MATERIALS INNOVATION

JSR REPORT 2022

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, 2022 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, 2021 and 2022

	Note	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	9	85,377	45,567	372,312
Trade and other receivables	10, 35	125,292	76,106	621,836
Inventories	12	104,862	104,934	857,374
Other financial assets	11, 35	1,933	1,289	10,529
Other current assets	14	11,815	17,807	145,496
Subtotal		329,279	245,704	2,007,547
Assets related to disposal group classified as held for sale	13	-	191,298	1,563,022
Total current assets		329,279	437,002	3,570,569
Non-current assets				
Property, plant and equipment	15, 16, 18	170,428	159,539	1,303,527
Goodwill	17, 18	58,633	117,640	961,190
Other intangible assets	17, 18	15,014	24,571	200,763
Investments accounted for using equity method	19	21,015	2,984	24,381
Retirement benefit asset	23	4,905	5,192	42,426
Other financial assets	11, 35	49,751	31,408	256,619
Other non-current assets	14	3,598	2,830	23,120
Deferred tax assets	20	20,150	28,205	230,453
Total non-current assets		343,494	372,369	3,042,479
Total assets		672,773	809,371	6,613,048

Consolidated Statement of Financial Position

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

	Note	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	22, 35	100,797	63,548	519,228
Contract liabilities		9,368	12,824	104,780
Bonds and borrowings	21, 35	37,872	69,170	565,162
Income taxes payable		4,866	13,479	110,132
Provisions	24	1,837	2,718	22,205
Other financial liabilities	21, 35	3,874	3,489	28,508
Other current liabilities	25	10,196	7,461	60,960
Subtotal		168,810	172,689	1,410,976
Liabilities related to disposal group classified as held for sale	13	-	115,576	944,325
Total current liabilities		168,810	288,265	2,355,300
Non-current liabilities				
Contract liabilities		7,861	11,582	94,631
Bonds and borrowings	21, 35	81,406	48,737	398,214
Retirement benefit liability	23	16,434	10,278	83,974
Provisions	24	-	8,033	65,635
Other financial liabilities	21, 35	19,314	17,795	145,397
Other non-current liabilities	25	5,136	4,809	39,290
Deferred tax liabilities	20	3,077	5,133	41,936
Total non-current liabilities		133,227	106,366	869,077
Total liabilities		302,036	394,631	3,224,377
Equity				
Equity attributable to owners of parent				
Share capital	26	23,370	23,370	190,950
Capital surplus	26	11,562	11,799	96,409
Retained earnings	26	302,916	333,335	2,723,549
Treasury shares	26	(19,202)	(18,874)	(154,215)
Other components of equity	26	15,348	26,381	215,545
Total equity attributable to owners of parent		333,995	376,011	3,072,237
Non-controlling interests		36,741	38,728	316,434
Total equity		370,736	414,739	3,388,671
Total liabilities and equity		672,773	809,371	6,613,048

Consolidated Statement of Profit or Loss

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

	Note	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Continuing operations				
Revenue	7, 28	312,000	340,997	2,786,154
Cost of sales		(198,192)	(214,937)	(1,756,168)
Gross profit		113,808	126,060	1,029,986
Selling, general and administrative expenses	29	(75,205)	(87,330)	(713,537)
Other operating income	18, 30	1,601	10,819	88,398
Other operating expenses	18, 30	(5,302)	(5,952)	(48,633)
Share of profit (loss) of investments accounted for using equity method	19	(669)	163	1,332
Operating profit	7	34,233	43,760	357,546
Finance income	7, 31	822	3,415	27,904
Finance costs	7, 31	(1,744)	(1,655)	(13,518)
Profit before tax	7	33,310	45,521	371,931
Income tax expense	20	(7,990)	(8,370)	(68,389)
Profit from continuing operations		25,321	37,151	303,542
Discontinued operations				
Profit (loss) from discontinued operations	13	(79,851)	2,289	18,703
Profit (loss)		(54,530)	39,440	322,245
Profit (loss) attributable to:				
Owners of parent		(55,155)	37,303	304,789
Non-controlling interests		625	2,136	17,456
Total		(54,530)	39,440	322,245
Earnings (loss) per share		Yen	Yen	U.S. dollars
Basic earnings (loss) per share		(256.73)	173.49	1.42
Continuing operations	33	108.65	162.52	1.33
Discontinued operations	33	(365.38)	10.97	0.09
Diluted earnings (loss) per share		(256.34)	173.26	1.42
Continuing operations	33	108.47	162.30	1.33
Discontinued operations	33	(364.81)	10.96	0.09

Consolidated Statement of Comprehensive Income

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

	Note	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit (loss)		(54,530)	39,440	322,245
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	32	5,101	1,141	9,320
Remeasurements of defined benefit plans	32	1,438	281	2,295
Share of other comprehensive income of investments accounted for using equity method	32	68	(2)	(20)
Items that may be reclassified to profit or loss				
Effective portion of cash flow hedges	32	28	34	274
Exchange differences on translation of foreign operations	32	6,167	17,573	143,580
Share of other comprehensive income of investments accounted for using equity method	32	65	640	5,228
Total other comprehensive income, net of tax		12,867	19,665	160,678
Total comprehensive income		(41,663)	59,105	482,923
Comprehensive income attributable to:				
Owners of parent		(43,458)	56,124	458,565
Non-controlling interests		1,795	2,981	24,358
Total		(41,663)	59,105	482,923

Consolidated Statement of Changes in Equity

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

Fiscal year ended March 31, 2021

(Millions of yen)

	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Restated balance at April 1, 2020		23,370	18,242	369,102	(19,547)	5,626	396,793	40,619	437,412
Profit(loss)				(55,155)			(55,155)	625	(54,530)
Other comprehensive income						11,697	11,697	1,170	12,867
Total comprehensive income		-	-	(55,155)	-	11,697	(43,458)	1,795	(41,663)
Share-based payment transactions			(6)		266	(9)	251		251
Dividends	27			(12,888)			(12,888)	(479)	(13,368)
Purchase and disposal of treasury shares			(18)		80		62		62
Transfer from other components of equity to retained earnings				2,399		(2,399)	-		-
Proceeds from sale of shares of subsidiaries							-		-
Changes in non-controling interests			(6,656)			(27)	(6,682)	(5,198)	(11,881)
Other				(541)		460	(82)	5	(77)
Total transactions with owners, etc.		-	(6,679)	(11,031)	346	(1,975)	(19,339)	(5,673)	(25,012)
Balance at March 31, 2021		23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736

Fiscal year ended March 31, 2022

(Millions of yen)

	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2021		23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736
Profit				37,303			37,303	2,136	39,440
Other comprehensive income						18,821	18,821	845	19,665
Total comprehensive income		-	-	37,303	-	18,821	56,124	2,981	59,105
Share-based payment transactions			226		248	(32)	441		441
Dividends	27			(13,975)			(13,975)	(1,127)	(15,102)
Purchase and disposal of treasury shares			(17)		79		63		63
Transfer from other components of equity to retained earnings				7,663		(7,663)	-		-
Proceeds from sale of shares of subsidiaries			34				34	133	167
Changes in non-controling interests							-		-
Other			(6)	(573)		(92)	(671)		(671)
Total transactions with owners, etc.		-	237	(6,884)	327	(7,788)	(14,108)	(994)	(15,102)
Balance at March 31, 2022		23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739

Consolidated Statement of Changes in Equity

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

Fiscal year ended March 31, 2022

(Thousands of U.S. dollars)

	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2021		190,950	94,472	2,475,005	(156,890)	125,404	2,728,940	300,200	3,029,140
Profit			-	304,789	-	-	304,789	17,456	322,245
Other comprehensive income			-	-	-	153,777	153,777	6,901	160,678
Total comprehensive income		-	-	304,789	-	153,777	458,565	24,358	482,923
Share-based payment transactions			1,843	-	2,026	(265)	3,603	-	3,603
Dividends	27			(114,182)			(114,182)	(9,209)	(123,391)
Purchase and disposal of treasury shares			(135)		649		514	-	514
Transfer from other components of equity to retained earnings				62,615		(62,615)	-	-	-
Proceeds from sale of shares of subsidiaries			275				275	1,086	1,361
Changes in non-controling interests							-	-	-
Other			(45)	(4,678)	-	(755)	(5,479)	-	(5,479)
Total transactions with owners, etc.		-	1,937	(56,245)	2,674	(63,635)	(115,269)	(8,123)	(123,392)
Balance at March 31, 2022		190,950	96,409	2,723,549	(154,215)	215,545	3,072,237	316,434	3,388,671

Consolidated Statement of Cash Flows

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

	Note	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities				
Profit before tax		33,310	45,521	371,931
Profit (loss) before tax from discontinued operations	13	(95,740)	3,371	27,541
Depreciation and amortization		29,477	22,482	183,688
Interest and dividend income		(903)	(1,782)	(14,561)
Interest expenses		1,743	2,535	20,713
Share of loss (profit) of investments accounted for using equity method		4,132	(163)	(1,332)
Impairment losses	18	79,575	5,650	46,163
Loss (gain) on step acquisition		—	(7,467)	(61,012)
Decrease (increase) in trade and other receivables		(13,009)	(12,532)	(102,394)
Decrease (increase) in inventories		9,807	(46,454)	(379,558)
Increase in trade and other payables		11,772	10,066	82,244
Other		15,001	8,884	72,586
Dividends received		1,076	1,801	14,718
Interest received		201	367	2,995
Interest paid		(1,605)	(2,300)	(18,792)
Income taxes refund		958	—	—
Income taxes paid		(5,393)	(11,706)	(95,645)
Net cash provided by (used in) operating activities		70,403	18,271	149,285
Cash flows from investing activities				
Net decrease in time deposits		2,145	397	3,243
Purchase of property, plant and equipment		(55,205)	(47,614)	(389,036)
Proceeds from sale of property, plant and equipment		284	778	6,358
Purchase of investments		(1,606)	(1,652)	(13,498)
Proceeds from sale of investments		2,016	17,203	140,560
Purchase of shares of subsidiaries resulting in change in scope of consolidation	8	—	(47,348)	(386,862)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation		—	(45)	(368)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation		498	—	—
Proceeds from sale of investments in associates		—	15,224	124,385
Payments for loans receivable		(567)	(471)	(3,847)
Collection of loans receivable		627	811	6,626
Other		(878)	(400)	(3,266)
Net cash provided by (used in) investing activities		(52,687)	(63,117)	(515,705)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	21	(2,424)	39,338	321,414
Net increase in commercial papers	21	—	10,003	81,734
Repayments of long-term borrowings	21	(11,428)	(15,338)	(125,317)
Proceeds from long-term borrowings	21	11,320	7,863	64,249
Proceeds from issuance of bonds		34,836	—	—
Purchase of treasury shares		(3)	(4)	(36)
Dividends paid	27	(12,887)	(13,972)	(114,158)
Dividends paid to non-controlling interests		(464)	(1,127)	(9,209)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation		(11,717)	—	—
Proceeds from sale of investments in subsidiaries		—	160	1,305

Consolidated Statement of Cash Flows

JSR Corporation and Consolidated Subsidiaries
Years ended March 31, 2021 and 2022

not resulting in change in scope of consolidation				
Repayments of lease liabilities	21	(3,264)	(4,348)	(35,524)
Other		327	419	3,421
Net cash provided by (used in) financing activities		4,297	22,994	187,878
Effect of exchange rate changes on cash and cash equivalents		1,432	(1,534)	(12,533)
Net increase (decrease) in cash and cash equivalents		23,445	(23,386)	(191,074)
Cash and cash equivalents at beginning of period		61,931	85,377	697,578
Cash and cash equivalents included in assets associated with disposal groups classified as held for sale	13	—	(16,424)	(134,193)
Cash and cash equivalents at end of period	9	85,377	45,567	372,312

(1) Reporting Entity

JSR Corporation (the "Company") is incorporated in Japan. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the "Group") together with the Group's attributable share of the results of associates and joint ventures. The Group is primarily engaged in the Digital Solutions Business, the Life Sciences Business and the Plastics Business as well as businesses related to these. The products of these businesses are wide ranging. See the note "(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 dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2022, 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 dollars 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 Ken-ichi Emoto, the Company's CFO, on June 17, 2022.

