the present value based on the plan reflecting past experience and external information and approved by management.

As for those cash-generating units, the Group considers that the carring amount will not exceed the recoverable amount even if there is a change in the key assumptions used in the estimation of the recoverable amounts within a reasonable range.

(19) Investments Accounted for Using the Equity Method

1) Investments in Associates

There are no investments in significant associates.

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Carrying amount	¥3,628	¥5,955	$54,721

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Share of profit (loss)	¥442	¥287	$2,635
Share of other comprehensive income	(39)	(88)	(807)
Share of total comprehensive income	¥403	¥199	$1,828

2) Investments in Joint Ventures

There are no investments in significant joint ventures.

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Carrying amount	¥20,641	¥19,429	$178,530

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Share of profit (loss)	¥ 91	¥ (223)	$(2,048)
Share of other comprehensive income	(1,169)	(847)	(7,785)
Share of total comprehensive income	¥(1,078)	¥(1,070)	$(9,833)

(20) 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, 2019 (April 1, 2018 to March 31, 2019)

	Millions of yen				
	April 1, 2018	Recognized through profit (loss)	Recognized through other comprehensive income	Other	March 31, 2019
Deferred Tax Assets					
Inventories	¥ 1,153	¥ (20)	¥ —	¥ —	¥ 1,133
Accrued bonuses	1,574	(18)	—	154	1,710
Non-current assets	1,898	58	—	—	1,956
Retirement benefit liability	4,205	426	(24)	173	4,780
Unused tax losses	390	(97)	—	132	425
Other	2,751	(50)	181	679	3,562
Total	¥ 11,972	¥ 299	¥ 157	¥1,138	¥ 13,566
Deferred Tax Liabilities					
Non-current assets	(1,513)	(111)	—	—	(1,625)
Financial asset measured at fair value through other comprehensive income	(11,097)	—	2,334	—	(8,763)
Other	(1,764)	243	0	(471)	(1,992)
Total	¥(14,374)	¥ 132	¥2,334	¥ (471)	¥(12,380)

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Millions of yen				
	April 1, 2019	Recognized through profit (loss)	Recognized through other comprehensive income	Other	March 31, 2020
Deferred Tax Assets					
Inventories	¥ 1,133	¥ (33)	¥ —	¥ —	¥ 1,100
Accrued bonuses	1,710	198	—	—	1,908
Non-current assets	1,956	(632)	—	—	1,324
Retirement benefit liability	4,780	(133)	(292)	—	4,355
Unused tax losses	425	276	—	—	701
Other	3,562	2,094	507	(300)	5,863
Total	¥ 13,566	¥1,770	¥ 215	¥ (300)	¥15,252
Deferred Tax Liabilities					
Non-current assets	(1,625)	73	—	—	(1,551)
Financial asset measured at fair value through other comprehensive income	(8,763)	—	657	3,176	(4,931)
Other	(1,992)	(586)	—	—	(2,578)
Total	¥(12,380)	¥ (512)	¥ 657	¥3,176	¥ (9,060)

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Thousands of U.S. dollars				
	April 1, 2019	Recognized through profit (loss)	Recognized through other comprehensive income	Other	March 31, 2020
Deferred Tax Assets					
Inventories	$ 10,412	$ (303)	$ —	$ —	$ 10,109
Accrued bonuses	15,714	1,817	—	—	17,531
Non-current assets	17,975	(5,807)	—	—	12,169
Retirement benefit liability	43,921	(1,225)	(2,679)	—	40,016
Unused tax losses	3,903	3,173	—	—	7,076
Other	32,729	18,609	4,659	(2,754)	53,242
Total	$ 124,654	$16,264	$1,979	$ (2,754)	$140,144
Deferred Tax Liabilities					
Non-current assets	(14,929)	674	—	—	(14,255)
Financial asset measured at fair value through other comprehensive income	(80,523)	—	6,040	29,178	(45,306)
Other	(18,303)	(5,383)	—	—	(23,687)
Total	$(113,755)	$ (4,709)	$6,040	$29,178	$ (83,247)

(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:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Unused tax losses	¥ 8,211	¥ 9,881	$ 90,790
Deductible temporary differences	3,086	2,531	23,257
Total	¥11,297	¥12,412	$114,047

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Not later than one year	¥ 88	¥ 276	$ 2,534
Later than one year and not later than five years	4,017	2,015	18,519
Later than five years	4,107	7,590	69,737
Total	¥8,211	¥9,881	$90,790

The amount of taxable temporary differences pertaining to investments in subsidiaries, etc. for which deferred tax liabilities have not been recognized was ¥26,388 million as of March 31, 2019 and ¥34,309 million ($315,253 thousand) as of March 31, 2020. 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:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Current tax expenses	¥11,021	¥ 4,656	$ 42,787
Deferred tax expenses	(431)	(1,257)	(11,554)
Total	¥10,591	¥ 3,399	$ 31,232
Continuing operations	10,985	6,859	63,023
Discontinued operations	(394)	(3,460)	(31,791)

Deferred tax expenses include tax losses of ¥243 million and ¥720 million ($6,620 thousand), which had not been recognized, in the previous consolidated fiscal year and the current consolidated fiscal year respectively. Also, the amounts of benefits arising from temporary differences in past periods are included in the previous consolidated fiscal year and the current consolidated fiscal year, which were ¥232 million and ¥164 million ($1,506 thousand), respectively.

