



# Q2 2022 Financial Results (April 2022 to September 2022)

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OCTOBER 31, 2022

## Vision

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

## Business Portfolio

Digital Solutions (especially **SEMI**) and **Life Sciences** as the center of our business portfolio

### Digital Solutions

- SEMI: Growth exceeding market growth. Scale and fields expansion including M&A.
- DISPLAY: Optimize our business structure and transition to profit growth.

### Life Sciences

- Revenue: more than 100B yen, ROS: 20%
- Strengthen the strategic link among Life Sciences groups for sustainable growth.

## Business Target

ROE

more than  
**10%**

Core OP

**Exceed Prior Peak**

more than 60B yen  
Digital Solutions & Life Sciences

## Structure

**Resilient infrastructure**

Innovation  
Digitalization  
ESG commitment  
Employee engagement

# Management Policy: Progress



## Progress

### Vision

- **Business Transformation:** Completed the transfer of the Elastomers business, our legacy business, on April 1, 2022. Focused resources and strategic investments on our core businesses, SEMI and LS. Proactively managing the business in the near-term while investing in next-generation initiatives and digital transformation to build a platform for sustainable growth.
- **Strong Mid-term Growth Outlook:** Expect to achieve FY24 target of new record OP exceeding 60B yen ahead of schedule.
- **Capital Allocation:** Executed dividend increase and share buybacks. Inpria acquisition last year strengthens JSR's technology roadmap in advanced photoresists. No change to overall capital allocation policy and will continue to focus on driving shareholder returns.

## <Business Strategy>

### Digital Solutions (DS)

- Expect continued SEMI revenue growth over mid-term, driven by a high-value portfolio centered on EUV and advanced solutions.
- Strategic focus on MOR\* market development in collaboration with customers and industry partners, building on already solid progress in both Logic and Memory.
- Adding advanced manufacturing capacity, which operates in FY23, and strengthening sales and technical support capabilities in Taiwan, South Korea, and China, etc. These investments support a foundation for future growth and margin expansion.
- Business optimization in Display by downsizing production footprint, streamlining business structure, and focus on new, higher-value product introductions.

### Life Sciences (LS)

- Expecting to achieve 100B yen revenue target ahead of plan and remain confident in achieving 20% mid-term operating margin target despite near-term operational headwinds.
- Expect revenue growth to continue while increasing focus on operational improvement and margin expansion.
- Pursuing next-generation growth opportunities such as new businesses like Similis Bio and new modalities.

### Plastics

- Maintain a stable and profitable business structure for the mid-term with a focus on differentiated ABS products.

## <H1 FY22 Result>

- For Q2 FY22, core OP was 10.7B yen with both sales and OP increased QoQ.
- Sales and profits of SEMI increased substantially due to steady demand and mitigation of negative impacts in Q1 FY22 such as shipment delays and logistics congestions in China.
- Sales and profits in LS and Plastics also increased QoQ, while Display materials and Edge Computing decreased due to operation adjustment occurred in our customer markets.
- Overall, H1 FY22 resulted in sales increase and profit decrease. SEMI increased both sales and profits, and continues to show strong positive momentum. Display materials, Edge Computing and Plastics segments, saw profit decreases largely driven by market conditions, in addition to some impact from increase in upfront investments for LS.

## <Digital Solutions Business>

- Sales of SEMI had strong growth, especially EUV increased with +60% YoY and +55% QoQ. Demand remains strong, and semiconductor manufacturers continue to accelerate activity in advanced fields.
- Sales of Display materials decreased as LCD panel makers adjusted their operations from May, reducing further in Q2 FY22 due to a slower market environment. Edge Computing was also impacted by production adjustments of the smartphone market.

## <Life Sciences Business>

- Strong sales growth was achieved, increasing by 53% YoY. Each sub-segment's sales expanded due to competitive products and services as well as strong market demand. Profits decreased, resulting from upfront investment for CDMO business.
- Sales of COVID-19 antigen test kits, IVD grew in response to the increased infection risk. Sales of CRO also expanded with PDx models.
- Sales of CDMO also expanded with steady growth of pipelines. KBI's production phase is gradually leveling up for commercial production expansion.