(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: 5-15 years

(iv) Intangible Assets Acquired Individually

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

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

・ Software: 5 years

8) Impairment of Non-financial Assets

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

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

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

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

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

9) Financial Instruments

(9.1) Financial Assets

(i) Initial Recognition and Measurement

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

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at fair value

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

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

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

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

(ii) Subsequent Measurement

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

(a) Financial assets measured at amortized cost

Measured at amortized cost using the effective interest method

(b) Financial assets measured at fair value

Measured at fair value on the reporting date

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

(iii) Derecognition

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

(9.2) Financial Liabilities

(i) Initial Recognition and Measurement

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

(ii) Subsequent Measurement

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

(a) Financial liabilities measured at amortized cost

Measured at amortized cost using the effective interest method

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

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

(iii) Derecognition

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

(9.3) Offsetting Financial Instruments

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

10) Impairment of Financial Assets

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

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

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

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

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

11) Derivatives and Hedge Accounting

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

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

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

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

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

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

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

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

12) Leases

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

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

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

The cost of right-of-use assets is initially measured based on the initial measurement amount of the lease liability adjusted for any initial direct costs incurred or any lease payments made at or before the commencement date, plus any costs to restore the underlying asset or the site at which it is located and other related costs required in the lease contract. Right-of-use assets are depreciated over the lease term on a straight-line basis. Right-of-use assets are recorded in Property, plant and equipment on the current Consolidated Statement of Financial Position. Lease liability is measured at the present value of unpaid lease payments at the calculated interest rate of the lease or when the calculated interest rate cannot be easily calculated, discounted by the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. Lease payments are apportioned between finance costs and repayments of lease liability under the effective interest rate method. Finance costs are recognized in the consolidated statement of profit or loss.

13) Employee Benefits

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

(ii) Long-Term Employee Benefits
The Group has adopted defined contribution plans and defined benefit plans as post-employment benefit plans for employees.

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

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

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

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

14) Non-current Assets Held for Sale and Discontinued Operations
A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use.

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

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

15) Provisions
Provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event

that can be estimated reliably and it is probable that an outflow of resources will be required to settle the obligation.

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

16) Share Capital

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

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

17) Share-based Remuneration Plans

(i) Stock Options

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

(iii) Performance Share Unit Remuneration Plan

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

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

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

18) Revenue Recognition

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

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

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

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

19) Government Grants

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

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

20) Finance Income and Finance Cost

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

Finance cost comprises interest paid, etc.

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

21) Income Taxes

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

(i) Current Taxes

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

(ii) Deferred Taxes

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

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

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

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

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

22) Earnings per Share

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

(5) Changes in Presentation

(Changes due to the classification of the Elastomers Business as a discontinued operations)

In this fiscal year, the Group has decided to transfer the Eastomers Business to the newly established Japan Synthetic Rubber Spin-off Preparation Co., Ltd., a subsidiary of the Company, through an absorption-type company split, and to transfer all its shares to ENEOS Corporation. The Company concluded a share transfer agreement with ENEOS Corporation on May 11, 2021.

Accordingly, the Group has classified the Elastomers Business as discontinued operations from the fiscal year ended March 31, 2022. As a result, the consolidated statement of profit or loss, the consolidated statement of cash flows and related notes to the consolidated financial statements for the previous fiscal year have been partially reclassified to conform to the presentation for the current fiscal year.

(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 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) 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 are the basis that are subject to regular reviews for decisions on the allocation of managerial resources and the evaluation of business results.

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

The Group had four reportable segments: the Digital Solutions Business, which is engaged mainly in the manufacture and sale of semiconductor materials, display materials, and products related to edge computing; the Life Sciences Business; the 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; and the Plastics Business, which is engaged mainly in the manufacture and sale of ABS and other resins for automobiles, office equipment, and amusement applications.

As of the current fiscal year , the Group has three reportable segments: the Digital Solutions Business, the Life Sciences Business, and the Plastics Business.

This change is the result of JSR's decision to transfer part of the Eastomers Business to the newly established Japan Synthetic Rubber Spin-off Preparation Co., Ltd., a subsidiary of the Company, through an absorption-type company split, and to transfer all its shares to ENEOS Corporation. With the conclusion of a share transfer agreement with ENEOS Corporation dated May 11, 2021, JSR has classified the Elastomers Business as discontinued operations. The part of the Elastomers Business not transfered to Japan Synthetic Rubber Spin-off Preparation Co., Ltd. has been reclassified to the Other segment because of the decrease in its monetary importance.

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 Elastomers Business as discontinued operations from the current fiscal year, and segment information presents only amounts for continuing operations excluding the Elastomers Business.

Main Products in Each Business Segment

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

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

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	The Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	151,420	55,197	79,123	26,259	311,999	0	312,000
Segment profit (loss) (core operating profit)[Note 3]	34,568	3,510	4,430	1,627	44,135	(6,233)	37,902
Segment assets	164,777	158,393	76,569	10,778	410,516	262,256	672,773
Other items							
Depreciation and amortization	7,525	6,236	2,631	748	17,140	1,934	19,074
Impairment losses	1,408	940			2,348		2,348
Capital expenditures	13,542	18,566	3,511	645	36,264	3,923	40,188

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

Note 2: The segment profit (loss)downward adjustment of ¥(6,233) 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 securities (debt instrument assets)) and longterm investment funds (securities (equity instrument assets)) by the parent company.

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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	The Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	165,030	72,452	90,606	12,910	340,997	0	340,997
Segment profit (loss) (core operating profit) [Note 3]	39,002	3,168	5,323	987	48,480	(5,174)	43,306
Segment assets	241,824	210,371	75,996	11,528	539,719	269,652	809,371
Other items							
Depreciation and amortization	9,394	8,021	2,753	627	20,795	1,687	22,482
Impairment losses	3,228	—	—	—	3,228	—	3,228
Capital expenditures	17,192	19,692	2,816	260	39,960	1,891	41,851

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

Note 2: The segment profit (loss) downward adjustment of ¥(5,174) million contains company-wide profits and losses not allocated to the reportable segments. The adjustment amounts in the segment assets line are asset from corporation and discontinued operation not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and longterm investment funds (securities (equity instrument assets)) by the parent company.

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

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Thousands of U.S. dollars)

	The Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	1,348,395	591,973	740,305	105,480	2,786,154	0	2,786,154
Segment profit (loss) (core operating profit) [Note 3]	318,668	25,886	43,492	8,063	396,110	(42,272)	353,838
Segment assets	1,975,844	1,718,856	620,936	94,194	4,409,830	2,203,218	6,613,048
Other items							
Depreciation and amortization	76,756	65,535	22,493	5,123	169,906	13,782	183,688
Impairment losses	26,379	-	-	-	26,379	-	26,379
Capital expenditures	140,468	160,896	23,008	2,125	326,497	15,454	341,950

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

Note 2: The segment profit (loss) downward adjustment of $(42,272) thousand contains company-wide profits and losses not allocated to the reportable segments. The adjustment amounts in the segment assets line are asset from corporation and discontinued operation not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and longterm investment funds (securities (equity instrument assets)) by the parent company.

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

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

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Segment profit	37,902	43,306	353,838
Reversal of impairment loss	-	1,348	11,010
Profit from sales of shares of affiliated companies	-	332	2,711
Business restructuring expenses	(3,508)	-	-
Loss on valuation of investments in subsidiaries	-	(1,411)	(11,531)
Special retirement benefits	(160)	-	-
Others	-	186	1,518
Operating profit	34,233	43,760	357,546
Finance income	822	3,415	27,904
Finance costs	(1,744)	(1,655)	(13,518)
Profit before tax	33,310	45,521	371,931

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan	108,248	110,688	904,385
China	55,459	65,757	537,270
U.S.	55,213	61,253	500,473
Other regions	93,079	103,300	844,026
Total	312,000	340,997	2,786,154

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

Property, Plant and Equipment

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan	92,718	80,863	660,702
U.S.	40,319	55,492	453,405
Other regions	37,391	23,183	189,419
Total	170,428	159,539	1,303,527

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, 2021 (April 1, 2020 to March 31, 2021)

Not Applicable

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Wholly Owned Subsidiary through Acquisition of Shares of Inpria Corporation)

(1) Outline of the Business Combination

On October 29, 2021, the Company acquired an additional 78.7% stake in Inpria Corporation (Location: Oregon, USA; CEO: Andrew Grenville, "Inpria") which develops and manufactures metal based EUV resists, making it a wholly owned subsidiary of the Company.

① Name and Business of the Acquired Company

Name　Inpria Corporation

Business　Development and manufacturing of metal based EUV resists

② Date of Acquisition

October 29, 2021

③ Percentage of Voting Rights Acquired

Percentage of Voting Rights Held Immediately before the Date of Acquisition	21.3%
Percentage of Voting Rights Additionally Acquired on the Date of Acquisition	78.7%
Percentage of Voting Rights at Date of Acquisition	100.0%

④ Method of Acquiring Control

Acquisition of Shares for Cash

⑤ Purpose of Business Combination

Inpria has been working on the development of metal based EUV resists since its establishment in 2007. Its main product, which is composed primarily of tin oxide, has achieved the world's highest resolution using EUV exposure systems. In addition, the metal-based resist is superior to conventional resists in terms of pattern transfer performance during dry etching and is highly suitable for semiconductor mass production processes. With the completion of this acquisition, JSR will add metal resists, a promising future technology, to its photoresist product portfolio, which is one of its strengths, and aims to seamlessly provide value as an advanced materials company that supports the further shrinking in the technologies of its customers.

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

	Amount	Amount
	Millions of yen	Thousands of U.S. dollars
Fair value of equity interests held immediately prior to the acquisition date	9,447	77,188
Cash	46,654	381,191
Total Fair value of consideration paid	56,101	458,379
Current Assets		
Cash and cash equivalents	1,043	8,521
Trade and other receivables	151	1,237
Other current assets	151	1,233
Non-current assets		
Property, plant and equipment	357	2,915
Other intangible assets *	8,218	67,149
Other non-current assets	9	71
Acquired assets	9,929	81,126

Current liabilities		
Trade and other payables	572	4,674
Other current liabilities	76	624
Non-current liabilities		
Deferred tax liabilities	2,219	18,130
Other non-current liabilities	9	75
Total liabilities assumed	2,877	23,503
Goodwill	49,049	400,756

*The item allocated to other intangible assets are technology assets of ¥8,218 million ($67,149 thousand). The fair value of the intangible assets were calculated using the excess earnings method valuation model. Measurements with the valuation model are based on such assumptions as future sales and technology obsolescence rates.

As of March 31, 2022, 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.

The valuation gain recognized as a result of the remeasurement of equity interests held by the Company immediately prior to the date of acquisition at its fair value on the date of acquisition of control was ¥7,467 million ($61,012 thousand) and is accounted for in the "Other operating income" line item in the consolidated statement of profit or loss. Acquisition-related costs pertaining to the business combination were ¥123 million ($997 thousand). The amount incurred in the fiscal year ended March 31, 2022 is accounted for as an expense in the "Selling, general and administrative expenses" line item in the consolidated statement of profit or loss.

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

(3) Effect of Business Combination on Cash Flows

	Amount	Amount
	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents paid for the acquisition	46,654	381,191
Cash and cash equivalents held by the acquired company at the time of acquisition	1,043	8,521
Purchase of shares of subsidiaries resulting in change in scope of consolidation	45,611	372,669

(4) Impact on the Group's Performance

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

2) Acquisition of Non-controlling Interest

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

From October 28, 2020 till January 15, 2021 to improve the enterprise value, the Group additionally acquired 40.18% shares in MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. from non-controlling-interest shareholders hold, and as a result, the voting rights ratio increased to 100% from 50.82%.

As the consideration for additionall acquisition, the cash of ¥ 11,415 million was paid to the non-controlling-interest shareholders, and the group accounted for ¥ 6,398 million as the decreasing capital surplus ,which is the difference between the consideration for the additional acquisition and ¥ 5,016 million which is the total amount of Non-controlling interest reduced because of the additional acquisition and the exchange differences on translation of foreign operations.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Not Applicable

(9) Cash and Cash Equivalents

Cash and cash equivalents for each fiscal year are as follows.

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

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

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents			
Cash and deposit	73,372	45,563	372,275
Short-term investment	12,005	4	36
Total	85,377	45,567	372,312

(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.

