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June 7, 2022

To: All Shareholders of Shin-Etsu Chemical Co., Ltd. (the "Company")

Matters to be Disclosed via the Internet for the Notice of Convocation of the 145th Ordinary General Meeting of Shareholders

1. Notes to Consolidated Financial Statements

2. Notes to Non-Consolidated Financial Statements

Shin-Etsu Chemical Co., Ltd.

The matters mentioned above are provided to the shareholders by publishing them via the Internet on the website of the Company (https://www.shinetsu.co.jp/en/) pursuant to laws and Article 16 of the articles of incorporation of the Company.

Notes to Consolidated Financial Statements

Basis of presenting consolidated financial statements

1. Scope of consolidation

(1) Information on consolidated subsidiaries

Number of consolidated subsidiaries-------99

Names of the principal consolidated subsidiaries

SHINTECH INC.	Shin-Etsu Handotai Co., Ltd.
Shin-Etsu Handotai America, Inc.	Shin-Etsu PVC B.V.
Shin-Etsu Engineering Co., Ltd.	S.E.H. Malaysia Sdn. Bhd.
Shin-Etsu Handotai Taiwan Co., Ltd.	Shin-Etsu Polymer Co., Ltd.
SE Tylose GmbH & Co. KG	Shin-Etsu Astech Co., Ltd.
Shin-Etsu Silicones (Thailand) Limited	SHIN-ETSU HANDOTAI EUROPE LIMITED
Asia Silicones Monomer Limited	JAPAN VAM & POVAL Co., Ltd.

(2) Information on unconsolidated subsidiaries

Name of the principal unconsolidated subsidiary

Shin-Etsu Magnetics (Thailand) Ltd.

Reasons for excluding unconsolidated subsidiaries from scope of consolidation

There are 33 unconsolidated subsidiaries excluded from the scope of consolidation as their total assets, net sales, net income (loss) and retained earnings in the aggregate are not material to the consolidated financial statements.

2. Application of equity method

(1) Information on unconsolidated subsidiaries and affiliates to which equity method is applied

Number of affiliates to which equity method is applied-------3

Names of the principal subsidiaries and affiliates to which equity method is applied

Mimasu Semiconductor Industry Co., Ltd.
Shin-Etsu Quartz Products Co., Ltd.

(2) Information on unconsolidated subsidiaries and affiliates to which equity method is not applied

Name of the principal unconsolidated subsidiary and affiliate to which equity method is not applied

Shin-Etsu Magnetics (Thailand) Ltd.

Reasons for excluding unconsolidated subsidiaries and affiliates from scope of equity method

There are 33 unconsolidated subsidiaries and 9 affiliates excluded from the scope of the equity method as their net income (loss) and retained earnings in the aggregate are not material to the consolidated financial statements.

(3) Details on the application of equity method

Two of the affiliates accounted for under the equity method have a different closing date from that of the consolidated financial statements with one of those affiliates consolidated based on its latest financial statements and, for the remaining affiliate, provisional financial statements as of the end of February are prepared.

3. Fiscal year of consolidated subsidiaries

The fiscal year of SHINTECH INC., Shin-Etsu Handotai America, Inc. and 73 other subsidiaries ends on December 31, and the fiscal year of Nissin Chemical Industry Co., Ltd., Nagano Electronics Industrial Co., Ltd. and 5 other subsidiaries ends at the end of February. For consolidation of subsidiaries whose fiscal year-ends are not the same as the Company, necessary adjustments are made on significant inter-company transactions occurring during the periods between the fiscal year-end of respective consolidated subsidiaries and that of the Company.

4. Summary of significant accounting policies

(1) Valuation of significant assets:

i) Valuation of securities:

Held-to-maturity debt securities	-------------	Amortized cost (straight-line method)
Available-for-sale securities		
Securities excluding stocks and other securities with no market value	-------------	Fair market value (Any net unrealized gains or losses are recognized in net assets, while costs of sales of marketable securities are calculated based mainly on the moving-average method.)
Stocks and other securities with no market value	-------------	At cost, mainly determined by the moving-average method

ii) Valuation of derivatives:
Fair value based on market quotations

iii) Valuation of inventories:
Inventories are mainly stated at cost determined primarily by the weighted-average method. (Balance sheet amounts are written down based on any decline in profitability.)

