

Translation

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Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2023 (under IFRS)

August 1, 2022

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 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date to file quarterly securities report: August 12, 2022

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, 2023 (from April 1, 2022 to June 30 2022)

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

Fiscal year ended	Revenue		Core Operating profit		Operating profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	93,298	13.3	6,247	(50.2)	7,267	(34.8)	5,503	(36.3)
June 30, 2021	82,310	21.9	12,551	56.5	11,149	39.0	8,643	654.2

Fiscal year ended	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
June 30, 2022	5,742	(29.7)	22,067	106.4	27.09	27.06
June 30, 2021	8,163	623.8	10,689	439.1	37.98	37.93

Reference: Profit before tax June 30, 2022 9,631 ((12.9%)) June 30, 2021 11,053 (52.1%)

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

(2) Consolidated financial position

As of	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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
June 30, 2022	668,199	385,420	360,613	54.0	1,738.73
March 31, 2022	809,371	414,739	376,011	46.5	1,748.25

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, 2022	–	35.00	–	35.00	70.00
Fiscal year ended March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		35.00	–	35.00	70.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	420,500	23.3	55,000	27.0	56,000	28.0	45,500	15.4	43,500	16.6	209.74

Reference: Profit before tax Fiscal year ending March 31, 2023 56,000

Note: Revisions to the earnings forecasts most recently announced: Yes

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded: 1 (Company Name: JSR BST Elastomer Co., Ltd.)

(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, 2022	226,126,145 shares
As of March 31, 2022	226,126,145 shares

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

As of June 30, 2022	18,726,386 shares
As of March 31, 2022	11,047,900 shares

c. Average number of shares during the period

For the three months ended June 30, 2022	211,942,761 shares
For the three months ended June 30, 2021	214,914,109 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 1, 2022.

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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 2023 (April 1, 2022 to June 30, 2022)

Among the JSR Group's main customer industries, the semiconductor market continued to be solid, with strong demand in such areas as data centers and automobiles, despite softening demand among some end products such as smartphones.

The flat-panel display market, however, continued to see weakening conditions in the panel market, which began in the second half of the previous year, along with panel production adjustments. The biomedical drug market continued its high growth trend.

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.

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 biomedical drug contract development and manufacturing organization (CDMO) business and the drug contract research organization (CRO) business, which has led to an increase in sales.

In the Plastics Business, the Group has been working to expand sales of strategic products.

In the First Three Months of FY ending March 2023, the Company reported revenue of 93,298 million yen (up 13.3% year-on-year), core operating profit of 6,247 million yen (down 50.2% year-on-year), and profit attributable to owners of parent of 5,742 million yen (down 29.7% year-on-year).

(Unit: Millions of yen)

Segment	First Three Months of FY ended March 2022 (April 1 to June 30, 2021)		First Three Months of FY ending March 2023 (April 1 to June 30, 2022)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	39,272	47.7%	42,920	46.0%	3,648	9.3%
Life Sciences	16,334	19.9%	22,747	24.4%	6,412	39.3%
Plastics	23,754	28.9%	22,777	24.4%	(976)	(4.1%)
Other	2,950	3.5%	4,854	5.2%	1,904	64.5%
Adjustment	(0)	(0.0%)	—	—%	0	(100.0%)
Total	82,310	100.0%	93,298	100.0%	10,988	13.3%
Revenue in Japan	27,502	33.4%	28,932	31.0%	1,431	5.2%
Overseas revenue	54,808	66.6%	64,365	69.0%	9,557	17.4%

(Unit: Millions of yen)

Segment	First Three Months of FY ended March 2022 (April 1 to June 30, 2021)		First Three Months of FY ending March 2023 (April 1 to June 30, 2022)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	12,551	15.2%	6,247	6.7%	(6,304)	(50.2%)
Profit attributable to owners of parent	8,163	9.9%	5,742	6.2%	(2,421)	(29.7%)

<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 robust semiconductor market and by the weaker yen.