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Trade receivables			
Notes and account receivable-trade	108,615	68,674	561,111
Other receivables			
Account receivables-other	16,410	7,158	58,485
Other	267	274	2,239
Total	125,292	76,106	621,836

(11) Other financial assets

1) Breakdown of Other financial assets

The breakdown of other financial assets is as follows:

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Derivative asset	1	-	-
Investments (equity financial assets)	46,186	30,269	247,319
Term deposits	1,412	1,060	8,664
Other	4,086	1,366	11,164
Total	51,684	32,696	267,148
Current assets	1,933	1,289	10,529
Non-current assets	49,751	31,408	256,619
Total	51,684	32,696	267,148

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:

Name of Stock	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carbon, Inc.	5,230	5,782	47,245
Optorun Co., Ltd.	6,336	4,863	39,730
Cambridge Quantum Computing	3,060	3,382	27,637
Vedanta Biosciences Inc	1,882	2,724	22,260
OSAKA ORGANIC CHEMICAL INDUSTRY LTD.	2,597	2,146	17,530
BRIDGESTONE Corporation	8,856	-	-
Mitsubishi Chemical Holdings Corporation	1,330	-	-
Tosoh Corporation	835	-	-
Other	12,254	9,598	78,421
Total	42,380	28,495	232,821

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Dividends received	701	1,232	10,069

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

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

Fiscal year ended March 31, 2021		Fiscal year ended March 31,2022		Fiscal year ended March 31, 2022	
Millions of yen		Millions of yen		Thousands of U.S. dollars	
Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses	Fair Value	Accumulated gains or losses
2,016	808	17,203	7,523	140,560	61,464

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.

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Finished goods and merchandise	61,394	60,669	495,699
Work in process	3,156	2,233	18,247
Raw materials and supplies	40,312	42,032	343,428
Total	104,862	104,934	857,374

The amount of valuation losses on inventories recognized as expenses is not applicable in the previous fiscal year. There was 814 million ($6,655 thousand) as of March 31, 2022. 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 ¥172,554 million as of March 31, 2021 and ¥178,766 million ($1,460,629 thousand) as of March 31, 2022.

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

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

1) Disposal Groups Classified as Held for Sale

(The Separation of the Elastomers Business and Transfer of Shares to the Successor Company)

At the Board of Directors meeting held on May 11, 2021, the Company decided to transfer the Eastomers Business to the newly established Japan Synthetic Rubber Spin-off Preparation Co., Ltd., a subsidiary of the Company, through an absorption-type company split, and to transfer all its shares to ENEOS Corporation. The Company concluded a share transfer agreement with ENEOS Corporation on the same date. The share transfer was executed as scheduled on April 1, 2022.

As a result of the transfer decision, the assets and liabilities of the Elastomers Business have been classified as disposal groups classified as held for sale and the Elastomers Business has been classified as discontinued operations from the fiscal year ended March 31, 2022.

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets associated with disposal groups classified as held for sale			
Cash and cash equivalents	-	16,424	134,193
Trade and other receivables	-	66,318	541,862
Inventories	-	50,115	409,474
Other financial assets (Current)	-	364	2,976
Other current assets	-	3,145	25,698
Property, plant and equipment	-	46,466	379,655
Other intangible assets	-	1,740	14,214
Investments accounted for using equity method	-	1,528	12,484
Other financial assets (Non-current)	-	3,920	32,027
Other non-current assets	-	70	568
Deferred tax assets	-	1,208	9,873
Total assets	-	191,298	1,563,022
Liabilities associated with disposal groups classified as held for sale			
Trade and other payables	-	51,238	418,644
Bonds and borrowings (Current)	-	21,500	175,670
Income taxes payable	-	333	2,720
Other financial liabilities (Current)	-	807	6,597

Other current liabilities	-	2,115	17,277
Bonds and borrowings (Non-Current)	-	28,838	235,626
Retirement benefit liability	-	5,765	47,101
Other financial liabilities (Non-Current)	-	4,336	35,430
Other non-current liabilities	-	644	5,258
Deferred tax liabilities	-	0	2
Total liabilities	-	115,576	944,325

*Other components of equity related to the assets and liabilities associated with the disposal group held for sale at the end of the current fiscal year were ¥669 million ($ 5,466 thousand), net of tax.

2)Discontinued Operations

As described in “1) Disposal Groups Classified as Held for Sale”, the Elastomer Business is classified as discontinued operations.

(i) Profit or Loss from Discontinued Operations

The following are the profit or loss from discontinued operations.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue	134,609	189,318	1,546,842
Cost of sales and expenses	(230,350)	(185,947)	1,519,301
Profit (loss) before tax from discontinued operations	(95,740)	3,371	27,541
Income tax expenses	15,890	(1,082)	(8,838)
Profit (loss) from discontinued operations	(79,851)	2,289	18,703

Cost of sales and expenses for the current fiscal year include a loss of ¥1,495 million ($12,213 thousand) that was recognized by measuring the assets or disposal groups comprising discontinued operations at fair value less costs to sell. The fair value is calculated primarily on the basis of the business value to be transferred. The fair value hierarchy is classified as Level 3.

For basic and diluted earnings (loss) per share related to discontinued operations, please refer to the consolidated statement of profit or loss.

(ii) Cash Flows Arising from Discontinued Operations

The following are cash flows from discontinued operations.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities	21,429	12,261	100,178
Cash flows from investing activities	(15,054)	8,088	66,087
Cash flows from financing activities	(6,006)	1,205	9,846
Effect of exchange rate changes on cash and cash equivalents	(460)	1,107	9,047
Total	(90)	22,661	185,157

Note: Cash flows from investing activities in the previous fiscal year involve expenditures (cash and cash equivalents of the disposed subsidiary) ¥(1,176) million due to the sale of shares of the subsidiary accompanying a change in the scope of consolidation.

(14) Other Assets

The breakdown of other assets is as shown below.

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other current assets			
Excise tax receivable	4,276	9,154	74,795
Income taxes receivable	2,044	2,357	19,259
Prepaid expenses	3,509	2,237	18,277
Other	1,987	4,059	33,165
Total	11,815	17,807	145,496
Other non-current assets			
Long-term prepaid expenses	41	182	1,488
Other	3,557	2,648	21,632
Total	3,598	2,830	23,120

(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 on Non-financial Assets.”

Changes in carrying amounts

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
April 1, 2020	60,481	71,763	11,999	20,275	50,999	147	215,664
Acquisition	8,644	2,670	1,310	44	39,670	96	52,434
Depreciation	(7,322)	(14,349)	(4,731)	(243)	-	(29)	(26,675)
Impairment loss	(17,655)	(52,226)	(2,241)	-	(988)	-	(73,110)
Sales and disposals	(102)	(298)	(89)	0	(221)	1	(709)
Transfer	21,585	40,648	3,790	291	(66,177)	(137)	-
Exchange differences of foreign operations	2,043	3,276	195	64	1,839	(9)	7,408
Other	625	(290)	(111)	(1,081)	(3,780)	52	(4,585)
March 31, 2021	68,299	51,194	10,122	19,350	21,342	120	170,428
Acquisition	3,891	5,023	1,260	98	32,381	128	42,782
Acquisition by business combination	-	364	40	-	-	-	405
Depreciation	(7,593)	(8,160)	(3,985)	(131)	-	-	(19,869)
Impairment loss	(1,248)	(2,047)	(60)	-	(44)	-	(3,400)
Reversal of impairment losses	1,422	1,199	58	-	19	1	2,699
Sales and disposals	(76)	(817)	(125)	-	-	(32)	(1,050)
Transfer	6,400	10,405	4,236	-	(20,971)	(71)	-
Assets associated with disposal group classified as held for sale	(13,764)	(24,671)	(1,994)	(4,485)	(1,532)	(21)	(46,466)
Exchange differences of foreign operations	4,458	4,056	406	266	2,775	10	11,970
Other	2,593	(27)	(10)	-	(517)	-	2,040
March 31, 2022	64,383	36,521	9,948	15,098	33,452	135	159,539

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2021	558,043	418,288	82,705	158,103	174,376	981	1,392,497
Acquisition	31,795	41,044	10,297	803	264,569	1,047	349,555
Acquisition by business combination	-	2,977	331	-	-	-	3,307
Depreciation	(62,040)	(66,670)	(32,563)	(1,071)	-	-	(162,344)
Impairment loss	(10,200)	(16,726)	(493)	-	(361)	-	(27,780)
Reversal of impairment losses	11,621	9,800	473	-	154	7	22,055

Sales and disposals	529,219	(6,672)	60,749	-	1	(263)	(8,578)
Transfer	52,293	85,015	34,613	-	(171,344)	(577)	0
Assets associated with disposal group classified as held for sale	(112,458)	(201,574)	(16,290)	(36,648)	(12,516)	(169)	(379,655)
Exchange differences of foreign operations	36,427	33,136	3,315	2,176	22,673	79	97,804
Other	21,189	(217)	(80)	(0)	(4,226)	0	16,667
March 31, 2022	526,050	298,402	81,283	123,363	273,325	1,104	1,303,527

Acquisition Cost

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2021	194,226	409,383	70,942	21,176	21,342	199	717,267
March 31, 2022	140,435	160,389	61,969	16,908	33,452	135	413,289

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2022	1,147,442	1,310,473	506,327	138,151	273,325	1,104	3,376,823

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, 2021	125,927	358,188	60,819	1,825	0	79	546,839
March 31, 2022	76,052	123,867	52,021	1,810	-	-	253,751

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Construction in progress	Other	Total
March 31, 2022	621,392	1,012,071	425,044	14,788	-	-	2,073,296

(Note) 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. The reversal of impairment losses is included in "Other operating income " and " Profit (loss) from discontinued operations" in the consolidated statement of profit or loss.
4. “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.
5. Amounts of property, plant and equipment pledged as collateral for liabilities are stated in “(21) Borrowings and bonds (including Other financial liabilities).”
6. Right-of-use asset included in carrying amounts of property, plant and equipment is stated in “(16) Lease.”

(16) Leases

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

1) Right-of-use Asset

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

Fiscal year ended March 31, 2021 (from April1, 2020 to March 31, 2021)

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	17,000	943	29	1,056	19,028
Depreciation	(3,154)	(425)	(22)	(243)	(3,844)

(Note) 1. Increase amount of right-of-use asset is ¥8,165 million.

2. Depreciation of right-of-use assets is included in "Inventories" in the consolidated statement of the 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.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	17,704	2,016	60	79	19,859
Depreciation	(3,497)	(118)	(5)	(88)	(3,708)

(Note) 1. Increase amount of right-of-use asset is ¥ 2,405 million.

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

(Thousands of U.S. dollars)

	Buildings and structures	Machinery and vehicles	Tools, fixtures and fittings	Land	Total
Carrying amount	144,655	16,470	488	647	162,260
Depreciation	(28,576)	(963)	(42)	(715)	(30,296)

(Note) 1. Increase amount of right-of-use asset is $19,648 thousand.

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

2) Finance Costs Related to Lease

Finance costs related to leases are as follows:

Fiscal year ended March 31, 2021(from April 1, 2020 to March 31, 2021)

	Millions of yen
Finance costs related to leases	537
Expenses relating to short-term leases	246
Expenditures relating to leases of low-value assets	570
Variable lease payments	40
The amount of cash outflow related to leases	3,264

Fiscal year ended March 31, 2022(from April 1, 2021 to March 31, 2022)

	Millions of yen	Thousands of U.S. dollars
Finance costs related to leases	631	5,158
Expenses relating to short-term leases	401	3,274
Expenditures relating to leases of low-value assets	542	4,425
Variable lease payments	34	278
The amount of cash outflow related to leases	4,348	35,524

(Note) 1. Finance costs related to leases are included in "Finance costs" and "Profit (loss) from discontinued operations" in the consolidated statement of profit or loss.

2. Expenses relating to short-term leases, expenditures relating to leases of low-value assets and variable lease payments are included in "Cost of sales,"

"Selling, general and administrative expenses" and "Profit (loss) from discontinued operations" in the consolidated statement of profit or loss.

3. The amounts of cash outflow related to leases are included in “Repayments of lease liabilities” which include cash flows from discontinued operations in the consolidated statement of cash flow.

For the information on Maturity analysis for lease liabilities, see “(35) 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 on Non-financial Assets."

