

Dear Shareholders,

Notice of Convening of the 77th Ordinary General Meeting of Shareholders
of
JSR Corporation

We are pleased to announce the convening of the 77th Ordinary General Meeting of Shareholders of JSR Corporation ("the Company") as detailed below:

If you are unable to attend the 77th Ordinary General Meeting of Shareholders of the Company ("the Meeting") in person, please exercise your voting rights by returning the ballot form or by electromagnetic transmission (Internet, etc.) in accordance with the guide on the page 105 after reviewing the "Reference Materials for the General Meeting of Shareholders" attached hereto and indicating your approval or disapproval for each agenda item.

Sincerely,

Nobuo Kawahashi
Representative Director,
President and COO
JSR Corporation
1-9-2, Higashi-Shimbashi
Minato-ku, Tokyo

1. **Date and Time** June 17, 2022 (Friday) 10:00 a.m. (Reception from 9:00 a.m.)
2. **Venue** Conrad Tokyo
Annex 2F, "Kazanami"
1-9-1, Higashi-Shimbashi, Minato-ku, Tokyo, Japan

3. Agenda

Matters to be Reported

1. Business Report, Consolidated Financial Statements for the 77th Fiscal Term (from April 1, 2021 to March 31, 2022) and Audit Report thereon by the Accounting Auditors and the Audit & Supervisory Board /
2. Non-Consolidated Financial Statements for the 77th Fiscal Term (from April 1, 2021 to March 31, 2022)

Matters to be Resolved

- Proposal 1. Appropriation of surplus
- Proposal 2. Partial amendment to the Articles of Incorporation
- Proposal 3. Election of nine (9) Directors
- Proposal 4. Election of one (1) Audit & Supervisory Board Member
- Proposal 5. Election of two (2) Substitute Audit & Supervisory Board Members

4. Matters related to exercising your voting rights

(1) Participating in the Meeting in person:

Please hand over the ballot form attached hereto at the reception.

(2) By Post:

Please return the ballot form attached hereto after indicating your approval or disapproval so that your ballot reaches us by 5:45 p.m. on Wednesday, June 16, 2022 (Japan Time).

(3) Voting via electromagnetic transmission (Internet, etc.):

Please exercise your voting rights via Internet by accessing our web sites for online voting by 5:45 p.m. on Wednesday, June 16, 2022 (Japan Time) after reviewing the “Guidance for Online Voting via Internet” on page 105 (of this translation).

Please note, however, that the above web sites for online voting are only available in the Japanese language.

(4) Exercising your voting rights in duplicate:

i) If you exercise your voting rights in duplicate by post and via electromagnetic transmission (Internet, etc.), we will treat the voting made via electromagnetic transmission (Internet, etc.) as the effective one.

ii) If you exercise your voting rights via electromagnetic transmission (Internet, etc.) more than once, we will treat the last vote as the effective one.

(5) Voting by Proxy:

If you would like to exercise your voting rights by proxy, please assign another shareholder of the Company as your proxy and make such proxy submit to the Company a certificate evidencing the power to vote on your behalf.

(6) Use of Electronic Proxy Voting Platform:

If you are a shareholder among institutional investors, you may be able to exercise your voting rights through the Electronic Proxy Voting Platform operated by ICJ Inc. for its participants as a way to exercise your voting rights.

5. Special Remarks to Shareholders on the Meeting in relation to the spread of COVID-19

(1) Information and requests to shareholders

The Company will convene the Meeting, in light of the worldwide spread of COVID-19 infection, after implementing appropriate measures to prevent the spread of infection.

You are kindly requested to be fully aware of the status of infection in Japan on the day of the Meeting, guidelines /requests from the national and/or prefectural governments for outings, and your own health conditions.

Under the current circumstances, we would appreciate it very much if you could put the highest priority to avoid the risk of infection when you consider as to how to exercise your voting rights, which includes, for instance, the options of refraining from attending the Meeting in person and indicating your intention by returning the ballot form by mail or voting through internet.

Please kindly check your physical condition and wear a mask at the venue to prevent infection to yourself and to other fellow shareholders. We also appreciate your kind understanding and cooperation with various measures to be taken by the Company in order to prevent infections at the Meeting.

Information on the Company’s response to COVID-19 is available on its website (https://www.jsr.co.jp/jsr_e/).

(2) Measures to be taken by the Company to prevent infection

We would like to take the following measures to prevent the spread of infection among shareholders present at the Meeting in person. We would highly appreciate your kind understanding and cooperation.

- ✓ In order to minimize the risk of infection, we will not provide shareholders who attends the Meeting in person with small confectionery package and drinks, which we have been providing as a token of our gratitude.
 - ✓ At the reception desk, we will disinfect your fingers with alcohol, ask you to wear a mask when you enter the venue, and take other measures the Company deems necessary to prevent infection.
 - ✓ If you have a fever, cough, or are not feeling well, please do not hesitate to give up attending the Meeting in person. If you did appear to be ill or to have a fever, our management staff might ask you to refrain from entering.
 - ✓ At the venue, the seats will be arranged at intervals to keep necessary distances, and the proceedings will be carried out promptly.
 - ✓ All members of the board and management staff supporting the Meeting will take a body temperature and check their physical conditions on the morning of the Meeting, and will wear a mask respectively. Please note, however, that the chairman of the Meeting and other directors will take off masks when they speak at the Meeting.
- (3) In the event of major changes in future

If there is a major change in the management of the Meeting due to material changes in circumstances in future, the Company will inform you on the following website.

https://www.jsr.co.jp/jsr_e/ir/library/shareholder.html



Notice

Should it become necessary to correct the information contained in the “Reference Materials for the General Meeting of Shareholders”, “Business Report”, “Non-Consolidated Financial Statements” and/or “Consolidated Financial Statements”, we will post the correction on our web site (https://www.jsr.co.jp/jsr_e/ir/library/shareholder.html)

Please note that this is the English translation of the original "Reference Materials for the General Meeting of Shareholders" which are written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Reference Materials for the 77th Ordinary General Meeting of Shareholders of JSR Corporation

Agenda and Reference Materials

Proposal 1. Appropriation of surplus

The Company considers it vitally important to improve corporate performance on a long-term basis by strengthening its research and development activities from a long-term viewpoint and enhancing competitiveness through development of new businesses. Our basic policy for dividends is, based upon the above understanding, to sustain continual and stable dividends considering an appropriate balance between distribution of profits to our shareholders and enhancement of the internal reserve required for future growth of the Company, considering the performance and the capital requirement.

The Company will comprehensively consider acquiring treasury shares as a measure for distributing the profit to shareholders while taking market environment into account. The Company will effectively utilize its internal reserves for investments that ensure further future growth and higher corporate values of the Company.

The Company would like to propose the following year-end dividends after thorough consideration of the points mentioned above.

(1) Form of dividend

Cash

(2) Matters regarding disbursements of dividends to shareholders and total amount thereof

The Company would like to distribute ¥35 per ordinary share of the Company as year-end dividends.

The total amount of year-end dividends will therefore amount to ¥7,527,738,575.

Accordingly, total dividends per share for this fiscal year (inclusive of interim dividends) will be ¥70 and the total amount of dividends distributed will be ¥15,055,374,425.

(3) Effective Date of dividend distribution

June 20, 2022

Proposal 2. Partial amendment to the Articles of Incorporation

1. Reason for the proposal

Since the revised provisions stipulated in the proviso to Article 1 of the “Supplementary Provisions of the Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022, the Company proposes making the following changes to its Articles of Incorporation in preparation for the introduction of the system for the electronic provision of materials for a General Meeting of Shareholders.

- (1) Article 15, paragraph 1 in the “Proposed Amendments” below will stipulate that the Company shall take measures for the electronic provision of the information contained in the reference materials for the General Meeting of Shareholders.
- (2) Article 15, paragraph 2 in the “Proposed Amendments” below will establish the provision to limit the scope of the matters to be listed in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions of Article 15 of the current Articles of Incorporation (Disclosure of Shareholder's General Meeting Reference Materials etc. via Internet) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned new additions and deletions, supplementary provisions regarding the effective date, etc., will be established.

2. Details of Amendments

We would like to amend the current Articles of Incorporation as follows:

Current Articles of Incorporation	Proposed Change
<p>(Disclosure of Shareholder's General Meeting Reference Materials etc. via Internet) Article 15. When convening the general meeting of shareholders, the Company shall be deemed to have provided reference materials for the general meeting of shareholders, business reports, accounting documents and the consolidated statement of accounts, if it discloses information to be stated or indicated in those documents, on the Internet in accordance with the Ordinance of the Ministry of Justice.</p> <p>(Newly established)</p>	<p>(Measures for Electronic Provision etc.) Article 15. In connection with the convocation of a General Meeting of Shareholders, the Company shall take measures for the electronic provision of the information contained in the reference materials for the general meeting of shareholders. 2. Of the matters for which the measures for the electronic provision will be taken, the Company may omit to list all or part of the matters as stipulated in the Order of the Ministry of Justice in the documents that will be delivered to shareholders who have requested the delivery of documents in paper form by the record date of voting rights.</p>

Current Articles of Incorporation	Proposed Change
(Newly established)	<p>(Supplementary Provisions)</p> <p>The deletion of Article 15 of the current Articles of Incorporation (Disclosure of Shareholder's General Meeting Reference Materials etc. via Internet) and the addition of the proposed amended Article 15 (Measures for Electronic Provision, etc.) shall become effective as of September 1, 2022, the effective date of the revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</p> <p>2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain in effect with respect to a General Meeting of Shareholders to be held within the period of six (6) months from the Date of Enforcement.</p> <p>3. This Supplementary Provision shall be deleted on the date when six (6) months have elapsed from the Date of Enforcement, or three (3) months have elapsed from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is the later.</p>

Proposal 3. Election of nine (9) Directors

As the tenures of all nine (9) current Directors will expire at the close of the Meeting, the Company proposes, considering appropriate composition of its board of directors, that the following nine (9) Directors be newly elected.


The candidates for Directors were nominated based on the deliberation of the Company's Nomination Advisory Committee of which the majority members are Independent Outside Directors and the chair of which is a Lead Independent Outside Director.


The candidates for Directors are as follows:


Number & Name of Candidates	Types of Appointment	Yrs in office	Position, Responsibility in the Company, Concurrent position	Attendance to BOD meetings	Nomination Advisory Committee	Remuneration Advisory Committee
1. Mr. Eric Johnson	Re- appointment	3	Representative Director and CEO, North America Businesses (Important concurrent positions held) President of JSR North America Holdings, Inc.	18/18 times (100%)	Member	Member
2. Mr. Nobuo Kawahashi	Re- appointment	6	Representative Director, President and COO	18/18 times (100%)	Member	Member
3. Mr. Seiji Takahashi	New- appointment	--	Senior Officer, Manufacturing and Technology, Procurement, Logistics	--	--	--
4. Ms. Ichiko Tachibana	New- appointment	--	Officer, Legal Affairs (deputy), Compliance (deputy), Sustainability Promotion(deputy) General Manager of Compliance Dept. Sustainability Promotion Dept.	--	--	--
5. Mr. Kenichi Emoto	New- appointment	--	Officer, Accounting (deputy), Finance (deputy), Corporate Communications (deputy) General Manager of Accounting Dept. General Manager of Finance Dept.	--	--	--
6. Mr. Tadayuki Seki	Re- appointment	5	Independent Outside Director (Important concurrent positions held) Advisory Member, ITOCHU Corporation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD. Outside Director, VALQUA, LTD. Outside Audit & Supervisory Member of Asahi Mutual Life Insurance Company	18/18 times (100%)	Chairperson	Chairperson


Number & Name of Candidates	Types of Appointment	Yrs in office	Position, Responsibility in the Company, Concurrent position	Attendance to BOD meetings	Nomination Advisory Committee	Remuneration Advisory Committee
7. Mr. David Robert Hale	Re- appointment	1	Independent Outside Director (Important concurrent positions held) Partner of ValueAct Capital Management, L.P., Outside Director, Olympus Corporation	13/13 times (100%)	Member	Member
8. Mr. Masato Iwasaki	New- appointment	--	(Important concurrent positions held) Representative Director and Japan General Affairs, Takeda Pharmaceutical Company Limited.	--	Member	Member
9. Mr. Kazuo Ushida	New- appointment	--	(Important concurrent positions held) Director and Chairman of the Board of Directors, Nikon Corporation Director and Audit & Supervisory Committee Member of Toyo Kanetsu K.K.	--	Member	Member


(Note) "Position, Responsibility in JSR. Concurrent positions" stated in the above table are those of the current fiscal year. However, members of Nomination Advisory Committee and Remuneration Advisory Commission are those after the Meeting subject to approval of the Proposal 3 at the Meeting and appropriate approval of the BOD to be held after the Meeting.


No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
1	<p data-bbox="263 224 630 291">Eric Johnson (June 19, 1961)</p>  <p data-bbox="263 723 448 757"><u>Re-appointment</u></p> <p data-bbox="263 790 635 853">Number of the Company shares owned: 133,400 shares</p> <p data-bbox="263 887 635 949">Record of attendance at BOD meetings: 18/18 (100%)</p>	<p data-bbox="662 224 1380 257">1984 Joined VLSI Technology, Inc.</p> <p data-bbox="662 259 1380 349">1988 Joined Nikon Precision, Inc. General Manager of Manufacturing & Technology Division</p> <p data-bbox="662 351 1380 385">1999 Technology Vice President, Nikon Precision, Inc.</p> <p data-bbox="662 387 1380 450">Sep. 2001 Joined JSR Micro, Inc. Principal Vice President</p> <p data-bbox="662 452 1380 486">Jun. 2005 CEO, JSR Micro, Inc.</p> <p data-bbox="662 488 1380 521">Jun. 2011 Officer, JSR Corporation</p> <p data-bbox="662 524 1380 557">Jun. 2015 Senior Officer</p> <p data-bbox="662 560 1380 622">Apr. 2016 Senior Officer, General Manager of Life Sciences Division</p> <p data-bbox="662 624 1380 687">Jun. 2017 Managing Officer, General Manager of Life Sciences Division</p> <p data-bbox="662 689 1380 752">Jan. 2019 President of JSR North America Holdings, Inc. (current position)</p> <p data-bbox="662 754 1380 817">Jun. 2019 Representative Director and CEO of JSR Corporation (current position)</p> <p data-bbox="662 873 1045 936">(Current responsibilities) North America Businesses</p> <p data-bbox="662 969 1276 1032">(Important concurrent positions held) President of JSR North America Holdings, Inc.</p>
<p data-bbox="263 1066 925 1099">Reasons for the Nomination as Candidate for Director:</p> <p data-bbox="263 1133 1428 1350">Mr. Johnson has contributed significantly to the expansion of semiconductor materials business as CEO of JSR Micro, Inc., one of the key subsidiaries of the Company. Mr. Johnson, as an Officer of the Company, has pushed forward business operation mainly in the U.S and the developing and implementing global strategies since 2011. After assuming office of CEO of the Company, Mr. Johnson has been leading launch and expansion of life science business as well as playing a leading role in, by utilizing his vast experience in international business, realizing the goals of the company to become a corporate entity that satisfies expectations and earns trust from all of the stakeholders of the Company.</p> <p data-bbox="263 1352 1428 1509">Mr. Johnson is expected to contribute his vast international experience and knowledge acquired from his experience for nearly 20 years at the JSR Group to help the Company in making crucial decisions and to supervise the performance of duty at the Board of Directors level, thereby contributing further to the enhancement of JSR's corporate value. For the above reasons, he has been nominated as a candidate for Director.</p>		


No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
2	<p data-bbox="263 224 478 286">Nobuo Kawahashi (July 23, 1956)</p>  <p data-bbox="263 721 450 752"><u>Re-appointment</u></p> <p data-bbox="263 788 643 846">Number of Company shares owned: 48,300 shares</p> <p data-bbox="263 882 643 940">Record of attendance at BOD meetings: 18/18 (100%)</p>	<p data-bbox="667 224 1082 255">Apr. 1981 Joined JSR Corporation</p> <p data-bbox="667 259 1350 349">Jun. 2002 Head of Functional Materials Development Laboratory, Fine Electronic Materials Research Laboratories</p> <p data-bbox="667 353 1401 412">Jun. 2008 Officer, General Manager of Display Material Business Division and New FPD Materials Division</p> <p data-bbox="667 416 1369 474">Jun. 2009 Officer, General Manager of Electronic Materials Division</p> <p data-bbox="667 479 1394 537">Jun. 2010 Officer, Director and President of JSR Micro Korea Co., Ltd.</p> <p data-bbox="667 542 1401 600">Jun. 2011 Senior Officer, Director and President of JSR Micro Korea Co., Ltd.</p> <p data-bbox="667 604 1372 663">Apr. 2014 Senior Officer, General Manager of Research and Development Division</p> <p data-bbox="667 667 1165 698">Jun. 2016 Director and Managing Officer</p> <p data-bbox="667 703 1283 734">Jun. 2017 Director and Executive Managing Officer</p> <p data-bbox="667 739 1426 770">Jun. 2019 Representative Director and President, COO and CTO</p> <p data-bbox="667 775 1353 833">Jun. 2020 Representative Director and President and COO (current position)</p>
<p data-bbox="263 1084 925 1115">Reasons for the Nomination as Candidate for Director:</p> <p data-bbox="263 1146 1433 1429">For many years since joining JSR, Mr. Nobuo Kawahashi has been engaged in JSR's research and development in various key areas for the Company such as synthetic rubbers, emulsion, plastics, semiconductor materials including those for CMP, and functionalized particles for life science business and thus has greatly contributed to the expansion of businesses of the Company. He promoted expansion of businesses of display materials and semiconductor material as a head of business divisions from 2005. After assuming his office as a Representative Director and President and COO of the Company in 2019, Mr. Kawahashi has been, while vigorously supporting CEO, committed himself to grow the Digital Solutions Business and Life Sciences Business as core businesses of the Company in accordance with management policies and strategies.</p> <p data-bbox="263 1433 1433 1559">Mr. Kawahashi is expected to contribute his vast experience and knowledge to help the Company in making crucial decisions and to supervise the performance of duty at the BOD level, thereby continually contributing further to the enhancement of JSR Group's corporate value. For the above reasons, he has been nominated as a candidate for Director.</p>		

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
3	<p>Seiji Takahashi (September 10, 1963)</p>  <p><u>New-appointment</u></p> <p>Number of Company shares owned: 20,101 shares</p>	<p>Apr. 1988 Joined JSR Corporation</p> <p>Jun. 2009 General Manager of Production Dept. I / Manager of Production Management Division at Yokkaichi Plant</p> <p>Jun. 2016 Officer of JSR Corporation, General Manager of Production Dept. III / General Manager of Production Technology Group, SSBR Global Manufacturing & Technology Management Dept. at Yokkaichi Plant</p> <p>Apr. 2018 Officer, General Manager of Production Technology Group, SSBR Global Manufacturing & Technology Management Dept.</p> <p>Jan. 2019 Officer, General Manager of SSBR Global Manufacturing & Technology Management Dept., General Manager of Technology Planning Dept.</p> <p>Apr. 2019 Officer, General Manager of SSBR Global Manufacturing & Technology Management Dept.</p> <p>Jun. 2020 Senior Officer, General Manager of SSBR Global Manufacturing & Technology Management Dept.</p> <p>Jun. 2021 Senior Officer (current position)</p> <p>(Current responsibilities) Manufacturing and Technology, Procurement, Logistics</p>
<p>Reasons for the Nomination as Candidate for Director:</p> <p>Since joining the Company, Mr. Takahashi has been engaged in the manufacturing and technology-related operations at Yokkaichi Plant, Kashima Plant, and other manufacturing sites for many years. In 2011, he was temporarily transferred to JSR's overseas manufacturing and sales subsidiary and played a key role in launching and operating the site. He currently oversees the operations of Manufacturing and Technology, Procurement as well as Logistics. He has been making contribution to expanding JSR Group's businesses. Mr. Takahashi is expected to utilize his vast working experience and knowledge to help the Board of Directors make crucial decisions and also to supervise the performance of duty at the BOD level, thereby contributing further to the enhancement of JSR Group's corporate value. For the above reasons, he has been nominated as a candidate for Director.</p>		


No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
4	<p>Ichiko Tachibana (Actual surname: Shibuya) (December 4, 1968)</p>  <p><u>New-appointment</u></p> <p>Number of Company shares owned: 8,914 shares</p>	<p>Apr. 1991 Joined Japan Air System Co., Ltd. (current company name: Japan Airlines Co., Ltd.)</p> <p>Apr. 1999 Registered as a lawyer</p> <p>Apr. 1999 Joined a law firm in Tokyo</p> <p>Sep. 2001 Joined NTT Docomo Inc.</p> <p>Apr. 2004 Joined Hokkaido University / worked as a COE researcher</p> <p>Aug. 2007 Joined JSR Corporation</p> <p>Jun. 2012 Manager of Legal Office / Legal Dept.</p> <p>May. 2019 General Manager of Business Development & Investment Dept.</p> <p>Jun. 2019 Officer of JSR Corporation, General Manager of Business Development & Investment Dept.</p> <p>Jun. 2021 Officer, General Manager of Compliance Dept.</p> <p>Feb. 2022 Officer, General Manager of Compliance Dept., Sustainability Promotion Dept.(current position)</p> <p>(Current responsibilities) Legal Affairs (deputy), Compliance (deputy), Sustainability Promotion(deputy)</p>
<p>Reasons for the Nomination as Candidate for Director:</p> <p>After registering as a lawyer, Ms. Ichiko Tachibana joined JSR after working in different locations such as a law firm and a national university as a researcher. Since joining the Company, she has been engaged in legal affairs as well as the activities to support new business development by using her legal qualifications. She currently serves as deputy in charge of Legal Affairs, Compliance and Sustainability Promotion and is contributing to improving JSR Group's corporate value.</p> <p>Ms. Tachibana is expected to utilize her abundant work experience and knowledge to help the Board of Directors make crucial decisions and also to supervise the performance of duty at the BOD level, thereby contributing further to the enhancement of JSR Group's corporate value. For the above reasons, she has been nominated as a candidate for Director.</p>		

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
5	<p data-bbox="252 226 480 286">Kenichi Emoto (August 20, 1973)</p>  <p data-bbox="252 719 464 752"><u>New-appointment</u></p> <p data-bbox="252 786 639 846">Number of Company shares owned:4,641 shares</p>	<p data-bbox="659 226 1246 488">Apr. 1997 Joined JSR Corporation Jun. 2018 General Manager of Finance Dept. Jun. 2020 General Manager of Finance Dept., General Manager of Accounting Dept. Jun. 2021 Officer of JSR Corporation, General Manager of Finance Dept., General Manager of Accounting Dept. (current position)</p> <p data-bbox="659 521 1150 678">(Current responsibilities) Accounting (deputy), Finance (deputy), Corporate Communications (deputy) General Manager of Accounting Dept. General Manager of Finance Dept.</p>
<p data-bbox="252 882 919 916">Reasons for the Nomination as Candidate for Director:</p> <p data-bbox="252 949 1437 1137">Since joining the Company, Mr. Emoto has been engaged in planning new businesses, building business infrastructure, launching an overseas subsidiary, working at an overseas site, etc. at the Electronic Materials Planning Department. At present, he concurrently serves as general managers of the Finance Department and Accounting Department. He is now engaged in financial and accounting operations. In 2021, he became an officer. He serves as deputy in charge of Accounting, Finance, and Corporate Communications since then and is contributing to improving JSR Group's corporate value.</p> <p data-bbox="252 1137 1437 1261">Mr. Emoto is expected to continuously utilize his extensive work experience and knowledge to help the Board of Directors make crucial decisions and also to supervise the performance of duty at the BOD level, thereby contributing further to the enhancement of JSR Group's corporate value. For the above reasons, he has been nominated as a candidate for Director.</p>		