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

	%	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Statutory income tax rate	30.6	30.6
Tax credit on experiment and research expenses	(3.9)	(2.9)
Differences in tax rates applied to foreign operations	(2.2)	(3.8)
Special deduction for reconstruction district	(0.6)	(0.3)
Share of loss (profit) of entities accounted for using the equity method	(0.4)	(0.1)
Valuation allowance	0.8	(1.0)
Other	(0.4)	(1.5)
Average effective tax rate	24.0	21.0

(21) Borrowings and Other Financial Liabilities

1) Financial Liabilities

Borrowings and other financial liabilities consisted of the following:

	Millions of yen		Thousands of U.S. dollars	%	
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020	Average interest rates	Payment Due
Current borrowings	¥21,695	¥ 23,559	$216,479	0.85%	—
Current portion of non-current borrowings	11,824	6,483	59,571	2.06%	—
Non-current borrowings	50,777	52,684	484,093	1.91%	2021–26
Current lease liabilities	515	3,094	28,428	—	—
Non-current lease liabilities	1,216	15,672	144,007	—	2021–45
Derivative liabilities	17	111	1,017	—	—
Other	460	460	4,223	—	—
Total	¥86,503	¥102,063	$937,817	—	—
Current liabilities	34,051	33,181	304,886	—	—
Non-current liabilities	52,452	68,882	632,931	—	—
Total	¥86,503	¥102,063	$937,817	—	—

Borrowings are classified as financial liabilities measured at cost. Derivative liabilities 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.

With the application of IFRS 16, lease obligations included in other financial liabilities have been reclassified to lease liabilities from the current fiscal year.

Payment schedules of non-current borrowings are as follows:

	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
Millions of yen	¥ 13,431	¥ 7,700	¥ 11,635	¥ 19,570	¥ 348	¥ 52,684
Thousands of U.S. dollars	$123,415	$70,748	$106,906	$179,826	$3,197	$484,093

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:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Cash and cash equivalents	¥ 590	¥ 7	$ 64
Trade and other current receivables	8,283	—	—
Current inventories	3,656	—	—
Other current financial assets	44	—	—
Other current non-financial assets	279	—	—
Property, plant and equipment	20,319	14,040	129,009
Intangible assets	671	—	—
Non-current assets	1,099	—	—
Total	¥34,940	¥14,047	$129,074

Corresponding liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Current borrowings and current portion of non-current borrowings	¥7,037	¥29	$267
Other current liabilities	—	2	18
Non-current portion of non-current borrowings	2	2	15
Total	¥7,039	¥33	$301

3) Reconciliation of Liabilities Arising from Financing Activities

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

	Millions of yen							
			Non-cash items					
	As of April 1, 2018	Cash flow	Business Combination	Acquisition	Exchange differences	Transfer between non-current and current	Other	As of March 31, 2019
Borrowings (non-current)	¥53,456	¥ 8,641	¥ 828	¥—	¥ (586)	¥(11,610)	¥48	¥50,777
Borrowings (current)	25,947	(9,323)	3,450	—	1,831	11,610	3	33,519
Lease liabilities	2,196	(551)	0	63	23	—	(1)	1,731
Total	¥81,600	¥(1,233)	¥4,278	¥63	¥1,268	¥ —	¥51	¥86,027

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Millions of yen								
					Non-cash items				
	As of March 31, 2019	Adjustment due to adoption of IFRS 16	As of April 1, 2019	Cash flow	Lease	Exchange differences	Transfer between non-current and current	Other	As of March 31, 2020
Borrowings (non-current)	¥50,777	¥ —	¥50,777	¥ 5,568	¥ —	¥(1,476)	¥(2,184)	¥—	¥ 52,684
Borrowings (current)	33,519	—	33,519	(5,014)	—	(648)	2,184	1	30,043
Lease liabilities	1,731	13,678	15,408	(3,025)	6,721	(339)	—	—	18,766
Total	¥86,027	¥13,678	¥99,704	¥(2,470)	¥6,721	¥(2,464)	¥ —	¥ 1	¥101,492

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	Thousands of U.S. dollars								
					Non-cash items				
	As of March 31, 2019	Adjustment due to adoption of IFRS 16	As of April 1, 2019	Cash flow	Lease	Exchange differences	Transfer between non-current and current	Other	As of March 31, 2020
Borrowings (non-current)	$466,572	$ —	$466,572	$ 51,158	$ —	$(13,567)	$(20,071)	$—	$484,093
Borrowings (current)	307,996	—	307,996	(46,067)	—	(5,958)	20,071	9	276,050
Lease liabilities	15,903	125,678	141,581	(27,791)	61,761	(3,115)	—	—	172,435
Total	$790,470	$125,678	$916,148	$(22,700)	$61,761	$(22,640)	$ —	$ 9	$932,578

(22) Trade and Other Payables

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Trade Payable			
Notes and accounts payable-trade	¥ 89,240	¥61,156	$561,945
Other Payable			
Accounts payable-other, and accrued expenses	28,134	31,178	286,488
Other	680	504	4,634
Total	¥118,053	¥92,839	$853,067

(23) 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, as 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:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Present value of funded retirement benefit obligation	¥ 39,636	¥ 38,349	$ 352,372
Fair value of plan assets	(37,772)	(37,472)	(344,315)
Subtotal	1,864	877	8,057
Present value of unfunded retirement benefit obligation	12,503	12,779	117,422
Total Net liability (asset) for retirement benefit	¥ 14,367	¥ 13,656	$ 125,480
Amounts on consolidated statement of financial position			
Retirement benefit liability	15,870	16,216	148,999
Retirement benefit asset	(1,503)	(2,560)	(23,519)
Total Net liability (asset) for retirement benefit	¥ 14,367	¥ 13,656	$ 125,480

(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:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Balance of present value of retirement benefit obligation at the beginning of the fiscal year	¥49,724	¥52,139	$479,089
Service cost	2,382	2,409	22,139
Interest expense	194	158	1,452
Remeasurement			
Actuarial gains (losses) arising from changes in demographic assumptions	(259)	(207)	(1,903)
Actuarial gains (losses) arising from changes in financial assumptions	444	(827)	(7,597)
Benefits paid	(2,600)	(2,333)	(21,438)
Other	2,254	(212)	(1,948)
Balance of present value of retirement benefit obligation at the end of the fiscal year	¥52,139	¥51,128	$469,795

The weighted average duration of defined benefit plan obligations was 13.7 years in the fiscal year ended March 31, 2019 and 13.7 years in the fiscal year ended March 31, 2020.