## <Plastics Business>

- Sales and profits decreased YoY, stemming from sales decline in auto production. Both sales and profits increased QoQ due to trading spread improvement.

# Summary – YoY, QoQ



(100Mil JPY)

		21H1	22H1	YoY	22Q1	22Q2	QoQ
Consolidated	Sales	1,682	1,973	+17%	933	1,040	+11%
	Core Operating Profit	231	169	-27%	62	107	+71%
	Operating Profit	229	177	-23%	73	104	+43%
	Profit, attributable to owners of parent	175	148	-16%	57	90	+57%
Digital Solutions	Sales	806	906	+12%	429	477	+11%
	Core Operating Profit	196	185	-6%	77	108	+42%
Life Sciences	Sales	337	515	+53%	227	287	+26%
	Core Operating Profit	19	7	-64%	0	7	+2,030%
Plastics	Sales	478	456	-4%	228	229	+0%
	Core Operating Profit	35	-1	-	-5	4	-
Others/Adjustment	Sales	61	96	+56%	49	47	-3%
	Core Operating Profit	-19	-22	-	-10	-12	-
Exchange rate (USD/JPY)		110	134	+22%	130	138	+7%

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

## YoY : Sales increased and OP decreased.

- Digital Solutions: Despite the sales decrease from the slower Display market, sales grew due to sales volume increase in SEMI and FX positive impact.
- OP decreased YoY due to the sales decline in Display materials and Edge Computing, despite OP increase in SEMI.
- Life Sciences: Sales increased, with strong growth in CDMO, CRO, and IVD, while OP decreased due to advanced investments in CDMO.
- Plastics: Sales and OP decreased due to sales volume decline from weak auto production and higher raw materials.

## QoQ : Both sales and OP increased.

- Digital Solutions: Sales and OP increased due to higher sales in advanced lithography materials and resolution in areas such as shipment delay from in Q1.
- Life Sciences: Sales and OP increased due to strong performance of IVD, etc.
- Plastics: Sales and OP increased due to the trading spread improvement.

# Summary – Result vs Projection (No revision)



<Revised on August 1, 2022>

(100Mil JPY)













		FY21 Act	22Q1 Act	22Q2 Act	22H1 Act ①	FY22 Pro ②	ref. ②-①
Consolidated	Sales	3,410	933	1,040	1,973	4,205	2,232
	Core Operating Profit	433	62	107	169	550	381
	Operating Profit	438	73	104	177	560	383
	Profit, attributable to owners of parent	373	57	90	148	435	287
Digital Solutions	Sales	1,650	429	477	906	1,875	969
	Semiconductor materials	1,103	305	377	682	1,370	688
	Display materials	459	104	80	184	410	226
	Edge computing	88	20	20	40	95	55
	Core Operating Profit	390	77	108	185	465	280
	(Core Operating Profit excl. Inpria Acquisition Impacts and Impairments on the US Cleans Facility)	354	—	—	—	—	—
Life Sciences	Sales	725	227	287	515	1,200	685
	Core Operating Profit	32	0	7	7	90	83
Plastics	Sales	906	228	229	456	1,050	594
	Core Operating Profit	53	-5	4	-1	55	56
Others/ Adjustment	Sales	129	49	47	96	80	-16
	Core Operating Profit	-42	-10	-12	-22	-60	-38
Exchange rate (USD/JPY)		112	130	138	134	135	136

\*Exchange rate FY22 Pro revised on August 1, 2022 is based on the current estimated rate.

Exchange rate impact is expected to be approx. 500 million yen per weaker 1 yen.