(2) Depreciation and amortization of fixed assets:

i) Property, plant and equipment (excluding leased assets):
The Company and certain domestic subsidiaries mainly apply the declining-balance method, and overseas subsidiaries mainly apply the straight-line method. It should be noted, however, that the straight-line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016 by the Company and certain domestic subsidiaries.

Useful lives mainly are as follows:

Buildings and structures ------- 15 – 47 years

Machinery and vehicles --------- 2 – 20 years

Additional depreciation is recorded based on excess operating hours for machinery and equipment that operate significantly in excess of their normal utilization rates.

ii) Intangible assets (excluding leased assets):

Straight-line method

iii) Leased assets:

Leased assets under finance lease transactions that transfer ownership	--------------	The same method is applied as that for owned fixed assets.
Leased assets under finance lease transactions that do not transfer ownership	--------------	The straight-line method is applied using the lease term as the useful life with zero residual value.

(3) Calculation policy for allowances:

i) Allowance for doubtful accounts:

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts using the historic percentage of bad debt loss against the balance of general receivables plus an amount deemed necessary to cover individual accounts estimated to be uncollectible.

ii) Accrued bonuses for employees:

Certain consolidated subsidiaries recognize the estimated amount of employees' bonuses to be paid in the subsequent period that is attributable to the current fiscal year.

iii) Accrued bonuses for directors:

The Company and its certain consolidated subsidiaries recognize the estimated amount of directors' bonuses to be paid in the subsequent period that is attributable to the current fiscal year.

(4) Standards for recognizing revenues and expenses

The Company and its certain consolidated subsidiaries operate in four segments, Infrastructure Materials, Electronics Materials, Functional Materials, and Processing & Specialized Services. The main business is the manufacture and sale of specific products that are delivered based on the sales contracts with customers. Revenue is recognized when control of the product is transferred to the customer and the performance obligation is satisfied, such as shipping and acceptance.

However, for domestic sales of products, the Company and its domestic consolidated subsidiaries recognize revenue at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is normal.

Revenue is calculated by deducting discounts from the consideration promised in the contract with the customer. In addition, the consideration in the sales contract of the product is collected within about one year from the time when the control over the product is transferred to the customer and does not include a significant financing component.

If the Company and its certain consolidated subsidiaries act as an agent in a transaction, revenue is recognized at net amounts.

(5) Other bases for presenting consolidated financial statements:

i) Hedge accounting:

The Company and certain subsidiaries defer recognition of unrealized gains or losses on hedge transactions.

For interest rate swaps, the Company and certain subsidiaries apply special hedge accounting when the swap transaction meets the criteria for such treatment.

ii) Accounting treatment for retirement benefits:

The Company records the retirement benefit obligation after deducting pension plan assets as net defined benefit liability. For the calculation of the retirement benefit obligation, the Company attributes the expected retirement benefit to the service period of employees by the benefit formula basis.

Actuarial differences are amortized over a five-year period, which is within the average remaining service period of employees, using the straight-line method from the fiscal year when the difference was generated. Prior service cost is amortized as incurred over a ten-year period, which is within the average remaining service period of employees, using the straight-line method from the time when the prior service cost was generated.

Notes to changes in accounting policies

Application of “Accounting Standard for Revenue Recognition,” etc.

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards are applied from the beginning of the fiscal year ended March 31, 2022. The Company and its domestic consolidated subsidiaries now recognize revenue in the amount expected to be received in exchange for promised goods or services at the time when control of the goods or services is transferred to customers.

For transactions in which the role in providing goods to customers corresponds to agents, the Company and its domestic consolidated subsidiaries had been previously recognized revenue in a gross amount of consideration received from customers, but they have changed to a process to recognize revenue in a net amount after deducing the payment amount from a gross amount of consideration received from customers.