(iii) Reconciliation of Fair Value of Plan Assets

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Balance of fair value of plan assets at the beginning of the fiscal year	¥36,227	¥37,772	$347,075
Interest revenue	177	117	1,076
Remeasurement			
Return on plan assets	264	(84)	(772)
Contributions paid by the employer	1,620	1,677	15,408
Benefits paid	(2,027)	(1,816)	(16,689)
Other	1,512	(194)	(1,783)
Balance of fair value of plan assets at the end of the fiscal year	¥37,772	¥37,472	$344,315

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 ¥1,955 million ($17,968 thousand) in the fiscal year ending March 31, 2021.

(iv) Items of Plan Assets

Plan assets consisted of the following items.

	Millions of yen					
	As of March 31, 2019			As of March 31, 2020		
	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
Cash and cash equivalents	¥ 4,041	¥ —	¥ 4,041	$ 3,861	$ —	$ 3,861
Equity instruments						
Domestic equity securities	1,313	—	1,313	1,149	—	1,149
Foreign equity securities	3,540	—	3,540	3,316	—	3,316
Debt instruments						
Domestic bonds	9,279	—	9,279	9,197	—	9,197
Foreign bonds	10,249	—	10,249	10,657	—	10,657
General accounts of life insurance	—	650	650	—	660	660
Alternative investments*	—	8,700	8,700	—	8,632	8,632
Total	¥28,422	¥9,350	¥37,772	$28,180	$9,292	$37,472

*Alternative investments include hedge funds.

	Thousands of U.S. dollars		
	As of March 31, 2020		
	Assets for which active market prices are available	Assets for which active market prices are not available	Total
Cash and cash equivalents	$ 35,478	$ —	$ 35,478
Equity instruments			
Domestic equity securities	10,554	—	10,554
Foreign equity securities	30,472	—	30,472
Debt instruments			
Domestic bonds	84,506	—	84,506
Foreign bonds	97,926	—	97,926
General accounts of life insurance	—	6,061	6,061
Alternative investments*	—	79,318	79,318
Total	$258,936	$85,379	$344,315

*Alternative investments include hedge funds.

(v) Main Component Used for Actuarial Assumption

	%	
	As of March 31, 2019	As of March 31, 2020
Discount rates (weighted average)	0.36	0.51

(vi) Sensitivity Analysis

In the fiscal year ended March 31, 2020, 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 ¥2,832 million ($26,018 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 ¥1,025 million in the fiscal year ended March 31, 2019 and ¥1,273 million ($11,701 thousand) in the fiscal year ended March 31, 2020.

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, 2019 and the fiscal year ended March 31, 2020 was ¥3,377 million and ¥3,724 million ($34,216 thousand), respectively.

(24) Other Liabilities

Other liabilities include the following items.

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Other current liabilities			
Unearned revenue	¥ 34	¥ 52	$ 480
Contract liabilities	5,969	8,489	78,006
Accrued bonuses	5,353	5,188	47,667
Accrued consumption taxes	752	860	7,906
Other	2,644	3,386	31,114
Total	¥14,752	¥17,976	$165,172
Other non-current assets			
Provision for environmental measures	929	804	7,383
Other	1,804	2,864	26,312
Total	¥ 2,733	¥ 3,667	$ 33,695

(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, 2018	696,061,000	226,126,145
Increase/Decrease	—	—
As of March 31, 2019	696,061,000	226,126,145
Increase/Decrease	—	—
As of March 31, 2020	696,061,000	226,126,145

(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.

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, 2018	3,534,779
Increase/Decrease	2,160,170
As of March 31, 2019	5,694,949
Increase/Decrease	5,717,359
As of March 31, 2020	11,412,308

(Note) Increase or decrease during the period is mainly due to the purchase of shares resolved at the Board of Directors.

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, 2019 (April 1, 2018 to March 31, 2019)

	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	Remeasure-ments of defined benefit plans	Restricted Shares	Other	Total
As of April 1, 2018	¥25,064	¥ 70	¥ 422	¥ —	¥(25)	¥(460)	¥25,071
Other comprehensive income	(4,754)	(40)	(770)	60	—	—	(5,505)
Total comprehensive income	(4,754)	(40)	(770)	60	—	—	(5,505)
Share-based remuneration plan	—	—	—	—	(1)	—	(1)
Transfer from other components of equity to retained earnings	(629)	—	—	(60)	—	—	(689)
Changes by business combination	(173)	—	54	—	—	—	(119)
Other movements	(0)	—	1	—	—	—	1
Total transactions with owners, etc.	(802)	—	55	(60)	(1)	—	(808)
As of March 31, 2019	¥19,508	¥ 30	¥(293)	¥ —	¥(26)	¥(460)	¥18,758

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	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	Remeasure-ments of defined benefit plans	Restricted Shares	Other	Total
As of April 1, 2019	¥19,508	¥ 30	¥ (293)	¥ —	¥(26)	¥(460)	¥18,758
Other comprehensive income	(1,320)	(63)	(4,364)	630	—	—	(5,118)
Total comprehensive income	(1,320)	(63)	(4,364)	630	—	—	(5,118)
Share-based remuneration plan	—	—	—	—	(47)	—	(47)
Transfer from other components of equity to retained earnings	(7,338)	—	—	(630)	—	—	(7,968)
Total transactions with owners, etc.	(7,338)	—	—	(630)	(47)	—	(8,014)
As of March 31, 2020	¥10,849	¥(34)	¥(4,657)	¥ —	¥(73)	¥(460)	¥ 5,626

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	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	Remeasure-ments of defined benefit plans	Restricted Shares	Other	Total
As of April 1, 2019	$179,248	$ 273	$ (2,695)	$ —	$(241)	$(4,223)	$172,362
Other comprehensive income	(12,132)	(583)	(40,096)	5,786	—	—	(47,026)
Total comprehensive income	(12,132)	(583)	(40,096)	5,786	—	—	(47,026)
Share-based remuneration plan	—	—	—	—	(429)	—	(429)
Transfer from other components of equity to retained earnings	(67,427)	—	—	(5,786)	—	—	(73,213)
Total transactions with owners, etc.	(67,427)	—	—	(5,786)	(429)	—	(73,642)
As of March 31, 2020	$ 99,689	$(310)	$(42,791)	$ —	$(671)	$(4,223)	$ 51,694

(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."