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
6	<p>Tadayuki Seki (December 7, 1949)</p>  <p>Outside Director Re-appointment Independent Director</p> <p>Number of Company shares owned: 3,800 shares</p> <p>Term of office: 5 years at the close of this meeting</p> <p>Record of attendance at BOD meetings: 18/18 times (100%)</p>	<p>Apr. 1973 Joined ITOCHU Corporation</p> <p>Jun. 2004 Executive Officer and Chief Financial Officer, Food Company, ITOCHU Corporation</p> <p>Apr. 2007 Managing Executive Officer, General Manager, Finance Division, ITOCHU Corporation</p> <p>Jun. 2009 Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO, ITOCHU Corporation</p> <p>May 2011 Representative Director, Senior Managing Executive Officer, CFO, ITOCHU Corporation</p> <p>Apr. 2013 Representative Director, Executive Vice President, CFO, ITOCHU Corporation</p> <p>Apr. 2015 Advisor, ITOCHU Corporation</p> <p>May. 2016 Outside Director, PARCO CO., LTD. (scheduled to leave office at May 2022)</p> <p>Jun. 2016 Outside Director, NIPPON VALQUA INDUSTRIES, LTD.(currently VALQUA, LTD.) (current position)</p> <p>Apr. 2017 Advisory Member, ITOCHU Corporation (current position)</p> <p>Jun. 2017 Outside Audit & Advisory Board Member, Asahi Mutual Life Insurance Company (current position)</p> <p>May 2020 Outside Director, J. FRONT RETAILING Co., Ltd. (current position)</p> <p>(Important Concurrent Positions held) Advisory Member, ITOCHU Corporation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, Daimaru Matsuzakaya Department Stores Co., Ltd (scheduled to assume office at May 2022) Outside Director, VALQUA, LTD. Outside Audit & Advisory Board Member, Asahi Mutual Life Insurance Company</p>
<p>Reasons for the Nomination as Candidate for Outside Director and outline of expected roles:</p> <p>Mr. Tadayuki Seki served as the Representative Director and Executive Vice President at ITOCHU Corporation. He has vast experience in the corporate management of a general trading company which operates a global trading business, as well as extensive experience in financing and accounting matters cultivated during his service as CFO, and possesses the perspectives of independent outside personnel.</p> <p>He has utilized his experiences and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value. He is, therefore, nominated again as a candidate for Outside Director in the expectation that he will continue to make similar contributions.</p> <p>The items relating to the candidate for Outside Director:</p> <p>(1) Mr. Tadayuki Seki is a candidate for Outside Director.</p> <p>(2) There have been some ongoing transactions involving the sales and purchase of synthetic rubber and plastics between the group companies of ITOCHU Corporation (where Mr. Seki previously served as Representative Director and Executive Vice President and those of JSR Corporation. The values of such transaction in the current business year ending in March 2022 amounted to less than 0.7% of JSR Group's consolidated revenue and less than 0.1% of those of ITOCHU Corporation for the previous business year ending in March 2021 respectively.</p>		

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
7	<p>David Robert Hale (December 21, 1984)</p>  <p><u>Outside Director</u> <u>Re-appointment</u> <u>Independent Director</u></p> <p>Number of Company shares owned: 0 shares</p>	<p>Sep. 2007 Joined The Parthenon Group (currently EY-Parthenon)</p> <p>Jan. 2009 Assigned as Analyst to Strategic Value Capital, an investment subsidiary of The Parthenon Group</p> <p>Jun. 2009 Senior Associate, The Parthenon Group</p> <p>May. 2010 Principal, The Parthenon Group</p> <p>Jan. 2011 Joined ValueAct Capital Management, L.P.</p> <p>Dec. 2012 Vice President, ValueAct Capital Management, L.P.</p> <p>May. 2014 Partner, ValueAct Capital Management, L.P. (current position)</p> <p>Mar. 2015 Outside Director, MSCI Inc.</p> <p>Aug. 2015 Outside Director, Bausch Health Companies Inc.</p> <p>Jun. 2019 Outside Director, OLYMPUS CORPORATION (current position)</p> <p>Jun. 2021 Outside Director, JSR Corporation (current position)</p> <p>(Important Concurrent Positions held) Partner, ValueAct Capital Management, L.P. Outside Director, OLYMPUS CORPORATION</p>
<p>Reasons for the Nomination as Candidate for Outside Director and outline of expected roles:</p> <p>Mr. David Robert Hale is a partner of ValueAct Capital Management, L.P ("VAC"), a global investment firm which controls ValueAct Capital Master Fund, L.P. ("VAC Funds"), a shareholder of the Company. He has served on the Board of Directors of VAC's portfolio company, and has extensive experience helping companies manage, transform and grow their businesses.</p> <p>He has utilized his experiences, international understanding and independent viewpoints to help the Company in making crucial decisions, to supervise the performance of duty at the BOD level, and to strengthen the Company's fair corporate governance through enhancement of fair and reasonable business judgment and transparent and sound management, thereby continually contributing further to the enhancement of JSR Group's corporate value. He is, therefore, nominated again as a candidate for Outside Director in the expectation that he will continue to make similar contributions. He is committed to supporting the enhancement of corporate value for all of JSR Group's stakeholders.</p> <p>The items relating to the candidate for Outside Director:</p> <p>(1) Mr. David Robert Hale is a candidate for Outside Director.</p> <p>(2) VAC, where Mr. Hale serves as a partner, and the Company have no business dealings.</p>		

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
8	<p>Masato Iwasaki (November 6, 1958)</p>  <p>Outside Director New-appointment Independent Director</p> <p>Number of Company shares owned: 0 shares</p>	<p>Apr. 1985 Joined Takeda Pharmaceutical Company Limited</p> <p>Apr. 2008 Corporate Officer, General Manager of Product Strategy Department, Takeda Pharmaceutical Company Limited</p> <p>Jan. 2012 Head of CMSO Office, Takeda Pharmaceuticals International Inc.</p> <p>Apr. 2012 General Manager, Pharmaceutical Sales Division, Takeda Pharmaceutical Co., Ltd.</p> <p>Jun. 2012 Director, Takeda Pharmaceutical Company Limited</p> <p>Apr. 2015 President, Japan Pharma Business Unit, Takeda Pharmaceutical Company Limited.</p> <p>Feb. 2018 Vice President, Board of Directors of the Japan Pharmaceutical Manufacturers Association (current position)</p> <p>Apr. 2018 Trustee, Committees, Keizai Doyukai (current position)</p> <p>May. 2020 Chair of Osaka Pharmaceutical Industry Club (current position)</p> <p>Apr. 2021 Japan General Affairs, Takeda Pharmaceutical Company Limited (current position)</p> <p>Jun. 2021 Representative Director, Japan General Affairs, Takeda Pharmaceutical Company Limited (current position)</p> <p>(Important Concurrent Positions held) Representative Director, Japan General Affairs, Takeda Pharmaceutical Company Limited</p>
<p>Reasons for the Nomination as Candidate for Outside Director and outline of expected roles:</p> <p>Dr. Iwasaki is the Representative Director and Japan General Affairs and Japan General Affairs of Takeda Pharmaceutical Company Limited. The Board believes that Dr. Iwasaki will be a valuable addition to the Board of Directors and will help increase the JSR Group's overall corporate value among its stakeholders. Through his abundant experience at Takeda, Dr. Iwasaki has accrued a long professional history of sound and transparent management. His wealth of experience in the global pharmaceutical company researching and developing prescription medicine and independent outside perspective will provide a rational perspective for important decision making, strengthening corporate governance and supervising the execution of duties by the Board of Directors. He is, therefore, nominated as a candidate for Outside Director.</p> <p>The items relating to the candidate for Outside Director:</p> <p>(1) Dr. Iwasaki is a candidate for Outside Director.</p> <p>(2) There have been some ongoing transactions involving the sales of products in Life Sciences business between the group companies of Takeda Pharmaceutical Company Limited (where Dr. Iwasaki is currently serving as a Representative Director, Japan General Affairs) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2022 amounted to less than 0.1% of JSR Group's consolidated revenue.</p>		

No.	Name (Date of Birth)	Brief personal record, position, responsibilities, and other important concurrent positions held
9	<p>Kazuo Ushida (January 25, 1953)</p>  <p>Outside Director New-appointment Independent Director</p> <p>Number of Company shares owned: 0 shares</p>	<p>Apr. 1975 Joined NIPPON Kogaku K.K. (currently Nikon Corporation)</p> <p>Jun. 2003 Corporate Vice President, General Manager of Development Headquarters, Precision Equipment Company, Nikon Corporation</p> <p>Jun. 2005 Managing Director, Member of the Board & Executive Vice President, President of Precision Equipment Company, Nikon Corporation.</p> <p>Jun. 2007 Director, Member of the Board & Executive Vice President, President of Precision Equipment Company, Nikon Corporation</p> <p>Jun. 2013 Representative Director, Member of the Board & Senior Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of the Precision Equipment Company, Vice Officer in charge of Corporate Planning Headquarters, Nikon Corporation</p> <p>Jun. 2014 President and Representative Director, Overseeing Medical Business Development Division and Business Development Division, Nikon Corporation</p> <p>Apr. 2019 Representative Director and Chairman of the Board, Nikon Corporation</p> <p>Apr. 2020 Chairman of the Board of Directors, Nikon Corporation</p> <p>Jun. 2021 Director and Chairman of the Board of Directors, Nikon Corporation (current position) Director and Audit & Supervisory Committee Member of Toyo Kanetsu K.K. (current position)</p> <p>(Important Concurrent Positions held) Director and Chairman of the Board of Directors, Nikon Corporation Director and Audit & Supervisory Committee Member of Toyo Kanetsu K.K.</p>
<p>Reasons for the Nomination as Candidate for Outside Director and outline of expected roles:</p> <p>Mr. Ushida is Director and Chairman of the Board of Directors of Nikon Corporation where he formerly served as President and Chief Executive Officer. The Board believes that Mr. Ushida will be a valuable addition to the Board of Directors and will help expand the JSR Group's overall corporate value among its stakeholders. Through his abundant experience leading Nikon Corporation, Mr. Ushida has accrued a long professional history of sound and transparent management. His independent outside perspective and extensive experience in the precision equipment field, including imaging products and precision machinery, will provide a rational, comprehensive perspective for important decision making, strengthening corporate governance and supervising the execution of duties by the Board of Directors. He is, therefore, nominated as a candidate for Outside Director.</p> <p>The items relating to the candidate for Outside Director:</p> <p>(1) Mr. Ushida is a candidate for Outside Director.</p> <p>(2) There have been some ongoing transactions involving the purchase of machines and equipment between the group companies of Nikon Corporation (where Mr. Ushida is currently serving as a Director and Chairman of the Board of Directors) and those of JSR Corporation. The values of such transaction in the current business year ending in March 2022 amounted to less than 0.2% of those of Nikon Corporation for the previous business year ending in March 2021.</p>		

(Notes)

1. Summary of agreement to limit Outside Directors' liabilities:

The Company had previously, pursuant to Paragraph 1 of Article 423 of the Companies Act, entered into agreements with Mr. Seki and Mr. Hale to limit their liabilities to the maximum permitted extent as set forth in Paragraph 1 of Article 425 of the Companies Act. If this proposal is approved and resolved as originally proposed at the Meeting, the Company intends to renew the agreements with them and enter into the similar agreement with Mr. Iwasaki and Mr. Ushida.

2. The Company has registered Mr. Seki and Mr. Hale with the Tokyo Stock Exchange as Independent Directors / Auditors as such term is defined by the Exchange. If this proposal is approved and resolved as originally proposed at the Meeting, they will be re-appointed as Independent Directors/Auditors and Mr. Iwasaki and Mr. Ushida will be registered as the Independent Directors / Auditors.

3. Mr. Seki, Mr. Hale, Mr. Iwasaki and Mr. Ushida meet the "Criteria for judging independence of outside directors and audit & supervisory board members", as set forth on page 26 of this translation.

4. The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all directors as insured persons, to cover damages that may arise from the directors being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting, all nine (9) candidates for directors will be insured under the insurance agreement and it will be renewed in July 2022.

5. Ms. Tachibana's legal surname is "Shibuya" by marriage but she keeps her maiden name "Tachibana" in the office.


6. No conflict of interest exists between the Company and each of the candidates for Directors.

Proposal 4. Election of one (1) Audit & Supervisory Board Member

As the tenure of Ms. Hisako Kato, who is an Audit & Supervisory Board Member, will expire at the close of the Meeting, the Company proposes that the following one (1) Audit & Supervisory Board Member be newly elected.

The Audit & Supervisory Board has consented to the submission of this proposal in advance based on the deliberation of the Company's Nomination Advisory Committee of which the majority members are Independent Outside Directors, and the chair of which is a Lead Independent Outside Director.

The candidate for the Audit & Supervisory Board Member is as follow:

Name (Date of Birth)	Brief personal record, position, and other important concurrent positions held
<p>Takaaki Tokuhiro (September 27, 1958)</p>  <p>Outside Audit & Supervisory Board Member New-appointment Independent Audit & Supervisory Board Member</p> <p>Number of Company shares owned: 0 shares</p>	<p>Mar. 1981 Price Waterhouse & Co. (currently PricewaterhouseCoopers Aarata LLC)'s</p> <p>May. 1984 Registered as Certified Public Accountant</p> <p>Jan. 1987 New York office, PricewaterhouseCoopers</p> <p>Jul. 1997 Partner, New York office, PricewaterhouseCoopers</p> <p>Jan. 2000 Los Angeles office, PricewaterhouseCoopers</p> <p>Jun. 2007 New York office, PricewaterhouseCoopers</p> <p>Mar. 2018 Registered as USCPA (Certified Public Accountant, New York State, U.S.A)</p> <p>Oct. 2019 Head of Internal Audit section, Tokyo Boeki Holdings Co., Ltd.</p> <p>Jan. 2021 Compliance Officer, Tokyo Boeki Holdings Co., Ltd (current position)</p> <p>(Important Concurrent Positions held) Compliance Officer, Tokyo Boeki Holdings Co., Ltd.</p>
<p>Reason for the Nomination as Candidate for Outside Audit & Supervisory Board Member:</p> <p>Mr. Takaaki Tokuhiro has vast expertise and experience in financing, accounting and auditing as a Certified Public Accountant. It is expected that he will utilize his vast experience, knowledge, and sophisticated expertise as well as his viewpoint as an independent outsider to audit the Directors' decision-making and execution of operation and to commit to enhancing fair and reasonable judgment for, and accountable and sound management of, the businesses of the Company. Thus, he is appointed as a candidate for Outside Substitute Audit & Supervisory Board Member. He is considered capable of executing his duties properly even though he has not had any experience of being involved in corporate management.</p> <p>The items relating to the candidate for Outside Audit & Supervisory Board Member:</p> <p>(1) Mr. Tokuhiro is a candidate for an Outside Audit and Supervisory Board Member.</p> <p>(2) No conflict of interest exists between Mr. Tokuhiro and the Company.</p> <p>(3) Summary of agreement to limit the Audit & Supervisory Board Members' liabilities proposed to be entered into with Mr. Tokuhiro: If this proposal is approved and resolved as originally proposed at the Meeting, the Company intends, pursuant to Paragraph 1 of Article 423 of the Companies Act, to enter into an agreement with him to limit his liabilities to the maximum extent permitted under Paragraph 1 of Article 425 of the Companies Act.</p> <p>(4) If this proposal is approved and resolved as originally proposed at the Meeting, the Company will register Mr. Tokuhiro with the Tokyo Stock Exchange as an Independent Director / Auditor, as such term is defined by the exchange.</p> <p>(5) Mr. Tokuhiro meets the "Criteria for judging independence of outside directors and audit & supervisory</p>	

board members”, as set forth on page 26 of this translation.


- (6) The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all Audit & Supervisory Board Members as insured persons, to cover damages that may arise from the members being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting, Mr. Tokuhiro will be insured under the insurance agreement and it will be renewed in July 2022.
- (7) No conflict of interest exists between Tokyo Boeki Holdings Co., Ltd, Mr. Tokuhiro currently serves as a Compliance Officer, and the Company.


Proposal 5. Election of two (2) Substitute Audit & Supervisory Board Members

As a provision for the contingency of a shortage in the number of Audit & Supervisory Board Members required by law, the Company proposes that the following two (2) Substitute Audit & Supervisory Board Members be elected. Mr. Yasufumi Fujii is proposed to substitute for Mr. Tomoaki Iwabuchi, and Ms. Yukiko Endo is proposed to substitute for each of Ms. Junko Kai, currently serving as an Outside Audit & Supervisory Board Member and Mr. Takaaki Tokuhira, who is to become an Outside Audit & Supervisory Board Member subject to the approval and favorable resolution of the proposal 4 at the Meeting respectively.

The Audit & Supervisory Board has consented to the submission of this proposal in advance based on the deliberation of the Company's Nomination Advisory Committee of which the majority members are Independent Outside Directors, and the chair of which is a Lead Independent Outside Director.

The details of the candidates for Substitute Audit & Supervisory Board Members are as follows (next page):

No.	Name (Date of Birth)	Brief personal record, position and other important concurrent positions held
1	<p data-bbox="261 226 512 286">Yasufumi Fujii (November 15, 1964)</p>  <p data-bbox="261 719 671 779">Number of Company shares owned: 17,394 shares</p>	<p data-bbox="695 226 1118 255">Apr. 1988 Joined JSR Corporation</p> <p data-bbox="695 262 1406 322">Apr. 2009 General Manager of Human Resources Dept. and Chairman of the JSR Corporate Pension Fund</p> <p data-bbox="695 329 1350 389">Jun. 2011 General Manager of Petrochemical Business Planning Dept.</p> <p data-bbox="695 396 1286 456">Sep. 2014 General Manager of Human Resources Development Dept.</p> <p data-bbox="695 463 1430 584">Jun. 2016 Officer, General Manager of Human Resources Development Dept., Chairman of the JSR Health Insurance Association, and Chairman of the JSR Corporate Pension Fund</p> <p data-bbox="695 591 1430 741">Apr. 2017 Officer, General Manager of Human Resources Development Dept., Chairman of the JSR Health Insurance Association, Chairman of the JSR Corporate Pension Fund, General Manager of Diversity Development Office</p> <p data-bbox="695 748 1430 808">Jun. 2018 Officer, General Manager of General Affairs Dept., and General Manager of Secretarial Office</p> <p data-bbox="695 815 1366 875">Jun. 2020 Officer, General Manager of Corporate Audit Dept. (current position)</p>
<p data-bbox="261 913 1378 943">Reason for the Nomination as Candidate for Substitute Audit & Supervisory Board Member:</p> <p data-bbox="261 981 1430 1196">Mr. Fujii has been engaged in a wide variety of duties such as human resources development, business planning, and general affairs since joining the Company and currently serves as general manager of the Corporate Audit Department. Mr. Fujii is expected to utilize his extensive work experience and knowledge to help the directors make decisions and also to audit the status of business execution, thereby contributing to ensuring the Company's rational management judgment as well as management transparency and soundness. For the above reasons, he has been nominated as a candidate for substitute audit & supervisory board member.</p> <p data-bbox="261 1234 1315 1263">The items relating to the candidate for Substitute Audit & Supervisory Board Member:</p> <p data-bbox="261 1301 1430 1771">(1) No conflict of interest exists between Mr. Fujii and the Company. (2) Summaries of agreement to limit the Audit & Supervisory Board Members' liabilities proposed to be entered into with Mr. Fujii: If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Fujii assume the position of Audit & Supervisory Board Member, the Company intends, pursuant to Paragraph 1 of Article 423 of the Companies Act, to enter into an agreement with him to limit his liabilities to the maximum extent permitted as set forth under Paragraph 1 of Article 425 of the Companies Act. (3) The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all Audit & Supervisory Board Members as insured persons, to cover damages that may arise from the members being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting and should Mr. Fujii assume the position of Audit & Supervisory Board Member, he will be insured under the insurance agreement.</p>		

No.	Name (Date of Birth)	Brief personal record, position and other important concurrent positions held
2	<p>Yukiko Endo (Actual surname: Nohara) (April 27, 1970)</p>  <p>Number of Company shares owned: 0 shares</p>	<p>Apr. 1999 Registered as a lawyer Apr. 1999 Joined Okuno & Partners Apr. 2000 Permanent Council Member of the Tokyo Bar Association Dec. 2001 Deputy Director of Shirogane Cyberpol (specified non-profit corporation) Jan. 2003 Member of the Ethics Committee of RIKEN Yokohama (previous: independent administrative institution / present: national research and development agency) Apr. 2003 Representative member of the Japan Federation of Bar Associations Apr. 2004 Member of the Tokyo Bar Association's Special Committee on Attorney Ethics Apr. 2006 Auditor of Quantum Leaps Corporation Jan. 2008 Partner at Okuno & Partners (current position)</p> <p>(Important concurrent position) Partner at Okuno & Partners</p>
<p>Reason for the Nomination as Candidate for Substitute Outside Audit & Supervisory Board Member:</p> <p>Ms. Endo is expected to utilize her extensive knowledge of laws and work experience as a lawyer as well as her outsider perspective, which is independent of the company, to help the directors make decisions and also to audit the status of business execution, thereby contributing to ensuring JSR Corporation's rational management judgment as well as management transparency and soundness. For the above reasons, Ms. Endo has been nominated as a candidate for substitute audit & supervisory board member. She is considered capable of executing her duties properly even though she has not had any experience of being involved in corporate management.</p> <p>The items relating to the candidate for Substitute Audit & Supervisory Board Member:</p> <ol style="list-style-type: none"> (1) Ms. Yukiko Endo is a candidate for Substitute Outside Audit & Supervisory Board Member. (2) No conflict of interest exists between Ms. Endo and the Company. (3) Summaries of agreement to limit the Audit & Supervisory Board Members' liabilities proposed to be entered into with Ms. Endo: If this proposal is approved and resolved as originally proposed at the Meeting and should Ms. Endo assume the position of Outside Audit & Supervisory Board Member, the Company intends to enter into an agreement with her to limit the liabilities under Paragraph 1 of Article 423 of the Companies Act to the maximum amount set forth under Paragraph 1 of Article 425 thereof. (4) If Proposal 4 and this proposal are approved and resolved as originally proposed at the Meeting and should Ms. Endo assume the position of Outside Audit & Supervisory Board Member, the Company will register Ms. Endo with the Tokyo Stock Exchange as an Independent Director/Auditor, as such term is defined by the Exchange. (5) Ms. Endo meets the "Criteria for judging independence of outside directors and audit & supervisory board members", as set forth on page 26 of this translation. (6) The Company has entered into an agreement of Directors and Officers Liability Insurance which covers all Audit & Supervisory Board Members as insured persons, to cover damages that may arise from the members being liable for the performance of their duties or from receiving claims relating to such liability. However, there is a reason for exemption such as that the damage caused by intention or gross negligence is not compensated. If this proposal is approved and resolved as originally proposed at the Meeting and should Ms. Endo assume the position of Outside Audit & Supervisory Board Member, she will be insured under the insurance agreement. (7) Ms. Endo's legal surname is "Nohara" by marriage but she keeps her maiden name "Endo" in the office. (8) No conflict of interest exists between the Company and Partner at Okuno & Partners. 		

<<Reference>>

Subject to the resolution of the Proposals 4 and 5 at the Meeting and subject to the subsequent resolution of Audit & Supervisory Board to be held just after the Meeting, the composition of the Audit & Supervisory Board of Directors (“A&SB”) including Substitute Audit & Supervisory Board Members will be as listed in the table below;

(1) List of Audit & Supervisory Board Members (proposed)

Name	Types of Appointment	Yrs in office	Position, Responsibility in JSR, Concurrent position	Attendance to A&SB meetings	Attendance to BOD meetings
Mr. Tomoaki Iwabuchi	During term of office	2	Full Time Audit & Supervisory Board Member	18/18 times (100%)	18/18 times (100%)
Ms. Junko Kai	During term of office Independent Outside A&SB members	1	Lawyer, Partner, Hamani, Takahashi and Kai Low Office Outside Director, NARITA INTERNATIONAL AIRPORT CORPORATION Outside Director, THK CO., LTD.	13/13 times (100%)	13/13 times (100%)
Mr. Takaaki Tokuhiro	New-Appointment Independent Outside A&SB members	-	Certified Public Accountant Compliance Officer, Tokyo Boeki Holdings Co., Ltd.	-	-

(2) List of Substitute Audit & Supervisory Board Members (proposed)

Name	Types of Appointment	Yrs in office	Position, Responsibility in JSR, Concurrent position	Attendance to A&SB meetings	Attendance to BOD meetings
Mr. Yasufumi Fujii	-	-	Officer, General Manager of Corporate Audit Dept.	-	-
Ms. Yukiko Endo	Independent Outside A&SB members	-	Lawyer Partner at Okuno & Partners	-	-

(Notes)

1. Mr. Fujii is a substitute audit & supervisory board member for Mr. Iwabuchi, an audit & supervisory board member.
2. Ms. Endo is an outside substitute audit & supervisory board member for either Ms. Kai or Mr. Tokuhiro, outside independent audit & supervisory board members.