Changes in Carrying Amounts

(Millions of yen)

	Goodwill	Other intangible asset		
		Software	Other	Total
April 1, 2020	58,283	7,220	8,671	15,891
Acquisition	-	8,259	309	8,567
Amortization	-	(1,334)	(1,468)	(2,802)
Impairment loss	(688)	(3,908)	(1,869)	(5,777)
Sales and disposals	-	(4)	(201)	(205)
Transfer to other property, plant and equipment	-	(480)	480	-
Exchange differences of foreign operations	1,039	59	283	343
Other	-	(1,056)	53	(1,003)
March 31, 2021	58,633	8,755	6,258	15,014
Acquisition	-	5,335	540	5,875
Acquisition by business combination	50,172	1	8,646	8,646
Amortization	-	(1,245)	(1,273)	(2,518)
Impairment loss	-	(2,250)	-	(2,250)
Reversal of impairment losses	-	84	34	118
Sales and disposals	-	(58)	(2)	(60)
Transfer to other property, plant and equipment	-	9	(9)	-
Assets associated with disposal group classified as held for sale	-	(742)	(998)	(1,740)
Exchange differences of foreign operations	8,835	129	794	923
Other	-	288	274	562
March 31, 2022	117,640	10,307	14,264	24,571

(Thousands of U.S. dollars)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2021	479,069	71,537	51,135	122,673
Acquisition	-	43,594	4,412	48,006
Acquisition by business combination	409,936	6	70,640	70,646
Amortization	-	(10,174)	(10,398)	(20,571)
Impairment loss	-	(18,383)	-	(18,383)
Reversal of impairment losses	-	690	275	966
Sales and disposals	-	(476)	(18)	(494)
Transfer to other property, plant and equipment	-	72	(72)	-
Assets associated with disposal group classified as held for sale	-	(6,062)	(8,151)	(14,214)

Exchange differences of foreign operations	72,185	1,055	6,487	7,542
Other	-	2,356	2,236	4,592
March 31, 2022	961,190	84,217	116,546	200,763

Acquisition Cost

(Millions of yen)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2021	58,633	30,999	27,615	58,614
March 31, 2022	117,640	30,123	33,452	63,574

(Thousands of U.S. dollars)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2022	961,190	246,119	273,322	519,441

Accumulated Amortization and Impairment

(Millions of yen)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2021	-	22,243	21,357	43,600
March 31, 2022	-	19,815	19,188	39,003

(Thousands of U.S. dollars)

	Goodwill	Other intangible asset		
		Software	Other	Total
March 31, 2022	-	161,902	156,776	318,678

(Note) 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. Impairment losses are included in “Other operating expenses” and “profit (loss) from discontinued operations” in the consolidated statement of profit or loss.
3. The reversal of impairment losses is included in "Other operating income " and "Net profit (loss) from discontinued operations" in the consolidated statement of profit or loss.
4. “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, 2021 and 2022 are as follows:

	Fiscal year ended March 31, 2021 Millions of yen	Fiscal year ended March 31, 2022 Millions of yen	Fiscal year ended March 31, 2022 Thousands of U.S. dollars
Property, plant and equipment			
Buildings and structures	1,202	1,236	10,098
Machinery and vehicles	360	1,934	15,799
Tools, fixtures and fittings	32	59	482
Subtotal	1,595	3,228	26,379
Goodwill and other intangible asset			
Goodwill	688	-	-
Software	9	-	-
Other	56	-	-
Subtotal	754	-	-
Total	2,348	3,228	26,379

In the previous fiscal year, as part of the business restructuring program, the Company reduced the carrying amount to the recoverable amount for assets of some operations of the Display Materials Business and the Life Sciences Business for which the investment amount became unlikely to be recovered. The reduction amounts of ¥1,408 million and ¥940 million were recorded as impairment losses under “Other operating expenses.”
In the current fiscal year, the carrying amount of assets for which recovery of the investment amount cannot be expected due to the delay in the start-up of the U.S. plant in the cleaning solutions business was reduced to the recoverable amount (value in use), and ¥3,228 million ($26,379 thousand) was recorded as an impairment loss in "Other operating expenses."
Impairment losses on the non-financial assets of the Elastomer Business recorded in the previous fiscal year (¥77,227 million) and the current fiscal year (¥2,421 million) ($19,785 thousand) have been reclassified to Profit (loss) from discontinued operations.

2) Reversal of impairment losses

In the current fiscal year, among business assets for which impairment losses were recognized in previous years in the Display Materials Business, the carrying amount of assets that are expected to be sold has been reversed to their recoverable amount, and the reversal of impairment losses (¥1,348 million) ($11,010 thousand) of ¥1,109 million ($9,063 thousand) for Buildings and structures,
¥212 million ($1,734 thousand) for Machinery and vehicles, ¥16 million ($130 thousand) for tools, fixtures and fittings, and ¥10 million ($84 thousand) for software has been recorded. The reversal of the impairment loss is included in "Other operating income" in the consolidated statement of profit or loss.
Recoverable value of Display Materials Business is measured at fair value less costs of disposal. The fair value is calculated based on the sale price to a third party. The fair value hierarchy is classified as Level 3.

3) Impairment Test on Goodwill

The goodwill listed on the consolidated statement of financial position is mainly the goodwill related to drug discovery and development service that happened in the 2018 acquisition of Crown Bioscience International, and the goodwill related to development and manufacture of Metal resists for EUV that happened in this fiscal year acquisition of Inpria Corporation. The carrying amount of goodwill allocated to cash-generating units (or groups of cash-generating units) is as follows:

Segment	Cash-generating units (groups of cash-generating units)	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Plastics business	Plastics	2,598	2,598	21,231
Life Sciences business	In-vitro Diagnostics and Research Reagents	3,641	3,641	29,751
	Contract Development and Manufacturing for Biomedicine	5,213	5,763	47,086
	Contract of the Services for Development and Generation of Cell-lines	9,528	9,864	80,592
	Drug Discovery and Development Services	36,823	42,042	343,507
Digital Solutions Business	Metal based EUV resists	-	44,208	361,209
	Lithography Materials	-	8,694	71,034
	Other	830	830	6,782
Total		58,633	117,640	961,192

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

The value in use was calculated by reflecting the external information such as past experience and market growth rate which each cash-generating unit or cash-generating unit groups belong to and internal information such as equipment capacity, and it was discounting the estimated amount of cash flows to the present value based on the plan approved by management.
A terminal growth rate used for impairment test of major goodwill, pre-tax discount rate and term to estimate cash flows are as below.

Measured at the Value in Use

Cash-generating units (groups of cash-generating units)	Terminal growth rate	Pre-tax discount rate	Term to estimate cash flows
Plastics	0.0%	11.4%	5 years
In-vitro Diagnostics and Research Reagents	1.0%	9.5%	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%	10.8%	5 years
Drug Discovery and Development Services	2.0%	13.5%	5 years
Lithography Materials	0.0%	9.1%	5 years

Recoverable amount of metal based EUV resists is measured at fair value less costs of disposal. Such fair value was determined by discounting to present value, at a pre-tax discount rate of 13.1%, and the estimated future cash flows based on the business plan approved by the management of the Company during the Inpria acquisition process. The fair value hierarchy is classified as Level 3.

As a result of the above calculation, the recoverable amounts well exceed the carrying amount of each cash-generating units, as for those cash-generating units, the Group considers that the carrying 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 ammount of investments in associates that are not individually significant is as follows:

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amount	5,061	2,984	24,381

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Share of profit(loss)	(640)	72	588
Share of other comprehensive income	(22)	232	1,893
Share of total comprehensive income	(661)	304	2,481

2) Investments in Joint Ventures

There are no investments in significant joint ventures.

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amount	15,954	-	-

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Share of profit(loss)	(3,492)	91	743
Share of other comprehensive income	155	406	3,316
Share of total comprehensive income	(3,337)	497	4,060

(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, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	April 1, 2020	Recognized through profit(loss)	Recognized through other comprehensive income	Other	March 31, 2021
Deferred Tax Assets					
Inventories	1,100	22	-	-	1,122
Accrued bonuses	1,908	(41)	-	-	1,867
Non-current assets	1,324	24,405	-	-	25,729
Retirement benefit liability	4,355	75	(711)	-	3,719
Unused tax losses	701	(426)	-	69	344
Other	5,863	829	(185)	(422)	6,086
Total	15,252	24,864	(895)	(353)	38,868
Deferred Tax Liabilities					
Non-current assets	(1,551)	37	-	-	(1,514)
Financial asset measured at fair value through other comprehensive income	(4,931)	-	(2,241)	377	(6,794)
Retained earnings	(1,619)	(11,440)	-	-	(13,059)
Other	(959)	532	-	-	(427)
Total	(9,060)	(10,871)	(2,241)	377	(21,794)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	April 1, 2021	Recognized through profit(loss)	Recognized through other comprehensive income	Other	March 31, 2022
Deferred Tax Assets					
Inventories	1,122	151	-	-	1,274
Accrued bonuses	1,867	339	-	-	2,206
Non-current assets	25,729	419	-	-	26,148
Retirement benefit liability	3,719	(310)	-	-	3,409
Unused tax losses	344	(172)	-	-	172
Other	6,086	2,215	(50)	(797)	7,454
Total	38,868	2,642	(50)	(797)	40,663
Deferred Tax Liabilities					
Non-current assets	(1,514)	49	-	-	(1,465)
Financial asset measured at fair value through other comprehensive income	(6,794)	-	(248)	3,158	(3,884)
Retained earnings	(13,059)	3,756	-	-	(9,303)
Other	(427)	(126)	-	(2,385)	(2,938)
Total	(21,794)	3,679	(248)	772	(17,590)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Thousands of U.S. dollars)

	April 1, 2021	Recognized through profit(loss)	Recognized through other comprehensive income	Other	March 31, 2022
Deferred Tax Assets					
Inventories	9,171	1,237	-	-	10,408
Accrued bonuses	15,254	2,769	-	-	18,023
Non-current assets	210,224	3,423	-	-	213,647
Retirement benefit liability	30,387	(2,531)	-	-	27,856
Unused tax losses	2,809	(1,404)	-	-	1,405
Other	49,728	18,097	(410)	(6,514)	60,901
Total	317,573	21,590	(410)	(6,514)	332,239
Deferred Tax Liabilities					
Non-current assets	(12,371)	399	-	-	(11,972)
Financial asset measured at fair value through other comprehensive income	(55,513)	-	(2,026)	25,801	(31,738)
Retained earnings	(106,701)	30,692	-	-	(76,009)
Other	(3,485)	(1,031)	-	(19,489)	(24,006)
Total	(178,071)	30,060	(2,026)	6,312	(143,725)

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

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

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Unused tax losses	11,471	16,531	135,065
Deductible temporary differences	1,874	5,631	46,005
Total	13,345	22,161	181,070

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Not later than one year	-	-	
Later than one year and not later than five years	2,259	12,424	101,513
Later than five years	9,212	4,106	33,552
Total	11,471	16,531	135,065

The amount of taxable temporary differences pertaining to investments in subsidiaries, etc. for which deferred tax liabilities have not been recognized was ¥22,963million as of March 31, 2021 and ¥30,051million ($245,538 thousand) as of March 31, 2022. For these temporary differences, deferred tax liabilities have not been recognized because the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

2) Income Tax Expense

The breakdown of income tax expense is as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current tax expenses	6,093	15,773	128,877
Deferred tax expenses	(13,993)	(6,322)	(51,651)
Total	(7,900)	9,452	77,227
Continuing operations	7,990	8,370	68,389
Discontinued operations	(15,890)	1,082	8,838

Deferred tax expenses include tax losses of ¥218 million, which had not been recognized, in the previous fiscal year. Also, the amounts of benefits arising from temporary differences in past periods are included in the previous fiscal year and the current fiscal year, which were ¥90 million. There is no applicable in this fiscal year.