(f) The Company has entered into an agreement with non-controlling shareholders that the Company purchases all interests held by the non-controlling shareholders under certain terms and conditions. With regard to the obligations to purchase these interests, the present value of the purchase amount has been recognized as financial liabilities, and the same amount has been reduced from other components of equity.

(26) Dividends

The amounts of dividends paid are as follows:

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

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 15, 2018	Ordinary Shares	¥5,565 million	¥25	March 31, 2018	June 18, 2018	Retained Earnings
Board of Directors Meeting on October 29, 2018	Ordinary Shares	¥6,610 million	¥30	September 30, 2018	November 28, 2018	Retained Earnings

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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 18, 2019	Ordinary Shares	¥6,613 million ($60,764 thousand)	¥30 ($0.28)	March 31, 2019	June 19, 2019	Retained Earnings
Board of Directors Meeting on October 28, 2019	Ordinary Shares	¥6,441 million ($59,186 thousand)	¥30 ($0.28)	September 30, 2019	November 27, 2019	Retained Earnings

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

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

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 18, 2019	Ordinary Shares	¥6,613 million	¥30	March 31, 2019	June 19, 2019	Retained Earnings

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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, 2020	Ordinary Shares	¥6,441 million ($59,188 thousand)	¥30 ($0.28)	March 31, 2020	June 18, 2020	Retained Earnings

(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, 2019 (April 1, 2018 to March 31, 2019)

		Millions of yen		
		Domestic	Overseas	Total
Reporting Segments	Elastomers	¥118,016	¥ 82,720	¥200,736
	Plastics	60,840	44,606	105,446
	Digital Solutions	30,995	111,221	142,216
	Semiconductor Materials	17,056	59,044	76,100
	Display Materials	5,557	47,114	52,671
	Edge Computing Materials	8,382	5,063	13,445
	Life Sciences	9,038	34,834	43,872
Other		1,396	1,686	3,083
Total		¥220,286	¥275,0767	¥495,353
Adjustment		1	—	1
Amount Recorded in the Consolidated Financial Statements		¥220,287	¥ 275,067	¥495,354

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

		Millions of yen		
		Domestic	Overseas	Total
Reporting Segments	Elastomers	¥103,219	¥ 75,575	¥178,794
	Plastics	55,969	39,124	95,092
	Digital Solutions	27,853	116,953	144,805
	Semiconductor Materials	16,899	67,095	83,994
	Display Materials	5,350	43,638	48,988
	Edge Computing Materials	5,604	6,220	11,823
	Life Sciences	9,912	40,584	50,496
Other		1,286	1,493	2,779
Total		¥198,238	¥273,729	¥471,967
Adjustment		0	—	0
Amount Recorded in the Consolidated Financial Statements		¥198,238	¥273,729	¥471,967

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

		Thousands of U.S. dollars		
		Domestic	Overseas	Total
Reporting Segments	Elastomers	$ 948,443	$ 694,429	$1,642,872
	Plastics	514,275	359,495	873,770
	Digital Solutions	255,930	1,074,636	1,330,565
	Semiconductor Materials	155,277	616,511	771,788
	Display Materials	49,160	400,976	450,136
	Edge Computing Materials	51,492	57,149	108,641
	Life Sciences	91,075	372,912	463,987
Other		11,816	13,722	25,538
Total		$1,821,539	$2,515,194	$4,336,733
Adjustment		0	—	0
Amount Recorded in the Consolidated Financial Statements		$1,821,540	$2,515,194	$4,336,734

(1) Elastomers Business
In Elastomers business, the Group manufactures and sells general-purpose synthetic rubber products for automobile tires, functional special synthetic rubber for automobile components, thermoplastic elastomers for modifying plastics, synthetic rubber latex for coated paper, 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) 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.

(3) 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.

(4) 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.

2) Liabilities Arising from Contracts with the Customers

The Group recognizes unearned revenue arising from contracts with the customers as contract liabilities.

The Group recognized almost all balances of contract liabilities at the beginning of the current fiscal year as revenue in that year, and there is no importance for the amounts carried over from the next consolidated fiscal year.

In addition, in the current consolidated fiscal year, there is no significant amount of revenue arisen from the performance obligations which were satisfied in the past periods.

There are no significant changes in the contract liabilities in the current consolidated 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 consolidated 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:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Transportation and warehousing expenses	¥ 11,703	¥ 12,151	$111,650
Salaries and allowances	23,241	23,651	217,317
Retirement benefit expenses	1,466	1,280	11,759
Experiment and research expenses	24,227	24,066	221,138
Depreciation	3,478	5,798	53,272
Supplies expenses	4,015	3,772	34,663
Business consignment expenses	3,415	3,544	32,569
Other	30,558	30,081	276,405
Total	¥102,105	¥104,343	$958,773

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Research and development expense	¥24,364	¥25,233	$231,857

(29) Other Operating Income and Expenses

Other operating income consisted of as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Gain on sales of non-current assets	¥ 52	¥ 7	$ 63
Rent income	90	84	771
Settlement received	266	—	—
Other	1,316	1,213	11,148
Total	¥1,723	¥1,304	$11,982

Other operating expenses consisted of as follows:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Loss on abandonment of non-current assets	¥ 216	¥ 657	$ 6,041
Loss on sales of non-current assets	21	61	564
Impairment loss	—	1,514	13,908
Provision for environmental measures	399	—	—
Extra payments for early retirements	199	—	—
Other	1,470	2,646	24,317
Total	¥2,306	¥4,879	$44,830

(30) Financial Income and Costs

Financial income consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Interest income			
Financial assets measured at amortized cost	¥ 222	¥ 230	$ 2,113
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	1,409	1,139	10,467
Foreign exchange gains	868	559	5,133
Total	¥2,499	¥1,929	$17,723

Financial costs consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Interest expenses			
Financial liabilities measured at amortized cost	¥1,352	¥1,210	$11,115
Lease liabilities	—	615	5,655
Other*	—	359	3,301
Total	¥1,352	¥2,184	$20,070

*Other is mainly profit or loss on shares of subsidiaries.