<<Reference>>

Skills Matrix of Candidates of Directors and Audit & Supervisory Board Members

Directors

	Name	Years in office	Corporate management experience	Sales & marketing	Manufacturing/ R&D/ Intellectual property	Finance & accounting	Legal affairs/ compliance/ risk management	Sustainability	Globalization	Expertise and experience	
										Digital Solutions	Life Sciences
1	Mr. Eric Johnson	3	✓	✓	✓			✓	✓	✓	✓
2	Mr. Nobuo Kawahashi	6	✓	✓	✓			✓	✓	✓	✓
3	Mr. Seiji Takahashi	-			✓				✓		
4	Ms. Ichiko Tachibana	-					✓	✓			
5	Mr. Kenichi Emoto	-				✓			✓	✓	
6	Mr. Tadayuki Seki	Independent Outside Director	5			✓	✓	✓	✓		
7	Mr. David Robert Hale	Independent Outside Director	1	✓		✓		✓	✓		✓
8	Mr. Masato Iwasaki	Independent Outside Director	-	✓	✓		✓	✓	✓		✓
9	Mr. Kazuo Ushida	Independent Outside Director	-	✓	✓			✓		✓	

Audit & Supervisory Board Members

1	Mr. Tomoaki Iwabuchi		2				✓	✓	✓		
2	Ms. Junko Kai	Independent Outside A&SB member	1					✓	✓		
3	Mr. Takaaki Tokuhiro	Independent Outside A&SB member	-				✓	✓		✓	

<<Reference>>

Criteria for judging independence of outside directors and audit & supervisory board members

JSR has set criteria for judging the independence of outside directors and audit & supervisory board members (hereinafter collectively or independently referred as “outside officers” or “outside officer”). If an outside officer (including a candidate) falls under any of the following categories, the Company judges such person does not have sufficient independence.

- (1) Executive (*1) of JSR or its consolidated subsidiary (JSR Group) or ex-executive
- (2) Major shareholder of JSR (any shareholder who directly or indirectly holds 10% or more of the voting rights)
- (3) Executive of a company, etc. that falls under any of the following
 - 1) Major shareholder of JSR
 - 2) Major business partner of the JSR Group (*2)
 - 3) Major creditor of the JSR Group (*3)
 - 4) Company, etc. in which the JSR Group holds 10% or more of the voting rights
- (4) Certified Public Accountant who belongs to an accounting firm that serves as the JSR Group Independent Auditor
- (5) Expert, such as a consultant, accountant, lawyer, judicial scrivener, or patent agent, etc., who receives a large amount (*4) of monetary consideration or other property benefits from the JSR Group
- (6) Person who receives a large amount of donations from the JSR Group (*5)
- (7) Executive of a company, between which and JSR outside directors are mutually appointed (*6)
- (8) Person with a close relative (*7) who falls under any of the above paragraphs from (1) to (7) (limited to an important person (*8) excluding paragraphs (4) and (5))
- (9) Person who fell under any of the above paragraphs from (2) to (8) in the past five years
- (10) Person who is deemed to have special reasons that would cause a conflict of interest with JSR, notwithstanding the provisions of the preceding paragraphs

(*1) Executive refers to a director (excluding either an outside director or non-executive director), an officer, an executive officer and an employee.

(*2) Major business partner refers to a company whose annual transactions with the JSR Group exceed 2% of the consolidated sales of JSR or such company.

(*3) Major creditor refers to a financial institution or other large creditor which is relied upon by the JSR Group to such an extent that it is indispensable and irreplaceable to financing of the JSR Group.

(*4) A large amount refers to: 10 million yen or more per year in the case such expert is an individual; and 2% or more of annual total revenue of such organization in the case such expert is an organization such as an enterprise or association. However, when a consideration for services directly offered by such expert exceeds 10 million yen, even if the amount does not exceed 2% of consolidated total assets of JSR or such financial institution, such amount is considered to be a large amount.

(*5) Person who receives a large amount of donations refers to a person who receives donations of 10 million yen or more per year from the JSR Group.

(*6) Mutually appointed relationship refers to a relationship in which an executive of the JSR Group serves as an outside officer of a company and an executive of such company serves as outside officer of JSR.

(*7) Close relative refers to a spouse and a relative within the second degree of consanguinity.

(*8) Important person refers to an executive including a director, an officer, an executive officer and a person in the position of general manager or higher or an executive who has authority equivalent to those persons.

Please note that this is an English translation of the original “Business Report” which is written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

(Appendix to the Notice of the 77th Ordinary General Meeting of Shareholders)

Business Report

For the period from April 1, 2021 to March 31, 2022 (“the current fiscal year”)

1. Items Relating to the Current Status of the JSR Group

(1) Business Developments and Results

In the FY 2021, a recovery trend from the previous downturn was seen, fueled by both the control of COVID-19 and a rebound in economic activity. On the other hand, recent signs point to the pace of the global economy’s recovery slowing down, including a fresh wave of COVID-19 infections, skyrocketing resource prices sparked by the Russian invasion of Ukraine that broke out in February 2022, worsening raw material and component shortages, and suppressed demand due to inflation mainly in the United States. As for the exchange rate, the yen depreciated against the dollar year-on-year.

As for trends among the Group’s main customer industries, the semiconductor market remained strong for both memory and logic semiconductors due to continued growth in demand for 5th generation mobile communication systems (5G), PCs and data centers. The flat-panel display market was strong throughout the year, thanks to the promotion of telework and other factors, but panel market conditions softened in the second half of the year, prompting manufacturers to adjust panel production. The biopharmaceutical market continued to see strong growth. The speed of recovery in global automobile production was hampered by production cuts by automobile manufacturers stemming from semiconductor shortages and difficulties in procuring parts for overseas production.

To push its business forward amid these circumstances, JSR Group has been strengthening its business structure and management framework to realize a corporate structure imbued with sustainability and resilience, in line with the management policy for FY 2024, and actively investing in R&D and businesses. As part of this, the Group has focused resources on medium and long-term growth in the Digital Solutions Business and Life Sciences Business, which are positioned as core businesses.

In the Digital Solutions Business, which is centered on the Semiconductor Materials Business, the Group made Inpria Corporation (Inpria) a wholly owned subsidiary. Inpria is a world leader in the design, development, and manufacturing of metal photoresists for extreme ultraviolet (EUV) lithography. The Group also embarked on the construction of a new plant for cutting-edge lithography materials, including EUV resists, at the main Yokkaichi Plant complex. Local subsidiaries were established in Singapore and Taiwan to further bolster marketing and customer support capabilities. The local subsidiaries will aim to further expand business in key markets for semiconductor production.

In the Life Sciences Business, the Group took definitive steps toward future business growth. These included the continued construction and startup of new plants in Europe and America by the Group company KBI Biopharma, Inc. (KBI) for its biologics contract development and manufacturing organization (CDMO) business; the acquisition of Ocello B.V., which possesses advanced 3D cell imaging technology, by Crown Bioscience International (Crown Bio); and the opening of the JSR Bioscience and informatics R&D center (JSR BiRD), a new research facility to spearhead new business generation.

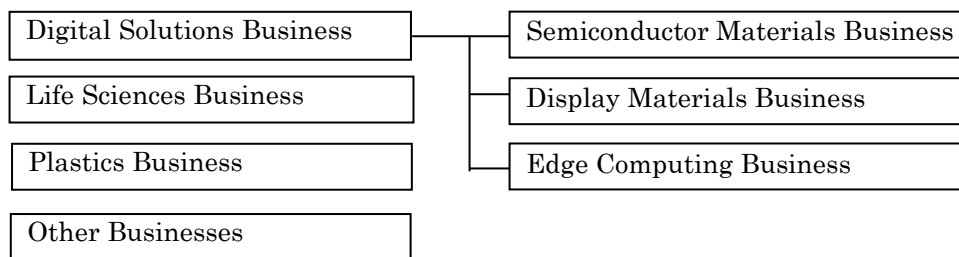
Regarding the Elastomers Business, at the Board of Directors meeting held on May 11, 2021, the Company decided to establish a new subsidiary named Japan Synthetic Rubber Spin-off Preparation Co., Ltd. that succeeds to the Company’s Elastomers Business through an absorption-type split, after which JSR will transfer all shares of Japan Synthetic Rubber Spin-off Preparation Co., Ltd. to ENEOS Corporation. Accordingly, JSR has classified the Elastomers Business as discontinued operations from the FY2021. Moreover, certain reclassifications have been made to the Consolidated Statement of Profit or Loss for the FY 2020 to conform to the presentation format for the FY2021. The share transfer to ENEOS Corporation was concluded on April 1, 2022.

As a result, the Group reported revenue of 340,997 million yen (up 9.3% year-on-year), core operating profit of 43,306 million yen (up 14.3% year-on-year), operating profit of 43,760 million yen (up 27.8% year-on-year), and

profit attributable to owners of parent of 37,303 million yen, compared with loss attributable to owners of parent was 55,155 million yen in the previous fiscal year.

Business Segment Overview

The JSR Group’s business is classified into three reportable segments: Digital Solutions, Life Sciences, and Plastics. The reportable segments are positioned as shown below.



<Digital Solutions Business Segment>

The Digital Solutions Business segment experienced both increased revenue and profit compared to the previous fiscal year.

In the Semiconductor Materials Business, demand was firm for materials for both memory and logic semiconductors. To solidify JSR’s position as a leader in the advanced lithography field, the Company made Inpria a subsidiary and added metal resists, a future technology, to its product portfolio of EUV photoresists. Sales of cutting-edge photoresists were particularly strong, due in part to advanced device launches by major customers. In addition, smooth product launches were achieved for packaging materials destined for major customers. An impairment loss was recorded for cleaning solutions caused by startup delays at the U.S. plant. Nevertheless, revenue and core operating profit increased year-on-year.

The Display Materials Business promoted expanded sales particularly of competitive products in the China market where continued growth is expected. Expanded sales to China were seen for alignment films and insulating films for wide-screen TV LCD panels, a focus point of the business. Although sales of alignment films and insulating films were solid, the sector posted lower year-on-year revenue and core operating profit because of increased expenses arising from the Group’s business restructuring associated with the closure or scaling back of local production in Taiwan and South Korea, amid the shift of LCD production from South Korea and Taiwan to China.

The Edge Computing Business suffered revenue and profit declines because of a sales decrease in near-infrared (NIR) Cut filters.

As a result, the Digital Solutions Business segment posted a core operating profit of 39,002 million yen (up 12.8% year-on-year) on revenue of 165,030 million yen (up 9.0% year-on-year).

<Life Sciences Business Segment>

In the Life Sciences Business, with the U.S. headquarters guiding strategies for the entire business segment, the Group worked to expand revenue primarily in the biomedical drug discovery business and the biomedical drug contract development and manufacturing business, in addition to JSR materials. The biologics contract research organization (CRO) business, provided by Group company Crown Bio, and KBI are steadily increasing their pipelines. The diagnostic reagent business of Medical & Biological Laboratories Co., Ltd. (MBL) performed well, and bioprocess materials also contributed to revenue as they began to be used in commercial production. Core operating profit fell year-on-year mainly due to an increase in upfront expenses incurred by growth investments.

As a result, the Life Sciences Business segment posted a core operating profit of 3,168 million yen (down 9.7% year-on-year) on revenue of 72,452 million yen (up 31.3% year-on-year).

<Plastics Business Segment>

In the Plastics Business, sales volume rose from the previous fiscal year, mainly on the back of demand recovery in

the automobile industry, and revenue also climbed. Core operating profit was up on the recovery in sales volume.

As a result, the Plastics Business segment posted a core operating profit of 5,323 million yen (up 20.2% year-on-year) on revenue of 90,606 million yen (up 14.5% year-on-year).

(2) Capital Expenditure

Major capital expenditures during the fiscal year under review were construction to increase manufacturing capacity at KBI Biopharma, Inc., a subsidiary in the United States. Including other capital expenditures, capital expenditures during the fiscal year under review totaled 41.9 billion yen.

(3) Financing

During the fiscal year under review, the Company raised 10 billion yen through the issuance of short-term corporate bonds. The Company has not raised funds through capital increase. At the end of the fiscal year under review, our group had outstanding interest-bearing debt of 117.9 billion yen.

(4) Issues to be addressed for the JSR Group

<Progress toward Fiscal 2024>

JSR Group's strength is in technology and the value of the Group's existence lies in generating new businesses through technology, solving problems for customers and society, and making society richer as a result. In the management policy for FY 2024, JSR Group designated the Digital Solutions Business, and especially the Semiconductor Materials Business, and the Life Sciences Business as its core businesses and is pushing forward with these businesses, as they are well aligned with the Group's strength. The focus in the Plastics Business is advancing business centered on high performance materials with high functionality.

The numerical targets for FY 2024 are revenue over 300 billion yen from the Digital Solutions Business and Life Sciences Business combined, record profits, and a return on equity (ROE) of more than 10 percent. Structural reforms in each business segment are proceeding smoothly, and the Group is endeavoring to manage and maximize returns on investment capital by means of ROIC. As for the Elastomers Business, the Company decided in May 2021 to separate the business and transfer the shares of the successor company to ENEOS Corporation, which was concluded on April 1, 2022.

To cope with the increasingly complex and uncertain landscape surrounding its business, the Company is building a resilient organization able to adapt to any external changes while aiming for sustainable growth and creating value for all stakeholders.

Digital Solutions Business

In the Digital Solutions Business, JSR Group will be focusing in the Semiconductor Materials Business as before on materials intended primarily for cutting-edge processes, with a greater emphasis on EUV photoresists for 3 nm and subsequent generation processes, to maintain and expand its share in the global lithography materials market. JSR Group will strive to expand sales of packaging materials by broadening its materials portfolio to ensure it captures semiconductor chip miniaturization and 5G demand. Although an impairment loss was sustained due to startup delays at the U.S. plant producing cleaning solutions that commenced new operations in the latter half of FY 2020, the plant is already operating stably and the Group will focus on stabilizing revenue as soon as possible by expanding local production and optimizing costs. Furthermore, adoption at the U.S. plant will be leveraged to expand the cleaning solution business globally as a Group business. In the Display Materials Business, having steadily implemented structural reforms to address changes in customer industries, JSR Group will push for greater sales, especially of its competitive alignment films and insulating films for wide-screen TV LCD panels in the China market, where continued growth in the LCD panel market is anticipated. JSR Group will work to expand the Edge Computing Business by, for example, further expanding sales of NIR Cut filters used chiefly in small smartphone cameras.

Life Sciences Business

In the Life Sciences Business, the Group will strive to further increase revenue and profitability, with a focus on gaining more new contracts in the CDMO business provided by KBI and Selexis, expanding customer bases by

widening pipelines (upfront contracts) and improving operational efficiencies, and expanding competitive services in Crown Bio's CRO business. KBI will work to increase revenue by leveraging expanded capacity at its North Carolina, U.S., and Geneva, Switzerland, facilities, where commercial production is expected this fiscal year. Group unification will drive strong business expansion, through the combination of greater global adoption of diagnostic reagent materials and bioprocess materials, enhancement to the diagnostic reagent business of Medical & Biological Laboratories (MBL), and research activities at JSR BiRD and the JSR-Keio University Medical and Chemical Innovation Center (JKiC).

Next-Generation Research

In the area of next-generation research, JSR Group is accelerating all aspects of R&D operations through the adoption of computer technologies and data science led by the RD Technology and Digital Transformation Center; conducting R&D into innovative materials with advanced functions and properties with an eye to generating new businesses; and advancing explorations into theoretical understanding that aids JSR product development at the JSR-UTokyo Collaboration Hub, CURIE. JSR Group also encourages open innovation, such as joint research with universities and research institutions in Japan and other countries. In the life sciences field, the JSR-Keio University Medical and Chemical Innovation Center (JKiC) brings together medical insight and materials development expertise to engage in various research areas. JSR Group has also established the JSR Bioscience and informatics R&D center (JSR BiRD) at King Skyfront in Kawasaki's Tonomachi International Strategic Zone. As an open innovation center for generating new businesses centered on next-generation medicine and materials informatics, JSR BiRD takes on the creation of future value with the aim of contributing to a safe, secure, and abundant digital society and to a sustainable society with low environmental impact.

<Sustainability and Resilience>

JSR Group's aim, in line with its corporate mission, is to build good relations with its many stakeholders and to be a trusted and indispensable global company. As the Group aims to increase mid-term growth and corporate value based on its corporate mission, it will promote business activities and seek to elevate corporate value along the themes of organizational sustainability and resilience, amid a turbulent business landscape in which future prospects are uncertain.

< Initiatives on ESG Issues >

E (Environment)

JSR Group contributes to global environmental conservation by means of business activities through its customers. It will continue to be proactive in taking on environmental conservation challenges, with the objective of achieving net-zero GHG emissions*1 by 2050. The Group uses the scenario analyses contained in the TCFD*2 recommendations, which JSR announced its support for in October 2020, to examine the business impacts of climate change and to construct a resilient corporate structure that can deal with any contingency.

*1. Net-zero emissions means eventually reducing CO2 emissions to zero.

*2. Short for the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB). In June 2017, the FSB presented recommendations for the disclosure in financial reports of the effects that climate change risk has on financial institutions, companies, and governments.

S (Society)

In order to build a resilient organization able to adapt to any external changes while aiming for sustainable growth and creating value for all stakeholders, JSR Group respects diversity, equity, and inclusion and is committed to maximizing the potential of all employees. The Group will continue various initiatives that enable all employees to maintain both their health and high engagement*3 levels. To assist these initiatives, the first Group-wide employee engagement survey was conducted in FY 2020. Employee engagement surveys will be continued in FY 2022 and beyond in order to analyze factors impacting employee engagement, to incorporate results into various policies and measures, and to identify issues at divisions and Group companies. Furthermore, JSR Group has redefined the health of employees as a prerequisite for the Company's survival and is working to enhance JSR Health Promotion activities that support the individual health needs of employees. Through these initiatives, JSR Group aims to bolster its competitiveness and increase its corporate value.

*3. Engagement is a state in which employees understand the corporate mission and policies, trust the company, and are motivated to contribute.

G (Corporate Governance)

Overview of the JSR Board of Directors

The Company's Board of Directors consists of five internal directors, including the Representative Director & CEO, and four independent outside directors with vast expertise in corporate management and financial operations. One standing audit & supervisory board member and two independent outside audit & supervisory board members, who are experts in legal affairs, including financing, accounting, taxation, and corporate law, attend all meetings of the Board.

In order to ensure the Board of Directors is capable of addressing rapid transformations in the business landscape, such as globalization, IT, and digitalization, JSR Group is further expanding the diversity of the Board of Directors, including the appointment of a foreign national as an outside director in FY 2021 based on a report from the Nomination Advisory Committee, where independent outside directors constitute a majority of the members and whose chair is a lead independent outside director.

Succession and Evaluation of the Group's Management Structure (Initiatives by the Nomination Advisory Committee)

The six-person Nomination Advisory Committee is chaired by a lead independent outside director and consists of four independent outside directors (including the chair) along with the Representative Director & CEO and the Representative Director, President & COO. The Committee carries out objective and long-term examinations of nominations and removals / dismissals of the CEO and President, the Board of Directors' composition and elections, the Group's management structure, and succession plans for key management posts.

In FY 2021, the CEO and President reported on the annual management activities to the Committee, which reviewed the annual management activities. The Committee also examined plans for future successors to management posts as well as the Board of Directors' composition and elections.

Assurance of Fairness and Transparency in the Directors' Remuneration Scheme (Initiatives by the Remuneration Advisory Committee)

The six-person Remuneration Advisory Committee, which is chaired by a lead independent outside director and consists of four independent outside directors (including the chair) along with the Representative Director & CEO and the Representative Director, President & COO, after consulting data and recommendations from outside organizations and taking each fiscal year's business performance and other factors into consideration, reports its findings to the Board of Directors on a fair, transparent, and competitive remuneration framework and remuneration amounts as well as a policy on director remuneration.

In FY 2021, the Committee, as in other years, verified the validity of the remuneration framework, remuneration amounts, and the policy on director remuneration against benchmark data. It also engaged in revising the remuneration framework, including the introduction of new performance-based stock compensation scheme.

Summary of the Results of the JSR Board of Directors' Effectiveness Evaluation

The Company's Board of Directors conducts an annual effectiveness evaluation of the Board of Directors as a way of seeking to maximize the Company's corporate value through improved Board effectiveness. The FY 2021 effectiveness evaluation findings reached the conclusion that the Company's Board of Directors is functioning effectively. Effectiveness evaluations will continue to be performed.

A summary and the results of the FY 2021 effectiveness evaluation are given on the page 33.

Reduction of Cross-Shareholdings

The Board of Directors reviews the status and the policies for holding individual cross-shareholdings — taking such factors into consideration as the purpose of holding the shares, potential risk and expected return, and cost of capital required to hold individual shares — and actively works to reduce cross-shareholdings.

Risk Management Initiatives

JSR has formulated BCM procedures that summarize the BCM/BCP systems in place for both normal times and emergency situations. The procedures define the organization and operational structure overseeing BCM as well as the BCP, including stipulations on target recovery times, BCP activation and cancellation criteria, the organizational structure that takes effect during activations of the BCP, and priority businesses and operations.

In response to the COVID-19 pandemic, JSR Group, as a member of the materials industry that supports essential industries worldwide, is working to continue its economic activities by taking various measures to ensure corporate activities can be performed safely. These measures include enacting a standard of conduct to maintain operations at the Group's main production, research, and development sites in Japan, Asia, Europe, and America, the supply and mandatory use of personal protective equipment, sharing of information with employees worldwide, and the establishment of telework systems at each site.

In response to tighter sanctions and regulations in various countries following Russia's invasion of Ukraine, JSR Group implemented various measures, including verifying supply-chain impacts, such as the Group's raw material procurement and shipping in Japan, Asia, Europe, and the United States, and impacts on customers, providing support for employees and their families posted in Europe, and alerting employees to cyberattacks.

While respecting the cultural differences and unique circumstances of business sites around the world, JSR Group is committed to risk management and business continuity through centralized management of information leading to appropriate actions.

JSR Group is committed to tackling the issues presented above and taking actions globally without delay under the leadership of the CEO and President.

For Reference Purposes

Summary of the FY2021 Board of Directors Effectiveness Evaluation and its Results

1. Overview of the evaluation results

(1) Evaluation process

The Company conducted a questionnaire survey of all nine of its directors (including four independent outside directors) and all three of its corporate audit & supervisory board members (including two independent outside corporate audit & supervisory board members). The results of the questionnaire and the opinions expressed in it were discussed multiple times by the Board of Directors, and evaluations were conducted using the self-evaluation method. In fiscal 2021, a third party with expert knowledge was appointed to compile and analyze the questionnaire responses.

2) Evaluation content

Through analysis, evaluation and discussions at the Board of Directors, the following points were confirmed, and the Board of Directors of the Company concluded that the Board is functioning effectively.

- The Board of Directors shall function as a meeting body in which internal and external directors and corporate audit & supervisory board members are appropriately allocated from the viewpoint of diversity and expertise such as nationality and gender, and each member uses his/her own experience and knowledge to supervise and support discussions and execution for the enhancement of corporate value over the medium to long term. In addition, decision making and progress monitoring were conducted appropriately with regard to the implementation of the structural reform of the elastomer business and investment for the growth of the semiconductor materials business and the life science business, which were identified as important management issues in last year's evaluation.
- In the operation of the Board of Directors, important management issues and risks are appropriately discussed, and sufficient information is provided to outside members in advance, so that the Board of Directors is highly transparent and has free and active discussions.
- The Nomination Advisory Committee and the Remuneration Advisory Committee have strengthened the supervisory function of the Board of Directors by conducting sufficient discussions with appropriate membership and by providing appropriate reports while maintaining independence and objectivity. Appropriate measures were taken for the ongoing review of the compensation system from a global perspective, which was recognized as an issue in last year's assessment.
- The Board of Directors regards communication with investors and shareholders as an important role and responsibility of it. The Board of Directors discusses the status of initiatives on a quarterly basis, and Board members directly communicate with shareholders and investors to reflect the perspectives expected from capital markets in the management and execution of duties of Sony and to maximize corporate value.

2. Future Initiatives

The progress of the following important management issues that were reconfirmed during the evaluation of the effectiveness of the Board of Directors and changes in the external environment that could affect them (environmental issues, geopolitical risks, etc.) will be discussed at future meetings of the Board of Directors, and the status of execution will be monitored.