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
	%	%
Statutory income tax rate	30.6	30.6
Retained earnings	(4.3)	(5.0)
Tax credit on experiment and research expenses	-	(3.1)
Differences in tax rates applied to foreign operations	0.2	(2.4)
Special deduction for reconstruction district	(0.9)	0.2
Share of loss (profit) of entities accounted for using the equity method	0.6	(0.1)
Other	(2.2)	(1.8)
Average effective tax rate	24.0	18.4

(21) Borrowings and bonds (including Other financial liabilities)

1) Financial Liabilities

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022	Average interest rates	Payment Due
	Millions of yen	Millions of yen	Thousands of U.S. dollars	%	
Current borrowings	22,333	50,631	413,686	0.55%	-
Commercial Papers	-	10,003	69,742	(0.03%)	
Current portion of non-current borrowings	15,539	8,536	81,734	3.01%	-
Non-current borrowings	46,537	13,847	113,139	2.37%	2023-27
Bonds Payable	34,869	34,890	285,075	0.28%	2025-30
Current lease liabilities	3,330	2,984	24,383	-	-
Non-current lease liabilities	19,043	16,231	132,618	-	2023-42
Derivative liabilities	815	2,069	16,904	-	-
Total	142,465	139,192	1,137,281	-	-
Current liabilities	41,745	72,659	593,670	-	-
Non-current liabilities	100,720	66,533	543,611	-	-
Total	142,465	139,192	1,137,281	-	-

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

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

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

(Millions of yen)

	Later than one year and not later than two years	Later than two years and not later than three years	Later than three years and not later than four years	Later than four years and not later than five years	Later than five years	Total
Non-current borrowings	5,207	4,358	2,146	2,136	-	13,847
Bonds Payable	-	-	13,000	-	22,000	35,000

(Thousands of U.S. dollars)

	Later than one year and not later than two years	Later than two years and not later than three years	Later than three years and not later than four years	Later than four years and not later than five years	Later than five years	Total
Non-current borrowings	42,545	35,607	17,532	17,454	-	113,139
Bonds Payable	0	0	106,218	0	179,753	285,971

2) Pledged Assets

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

Pledged assets are as follows:

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents	7	7	57
Property, plant and equipment	12,814	7,391	60,393
Total	12,821	7,398	60,450

Corresponding liabilities are as follows:

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current borrowings and current portion of non-current borrowings	2	-	-
Liabilities associated with disposal groups classified as held for sale	-	2	245
Non-current portion of non-current borrowings	31	30	14
Total	33	32	259

3) Reconciliation of Liabilities Arising from Financing Activities

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	As of April 1, 2020	Cash flow	Non-cash items				As of March 31, 2021
			Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	52,684	10,896	-	2,166	(19,208)	-	46,537
Bonds Payable	-	34,836	-	-	-	33	34,869
Borrowings (current)	30,043	(13,427)	-	1,715	19,208	333	37,872
Lease liabilities	18,766	(3,264)	6,000	871	-	-	22,373
Total	101,492	29,041	6,000	4,752	-	366	141,650

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	As of April 1, 2021	Cash flow	Non-cash items				As of March 31, 2022
			Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	46,537	7,691	-	3,040	(14,598)	(28,822)	13,847
Bonds Payable	34,869	-	-	-	-	22	34,890
Borrowings (current)	37,872	24,173	-	4,003	14,598	(21,479)	59,167
Commercial Papers	-	10,003	-	-	-	-	10,003
Lease liabilities	22,373	(4,348)	4,441	1,765	-	(25)	19,215
Total	141,650	37,519	4,441	8,808	-	(50,305)	137,123

(Thousands of U.S. dollars)

	As of April 1, 2021	Cash flow	Non-cash items				As of March 31, 2022
			Lease	Exchange differences	Transfer between non-current and current	Other	
Borrowings (non-current)	380,235	62,839	-	24,836	(119,278)	(235,493)	113,139
Bonds Payable	284,898	-	-	-	-	178	285,075
Borrowings (current)	309,434	197,506	-	32,709	119,278	(175,500)	483,428
Commercial Papers	-	81,734	-	-	-	-	81,734
Lease liabilities	182,798	(35,524)	36,285	14,423	-	(208)	157,001
Total	1,157,365	306,556	36,285	71,968	-	(411,023)	1,120,377

(22) Trade and Other Payables

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Trade Payable			
Notes and accounts payable - trade	73,751	38,749	316,599
Other Payable			
Accounts payable - other, and accrued expenses	26,521	24,395	199,324

Other	525	405	3,305
Total	100,797	63,548	519,228

(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, defined benefit plans under the Defined-benefit Corporate Pension Act, defined benefit corporate pension plans and lump-sum retirement benefit plans have been operational. The amount of these benefits is calculated based on certain points, etc. given in accordance with service years and contribution. These pension plans are exposed to general investment risk, interest rate risk, inflation risk and others.

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

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

2) Defined Benefit Plans

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

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Present value of funded retirement benefit obligation	38,495	35,248	288,000
Fair value of plan assets	(40,114)	(38,103)	(311,327)
Subtotal	(1,619)	(2,855)	(23,327)
Present value of unfunded retirement benefit obligation	13,148	7,940	64,875
Total Net liability (asset) for retirement benefit	11,529	5,085	41,548
Amounts on consolidated statement of financial position			
Retirement benefit liability	16,434	10,278	83,974
Retirement benefit asset	(4,905)	(5,192)	(42,426)
Total Net liability (asset) for retirement benefit	11,529	5,085	41,548

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

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U,S, dollars
Balance of present value of retirement benefit obligation at the beginning of the fiscal year	51,128	51,643	421,953
Service cost	2,462	2,390	19,528
Interest expense	215	227	1,853
Remeasurement			
Actuarial gains (losses) arising from changes in demographic assumptions	53	1,103	9,013
Actuarial gains (losses) arising from changes in financial assumptions	44	(725)	(5,920)
Benefits paid	(2,402)	(3,600)	(29,416)
Transfer to liabilities associated with disposal group classified as held for sale	-	(7,458)	(60,940)
Other	144	(391)	(3,196)
Balance of present value of retirement benefit obligation at the end of the fiscal year	51,643	43,188	352,875

The weighted average duration of defined benefit plan obligations was 13.7 years in the fiscal year ended March 31, 2021 and 13.3 years in the fiscal year ended March 31, 2022.

(iii) Reconciliation of Fair Value of Plan Assets

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance of fair value of plan assets at the beginning of the fiscal year	37,472	40,114	327,756
Interest revenue	312	166	1,356
Remeasurement			
Return on plan assets	2,436	242	1,976
Contributions paid by the employer	1,519	1,396	11,406
Benefits paid	(1,703)	(1,901)	(15,531)
Transfer to liabilities associated with disposal group classified as held for sale classified as held for sale	-	(1,694)	(13,839)
Other	78	(220)	(1,797)
Balance of fair value of plan assets at the end of the fiscal year	40,114	38,103	311,327

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 ¥2,668 million ($21,798 thousand) in the fiscal year ending March 31, 2023.

(iv) Items of Plan Assets

Plan assets consisted of the following items.

	As of March 31, 2021			As of March 31, 2022		
	Assets for which active market prices are available	Assets for which active market prices are not available	Total	Assets for which active market prices are available	Assets for which active market prices are not available	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Cash and cash equivalents	4,546	-	4,546	4,478	-	4,478
Equity instruments						
Domestic equity securities	1,482	-	1,482	1,428	-	1,428
Foreign equity securities	4,005	-	4,005	3,857	-	3,857
Debt instruments						
Domestic bonds	9,669	-	9,669	9,592	-	9,592
Foreign bonds	10,632	-	10,632	10,013	-	10,013
General accounts of life insurance	-	688	688	-	414	414
Alternative investments*	-	9,090	9,090	-	8,320	8,320
Total	30,335	9,779	40,114	29,369	8,735	38,103

*Alternative investments include hedge funds.

	As of March 31, 2022		
	Assets for which active market prices are available	Assets for which active market prices are not available	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Cash and cash equivalents	36,591	-	36,591
Equity instruments	-	-	-
Domestic equity securities	11,667	-	11,667
Foreign equity securities	31,515	-	31,515
Debt instruments	-	-	-
Domestic bonds	78,371	-	78,371
Foreign bonds	81,816	-	81,816
General accounts of life insurance	-	3,384	3,384
Alternative investments*	-	67,983	67,983
Total	239,959	71,367	311,327

*Alternative investments include hedge funds.

(v) Main Component Used for Actuarial Assumption

	As of March 31, 2021	As of March 31, 2022
	%	%
Discount rates (weighted average)	0.50	0.63

(vi) Sensitivity Analysis

In the fiscal year ended March 31, 2022, 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 ¥2,830 million ($23,124 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 ¥1,427 million in the fiscal year ended March 31, 2021 and ¥1,806 million ($14,755 thousand) in the fiscal year ended March 31, 2022.

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, 2021 and the fiscal year ended March 31, 2022 was ¥3,792 million and ¥4,257 million ($34,781 thousand), respectively.

(24) Provisions

Increase or decrease in provisions are the following.

	Provision for loss on business restructuring	Allowance for dismantling and removal
	Millions of yen	Millions of yen
As of April 1, 2021	1,837	-
Increase	2,635	8,139
Decrease (used for purposes)	(1,860)	-
As of March 31, 2022	2,612	8,139

	Provision for loss on business restructuring	Allowance for dismantling and removal
	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2021	15,010	-
Increase	21,531	66,497
Decrease (used for purposes)	(15,199)	-
As of March 31, 2022	21,343	66,497

Provision for Loss on Business Restructuring
To provide for losses due to business restructuring that are expected to arise for the future, the estimated loss is recorded.
The payment period is within one year from the end of the fiscal year.

Allowance for dismantling and removal
To provide for expenses for the dismantling and removal of manufacturing facilities, etc., that are expected to arise in the future, an estimated amount of expenses at the end of the current fiscal year is recorded.
The payment period may change due to a review of future dismantling and removal plans.

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current liabilities	1,837	2,718	22,205
Non-Current liabilities	-	8,033	65,635
Total	1,837	10,751	87,839

(25) Other Liabilities

Other liabilities include the following items.

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other current liabilities			
Unearned revenue	55	-	-
Accrued bonuses	5,254	3,794	30,998
Accrued consumption taxes	1,019	476	3,886
Other	3,867	3,191	26,076
Total	10,196	7,461	60,960
Other non-current assets			
Provision for environmental measures	787	127	1,036
Other	4,349	4,682	38,254
Total	5,136	4,809	39,290

(26) 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, 2020	696,061,000	226,126,145
Increase/Decrease	-	-
As of March 31, 2021	696,061,000	226,126,145
Increase/Decrease	-	-
As of March 31, 2022	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, 2020	11,412,308
Increase/Decrease	(188,973)
As of March 31, 2021	11,223,335
Increase/Decrease	(175,435)
As of March 31, 2022	11,047,900

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

3) Retained Earnings

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

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

4) Other Components of Equity

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Net change in financial assets measured at fair value through other comprehensive income	Net change in fair value on cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Restricted Shares	Other	Total
As of April 1, 2020	10,849	(34)	(4,657)	-	(73)	(460)	5,626
Other comprehensive income	5,055	14	5,038	1,590	-	-	11,697
Total comprehensive income	5,055	14	5,038	1,590	-	-	11,697
Share-based remuneration plan	-	-	-	-	(9)	-	(9)
Transfer from other components of equity to retained earnings	(808)	-	-	(1,590)	-	-	(2,399)
Changes in non-controlling interests	-	-	(27)	-	-	-	(27)
Other movements	-	-	-	-	-	460	460
Total transactions with owners, etc.	(808)	-	(27)	(1,590)	(9)	460	(1,975)
As of March 31, 2021	15,096	(20)	354	-	(82)	-	15,348

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Net change in financial assets measured at fair value through other comprehensive income	Net change in fair value on cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Restricted Shares	Other	Total
As of April 1, 2021	15,096	(20)	354	-	(82)	-	15,348
Other comprehensive income	1,140	17	17,523	141	-	-	18,821
Total comprehensive income	1,140	17	17,523	141	-	-	18,821
Share-based remuneration plan	-	-	-	-	(32)	-	(32)
Transfer from other components of equity to retained earnings	(7,523)	-	-	(141)	-	-	(7,663)
Changes in non-controlling interests	-	-	-	-	-	-	-
Other movements	-	-	(92)	-	-	-	(92)
Total transactions with owners, etc.	(7,523)	-	(92)	(141)	(32)	-	(7,788)
As of March 31, 2022	8,713	(2))	17,784	-	(114)	-	26,381

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Thousands of U.S. dollars)

	Net change in financial assets measured at fair value through other comprehensive income	Net change in fair value on cash flow hedges	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Restricted Shares	Other	Total
As of April 1, 2021	123,340	(160)	2,893	-	(668)	-	125,404
Other	9,316	140	143,170	1,151	-	-	153,777

comprehensive income							
Total comprehensive income	9,316	140	143,170	1,151	-	-	153,777
Share-based remuneration plan	-	-	-	-	(265)	-	(265)
Transfer from other components of equity to retained earnings	(61,464)	-	-	(1,151)	-	-	(62,615)
Changes in non-controlling interests	-	-	-	-	-	-	0
Other movements	-	-	(755)	-	-	-	(755)
Total transactions with owners, etc.	(61,464)	-	(755)	(1,151)	(265)	-	(63,635)
As of March 31, 2022	71,191	(20)	145,308	-	(933)	-	215,545

(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 "(34) Share-based remuneration."

(f) Other

The Company and the non-controlling interests had entered into an agreement under which the Company would purchase all of the interest held by the non-controlling interests under certain conditions. In the previous fiscal year, however, the obligation to purchase these interests was extinguished, and the carrying amount of the financial liabilities at the time of extinguishment was transferred to capital surplus.

