

# Q4 2021 Financial Results

(April 2021 to March 2022)



**JSR Corporation**

# Repost: Management Policy

\*A briefing for the progress is planned on May 24, 2022

## <Vision>

- Create value for all stakeholders through sustainable growth.
- Strengthen the resilient business structure by responding to changes in the environment.

## <Business Portfolio>

- Digital Solutions (DS, especially SEMI) and Life Sciences (LS) as the center of our business portfolio.

## <Target>

- DS&LS: Exceed prior peak OP, ROE more than 10%, maximize ROIC (DS more than 25%, LS more than 12%) in FY24.
- Capital allocation: 1st priority for future business growth, 50% shareholder return as a guideline.

## <Strategy>

### ■ Digital Solutions

- SEMI: More than 8% of rev. CAGR (Double the growth of silicon wafer input by area). Scale and fields expansion including M&A.
- Display materials: Establish business structure as cash cow through selection and concentration. Aim for gradual profit growth.
- Edge Computing: Accelerate sales growth.

### ■ Life Sciences

- Revenue: more than 100 billion yen, ROS: 20%
- Sales growth by business expansion through customer pipelines, especially in CDMO and CRO. Strengthen the strategic link among Life Sciences groups for sustainable growth.

### ■ Petrochemical (Elastomers, Plastics)

- Promote structural reforms of Elastomers business.

# Summary

## <FY21 ending March, 2022 Result>

- Both sales and core OP of FY21 were increased significantly YoY. Toward FY22, the Semiconductor materials and Life Sciences business are expected to drive the growth.
- Compared to the projection, sales of FY21 were almost in line, but core OP of FY21 underperformed.
- 3.8 billion yen was accounted for impairment loss of the cleans facility in the US in FY21Q4.

## <Digital Solutions Business>

- Sales of SEMI achieved + 16% growth YoY. The growth of EUV resist including Inpria, 100% subsidiary, increased by 90% YoY.
- Due to a delay of a start-up of the cleans facility in the US, impairment loss was accounted in FY21Q4. Stable operations are continuing, and it's planned to make a quick recovery by increasing operations.
- Although Display materials was affected by operation adjustments of panel manufacture in FY21H2, the restructuring of the business was completed, which leads to stable growth.
- With continuous strong demand for SEMI, +17% sales growth is expected for FY22. There is no change in the growth story as stated in the management policy.

## <Life Sciences Business>

- Achieved strong sales growth of + 31% YoY. Each sub-segment's sales expanded due to competitive products and services as well as strong market demand.
- Due to a decline in CDMO's sales and OP in FY21Q4, OP target for FY21 was not achieved. Start up costs increased for the readiness of operations at new facilities.
- Strong sales growth is continuously expected for overall LS business in FY22. In particular, new CDMO manufacturing operations in the US and Europe will start contributing and improving FY22's profit margin.

## <Structural Reforms in Elastomers Business and Others>

- The separation of the Elastomer business and transfer of stock to ENEOS Corporation were completed in April, 2022.
- We will continue to promote measures to achieve the vision of our management policy.
- We announced share buybacks of up to 30 billion yen today, as a part of our shareholder return policy.

# Summary 1 – FY21 Result vs Projection

		FY21 Act	FY21 Pro (as of Nov.8)
Consolidated	Sales	3,410	3,465
	Core Operating Profit	433	525
	Operating Profit	438	523
	Profit, attributable to owners of parent	373	355
Digital Solutions	Sales	1,650	1,645
	Semiconductor materials	1,103	1,090
	Display materials	459	460
	Edge computing	88	95
	Core Operating Profit	390	445
Life Sciences	Sales	725	720
	Core Operating Profit	32	60
Plastics	Sales	906	980
	Core Operating Profit	53	65
Others/Adjustment	Sales	129	120
	Core Operating Profit	-42	-45
Exchange rate (USD/JPY)		112	110

\*Core OP is calculated by excluding profit or loss caused by non-recurring factors from OP.

\*Discontinuing business is not shown on the table, except for Profit, attributable to owners of parent.