(important management issues)

- (1) Establish a sustainable and resilient organization and business structure that can respond to the rapidly changing business environment.
- (2) Realization of growth strategy for semiconductor materials business
- (3) Strengthening the foundation and steady growth of the Life Science Business
- (4) Initiatives to address issues for sustainable business growth, such as carbon neutrality and maximizing employee engagement
- (5) Continued investment in innovation, including digital transformation

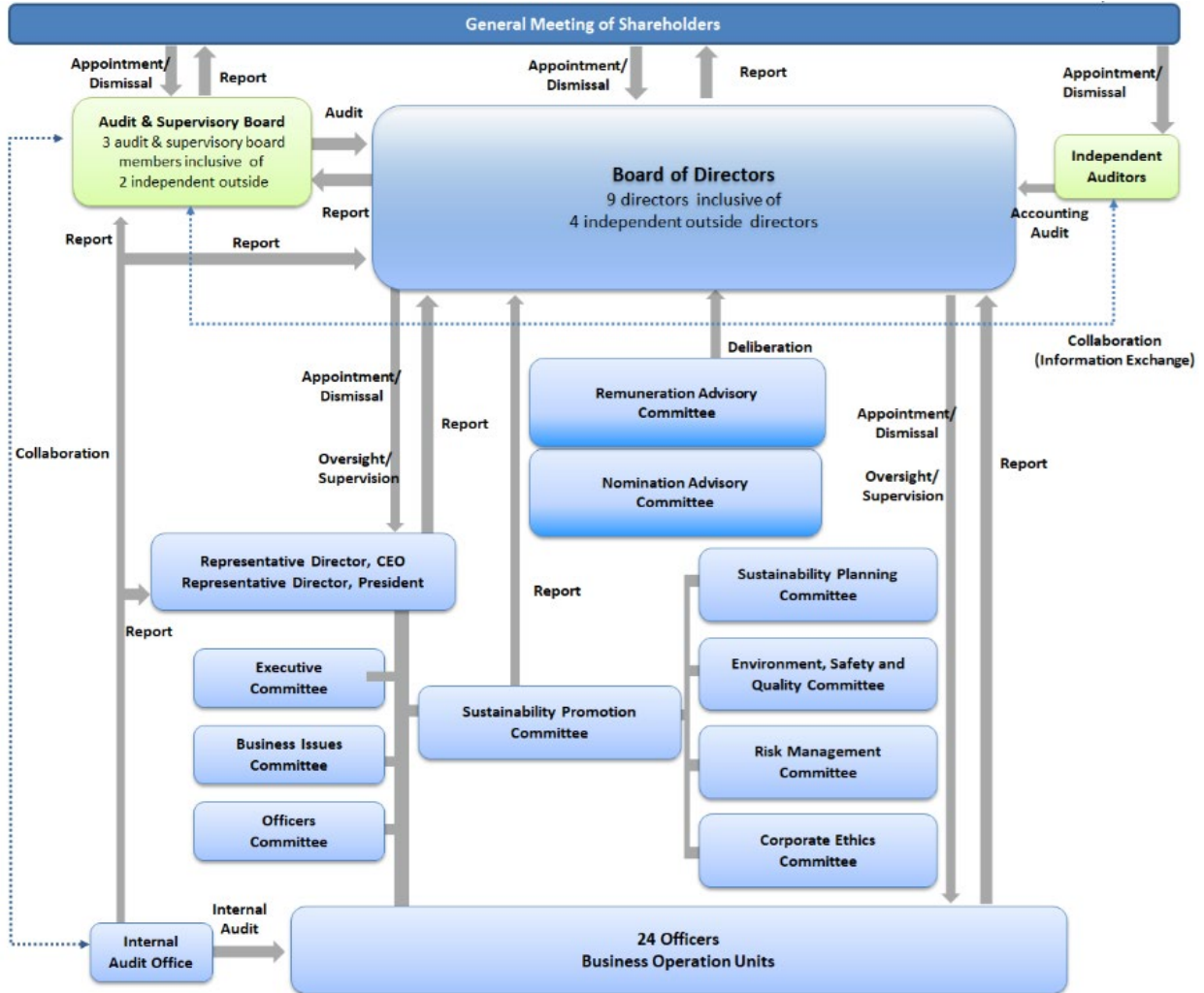
(Issues pointed out)

- Although the current Board of Directors is functioning effectively, the monitoring function of the Board of Directors needs to be further strengthened in the future. When shifting to a monitoring model, the Board of Directors should examine specific monitoring methods, the size and composition of the Board of Directors, the qualifications and diversity of directors, etc., and aim for a Board of Directors that can promote change in the company over the long term.
- Although discussions on sustainability management at the Board of Directors have progressed, it is necessary to consider measures for further revitalization.
- While the overall support system for outside directors and outside corporate audit & supervisory board members is highly regarded, in order to further deepen outside directors and outside corporate audit & supervisory board members' understanding of the business, it is necessary to enhance the support system for training and education, such as conducting on-site inspections online, which were difficult to implement during the COVID-19 pandemic.

For Reference Purposes

JSR's Corporate Governance System as of March 31, 2022

The Company regards the enhancement and strengthening of corporate governance as an important management issue and is working on the following system. Please refer to the Company's website for our basic views and policies on corporate governance. (https://www.jsr.co.jp/jsr_e/company/governance.html)



(5) Development of Assets and Business Results

Category		FY ended March 2019	FY ended March 2020	FY ended March 2021	FY ended March 2022
Revenue	JPY million	495,354	471,967	312,000	340,997
Core Operating Profit	JPY million	—	33,236	37,902	43,306
Operating profit	JPY million	45,261	32,884	34,233	43,760
Profit attributable to owners of parent	JPY million	31,116	22,604	△55,155	37,303
Basic earnings per share	JPY	140.62	104.38	△256.73	173.49
Total Assets	JPY million	691,435	677,713	672,773	809,371
Total Equity	JPY million	440,360	437,412	370,736	414,739

Financial outlook
for the next fiscal year

FY ending March 2023
410,000
57,500
57,500
46,000
213.88

(Notes)

1. Core operating income is calculated as operating income excluding gains and losses (non-recurring items) attributable to non-recurring factors.
2. From FY 2021, the Company has classified the Elastomer Business into discontinued operations and presented the amount of continuing operations. The figures FY 2020 have been similarly reclassified.

(Note)

Financial Outlook provided in the table above is based on information available at the time of writing and assumptions deemed reasonable, however, actual results may differ materially depending upon various factors.

(6) Principal Subsidiaries and Affiliates (as of March 31, 2022)

1) Principal Subsidiaries

Company Name	Capital	Shareholding ratio (%)	Main business
<u>ELASTOMIX Co., Ltd.</u>	<u>JPY 416 million</u>	<u>98.5</u>	<u>Production and sale of carbon master batches and rubber compounds</u>
<u>ELASTOMIX (THAILAND) CO., LTD.</u>	<u>THB 75 million</u>	<u>86.7 (65)</u>	<u>Production and sale of carbon master batches and rubber compounds</u>
<u>JSR BST Elastomer Co., Ltd.</u>	<u>THB 5,220 million</u>	<u>51</u>	<u>Production and sale of solution polymerized SBR (SSBR)</u>
<u>JSR MOL Synthetic Rubber Ltd.</u>	<u>EUR 18 thousand</u>	<u>51</u>	<u>Production and sale of solution polymerized SBR (SSBR)</u>
Emulsion Technology Co., Ltd.	JPY 168 million	100	Production and sale of latex compounds
Techno-UMG Co., Ltd.	JPY 3,000 million	51	Production, processing and sale of plastics
JAPAN COLORING CO., LTD.	JPY 280 million	100	Production and sale of plastics color compounds
JSR Micro N.V.	EUR 11,155 thousand	100	Production and sale of semiconductor materials, production and sale of life sciences products
JSR Micro, Inc.	USD 34,638 thousand	100 (100)	Sale of semiconductor materials, sale of life sciences products
Inpria Corporation	USD 74,224 thousand	100	Development and manufacture of metal resists for EUV
JSR Micro Korea Co., Ltd.	KRW 2,000 million	100	Research, development, production and sale of display materials
JSR Micro Taiwan Co., Ltd.	NTD 200 million	100	Research, development, production and sale of display materials
JSR Micro (Changshu) Co., Ltd.	RMB 209,645,300	51	Production of display materials
JSR North America Holdings, Inc.	USD 29,892 thousand	100	Overseeing Digital Solution Businesses in North America and global operation of Life Sciences Businesses
MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.	JPY 4,483 million	100	Research, development, manufacturing, import, export and sale of reagents for medical and biological applications
KBI Biopharma, Inc.	USD 49,867 thousand	90	Contract development and manufacturing of biopharmaceuticals
Selexis SA	CHF 288 thousand	100	Contract development and generation of cell-lines
Crown Bioscience International	USD 44,811 thousand	100	Services to support drug development in pre-clinical phases
<u>JSR Trading Co., Ltd.</u>	<u>JPY 480 million</u>	<u>100</u>	<u>Procurement, sale and import and export of chemicals, etc., casualty's insurance agency and life insurance solicitation</u>

(Notes)

1. Among the consolidated subsidiaries of the Company both in Japan and overseas, only major subsidiaries are disclosed in the list considering business forms and/or the amount of sales, etc.
2. The underlined companies are subject to the company split (absorption-type split) of the elastomer business and the share transfer to ENEOS Corporation, which were completed on April 1, 2022.
3. The Company has included Inpria Corporation in the list because acquired an additional 78.7% stake of Inpria Corporation on October 29, 2021, making it a wholly-owned subsidiary of the Company.
4. Figures in the list “Capital” column are rounded to the unit numbers indicated in each column.
5. Figures in the list “Shareholding ratio” column, rounded to one decimal place, represent shareholding ratio owned by the Company and its subsidiary as a whole while those in the brackets in the right-hand side indicate the ratio owned by subsidiary of the Company.

2) Principal Affiliates

Company Name	Capital	Shareholding ratio (%)	Main business
Japan Butyl Co., Ltd.	JPY 3,168 million	50	Production and sale of butyl rubber
KRATON JSR ELASTOMERS K.K.	JPY 1,500 million	50	Production and sale of thermoplastic elastomers (TPE)

(Notes)

1. Among the non-consolidated affiliates of the Company in Japan and overseas, only major affiliates are disclosed in the list above considering the light of business forms and/or the amount of sales, etc.
2. Japan Butyl Co., Ltd. and KRATON JSR ELASTOMERS K.K. are subject to the company split (absorption-type split) of the elastomer business and the share transfer to ENEOS Corporation which were completed on April 1, 2022.
3. Figures in the above “Capital” column are rounded to the unit numbers indicated in each column.

(7) Major Business Activities (as of March 31, 2022)

Manufacturing and sales of the following products

Business Segments		Products / Materials
Digital Solutions Business	Semiconductor Materials	Lithography materials (photoresists, multi-layered materials), packaging materials, cleaning solutions, CMP materials, etc.
	Display Materials	Color liquid crystal display (LCD) materials, Organic electroluminescence display materials, etc.
	Edge Computing	Heat-resistant transparent resin and functional film, stereolithography, etc.
Life Sciences Business		Services to support drug development, vitro reagents for diagnostics and/or research, raw materials for such reagents, bioprocess materials, etc.
Plastics Business		ABS resin, AES resin, AS resin, ASA resin, etc.
<u>Elastomers Business</u>	<u>Synthetic Rubbers</u>	<u>Synthetic rubber such as styrene butadiene rubber, polybutadiene rubber, ethylene propylene rubber, etc. and carbon master batches and rubber compounds</u>
	<u>TPEs</u>	<u>Thermoplastic elastomers and processed products</u>
	<u>Emulsions</u>	<u>Paper coating latex, general purpose industrial latex, latex compounds, High functional dispersants, industrial particles, materials for thermal barrier coatings, materials for batteries, etc. etc.</u>
	<u>Others</u>	<u>Chemical products such as butadiene monomer</u>
Other Business		<u>Purchasing and sales of chemicals, acrylic emulsion, Water-based emulsion with excellent durability and stain resistance, etc.</u>

(Notes) The underlined Business Segments and Products / Materials are subject to the company split (absorption-type split) of the Elastomer Business and the share transfer to ENEOS Corporation, which were completed on April 1, 2022.

(8) Sales Offices, Plants, and other facilities (as of March 31, 2022)

1) The Company

Head Office	1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo		
Plants	Yokkaichi Plant	Yokkaichi, Mie	
	<u>Chiba Plant</u>	Ichihara, Chiba	
	<u>Kashima, Plant</u>	Kamisu, Ibaraki	
	Tsukuba Site	Tsukuba, Ibaraki	
Research Institutes	Yokkaichi Research Center	<u>Performance Polymer Research Laboratories</u>	Yokkaichi, Mie
		Display Solution Research Laboratories	Yokkaichi, Mie
		Fine Electronic Materials Research Laboratories	Yokkaichi, Mie
		Edge Computing Research Laboratories	Yokkaichi, Mie
	Tsukuba Research Laboratories	Tsukuba, Ibaraki	
	JSR-Keio University Medical and Chemical Innovation Center(JKiC)	Shinjuku-ku, Tokyo	
	JSR-UTokyo Collaboration Hub, CURIE	Bunkyo-ku, Tokyo	
	JSR Bioscience and informatics R&D center (JSR BiRD)	Kawasaki, Kanagawa	
Overseas	Taiwan Branch	Taiwan	

(Notes) The underlined Plants, and other facilities are subject to the company split (absorption-type split) of the Elastomer Business and the share transfer to ENEOS Corporation, which were completed on April 1, 2022.

2) Principal Subsidiaries and Affiliates

Business Segments	Company	Location of Head Office
Digital Solutions Business	JSR Micro N.V.	Belgium
	JSR Micro, Inc.	United States
	Inpria Corporation	United States
	JSR Micro Korea Co., Ltd.	South Korea
	JSR Micro Taiwan Co., Ltd.	Taiwan
	JSR Micro (Changshu) Co., Ltd.	China
	Emulsion Technology Co., Ltd.	Yokkaichi, Mie
Life Sciences Business	JSR North America Holdings, Inc.	United States
	MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.	Minato-ku, Tokyo
	KBI Biopharma, Inc.	United States
	Selexis SA	Switzerland
	Crown Bioscience International	United States
Elastomers Business	<u>ELASTOMIX Co., Ltd.</u>	Yokkaichi, Mie
	<u>ELASTOMIX (THAILAND) CO., LTD.</u>	Thailand
	<u>JSR BST Elastomer Co., Ltd.</u>	Thailand
	<u>JSR MOL Synthetic Rubber Ltd.</u>	Hungary
	<u>Japan Butyl Co., Ltd.*</u>	Kawasaki, Kanagawa
	<u>KRATON JSR ELASTOMERS K.K.*</u>	Minato-ku, Tokyo
Plastic Business	Techno-UMG Co., Ltd.	Minato-ku, Tokyo
	JAPAN COLORING CO., LTD.	Yokkaichi, Mie
Other Business	<u>JSR Trading Co., Ltd.</u>	Minato-ku, Tokyo

(Notes)

1. “*” indicates significant affiliates.
2. JSR North America Holdings, Inc. oversees North American Business of Digital Solutions Businesses and global operations of Life Sciences Businesses. In addition, JSR NV Inc. is also involved in manufacturing and marketing Life Sciences product.
3. The underlined subsidiaries and affiliates are subject to the company split (absorption-type split) of the Elastomer Business and the share transfer to ENEOS Corporation, which were completed on April 1, 2022.

(9) Employees (as of March 31, 2022)

Number of employees	Increase/decrease from previous term
9,696	Increase by 313

(10) Major Lenders (as of March 31, 2022)

Lenders	Outstanding amount of loans
Mizuho Bank, Ltd.	JPY 32.3 billion
MUFG Bank, Ltd.	JPY 19.7 billion
Sumitomo Mitsui Banking Corporation	JPY 14.5 billion

(Note)

1. The above lenders are those for the JSR Group.
2. The amount from the above lenders includes loans from their respective subsidiaries.

(11) Transfer and acceptance of important business, acquisition and disposal of shares of other companies, etc.

1. At the meeting of the Board of Directors held on May 11, 2021, the Company decided to transfer the Company's Elastomer business to Japan Synthetic Rubber Spin-off Preparation Co., Ltd, which would be newly established as a subsidiary of the Company, through an absorption-type company split, and to transfer all shares of the succeeding company to ENEOS Corporation in April 2022, and entered into a share transfer agreement with ENEOS Corporation.
2. The Company acquired an additional 78.7% stake in Inpria Corporation, a U.S. manufacturer of next-generation metal resists for EUV, and made Inpria Corporation a wholly-owned subsidiary of the Company in October 2021.

(12) Other important matters concerning the current status of the corporate group

The Company completed the company split of its Elastomer Business and transferred all of its shares to ENEOS Corporation on April 1, 2022. For further details, please refer to the Timely Disclosure Document dated May 11, 2021.

2. Shares of the Company (as of March 31, 2022)

(1) Total number of shares authorized to be issued	696,061,000 shares
(2) Total number of issued shares	226,126,145 shares
(3) One unit of shares	100
(4) Number of shareholders	15,868
(5) Major shareholders	

Name of shareholder	Investments in the Company	
	Number of shares held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	33,162	15.42
SSBTC CLIENT OMNIBUS ACCOUNT BRITISH VIRGIN ISLANDS/U.K.	20,887	9.71
Custody Bank of Japan, Ltd. (trust account)	12,552	5.84
GOLDMAN SACHS & CO. REG	8,644	4.02
Bridgestone Corporation	6,525	3.03
MSCO CUSTOMER SECURITIES	6,449	3.00
ML PRO SEGREGATION ACCOUNT	4,633	2.15
Nippon Life Insurance Company	3,717	1.73
Meiji Yasuda Life Insurance Company	3,631	1.69
Mizuho Bank, Ltd.	3,325	1.55

(Notes)

- The numbers in the columns under “Number of shares held” are rounded to thousands of shares.
- The Company is not included in the table above although it holds 11,047,900 treasury shares.
- The shareholding ratio is calculated by using 215,078,245 shares (calculated by deducting number of treasury shares from Total number of issued shares 226,126,145 shares) and rounded to two decimal places.

<<Reference>>

Distribution of shares by nature and size of shareholders

By nature of shareholders	%
Foreign investors	50.24
Domestic Financial Institutes	38.32
Individuals and others	5.80
Other Domestic Companies	5.64

By size of shareholders	%
1,000 units or more	90.37
500 units or more	2.02
50 units or more	4.32
1 unit or more	3.26
Less than 1 unit	0.02

(Notes)

The ratios in the above tables are calculated by applying similar formula to that in “(5) Major Shareholders” above.

(6) Status of shares delivered to Company Officers as consideration for execution of duties during the current business year

	Number of recipients	Type of Shares	Number of Shares
Directors (Excluding Outside Directors)	5	Common shares of the Company (restricted stock shares)	76,600
Outside Directors	0	-	-
Audit & Supervisory Board Members	0	-	-

3. Matters Related to Stock Acquisition Rights (subscription rights to shares) of the Company (as of March 31, 2022)

(1) Stock Acquisition Rights Held by the Directors and Audit & Supervisory Board Members of the Company (as of March 31, 2022)

Description	Name of stock acquisition rights (issuing date)	The number of stock acquisition rights	Class and number of shares to be issued upon exercising the rights	Amount to be paid per share for exercising the rights	Period for exercising stock acquisition rights	Number of holders
Directors	JSR Corporation Stock acquisition rights for 2005 (June 17, 2005)	13 units	Ordinary shares 1,300 shares	JPY 1	From June 18, 2005 to June 17, 2025	1
	JSR Corporation Stock acquisition rights for 2006 (for Officers) (August 1, 2006)	8 units	Ordinary shares 800 shares	JPY 1	From August 2, 2006 to June 16, 2026	1
	JSR Corporation Stock acquisition rights for 2007 (July 10, 2007)	18 units	Ordinary shares 1,800 shares	JPY 1	From July 11, 2007 to July 10, 2027	1
	JSR Corporation Stock acquisition rights for 2008 (July 15, 2008)	41 units	Ordinary shares 4,100 shares	JPY 1	From July 16, 2008 to July 15, 2028	2
	JSR Corporation Stock acquisition rights for 2009 (July 14, 2009)	50 units	Ordinary shares 5,000 shares	JPY 1	From July 15, 2009 to July 14, 2029	2
	JSR Corporation Stock acquisition rights for 2010 (July 13, 2010)	52 units	Ordinary shares 5,200 shares	JPY 1	From July 14, 2010 to July 13, 2030	2
	JSR Corporation Stock acquisition rights for 2011 (July 12, 2011)	101 units	Ordinary shares 10,100 shares	JPY 1	From July 13, 2011 to July 12, 2031	3
	JSR Corporation Stock acquisition rights for 2012 (July 10, 2012)	119 units	Ordinary shares 11,900 shares	JPY 1	From July 11, 2012 to July 10, 2032	3
	JSR Corporation Stock acquisition rights for 2013 (July 16, 2013)	42 units	Ordinary shares 4,200 shares	JPY 1	From July 17, 2013 to July 16, 2033	2
	JSR Corporation Stock acquisition rights for 2014 (July 30, 2014)	52 units	Ordinary shares 5,200 shares	JPY 1	From July 31, 2014 to July 30, 2034	2

(Note) The Company has not issued stock acquisition rights either to its Audit & Supervisory Board Members or Outside Directors as remuneration for exercising their respective duties.

(2) Stock acquisition rights issued to employees during the current fiscal year

The Company ceased to grant stock acquisition rights either to its Directors or Officers and instead granted restricted stock shares to them from July 2017 upon resolution of the 72nd ordinary general meeting of shareholders held on June 16, 2017.

4. Matters Related to Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members of the Company (as of March 31, 2022)

Position	Name	Title and Responsibilities as Officers and Important concurrent positions held, etc.
Representative Director,	Eric Johnson	CEO Responsible for North American Business President of JSR North America Holdings, Inc
Representative Director	Nobuo Kawahashi	President and COO
Director	Koichi Kawasaki	Executive Managing Officer responsible for Human Resources, and Diversity Development
Director	Hideki Miyazaki	Managing Officer responsible for Accounting, Finance, Corporate Communications, IT Strategy, Cyber Security Management, and Business Process Renovation
Director	Mika Nakayama	Senior Officer, Sustainability Promotion, General Manager of Sustainability Promotion Dept.
Director	Yuzuru Matsuda	Outside Director, KUBOTA Corporation
Director	Shiro Sugata	Outside Director, Yokogawa Electric Corporation Outside Director, Yamato Holdings Co., Ltd.
Director	Tadayuki Seki	Advisory Member, ITOCHU Corporation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD. Outside Director, VALQUA, LTD. Outside Audit & Supervisory Member of Asahi Mutual Life Insurance Company
Director	David Robert Hale	Partner of ValueAct Capital Management, L.P., Outside Director, Olympus Corporation
Full-time Audit & Supervisory Board Member	Tomoaki Iwabuchi	
Audit & Supervisory Board Member	Hisako Kato	Certified Public Accountant, Certified Tax Accountant, and Representative, Hisako Kato Accounting Office
Audit & Supervisory Board Member	Junko Kai	Lawyer Partner of Hamani, Takahashi and Kai Low Office Outside Director, NARITA INTERNATIONAL AIRPORT CORPORATION Outside Director, THK CO., LTD.

(Notes)

- Messrs. Yuzuru Matsuda, Shiro Sugata, Tadayuki Seki and David Robert Hale are Outside Directors.
- Ms. Hisako Kato and Ms. Junko Kai are Outside Audit & Supervisory Board Members.
- Ms. Hisako Kato, Audit & Supervisory Board Member, is a certified public accountant both in Japan and US and a certified tax accountant, having sufficient knowledge of financing and accounting.
- Messrs. Yuzuru Matsuda, Shiro Sugata, Tadayuki Seki and David Robert Hale, Directors, and Ms. Hisako Kato and Ms. Junko Kai, Audit & Supervisory Board Members are registered as independent directors/auditors at Tokyo Stock Exchange in accordance with its definitions.
- The Company has entered into an agreement with each of Outside Directors and Audit & Supervisory Board Members that limits the liabilities under Paragraph 1 of Article 423 of the Companies Act to the maximum amount set forth under Paragraph 1 of Article 425 thereof.
- The Company has entered into liability insurance contracts for Directors, Audit & Supervisory Board Members and officers with insurance companies as provided in Article 430, Paragraph 3, Paragraph 1 of the Companies Act. Compensation for damages and legal expenses incurred by Directors, Audit & Supervisory Board Members and officers who are insured parties in connection with the execution of their duties. However, there are grounds for exemption, such as that damages resulting from acts committed while recognizing criminal acts or violations of laws and regulations are not compensated. the Company bears all the insurance premiums.