(31) Other Comprehensive Income

Changes in items of other comprehensive income are shown below:

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

	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	¥(6,813)	¥ —	¥(6,813)	¥2,135	¥(4,678)
Remeasurements of defined benefit plans	78	—	78	(24)	54
Share of other comprehensive income of investments accounted for using the equity method	5	—	5	—	5
Total	¥(6,729)	¥ —	¥(6,729)	¥2,111	¥(4,618)
Items that may be reclassified to profit or loss					
Cash flow hedges	(30)	(49)	(79)	—	(79)
Exchange differences on translation of foreign operations	476	—	476	—	476
Share of other comprehensive income of investments accounted for using the equity method	(1,213)	—	(1,213)	—	(1,213)
Total	¥ (768)	¥(49)	¥ (817)	¥ —	¥ (817)
Total	¥(7,497)	¥(49)	¥(7,546)	¥2,111	¥(5,435)

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	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	¥(2,034)	¥ —	¥(2,034)	¥ 657	¥(1,377)
Remeasurements of defined benefit plans	952	—	952	(292)	661
Share of other comprehensive income of investments accounted for using equity method	(31)	—	(31)	—	(31)
Total	¥(1,113)	¥ —	¥(1,113)	¥ 366	¥ (747)
Items that may be reclassified to profit or loss					
Cash flow hedges	(103)	(22)	(124)	—	(124)
Exchange differences on translation of foreign operations	(4,068)	(43)	(4,111)	—	(4,111)
Share of other comprehensive income of investments accounted for using the equity method	(904)	—	(904)	—	(904)
Total	¥(5,075)	¥(64)	¥(5,139)	¥ —	¥(5,139)
Total	¥(6,187)	¥(64)	¥(6,252)	¥ 366	¥(5,886)

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

	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	$(18,690)	$ —	$(18,690)	$ 6,040	$(12,650)
Remeasurements of defined benefit plans	8,750	—	8,750	(2,679)	6,071
Share of other comprehensive income of investments accounted for using equity method	(286)	—	(286)	—	(286)
Total	$(10,225)	$ —	$(10,225)	$ 3,361	$ (6,864)
Items that may be reclassified to profit or loss					
Cash flow hedges	(943)	(200)	(1,143)	—	(1,143)
Exchange differences on translation of foreign operations	(37,380)	(392)	(37,771)	—	(37,771)
Share of other comprehensive income of investments accounted for using the equity method	(8,306)	—	(8,306)	—	(8,306)
Total	$(46,628)	$(591)	$(47,220)	$ —	$(47,220)
Total	$(56,853)	$(591)	$(57,445)	$ 3,361	$(54,084)

(32) Earnings per Share

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
1) Basic earnings per share	¥140.62	¥104.38	$0.96
Continuing operations	¥148.92	¥103.22	$0.95
Discontinued operations	(¥8.30)	¥1.16	$0.01
(Basis of calculation)			
Profit attributable to owners of parent	¥31,116 million	¥22,604 million	$207,699 thousand
Continuing operations	¥32,953 million	¥22,352 million	$205,385 thousand
Discontinued operations	(¥1,837 million)	¥252 million	$2,314 thousand
Average shares outstanding during the year (1,000 shares)	221,276	216,545	216,545
2) Diluted earnings per share	¥140.27	¥104.19	$0.96
Continuing operations	¥148.55	¥103.03	$0.95
Discontinued operations	(¥8.28)	¥1.16	$0.01
(Basis of calculation)			
Increase in common stock due to stock options (1,000 shares)	551	405	405
Average diluted shares outstanding during the year (1,000 shares)	221,827	216,950	216,950

(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

	Shares	Yen	Shares	Yen	U.S. dollars
	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Weighted average exercise price
Outstanding at the beginning	615,300	¥ 1	480,200	¥ 1	$0.01
Granted	—	—	—	—	—
Exercised	(135,100)	1	(119,200)	1	0.01
Forfeited	—	—	—	—	—
Expired	—	—	—	—	—
Outstanding at the end	480,200	1	361,000	1	0.01
Exercisable at the end	267,700	1	229,100	1	0.01

The weighted average share price as of the exercise date of stock options exercised during the period was ¥1,784 and ¥1,697 ($15.59) in the fiscal years ended March 31, 2019 and 2020, respectively.

In the fiscal years ended March 31, 2019 and 2020, the exercise price of unexercised stock options was ¥1 each. The weighted average remaining contract terms in the fiscal years ended March 31, 2019 and 2020 were 11.0 years and 10.5 years, respectively, for the unexercised balance at the end of the fiscal year, and 12.3 years and 10.0 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.

Details of restricted shares granted during the period are as follows:

	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Number of restricted shares granted	171,100 shares
Fair value on the grant date	¥1,706 per share ($15.68 per share)
Calculation method for fair value measurement	Calculated on the basis of closing price of ordinary shares of the Company at the Tokyo Stock Exchange on the business day proceeding the date when the Board of Directors adopted a resolution.
Transfer Restriction Period	3 years

3) Share-based Remuneration Expense

The amount of share-based remuneration expense included in "selling, general and administrative expenses" in the consolidated statement of profit or loss was, ¥104 million in the fiscal year ended March 31, 2019 and ¥245 million ($2,253 thousand) in the fiscal year ended March 31, 2020.

(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

	Millions of yen					
	As of March 31, 2019			As of March 31, 2020		
	Contracted Amount	Later than one year	Fair value	Contracted Amount	Later than one year	Fair value
U.S. dollar						
Forward exchange contracts						
Purchase	¥ 911	¥—	¥ (3)	¥ 585	¥—	¥ 4
Sell	6,543	—	(34)	6,670	—	(49)
Total	¥7,454	¥—	¥(37)	¥7,255	¥—	¥(44)

	Thousands of U.S. dollars		
	As of March 31, 2020		
	Contracted Amount	Later than one year	Fair value
U.S. dollar			
Forward exchange contracts			
Purchase	$ 5,371	$—	$ 41
Sell	61,290	—	(447)
Total	$66,661	$—	$(406)

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, Korean won and Thai baht 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.