Based on the transitional treatment outlined in Article 84 of the “Accounting Standard for Revenue Recognition,” the cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the fiscal year ended March 31, 2022 is reflected in the balance of Retained earnings at the beginning of the fiscal year ended March 31, 2022. As a result, the balance of Retained earnings at the beginning of the fiscal year ended March 31, 2022 decreased by ¥2,133 million.

The impact of the application of these accounting standards on Net sales, Gross profit, Operating income, Ordinary income, Income before income taxes and non-controlling interests, and “Per share information” is immaterial.

Due to the application of these accounting standards, “Notes and accounts receivable-trade” in “Current Assets” in the consolidated balance sheets has been reclassified as “Notes, accounts receivable-trade and contract assets” from the beginning of the fiscal year ended March 31, 2022.

Application of “Accounting Standard for Fair Value Measurement,” etc.

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and other standards are applied from the beginning of the fiscal year ended March 31, 2022. Based on the transitional treatment prescribed in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44–2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company and its domestic consolidated subsidiaries have decided to apply the new accounting policies set forth by the “Accounting Standard for Fair Value Measurement” into the future. These changes had no impact on the consolidated financial statements.

In “Financial instruments”, the information related to the breakdown of fair value of financial instruments for each appropriate category is noted.

Notes to revenue recognition

1. Disaggregation of revenue from contracts with customers

(Millions of yen)

	Reportable Segments				Total
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	
Sales to outside customers					
Domestic production	128,000	571,550	244,738	81,578	1,025,867
Overseas production	729,189	137,429	150,888	31,053	1,048,560
Total	857,189	708,979	395,626	112,632	2,074,428

2. Information for a basis to understand the revenue from contracts with customers

As described in (4) Standards for recognizing revenues and expenses of 4. Summary of significant accounting policies in “Basis of presenting consolidated financial statements”.

3. Information for understanding the amount of revenue for the current fiscal year and the following fiscal year

(1) Balance of the receivables, contract assets and contract liabilities arising from contracts with customers

The balance of the receivables, contract assets and contract liabilities arising from contracts with customers at the end of the current fiscal year is as follows.

(Millions of yen)

1. Receivables from contracts with customers	473,444
2. Contract assets	68
3. Contract liabilities	3,755

In the consolidated balance sheet, receivables and contract assets arising from contracts with customers are included in “Notes receivable, accounts receivable and contract assets”, and contract liabilities are included in “Others” of “Current liabilities” and “Fixed liabilities”.

(2) Transaction price allocated to residual performance obligations

The Company and certain subsidiaries have not recognized any significant contracts, because there are no significant contracts with an initially expected contract period of more than one year, and the information regarding the remaining performance obligations is omitted.

Notes to accounting estimates

In preparing the consolidated financial statements, the Company makes estimates and assumptions based on the situation at the end of the period, but certain items that are considered to have a significant impact on the consolidated financial statements are described as follows.

Impairment of property, plant and equipment

As of March 31, 2022, the balance of property, plant and equipment was 1,290,165 million yen, accounting for 32% of total assets. Impairment should be considered when economic trends in countries and regions where major product markets are located or increased price competition due to lower global demand negatively impact business performance. When considering impairment, the process of asset grouping and estimating indications of impairment is complex and subjective, and future cash flow estimates are based on many assumptions, so it is necessary to assess the prerequisites carefully. As a result, depending on the amount of estimated future cash flows, there is a possibility that loss on impairment of fixed assets will be recorded.

Notes to consolidated balance sheet

(Millions of yen)

1. Accumulated depreciation of property, plant and equipment --------------------- 2,500,352

2. Contingent liabilities

Employee housing loans -- 3

Notes to consolidated statement of changes in net assets

1. Type and number of shares outstanding as of March 31, 2022

Common stock --------------------- 416,662,793 shares

2. Cash dividends

(1) Payment of cash dividends

Resolution	Type of shares	Total amount of dividends	Cash dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 29, 2021	Common stock	58,176 million yen	140.00 yen	March 31, 2021	June 30, 2021
Board of Directors meeting held on October 27, 2021	Common stock	62,305 million yen	150.00 yen	September 30, 2021	November 19, 2021
Total	-	120,481 million yen	-	-	-

(2) Dividends with a record date in the fiscal year ended March 31, 2022 but with an effective date in the following fiscal year.

