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Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2022 (under IFRS)

August 2, 2021

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 Listing: Tokyo Stock Exchange
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Scheduled date to file quarterly securities report: August 13, 2021

Scheduled date to commence dividend payments: -

Preparation of supplementary material on quarterly financial results: Yes

Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30 2021)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenue		Core Operating profit		Operating profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
June 30, 2021	82,310	21.9	12,551	56.5	11,149	39.0	8,643	654.2
June 30, 2020	67,542	-	8,020	-	8,020	-	1,146	(85.7)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
June 30, 2021	8,163	623.8	10,697	439.1	37.98	37.93
June 30, 2020	1,128	(84.5)	1,983	(63.3)	5.25	5.24

Reference: Profit before tax June 30, 2021 11,053 (52.1%) June 30, 2020 7,266 (-)

Note: Core operating profit is calculated as operating profit excluding certain gains and expenses attributable to non-recurring factors.

Note: The group has classified the Elastomers business as discontinued operations from the First Quarter of FY ending March 2022. In the condensed quarterly consolidated financial statements, the group has presented profit or loss from discontinued operations separately from continuing operations, and revenue, core operating profit, operating profit and profit before tax are presented for the amount of continuing operations. As the amounts for the First Three Months of FY Ending March 2021 have also been adjusted to reflect this change, the percent change from the previous year's result is not presented.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
June 30, 2021	683,995	374,401	338,040	49.4	1,572.81
March 31, 2021	672,773	370,736	333,995	49.6	1,554.17

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	30.00	–	30.00	60.00
Fiscal year ended March 31, 2022	–				
Fiscal year ending March 31, 2022 (Forecast)		30.00	–	30.00	60.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022
(from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Core Operating profit		Operating profit		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	318,000	1.9	43,000	13.5	43,000	25.6	30,000	-	27,000	-	125.64

Reference: Profit before tax Fiscal year ending March 31, 2022 42,500

Note: Revisions to the earnings forecasts most recently announced: None

Note: Core operating profit is calculated as operating profit excluding certain gains and expenses attributable to non-recurring factors.

Note: The group has classified the Elastomers business as discontinued operations from the First Quarter of FY ending March 2022. In the “Consolidated earnings forecasts for the fiscal year ending March 31, 2022” and FY ended March 2021, the group has presented profit or loss from discontinued operations separately from continuing operations, and revenue, core operating profit, operating profit and profit before tax are presented for the amount of continuing operations. The amounts of FY ended March 2021 are before audit.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
 - a. Changes in accounting policies required by IFRS: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	226,126,145 shares
As of March 31, 2021	226,126,145 shares

b. Number of treasury shares at the end of the period

As of June 30, 2021	11,199,440 shares
As of March 31, 2021	11,223,335 shares

c. Average number of shares during the period

For the three months ended June 30, 2021	214,914,109 shares
For the three months ended June 30, 2020	214,728,281 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors.

How to obtain supplementary material on financial results

The material on financial results is available on the Company's website on Monday, August 2, 2021.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Three Months of FY ending March 2022 (April 1, 2021 to June 30, 2021)

Among the JSR Group's main customer industries, the semiconductor market has been favorable, thanks to widening infrastructure and device demand driven by continued digitalization. The flat-panel display market saw a return to strong panel production, and biologics-related markets remained solid. Automobile production and tire production were up significantly from the previous year, as demand continues to recover.

Amid these circumstances, JSR Group has concentrated its resources on the expansion of the Digital Solutions Business and Life Sciences Business, which have high growth potential in the global market and where the Group can better demonstrate its strength in technological innovation. Although the Elastomers Business has earned international trust with its advanced technological capabilities, the business landscape is becoming increasingly challenging due to intensifying global competition and other factors. Given these business conditions, JSR Group launched a review of its strategic approaches while implementing business structural reforms and taking measures to improve profitability. As a result of the review and in the interest of ensuring the future growth of the Elastomers Business, JSR 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. The share transfer is planned to be completed in April 2022, after obtaining the necessary clearances, permits, and approvals under Japanese and international competition laws and other laws and regulations.

Accordingly, JSR has classified the Elastomers Business as discontinued operations from the First Quarter of FY ending March 2022. Moreover, certain reclassifications have been made to the Condensed Quarterly Consolidated Statement of Profit or Loss and related Notes on Condensed Quarterly Consolidated Financial Statements for the First Quarter of FY ended March 2021 to conform to the presentation format for the First Quarter of FY ending March 2022.