	Millions of yen		Thousands of U.S. dollars
Functional Currency	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Japanese yen	¥6,232	¥4,613	$42,385
Korean won	4,753	3,472	31,901
Thai baht	4,008	3,831	35,206

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.

	Millions of yen		Thousands of U.S. dollars
Functional Currency	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Japanese yen (weak U.S. dollar)	¥(62)	¥(46)	$(424)
Korean won (weak U.S. dollar)	(48)	(35)	(319)
Thai baht (weak U.S. dollar)	(40)	(38)	(352)

The Group hedges against the risk of exchange rate fluctuations regarding net investment in foreign operations by using foreign currency borrowings. The Group designates it as hedges of net investment.

(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 ¥1,001 million ($9,195 thousand) for the fiscal year ended March 31, 2020 (fiscal year ended March 31, 2019: ¥1,889 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 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 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.

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 considerated to be not exposed to credit risks.

	Millions of yen				
	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, 2019	¥18,321	¥0	¥117,573	¥2,884	¥309
As of March 31, 2020	¥12,748	¥0	¥ 98,547	¥3,879	¥130
	Thousands of U.S. dollars				
As of March 31, 2020	$117,136	$0	$905,512	$35,640	$1,193

* 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, 2018	¥—	¥ 263	¥ 273	¥ 1	¥ 390
Increase	—	—	196	—	4
Decrease (Utilization)	—	—	(339)	—	(30)
Decrease (Reversal)	—	(17)	(137)	(0)	(54)
Other	—	(246)	624	—	(1)
As of March 31, 2019	¥—	¥ 0	¥ 618	¥ 1	¥ 309
Increase	—	—	676	—	47
Decrease (Utilization)	—	—	(28)	—	(225)
Decrease (Reversal)	—	—	(545)	(1)	0
Other	—	—	68	—	(1)
As of March 31, 2020	¥—	¥ 0	¥ 789	¥ 0	¥ 130

	Thousands of U.S. dollars				
	Loss Allowance				
	Trade and other receivables			Other financial assets	
	Measured at 12-month expected credit losses	Measured at lifetime expected credit losses	Measured by simplified approach	Measured at 12-month expected credit losses	Measured at lifetime expected credit losses
As of March 31, 2019	$—	$ 0	$ 5,677	$ 5	$ 2,840
Increase	—	—	6,211	—	430
Decrease (Utilization)	—	—	(261)	—	(2,070)
Decrease (Reversal)	—	0	(5,009)	(5)	(0)
Other	—	0	628	—	(7)
As of March 31, 2020	$—	$ 0	$ 7,246	$ 0	$ 1,193

*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.

With regard to debt guarantees, the maximum exposure for credit risk is as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Guarantee Obligation	¥3,032	¥3,140	$28,852

*Loss allowance related to losses that could arise due to performance of a debt guarantee contract has not been recorded.

(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, 2019	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	¥118,053	¥118,053	¥ —	¥ —	¥ —	¥ —	¥ —	¥118,053
Borrowings	84,296	33,818	12,910	11,697	10,093	7,849	10,182	86,549
Derivative liabilities	17	17	—	—	—	—	—	17
Other	1,731	515	309	267	230	203	207	1,731
Total	¥204,097	¥152,403	¥13,219	¥11,964	¥10,323	¥8,052	¥10,389	¥206,350

	Millions of yen							
As of March 31, 2020	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	¥ 92,839	¥ 92,839	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 92,839
Borrowings	82,726	30,210	13,816	8,186	12,109	19,527	379	84,226
Derivative liabilities	111	44	—	—	—	—	66	111
Lease liabilities	18,766	3,425	3,313	1,965	1,824	1,609	8,332	20,468
Total	¥194,442	¥126,518	¥17,129	¥10,151	¥13,933	¥21,136	¥8,777	¥197,644

As of March 31, 2020	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
	Thousands of U.S. dollars							
Trade and other receivables	$ 853,067	$ 853,067	$ —	$ —	$ —	$ —	$ —	$ 853,067
Borrowings	760,143	277,588	126,948	75,218	111,263	179,431	3,479	773,927
Derivative liabilities	1,017	408	—	—	—	—	608	1,017
Lease liabilities	172,435	31,469	30,443	18,054	16,756	14,787	76,564	188,073
Total	$1,786,662	$1,162,532	$157,392	$93,272	$128,019	$194,218	$80,651	$1,816,083

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:

	Millions of yen				Thousands of U.S. dollars	
	As of March 31, 2019		As of March 31, 2020		As of March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term loans payable	¥62,601	¥61,868	¥59,167	¥58,412	$543,664	$536,724

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.

For fair value of long-term borrowings, the method where the fair value is calculated by discounting the total amount of principal and interest using the interest rate assumed for a similar new loan is used.

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

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

As of March 31, 2019	Level 1	Level 2	Level 3	Total
	Millions of yen			
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	¥ —	¥—	¥ 4,570	¥ 4,570
Derivatives	—	1	—	1
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	37,786	—	12,649	50,434
Financial assets defined as hedging instruments				
Derivatives	—	58	—	58
Total	¥37,786	¥60	¥17,219	¥55,064
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	17	—	17
Total	¥ —	¥17	¥ —	¥ 17

	Millions of yen			
As of March 31, 2020	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	¥ —	¥ —	¥ 3,582	¥ 3,582
Derivatives	—	3	—	3
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	20,013	—	16,360	36,373
Financial assets defined as hedging instruments				
Derivatives	—	—	—	—
Total	¥20,013	¥ 3	¥19,942	¥39,958
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	44	—	44
Financial liabilities measured at fair value through other comprehensive income				
Financial liabilities defined as hedging instruments				
Derivatives	—	66	—	66
Total	¥ —	¥111	¥ —	¥ 111

	Thousands of U.S. dollars			
As of March 31, 2020	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	$ —	$ —	$ 32,915	$ 32,915
Derivatives	—	24	—	24
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	183,896	—	150,323	334,219
Financial assets defined as hedging instruments				
Derivatives	—	—	—	—
Total	$183,896	$ 24	$183,238	$367,158
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	—	408	—	408
Financial liabilities measured at fair value through other comprehensive income				
Financial liabilities defined as hedging instruments				
Derivatives	—	608	—	608
Total	$ —	$1,017	$ —	$ 1,017

(Note) Other than the above assets and liabilities, the Company has entered into an agreement with non-controlling shareholders that the Company purchases all interests held by the non-controlling shareholders under certain terms and conditions. With regard to the obligations to purchase these interests, ¥460 million ($4,223 thousand) that is the present value of the purchase amount has been recognized as financial liabilities. These are classified as Level 3 in the fair value hierarchy.