<< Reference >>: Officers of the Company (as of March 31, 2022)

Position	Name	Responsibilities and Title
Executive Managing Officer	Koichi Kawasaki*	Responsible for Human Resources, Diversity Development
Managing Officer	Hayato Hirano	Supervising Elastomers Business (Supervising) Director and President of Japan Synthetic Rubber Spin-Off Preparation Co., Ltd. President of Japan Butyl Co., Ltd.
Managing Officer	Katsuya Inoue	Responsible for Business Transformation General Manager of Business Transformation Dept.
Managing Officer	Hideki Miyazaki*	Responsible for Accounting, Finance, Corporate Communications, IT Strategy, Cyber Security Management, and Business Process Renovation
Managing Officer	Tadahiro Suhara	Supervising Digital Solutions Business, Responsible for Electronic Materials Business, Edge Computing Business General Manager of Electronic Materials Div. Representative Director of JSR Micro Korea Co., Ltd. Chairman of JSR Electronic Materials Taiwan Co., Ltd.
Senior Officer	Kazumasa Yamawaki	Responsible for Plastics Businesses, President of Techno UMG
Senior Officer	Makoto Doi	Responsible for Legal Affairs, Compliance, General Affairs and Secretarial Office General Manager of Legal Dept.
Senior Officer	Yoshikazu Yamaguchi	In charge of special assignment from the President President of Emulsion Technology Co., Ltd.
Senior Officer	Kazushi Abe	Elastomers Business General Manager of Elastomer Div. President of ELASTOMIX CO., LTD. Director and President of KRATON JSR ELASTOMERS K.K President of ELASTOMIX (FOSHAN) CO., LTD. Representative Director of JSR Elastomer Europe GmbH
Senior Officer	Mika Nakayama*	Sustainability Promotion, General Manager of Sustainability Promotion Dept.
Senior Officer	Koichi Saeki	Yokkaichi Plant Yokkaichi Plant Manager, General Manager of Administration Dept. at Yokkaichi Plant
Senior Officer	Seiji Takahashi	Responsible for Manufacturing and Technology, Procurement, Logistics
Senior Officer	Koichi Hara	Responsible for Corporate Planning (including supervising group companies), General Manager of Corporate Planning Dept.
Officer	Yasufumi Fujii	General Manager of Internal Audit Office
Officer	Mikio Yamachika	Yokkaichi Plant, Manufacturing and Technology (deputy), Yokkaichi Plant Manager, General Manager of Digital Solutions Business DX Planning and Acceleration Dept.
Officer	Tim Lowery	Responsible for Life Sciences Business, General Manager of Life Sciences Div. and President of JSR Life Sciences LLC/
Officer	Junichi Takahashi	Responsible for Product Safety & Quality Assurance, Safety and Environment Affairs General Manager of Product Safety & Quality Assurance Dept.
Officer	Keisuke Wakiyama	Responsible for Display Solution Business, China Business General Manager of Display Solution Business Div. Chairman of JSR (Shanghai) Co., Ltd. Chairman of JSR Display Technology (Shanghai) Co., Ltd. Chairman of JSR Micro (Changshu) Co., Ltd

Position	Name	Responsibilities and Title
Officer	Ichiko Tachibana	Responsible for Legal Affairs (deputy), Compliance (deputy), Sustainability Promotion(deputy) General Manager of Compliance Dept. Sustainability Promotion Dept.
Officer	Toru Kimura	Supervising Digital Solution Business (deputy), Advanced Lithography Material Business Promotion Dept. in Electronic Materials Div. General Manager of Advanced Lithography Material Business Promotion Dept. in Electronic Materials Div.
Officer	Yutaka Yoshimoto	Responsible for Office of President, Emerging Business (deputy) General Manager of Office of President
Officer	Hiroaki Tokuhisa	Research & Development (CTO) General Manager of Research & Development General Manager of RD Technology ▪ Digital Transformation Center
Officer	Khashayar (Hash) Pakbaz	Responsible for Digital Transformation (CDO) General Manager of Global DX Acceleration Dept.
Officer	Kenichi Emoto	Responsible for Accounting (deputy), Finance (deputy), Corporate Communications (deputy) General Manager of Accounting Dept. General Manager of Finance Dept.

(Note) [*] denotes Officers concurrently serving as Directors

Changes in the responsibilities and titles of Executive Officers as a result of the organizational change effective April 1, 2022 are as follows.

Position	Name	Responsibilities and Title
Managing Officer	Makoto Doi	Responsible for Legal Affairs, Compliance, General Affairs and Secretarial Office
Managing Officer	Koichi Hara	Responsible for Corporate Planning (including supervising group companies),
Officer	Mikio Yamachika	Yokkaichi Plant, Manufacturing and Technology (deputy), Yokkaichi Plant Manager, General Manager of Digital Solutions Business DX Planning and Acceleration Dept.

(2) Policies for Determining Amount of Remuneration for Directors and Audit & Supervisory Board Members or the Method of Calculation thereof in FY2021

(1) Principles on remuneration for Directors and Audit & Supervisory Board Members

In order to maintain the competitive advantages of JSR Group as a global company, the Company has established principles on remuneration for directors and audit & supervisory board members which enables the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide incentives for its directors that are aligned with the benefit of its shareholders, and to encourage and motivate its management, while maintaining the transparency and accountability, to achieve accomplishment of the management strategies and business strategies of the Company.

Remuneration framework should:

- i) attract, secure, and reward diverse and excellent personnel regardless of nationality for the purpose of further enhancing and improving its competitive advantages and global management;
- ii) encourage the management to demonstrate healthy entrepreneurial spirits by motivating them to achieve the objectives of business strategies aiming at continuous growth; and
- iii) promote medium to long term improvement in corporate value by sharing the benefit between management and shareholders via the reinforcement of stock ownership during his/her term of office as directors.

(2) Remuneration Governance

i) Procedures for determining remuneration, etc.

In relation to remuneration for each director, the Board of Directors (referred to as “BOD” in this section) deliberates and determines the policies of remuneration for directors, remuneration framework, and amount of remuneration for individual directors.

In order to ensure independence and objectivity during deliberation and decision-making processes at the BOD mentioned above and to enhance monitoring function and accountability of the BOD, the Company established the Remuneration Advisory Committee as an advisory body for the BOD.

ii) Items for deliberation and reports by the Remuneration Advisory Committee

The Remuneration Advisory Committee, upon an inquiry from the BOD, deliberates the remuneration of the eligible persons and related items as listed below and reports the result to the BOD, or provides the Audit & Supervisory Board with advices.

Eligible persons for remuneration:

Inside directors (including representative directors and executive directors), outside directors, audit & supervisory board members, officers, executive advisors, senior advisors, and other important employees

Items for deliberation:

Establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others

iii) Composition of the Remuneration Advisory Committee and attributes of Chairperson

The Remuneration Advisory Committee consists of at least 3 committee members, and more than half of the members shall be independent outside directors, of which chairperson shall be elected from Independent outside directors by resolution of the BOD in order to ensure independence, objectivity, and accountability as well as effectiveness of the Remuneration Advisory Committee.

In addition, Willis Towers Watson as a third-party consultant, specialist in this field, and staff members for the committee also attend the Remuneration Advisory Committee meetings as observers.

(3) Remuneration framework of the Company

i) Remuneration Structure

Remuneration for directors of the Company consists of basic remuneration, annual bonuses linked to the annual business performance of the Company, and performance-linked stock compensation (Performance Share Unit) delivered after the fact for the purpose of steadily implementing the medium-term management plan and business structural reforms with fiscal 2024 as the final year, and restricted stock shares as remuneration designed to facilitate earlier sharing of corporate values between directors and the shareholders of the Company (non-monetary remuneration). However, remuneration for outside directors and audit & supervisory board members, in light of their roles, consists only of basic remuneration.

	Type of remuneration	Payment or Grant, etc. period of time	Outline of approval by the ordinary general meeting of shareholders
Fixed compensation	Basic remuneration	Monthly payment	<p>Directors: Up to 60 million yen per month (including 10 million yen for outside directors)</p> <p>(Resolved at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019. The number of Eligible Directors as of the conclusion of the meeting is nine (5 internal directors and 4 external directors).</p> <p>Audit & supervisory board member: Up to 10 million yen per month (Resolved at the 60th Ordinary General Meeting of Shareholders held on June 17, 2005. The number of eligible Audit & Supervisory Board Members as of the conclusion of the meeting is four (3 full-time audit & supervisory board members and 1 outside audit & supervisory board member).</p>
Performance linkage compensation	Annual bonus	To be paid at a certain time every year	<p>The maximum amount is 432 million yen per year. (Resolved at the 74th Ordinary General Meeting of Shareholders held on June 18, 2019. The number of Eligible Directors as of the conclusion of the meeting is five (only internal directors).</p>
	Performance share unit	In principle, units will be granted in FY 2021, and shares and money will be delivered and paid in a lump sum after the end of the performance evaluation period.	<ul style="list-style-type: none"> • Maximum amount of monetary compensation claims and money: 800,000 shares in the applicable period x the stock price at the time of delivery • Maximum number of shares to be granted: 400,000 shares during the period <p>(Resolved at the 76th Ordinary General Meeting of Shareholders held on June 17, 2021. The number of Eligible Directors as of conclusion of the meeting is five (only internal directors).</p>
	Restricted stock remuneration for the grant	To be paid at a certain time every year	<ul style="list-style-type: none"> • Up to 400 million yen per year and 400,000 shares per year • The transfer restriction shall be lifted for a period of up to 3 ~ 30 years as determined in advance by the Board of Directors, and during the transfer restriction period, in the event of retirement, etc. for justifiable reasons as determined by the Board of Directors. <p>(Resolved at the 76th Ordinary General Meeting of Shareholders held on June 17, 2021. The number of Eligible Directors as of the conclusion of the meeting is five (only internal directors).</p>

ii) Appropriateness of the remuneration level of the Company

When considering the above mentioned remuneration structure and composition thereof, the Remuneration Advisory Committee verifies the appropriateness of the level of remuneration through annual benchmarking study by using the remuneration database possessed by a third-party consultant specialized in remuneration for executives and by comparing with the companies whose size, type, and line of business are similar to those of the Company.

In addition, when determining the composition of performance-linked remunerations and other remuneration

for the director who is responsible for overseeing and managing the Company's international businesses, the Remuneration Advisory Committee verifies the appropriateness of remuneration level for such director through another annual benchmarking study using a method similar to the one described above and using the survey data on remuneration prevailing in the region where such director are responsible for as well as considering each director's job responsibilities and the magnitude of impact on management of the JSR Group.

iii) Remuneration composition for directors (excluding outside directors)

The Company has a policy to increase the portion of performance-linked remuneration for directors who assume heavier responsibilities for corporate management. Based on this policy, the Company determines the level of remuneration for directors depending on their responsibilities and title considering the latent risks involved in achieving performance targets while increasing the portion of performance-linked remuneration for senior directors.

The Company determines the remuneration composition for CEO, who concurrently oversees the businesses in North America by using a survey results by an outside specialist institution on level, composition and mixture for directors' remuneration prevailing in the region where the director in question is responsible for.

The table below shows each remuneration composition when basic remuneration is set at 100 and the standard amount of the performance-linked remuneration is set when a target has been achieved 100%.

		Basic remuneration	Performance-linked remuneration			Basic remuneration vs. performance-linked remuneration
			Annual bonus	Performance-share unit (per fiscal year)	Restricted Stock Shares	
Directors (excluding Outside Directors)	CEO	100	100	200	200	100 : 500
	President	100	30	About 38	About 38	100 : 105
	Concurrently serve as Executive Managing Officer /Managing Officer /Senior Officer	100	25	About 23	About 23	100 : 70

(note) Senior Managing Executive Officers and persons who concurrently serve as Directors in their subordinate positions shall receive an allowance separately from the above table.

(4) Outline of each remuneration and its determination method

i) Basic remuneration

- a. Basic remuneration for Directors is determined by resolution of the BOD based on deliberations and recommendations by the Remuneration Advisory Committee, in accordance with the rank of the Directors.
- b. The amount of remuneration for audit & supervisory board members is determined through consultation with audit & supervisory board members.

ii) Annual bonuses

- a. The Company uses consolidated sales revenue (= a source of its corporate activities) and consolidated core operating profit (= shows the quality of its core business activities) as the performance evaluation indices (KPI) for annual bonuses linked to the performance of the Company for a single fiscal year (50:50 ratio).
- b. The Company calculates a payout ratio according to the level of achievement relative to its goal related to each KPI within the range of 0 – 200% as shown in the table in the next page. As for the performance goal, it is finalized at a Board of Directors meeting after the Remuneration Advisory Committee has verified its adequacy. At the end of a fiscal year, the Remuneration Advisory Committee calculates and evaluates the amount of payment, and the Board of Directors determines the standard amount of the payment for each position and the remuneration is paid at a certain time every year.

The target range of performance and payout ratio of annual bonuses for FY2021

Payout ratio	Range of payout ratio according to the level of achievement relative to performance goal		
	0%	100% (goal)	200%
Consolidated sales revenue	JPY 275.4 billion or lower	JPY 318.0 billion	JPY 360.6 billion or higher
Consolidated core operating profit	JPY 29.1 billion or lower	JPY 43.0 billion	JPY 56.9 billion or higher

(Note) The payout ratio is calculated proportionately within the range of 0% - 200% according to the actual amount based on each performance evaluation index.

- c. The level of achievement relative to its performance goal is deliberated after being finalized based on annual management activities report that the CEO and President have submitted to the Remuneration Advisory Committee. In order to calculate and evaluate the amount of performance-linked remuneration, the Remuneration Advisory Committee deliberates on whether the Company's operating results have been largely affected by events that cannot be foreseen when the Company has set each target performance value based on the annual management activities report. The Remuneration Advisory Committee reports the need of qualitative adjustment of the level of achievement to the Board of Directors if necessary.
- d. For the CEO and the President, in addition to the company-wide performance-linked portion described in b. above (90%), a non-financial evaluation portion (10%) has been established for the progress of company-wide sustainability management Initiatives. The non-financial evaluation portion is discussed by the Remuneration Advisory Committee, and the payment amount for the non-financial evaluation portion is determined by the Board of Directors within the range of 0% to 200%, reflecting the discussion of the Remuneration Advisory Committee.
- e. The annual bonuses for directors concurrently serving as Executive Managing Officer, Managing Officer and Senior Officer consist of the part linked to the performance of the entire company (70-80%) described in above b and the other part linked to the individual performance (20-30%). As for the part linked to the individual performance, The CEO (Eric Johnson) and President (Nobuo Kawahashi) finalize the result of 5 levels of evaluation for the part linked to the individual performance, which has already been deliberated and confirmed by the Remuneration Advisory Committee. The amount of payment linked to the individual performance is determined within the range of 0%-200% by reflecting the result of the evaluation. The Remuneration Advisory Committee deliberates the pattern of payment amount by evaluation in advance, and the Board of Directors determines its standard amount.

iii) Performance share unit

- a. Aiming to steadily implement the medium-term management plan and business restructuring with fiscal 2024 as the final year, the Performance Share Unit Performance Indicator (KPI) is the average of consolidated ROE (return on equity attributable to owners of parent) for fiscal 2023 and 2024, which is a management efficiency indicator emphasized by the Company.
- b. The payment rate is calculated in the range of 0% to 200% according to the degree of achievement of performance targets related to KPIs, as shown in the table below. With regard to business performance targets, the Board of Directors decided based on a report from the Compensation Advisory Committee that the Company should set a consolidated ROE of at least 10% for fiscal 2023 and 2024 as the target average of 10%.

Actual ROE	The range of the payout ratio according to average ROE of FY2023 and 2024					
	less than 6%	6% or more	8%	10%	12%	14% or more
Unit pay ratio	0%	50%	50%	100% (target)	150%	200%

(Note) Use 50% payout ratio when actual ROE is between 6 and 8% and calculate proportionately by using the number in the table above to obtain a corresponding payout ratio if actual ROE is between 8 and 14%.

- c. After the attainment level of performance targets has been determined, the number of the Company shares to be granted to each Eligible Director and the amount of money to be granted shall be determined by multiplying the base number of stock units granted in accordance with the position and length of service of each Eligible Director by the payment rate in accordance with the attainment level of performance targets (the payment rate varies from 0% to 200%) by a resolution of the Board of Directors based on deliberations and recommendations by the Compensation Advisory Committee. Out of the number (Number of fixed share units) obtained by multiplying the base number of share units for the Company shares granted to each Eligible Director above by the payment rate determined after the performance evaluation period ended, 50%, in principle, shall be provided with monetary compensation claims for the issuance of the Company shares, and the remaining amount shall be appropriated to tax funds.
- d. The total amount of such monetary compensation claims and such monies shall be the amount obtained by multiplying the number of fixed stock units by the closing price of the Company shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company with respect to the issuance of shares concerning the allotment of the Company shares after the end of the performance evaluation period or the disposal of treasury shares (hereinafter referred to as "Stock Price at Delivery").
- e. The specific calculation formula is as follows:

(A) Calculation formula for number of the Shares to be granted to each Eligible Director

$$\text{Reference Number of Share Units} \times \text{pay-out rate} \times 50\%$$

(B) Calculation formula for the amount of the cash to be paid to each Eligible Director

$$\{(\text{Reference Number of Share Units} \times \text{pay-out rate} - \text{Number of the Shares in (A) above}) \times \text{Stock Price at the time of granting}\}$$

(C) The total amount of the monetary remuneration claim and the cash to be paid to each Eligible Director

$$\text{Fixed Reference Number}^{(*)} \text{ of Share Units} \times \text{Stock Price at the time of granting}$$

(*)Reference Number of Share Units x pay-out rate

iv) Restricted Stock Shares (non-monetary remuneration)

- a. The company provides restricted stock to shareholders at certain times of the year for the purpose of promoting the sharing of value with shareholders through the holding of shares of the company. Each year, the Eligible Directors shall be provided with monetary compensation claims for granting restricted stocks, and the Eligible Directors shall make in-kind contribution of all monetary compensation claims and shall receive the issuance or disposition of the company shares.
- b. The number of shares to be allotted to Eligible Directors is determined by dividing the threshold amount determined in accordance with the position of the Eligible Directors pursuant to a resolution of the Board of Directors based on deliberations and recommendations by the simple average closing price for one month prior to the granting of shares of the Company on the Tokyo Stock Exchange. In addition, the amount to be paid in per share shall be the closing price on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors, within a range that is not particularly advantageous to Directors who subscribe for the Company's common shares under the Compensation Plan.
- c. The transfer restriction shall be lifted for a period from 3 years to 30 years as determined in advance by the Board of Directors, and the transfer restriction shall be lifted in case of resignation for a justifiable reason specified by the Board of Directors during the transfer restriction period.

Restricted stocks do not have performance conditions, but are linked to corporate value.

v) Shareholding Guidelines

In order to achieve persistent value sharing with all stakeholders by promoting sustainable management with the aim of creating value through corporate activities, the Company has established shareholding guidelines for the Representative Director CEO and the Representative Director President, and under the guideline, the Representative Director CEO and the Representative Director President aim to hold the Company Shares continuously at a market value equivalent to a base amount corresponding to their position during their term as a director in principle. The base amount for the Representative Director CEO is five times the total annual

Basic Remuneration, and the base amount for the Representative Director President is the same amount as the total annual Basic Remuneration.

vi) Prescription of Malus and Clawback Clause

In order to restrain the director remuneration framework of the Company not to be the incentive remuneration that would encourage excessive risk-taking to ensure the soundness of the director remuneration framework, the Company has prescribed a clause under which all, or part, of the incentive remuneration shall be returned or forfeited (so-called malus and clawback clause) under a decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, regardless of pre-or post-payment/delivery, when certain events occur, such as illegal conduct or retroactive revisions to financial statements through accounting malpractice. This clause applies to annual bonuses, restricted stock, performance share units, and medium-term performance-linked bonuses*. onward. (* Applies only to the bonus linked to 3 years from FY 2020 to FY 2022 for which the performance evaluation period has already started)

vii) Disclosure of remuneration for Directors and Audit & Supervisory Board Members

The outlines and policies to determine each type of remuneration are as described above. With regard to the total amount of each type of remuneration, the payout ratio of performance-linked remuneration, the targets and outcomes of each performance evaluation indices, please refer to the next page.

(3) Amount of Remuneration for Directors and Audit & Supervisory Board Members (for fiscal year 2021 ended in March 2022)

In determining the individual remuneration of directors for FY 2021, the BOD considered that the content of the individual remuneration was in line with the company's policy on determining the individual remuneration of directors, as it was based on the report submitted through deliberation by the Compensation Advisory Committee described in “(3) Activities of the Remuneration Advisory Committee” on page 55.

Classification	Directors		Audit & Supervisory Board Members	
	Number (people)	Amount (JPY million /year)	Number (people)	Amount (JPY million /year)
Basic Remuneration based on resolution of the general meeting of shareholders (to outside directors)	9 (3)	285 (43)	4 (3)	50 (22)
Annual Bonuses to Directors for this fiscal term (to outside directors)	5 (-)	182 (-)	- (-)	- (-)
Mid-term Performance-linked Bonuses (to outside directors)	6 (-)	0 (-)	- (-)	- (-)
Performance share unit	5 (-)	120 (-)	- (-)	- (-)
Restricted Stock Shares as Remuneration to Directors (to outside directors)	6 (-)	232 (-)	- (-)	- (-)
Total (to outside directors)	9 (3)	819 (43)	4 (3)	50 (22)

(Notes)

- The numbers of the Directors and Audit & Supervisory Board Members and the amount of remunerations thereto in the table above include one (1) Director and one (1) Audit & Supervisory Board Member who retired during the current fiscal year.
- The above figures do not include the salaries for the employee portion of the Directors who concurrently serve as employees.
- The above figures are rounded to JPY1 million.
- The amount paid for the performance share unit described above is the amount expensed in the current fiscal year.
- The amount of restricted stock compensation stated above is the amount expensed during the fiscal year under review using the closing price of the Company common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors.
- The Board of Directors decided not to pay compensation to an outside director who declined the offer. The number of such Outside Directors is not included in the number of persons to be provided above.

(1) Annual Bonuses

i) Consolidated Business Results (Unit: JPY Billion)

	Performance Evaluation Reference		
	Target	Result	Payout Ratio
Consolidated Revenue	318.0	341.0	154.0%
Consolidated Core Operating income	43.0	43.3	102.2%

ii) Non-financial evaluation of annual bonus to CEO and President (10%)

Based on the content of the business report presented by CEO and President, the Remuneration Advisory Committee of the Company deliberated on the progress of company-wide initiatives for sustainability management and reported to the Board of Directors the result of its evaluation, which determined that the non-financial evaluation portion of the annual bonus to CEO and President shall be paid at a rate of 100%, after consultation with members of Remuneration Committee, who are an Independent Outside Directors.

iii) Portion related to individual performance of Executive Managing Officers, Managing Officers and Senior officers (20 ~ 30%)

In order to evaluate the status of business execution comprehensively, the Representative Director and CEO (Eric Johnson) and the Representative Director, President and COO (Nobuo Kawahashi), who were delegated by the Board of Directors, made decisions by reflecting the results of the five-point evaluation. However, in order to ensure that the delegated authority is properly exercised, the Remuneration advisory committee deliberates in advance on the pattern of payment amounts for each evaluation of such performance-linked portion, and the board of directors determines the standard amount for such portion.

(2) Mid-term Performance-linked bonuses

The Company paid to its Directors (excluding Outside Directors) Mid-term Performance-linked bonuses for 3-year assessment period. Performance evaluation reference is the most recent 3 years' average of ROE and the target, actual results and payout ratio thereof are shown in the table below;

Changes in Consolidated annual ROE ratio

FY ended in Mar 2018	FY ended in Mar 2019	FY ended in Mar 2020	FY ended in Mar 2021	FY ended in Mar 2022
8.8%	7.8%	5.7%	-15.1%	10.5%

	Range of Payout Ratio corresponding to the actual ROE of the most recent 3years' average				
Actual ROE average	less than 6%	6% or more	8%	10%	12% or more
Payout Ratio	0%	50%	50%	100% (target)	150%

3-Year Average of Consolidated annual ROE

FY ended in March	Target	Actual	Payout Ratio
ended March 2018- ended March 2020	10%	7.4%	50%
ended March 2019- ended March 2021	10%	-0.5%	0%
ended March 2020- ended March 2022	10%	0.4%	0%

(Note) Payout Ratio is 50% when actual ROE average is between 6% and 8% and is calculated proportionately in accordance with the above table when actual ROE average is between 8% and 12%.