- FY21 result didn't achieve the projection announced in November, 2021.
- Digital Solutions : Sales were mostly in line with the projection. OP didn't achieve the projection due to impairment loss of SEMI's cleans facility and profit declines of Display materials and Edge Computing.
- Life Sciences: Sales outperformed the projection driven by CRO and IVD. OP was under the projection due to CDMO's lower utilization compared to the projection and costs increase including one-off start up costs of new facilities.
- Plastics : Sales and OP were under the projection. A recovery from a semiconductor shortage was slowed down in FY21H2 although auto industry's operation recovery from COVID-19 was expected .
- \*Please refer to Appendix for valuation gain from acquisition of SEMI's Inpria and impact of valuation factors due to impairment loss on the cleans facility.

# Summary 2 – YoY, QoQ

(100Mil JPY)

		FY20	FY21	YoY	21Q3	21Q4	QoQ
Consolidated	Sales	3,120	3,410	+9%	884	844	-4%
	Core Operating Profit	379	433	+14%	192	10	-95%
	Operating Profit	342	438	+28%	192	17	-91%
	Profit, attributable to owners of parent	-552	373	-	178	19	-89%
Digital Solutions	Sales	1,514	1,650	+9%	427	417	-2%
	Core Operating Profit	346	390	+13%	167	27	-84%
Life Sciences	Sales	552	725	+31%	196	191	-3%
	Core Operating Profit	35	32	-10%	19	-7	-
Plastics	Sales	791	906	+15%	229	199	-13%
	Core Operating Profit	44	53	+20%	16	3	-83%
Others/Adjustment	Sales	263	129	-51%	32	36	+13%
	Core Operating Profit	-46	-42	-	-10	-13	-

\*Discontinuing business is not shown on the table, except for Profit, attributable to owners of parent.

## YoY : Both sales and OP increased.

Digital Solutions: Sales and OP increased mainly due to an increase in sales of SEMI.

Life Sciences: Sales increased with overall strong growth across sub-segments. OP decreased due to profit decline related to a start-up of CDMO's new facilities.

Plastics: Sales and OP increased due to an increase in sales volume in response to a recovery in demand from COVID-19.

## QoQ : Both sales and OP decreased.

Digital Solutions: No change on demands of SEMI. OP decreased due to factors including Inpria's valuation gain in FY21Q3 and cleans facility's impairment loss in FY21Q4.

Life Sciences: Decline in CDMO's sales and OP in FY21Q4 resulted in sales and OP reduction.

Plastics: Sales and OP decreased due to accounting factors including inventory effect.

# Projections for FY22

(100Mil JPY)

		FY21 Act	FY22 Pro	YoY
Consolidated	Sales	3,410	4,100	+20%
	Core Operating Profit	433	575	+33%
	Operating Profit	438	575	+31%
	Profit, attributable to owners of parent	373	460	+23%
Digital Solutions	Sales	1,650	1,870	+13%
	Semiconductor materials	1,103	1,295	+17%
	Display materials	459	460	+0%
	Edge computing	88	115	+30%
	Core Operating Profit	390	430	+10%
Life Sciences	Sales	725	1,150	+59%
	Core Operating Profit	32	140	+342%
Plastics	Sales	906	1,000	+10%
	Core Operating Profit	53	65	+22%
Others/ Adjustment	Sales	129	80	-38%
	Core Operating Profit	-42	-60	-
Exchange rate (USD/JPY) *		112	116	+3%
Depreciation **		194	235	+21%
CAPEX		419	360	-14%
RD expenses		241	255	+6%

\*Exchange rate: FY22 Pro's exchange rate is same as FY21Q4 result. We'll review it based on result if necessary.

\*\*Excluding IFRS16 lease asset depreciation.

\*Discontinuing business is not shown on the table except for Profit, attributable to owners of parent.

## Future Outlook

### ■ Digital Solutions

#### - SEMI

The significant growth of EUV resist including Inpria is expected. Demand for semiconductor will continue and sales expansion of our advanced products with a broad product portfolio is expected.

#### - Display materials

We see that operation adjustments of the customer industry will continue for a while. But sales and OP are expected to be the same level as FY21 due to a completion of the Taiwan plant's withdrawal and sales expansion of alignment films and passivation coats to China.

#### - Edge Computing

A recovery of the smartphone market and gain of new customers are expected.