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:

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Balance at the beginning	¥14,631	¥17,219	$158,220
Total gains and losses	195	355	3,261
Profit or loss	(53)	(271)	(2,486)
Other comprehensive income (Note)	248	625	5,746
Purchase	3,430	4,171	38,325
Selling	—	(56)	(515)
Other	(1,037)	(1,747)	(16,052)
Balance at the end	¥17,219	¥19,942	$183,238

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

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

Financial assets classified as Level 3 are mainly unlisted shares.

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

4) Hedge Accounting

Effects of hedging instruments designated as hedge on the Group's consolidated statement of financial position are as follows:

	Millions of yen			
	Notional principal of hedging instruments	Carrying amount of hedging instruments		Item on the consolidated statement of financial position
As of March 31, 2019		Asset	Liability	
Cash flow hedges				
Interest rate risk				
Interest rate swap	¥7,869	¥58	¥ —	Other financial liabilities
Hedging instruments of net investment in foreign operations				
Exchange rate risk				
Borrowings in U.S. dollars	17,471 ($157 million)	—	17,471	Borrowings

	Millions of yen			
	Notional principal of hedging instruments	Carrying amount of hedging instruments		Item on the consolidated statement of financial position
As of March 31, 2020		Asset	Liability	
Cash flow hedges				
Interest rate risk				
Interest rate swap	¥4,516	¥—	¥ 66	Other financial liabilities
Hedging instruments of net investment in foreign operations				
Exchange rate risk				
Borrowings in U.S. dollars	11,862 ($109 million)	—	11,862	Borrowings

	Thousands of U.S. dollars			
	Notional principal of hedging instruments	Carrying amount of hedging instruments		Item on the consolidated statement of financial position
As of March 31, 2020		Asset	Liability	
Cash flow hedges				
Interest rate risk				
Interest rate swap	$ 41,500	$—	$ 608	Other financial liabilities
Hedging instruments of net investment in foreign operations				
Exchange rate risk				
Borrowings in U.S. dollars	109,000		109,000	Borrowings

There are no cash flow hedge reserves arising from hedge relationship for which the hedge accounting was discontinued, and no ineffective portion of hedges recognized in profit or loss.

Effects of hedging instruments designated as cash flow hedges and hedges of net investment on the Group's profit or loss and other comprehensive income are as follows:

	Millions of yen		
Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Hedging gains (losses) recognized as other comprehensive income (Note)	Transfer from other components of equity to profit or loss as reclassification adjustments (Note)	Item of transfer to profit or loss as reclassification adjustments
Cash flow hedges			
Interest rate risk			
Interest rate swap	¥ (79)	¥(49)	Financial costs
Hedging instruments of net investment in foreign operations			
Exchange rate risk			
Borrowings in U.S. dollars	337	—	—

(Note) Before tax effect

	Millions of yen		
Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Hedging gains (losses) recognized as other comprehensive income (Note)	Transfer from other components of equity to profit or loss as reclassification adjustments (Note)	Item of transfer to profit or loss as reclassification adjustments
Cash flow hedges			
Interest rate risk			
Interest rate swap	¥(124)	¥(22)	Financial costs
Hedging instruments of net investment in foreign operations			
Exchange rate risk			
Borrowings in U.S. dollars	(67)	—	—

(Note) Before tax effect

	Thousands of U.S. dollars		
Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Hedging gains (losses) recognized as other comprehensive income (Note)	Transfer from other components of equity to profit or loss as reclassification adjustments (Note)	Item of transfer to profit or loss as reclassification adjustments
Cash flow hedges			
Interest rate risk			
Interest rate swap	$(1,143)	$(200)	Financial costs
Hedging instruments of net investment in foreign operations			
Exchange rate risk			
Borrowings in U.S. dollars	(620)	—	—

(Note) Before tax effect

(35) Subsidiaries

The number of consolidated subsidiaries as of March 31, 2020 was 61 (61 as of March 31, 2019).

Changes in the consolidated subsidiaries in the current fiscal year are as follows:
The number of companies consolidated by acquisition, establishment, etc.: 3
The number of subsidiaries excluded by liquidation, sales, etc.: 3

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

	Millions of yen	Thousands of U.S. dollars
	As of March 31, 2020	As of March 31, 2020
Proportion of share of non-controlling interests	49%	49%
The cumulative amount of non-controlling interests	¥19,232	$176,712

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

	Millions of yen	Thousands of U.S. dollars
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Profit or loss allocated to non-controlling interests	¥2,077	$19,084
Dividends paid for non-controlling interests	1,406	12,919

(3) The condensed financial information

1) Condensed Statement of Financial Position

	Millions of yen	Thousands of U.S. dollars
	As of March 31, 2020	As of March 31, 2020
Current assets	¥36,175	$332,400
Non-current assets	23,200	213,180
Total assets	59,376	545,581
Current liabilities	15,277	140,372
Non-current liabilities	772	7,095
Total current liabilities	¥16,049	$147,468
Total equity	¥43,327	$398,113
Total liabilities and equity	¥59,376	$545,581

2) Condensed Statements of Profit or Loss and Comprehensive Income

	Millions of yen	Thousands of U.S. dollars
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Revenue	¥78,657	$722,756
Profit (loss)	4,240	38,961
Comprehensive income	4,134	37,984

3) Condensed Statement of Cash Flows

	Millions of yen	Thousands of U.S. dollars
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Cash flows from operating activities	¥ 6,437	$ 59,147
Cash flows from investing activities	(2,540)	(23,339)
Cash flows from financing activities	(3,569)	(32,794)
Net increase (decrease) in cash and cash equivalents	328	3,014
Cash and cash equivalents at the end of the period	3,981	36,580