The Company proposes the following agendum at the ordinary general meeting of shareholders to be held on June 29, 2022.

Type of shares	Total amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock	103,861 million yen	Retained earnings	250.00 yen	March 31, 2022	June 30, 2022

3. Share subscription rights as of March 31, 2022

Details of share subscription rights	Type of shares subject to share subscription rights	Number of shares subject to share subscription rights
Resolved at the Board of Directors meeting held on September 6, 2017	Common stock	4,000 shares
Resolved at the Board of Directors meeting held on August 21, 2018	Common stock	147,600 shares
Resolved at the Board of Directors meeting held on September 13, 2019	Common stock	350,200 shares
Resolved at the Board of Directors meeting held on August 18, 2020	Common stock	314,900 shares

(Note) Excluding share subscription rights not yet exercisable as of March 31, 2022.

Financial instruments

1. Overview of financial instruments

In principle, fund management is limited to deposits with financial institutions with high credit ratings and risk-free bonds, and financing is obtained primarily through borrowings from banks. With regard to credit risk generated by notes and accounts receivable-trade, each business department not only controls and manages account due dates and balances, but also confirms the credit standing of major customers periodically, making efforts to identify doubtful accounts as early as possible.

Regarding securities and investments in securities, the Company regularly determines their fair value and the financial situation of the issuing companies. For stocks, the Company also continually reviews the stock holding status, considering its relationship with the issuing companies. All derivative transactions are entered into for the purpose of hedging risks arising in the ordinary course of business, and there are no derivative transactions entered into for trading or speculative purposes.

2. Fair value of financial instruments

As of March 31, 2022, the book value, the fair value, and the difference between the two of financial instruments are as follows:

	(Millions of yen)		
	Book value	Fair value	Difference
Assets			
(1) Securities and investments in securities (*2)			
i) Held-to-maturity debt securities	26,946	26,893	(53)
ii) Investments in capital of affiliates	30,871	36,135	5,263
iii) Available-for-sale securities	385,279	385,279	-
(2) Long-term loans	240	252	11
Total	443,337	448,559	5,222
Liabilities			
(3) Long-term debt	16,940	16,477	(462)
Total	16,940	16,477	(462)
(4) Derivative transactions (*3)			
Hedge accounting not applied	(3,899)	(3,899)	-
Hedge accounting applied	(3,759)	(3,759)	-
Total	(7,658)	(7,658)	-

(*1) Related to “Cash and time deposits”, “Notes, accounts receivable-trade and contract assets”, “Short-term loans”, “Notes and accounts payable-trade”, “Short-term borrowings”, “Accounts payable-other”, “Accrued expenses”, and “Accrued income taxes”, since they are cash or the fair value is close to the book value because it is settled in a short period of time, the description about them is omitted.

(*2) Securities excluding stocks and other securities with no market value are not included in “(1) Securities and investments in securities”. The book value of them is as follows.

Section	Book value (Millions of yen)
Non-listed stocks, etc.	41,546

(*3) Net receivables and payables arising from derivative transactions are shown in net amount, and items that result in net payables in total are displayed with parentheses.

3. Fair value of financial instruments by level

Fair value of financial instruments is classified into the following three levels according to the observability and importance of the input related to the calculation of the fair value.

Level 1 of fair value:
is calculated based on the market price of the asset or liability formed in the active market of the inputs related to the calculation of the observable fair value.

Level 2 of fair value:
is calculated using the inputs related to the calculation of the fair value other than the level 1 input of the inputs related to the calculation of the observable fair value.

Level 3 of fair value:
is calculated using inputs related to the calculation of unobservable fair value.