(3) Activities of Remuneration Advisory Committee

i) Composition (from April 1, 2021 to March 31, 2022)

Chairman (Independent Outside Director)

Member (Independent Outside Director)

Member (Representative Director, CEO)

Member (Representative Director, President and COO)

(Note) Mr. Hale was appointed to the Committee on June 17, 2021.

Mr. Yuzuru Matsuda

Messrs. Shiro Sugata, Tadayuki Seki, David Robert Hale

Mr. Eric Johnson

Mr. Nobuo Kawahashi

ii) Activities

The Committee held 7 meetings in FY 2021 ended in March 2022. The chairman and other all members attended the all of the meetings

NO.	date	Items for deliberation
1	April 12, 2021	Proposal of the General Meeting of Shareholders for Executive Compensation introduction of mals-clawback provisions
2	April 26, 2021	Medium-term performance-linked bonus payments for FY 2018 through FY 2020 FY 2020 annual bonus payment Revision of Compensation Policy for Directors and Audit & Supervisory Board Members in FY 2021 FY2021 annual bonus calculation formula
3	May 27, 2021	Disclosure in the Annual Securities Report
4	July 12, 2021	Revision of FY 2021 Annual Bonus Calculation Formula in Accordance with the Change of Elastomer Business to the Discontinued Business Category
5	November 8, 2021	Report on the environment surrounding management remuneration Confirmation of the contents of the current remuneration system Confirmation of the content and level of the current compensation system (including compensation for supervisory officers)
6	January 31, 2022	Discussions of formula for calculation of annual bonus in FY 2022
7	March 14, 2022	Discussions of FY2022 compensation package

(4) Matters related to Outside Directors and Outside Audit & Supervisory Board Members

1) Major activities during the current fiscal year

Name	Position	Summary of main activities and duties performed by outside directors in relation to their expected roles
Mr. Yuzuru Matsuda	Outside Director	<p>Mr. Matsuda participated in all 18 meetings of the Board of Directors held during the current fiscal year.</p> <p>Mr. Matsuda has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of his knowledge and vast experience on management of the company that pursues major global businesses of medical products and biochemical, and by actively participating and providing necessary appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.</p> <p>In addition, Mr. Matsuda served as Chairman of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the compensation system of the Company. As Chairman of the Nomination Advisory Committee, Mr. Matsuda examined the succession plan of JSR group's management system from an objective and long-term perspective.</p>
Mr. Shiro Sugata	Outside Director	<p>Mr. Sugata participated in all 18 meetings of the Board of Directors held during the current fiscal year.</p> <p>Mr. Sugata has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of his knowledge and vast experience on management of the company that pursues major global businesses of optical application products and on business communities, and by actively participating and providing necessary appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.</p> <p>In addition, Mr. Sugata served as a member of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the executive compensation system. As a member of the Nomination Advisory Committee, Mr. Sugata reviewed the succession plan of our group's management system from an objective and long-term perspective.</p>
Mr. Tadayuki Seki	Outside Director	<p>Mr. Seki participated in all 18 meetings of the Board of Directors held during the current fiscal year.</p> <p>Mr. Seki has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of his knowledge and vast experience on management of a general trading company which operates a global trading business as well as extensive knowledge in financing and accounting matters as a CFO, and by actively participating and providing necessary appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.</p> <p>In addition, Mr. Seki served as a member of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the executive compensation system. As a member of the Nomination Advisory Committee, Mr. Seki reviewed the succession plan of our group's management system from an objective and long-term perspective.</p>

Name	Position	Summary of main activities and duties performed by outside directors in relation to their expected roles
Mr. David Robert Hale	Outside Director	<p>Mr. Hale participated in all 13 meetings of the Board of Directors held after assuming the position of Director.</p> <p>Mr. Hale has been greatly contributing to continuous improvement of the corporate values through ensuring reasonable judgment for, and accountable and sound management of, the businesses of the Company, by leveraging his extensive experience in global management, business transformation and expansion as a partner of long-term investment companies and as a director of investment companies, as well as his international branch and external perspectives, to strengthen corporate governance and to oversee the execution of important decisions and duties at the Board of Directors. as well as neutral and independent view point, at the Board of Directors meetings etc.</p> <p>In addition, Mr. Hale served as a member of the Remuneration Advisory Committee and endeavored to ensure the rationality and transparency of the executive compensation system. As a member of the Nomination Advisory Committee, Mr. Hale reviewed the succession plan of our group's management system from an objective and long-term perspective.</p>
Ms. Hisako Kato	Outside Audit & Supervisory Board Member	<p>Ms. Kato participated in all 18 meetings of the Board of Directors and in all 18 meetings of the Audit & Supervisory Board respectively held during the current fiscal year.</p> <p>Ms. Kato has been effectively performing the audit of the Company and greatly contributing to ensure and reasonable judgment for, and accountable and sound management of, the businesses of the Company, by utilizing range of her professional knowledge and vast experience on financing and accounting matters as a Certified Public Accountant both in Japan and US and a Certified Tax Accountant by actively participating and providing necessary and appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.</p>
Ms. Junko Kai	Outside Audit & Supervisory Board Member	<p>Ms. Kai participated in all 13 meetings of the Board of Directors and in all 13 meetings of the Audit & Supervisory Board respectively held during the current fiscal year.</p> <p>Ms. Kai has been effectively performing the audit of the Company and greatly contributing to ensure reasonable judgment for, and accountable and sound management of, the businesses of the Company by utilizing range of her professional knowledge and vast experience on legal matters as a Lawyer and by actively participating and providing necessary and appropriate advices, as well as neutral and independent view point, at the Board of Directors meetings etc.</p>

2) Relationship between the Company and organizations where outside directors and outside audit & supervisory board members hold concurrent important positions

- i) No conflict of interest exists between the Company and neither KUBOTA Corporation, where Mr. Yuzuru Matsuda, Outside Director, has important concurrent positions.
- ii) The Company has business transactions with Yokogawa Electric Corporation, where Mr. Sugata, Outside Director, has important concurrent position involving purchase of measurement instruments. The Company has business transactions with Yamato Holdings Co., Ltd involving transportation services to the Company.
- iii) The Company has business transactions with ITOCHU Corporation, where Mr. Tadayuki Seki, Outside Director, has important concurrent positions involving the sales and purchase of plastics between the respective group companies. The Company has No conflict of interest exists between the Company and each of J. FRONT RETAILING Co., Ltd., PARCO CO., LTD., VALQUA, LTD. and Asahi Mutual Life Insurance Company.
- iv) ValueAct Capital Master Fund, L.P., which is managed by ValueAct Capital Management, L.P., where Mr. David Robert Hale, Outside Director, has important concurrent positions holds shares of the Company. The Company has No conflict of interest exists between the Company and Olympus Corporation.
- v) No conflict of interest exists between the Company and either Hisako Kato Accounting Office where Ms. Hisako Kato, Outside Audit & Supervisory Board Members, has important concurrent positions.
- vi) No conflict of interest exists between the Company and either Hamani, Takahashi and Kai Low Office, NARITA INTERNATIONAL AIRPORT CORPORATION or THK CO., LTD. where Ms. Junko Kai, Outside Audit & Supervisory Board Members, has important concurrent positions.

Accounting Auditors

(1) Name

KPMG AZSA LLC

(2) Amount of Remuneration for Accounting Auditors for the Current Fiscal Year

- (1) Amount of remuneration as Accounting Auditors of the Company
Amount of remuneration for services under Paragraph 1, Article 2 of the Certified Public Accountant Act; JPY 86 million
- (2) Total amount of remuneration to be paid by the Company and its subsidiaries; JPY 115 million

(Notes)

1. The Audit & Supervisory Board of the Company has made its consent to the remuneration for Accounting Auditors of the Company under Paragraph 1 and 2, Article 399 of the Companies Act by judging it appropriate after reviewing the performance by the Accounting Auditors until the previous fiscal year, the transition of the amount of remuneration until now, and the audit plan and the calculation basis of the quotation for the current fiscal year.
2. In the contract for auditing services between the Company and the Accounting Auditors, no apparent distinction is made between the remunerations of audits under the Companies Act and those under the Securities and Exchange Law. Since it is virtually impossible to make a distinction between the two, the figure for remunerations paid in 1) above includes that under the Securities and Exchange Act.
3. The Company pays the accounting auditor compensation for services other than those stipulated under Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), such as salary certification for employees stationed overseas.
4. Among principle subsidiaries and affiliates of the Company, accounting firms other than Accounting Auditors of the Company have been performing audits for overseas subsidiaries and affiliates.
5. In addition to the above, the amount of additional audit fees for fiscal 2020 (the 76th fiscal year) is 18 million yen.

(3) Policies for determining dismissal or non-reappointment of Accounting Auditors

The Audit & Supervisory Board of the Company will dismiss the Accounting Auditor upon the consent of all the Audit & Supervisory Board Members if such Accounting Auditor is deemed to have fallen under any of the items in Paragraph 1, Article 340 of the Companies Act. In the event that the Audit & Supervisory Board decides to propose dismissal or non-reappointment any of Accounting Auditors at a general meeting of shareholders considering performance of executing duties and audit qualities thereof, the Board of Directors will, upon request from Audit & Supervisory Board, present such proposals at the general meeting of shareholders.

VI Structures to Ensure Propriety of Business Conduct and Outline of Operating Status of Systems for Ensuring the Propriety of Business Conduct

1. Structures to Ensure the Propriety of Business Conduct

The Board of Directors of the Company made the resolution at its meeting on the “Policies for establishing an internal control system” with regard to the structures to ensure propriety of business conduct of the Company as detailed below;

(1) Basic policies for management

“JSR Group” (which hereinafter means JSR group companies consisting of the Company and those whose parent company under the Companies Act is the Company) holds and relies on the following Corporate Mission and Management Policies for managing and conducting its businesses.

Corporate Mission:

Materials Innovation:

We create value through materials to enrich society, people, and the environment.

Fundamental Pillars of Management

Management Policies:

- Continuous Creation of Businesses
- Enhancement of Corporate Culture
- Increase Corporate Value

Responsibility to its Stakeholders

- Responsibility to its Customers /Business Partners
- Responsibility to its Employees
- Responsibility to Society
- Responsibility to its Shareholders

(2) Structures to ensure that execution of duties of directors and employees of JSR Group complies with the laws and ordinances and the Articles of Incorporation

- i) Under the rules of the Board of Directors and other relevant rules, the Board of Directors of the Company inclusive of independent Outside Directors supervises the execution of duties of Directors and Officers (herein after inclusive of Executive Officers and Senior Officers) of the Company, as well as makes decisions on material management matters of the Company and on fundamental management matters of JSR Group. As for supervising the execution of duties of the directors and employees of the “Group Companies” (which hereinafter means companies that belong to JSR Group but other than the Company), an Officer in charge of a Group Company as specified under “the Code of Group Companies Management” is responsible for such monitoring and direction respectively.
- ii) The Company has established the Sustainability Promotion Committee chaired by the President and consisting of four committees such as the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee, which directs and supervises the activities to ensure and promote CSR of e JSR Group including compliance with laws, ordinances and other rules.
- iii) The Company has established "JSR Group Principles of Corporate Ethics" as a code of conduct for the directors and employees of JSR Group, which are rules with penalty clauses to endure its effectiveness and which JSR Group endeavors to make thoroughly understood and penetrated among their respective directors and employees by continual education and promotion under the supervision of the Corporate Ethics Committee.
- iv) The Company has, in accordance with the Financial Instruments and Exchange Act, established and been managing and maintaining the internal control system to ensure appropriateness of financial report of JSR Group.
- v) The Company has established an organization specialized in internal auditing independent from the business execution divisions (“Internal Auditing Office”) in order to monitor and internally audit the effectiveness of the internal control system of JSR Group.
- vi) The Company has established hotline reporting channels for whistle blowing. When any directors and

employees of JSR Group become aware of internal actions that violate or are likely to violate the compliance rules, they can report either directly to the Corporate Ethics Committee of the respective companies of respective Group Companies to which they belong or of the Company, or to outside attorneys or a third-party organization specialized in this field through designated external hotline channels which may be done anonymously. Any report made through external hotlines will be automatically and simultaneously transferred to and shared by Full time Audit and Supervisory Member in order to ensure independence of the hotlines from the management.

- vii) The JSR Group's basic principle against the anti-social forces is to cut off all relationships including but not limited to any business transactions with such forces. The management and the entire organization of the Company or, as the case may be, of respective Group Companies shall resolutely and firmly reject any claims or requirements made by anti-social forces in collaboration with external expert entities such as the police forces.

(3) Structures to ensure efficient execution of duties of directors of JSR Group

i) At the Company,

- a. the Board of Directors holds regular meetings on monthly basis in principle and ad hoc meetings if required in order to deliberate and resolve important matters relating to the execution of businesses and to monitor and direct the execution of duties of Directors and Officers. Executive Committee consisting of CEO, the President, and Officers or General Managers designated by CEO or the President holds meetings on weekly basis in principle in order to deliberate, direct and/or receive reports on fundamental policies, management policies, management plans of JSR Group and/or major business execution issues from business divisions. After review and deliberation by the Executive Committee, major issues will be brought up to the Board of Directors for resolution while the rest will be determined by CEO or the President. Full time Audit & Supervisory Board Member also attends the meeting of the Executive Committee. In addition, Business Issue Committee consisting of CEO, the President, and Officers designated by CEO or the President holds meetings once a month in principle in order to, through discussion and sharing information and views, clarify and determine the direction of the key issues relating to fundamental policies and/or management policies and the fundamental policies or changes in business strategy behind the individual business decisions well in advance, which will be further reviewed and discussed at the meetings of Board of Directors or Executive Committee.
- b. the officer system has been adopted in order to clearly distinguish decision-making and monitoring functions of the management from those of business execution and to enhance respective functions. Officers Committee consisting of CEO, the President and all of the Officers holds meetings for the purpose of sharing common and thorough understanding on the status and major issues relating to the management and the performance of the Company
- c. by establishing the rules for decision making authorities at the Company and Group Companies, the JSR Group has specified the bodies and ways for decision making in accordance with the importance of such decisions and in order to ensure the appropriateness and effectiveness of the execution of the businesses.
- d. "the Code of Group Companies Management" for the management of Group Companies has been established. An Officer in charge of a Group Company is responsible for administration and management thereof, while other departments with corporate functions such as safety and environmental affairs, accounting, finance, general affairs, legal affairs, compliance and sustainability promotion, provide supports and services to Group Companies.

ii) Group Companies;

- a. at the Group Companies in Japan with the board of directors, the board of directors regularly held, and the executive committee established in a similar to the Company if necessary deliberate and decide the important business matters in accordance with the relevant internal rules and regulations.
- b. at the Group Companies in Japan without the board of directors, executive committee of the company consisting of the president, other key management personnel, and audit & supervisory board members of the Company, and the Officer in charge of the relevant Group Company and/or his/her staff holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations.
- c. At overseas Group Companies, the board of directors holds meetings on regular basis and deliberates and decides important business matters in accordance with the relevant internal rules and regulations
- d. The Company has, considering the location of the market and major business premises, established a holding company in north America (hereinafter referred to as "NAHQ") responsible for overseeing the global Group Companies involved in life sciences business in order to accelerate decision making processes and enhance internal control of these companies. With regard to the decision-making authority over the above Group Companies, the President of the Company transfers his authority, which is to decide

- upon deliberation at the executive committee, to CEO of the above holding company as long as the decision is made upon deliberation at the executive committee of the above holding company.
- iii) The JSR Group has established its mid-term business plan “JSR 20i9” considering possible changes in business environment in the future, of which implementation plans were broken down into corporate annual targets and budget of JSR Group as a whole. Each of the companies of JSR Group and the business divisions thereof will set up and implement its action plans to achieve the objectives.
 - iv) The tenure of office of directors of JSR Group is one year so that JSR Group can quickly cope with the ever-changing business environment.

(4) Structures for loss and risk management and other rules of JSR Group

- i) The Company has been continually monitoring the risks associated with the execution and progress of the businesses of JSR Group by way of reporting and discussion at the meetings of the Board of Directors, Executive Committee, Business Issues Committee, Officers Committee, and/or other important meetings as well as controlling budget.
- ii) As for the major risks other than those described in the preceding paragraph 1) above, Risk Management Committee of the Company chaired by the Officer responsible for Corporate Planning determines appropriate countermeasures in relation to the degree of visible or potential risks, as well as enhances preparation and implementation of the risk management plans of JSR Group made by the relevant Committees (Corporate Ethics Committee, Environment, Safety and Quality Committee) or by individual business divisions, or proceeds group-wide risk management activities.
- iii) In the event of serious crisis of the JSR Group, the “Emergency Headquarters” (“Anti-Disaster Headquarters” in the case of accidents or disaster) directed by the President of the Company will be set up in order to proceed necessary crisis management in accordance with the “Risk Control Manual”.

(5) Structures for maintenance and management of information relating to execution of duties of Directors of the Company

The Company has, in accordance with the relevant laws and “Rules for Documents and Information Management”, been properly maintaining the relevant documents and/or those in electromagnetic forms in relation to the execution of duties of Directors and Officers such as minutes of meetings of the shareholders, the Board of Directors, Executive Committee and Business Issues Committee and authorization documents so as to make such documents easily accessible by the Directors and Audit & Supervisory Board Members of the Company.

(6) Structures for reporting the execution of duties by directors and/or employees of the Group Companies to the Company

- i) An Officer responsible for the relevant Group Company reports business results and financial statements of the company to Executive Committee and the Board of Directors on regular basis.
- ii) The Audit & Supervisory Board Member of a Group Company on regular basis reports to Audit & Supervisory Board Members and Internal Audit Office of the Company the results of the audit made at the Group Company.
- iii) Department in charge of internal audit of NAHQ will perform internal audit of the Group Companies in life sciences businesses and report its findings to CEO or the President and to manager of Internal Audit Department of the Company.

(7) Matters related to audit by Audit & Supervisory Board Members

- i) Matters related to employees assisting Audit & Supervisory Board Members and ensuring his/her independence
The Company has appointed personnel whose responsibilities are to assist Audit & Supervisory Board Member (“the Assistant”). Any personnel decisions on the Assistant are subject to prior consultation and approval by the Audit & Supervisory Board. In addition, solely Audit & Supervisory Board Member is responsible for evaluating the performance of the assistant.
- ii) Matters related to effectiveness of command by an Audit & Supervisory Board Member to its Assistant
The Assistant shall follow instructions and command solely made by the Audit & supervisory Board Member.
- iii) Structures to report to Audit & Supervisory Board Members of the Company from Directors and employees of the Company, from directors and employees of the Group Companies or from those who received reports

- from them.
- a. Audit & Supervisory Board Members ensures that they can review important decisions on the execution of duties through participation to the meetings of the Board of Directors, Executive Committee, and Officer Committee and the circulation of major authorization documents after approval by the relevant personnel.
 - b. Such corporate administrative department including general affairs, legal, compliance, and sustainability promotion as designated by Audit & Supervisory Board Members regularly, or upon request, report to Audit & Supervisory Board Members on the progress and operational status of internal control system such as compliance with rules and regulations and risk management.
 - c. Internal Auditing Office regularly, or upon request, reports the results of internal auditing on JSR Group to Audit & Supervisory Board Members.
 - d. Directors and employees of the Company promptly and effectively report to Audit & Supervisory Board Members such items, but not limited to, as the facts that might cause material damages to the Company and/or the JSR Group, and/or materially violate the laws and/or articles of incorporation of the Company, or as specified in advance in accordance with the prior agreement with the Audit & Supervisory Board Members.
 - e. Directors and/or employees of JSR Group promptly report to Audit & Supervisory Board Members relating to execution of businesses.
- iv) Structures to ensure that persons who report to Audit & Supervisory Board Members do not suffer disadvantageous treatment as a result of such report.
The JSR Group prohibits disadvantageous treatment against its directors and employees solely because they had reported to Audit & Supervisory Board Members.
- v) Matters on policies related to procedures for advance payment or pay back of audit expenses and handling of audit expenses and others
The Company bears all the expenses incurred in relation to execution of duties of Audit & Supervisory Board Members unless such expenses are deemed unnecessary
- vi) Other structures to ensure effectiveness of auditing by Audit & Supervisory Board Members
The Audit & Supervisory Board Members maintain cooperation and communication from time to time with relevant parties such as Internal Auditing Office, the Accounting Auditors, and Audit & Supervisory Board Members of the Group Companies.

2. Outline of the Operational Status of Structures to Ensure the Propriety of Business Conduct

The Company and the Group Companies establish and appropriately operate internal control systems pursuant to the policies detailed above. Key measures taken by the JSR Group during the current fiscal year that are deemed important for the internal control are outlined below:

(1) Compliance measures

i) Corporate ethics:

The Company made efforts to disseminate the principles of corporate ethics throughout the JSR Group not only by providing employees of the JSR Group with regular training/education at work places and e-learning sessions but also by issuing Group Principles of Corporate Ethics in Indonesian language JSR additionally to the existing Japanese, English, Korean, Chinese and Thai versions.

In addition, the JSR Group has been conducting corporate ethics awareness surveys every year targeting JSR Group companies both in Japan and overseas, in order to acknowledge the status of conformity with laws and regulations as well as the JSR Group Principles of Corporate Ethics and the status of corporate ethics activities. While reporting the survey results to the Officer Committee, feedback is provided to each of the Group Companies and is reflected in the following year's corporate ethics promotion activities of the JSR Group as a whole and each of the Group companies. On September 1, 2021, the JSR Group formulated the "JSR Group Human Rights Policy" in accordance with the United Nations' Guiding Principles on Business and Human Rights, Global Compact, and the Universal Declaration of Human Rights. The JSR Group has been endeavoring to establish a global system to ensure adherence to laws and regulations by establishing internal regulations and by vigorously pursuing annual review on the status of compliance with laws and regulations at JSR Group companies both in Japan and overseas.

ii) Hotline reporting channels:

The JSR Group has introduced a "Corporate Ethics Hotline" as an internal reporting system. Specifically, issues can be reported to the Corporate Ethics Committee of the Company and of the respective Group Companies via an internal hotline, or to external attorneys or specialized organizations via an external hotline and a suppliers' hotline. The external hotline, which is operated by outside specialized organizations, offers services in Japanese, English, Korean, Chinese and Thai, making it easy for overseas offices to use the services. The Company altered the reporting line of the external hotline so that any issues reported via external hotline would reach Full time Audit & Supervisory Board Member simultaneously in addition to the office of Corporate Ethics Committee in accordance with the requirement from Corporate Governance Code to ensure to establish hotlines independent from the management of the Company.

In the FY ended in March 2022, 15 matters were reported to the internal or the external hotline and 1 matter was reported to the suppliers' hotline. The reported matters are investigated, a summary of the results is regularly reported to the Corporate Ethics Committee, the Sustainability Promotion Committee, the Internal Auditing Office, the Audit & Supervisory Board Members, CEO, and the President, and feedback is provided to the persons who made such reports.

(2) Risk management measures

i) Identification and management of key risks:

At the JSR Group, the Risk Management Committee of the Company specifies key risks (risks other than business risks) in accordance with the degree of impact and frequency of occurrence, and promotes activities to reduce such risks by designating the divisions in charge. As a part of BCM (Business Continuity Management) activities, the Company establishes the system and reviews its operational status to minimize the impact of the business interruption to the businesses of the JSR Group.

In the FY ended March 2022, the Company implemented various actions in response to expansion of COVID-19, including enforcing a standard of conduct to maintain operations at the Group's main production, research, and development sites in Japan, Asia, Europe, and the United States; requiring the use of masks and other personal protective equipment; restricting outside visitors, sharing information with employees worldwide; and continuing remote work systems at each site. The Company also provided workplace COVID-19 vaccinations in the Tokyo and Yokkaichi Districts for employees and their families, including those of Group companies.

Additionally, the Company implemented measures in response to tighter sanctions and restrictions by various countries following Russia's invasion of Ukraine. They included identifying impacts on the Group's supply chain (including raw materials procurement and transportation in Japan, Asia, Europe, and the United States) as well as on customers, and dealing with employees and their families stationed in Europe. In addition, the Company altered employees to be on guard against cyberattacks.