(36) Related Parties

1) Transactions with Joint Venture

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

			Millions of yen	
Attribute	Name of the company	Contents of transactions	Transaction amount	Balance at the end of the current fiscal year
Joint venture	KRATON JSR ELASTOMERS K. K.	Manufacturing consignment of elastomer products	¥11,134	¥6,150
		Supply of raw material gas	5,558	3,013

(Notes) 1. Transactions with joint venture have been determined through price negotiations in light of market prices and others. In addition, the receivables and payables are settled in cash and consistent with the terms of third party settlements.
2. There is no outstanding balance of collateral or guarantee. Loss allowance has not been made for the receivables.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Attribute	Name of the company	Contents of transactions	Millions of yen Transaction amount	Millions of yen Balance at the end of the current fiscal year
Joint venture	KRATON JSR ELASTOMERS K. K.	Manufacturing consignment of elastomer products	¥8,863	¥3,229
		Supply of raw material gas	4,141	1,506

(Notes) 1. Transactions with joint venture have been determined through price negotiations in light of market prices and others. In addition, the receivables and payables are settled in cash and consistent with the terms of third party settlements.
2. There is no outstanding balance of collateral or guarantee. Loss allowance has not been made for the receivables.

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Attribute	Name of the company	Contents of transactions	Thousands of U.S. dollars Transaction amount	Thousands of U.S. dollars Balance at the end of the current fiscal year
Joint venture	KRATON JSR ELASTOMERS K. K.	Manufacturing consignment of elastomer products	$81,437	$29,666
		Supply of raw material gas	38,052	13,835

(Notes) 1. Transactions with joint venture have been determined through price negotiations in light of market prices and others. In addition, the receivables and payables are settled in cash and consistent with the terms of third party settlements.
2. There is no outstanding balance of collateral or guarantee. Loss allowance has not been established for the receivables.

2) Key Management Personnel Compensation

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Basic compensation	¥276	¥361	$3,320
Bonuses	103	134	1,234
Share-based remuneration	37	99	914
Total	¥416	¥595	$5,467

(37) Commitments

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

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Acquisition of property, plant and equipment	¥1,573	¥5,152	$47,340

(38) Subsequent Events

Issuance of corporate bonds

JSR gained approval for issuance of corporate bonds at the Board of Directors meeting held on May 11, 2020 and issued unsecured bonds on May 28, 2020.

The details are as below.

Name of the bonds	JSR Corporation Unsecured Bonds (with special pari passu conditions among bonds) series 8
Total amount of bonds	¥13,000 million
Denomination per bond	¥100 million
Coupon rate	0.180%
Date of coupon payment	May 28 and November 28, every year
Issue price	100 yen per face value of 100 yen
Date of issuance	May 28, 2020
Method and due date for the redemption	1. Redemption amount 100 yen per face value of 100 yen 2. Redemption and maturity date (1) The principal of the bonds will be redeemed in a lump sum on May 28, 2025. (In the case of retirement by purchase, the total amount of the bonds purchased will be deducted.) (2) If the redemption date is a bank holiday, it will be advanced to a previous business day. (3) The issuer may repurchase the bonds after the payment date unless otherwise provided in the laws and ordinances or regulations such as operating rules regarding to the service of the custody of transfer agency stated in the separate paragraph.
Collateral	No collateral or guarantee is pledged, and no assets are specifically reserved to secure the bonds.
Use of proceeds	Capital investment, working capital and repayment of borrowings

Name of the bonds	JSR Corporation Unsecured Bonds (with special pari passu conditions among bonds) series 9
Total amount of bonds	¥10,000 million
Denomination per bond	¥100 million
Coupon rate	0.290%
Date of coupon payment	May 28 and November 28, every year
Issue price	100 yen per face value of 100 yen
Date of issuance	May 28, 2020
Method and due date for the redemption	1. Redemption amount 100 yen per face value of 100 yen 2. Redemption and maturity date (1) The principal of the bonds will be redeemed in a lump sum on May 28, 2027. (In the case of retirement by purchase, the total amount of the bonds purchased will be deducted.) (2) If the redemption date is a bank holiday, it will be advanced to a previous business day. (3) The issuer may repurchase the bonds after the payment date unless otherwise provided in the laws and ordinances or regulations such as operating rules regarding to the service of the custody of transfer agency stated in the separate paragraph.
Collateral	No collateral or guarantee is pledged, and no assets are specifically reserved to secure the bonds.
Use of proceeds	Capital investment, working capital and repayment of borrowings

Name of the bonds	JSR Corporation Unsecured Bonds (with special pari passu conditions among bonds) series 10
Total amount of bonds	¥12,000 million
Denomination per bond	¥100 million
Coupon rate	0.370%
Date of coupon payment	May 28 and November 28, every year
Issue price	100 yen per face value of 100 yen
Date of issuance	May 28, 2020
Method and due date for the redemption	1. Redemption amount 100 yen per face value of 100 yen 2. Redemption and maturity date (1) The principal of the bonds will be redeemed in a lump sum on May 28, 2030. (In the case of retirement by purchase, the total amount of the bonds purchased will be deducted.) (2) If the redemption date is a bank holiday, it will be advanced to a previous business day. (3) The issuer may repurchase the bonds after the payment date unless otherwise provided in the laws and ordinances or regulations such as operating rules regarding to the service of the custody of transfer agency stated in the separate paragraph.
Collateral	No collateral or guarantee is pledged, and no assets are specifically reserved to secure the bonds.
Use of proceeds	Capital investment, working capital and repayment of borrowings

INDEPENDENT AUDITOR'S REPORT

KPMG

To the Board of Directors of JSR Corporation:

Opinion

We have audited the accompanying consolidated financial statements of JSR Corporation and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant 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, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Responsibilities of Management and 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, 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 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 including 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, 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, related safeguards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 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

Tomoyoshi Inoue
Designated Engagement Partner
Certified Public Accountant

Koichi Kohori
Designated Engagement Partner
Certified Public Accountant

Yukihiro Kase
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
July 8, 2020

Notes to the Reader of Independent Auditor's Report:
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