Core operating profit decreased from the same period of the previous year due in large part to stagnation in the flat-panel display market, increased advance investments, and a one-time expense.

Consequently, the Digital Solutions Business segment posted a core operating profit of 7,651 million yen (down 26.7% year-on-year) on revenue of 42,920 million yen (up 9.3% year-on-year) in the first three months of FY ending March 2023.

<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 and the CRO business and strong performance in the diagnostic reagents business.

Core operating profit decreased from the same period of the previous year due to increased expenses associated with a new plant start-up.

Consequently, the Life Sciences Business segment posted a core operating profit of 32 million yen (down 97.3% year-on-year) on revenue of 22,747 million yen (up 39.3% year-on-year) in the first three months of FY ending March 2023.

<Plastics Business Segment>

The Plastics Business segment saw a drop in revenue from the same period of the previous year, because of declines in sales volume.

Core operating profit decreased from the same period of the previous year due to declines in sales volume and worsening buy-sell spreads caused by rising raw material prices.

Consequently, the Plastic Business segment posted a core operating loss of 479 million yen, versus a core operating profit of 1,861 million yen in the first three months of FY ended March 2022, on revenue of 22,777 million yen (down 4.1% year-on-year) in the first three months of FY ending March 2023.

- (2) **Explanation of Future Forecast Information, such as Forecast of Consolidated Business Results**
The Group has revised the forecast of consolidated business results for the full term of FY ending March 2023 as announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (under IFRS)” on April 25, 2022, in view of market conditions and business results trends.

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

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	45,567	47,649
Trade and other receivables	76,106	98,471
Inventories	104,934	112,295
Other financial assets	1,289	1,425
Other current assets	17,807	13,775
Subtotal	<u>245,704</u>	<u>273,614</u>
Assets related to disposal group classified as held for sale	191,298	1,908
Total current assets	<u>437,002</u>	<u>275,523</u>
Non-current assets		
Property, plant and equipment	159,539	166,496
Goodwill	117,640	130,304
Other intangible assets	24,571	26,281
Investments accounted for using equity method	2,984	3,399
Retirement benefit asset	5,192	4,322
Other financial assets	31,408	31,734
Other non-current assets	2,830	3,131
Deferred tax assets	28,205	27,010
Total non-current assets	<u>372,369</u>	<u>392,677</u>
Total assets	<u><u>809,371</u></u>	<u><u>668,199</u></u>

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	63,548	72,266
Contract liabilities	12,824	21,531
Bonds and borrowings	69,170	71,592
Income taxes payable	13,479	1,966
Provisions	2,718	1,315
Other financial liabilities	3,489	3,719
Other current liabilities	7,461	5,800
Subtotal	172,689	178,189
Liabilities related to disposal group classified as held for sale	115,576	—
Total current liabilities	288,265	178,189
Non-current liabilities		
Contract liabilities	11,582	5,112
Bonds and borrowings	48,737	48,916
Retirement benefit liability	10,278	10,618
Provisions	8,033	8,066
Other financial liabilities	17,795	21,722
Other non-current liabilities	4,809	4,471
Deferred tax liabilities	5,133	5,686
Total non-current liabilities	106,366	104,591
Total liabilities	394,631	282,780
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,799	11,849
Retained earnings	333,335	331,302
Treasury shares	(18,874)	(48,872)
Other components of equity	26,381	42,964
Total equity attributable to owners of parent	376,011	360,613
Non-controlling interests	38,728	24,807
Total equity	414,739	385,420
Total liabilities and equity	809,371	668,199