While respecting the cultural differences and individuality of JSR business bases around the world, the JSR

Group continues its commitment to risk management and business continuity by executing appropriate actions.

ii) Crisis management training:

The JSR Group has been endeavoring to minimize the impact and to enhance the capability of business continuity in an event of a crisis by conducting crisis management drills on regular basis at each plants and offices in anticipation of damages by large-scale earthquake or serious accidents.

In the FY ended in March 2022, due to the expansion of COVID-19, the Company used a remote conferencing system to conduct drills simulating a major earthquake in a plant area. This approach was used instead of holding conventional crisis management drills in a crowded environment in which many participants are gathered in a conference room. In addition, the Company also conducted the crisis management drills at its plants and research laboratories on the hypothesis of disasters, with taking measures to prevent COVID-19 infection.

(3) Internal audit measures

i) The Corporate Audit Department, the department in charge of internal auditing at the Company, assessed the status of establishment of internal control systems and their operational status for financial reporting in accordance with the criteria prescribed by the Financial Services Agency, targeting 21 group companies in Japan and overseas including the Company, and confirmed that the status of establishment of internal control systems and their operational status have been functioning effectively.

ii) In order to confirm the effective functioning of internal control systems of the JSR Group, the Corporate Audit Department conducts operational audits (including compliance audits) of the JSR Group as a whole, including overseas Group Companies. Operational audits are aimed at confirming the status of internal control with a focus on key operational processes (purchasing, production, sales, IT security control, etc.).

iii) Members of the Corporate Audit Department concurrently serve as Audit & Supervisory Board Members of major subsidiaries in Japan and overseas. They attend the Management Committee of each subsidiary, monitor and direct the execution of duties of Directors of each subsidiary, and conduct audits on earnings, etc.

(4) Audits by Audit & Supervisory Board Members

Audit & Supervisory Board Members attended important meetings including the Board of Directors' Meeting, the Management Committee, etc., performed on-site audits on plants and Group Companies, and conducted interviews with administration divisions while reviewing important documents such as authorization documents, etc. In addition to holding liaison meetings for Audit & Supervisory Board Members of the JSR Group, which comprise Audit & Supervisory Board Members of the Company and of Group companies, in order to promote information sharing, information and opinions were exchanged with the Corporate Audit Department and Accounting Auditors regularly and as required, with the aim of reinforcing collaboration and enhancing the effectiveness of audits.

Please note that this is an English translation of the original "Consolidated Financial Statements" which are written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

Consolidated Statement of Financial Position
(as of March 31, 2022)

(in millions of yen)

Items	Current Fiscal Year	Previous Fiscal Year (Reference)	Items	Current Fiscal Year	Previous Fiscal Year (Reference)
	Amount	Amount		Amount	Amount
Assets			Liabilities		
Current Assets	437,002	329,279	Current Liabilities	288,265	168,810
Cash and cash equivalents	45,567	85,377	Trade and other payables	63,548	100,797
Trade and other receivables	76,106	125,292	Contract liabilities	12,824	9,368
Inventories	104,934	104,862	Borrowings	69,170	37,872
Other financial assets	1,289	1,933	Income taxes payable	13,479	4,866
Other current assets	17,807	11,815	Provisions	2,718	1,837
			Other financial liabilities	3,489	3,874
			Other current liabilities	7,461	10,196
Subtotal	245,704	329,279	Subtotal	172,689	168,810
Assets related to disposal group classified as held for sale	191,298	-	Liabilities related to disposal group classified as held for sale	115,576	-
Non-current Assets	372,369	343,494	Non-current Liabilities	106,366	133,227
Property, plant and equipment	159,539	170,428	Contract liabilities	11,582	7,861
Goodwill	117,640	58,633	Bonds and borrowings	48,737	81,406
Other intangible assets	24,571	15,014	Retirement benefit liability	10,278	16,434
Investments accounted for using equity method	2,984	21,015	Provisions	8,033	-
Retirement benefit asset	5,192	4,905	Other financial liabilities	17,795	19,314
Other financial assets	31,408	49,751	Other non-current liabilities	4,809	5,136
Other non-current assets	2,830	3,598	Deferred tax liabilities	5,133	3,077
Deferred tax assets	28,205	20,150			
			Total Liabilities	394,631	302,036
			Equity		
			Equity attributable to owners of parent	376,011	333,995
			Share capital	23,370	23,370
			Capital surplus	11,799	11,562
			Retained earnings	333,335	302,916
			Treasury shares	(18,874)	(19,202)
			Other components of equity	26,381	15,348
			Non-controlling interests	38,728	36,741
			Total Equity	414,739	370,736
Total Assets	809,371	672,773	Total Liabilities and Equity	809,371	672,773

(Note) Amounts are rounded to the nearest millions of yen.

Consolidated Statement of Profit or Loss
(from April 1, 2021 to March 31, 2022)

(in millions of yen)

Items	Current Fiscal Year	Previous Fiscal Year (Reference)
	Amount	Amount
Continuing operations		
Revenue	340,997	312,000
Cost of sales	(214,937)	(198,192)
Gross profit	126,060	113,808
Selling, general and administrative expenses	(87,330)	(75,205)
Other operating income	10,819	1,601
Other operating expenses	(5,952)	(5,302)
Share of profit of investments accounted for using equity method	163	(669)
Operating profit	43,760	34,233
Finance income	3,415	162
Finance costs	(1,655)	(1,084)
Profit before tax	45,521	33,310
Income taxes	(8,370)	(7,990)
Profit from continuing operations	37,151	25,321
Discontinued operations		
Profit (loss) from discontinued operations	2,289	(79,851)
Profit (loss)	39,440	(54,530)
Profit (loss) attributable to		
Owners of parent	37,303	(55,155)
Non-controlling interests	2,136	625
Total	39,440	(54,530)

(Note) Amounts are rounded to the nearest millions of yen.

Consolidated Statement of Changes in Equity
(from April 1, 2021 to March 31, 2022)

(in millions of yen)

	Equity attributable to owners of parent						Non-controlling interest	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at the beginning of the current fiscal year	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			(13,975)			(13,975)	(1,127)	(15,102)
Changes in 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 resulting in change in scope of consolidation		34				34	133	167
Other movements		(6)	(573)		(92)	(671)		(671)
Total transactions with owners, etc.	-	237	(6,884)	327	(7,788)	(14,108)	(994)	(15,102)
Balance at the end of the current fiscal year	23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739

(Note) Amounts are rounded to the nearest millions of yen.

Notes on Consolidated Financial Statements

1. Notes on significant matters serving as the basis for the production of consolidated financial statements

(1) Standards on the production of consolidated financial statements

JSR Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) prepares the consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) pursuant to the provisions of the Paragraph 1, Article 120 of the Rules of Corporate Accounting. Some disclosure items required under IFRS are omitted pursuant to the provisions of the second sentence of the said Paragraph.

(2) Matters related to the scope of consolidated accounting

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

Number of consolidated subsidiaries: 64 companies

Names of major consolidated subsidiaries:

ELASTOMIX Co., Ltd., ELASTOMIX (THAILAND) CO., LTD.,

JSR BST Elastomer Co., Ltd., JSR MOL Synthetic Rubber Ltd.,

Emulsion Technology Co., Ltd., Techno-UMG Co., Ltd., JAPAN COLORING CO., LTD.,

JSR Micro N.V., JSR Micro, Inc., JSR Micro Korea Co., Ltd., JSR Micro Taiwan Co., Ltd.,

JSR Micro Changshu Co., Ltd., MEDICAL & BIOLOGICAL LABORATORIES Co., LTD.,

KBI Biopharma Inc., Selexis SA, Crown Bioscience International, JSR Trading Co., Ltd., Inpria Corporation

2) Increase of subsidiaries

The Company included Inpria Corporation (Inpria) in the scope of consolidation from the current consolidated fiscal year, as Inpria became a subsidiary following the acquisition of its shares.

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

1) Number of associates and names of major associates to which the equity method is applied

Number of associates to which the equity method is applied: 12 companies

Names of major associates to which the equity method is applied:

Japan Butyl Co., Ltd., KRATON JSR ELASTOMERS K.K.

2) Increase of major associates to which the equity method is applied

In the current consolidated fiscal year, the Company sold its shares in Kumho Polychem Co., Ltd. (Kumho Polychem), an equity method affiliate, and excluded Kumho Polychem from the application of the equity method.

(4) Matters related to accounting standards

1) Standards and methods of valuation applicable to significant assets

I Financial instruments

(i) Financial assets

(a) 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 financial components are initially measured at the transaction price.

i) 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; 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.

ii) 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 which generate, on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding and which 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 classified 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.

(b) Subsequent measurement

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

i) Financial assets measured at amortized cost

Measured at amortized cost using the effective interest method.

ii) Financial assets measured at fair value

Measured at fair value on the reporting date.

Any changes in 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 arising 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, any accumulated other comprehensive income or loss is reclassified to retained earnings.

(c) 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.

(ii) Financial liabilities

(a) 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.

(b) Subsequent measurement

Measured at amortized cost using the effective interest method.

(c) Derecognition

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

(iii) 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; and there is the intent either to settle on a net basis or to realize assets and settle liabilities simultaneously.

II Impairment of financial assets

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

If credit risk has not increased materially from initial recognition, the 12-month expected credit loss is recognized as loss allowance. In the case of trade receivables, however, the loss allowance is always measured at lifetime expected credit loss. If credit risk has increased materially from initial recognition, the lifetime expected credit loss is recognized as loss allowance. Judgment as to whether or not a material increase in credit risk has occurred since the initial recognition is based on 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 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 assets 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 and special liquidation.

The Group deducts the loss allowance for financial assets measured at amortized cost from the asset's total carrying amount, 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.

III Derivatives and hedge accounting

Derivatives are initially recognized at fair value at the date in 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 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 changes to the fair value 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 effects 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 a 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 the foreign operations.

IV 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.

V 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, any 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

VI 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; the Group has the intention to complete the development and to 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 “VII Business combinations.” The Group does not amortize goodwill, but tests for impairment every fiscal year. Impairment of goodwill is stated in “VIII 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 depreciation and accumulated impairment losses, which are amortized using straight-line method over the estimated useful life of each asset.

The estimated useful life of major asset is as follows:

- Technology-based intangible assets : 5 to 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 major asset is as follows:

- Software: 5 years

VII Business combinations

The Group accounts for 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 value of the acquired entity's identifiable 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, and other professional fees, consulting fees, and other acquisition-related costs are recognized as expenses in the periods in which such costs were 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 took place, such incomplete items that have not been completed 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 retroactively 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 as profit. 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.

VIII 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 value in use, the estimated future cash flows from the asset are discounted to the present value using 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.

2) Methods of depreciation applicable to significant depreciable assets

(i) Property, plant and equipment (excluding right-of-use assets)

The straight-line method is applied.

(ii) Intangible assets (excluding right-of-use assets)

The straight-line method is applied.

(iii) Right-of-use assets

The straight-line method is applied regarding lease period as useful life and up to no residual value.

3) Standards applicable to reporting of significant provisions

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

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

4) Standards of foreign currency translation applicable to significant assets and liabilities in foreign currency

(i) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen being 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 in principle, exchange differences are recognized in profit or loss.

(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.

5) Standards of revenue recognition

The Group recognizes revenue by applying the following five steps, apart from interest and dividend income based on IFRS 9 — Financial Instruments.

- Step 1: Identify the contract with the 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 sales contracts with customers for products and merchandise, the Group recognizes the sale as revenue when the product and merchandise are delivered to the customer, considering that ownership of the products and merchandise is transferred to the customer and the performance obligation is fulfilled. For the rendering of services, the Group recognizes revenue at fixed intervals with fulfillment of performance obligations based on the contract between the Group and customer.

6) Method applicable to reporting of consumption tax, etc.

Consumption tax, the Group receives from its customers and pays to tax authorities, is deducted from revenue, cost of sales, and expenses of the consolidated statement of profit or loss.

7) 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 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 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 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 into 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 recognizes 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 recognizes costs for a restructuring that involves the payment of termination benefits.

8) 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 instead of 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 a company that either has been disposed of or is classified as held for sale, represents a line of business or geographical area of a group, and is recognized when there is a plan to dispose of that line of business or geographical area.

9) 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 includes the initial measurement amount of a lease liability, any lease payments made at or before the lease commencement date, and any initial direct costs. Right-of-use assets are depreciated over the shorter of the estimated useful life and the lease term on a straight-line basis. Lease liability is measured at the present value of unpaid lease payments. Lease payments are apportioned between finance costs and repayments of lease obligations under the effective interest rate method. Finance costs are recognized in the consolidated statement of profit or loss.

(5) Changes in presentation

(Consolidated statement of profit or loss)

Profit or loss from operations that were classified as discontinued operations is presented separately in an amount after deducting income taxes expenses, following profit from continuing operations in the consolidated statement of profit or loss

2. Notes on accounting 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

The impairment test of the cash generating units allocated the goodwill determines the necessity of recognizing impairment loss, by calculating the recoverable amount, based on certain assumptions such as future cash flows based on business plan, discount rate, and continuous growth rate.

Goodwill ¥ 117,640 million

(2) Recoverability of deferred tax assets

In recognizing deferred tax assets, the timing and amount of future taxable income are estimated based on business plans for determining the possibility of whether there will be taxable income.

Deferred tax assets ¥ 28,205 million

3. Notes on the consolidated statement of financial position

(1) Assets pledged and claims related thereto

Assets pledged	Current assets	¥ 7 million
	Non-current assets	¥ 7,391 million
	Total	¥ 7,398 million
Liabilities related to the above	Liabilities directly associated with assets held for sale	¥ 2 million
	Borrowings (non-current liabilities)	¥ 30 million
	Total	¥ 32 million

(2) Loss allowance directly deducted from assets

Current assets: ¥ 570 million
Non-current assets: ¥ 63 million

(3) Accumulated depreciation on property, plant and equipment (including accumulated impairment loss): ¥ 250,522 million

4. Notes on the Consolidated Statement of Profit or Loss

(1) Outline of assets or asset groups recognized as impairment losses

Category	Description	Type	Location
Business assets	Product manufacturing equipment for the Cleaning Solutions Business	Machinery and equipment, etc.	USA

(2) Background for recognition of impairment losses

In the current consolidated fiscal year, due to a delay of a start-up of the cleans facility in the U.S. in the Cleaning Solutions Business, the Company reduced the carrying amount of assets for which the amount invested

became unlikely to be recovered to the recoverable amount. The reduction amount of 3,228 million yen was recorded as impairment loss under “Other operating expenses.”

(3) Amounts of impairment losses

Buildings	¥ 1,236 million
Machinery and equipment	¥ 1,934 million
Tools, furniture and fixtures	¥ 59 million
Total	¥ 3,228 million

(4) Reversal of impairment losses

Among the business assets in the Display Materials Business that recognized impairment loss in the previous fiscal year, the Company reversed the carrying amount of some assets to the recoverable amount following the sale of these assets. Reversal of impairment losses (1,348 million yen) recorded consists of buildings of 1,109 million yen, machinery and equipment of 212 million yen, tools, furniture and fixtures of 16 million yen and software of 10 million yen. Said reversal of impairment losses is included in “Other operating income” on the consolidated statement of profit or loss.

(5) Method of grouping assets

As a general rule, assets are grouped according to management accounting classifications, which are used to continuously monitor income and expenses.

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

(1) Class and number of issued shares at the end of the current consolidated fiscal year:

226,126,145 ordinary shares

(2) Matters related to dividends from surplus

1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date of dividends
Ordinary General Meeting of Shareholders on June 17, 2021	Ordinary shares	6,447	30	March 31, 2021	June 18, 2021
Board of Directors Meeting on November 8, 2021	Ordinary shares	7,528	35	September 30, 2021	December 8, 2021
Total		13,975	65		

2) Dividends of which record dates belong to the current consolidated fiscal year and of which effective dates of dividends fall after the end of the current consolidated fiscal year

The Company will propose, at its ordinary general meeting of shareholders to be convened on June 17, 2022 an agenda for term-end dividends for appropriation of surplus as detailed below.

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

(3) Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights at the end of the current consolidated fiscal year

263,600 ordinary shares

6. Notes on business combinations

(Making Inpria Corporation into a subsidiary through shares of acquisition)

(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 resists for EUV, making it a wholly owned subsidiary of our 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, the Company 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 technologies of its customers.

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

	Amount
	Millions of yen
Fair value of equity interests held immediately prior to the acquisition date	9,447
Cash	46,654
Total Fair value	56,101
Current assets	
Cash and cash equivalents	1,043
Trade and other receivables	151
Other current assets	151
Non-current assets	
Property, plant and equipment	357
Other intangible assets *	8,218
Other non-current assets	9
Acquired assets	9,929
Current liabilities	
Trade and other payables	572
Other current liabilities	76
Non-current liabilities	
Deferred tax liabilities	2,219
Other non-current liabilities	9
Total liability assumed	2,877
Goodwill	49,049

(Note) Breakdown of other intangible assets is technology-based intangible assets of 8,218 million yen. Fair value of these intangible assets is calculated using a valuation model of excess earnings method. The valuation model is measured based on assumptions such as future sales and the rate of technology obsolescence.

For the amount of goodwill incurred and the amounts of assets acquired and liabilities assumed on the date of the business combination, identifiable assets and liabilities on the date of the business combination were designated, and the allocation of the acquisition valuation is complete as of March 31, 2022

The valuation gain recognized as a result of the remeasurement of equity interests held by JSR immediately prior to the date of acquisition at its fair value on the date of acquisition of control was 7,467 million yen 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 yen. The amount incurred in the fiscal year ended March 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) Impact on our Group's Performance

The impact on sales revenue and quarterly profit arising from Inpria included in the Condensed Consolidated Statements of Profit or Loss and the impact on sales revenue and quarterly profit assuming that the business combination is carried out at the beginning of the period is immaterial.

7. Notes on financial instruments

(1) Matters relating to status of financial instruments

The Group focuses on ensuring an appropriate capital and debt structure in relation to economic conditions and current company circumstances, and raises necessary funds for operating capital, capital expenditure, investments and loans and other items.

The Group reduces credit risk on trade and other receivables through credit management based on an internal regulation named "Rules for Receivables Management."

The Group utilizes methods such as foreign exchange forward contracts and currency swap transactions to reduce exchange rate risks on receivables and payables denominated in foreign currency. Interest rate swap transactions are utilized to reduce interest rate risks on certain borrowings. Derivative transactions are conducted only to hedge exchange rate risks and interest rate risks and are not entered into for speculative purposes.

The Group reduces liquidity risks related to procuring funds through borrowings, etc. by maintaining and securing appropriate on-hand liquidity.

Market price risks on equity securities held are reduced by regularly monitoring the market prices and financial conditions of the issuers.

(2) Matters related to fair value, etc. 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:

	(in millions of yen)	
	Current Fiscal Year (as of March 31, 2022)	
	Carrying Amount	Fair Value
Long-term loans payable	22,182	21,384
Bonds payable	34,890	35,413

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:

(in millions of yen)

	Current Fiscal Year (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	-	5	-	5
Total	-	2,074	-	2,074

8. Notes on per-share information

Equity attributable to owners of parent per share
Basic earnings per share

¥ 1,748.25
¥ 173.49

9. Notes on revenue recognition

(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:

		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

(2) Underlying information for understanding revenue

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.

(3) Information for understanding revenue of the current consolidated fiscal year and the following consolidated fiscal years

Contract liabilities primarily consist of consideration received from customers before performance obligations are satisfied for biologics contract development and manufacturing organization (CDMO)

service 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 consolidated fiscal year, the amount of revenue recognized is 9,436 million yen.

The amount of revenue recognized from the performance obligations that were satisfied (or partially satisfied) in prior periods is insignificant.

10. Notes on Material Subsequent events

Transfer of 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, succeed to the Company's Elastomers Business through an absorption-type split. Based on the stock transfer agreement concluded with ENEOS Corporation on May 11, 2021, the transfer of all shares of the succeeding company to ENEOS Corporation was completed. As a result, the Company lost control of the succeeding company.

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 consolidated fiscal year.

The impact from this transaction on the consolidated financial statements in the following fiscal year is still under review.

Purchase of Treasury Stock

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 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 total shareholders return ratio while maintaining financial soundness for growth investments, it intends to purchase its own shares.

(2) Details of purchase

1) Method of 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 stock))

4) Maximum value of buyback:

Up to 30,000,000,000 yen.

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

(Note) The Group's consolidated financial statements are presented with amounts rounded to the nearest millions of yen.

Please note that this is an English translation of the original "Non-Consolidated Financial Statements" which are written in Japanese; therefore, in the event of any conflict between the Japanese original and this English translation, the Japanese original shall be controlling in all respects.

Balance Sheet
(as of March 31, 2022)

(in millions of yen)

Items	Current Fiscal Year	Previous Fiscal Year (Reference)	Items	Current Fiscal Year	Previous Fiscal Year (Reference)
	Amount	Amount		Amount	Amount
Assets			Liabilities		
Current Assets	175,112	167,989	Current Liabilities	140,528	90,675
Cash and deposits	12,134	21,588	Accounts payable-trade	53,004	44,073
Notes receivable	35	42	Short-term loans payable	36,202	7,300
Accounts receivable-trade, net	67,689	58,497	Current portion of long-term borrowings	-	500
Marketable securities	-	12,000	Commercial paper	10,003	-
Inventories	59,259	46,964	Accounts payable-other	5,959	6,718
Accounts receivable-other	30,759	23,948	Accrued expenses	13,245	12,714
Other	5,236	4,950	Deposits received from subsidiaries and associates	6,935	13,285
			Provision for loss on business restructuring	2,612	1,837
			Provision for dismantlement	106	-
			Other	12,462	4,249
Non-current Assets	329,359	260,131	Non-current Liabilities	69,122	67,571
Property, plant and equipment	58,890	55,026	Long-term loans payable	500	-
Buildings, net	21,727	18,366	Bonds payable	35,000	35,000
Structures, net	2,627	2,940	Provision for retirement benefits	12,072	12,504
Machinery and equipment, net	12,393	10,403	Provision for loss on business restructuring	11,089	18,780
Vehicles, net	92	103	Provision for dismantlement	8,033	-
Tools, furniture and fixtures, net	5,928	5,278	Other	2,428	1,287
Land	13,001	13,001			
Construction in progress	3,123	4,934	Total Liabilities	209,651	158,246
			Net Assets		
Intangible assets	11,438	10,166	Shareholders' equity	289,202	257,120
Software	1,016	1,215	Capital stock	23,370	23,370
Other	10,422	8,951	Capital surplus	25,516	25,276
			Legal capital surplus	25,230	25,230
Investments and other assets	259,032	194,939	Other capital surplus	287	46
Investment securities	20,332	35,327	Retained earnings	259,190	227,676
Shares of subsidiaries and associates	153,514	107,388	Legal retained earnings	3,710	3,710
Investments in capital of subsidiaries and associates	2,985	6,858	Other retained earnings	255,479	223,965
Long-term loans receivable from subsidiaries and associates, net	47,889	18,721	Reserve for advanced depreciation of non-current assets	3,477	3,626
Long-term prepaid expenses	1,528	1,609	General reserve	42,431	42,431
Prepaid pension cos	4,857	2,490	Retained earnings brought forward	209,571	177,908
Deferred tax assets	24,851	20,230	Treasury stock	(18,874)	(19, 202)
Other	3,076	2,318	Valuation and translation adjustments	5,258	12,326
			Unrealized gains on securities, net of taxes	5,258	12,326
			Subscription rights to shares	360	428
			Total Net Assets	294,821	269,874
Total Assets	504,471	428,120	Total Liabilities and Net Assets	504,471	428,120

(Note) Amounts are rounded to the nearest millions of yen.

Statement of Income
(from April 1, 2021 to March 31, 2022)

(in millions of yen)

Items	Current Fiscal Year	Previous Fiscal Year (Reference)
	Amount	Amount
Net Sales	260,987	210,480
Cost of sales	166,372	147,423
Gross profit	94,616	63,057
Selling, general and administrative expenses	54,311	51,161
Operating income	40,305	11,897
Non-operating income	10,969	8,887
Interest income	736	270
Dividends income	7,609	6,752
Foreign exchange gains	1,709	822
Other	915	1,044
Non-operating expenses	2,961	3,073
Interest expenses	405	45
Interest expenses on bonds	97	81
Loss on abandonment of fixed assets	100	99
Other	2,359	2,848
Ordinary income	48,312	17,711
Extraordinary income	28,685	1,529
Gain on sale of shares of subsidiaries and associates	13,831	-
Gain on sales of investment securities	11,422	1,322
Reversal of provision for loss on business restructuring	2,818	-
Gain on sale of fixed assets	216	-
Reversal of allowance for doubtful accounts	148	200
Other	250	7
Extraordinary loss	19,894	66,105
Business restructuring expenses	18,974	65,223
Bad debts written off	-	9
Other	920	873
Income (loss) before income taxes	57,103	(46,865)
Income taxes	(11,615)	16,649
Income taxes-current	13,043	2,488
Income taxes-deferred	(1,428)	(19,137)
Net income (loss)	45,489	(30,217)

(Note) Amounts are rounded to the nearest millions of yen.