### ■ Life Sciences

Expected strong demands in CDMO, CRO, and BPM contributes to sales growth. And new CDMO facility in the US will ramp up commercial operation in FY22Q1.

### ■ Plastics

A recovery of automobile production is expected. We'll drive a shift to high value-added products. An increase in our price was announced in March in response to costs increase of raw materials and logistics.

### ■ Other adjustments

FY22 includes some temporary costs related to a start-up of new EPR.

Also, includes a portion of the impact of the decrease in sales and profit associated with the divestment of the Elastomers business.

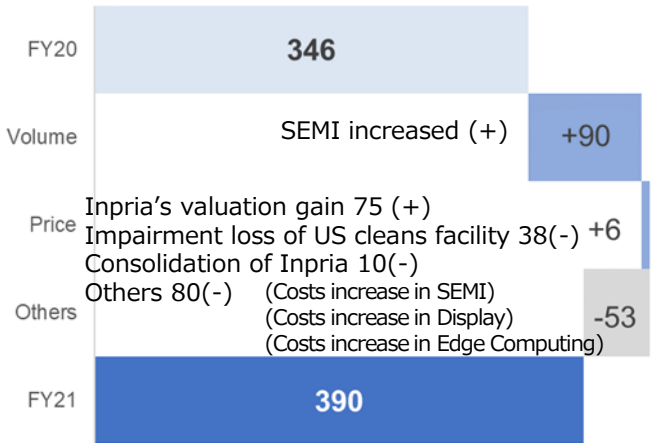
# Segment Data : Digital Solutions business

(100Mil JPY)

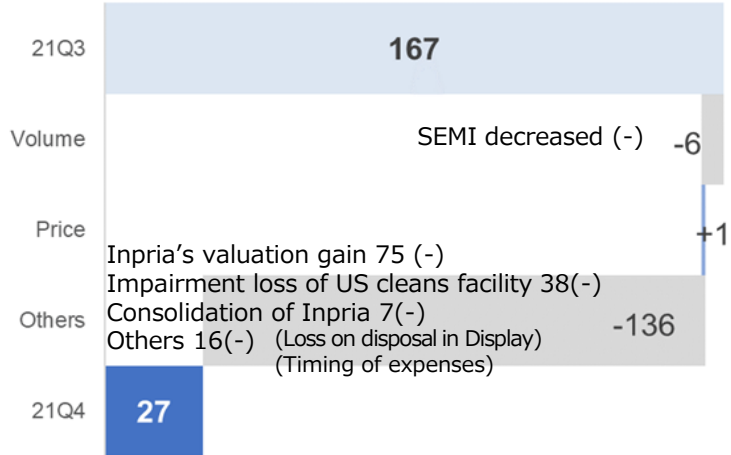
	FY20	FY21	YoY	21Q3	21Q4	QoQ
Sales	1,514	1,650	+9%	427	417	-2%
Semiconductor materials	949	1,103	+16%	292	282	-3%
Display materials	474	459	-3%	110	113	+3%
Edge computing	92	88	-4%	25	22	-11%
Core OP	346	390	+13%	167	27	-84%
Core OP margin	22.8%	23.6%		39.2%	6.4%	
Exchange rate (USD/JPY)	106	112	+6%	114	116	+2%

## Core OP analysis

YoY



QoQ



# Appendix: Digital Solutions business - Sales growth rate

SEMI	YoY ytd	QoQ
EUV	Approx. +90%	Approx. -5%
ArF	Approx. +10%	Slightly Under +5%
Multilayer	Approx. +15%	Approx. -5%
Other Lithography	Approx. +35%	Slightly increased
CMP	Approx. +10%	Approx. -10%
Cleaner	Slightly over +15%	Approx. -20%
Packaging	Slightly Under +10%	Approx. +5%
Display	YoY ytd	QoQ
Alignment Films	Slightly Under +5%	Approx. +10%
Passivation Coat	Slightly Under +15%	Approx. -5%
Color Pigmented Resists	Approx. -30%	Slightly Under -30%
Edge	YoY ytd	QoQ
ARTON	Approx. -5%	Approx. -5%



# Segment Data : Life Sciences business

(100Mil JPY)