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

# Business Environment/H1 Summary & Outlook

Business	vs. Plan	H1 FY22	vs. H1	H2 FY22 Pro
Semiconductor materials		<ul style="list-style-type: none"> <li>• Overall SEMI demand is robust despite partial slowdown.</li> <li>• Progress of EUV is going well.</li> </ul>		<ul style="list-style-type: none"> <li>• Demand remains strong except partial slowdown.</li> <li>• Carefully watch the possibility of market softening in the first half of next year. FX with weaker yen expected to contribute positively.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• EUV sales expansion for advanced Logic and Memory and MOR* market expansion are expected.</li> <li>• Advance measures in response to cost increase of raw materials and logistics.</li> </ul>
Display materials		<ul style="list-style-type: none"> <li>• The Q2 FY22 operation of our customers significantly declined.</li> <li>• Their operation adjustment recovering post September.</li> </ul>		<ul style="list-style-type: none"> <li>• Customers' operation adjustments won't be long-term, but the recovery speed depends on demand.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Reinforce cost efficiency. Increase in market shares and strengthen OLED materials.</li> </ul>
Edge Computing		<ul style="list-style-type: none"> <li>• Smartphone shipments fell sharply. Module makers in Asia started operation adjustments.</li> </ul>		<ul style="list-style-type: none"> <li>• The smartphones market is expected to remain lower.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Increase in market shares will contribute to sales increase for H2 FY22.</li> </ul>
Life Sciences		<ul style="list-style-type: none"> <li>• Demands for Life Sciences were steady.</li> <li>• Demands for IVD business (COVID-19 antigen test kits) increased.</li> </ul>		<ul style="list-style-type: none"> <li>• Demand for Bio industry is robust.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Topline expected to show for strong growth.</li> <li>• Significant increase in demand for IVD business is expected from H2 FY22 to FY23.</li> <li>• KBI is focusing on ramp-up of new facilities to contribute to profits in FY23.</li> </ul>
Plastics		<ul style="list-style-type: none"> <li>• Auto production beginning recovery, but slower than our plan.</li> </ul>		<ul style="list-style-type: none"> <li>• Auto production is expected to continue to recover.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Trading spread is expected to improve with revised price formula.</li> </ul>
Others		<ul style="list-style-type: none"> <li>• Controlled expenses lower than the plan.</li> </ul>		<ul style="list-style-type: none"> <li>• Continue to control expenses as identifying priorities.</li> </ul>

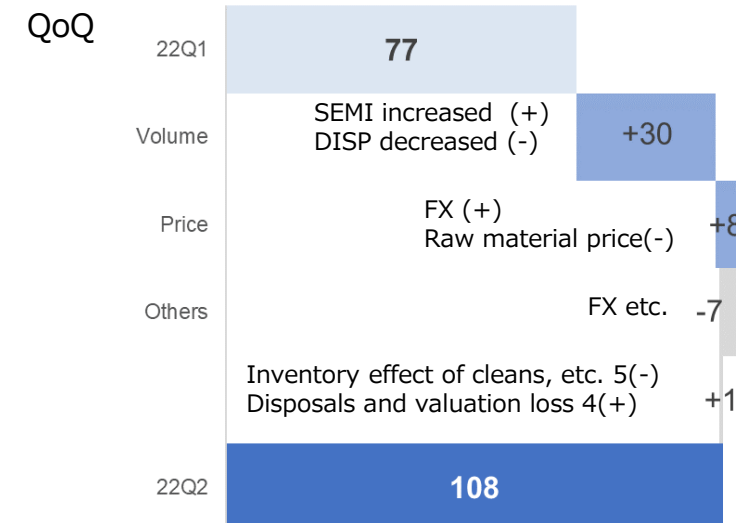
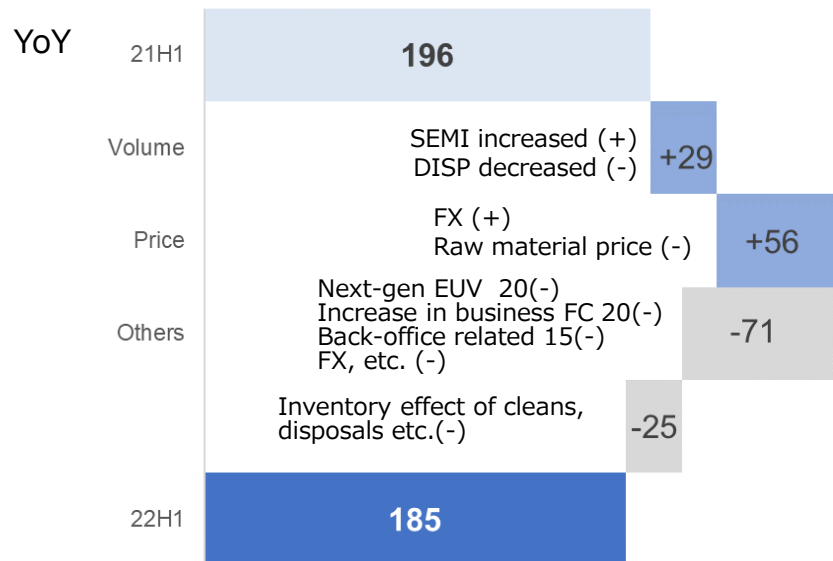
\*MOR: Metal oxide resist