Using multiple inputs that have a significant impact on the fair value calculation, the fair value is classified to the lowest priority level in the fair value calculation among the levels to which each inputs belong.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets				
Securities and investments in securities				
Available-for-sale securities				
Stocks	73,764	-	-	73,764
Total	73,764	-	-	73,764
Derivative transactions				
Hedge accounting not applied	-	(3,899)	-	(3,899)
Hedge accounting applied	-	(3,759)	-	(3,759)
Total	-	(7,658)	-	(7,658)

(2) Financial instruments other than those listed on the consolidated balance sheet at fair value

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets				
Securities and investments in securities				
Held-to-maturity debt securities	-	26,893	-	26,893
Investments in capital of affiliates	36,135	-	-	36,135
Available-for-sale securities				
Quoted bonds, negotiable certificates of deposit, money trusts and trust beneficiary rights	-	311,514	-	311,514
Long-term loans	-	252	-	252
Total	36,135	338,659	-	374,794

	Level 1	Level 2	Level 3	Total
Liabilities				
Long-term debt	-	16,477	-	16,477
Total	-	16,477	-	16,477

(*1) Explanation of the valuation technique used to calculate the fair value and the inputs related to the calculation of the fair value

Securities and investments in securities

Held-to-maturity debt securities
The fair value of bonds is based on prices provided by counterparty financial institutions with which is classified as Level 2.

Investments in capital of affiliates
The fair value of listed stocks is evaluated using the market price. Listed stocks are traded in active markets, so the fair value is classified as Level 1.

Available-for-sale securities
The fair value of listed stocks is evaluated using the market price. Listed stocks are traded in active markets, so the fair value is classified as Level 1. The fair value of quoted bonds is based on the price provided by counterparty financial institutions, and the fair value is classified as Level 2. Negotiable certificates of deposit, money trusts and trust beneficiary rights are settled within a short time, and the fair value and book value are nearly equal. Thus, the book value is listed as the fair value in the table above which is classified as Level 2.

Long-term loans

The fair value of long-term loans is calculated based on future cash flow discounted at an appropriate rate, such as mid-term and long-term interest rates with credit spreads, for all loans grouped by a certain period of time and credit rating under the credit exposure management. The fair value is classified as Level 2.

Long-term debt

The fair value of long-term debt is calculated based on a present value of principal and interest, discounted at an expected rate for new borrowings with the same terms. The fair value is classified as Level 2.

Derivative transactions

The fair value of derivative transactions is based on the price offered by counterparty financial institutions and classified as Level 2.

Per share information

Per share information as of and for the fiscal year ended March 31, 2022 is as follows:

	(Yen)
Net assets per share	8,007.24
Net income per share	1,203.80
Diluted net income per share	1,202.75

Notes to Non-Consolidated Financial Statements

Summary of significant accounting policies

1. Valuation of significant assets

(1) Valuation of securities:

Held-to-maturity debt securities	--------------	Amortized cost (straight-line method)
Investments in capital of subsidiaries and affiliates	--------------	Moving-average cost method
Available-for-sale securities		
Securities excluding stocks and other securities with no market value	--------------	Fair market value (Any net unrealized gains or losses are recognized in net assets, while costs of sales of marketable securities are calculated based on the moving-average cost method.)
Stocks and other securities with no market value	--------------	At cost, mainly determined by the moving-average cost method

(2) Valuation of derivatives:
Fair value based on market quotations

(3) Valuation of inventories:
Inventories are mainly stated at cost determined primarily by the weighted-average method. (Balance sheet amounts are written down based on any decline in profitability.)

2. Depreciation and amortization of fixed assets:

(1) Property, plant and equipment (excluding leased assets):
The declining-balance method is mainly applied.
It should be noted, however, that the straight-line method is applied for machinery and equipment related to PVC manufacturing facilities and electrolysis facilities, for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Useful lives mainly adopted are as follows:
Buildings---------------------- 15 – 31 years
Machinery and equipment ------ 2 – 9 years
Additional depreciation is recorded based on excess operating hours for machinery and equipment that operate significantly in excess of their normal utilization rates.