(27) Dividends

The amounts of dividends paid are as follows:

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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	¥30	March 31, 2020	June 18, 2020	Retained Earnings
Board of Directors Meeting on October 27, 2020	Ordinary Shares	¥6,447 million	¥30	September 30, 2020	November 27, 2020	Retained Earnings

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

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, 2021	Ordinary Shares	¥6,447 million ($52,677 thousand)	¥30($0.25)	March 31, 2021	June 18, 2021	Retained Earnings
Board of Directors Meeting on November 8, 2021	Ordinary Shares	¥7,528 million ($61,505 thousand)	¥35 ($0.29)	September 30, 2021	December 8, 2021	Retained Earnings

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

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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, 2021	Ordinary Shares	¥6,447 million	¥30	March 31, 2021	June 18, 2021	Retained Earnings

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date of dividends	Source of dividends
Ordinary General Meeting of Shareholders on June 17, 2022	Ordinary Shares	¥7,528 million ($61,506 thousand)	¥35 ($0.29)	March 31, 2022	June 20, 2022	Retained Earnings

(28) 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, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	28,152	123,268	151,420
	Semiconductor Materials	19,269	75,585	94,855
	Display Materials	4,919	42,436	47,354
	Edge Computing Materials	3,964	5,247	9,211
	Life Sciences	12,369	42,828	55,197
	Plastics	47,817	31,306	79,123
Other		19,909	6,350	26,259
Total		108,247	203,752	311,999
Adjustment		0	-	0
Amount Recorded in the Consolidated Financial Statements		108,248	203,752	312,000

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	29,137	135,893	165,030
	Semiconductor Materials	20,061	90,190	110,251
	Display Materials	5,136	40,802	45,938
	Edge Computing Materials	3,940	4,901	8,841
	Life Sciences	16,837	55,615	72,452
	Plastics	53,122	37,484	90,606
Other		11,591	1,319	12,910
Total		110,688	230,310	340,997
Adjustment		0	-	0
Amount Recorded in the Consolidated Financial Statements		110,688	230,310	340,997

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Thousands of U.S. dollars)

		Domestic	Overseas	Total
The Reportable Segments	Digital Solutions	238,070	1,110,325	1,348,395
	Semiconductor Materials	163,913	736,905	900,818
	Display Materials	41,968	333,374	375,342
	Edge Computing Materials	32,189	40,046	72,235
	Life Sciences	137,569	454,405	591,973
	Plastics	434,042	306,263	740,305

Other	94,704	10,776	105,480
Total	904,385	1,881,769	2,786,154
Adjustment	0	-	0
Amount Recorded in the Consolidated Financial Statements	904,385	1,881,769	2,786,154

1) Digital Solutions Business

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

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

2) Life Sciences Business

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

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

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

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

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

3) Plastics Business

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

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

(2) Liabilities Arising from Contracts with the Customers

Contract liabilities primarily consist of consideration received from customers before performance obligations are satisfied for biologics contract development and manufacturing organization (CDMO) services in the Life Sciences Business. Said contract liabilities are transferred to revenue as the corresponding performance obligation is satisfied. Among the beginning balance of contract liabilities for the current fiscal year, the amount of revenue recognized is ¥9,436 million ($77,099 thousand).

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

(3) Transaction Price Allocated to the Remaining Performance Obligations

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

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

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

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

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

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

(29) Selling, General and Administrative Expenses

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Transportation and warehousing expenses	6,244	7,997	65,336
Salaries and allowances	19,501	22,315	182,330
Retirement benefit expenses	856	702	5,736
Experiment and research expenses	19,711	21,839	178,438
Depreciation	5,244	6,793	55,506
Supplies expenses	619	570	4,658
Business consignment expenses	2,823	3,578	29,235
Other	20,208	23,535	192,297
Total	75,205	87,330	713,537

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Research and development expense	22,178	24,406	199,414

(30) Other Operating Income and Expenses

Other operating income consisted of as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Gain on sales of non-current assets	129	19	158
Rent income	110	171	1,394
Remeasured gains on business combinations*	-	7,467	61,012
Reversal of impairment losses	-	1,348	11,010
Other	1,361	1,814	14,824
Total	1,601	10,819	88,398

*Remeasured gains on business combinations are described in "Notes of Consolidated Financial Statements (8). Business Combinations and Acquisition of Non-controlling Interest."

Other operating expenses consisted of as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Loss on abandonment of non-current assets	205	91	747
Loss on sales of non-current assets	82	12	99
Impairment loss	-	3,228	26,379
Business Restructuring expenses*	3,508	-	-
Other	1,506	2,620	21,408
Total	5,302	5,952	48,633

*Business Restructuring expenses mainly consisted of costs related to structural reforms in the Display Solutions Business of ¥2,458 million ($20,084 thousand).

(31) Financial Income and Costs

Financial income consisted of the following:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest income			
Financial assets measured at amortized cost	112	166	1,358
Dividend income			
Equity financial assets measured at fair value through other comprehensive income	701	1,232	10,069
Foreign exchange gains	-	2,017	16,476
Other	9	-	-
Total	822	3,415	27,904

Financial costs consisted of the following:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest expenses			
Financial liabilities measured at amortized cost	701	1,160	9,477
Lease liabilities	383	495	4,041
Foreign exchange loss	660	-	-
Other	0	-	-
Total	1,744	1,655	13,518

(32) Other Comprehensive Income

Changes in items of other comprehensive income are shown below:

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

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	7,342	-	7,342	(2,241)	5,101
Remeasurements of defined benefit plans	2,072	-	2,072	(635)	1,438
Share of other comprehensive income of investments accounted for using the equity method	68	-	68	-	68
Total	9,482	-	9,482	(2,875)	6,607
Items that may be reclassified to profit or loss					
Cash flow hedges	(10)	37	28	-	28
Exchange differences on translation of foreign operations	6,167	-	6,167	-	6,167
Share of other comprehensive income of investments accounted for using the equity method	65	-	65	-	65
Total	6,223	37	6,260	-	6,260
Total	15,705	37	15,742	(2,875)	12,867

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	1,389	-	1,389	(248)	1,141
Remeasurements of defined benefit plans	405	-	405	(124)	281
Share of other comprehensive income of investments accounted for using equity method	(2)	-	(2)	-	(2)
Total	1,791	-	1,791	(372)	1,419
Items that may be reclassified to profit or loss					
Cash flow hedges	2	32	34	-	34
Exchange differences on translation of foreign operations	17,480	-	17,480	-	17,573
Share of other comprehensive income of investments accounted for using the equity method	640	-	640	-	640
Total	18,122	32	18,154	-	18,246
Total	19,913	32	19,945	(372)	19,665

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	11,345	-	11,345	(2,026)	9,320
Remeasurements of defined benefit plans	3,308	-	3,308	(1,013)	2,295
Share of other comprehensive income of investments accounted for using the equity method	(20)	-	(20)	-	(20)
Total	14,634	-	14,634	(3,039)	11,595
Items that may be reclassified to profit or loss					
Cash flow hedges	13	261	274	-	274
Exchange differences on translation of foreign operations	142,824	-	142,824	-	143,580
Share of other comprehensive income of investments accounted for using the equity method	5,228	-	5,228	-	5,228
Total	148,066	261	148,327	-	149,083
Total	162,700	261	162,961	(3,039)	160,678

(33) Earnings per Share

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
1) Basic earnings (loss) per share	¥(256.73)	¥173.49	$1.42
Continuing operations	¥108.65	¥162.52	$1.33
Discontinued operations	¥(365.38)	¥10.97	$0.09
(Basis of calculation)			
Profit (loss) attributable to owners of parent	¥(55,155) million	¥37,303 million	$304,789 thousand
Continuing operations	¥23,341 million	¥34,944 million	$285,509 thousand
Discontinued operations	¥(78,497) million	¥2,360 million	$19,279 thousand
Average shares outstanding during the year (1,000 shares)	214,838	215,016	215,016
2) Diluted earnings (loss) per share	¥(256.34)	¥173.26	$1.42
Continuing operations	¥108.47	¥162.30	$1.33
Discontinued operations	¥(364.81)	¥10.96	$0.09
(Basis of calculation)			
Increase in common shares due to stock options (1,000 shares)	331	285	285
Average diluted shares outstanding during the year (1,000 shares)	215,169	215,301	215,301

(34) Share-based Remuneration

1) Stock Options

(i) Overview of Share-based Remuneration Plan

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

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

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

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Weighted average exercise price
	Shares	Yen	Shares	Yen	U.S. dollars
ıtstanding at the beginning	361,000	1	312,600	1	0.01
anted	-	-	-	-	-
ercised	(48,400)	1	(49,000)	1	0.01
rfeited	-	-	-	-	-
pired	-	-	-	-	-
ıtstanding at the end	312,600	1	263,600	1	0.01
ercisable at the end	312,600	1	263,600	1	0.01

The weighted average share price as of the exercise date of stock options exercised during the period was ¥2,445 and ¥3,505 ($28.64) in the fiscal years ended March 31, 2021 and 2022, respectively.

In the fiscal years ended March 31, 2021 and 2022, the exercise price of unexercised stock options was ¥1 each. The weighted average remaining contract terms in the fiscal years ended March 31, 2021 and 2022 were 10.2 years and 10.1 years, respectively, for the unexercised balance at the end of the fiscal year, and 10.2 years and 10.1 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, 2022 (from April 1, 2021 to March 31, 2022)
Number of restricted shares granted	144,900 shares
Fair value on the grant date	¥3,485 per share ($28.47 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	Directors and executive officers of the Company: 30 years Executives of certain subsidiaries: 3 years

3) Performance Share Unit Remuneration Plan

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

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

The number of the Company shares to be paid to Eligible Directors, Executive Officers and Subsidiaries Officers and the amount of cash paid shall be determined by multiplying the base number of share units by the payment rate (varying from 0% to 200%) corresponding to the degree of achievement of the target value of the consolidated performance indicator (average consolidated ROE for fiscal year 2023 and fiscal year 2024) set in fiscal year 2021. Out of the number calculated

Director, Executive Officer and Subsidiaries Officers by the allocation rate determined after the end of the performance evaluation period, 50% is calculated as the number of individual shares to be allocated and the remaining amount is calculated as the amount of individual cash to be paid.
The fair value in the plan is estimated based on the market price of the Company's shares, which is not revised in consideration of the estimated dividend. The fair value at the reporting date for the fiscal year ended March 31, 2022 is ¥3,535 ($28.88).

4) Share-based Remuneration Expense

The breakdown of share-based remuneration expenses in the consolidated statement of profit or loss is as follows:
The amount of share-based remuneration expense is included in "selling, general and administrative expenses".

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Equity-settled (Restricted Share-based Remuneration Plan)	318	461	3,769
Cash-settled (Performance Share Unit Remuneration Plan)	-	172	1,403
Equity-settled (Performance Share Unit Remuneration Plan)	-	167	1,366
Total	318	800	6,538

5) Liabilities Arising from Share-based Payment

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amount of liabilities	-	172	1,403

(35) Financial Instruments

1) Capital Management Policy

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

2) Financial Risks

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

(i) Market Risks

(a) Exchange Rate Risks

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

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

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

Details of currency derivatives are as follows:

Derivative Transactions to which Hedge Accounting is Not Applied

	As of March 31, 2021			As of March 31, 2022		
	Contracted Amount	Later than one year	Fair value	Contracted Amount	Later than one year	Fair value
U.S. dollar	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Forward exchange contracts						
Purchase	651	-	16	2,575	-	58
Sell	8,584	-	(462)	5,533	-	(365)
Total	9,235	-	(447)	8,108	-	(308)

	As of March 31, 2022		
	Contracted Amount	Later than one year	Fair value
U.S. dollar	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Forward exchange contracts			
Purchase	21,040	-	471
Sell	45,207	-	(2,985)
Total	66,247	-	(2,514)

	As of March 31, 2021			As of March 31, 2022		
	Assumed principal	Later than one year	Fair value	Contracted Amount	Later than one year	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Currency swap						
U.S. dollars	6,975	4,982	(228)	28,394	27,415	(1,483)
EUR	6,620	-	(33)	-	-	-
Total	13,595	4,982	(262)	28,394	27,415	(1,483)

	As of March 31, 2022		
	Assumed principal	Later than one year	Fair value
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Currency swap			
U.S. dollars	232,000	224,000	(12,114)
EUR	-	-	-
Total	232,000	224,000	(12,114)

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.

Functional Currency	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japanese yen	1,954	11,314	92,446
Korean won	780	1,704	13,924
Thai baht	4,335	3,603	29,442

Foreign Exchange Sensitivity Analysis

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

Functional Currency	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japanese yen (weak U.S. dollar)	(20)	(113)	(924)
Korean won (weak U.S. dollar)	(8)	(17)	(139)
Thai baht (weak U.S. dollar)	(43)	(36)	(294)

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 r elationships. 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 ¥526million ($4,298thousand) for the fiscal year ended March 31, 2022 (fiscal year ended March 31, 2021: ¥1,252 million) due to the change in fair value.

