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

October 31, 2022

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 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date to file quarterly securities report: November 11, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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 six months of the fiscal year ending March 31, 2023 (from April 1, 2022 to September 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	%
September 30, 2022	197,251	17.3	16,908	(26.7)	17,696	(22.7)	14,542	(22.0)
September 30, 2021	168,214	20.8	23,077	38.5	22,888	60.9	18,633	-

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
September 30, 2022	14,770	(15.8)	39,256	75.4	70.32	70.23
September 30, 2021	17,542	-	22,376	-	81.60	81.49

Reference: Profit before tax September 30, 2022 22,697 ((4.8%)) September 30, 2021 23,835 (83.0%)

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
September 30, 2022	709,874	402,736	377,774	53.2	1,819.97
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	–	35.00			
Fiscal year ending March 31, 2023 (Forecast)			–	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	209.57

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

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.

* 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

- Changes in accounting policies required by IFRS: None
- Changes in accounting policies due to other reasons: None
- 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 September 30, 2022	208,400,000 shares
As of March 31, 2022	226,126,145 shares

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

As of September 30, 2022	828,398 shares
As of March 31, 2022	11,047,900 shares

c. Average number of shares during the period

For the six months ended September 30, 2022	210,047,814 shares
For the six months ended September 30, 2021	214,962,541 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, October 31, 2022.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Six Months of FY ending March 2023 (April 1, 2022 to September 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.

On the other hand, the flat-panel display market has remained sluggish since the second half of last year due to a backlash from demand for stay at home under the new corona virus and other factors, and panel production adjustments expanded. The biomedical drug market continued its high growth trend.

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 six Months of FY ending March 2023, the Company reported revenue of 197,251 million yen (up 17.3% year-on-year), core operating profit of 16,908 million yen (down 26.7% year-on-year).

(Unit: Millions of yen)

Segment	First Six Months of FY ended March 2022 (April 1 to September 30, 2021)		First Six Months of FY ending March 2023 (April 1 to September 30, 2022)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	80,609	47.9%	90,599	46.0%	9,991	12.4%
Life Sciences	33,692	20.0%	51,452	26.1%	17,760	52.7%
Plastics	47,782	28.5%	45,644	23.1%	(2,137)	(4.5%)
Other	6,132	3.6%	9,556	4.8%	3,423	55.8%
Adjustment	0	0.0%	—	—%	(0)	(100.0%)
Total	168,214	100.0%	197,251	100.0%	29,037	17.3%

Revenue in Japan	55,459	33.0%	63,599	32.2%	8,141	14.7%
Overseas revenue	112,756	67.0%	133,652	67.8%	20,897	18.5%

Segment	First Six Months of FY ended March 2022 (April 1 to September 30, 2021)		First Six Months of FY ending March 2023 (April 1 to September 30, 2022)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	23,077	13.7%	16,908	8.6%	(6,169)	(26.7%)
Profit attributable to owners of parent	17,542	10.4%	14,770	7.5%	(2,772)	(15.8%)

<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 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 18,496 million yen (down 5.6% year-on-year) on revenue of 90,599 million yen (up 12.4% year-on-year) in the first six 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, strong performance in the diagnostic reagents business and yen depreciation.

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 707 million yen (down 63.6% year-on-year) on revenue of 51,452 million yen (up 52.7% year-on-year) in the first six 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, partly affected by weakness in the automotive and industrial materials markets because of declines in sales volume despite efforts to expand sales of strategic products.

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 115 million yen, versus a core operating profit of 3,455 million yen in the first six months of FY ended March 2022, on revenue of 45,644 million yen (down 4.5% year-on-year) in the first six months of FY ending March 2023.

(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 2023, as announced in the “Consolidated Financial Results for the First three Months of the Fiscal Year Ending March 31, 2023” on August 1 2022.

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

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	45,567	74,621
Trade and other receivables	76,106	89,842
Inventories	104,934	117,030
Other financial assets	1,289	2,088
Other current assets	17,807	21,838
Subtotal	245,704	305,420
Assets related to disposal group classified as held for sale	191,298	—
Total current assets	437,002	305,420
Non-current assets		
Property, plant and equipment	159,539	171,367
Goodwill	117,640	137,417
Other intangible assets	24,571	26,753
Investments accounted for using equity method	2,984	3,301
Retirement benefit asset	5,192	4,464
Other financial assets	31,408	33,177
Other non-current assets	2,830	3,435
Deferred tax assets	28,205	24,540
Total non-current assets	372,369	404,454
Total assets	809,371	709,874