# Segment Data : Digital Solutions business

(100Mil JPY)

	21H1	22H1	YoY	22Q1	22Q2	QoQ
Sales	806	906	+12%	429	477	+11%
Semiconductor materials	528	682	+29%	305	377	+24%
Display materials	236	184	-22%	104	80	-23%
Edge computing	42	40	-4%	20	20	-2%
Core OP	196	185	-6%	77	108	+42%
Core OP margin	24.3%	20.4%		17.8%	22.7%	
Exchange rate (USD/JPY)	110	134	+22%	130	138	+7%

## Core OP analysis





# Appendix: Digital Solutions business - Sales growth rate



<b>SEMI</b>	YoY ytd	QoQ
EUV	Slightly over +60%	Approx. +55%
ArF	Approx. +30%	Approx. +15%
Multilayer	Slightly over +20%	Approx. +25%
Other Lithography	Slightly Under +30%	Approx. +15%
CMP	Approx. +30%	Slightly Under +15%
Cleaner	Approx. +90%	Approx. +70%
Packaging	Approx. +10%	Slightly Under +5%
<b>Display</b>		
Alignment Films	Approx. -20%	Approx. -30%
Passivation Coat	Approx. -10%	Approx. -30%
Color Pigmented Resists	Approx. -70%	Slightly Under -25%
OLED Materials	Approx. -5%	Approx. +40%
<b>Edge</b>		
ARTON	Approx. -5%	Approx. -5%

# Segment Data : Life Sciences business



(100Mil JPY)

	21H1	22H1	YoY	22Q1	22Q2	QoQ
Sales	337	515	+53%	227	287	+26%
Core OP	19	7	-64%	0	7	+2,030%
Core OP margin	5.8%	1.4%		0.1%	2.4%	
Exchange rate (USD/JPY)	110	134	+22%	130	138	+7%

## Core OP analysis

### YoY

	Sales	Core Operating Profit
Total	+53%	-64%
CDMO	Slightly over +45%	Decrease in OP
CRO	Slightly over +40%	Increase in OP
BPM	Approx. -15%	Decrease in OP
IVD	Approx. +105%	Increase in OP

### QoQ

	Sales	Core Operating Profit
Total	+26%	+2,030%
CDMO	Approx. +15%	Decrease in OP
CRO	Approx. +5%	Increase in OP
BPM	Approx. -30%	Decrease in OP
IVD	Approx. +95%	Increase in OP