Statements of Changes in Net Assets
(from April 1, 2021 to March 31, 2022)

(in millions of yen)

	Shareholders' equity								Total
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at the beginning of the current fiscal year	23,370	25,230	46	25,276	3,710	3,626	42,431	177,908	227,676
Changes of items during the current fiscal year									
Dividends from surplus				-				(13,975)	(13,975)
Net income				-				45,489	45,489
Reversal of reserve for advanced depreciation of non-current assets				-		(149)		149	-
Purchase of treasury stock				-					-
Disposal of treasury stock			241	241					-
Net changes of items other than shareholders' equity				-					-
Total changes of items during the current fiscal year	-	-	241	241	-	(149)	-	31,663	31,514
Balance at the end of the current fiscal year	23,370	25,230	287	25,516	3,710	3,477	42,431	209,571	259,190

	Shareholders' equity		Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on securities, net of tax		
Balance at the beginning of the current fiscal year	(19,202)	257,120	12,326	428	269,874
Changes of items during the current fiscal year					
Dividends from surplus		(13,975)			(13,975)
Net income		45,489			45,489
Reversal of reserve for advanced depreciation of non-current assets		-			-
Purchase of treasury stock	(4)	(4)			(4)
Disposal of treasury stock	332	572			572
Net changes of items other than shareholders' equity		-	(7,068)	(67)	(7,135)
Total changes of items during the current fiscal year	327	32,082	(7,068)	(67)	24,947
Balance at the end of the current fiscal year	(18,874)	289,202	5,258	360	294,821

(Note) Amounts are rounded to the nearest millions of yen.

Notes on Financial Statements

1. Notes on matters related to the significant accounting policy

(1) Standards and methods of valuation applicable to assets

1) Securities

Shares of subsidiaries and associates: Stated by cost method based on moving average method.

Available-for-sale securities:

Securities other than shares that do not have a market value	...	Valued by market method. Valued by Any valuation difference is recorded directly in net assets, and the cost of sale of relevant securities was computed on the basis of moving average method.
Shares that do not have a market value	...	Valued by cost method based on moving average method or by depreciation cost method

2) Derivatives

Valued by market method.

3) Inventories

Stated at cost based on gross average method (devaluated book value on the balance sheet in the event of lower profitability).

(2) Methods of depreciation applicable to non-current assets

1) Property, plant and equipment (excluding leased assets)

The straight-line method is applied.

2) Intangible assets (excluding leased assets)

The straight-line method is applied.

The costs of software for the Company's own use are amortized over the estimated useful life (5 years) using the straight-line method.

3) Leased assets

The straight-line method is applied regarding lease period as useful life and up to no residual value.

(3) Standards applicable to reporting of provisions

1) Allowance for doubtful accounts

In order to prepare for loss on claims, allowance is reported and the amount is determined on the basis of actual past losses for general claims, and on the basis of anticipated unrecoverable amounts for specific claims such as those involving the risk of loss.

2) Provision for Directors' bonuses

In order to prepare for payment of Directors' and Audit & Supervisory Board Members' bonuses, the amount that is deemed to have accrued at the close of the current fiscal year is reported on the basis of anticipated amounts.

3) Provision for retirement benefits

In order to prepare for payment of employees' retirement benefits, the amount that is deemed to have accrued at the end of the current fiscal year is reported on the basis of anticipated amounts of retirement benefits obligations and plan assets as of the end of the current fiscal year. The benefit formula standard is applied for the method of attributing expected retirement benefits to the period.

Actuarial gain or loss is recognized as expense in lump sum during the following fiscal year.

4) Provision for environmental measures

The Company has recorded its estimate of the cost of disposing of polychlorinated biphenyl (PCB) and other materials.

5) Allowance for investment loss

The Company has recorded appropriate estimate of possible loss against the investment in subsidiaries and associates considering the financial standings of such subsidiaries and/or associates in question.

6) Provision for loss on business restructuring

To provide for losses due to business restructuring that are expected to arise at the Company and its subsidiaries and affiliated companies, the estimated loss is reported.

7) Provision for dismantlement

To provide for expenditures for dismantlement of manufacturing equipment that are expected to arise in the future, the Company has recorded the estimated expenditures as of the end of the current fiscal year.

(4) Standards for recording revenue and expenses

The Company recognizes revenue by applying the following five steps, apart from interest and dividend income.

Step 1: Identify the contract with the 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 Company satisfies a performance obligation.

In sales contracts with customers for products and merchandise, the Company recognizes the sale as revenue when the product and merchandise are delivered to the customer, considering that ownership of the products and merchandise is transferred to the customer and the performance obligation is fulfilled.

(5) Other significant matters serving as the basis for the production of financial statements

1) Hedge accounting

Special-measures treatment is applied to interest rate swap transactions if the requirements for special-measures treatment are fulfilled.

2) Application of consolidated corporate-tax return system

The consolidated corporate-tax return system is applied.

(6) Changes in accounting policies

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the current fiscal year. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting standards to prior periods on retained earnings at the beginning of the current fiscal year is immaterial. Retained earnings at the beginning of the current fiscal year has not been added to or subtracted.

The impact of the change in the accounting policies on profit or loss of the current fiscal year is immaterial.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the current fiscal year, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

The change in the accounting policies has no impact on profit or loss of the current fiscal year.

2. Notes on accounting estimates

Items whose amounts were recorded in the non-consolidated financial statements for the current fiscal year based on accounting estimates and which may have a significant impact on the non-consolidated financial statements for the following fiscal year are as follows. These items are determined based on the best estimates and judgments of management but could be influenced by fluctuations in uncertain future economic conditions and amendments and promulgation of related laws. If revisions become necessary, it could have a significant impact on the amounts that will be recognized in the non-consolidated financial statements of subsequent periods.

(1) Valuation of shares of subsidiaries and associates

For shares that do not have a market value, such as investment in an unlisted subsidiary, which are included in shares of subsidiaries and associates recorded on the balance sheet, valuation losses are recognized if there is a significant drop in their real value due to the deteriorating financial condition of the issuing company. This does not apply when the investment's recoverability is supported by sufficient evidence.

For shares which were acquired at a considerably higher price than the amount of net assets per share reflecting excess earning power, its real value is calculated by reflecting the excess earning power when evaluating the investment. The excess earning power is calculated based on certain assumptions such as future cash flows based on business plan, discount rate, and continuous growth rate.

Shares of subsidiaries and associates ¥ 153,514million

(2) Recoverability of deferred tax assets

Information on estimation methods is omitted as it is same provided in the notes on the consolidated financial statements.

Deferred tax assets ¥ 24,851million

3. Notes on balance sheet

(1) Allowances directly deducted from assets

1) Allowance for doubtful accounts

Current Assets	Accounts receivable-trade, net	¥ 1 million
Investments and other assets	Long-term loans receivable from subsidiaries and associates, net	¥ 14,370 million
	Other	¥ 35 million

2) Allowance for investment loss

Investments and other assets	Shares of subsidiaries and associates	¥ 310 million
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(2) Accumulated depreciation on property, plant and equipment (including accumulated impairment loss):

¥ 326,737 million

(3) Claims to/from subsidiaries and associates (including those presented separately)

Short-term monetary claims to associates	¥ 38,773 million
Long-term monetary claims to associates	¥ 62,270 million
Short-term monetary obligations from associates	¥ 19,801 million

(4) Export exchange notes discounted: ¥ 490 million

(5) Guarantee obligations

JSR Micro, Inc.	¥ 13,738 million
JSR BST Elastomer Co., Ltd.	¥ 10,404 million
JSR North America Holdings	¥ 10,036 million
JSR MOL Synthetic Rubber Ltd.	¥ 7,407 million
KBI Biopharma, Inc.	¥ 4,896 million
Crown Bioscience International	¥ 1,102 million
<u>Total</u>	<u>¥ 47,583 million</u>

4. Notes on statement of income

(1) Transactions with subsidiaries and associates:

Operating transaction	
Sales	¥ 102,813 million
Amount for goods purchased	¥ 52,294 million
Other trade transactions	¥ 11,271 million
Non-operating transactions	¥ 6,532 million

(2) Business restructuring expenses

Business restructuring expenses include costs related to structural reforms in the Elastomers Business. The breakdown of business restructuring expenses of 18,974 million yen is as follows.

Provision for dismantlement	¥ 8,139 million
Provision of allowance for doubtful accounts	¥ 2,799 million
Provision for loss on business restructuring	¥ 2,635 million
Impairment loss	¥ 2,421 million
Other	¥ 2,979 million
<u>Total</u>	<u>¥ 18,974 million</u>

(3) Impairment losses on non-current assets

1) Outline of assets or asset groups recognized as impairment losses

Category	Description	Type	Location
Business assets	Manufacturing equipment for elastomer products etc.	Machinery and equipment Construction in progress (Intangible) etc.	Minato, Tokyo Yokkaichi, Mie Ichihara, Chiba Kamisu, Ibaraki

2) Background for recognition of impairment losses

The Company started and implemented business restructuring, including unlimited structural reforms in the Elastomers Business in the current fiscal year. As part of the business restructuring program, the Company reduced the carrying amount to the recoverable amount for assets of the Elastomers Business for which the investment amount became unlikely to be recovered. The reduction amount of 2,421 million yen was recorded as impairment loss.

3) Amounts of impairment losses

Buildings	¥ 10 million
Structures	¥ 2 million
Machinery and equipment	¥ 113 million
Tools, furniture and fixtures	¥ 1 million
Construction in progress (Tangible)	¥ 44 million
Software	¥ 26 million
Construction in progress (Intangible)	¥ 2,224 million
<u>Total</u>	<u>¥ 2,421 million</u>

4) Method of grouping assets

As a general rule, assets are grouped according to management accounting classifications, which are used to continuously monitor income and expenses.

5. Note on statements of changes in net assets

Class and number of treasury stock at the end of the current fiscal year:
11,047,900 ordinary shares

6. Note on tax effect accounting

Deferred tax assets was major cause of impairment loss, loss on valuation of shares of subsidiaries and affiliated companies, provision for loss on business restructuring, provision for dismantlement and allowance for doubtful accounts.

7. Note on revenue recognition

(1) Underlying information for understanding revenue

1) Digital Solutions Business

In Digital Solutions business, the Company manufactures and sells semiconductor materials, display materials, and products related to edge computing, etc. For the sales contracts on products and merchandise, the Company 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

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

3) Elastomers Business

In Elastomers business, the Company manufactures and sells general-purpose synthetic rubber products for automobile tires, functional special synthetic rubber for automobile components, thermoplastic elastomers for modifying plastics, synthetic rubber latex for coated paper, etc. For the sales contracts on products and merchandise, the Company 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

8. Notes on transactions with related parties

Subsidiaries, associates, etc.

Attribute	Name of company	Voting rights ownership rate (%)	Contents of relationship		Contents of transactions	Transaction amount (million yen)	Item	Balance at the end of the current fiscal year (million yen)
			Directors serving concurrently	Business relationship				
Subsidiary	KBI Biopharma, Inc.	90	None	Loans receivable	Loans receivable (Note 1)	15,911	Long-term loans receivable from subsidiaries and associates	15,911
					Interest received (Note 1)	179	Accounts receivable - other	70
Subsidiary	MEDICAL & BIOLOGICAL LABORATORIES Co., LTD.	100	None	Loans receivable	Loans receivable (Note 1)	15,000	Long-term loans receivable from subsidiaries and associates	12,000
					Interest received (Note 1)	5	Accounts receivable - other	5
Subsidiary	JSR MOL Synthetic Rubber Ltd.	51	None	Guarantee obligations	Guarantee obligations of loans payable	7,407	—	—
					Loans receivable	Loans receivable (Note 1)	7,320	Long-term loans receivable from subsidiaries and associates (Note 2)
				Interest received (Note 1)		88	Accounts receivable - other	10
Subsidiary	JSR Micro Inc	100	None	Guarantee obligations	Guarantee obligations of loans payable	13,738	—	—
Subsidiary	JSR BST Elastomer Co., Ltd.	51	None	Guarantee obligations	Guarantee obligations of loans payable	10,404	—	—

Subsidiary	JSR North America Holdings, Inc.	100	3 people serving	Guarantee obligations	Guarantee obligations of loans payable	10,036	—	—
				Loans receivable	Loans receivable (Note 1)	61	Long-term loans receivable from subsidiaries and associates	5,508
					Interest received (Note 1)	92	Accounts receivable - other	24
Subsidiary	ELASTO MIX Co., Ltd.	98.51	None	Deposit repayment	Deposit from subsidiary (Note 3)	6,792	—	—
					Interest received (Note 1)	3	Other current liabilities	1

Terms and conditions of transactions and the policy for determining the terms and conditions, etc.

(Notes)

1. Interest rates on loans receivable are determined through negotiation considering market interest rates.
2. An allowance for doubtful accounts was recorded for the loans receivable. For the current fiscal year, an allowance for doubtful accounts of 7,672 million yen was provided. As a result, an allowance for doubtful accounts was 14,292 million yen in the end of current fiscal year.
3. Interest rates on deposits are determined through negotiation considering prevailing interest rates in financial market.

9. Notes on per-share information

Net assets per share	¥1,369.08
Net income per share	¥221.56

10. Notes on Material Subsequent events

Transfer of 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, succeed to the Company's Elastomers Business through an absorption-type split. Based on the stock 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 impact from this transaction on the non-consolidated financial statements in the following fiscal year is still under review.

Purchase of Treasury Stock

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 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 total shareholders return ratio while maintaining financial soundness for growth investments, it intends to purchase

its own shares.

(2) Details of purchase

1) Method of 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 stock))

4) Maximum value of buyback: Up to 30,000,000,000 yen.

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

Please note that this is an English translation of the original Audit Report from Accounting Auditors which is written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Audit Report from Accounting Auditors
(on Consolidated Financial Statements)

May 8, 2022

To: Board of Directors
JSR Corporation

KPMG AZSA LLC

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Iwao Hirano
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Toshiyuki Tamura
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yukihiro Kase

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of JSR Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Emphasis of Matter

As described in the notes on Material Subsequent events in the Notes on Consolidated Financial Statements, as of April 1, 2022, the Company succeeded the elastomer business through an absorption-type company split to a Japan Synthetic Rubber Split Preparatory Company established as a subsidiary on May 12, 2021, and the transfer of all shares of the succeeding company to ENEOS Corporation was completed. This matter does not affect our opinion.

Other Information

Other contents are the business report and the annexed detailed statement. Management's responsibility is to prepare and disclose other information. In addition, the responsibility of the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board is to monitor the execution of duties by directors in the development and operation of the reporting process for other matters.

The scope of our opinion on the consolidated financial statements does not include any other statement, and we do not express an opinion on any other statement.

Our responsibility in the audit of the consolidated financial statements is to read and review, in the course of

reading, any material differences between the other statements and the consolidated financial statements or the knowledge we have acquired in the course of the audit, and to pay attention to any other material signs of errors.

If, based on the work performed, we determine that there are material errors in other statements, we are required to report such facts.

There are no other matters to be reported by the audit corporation.

Responsibilities of Management and Audit & Supervisory Board Members for the Consolidated Financial Statements

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

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

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

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

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

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

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

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.

Please note that this is an English translation of the original Audit Report from Accounting Auditors which is written in Japanese; therefore, in the event of any conflict between the Japanese originals and this English translation, the Japanese originals shall be controlling in all respects.

Audit Report from Accounting Auditors
(on Non-Consolidated Financial Statements)

May 8, 2022

To: Board of Directors
JSR Corporation

KPMG AZSA LLC

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant

Iwao Hirano

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant

Toshiyuki Tamura

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant

Yukihiro Kase

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of JSR Corporation. (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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

As described in the notes on Material Subsequent events in the Notes on Financial Statements, as of April 1, 2022, the Company succeeded the elastomer business through an absorption-type company split to a Japan Synthetic Rubber Split Preparatory Company established as a subsidiary on May 12, 2021, and the transfer of all shares of the succeeding company to ENEOS Corporation was completed. This matter does not affect our opinion.

Other Information

Other contents are the business report and the annexed detailed statement. Management's responsibility is to prepare and disclose other information. In addition, the responsibility of the Audit & Supervisory Board Members and the Board of Audit & Supervisory Board is to monitor the execution of duties by directors in the development and operation of the reporting process for other matters.

The scope of our opinion on the financial statements, etc. does not include any other statement, and we do not express our opinion on any other statement.

Our responsibility in the audit of the financial statements, etc. is to read through the other statements and, in the course of reading through them, to examine whether there are any material differences between the other statements

and the financial statements, etc. or the knowledge we have acquired in the course of the audit, and to pay attention to whether there are any other signs of material errors.

If, based on the work performed, we determine that there are material errors in other statements, we are required to report such facts.

There are no other matters to be reported by the audit corporation.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Financial Statements and Others

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

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules 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 financial statements and the supplementary schedules.

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 financial statements and the supplementary schedules, 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 Company'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 Company'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 financial statements and the supplementary schedules 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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including

the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with audit & supervisory board members and audit & supervisory board 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 audit & supervisory board members and audit & supervisory board 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.

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

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board, with regard to the execution of duties of the Directors during the 77th fiscal term commencing on April 1, 2021 and ending on March 31, 2022, has discussed and prepared its audit report as described below based upon audit reports prepared by each of the Audit & Supervisory Board Members:

1. Methods and contents of the audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established audit policies, assigned responsibilities to each Audit & Supervisory Board Member for audits, and received reports from each Audit & Supervisory Board Member on the implementation and results of their audits. In addition, the Audit & Supervisory Board has received reports, requesting explanations when necessary, from Directors, other executives and Accounting Auditors (Independent Auditors) concerning the execution of their duties.
- (2) Each Audit & Supervisory Board Member has, in accordance with the audit standards for Audit & Supervisory Board Members set forth by the Audit & Supervisory Board and with the relevant audit policies and the assignment of responsibilities, facilitated communication with Directors, the Internal Audit Office, employees and other parties, and has endeavored to collect information and develop an optimum audit environment while conducting audits using the following methods:
 - 1) Each Audit & Supervisory Board Member has attended the Board of Directors meetings and other important meetings, received reports, requesting explanations when necessary from Directors, employees and other parties on the execution of their duties, reviewed important documents evidencing the authenticity of corporate decisions made, and examined the status of business operations as well as the assets at the head office and other major business offices. In addition, with regard to subsidiaries, each Audit & Supervisory Board Member has endeavored to communicate and exchange information with Directors, Audit & Supervisory Board Members and other parties of subsidiaries, and received reports, when necessary, from subsidiaries.
 - 2) Each Audit & Supervisory Board Member has regularly received reports, requested explanations when necessary from Directors, employees and other parties, and express its opinion on (i) the contents of the resolution of the Board of Directors on the establishment of structures and the systems to ensure the compliance of Directors' execution of duties with laws and ordinances and Articles of Incorporation as well as to secure the propriety of the conducting businesses of the group comprising the Company and its subsidiaries as set forth under the Article 100, Paragraph 1 and 3 of the Enforcement Regulations of the Companies Act, and (ii) the status of operational execution and maintenance of such structures and systems (internal control system) established based on such resolutions, which are stated in the Business Report of the Company. In addition, with regard to subsidiaries of the Company, each Audit & Supervisory Board Member has received reports and requested explanations when necessary from Directors, employees and other parties of the subsidiaries with regard to the establishment of structures and systems as well as their operational status and requested explanations from such parties when necessary. Concerning internal control over financial reporting, each Audit & Supervisory Board Member has received reports from Directors, etc., and KPMG AZSA LLC. on the evaluation results and the audit status of these internal controls, and requested explanations from such parties when necessary.
 - 3) Each Audit & Supervisory Board Member has monitored and verified the Accounting Auditors' independence and propriety in implementing their audits and has also received reports, requesting explanations when necessary, on their execution of duties. In addition, each Audit & Supervisory Board Member has received a notice from the Accounting Auditors that ensures that "the system for ensuring Accounting Auditors' appropriate execution of duties" (the terms respectively set forth under each of the paragraphs of Article 131 of the Corporation Accounting Regulations) has been maintained in accordance with the "the Standards on Quality Control Concerning Audit" (established by the Business Accounting Council on

October 28, 2005), and requested explanations when necessary.

Through these methods, each Audit & Supervisory Board Member reviewed the Business Report of the Company and the supplementary statements thereto, non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets, and notes on non-consolidated financial statements) and the supplementary statements thereto as well as the consolidated financial statements (consolidated financial positions, consolidated statements of profit or loss, consolidated statements of changes in equity, and notes on consolidated financial statements), for the fiscal term under review.

2. Audit results

(1) Results of audit on Business Report and other documents

- 1) We acknowledge that the Business Report and its supplementary statements fairly represent the status of the Company in accordance with the laws and ordinances, and the Articles of Incorporation.
- 2) With regard to the execution of duties of the Directors, we have found neither misconduct nor material matters in violation of laws and ordinances or the Articles of Incorporation.
- 3) We acknowledge that the contents of the resolutions of the Board of Directors regarding the structures and systems for internal control are fair and proper. We also have found nothing to be specifically addressed concerning descriptions of the Business Report and the execution of duties of Directors in relation to the structures and systems for internal control. In addition, we have received reports from Directors, etc., and KPMG AZSA LLC stating that there were no material defects to be specifically disclosed concerning internal control over financial reporting at the time of preparing this Audit Report.

(2) Results of audit on non-consolidated financial statements and its supplementary statements

We acknowledge that the methods and the conclusions of the audit by KPMG AZSA LLC are fair and proper.

(3) Results of audit on consolidated financial statements

We acknowledge that the methods and the conclusions of the audit by KPMG AZSA LLC are fair and proper.

May 9, 2022

Audit & Supervisory Board, JSR Corporation

Full-time Audit & Supervisory Board Member	Tomoaki Iwabuchi	(seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Hisako Kato	(seal)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Junko Kai	(seal)

Guidance for Online Voting via Internet

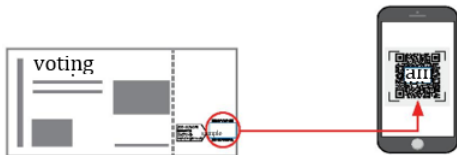
Dear shareholders,

We have provided 2 types online voting measures for your convenience.

Much to our regret, however, both of the following online voting systems are provided only in Japanese language.

1. Online voting by using Smartphones / Tablets

If you have a smartphone or a tablet pc, you may be able to exercise your voting rights via internet in a very quick.



1. Please scan QR Code (two dimensional bar code) printed at the righthand bottom of the voting ballot.
2. Then, your smartphone will guide you directly to the site for voting
3. You will be ready for voting following the instructions.

Please note, however, you may be able to use this option only once. If you like to vote for the second time, please use your PC in accordance with the option provided below;

2. Online voting by using conventional PCs via internet

You may be able to exercise your voting rights via Internet by accessing our web site designed for online voting. Please also note that you need “Voting Code” and “Password” indicated in the right part of the ballot form.



1. Access:
Please access <https://www.web54.net>.
2. Login
Enter the Voting Code provided in the ballot form following the instruction
3. Enter Password
Enter the Password provided in the ballot form following the instruction
4. Vote
Now you may be able vote following the instructions

Please securely keep your Password until the close of the Ordinary General Shareholders Meeting as the Password can prove your legitimacy as a shareholder of the Company. In addition, we will be unable to answer any inquiries relating to the Password by phone etc.

The access to the web site for online voting will be locked if you enter wrong Password a certain time, in such an event, please follow the instructions to be provided on the screen.

3. Contact point for inquiries relating to how to operate your PCs, etc.

Inquiries relating to operation of your PCs for exercising your voting rights via Internet: “Web Support”, Stock Transfer Agency, Sumitomo Mitsui Trust Bank, Limited. Tel: 0120-652-031 (free dial) Accessible from 9:00-21:00	Inquiries relating to your registered address, number of shares owned, or other: Operating Center, Stock Transfer Agency, Sumitomo Mitsui Trust Bank, Limited. Tel: 0120-782-031 (free dial) Accessible from 9:00-17:00 only on weekdays (excluding national holidays)
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