In the Digital Solutions Business, the Group has been expanding sales of products in the Semiconductor Materials Business applicable to cutting-edge technologies, and in the Display Materials Business, it has been pushing to expand sales particularly of competitive products in the China market where continued growth is anticipated.

In the Life Sciences Business, with the U.S. headquarters guiding strategies for the entire business segment, the Group has worked to expand the biologics contract development and manufacturing organization (CDMO) business and contract research organization (CRO) business, which has led to a substantial increase in revenue.

In the Plastics Business, the Group has been harnessing the demand recovery to achieve significant revenue growth as well as working to expand sales of strategic products.

In the First Three Months of FY ending March 2022, the Company reported revenue of 82,310 million yen (up 21.9% year-on-year), core operating profit of 12,551 million yen (up 56.5% year-on-year), and profit attributable to owners of parent of 8,163 million yen (up 623.8% year-on-year).

(Unit: Millions of yen)

Segment	First Three Months of FY ended March 2021 (April 1 to June 30, 2020)		First Three Months of FY ending March 2021 (April 1 to June 30, 2021)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	36,341	53.8%	39,272	47.7%	2,931	8.1%
Life Sciences	12,606	18.7%	16,334	19.9%	3,729	29.6%
Plastics	16,206	24.0%	23,754	28.9%	7,548	46.6%
Other	2,390	3.5%	2,950	3.5%	560	23.4%
Adjustment	0	0.0%	(0)	(0.0%)	(0)	(200.0%)
Total	67,542	100.0%	82,310	100.0%	14,768	21.9%
Revenue in Japan	21,076	31.2%	27,502	33.4%	6,426	30.5%
Overseas revenue	46,466	68.8%	54,808	66.6%	8,342	18.0%

(Unit: Millions of yen)

Segment	First Three Months of FY ended March 2021 (April 1 to June 30, 2020)		First Three Months of FY ending March 2021 (April 1 to June 30, 2021)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	8,020	11.9%	12,551	15.2%	4,530	56.5%
Profit attributable to owners of parent	1,128	1.7%	8,163	9.9%	7,035	623.8%

<Digital Solutions Business Segment>

Revenue in the Digital Solutions Business segment rose from the same period of the previous year, driven by sales growth in a strong semiconductor market. Core operating profit increased due to higher profit accompanying increased revenue from semiconductor materials.

Consequently, the Digital Solutions Business segment posted a core operating profit of 10,442 million yen (up 34.3% year-on-year) on revenue of 39,272 million yen (up 8.1% year-on-year) in the first three months of FY ending March 2022.

<Life Sciences Business Segment>

The Life Sciences Business segment posted higher revenue from the same period of the previous year, supported chiefly by expanded sales in the CDMO business, in the CRO business, and of bioprocess materials.

Core operating profit was up due to revenue increases, despite higher expenses caused by growth investments.

Consequently, the Life Sciences Business segment posted a core operating profit of 1,184 million yen (up 44.1% year-on-year) on revenue of 16,334 million yen (up 29.6% year-on-year) in the first three months of FY ending March 2022.

<Plastics Business Segment>

The Plastics Business segment saw an increase in revenue from the same period of the previous year, due to substantial growth in sales volume on the back of a recovery in automobile production, which had been sluggish in the previous fiscal year. Core operating profit increased due to higher profit owing to the rise in revenue.

Consequently, the Plastics Business segment posted a core operating profit of 1,861 million yen (up 272.2% year-on-year) on revenue of 23,754 million yen (up 46.6% year-on-year) in the first three months of FY ending March 2022.

(2) **Explanation of Future Forecast Information, such as Forecast of Consolidated Business Results**

There are no changes in the forecast of consolidated business results for the full term of FY ending March 2022, as announced in the “Classification of Discontinued Operations and Revision to Consolidated Financial Results Forecast for the Fiscal Year ending March 31, 2022” on May 11, 2021.