(2) Intangible assets (excluding leased assets):
Straight-line method (Software for internal use is amortized by the straight-line method over the useful life of 5 years.)

(3) Leased assets:

Leased assets under finance lease transactions that transfer ownership	--------------	The same method is applied as that for owned fixed assets.
Leased assets under finance lease transactions that do not transfer ownership	--------------	The straight-line method is applied using the lease term as the useful life with zero residual value.

3. Calculation policy for allowances:

Allowance for doubtful accounts:

The Company provides an allowance for doubtful accounts using the historic percentage of bad debt loss against the balance of general receivables plus an amount deemed necessary to cover individual accounts estimated to be uncollectible.

Accrued bonuses for directors:

The Company recognizes the estimated amount of directors' bonuses to be paid in the subsequent period that is applicable to the current fiscal year.

Accrued retirement benefits:

The Company recognizes pension and severance costs for employees based on the estimates of the pension obligations and the plan assets at the end of current fiscal year. For the calculation of the retirement benefit obligation, the Company attributes the expected retirement benefit to the service period of employees by the benefit formula basis.

Actuarial differences are amortized over a five-year period, which is within the average remaining service period of employees, using the straight-line method from the fiscal year when the difference was generated. Prior service cost is amortized as incurred over a ten-year period, which is within the average remaining service period of employees, using the straight-line method from the time when the prior service cost was generated.

4. Standards for recognizing revenues and expenses

The Company's main business is the manufacture and sale of specific products that are delivered based on the sales contracts with customers. Revenue is recognized when control of the product is transferred to the customer and the performance obligation is satisfied, such as shipping and acceptance. However, for domestic sales of products, the Company recognizes revenue at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is normal.

Revenue is calculated by deducting discounts from the consideration promised in the contract with the customer. In addition, the consideration in the sales contract of the product is collected within about one year from the time when the control over the product is transferred to the customer and does not include a significant financing component.

If the Company acts as an agent in a transaction, revenue is recognized at net amounts.

5. Other bases for presenting non-consolidated financial statements

Hedge accounting:

The Company defers gains or losses on its hedges.

For interest rate swaps, the Company applies special hedge accounting treatment when the swap transaction meets the criteria for such treatment.

Notes to changes in accounting policies

Application of "Accounting Standard for Revenue Recognition," etc.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards are applied from the beginning of the fiscal year ended March 31, 2022. The Company now recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when control of the goods or services is transferred to customers.

For transactions in which the role in providing goods to customers corresponds to agents, the Company had been previously recognized revenue in a gross amount of consideration received from customers, but the Company has changed to a process to recognize revenue in a net amount after deducing the payment amount from a gross amount of consideration received from customers.

Based on the transitional treatment outlined in Article 84 of the "Accounting Standard for Revenue Recognition," the cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the fiscal year ended March 31, 2022 is reflected in the balance of Retained earnings brought forward at the beginning of the fiscal year ended March 31, 2022. As a result, Net sales and Cost of sales each decreased by ¥321,985 million for the fiscal year ended March 31, 2022. In addition, the impact of the application of these accounting standards on Gross profit, Operating income, Ordinary income and Income before income taxes is immaterial. Also, the balance of Retained earnings brought forward at the beginning of the fiscal year ended March 31, 2022 decreased by ¥1,570 million. The impact on "Per share information" is also immaterial.

Application of "Accounting Standard for Fair Value Measurement," etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and other standards are applied from the beginning of the fiscal year ending March 31, 2022. Based on the transitional treatment prescribed in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44–2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies set forth by the "Accounting Standard for Fair Value Measurement" into the future. These changes had no impact on the non-consolidated financial statements.

Notes to revenue recognition

Information for a basis to understand the revenue from contracts with customers is described as "Summary of significant accounting policies", 4. Standards for recognizing revenues and expenses.