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Continuing operations		
Revenue	82,310	93,298
Cost of sales	(50,545)	(61,589)
Gross profit	31,765	31,708
Selling, general and administrative expenses	(19,279)	(25,422)
Other operating income	496	1,534
Other operating expenses	(1,775)	(544)
Share of loss of investments accounted for using equity method	(59)	(9)
Operating profit	11,149	7,267
Finance income	298	3,101
Finance costs	(395)	(737)
Profit before tax	11,053	9,631
Income tax expense	(2,716)	(4,128)
Profit from continuing operations	8,336	5,503
Discontinued operations		
Profit from discontinued operations	307	—
Profit	8,643	5,503
Profit attributable to		
Owners of parent	8,163	5,742
Non-controlling interests	480	(239)
Total	8,643	5,503
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	37.98	27.09
Discontinued operations	35.26	27.09
Discontinued operations	2.72	—
Diluted earnings per share (Yen)		
Continuing operations	37.93	27.06
Continuing operations	35.21	27.06
Discontinued operations	2.72	—

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	8,643	5,503
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	867	(328)
Remeasurements of defined benefit liabilities (assets)	70	(1)
Share of other comprehensive income of investments accounted for using equity method	(2)	—
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	(0)	5
Exchange differences on translation of foreign operations	564	16,430
Share of other comprehensive income of investments accounted for using equity method	547	459
Total other comprehensive income, net of tax	2,045	16,564
Total comprehensive income	10,689	22,067
Comprehensive income attributable to		
Owners of parent	10,416	21,963
Non-controlling interests	273	104
Total	10,689	22,067

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

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 payment transactions		(29)			82	53		53
Dividends			(6,447)			(6,447)	(653)	(7,100)
Purchase and disposal of treasury shares		(12)		41		28		28
Transfer from other components of equity to retained earnings			318		(318)	-		-
Other		(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

Three months ended June 30, 2022

(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, 2022	23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739
Profit			5,742			5,742	(239)	5,503
Other comprehensive income					16,221	16,221	343	16,564
Total comprehensive income	-	-	5,742	-	16,221	21,963	104	22,067
Share-based payment transactions		185			114	299		299
Dividends			(7,528)			(7,528)	(513)	(8,041)
Purchase and disposal of treasury shares		(135)		(29,998)		(30,133)		(30,133)
Transfer from other components of equity to retained earnings			(248)		248	-		-
Proceeds from sale of shares of subsidiaries						-	(13,512)	(13,512)
Total transactions with owners, etc.	-	50	(7,775)	(29,998)	362	(37,362)	(14,025)	(51,387)
Balance at June 30, 2022	23,370	11,849	331,302	(48,872)	42,964	360,613	24,807	385,420

(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 has three 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, which provides bio-process materials, diagnostic and research reagents and services to support drug development; and Plastics Business, which engages mainly in the manufacture and sale of ABS and other resins for automobiles, office equipment, and amusement applications.

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.

Main Products in Each Business Segment

Business segment	Main products
Digital Solutions Business	<Semiconductor Materials> Lithography materials (photoresists, multilayer materials); Cleaning solutions; mounting materials; CMP materials; etc. <Display Materials> Materials for color LCDs; Materials for OLED; etc. <Edge Computing Materials> Heat-resistant transparent resins and functional films; photo fabrication; etc.
Life Sciences Business	Diagnostic and research reagents and similar materials; bio-process materials; services to support drug development, 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, 2022 (April 1 to June 30, 2021)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidate d
	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.

First Three Months of FY ending March 31, 2023 (April 1 to June 30, 2022)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidate d
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	42,920	22,747	22,777	4,854	93,298	—	93,298
Segment profit (loss) (Core operating profit) [Note 3]	7,651	32	(479)	91	7,294	(1,047)	6,247

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 1,047 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 2022 (April 1 to June 30, 2021)	First Three Months of FY ending March 2023 (April 1 to June 30, 2022)
Segment profit	12,551	6,247
Loss on valuation of capital investments in subsidiaries	(1,401)	-
Gain on sale of shares of subsidiaries	-	1,020
Operating profit	11,149	7,267
Finance income	298	3,101
Finance costs	(395)	(737)
Profit before tax	11,053	9,631