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	63,548	69,785
Contract liabilities	12,824	24,800
Bonds and borrowings	69,170	67,343
Income taxes payable	13,479	2,261
Provisions	2,718	913
Other financial liabilities	3,489	3,990
Other current liabilities	7,461	7,361
Subtotal	<u>172,689</u>	<u>176,453</u>
Liabilities related to disposal group classified as held for sale	115,576	—
Total current liabilities	<u>288,265</u>	<u>176,453</u>
Non-current liabilities		
Contract liabilities	11,582	4,545
Bonds and borrowings	48,737	73,221
Retirement benefit liability	10,278	10,548
Provisions	8,033	8,064
Other financial liabilities	17,795	24,048
Other non-current liabilities	4,809	4,416
Deferred tax liabilities	5,133	5,842
Total non-current liabilities	<u>106,366</u>	<u>130,684</u>
Total liabilities	<u>394,631</u>	<u>307,137</u>
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,799	11,580
Retained earnings	333,335	294,419
Treasury shares	(18,874)	(2,162)
Other components of equity	26,381	50,565
Total equity attributable to owners of parent	<u>376,011</u>	<u>377,774</u>
Non-controlling interests	38,728	24,963
Total equity	<u>414,739</u>	<u>402,736</u>
Total liabilities and equity	<u><u>809,371</u></u>	<u><u>709,874</u></u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Continuing operations		
Revenue	168,214	197,251
Cost of sales	(105,131)	(128,086)
Gross profit	<u>63,083</u>	<u>69,166</u>
Selling, general and administrative expenses	(40,281)	(52,638)
Other operating income	2,005	2,335
Other operating expenses	(1,928)	(1,212)
Share of loss of investments accounted for using equity method	10	45
Operating profit	<u>22,888</u>	<u>17,696</u>
Finance income	1,642	6,129
Finance costs	(696)	(1,128)
Profit before tax	<u>23,835</u>	<u>22,697</u>
Income tax expense	(6,548)	(8,154)
Profit from continuing operations	<u>17,287</u>	<u>14,542</u>
Discontinued operations		
Profit from discontinued operations	<u>1,346</u>	<u>—</u>
Profit	<u>18,633</u>	<u>14,542</u>
Profit attributable to		
Owners of parent	17,542	14,770
Non-controlling interests	1,091	(228)
Total	<u>18,633</u>	<u>14,542</u>
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	81.60	70.32
Discontinued operations	73.80	70.32
Discontinued operations	7.81	—
Diluted earnings per share (Yen)		
Continuing operations	81.49	70.23
Continuing operations	73.69	70.23
Discontinued operations	7.80	—

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	18,633	14,542
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	1,973	527
Remeasurements of defined benefit liabilities (assets)	140	14
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	503	5
Exchange differences on translation of foreign operations	657	23,856
Share of other comprehensive income of investments accounted for using equity method	472	311
Total other comprehensive income, net of tax	3,743	24,714
Total comprehensive income	22,376	39,256
Comprehensive income attributable to		
Owners of parent	21,977	38,991
Non-controlling interests	399	265
Total	22,376	39,256

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 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			17,542			17,542	1,091	18,633
Other comprehensive income					4,435	4,435	(692)	3,743
Total comprehensive income	-	-	17,542	-	4,435	21,977	399	22,376
Share-based remuneration transactions		281		248	(347)	181		181
Dividends			(6,447)			(6,447)	(653)	(7,100)
Changes in treasury shares		(14)		46		32		32
Transfer from other components of equity to retained earnings			7,158		(7,158)	-		-
Loss of control of subsidiaries		34				34	133	167
Other		(6)				(6)		(6)
Total transactions with owners, etc.	-	295	711	294	(7,505)	(6,206)	(520)	(6,725)
Balance at September 30, 2021	23,370	11,857	321,169	(18,908)	12,278	349,766	36,620	386,387

Six months ended September 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			14,770			14,770	(228)	14,542
Other comprehensive income					24,221	24,221	493	24,714
Total comprehensive income	-	-	14,770	-	24,221	38,991	265	39,256
Share-based payment transactions		330		371	(309)	391		391
Dividends			(7,528)			(7,528)	(513)	(8,041)
Purchase and disposal of treasury shares		(549)	(45,884)	16,342		(30,092)		(30,092)
Transfer from other components of equity to retained earnings			(274)		274	-		-
Proceeds from sale of shares of subsidiaries						-	(13,518)	(13,518)
Total transactions with owners, etc.	-	(219)	(53,686)	16,713	(36)	(37,228)	(14,031)	(51,259)
Balance at September 30, 2022	23,370	11,580	294,419	(2,162)	50,565	377,774	24,963	402,736

(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 six Months of FY ended March 31, 2022 (April 1 to September 30, 2021)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	80,609	33,692	47,782	6,132	168,214	0	168,214
Segment profit (loss) (Core operating profit) [Note 3]	19,589	1,945	3,455	493	25,482	(2,405)	23,077

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

Note 2: Segment profit (loss) downward adjustment of (2,405) 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 six Months of FY ending March 31, 2023 (April 1 to September 30, 2022)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	90,599	51,452	45,644	9,556	197,251	—	197,251
Segment profit (loss) (Core operating profit) [Note 3]	18,496	707	(115)	65	19,153	(2,245)	16,908

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

Note 2: Segment profit (loss) downward adjustment of (2,245) 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 six Months of FY ended March 2022 (April 1 to September 30, 2021)	First six Months of FY ending March 2023 (April 1 to September 30, 2022)
Segment profit	23,077	16,908
Partial reduction of impairment	1,175	-
Business structure reform expenses	-	(15)
Loss on valuation of fixed assets	-	(222)
Loss on valuation of capital investments in subsidiaries	(1,411)	-
Gain on sale of shares of subsidiaries	-	1,020
Others	48	5
Operating profit	22,888	17,696
Finance income	1,642	6,129
Finance costs	(696)	(1,128)
Profit before tax	23,835	22,697