(c) Interest Rate Risks

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

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

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

(ii) Credit Risks

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

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

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

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

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

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

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

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

Gross carrying amount		Trade and other receivables			Other financial assets	
		Measured at 12-month expected credit losses	Measured at lifetime expected credit losses	Measured by simplified approach	Measured at 12-month expected credit losses	Measured at lifetime expected credit losses
As of March 31, 2021	Millions of yen	16,676	-	109,332	3,802	168
As of March 31, 2022	Millions of yen	7,409	-	69,265	23	4
As of March 31, 2022	Thousands of U.S. dollars	60,534	-	565,940	192	34

* 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, 2020	-	0	789	0	130
Increase	-	-	299	2	40
Decrease (Utilization)	-	(0)	(118)	-	-
Decrease (Reversal)	-	-	(116)	(1)	(2)
Other	-	-	(67)	(1)	1
As of March 31, 2021	-	-	717	0	168
Increase	-	-	192	-	43
Decrease (Utilization)	-	-	(158)	-	(48)
Decrease (Reversal)	-	-	(217)	-	(69)
Other	-	-	58	(0)	(48)
Transfer to assets associated with disposal group classified as held for sale	-	-	(23)	-	(43)
As of March 31, 2022	-	-	567	-	4

(Thousands of U.S. dollars)

As of March 31, 2021	-	-	5,856	1	1,374
Increase	-	-	1,567	-	354
Decrease (Utilization)	-	-	(1,292)	-	(389)
Decrease (Reversal)	-	-	(1,773)	-	(561)
Other	-	-	470	(1)	(389)
Transfer to assets associated with disposal group classified as held for sale	-	-	(191)	-	(354)
As of March 31, 2022	-	-	4,637	-	34

* 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:

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Guarantee Obligation	-	-	-

* 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, 2021	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	100,797	100,797	-	-	-	-	-	100,797
Borrowings	84,409	38,067	8,954	13,705	15,033	8,272	1,389	85,421
Bonds payable	34,869	97	97	97	97	13,097	22,336	35,820
Derivative liabilities	815	544	-	-	-	-	271	815
Lease liabilities	22,373	3,800	2,612	2,344	2,122	2,044	11,508	24,430
Total	243,263	143,305	11,662	16,146	17,252	23,413	35,504	247,283

(Millions of yen)

As of March 31, 2022	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	63,548	63,548	-	-	-	-	-	63,548
Commercial papers	10,003	10,003	-	-	-	-	-	10,003
Borrowings	73,014	62,920	5,318	4,375	2,148	2,138	-	76,898
Bonds payable	34,890	97	97	97	13,097	73	22,162	35,623
Derivative liabilities	2,069	505	-	-	-	-	1,564	2,069
Lease liabilities	19,215	3,573	3,034	2,070	1,961	1,879	7,896	20,414
Total	202,740	140,646	8,449	6,542	17,206	4,090	31,622	208,556

(Thousands of U.S. dollars)

As of March 31, 2022	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	519,228	519,228	-	-	-	-	-	519,228
Commercial papers	81,734	81,734	-	-	-	-	-	81,734
Borrowings	596,566	514,092	43,450	35,749	17,549	17,465	-	628,306
Bonds payable	285,075	791	791	791	107,009	600	181,079	291,060
Derivative liabilities	16,904	4,125	-	-	-	-	12,778	16,904
Lease liabilities	157,001	29,194	24,789	16,912	16,026	15,357	64,517	166,794
Total	1,656,509	1,149,165	69,030	53,452	140,583	33,422	258,374	1,704,026

3) Fair Value of Financial Instruments

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2: Directly or indirectly observable inputs that are not included in Level 1
Level 3: Fair value that is determined using a valuation technique including unobservable inputs

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

	As of March 31, 2021		As of March 31, 2022		As of March 31, 2022	
	Millions of yen		Millions of yen		Thousands of U.S. dollars	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term loans payable	62,076	60,874	22,383	21,584	182,881	176,350
Bonds payable	34,869	35,474	34,890	35,413	285,075	289,347

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

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

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

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

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

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

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

(Millions of yen)

	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	3,805	3,805
Derivatives	-	1	-	1
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	25,141	-	17,239	42,380
Financial assets defined as hedging instruments				
Derivatives	-	-	-	-
Total	25,141	1	21,044	46,186
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	544	-	544
Financial liabilities measured at fair value through other comprehensive income				
Financial liabilities defined as hedging instruments				
Derivatives	-	271	-	271
Total	-	815	-	815

(Millions of yen)

	As of March 31, 2022			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	1,775	1,775
Derivatives	-	-	-	-
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	10,608	-	17,887	28,495
Financial assets defined as hedging instruments				
Derivatives	-	-	-	-
Total	10,608	-	19,661	30,269
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	2,069	-	2,069
Financial liabilities measured at fair value through other comprehensive income				
Financial liabilities defined as hedging instruments				
Derivatives	-	-	-	-
Total	-	2,069	-	2,069

(Thousands of U.S. dollars)

	As of March 31, 2022			
	Level 1	Level 2	Level 3	Total
<Financial Assets>				
Financial assets measured at fair value through profit or loss				
Investments (equity financial assets)	-	-	14,499	14,499
Derivatives	-	-	-	-
Financial assets measured at fair value through other comprehensive income				
Investments (equity financial assets)	86,674	-	146,147	232,821
Financial assets defined as hedging instruments				
Derivatives	-	-	-	-
Total	86,674	-	160,645	247,320
<Financial Liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	16,904	-	16,904
Financial liabilities measured at fair value through other comprehensive income				
Financial liabilities defined as hedging instruments				
Derivatives	-	–	-	-
Total	-	16,904	-	16,904

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:

	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at the beginning	19,942	21,098	172,383
Total gains and losses	446	(947)	(7,734)
Profit or loss (Note1)	(32)	(1,393)	(11,384)
Other comprehensive income (Note2)	478	447	3,650
Purchase	1,644	1,676	13,694
Selling	-	(1,396)	(11,406)
Other	(934)	29	240
Transfer to assets associated with disposal group classified as held for sale	-	(799)	(6,532)
Balance at the end	21,098	19,661	160,645

(Note) 1. Gains and losses included in profit or loss relate to financial assets measured at fair value through profit or loss. These gains and losses are included in "Operating income," "Operating expenses," "Finance income" and "Finance costs."

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

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

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

4) Hedge Accounting

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

(Millions of yen)

As of March 31, 2021	Notional principal of hedging instruments	Carrying amount of hedging instruments		Item on the consolidated statement of financial position
		Asset	Liability	
Cash flow hedges				
Interest rate risk				
Interest rate swap	2,048	-	38	Other financial liabilities
Hedging instruments of net investment in foreign operations				
Exchange rate risk				
Borrowings in U.S. dollars	8,691 ($ 79 million)	-	8,691	Borrowings

(Millions of yen)

As of March 31, 2022	Notional principal of hedging instruments	Carrying amount of hedging instruments		Item on the consolidated statement of financial position
		Asset	Liability	
Cash flow hedges				
Interest rate risk				
Interest rate swap	796	-	5	Liabilities associated with disposal group classified as held for sale
Hedging instruments of net investment in foreign operations				
Exchange rate risk				
Borrowings in U.S. dollars	8,139	-	8,139	Liabilities associated with disposal group classified as held for sale
	($ 67 million)			

(Thousands of US dollars)

As of March 31, 2022	Notional principal of hedging instruments	Carrying amount of hedging instruments		Item on the consolidated statement of financial position
		Asset	Liability	
Cash flow hedges				
Interest rate risk				
Interest rate swap	6,500	-	40	Liabilities associated with disposal group classified as held for sale
Hedging instruments of net investment in foreign operations				
Exchange rate risk				
Borrowings in U.S. dollars	66,500		66,500	Liabilities associated with disposal group classified as held for sale

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, 2021 (April 1, 2020 to March 31, 2021)	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	28	(37)	Financial costs
Hedging instruments of net investment in foreign operations			
Exchange rate risk			
Borrowings in U.S. dollars	517	-	-

(Note) Before tax effect

(Millions of yen)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	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	34	(32)	Financial costs
Hedging instruments of net investment in foreign operations			
Exchange rate risk			
Borrowings in U.S. dollars	(503)	-	-

(Note) Before tax effect

(Thousands of U.S. dollars)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	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	274	(261)	Financial costs
Hedging instruments of net investment in foreign operations			
Exchange rate risk			
Borrowings in U.S. dollars	(4,114)	-	-

(Note) Before tax effect

(36) Subsidiaries

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

Name of the company	Address	Percentage of Voting Rights
		%
ELASTOMIX CO., LTD.	Yokkaichi, Mie, Japan	98.5
Emulsion Technology, Co., Ltd.	Yokkaichi, Mie, Japan	100.0
Techno-UMG Co., Ltd.	Minato-ku, Tokyo, Japan	51.0
JAPAN COLORING CO., LTD.	Yokkaichi, Mie, Japan	100.0
JSR Trading Co., Ltd.	Minato-ku, Tokyo, Japan	100.0
MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.	Minato-ku, Tokyo, Japan	100.0
ELASTOMIX(THAILAND)CO.,LTD.	Rayong,Thailand	86.7 (65.0)
JSR Micro N.V.	Leuven, Belgium	100.0
JSR Micro,Inc.	Sunnyvale, CA U.S.A.	100.0 (100.0)
Inpria Corporation	Corvallis, Oregon U.S.A.	100.0
JSR Micro Korea Co.,Ltd.	Chungcheongbuk-do, Korea	100.0
JSR Micro Taiwan Co.,Ltd.	Yunlin County, Taiwan	100.0
JSR BST Elastomer Co.,Ltd.	Bangkok,Thailand	51.0
KBI Biopharma,Inc.	Durham,NC, U.S.A	90.0
JSR MOL Synthetic Rubber Ltd.	Budapest, Hungary	51.0
Selexis SA	Geneva, SWITZERLAND	100.0
JSR Micro (Changshu) Co.,Ltd.	Changshu, Jiangsu Province, China	51.0
Crown Bioscience International	San Diego, CA U.S.A.	100.0
EUV Resist Manufacturing & Qualification Center N.V.	Leuven, Belgium	69.4 (69.4)

Name of the company	Address	Percentage of Voting Rights
JSR North America Holdings, Inc.	Sunnyvale, CA U.S.A.	100.0
JSR Life Sciences, LLC	Sunnyvale, CA U.S.A.	100.0 (100.0)

The figure in the parentheses in the column of Percentage of Voting Rights is Indirect ownership ratio.
The company acquired all stake in Inpria Corporation in this period and holds 100% voting rights. (As of the end of the previous consolidated fiscal year ; 21.3%)

The number of consolidated subsidiaries as of March 31, 2022 was 64 (64 as of March 31, 2021).

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Proportion of share of non-controlling interests	49%	49%	49%
The cumulative amount of non-controlling interests	20,268	21,133	172,669

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

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit or loss allocated to non-controlling interests	1,475	1,834	14,986
Dividends paid for non-controlling interests	423	1,097	8,965

(3) The condensed financial information

1) Condensed Statement of Financial Position

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current assets	43,266	42,862	350,207
Non-current assets	23,928	24,091	196,842
Total assets	67,194	66,953	547,049

Non-current liabilities	853	793	6,482
Total current liabilities	21,481	19,530	159,568
Total equity	45,712	47,424	387,480
Total liabilities and equity	67,194	66,953	547,049

2) Condensed Statements of Profit or Loss and Comprehensive Income

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue	66,346	78,357	640,227
Profit (loss)	3,109	3,970	32,434
Comprehensive income	3,249	3,951	32,278

3) Condensed Statement of Cash Flows

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities	10,073	(1,792)	(14,643)
Cash flows from investing activities	(2,815)	(3,499)	(28,591)
Cash flows from financing activities	(863)	(2,239)	(18,296)
Net increase (decrease) in cash and cash equivalents	6,395	(7,531)	(61,530)
Cash and cash equivalents at the end of the period	10,376	2,845	23,248

(37) Related Parties

1) Transactions with Joint Venture

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Attribute	Name of the company	Contents of transactions	Transaction amount	Balance at the end of the current fiscal year
			Millions of yen	Millions of yen
Joint venture	KRATON JSR ELASTOMERS K. K.	Manufacturing consignment of elastomer products	6,109	2,869
		Supply of raw material gas	2,095	1,019

(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, 2022 (April 1, 2021 to March 31, 2022)

Attribute	Name of the company	Contents of transactions	Transaction amount	Balance at the end of the current fiscal year
			Millions of yen	Millions of yen
Joint venture	KRATON JSR ELASTOMERS K. K.	Manufacturing consignment of elastomer products	10,608	4,570
		Supply of raw material gas	5,173	2,192

(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, 2022 (April 1, 2021 to March 31, 2022)

Attribute	Name of the company	Contents of transactions	Transaction amount	Balance at the end of the current fiscal year
			Thousands of U.S. dollars	Thousands of U.S. dollars
Joint venture	KRATON JSR ELASTOMERS K. K.	Manufacturing consignment of elastomer products	86,672	37,339
		Supply of raw material gas	42,263	17,908

(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.