	FY20	FY21	YoY	21Q3	21Q4	QoQ
Sales	552	725	+31%	196	191	-3%
Core OP	35	32	-10%	19	-7	-
Core OP margin	6.4%	4.4%		9.7%	-	
Exchange rate (USD/JPY)	106	112	+6%	114	116	+2%

## Core OP analysis

### YoY

	Sales	Core Operating Profit
Total	+31%	-10%
CDMO	Approx. +25%	Decrease in OP
CRO	Approx. +45%	Increase in OP
BPM	Approx. +55%	Increase in OP
IVD	Approx. +25%	Increase in OP

### QoQ

	Sales	Core Operating Profit
Total	-3%	-
CDMO	Approx. -15%	Decrease in OP
CRO	Flat	Decrease in OP
BPM	Approx. +10%	Increase in OP
IVD	Slightly Under +20%	Same level as Q3

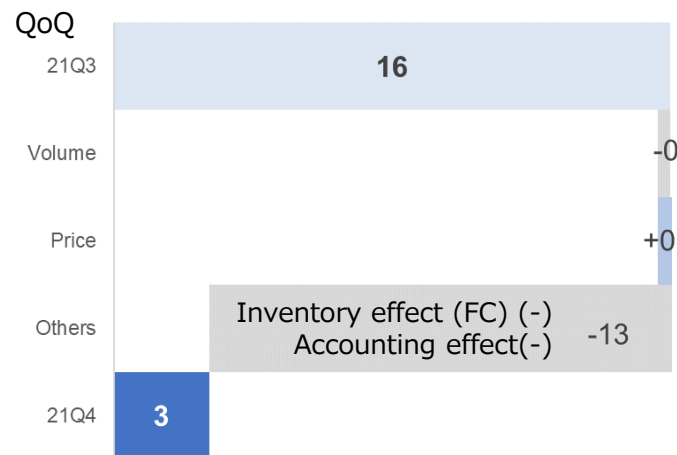
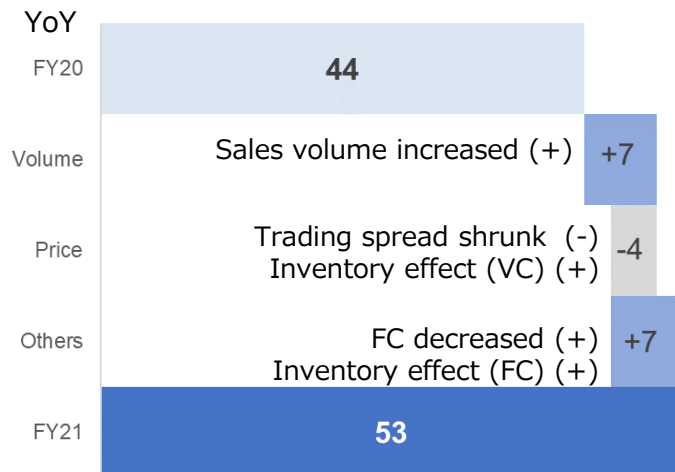
\*BPM: Bioprocess Materials

# Segment Data : Plastics business

(100Mil JPY)

	FY20	FY21	YoY	21Q3	21Q4	QoQ
Sales	791	906	+15%	229	199	-13%
Core OP	44	53	+20%	16	3	-83%
Core OP margin	5.6%	5.9%		7.0%	1.4%	
Exchange rate (USD/JPY)	106	112	+6%	114	116	+2%

## Core OP analysis



# Capital Allocation

Changes from 21/3E to 22/3E

(100Mil JPY)

	21/3E	22/3E	+/-
Current assets	3,293	2,457	-836
Cash and cash equivalents	854	456	-398
Others	2,439	2,001	-438
Non-current assets	3,435	3,724	+289
Continuing business Total	6,728	6,181	
Non-current Assets held for sale		1,913	+1,913
Total Assets	6,728	8,094	+1,366
Bonds and borrowings	1,193	1,179	-14
Others liabilities	1,828	1,611	-216
Continuing business Total	3,020	2,791	
Non-current liabilities held for sale		1,156	+1,156
Total Liabilities	3,020	3,946	+926
Equity attributable to owners of parent	3,340	3,760	+420
Non-controlling interests	367	387	+20
Total Equity	3,707	4,147	+440

## Changes of Net Cash from 21/3E to 22/3E

- The Elastomers business is categorized as items held for sale.
- There was approx. 20 billion yen of cash income from the transfer of Kumho Polychem and sales of cross-shareholdings shares.
- Approx. 46.7 billion yen was paid for the acquisition of Inpria.
- Net Cash is approx. -72.3 billion yen as of 22/3E (Continued business).