Notes to non-consolidated balance sheet (Millions of yen)

1. Accumulated depreciation of property, plant and equipment ------------------------ 682,555
2. Contingent liabilities:
   Employee housing loans-- 3
3. Accounts receivable due from and payable due to subsidiaries and affiliates:
   Short-term accounts receivable -- 170,732
   Long-term accounts receivable -- 12,324
   Short-term accounts payable -- 280,195

Notes to non-consolidated statement of income

Transactions with subsidiaries and affiliates: (Millions of yen)

Sales --- 296,391
Purchases -- 310,468
Non-operating transactions --- 83,499

Notes to non-consolidated statement of changes in net assets

Type and number of treasury stock as of March 31, 2022

Common stock ------------------------ 1,218,008 shares

Deferred taxes

Components of deferred tax assets and liabilities:

	(Millions of yen)
Deferred tax assets:	
Depreciation and amortization	6,967
Loss on valuation of stocks of subsidiaries and affiliates	5,579
Unsettled accounts receivable and payable	2,326
Accrued bonuses	2,182
Maintenance costs	1,988
Accrued enterprise taxes	1,824
Allowance for doubtful accounts	710
Other	20,532
Subtotal	42,111
Valuation allowance	(6,977)
Total deferred tax assets	35,133
Deferred tax liabilities:	
Unrealized gains on available-for-sale securities	9,560
Reserve for reduction entry for fixed assets	801
Reserve for special depreciation	33
Other	42
Total deferred tax liabilities	10,438
Net deferred tax assets	24,695

Leased assets

In addition to the fixed assets on the non-consolidated balance sheet, the Company leases certain office equipment and manufacturing facilities under finance lease transactions that do not transfer ownership.

Related party transactions

Directors, other Officers, major individual shareholders and others (Millions of yen)

Type	Name	Percentage of voting rights	Relationship	Transactions	Transaction amount (Thousands of shares)	Account	Balance at the year end
Director or other Officer	Chihiro Kanagawa	Direct Ownership 0.07%	Representative Director-Chairman	Exercise of stock options (Note)	60 (6)	-	-
Director or other Officer	Fumio Akiya	Direct Ownership 0.00%	Representative Director-Vice-Chairman	Exercise of stock options (Note)	297 (25)	-	-
Director or other Officer	Yasuhiko Saitoh	Direct Ownership 0.01%	Representative Director-President	Exercise of stock options (Note)	29 (2.5)	-	-
Director or other Officer	Masahiko Todoroki	Direct Ownership 0.00%	Director, Senior Managing Corporate Officer	Exercise of stock options (Note)	21 (2)	-	-
Director or other Officer	Yukihiro Matsui	Direct Ownership 0.00%	Managing Corporate Officer	Exercise of stock options (Note)	64 (6)	-	-
Director or other Officer	Masaki Miyajima	Direct Ownership 0.01%	Managing Corporate Officer	Exercise of stock options (Note)	59 (5)	-	-
Director or other Officer	Kenji Ikegami	Direct Ownership 0.00%	Managing Corporate Officer	Exercise of stock options (Note)	58 (5)	-	-
Director or other Officer	Toshiyuki Kasahara	Direct Ownership 0.00%	Corporate Officer	Exercise of stock options (Note)	42 (4)	-	-
Director or other Officer	Kazumasa Maruyama	Direct Ownership 0.00%	Corporate Officer	Exercise of stock options (Note)	83 (7)	-	-
Director or other Officer	Toshio Shiobara	Direct Ownership 0.00%	Corporate Officer	Exercise of stock options (Note)	34 (3)	-	-
Director or other Officer	Kai Yasuoka	Direct Ownership 0.00%	Corporate Officer	Exercise of stock options (Note)	21 (2)	-	-
Director or other Officer	Hidenori Onezawa	Direct Ownership 0.00%	Full-Time Audit & Supervisory Board Member	Exercise of stock options (Note)	13 (1.3)	-	-

(Note) Share subscription rights were approved at the Board of Directors meeting held on September 6, 2017, August 21, 2018 and September 13, 2019.

Per share information

Non-consolidated per share information as of and for the fiscal year ended March 31, 2022 is as follows:

(Yen)

Net assets per share -- 2,120.89

Net income per share -- 363.06