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2) Key Management Personnel Compensation

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Basic compensation	339	335	2,740
Bonuses	149	234	1,915
Share-based remuneration	124	426	3,482
Total	613	996	8,137

(38) Commitments

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

	As of March 31, 2021	As of March 31, 2022	As of March 31, 2022
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Acquisition of property, plant and equipment	16,672	12,541	102,471

(39) Subsequent Events

Transfer of the Elastomers Business

On April 1, 2022, the Company had Japan Synthetic Rubber Spin-off Preparation Co., Ltd., which was established on May 12, 2021 as a subsidiary of the Company, take over the Elastomers Business through an absorption-type company split. Based on the share transfer agreement concluded with ENEOS Corporation on May 11, 2021, the transfer of all shares of the succeeding company to ENEOS Corporation was completed.
The Company classified assets and liabilities of the Elastomers Business as a disposal group classified as held for sale and classified the Elastomers Business as discontinued operations from the current fiscal year.
The impact from this transaction on the consolidated financial statements in the following fiscal year is still under review.

Purchase of Treasury shares

On April 25, 2022, the Board of Directors of the Company resolved to purchase its treasury shares pursuant to the provisions of Article 156, which is applicable in accordance with Article 165 (3) of the Corporation Act of Japan.

(1) Purpose of the purchase
To improve capital efficiency and exercise agile capital policies corresponding to changes in the business environment. Based on the Company's shareholders return policy, which is approximately 50% of the total shareholders return ratio while maintaining financial soundness for growth investments, it intends to purchase its own shares.

(2) Details of the purchase
1) Method of the purchase:
Market purchase through a securities company based on a trade contract
2)Type of shares to be purchased:
Common shares of the Company
3) Maximum number of shares:
Up to 10,000,000 shares (approximately 4.65% of total number of shares issued , excluding treasury shares)
4) Maximum value of the buyback: Up to 30,000,000,000 yen ($ 245,118 thousand).

(3) Period of purchase: From May 9, 2022 to December 30, 2022 (Japan Standard Time)

Important Cancellation of Treasury shares

At the meeting of the Board of Directors held on August 1, 2022, the Company resolved the cancellation of treasury shares as provided for under Article 178 of the Companies Act to improve capital efficiency and improve shareholder value, and the cancellation of treasury shares was completed on August 15, 2022.

1. The content of the resolutions of the Board of Directors
(1) Type of shares cancelled: Common shares of the Company
(2) Number of shares cancelled: 17,726,145 shares (7.8% of total number of issued shares before the cancellation)
(3) Date of cancellation: August 15, 2022

2. Total number of issued shares after cancellation: 208,400,000 shares (including treasury shares)

Issuance of corporate bonds

Based on the comprehensive resolution on issuance of unsecured bonds at the meeting of the Board of Directors held on May 9, 2022, the Company determined the issuance conditions on August 26, 2022.
The details are as below.

Name of the bonds	JSR Corporation Unsecured Bonds (with special pari passu conditions among bonds) series 11
Total amount of bonds	¥ 5,000 million
Denomination per bond	¥ 100 million
Coupon rate	0.345%
Date of coupon payment	March 1 and September 1, every year
Issue price	100 yen per face value of 100 yen
Date of issuance	September 1, 2022
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 September 1, 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	Repayment of borrowings

Name of the bonds	JSR Corporation Unsecured Bonds (with special pari passu conditions among bonds) series 12
Total amount of bonds	¥ 5,000 million
Denomination per bond	¥ 100 million
Coupon rate	0.544%
Date of coupon payment	March 1 and September 1, every year
Issue price	100 yen per face value of 100 yen
Date of issuance	September 1, 2022
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 August 31, 2029. (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	Repayment of borrowings

Name of the bonds	JSR Corporation Unsecured Bonds (with special pari passu conditions among bonds) series 13
Total amount of bonds	¥ 15,000 million
Denomination per bond	¥ 100 million
Coupon rate	0.619%
Date of coupon payment	March 1 and September 1, every year
Issue price	100 yen per face value of 100 yen
Date of issuance	September 1, 2022
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 September 1, 2032. (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	Repayment of borrowings

Independent auditor's report

To the Board of Directors of JSR Corporation:

Opinion

We have audited the accompanying consolidated financial statements of JSR Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") , which comprise the consolidated statement of financial position as at March 31, 2022, 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, 2022, 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.

Emphasis of matter

We draw attention to Note 39 "Subsequent Events" of the consolidated financial statements.

On April 1, 2022, the Company separated its Elastomer business into a standalone company named "Japan Synthetic Rubber Spin-off Preparation Co., Ltd.", which was established on May 12, 2021 as a subsidiary of the Company, by an absorption-type company split. Additionally the transfer of all shares of Japan Synthetic Rubber Spin-off Preparation Co., Ltd.to ENEOS Corporation completed.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

"Appropriateness of the impairment loss on non-financial assets used in the Elastomers business" which was a key audit matter in the previous fiscal year, is not a key audit matter in this fiscal year as the impairment loss on non-financial assets used in the business was recognized based on the fair value less cost of disposal in the previous fiscal year and the degree of uncertainty of the estimate for the impairment loss in the current fiscal year has been relatively reduced.

Appropriateness of management's evaluation of the consideration for the acquisition of shares and the valuation of intangible assets identified related to the acquisition of Inpria corporation

The key audit matter	How the matter was addressed in our audit
As described in Note 8, "Business Combination and Acquisition of Non-controlling Interest" of the consolidated financial statements, the Company acquired additional shares of Inpria Corporation ("Inpria"), which develops and manufactures metal based EUV resists as semiconductor materials, on October 29, 2021. Previously an investment accounted for using the equity method, Inpria became a wholly owned subsidiary of the Company on the date additional shares were acquired. The Company recognized a valuation gain of ¥7,467 million in the consolidated statement of profit or loss, as a result of the remeasurement of its equity interests (21.3%) held by the Company, immediately prior to the date of acquisition, at fair value on the acquisition date. The total consideration for the acquisition was ¥56,101 million including the remeasurement at fair value. The Company also measured an amount for goodwill as the difference between the consideration for the acquisition and the net amount of identifiable assets and liabilities. As a result, as described in Note 8, "Business Combination and Acquisition of Non-controlling Interest" of the consolidated financial statements, the Company recognized intangible assets (technology assets) of ¥8,218 million and goodwill of ¥49,049 million on the acquisition date of the shares in the consolidated financial statements. The consideration for the acquisition of shares of Inpria is determined as the fair value of Inpria's shares measured using the discounted present value of future cash flows based on the business plan approved by the management. The Company used an external valuation expert to measure the fair value. However, as the estimates underlying the	The primary procedures we performed to assess whether management's evaluation of the consideration for the acquisition of shares and the valuation of intangible assets identified related to the acquisition of Inpria was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the evaluation of the consideration for the acquisition of shares and the valuation of intangible assets identified related to the acquisition of Inpria. In this assessment, we focused our testing on controls relevant to the use of external experts by management in relation to the selection of experts, the materials to be submitted to experts and the evaluation of the results of the expert's work. **(2) Assessment of the appropriateness of the evaluation of the consideration for the acquisition of shares and the valuation of intangible assets** In order to assess the appropriateness of key assumptions used in preparing the business plan, which formed the basis for the fair value of shares of Inpria and the fair value of intangible assets (technology assets), we inquired of management and the personnel responsible for the digital solutions business about the basis on which those assumptions were developed. In addition, we: • Assessed the appropriateness of sales price projections by comparing them with the prices of similar products set at the start of the sale and the subsequent price transition; and • Assessed the appropriateness of the sales growth rates and sales volume projections used in the business plan by comparing them with results estimated using available external data, such as forecasts for market sales volume of similar products and for mass-production schedules for each nodes.

future cash flows include assumptions, such as a sales growth rate, sales prices and sales volume projections in terms of the market environment, the future cash flows involved a high degree of uncertainty, and management's judgment thereon had a significant effect on the estimated future cash flows. Additionally, identifiable assets acquired through a business combination are measured at fair value on the date of acquisition. The Company measured the fair value of intangible assets (technology assets) with the assistance of an external valuation expert using the valuation model (the excess earnings method) adapted for fair value measurement. The measurement includes assumptions that involve management's judgment regarding future sales (sales price and sales volume) generated from the technology related to metal based EUV resists and technology obsolescence rates of the technology held by Inpria. Accordingly, there was a high degree of uncertainty. In addition, selecting an appropriate calculation method and input data for measuring the fair value of shares of Inpria and the identifiable assets requires a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of management's evaluation of the consideration for the acquisition of shares and the valuation of intangible assets identified related to the acquisition of Inpria was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	Furthermore, we performed the following procedures by involving a valuation specialist within our domestic network firms to assist with our evaluation: • Assessment of the appropriateness of the measurement of the fair value and the model used to estimate the discount rate based on subject matters relevant to valuation and the requirements of accounting standards; • Examination of the consistency between the technology obsolescence rate and the remaining period of the main patent held by Inpria; and Assessment of the appropriateness of input data used for the calculation of the discount rate through comparison with relevant data published by external organizations.

Appropriateness of management's judgment as to whether an impairment loss should be recognized on goodwill allocated to the drug discovery and development services business

The key audit matter	How the matter was addressed in our audit
As described in Note 18, "Impairment on Non-Financial Assets" of the consolidated financial statement, the Group recognized goodwill of ¥42,042 million allocated to the drug discovery and development services	The primary procedures we performed to assess whether management's judgment with respect to the recognition of an impairment loss on goodwill allocated to the drug discovery and development

business, which represented 5% of total assets in the consolidated financial statements. The goodwill arose when the Company acquired control of Crown Bioscience International. Goodwill is required to be tested for impairment at least annually or more frequently whenever it is determined that there is an impairment indicator. In the impairment testing, when the recoverable amount of a group of cash-generating units is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is the higher of either the value in use or fair value less costs of disposal. In the annual impairment testing, no impairment loss was recognized in the current fiscal year as the value in use of the drug discovery and development services business exceeded the carrying amount. The margin between the value in use and the carrying amount has increased when compared to the previous fiscal year further supporting no impairment loss to be recognized in the current fiscal year. The value in use was discounted to the present value of an estimated amount of future cash flows based on the five-year business plan approved by management. The five-year revenue projection based on the business plan involved a high degree of uncertainty as the revenue is affected by the future growth potential of the CRO business in which the drug discovery and development services business operates and the capacity of the equipment used in the business. Accordingly, management's judgment thereon had a significant effect on the estimated future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate	services business was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring the value in use used in the impairment testing on goodwill. In this assessment, we focused our testing on controls to prevent and/or detect the use of inappropriate assumptions to estimate the value in use. **(2) Assessment of the reasonableness of the estimated value in use** We inquired of management and the personnel responsible for the drug discovery and development services business about the basis on which key assumptions were developed to assess the appropriateness of those assumptions used in preparing the business plan, which formed the basis for estimating future cash flows. We also assessed whether assumptions used in preparing the business plan were appropriately selected, by estimating the impact on future cash flows for the subsequent fiscal years when the effects on specific uncertainties were incorporated into each assumption. In addition, we: • Compared the five-year revenue included in the business plan with available external data related to the market growth rate; and • Examined the consistency of the capacity of the equipment which is currently held and/or is expected to be invested in the future with the projected revenue. Furthermore, we performed the following procedures by involving a valuation specialist within our domestic network firms in assisting our evaluation of the discount rate: • Assessment of the appropriateness of the model used to estimate the discount rate based on subject matters relevant to valuation and the requirements of accounting standards; and • Assessment of the appropriateness of input data through comparison with relevant data published by external organizations.

requires a high degree of expertise in valuation. We, therefore, determined that our assessment of the appropriateness of management's judgment as to whether an impairment loss should be recognized on goodwill allocated to the drug discovery and development services business was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 with regard to the design, implementation and maintenance of the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, 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.

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 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.

Iwao Hirano

Designated Engagement Partner

Certified Public Accountant

Toshiyuki Tamura

Designated Engagement Partner

Certified Public Accountant

Yukihiro Kase

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

August 29 , 2022