April, 2022

Assets and liabilities held for sale is separated from our company's B/S with a closing of transferring the Elastomers business. We received proceeds from the transfer.

## Basic capital allocation policy

1. Invest in future business growth, including M&A (mainly in SEMI and Life Sciences)
2. Maintaining a strong financial position that can flexibly respond to business investments
3. Shareholder return (50% as a guideline)

## Future capital allocations

- We announced share buybacks of up to 30 billion yen, as a part of our shareholder return policy.
- We see no issues with execution of the basic policy of capital allocation as the stable finance position is maintained.

# Appendix: Details of FY22 Projections

(100Mil JPY)

		FY20 Act	FY21 Pro (as of Nov.8)	FY21 Act	FY22 Pro	Comments on FY22 Pro
Digital Solutions	Sales	1,514	1,645	1,650	1,870	<ul style="list-style-type: none"> <li>•FY22's business profit is expected to increase by 22% with 43 billion yen compared to FY21's 35.3 billion yen excluding valuation profit and loss amidst an increase in the cost base for future investments.</li> <li>•SEMI's FC of FY22 includes future investments such as for EUV's development and manufacturing, as well as promoting sales by establishing a Taiwan subsidiary.</li> <li>•Also includes indirect cost increase related to the Elastomers business divestment. (It is planned to be optimized)</li> </ul>
	Semiconductor materials	949	1,090	1,103	1,295	
	Display materials	474	460	459	460	
	Edge computing	92	95	88	115	
	Profit from business	346	385	363	430	
	Inpria's profits and loss (incl. amortization of intangible assets)		-15	-10		
	Subtotal: Profit from business	346	370	353	430	
Profit margin	23%	22%	21%	23%		
Valuation gain of Inpria		75	75			
Impairment of Celans facility in US			-38			
Core Operating Profit	346	445	390	430		
Life Sciences	Sales	552	720	725	1,150	IVD: FY22 includes sales contribution from COVID-19 antigen kits. CDMO: Sales expansion from new facilities are included.
	Core Operating Profit	35	60	32	140	IVD: FY22 includes sales contribution from COVID-19 antigen kits. CDMO: Productivity improvement including sales expansion from new facilities.
	Profit margin	6%	8%	4%	12%	

# Appendix: Overall Statement of P/L

(100Mil JPY)

	FY20	FY21	YoY
Sales	3,120	3,410	+9%
Cost of sales	1,982	2,149	+8%
Gross profit	1,138	1,261	+11%
Selling, general and administrative expenses	752	873	+16%
Other operating income/expenses	-37	49	-
Share of profit of investments accounted for using equity method	-7	2	-
<b>Operating Profit</b>	<b>342</b>	<b>438</b>	<b>+28%</b>
Finance income/cost	-9	18	-
Income taxes	80	84	+5%
Profit from continuing business	253	372	+47%
Profit from discontinued business	-799	23	-
<b>Profit</b>	<b>-545</b>	<b>394</b>	<b>-</b>
Profit, attributable to owners of parent	-552	373	-
Profit, attributable to non-controlling interests	6	21	+242%

EPS(JPY)	-256.73	173.49	-
EPS - continuing business	108.65	162.52	+50%
EPS - discontinued business	-365.38	10.97	-

Exchange rate(USD/JPY)	106	112	+6%
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## Breakdown from Core OP to OP

	FY20	FY21
Core Operating Profit	379	433
Reversal of impairment losses	-	13
Profit from sales of shares of subsidiaries and affiliated companies	-	3
Business structural reform expenses	-35	-
Loss on valuation of capital investments in subsidiaries	-	-14
Special Retirement benefits	-2	-
Others	-	2
<b>Operating Profit</b>	<b>342</b>	<b>438</b>

# Appendix: Statement of Financial position

(100Mil JPY)