Consolidated Financial Statements**(1) Consolidated Statement of Financial Position**

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	85,377	70,510
Trade and other receivables	125,292	73,940
Inventories	104,862	75,051
Other financial assets	1,933	283
Other current assets	11,815	8,748
Subtotal	<u>329,279</u>	<u>228,533</u>
Assets related to disposal group classified as held for sale	-	161,883
Total current assets	<u>329,279</u>	<u>390,417</u>
Non-current assets		
Property, plant and equipment	170,428	141,859
Goodwill	58,633	58,795
Other intangible assets	15,014	13,545
Investments accounted for using equity method	21,015	4,967
Retirement benefit asset	4,905	4,898
Other financial assets	49,751	46,287
Other non-current assets	3,598	2,644
Deferred tax assets	20,150	20,584
Total non-current assets	<u>343,494</u>	<u>293,578</u>
Total assets	<u><u>672,773</u></u>	<u><u>683,995</u></u>

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	100,797	60,578
Contract liabilities	9,368	10,358
Borrowings	37,872	20,207
Income taxes payable	4,866	4,076
Provisions	1,837	378
Other financial liabilities	3,874	2,367
Other current liabilities	10,196	4,874
Subtotal	<u>168,810</u>	<u>102,838</u>
Liabilities related to disposal group classified as held for sale	—	106,452
Total current liabilities	<u>168,810</u>	<u>209,289</u>
Non-current liabilities		
Contract liabilities	7,861	13,329
Bonds and borrowings	81,406	53,825
Retirement benefit liability	16,434	10,231
Other financial liabilities	19,314	14,672
Other non-current liabilities	5,136	5,133
Deferred tax liabilities	3,077	3,115
Total non-current liabilities	<u>133,227</u>	<u>100,304</u>
Total liabilities	<u>302,036</u>	<u>309,593</u>
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,562	11,516
Retained earnings	302,916	304,949
Treasury shares	(19,202)	(19,161)
Other components of equity	15,348	17,365
Total equity attributable to owners of parent	<u>333,995</u>	<u>338,040</u>
Non-controlling interests	<u>36,741</u>	<u>36,362</u>
Total equity	<u>370,736</u>	<u>374,401</u>
Total liabilities and equity	<u><u>672,773</u></u>	<u><u>683,995</u></u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	<i>Three months ended</i> June 30, 2020	<i>Three months ended</i> June 30, 2021
Continuing operations		
Revenue	67,542	82,310
Cost of sales	(41,762)	(50,545)
Gross profit	25,780	31,765
Selling, general and administrative expenses	(17,647)	(19,279)
Other operating income	432	496
Other operating expenses	(406)	(1,775)
Share of loss of investments accounted for using equity method	(140)	(59)
Operating profit	8,020	11,149
Finance income	158	298
Finance costs	(912)	(395)
Profit before tax	7,266	11,053
Income taxes	(2,124)	(2,716)
Profit from continuing operations	5,142	8,336
Discontinued operations		
Profit (Loss) from discontinued operations	(3,996)	307
Profit	1,146	8,643
Profit attributable to:		
Owners of parent	1,128	8,163
Non-controlling interests	18	480
Total	1,146	8,643
Earnings per share (loss)		
Basic earnings per share (loss) (Yen)	5.25	37.98
Continuing operations	23.05	35.26
Discontinued operations	(17.80)	2.72
Diluted earnings per share (loss) (Yen)	5.24	37.93
Continuing operations	23.01	35.21
Discontinued operations	(17.77)	2.72

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	<i>Three months ended</i> June 30, 2020	<i>Three months ended</i> June 30, 2021
Profit	1,146	8,643
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair value through other comprehensive income	1,096	867
Remeasurements of defined benefit liabilities (assets)	—	70
Share of other comprehensive income of entities accounted for using equity method	3	(2)
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	(5)	(0)
Exchange differences on translation of foreign operations	613	564
Share of other comprehensive income of entities accounted for using equity method	(871)	547
Total other comprehensive income, net of tax	837	2,045
Total comprehensive income	1,983	10,689
Comprehensive income attributable to:		
Owners of parent	1,372	10,416
Non-controlling interests	610	273
Total	1,983	10,689

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended June 30, 2020

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2020	23,370	18,242	369,102	(19,547)	5,626	396,793	40,619	437,412
Profit			1,128			1,128	18	1,146
Other comprehensive income					245	245	592	837
Total comprehensive income			1,128		245	1,372	610	1,983
Share-based remuneration transactions		(38)			73	35		35
Dividends			(6,441)			(6,441)	(462)	(6,904)
Changes in treasury shares		(7)		45		38		38
Transfer from other components of equity to retained earnings			3		(3)			
Changes in non-controlling interests		(257)				(257)	(43)	(300)
Other movements		7	(561)		460	(95)	0	(94)
Total transactions with owners, etc.		(296)	(7,000)	45	530	(6,721)	(505)	(7,225)
Balance at June 30, 2020	23,370	17,946	363,231	(19,502)	6,400	391,444	40,725	432,169