	21/3E	22/3E	+/-
Current assets	3,293	4,370	+1,077
Cash and cash equivalents	854	456	-398
Trade and other receivables	1,253	761	-492
Inventories	1,049	1,049	+1
Others	137	191	+53
Non-current Assets held for sale		1,913	+1,913
Non-current assets	3,435	3,724	+289
Property, plant and equipment	1,704	1,595	-109
Goodwill	586	1,176	+590
Other intangible assets	150	246	+96
Others	994	706	-288
<b>Total Assets</b>	<b>6,728</b>	<b>8,094</b>	<b>+1,366</b>
Current liabilities	1,688	2,883	+1,195
Trade and other payables	1,008	635	-372
Bonds and borrowings	379	692	+313
Others	301	400	+98
Non-current liabilities held for sale		1,156	+1,156
Non-current liabilities	1,332	1,064	-269
Bonds and borrowings	814	487	-327
Others	518	576	+58
<b>Total Liabilities</b>	<b>3,020</b>	<b>3,946</b>	<b>+926</b>
Equity attributable to owners of parent	3,340	3,760	+420
Non-controlling interests	367	387	+20
<b>Total Equity</b>	<b>3,707</b>	<b>4,147</b>	<b>+440</b>

Equity ratio  
(Equity attributable to owners of parents)

2021/3 E : 49.6%  
2022/3 E : 46.5%

\*Including both continuing business and discontinued business

# Overall Statements of Cash Flows

	FY20	FY21	YoY +/-
Cash flows from operating activities	704	183	-521
Income before income taxes	333	455	+122
Depreciation and amortization	295	225	-70
Change in working capital	86	-489	-575
Others	-10	-8	+1
Cash flows from investment activities	-527	-631	-104
Purchase of tangible and intangible assets	-552	-476	+76
Acquisition of shares of subsidiaries		-473	-473
Sales of shares of subsidiaries and affiliates	5	152	+147
Others	20	167	+146
FCF	177	-448	-626
Cash flows from financing activities	43	230	+187
Change in treasury stock	-0	-0	-0
Cash dividends paid	-129	-140	-11
Others	172	370	+198
Others	14	-15	-30
Net income (decrease) in cash and cash equivalents	234	-234	-468
Cash and cash equivalents included in assets held for sale		-164	-164
Cash and cash equivalents at end of period	854	456	-398

\*Including both continuing business and discontinued business

# Appendix: Quarterly Trends by Segments

(100Mil JPY)

		20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4
Consolidated	Sales	675	717	845	883	823	859	884	844
	Core Operating Profit	80	86	125	87	126	105	192	10
	Operating Profit	80	62	123	77	111	117	192	17
	Profit, attributable to owners of parent	11	-18	73	-618	82	94	178	19
Digital Solutions	Sales	363	374	384	393	393	413	427	417
	Semiconductor materials	238	229	233	248	261	268	292	282
	Display materials	109	118	126	121	111	125	110	113
	Edge computing	16	27	25	24	21	21	25	22
	Core Operating Profit	78	91	97	79	104	91	167	27
Life Sciences	Sales	126	135	142	148	163	174	196	191
	Core Operating Profit	8	8	13	6	12	8	19	-7
Plastics	Sales	162	164	225	241	238	240	229	199
	Core Operating Profit	5	2	18	19	19	16	16	3
Others/Adjustment	Sales	24	43	95	101	29	32	32	36
	Core Operating Profit	-11	-15	-4	-17	-9	-10	-10	-13
Exchange rate (USD/JPY)		108	106	105	106	109	110	114	116

\*Core OP is calculated by excluding profit or loss caused by non-recurring factors from OP.

\*Discontinuing business is not shown on the table, except for Profit, attributable to owners of parent.



# Appendix: IR Calendar

## JSR Management Policy Briefing

FY22

May 24, 2022  
10:00-12:00 (JST)

## Announcement of Earnings Results

FY22Q1

August 1, 2022

\*Please note that the above is subject to change.

NB: The forecasts, future plans and strategies made in this document contain a variety of uncertain factors since it has been prepared based on judgments from information that is currently available. Actual business results may differ from those projected, depending on factors such as the economic status of the market surrounding the company.