Three months ended June 30, 2021

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2021	23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736
Profit			8,163			8,163	480	8,643
Other comprehensive income					2,253	2,253	(208)	2,045
Total comprehensive income			8,163		2,253	10,416	273	10,689
Share-based remuneration transactions		(29)			82	53		53
Dividends			(6,447)			(6,447)	(653)	(7,100)
Changes in treasury shares		(12)		41		28		28
Transfer from other components of equity to retained earnings			318		(318)			
Other movements		(6)				(6)		(6)
Total transactions with owners, etc.		(47)	(6,129)	41	(236)	(6,371)	(653)	(7,024)
Balance at June 30, 2021	23,370	11,516	304,949	(19,161)	17,365	338,040	36,362	374,401

(5) Notes on Condensed Consolidated Financial Statements

(Cautionary Notes regarding Assumptions of Going Concern)

Not applicable

(Segment Information)

(1) Outline of Reportable Segments

JSR Group reportable segments are components of the Group for which separate financial information is available. The Board of Directors determines the basis of business segments that are subject to regular reviews for decisions on the allocation of managerial resources and the evaluation of business results.

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

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

As of the First Quarter of FY ending March 2022, JSR Group has three reportable segments: Digital Solutions Business, Life Sciences Business, and Plastics Business.

This change is the result of JSR's decision to establish a new subsidiary named Japan Synthetic Rubber Spin-off Preparation Co., Ltd. that succeeds to part of 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. With the conclusion of a stock transfer agreement with ENEOS Corporation dated May 11, 2021, JSR has classified the Elastomers Business as discontinued operations. The portion of the Elastomers Business not succeeded to Japan Synthetic Rubber Spin-off Preparation Co., Ltd. by the Company has been reclassified to the Other segment because of the decrease in its monetary importance.

The Digital Solutions Business is a reportable segment comprising multiple segments based on the nature of the products and services, the nature of production processes, and similarity in markets and other economic characteristics.

The accounting methods for reportable segments are the same as the methods adopted for preparation of consolidated financial statements.

JSR has classified the Elastomers Business as discontinued operations from the First Quarter of FY ending March 2022, and segment information presents only amounts for continuing operations excluding the Elastomers Business.

Main Products in Each Business Segment

Business segment	Main products
Digital Solutions Business	<Semiconductor Materials> Lithography materials (photoresists, multilayer materials); mounting materials; cleaning solutions; CMP materials; etc. <Display Materials> Materials for color LCDs; Materials for OLED; etc. <Edge Computing Materials> Heat-resistant transparent resins and functional films; high-functional UV curable resins; photo fabrication; etc.
Life Sciences Business	Services to support drug development; bio-process materials; Diagnostic and research reagents and similar materials; etc.
Plastics Business	Synthetic resins including ABS resins, AES resins, AS resins, and ASA resins

(2) Reportable Segment Revenues, Profits and Losses

The following information pertains to the Group's reportable segments.

First Three Months of FY ended March 31, 2021 (April 1 to June 30, 2020)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	36,341	12,606	16,206	2,390	67,542	0	67,542
Segment profit (loss) (Core operating profit) [Note 3]	7,777	822	500	197	9,296	(1,276)	8,020

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

Note 2: Segment profit (loss) downward adjustment of 1,276 million yen contains company-wide profits and losses not allocated to the reportable segments.

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

First Three Months of FY ending March 31, 2022 (April 1 to June 30, 2021)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	39,272	16,334	23,754	2,950	82,310	(0)	82,310
Segment profit (loss) (Core operating profit) [Note 3]	10,442	1,184	1,861	211	13,699	(1,148)	12,551

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

Note 2: Segment profit (loss) downward adjustment of 1,148 million yen contains company-wide profits and losses not allocated to the reportable segments.

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

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

	(Unit: Millions of yen)	
	First Three Months of FY ended March 2021 (April 1 to June 30, 2020)	First Three Months of FY ending March 2022 (April 1 to June 30, 2021)
Segment profit	8,020	12,551
Loss on valuation of capital investments in subsidiaries	-	(1,401)
Operating profit	8,020	11,149
Finance income	158	298
Finance costs	(912)	(395)
Profit before tax	7,266	11,053