\*BPM: Bioprocess Materials

# Segment Data : Plastics business

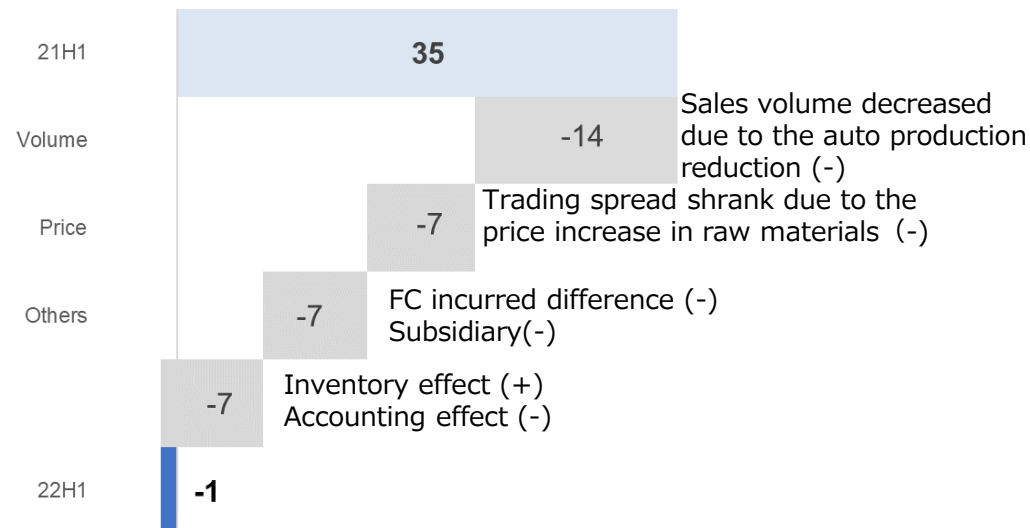


(100Mil JPY)

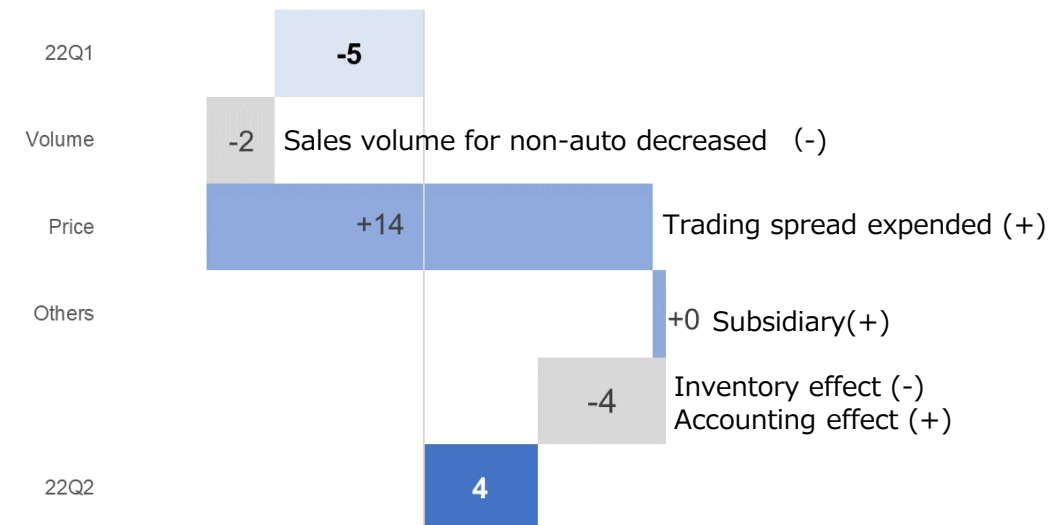
	21H1	22H1	YoY	22Q1	22Q2	QoQ
Sales	478	456	-4%	228	229	+0%
Core OP	35	-1	-	-5	4	-
Core OP margin	7.2%	-		-	1.6%	
Exchange rate (USD/JPY)	110	134	+22%	130	138	+7%

## Core OP analysis

YoY



QoQ



# Appendix: Overall Statement of P/L



(100Mil JPY)

	21H1	22H1	YoY
Sales	1,682	1,973	+17%
Cost of sales	1,051	1,281	+22%
Gross profit	631	692	+10%
Selling, general and administrative expenses	403	526	+31%
Other operating income/expenses	1	11	+1,358%
Share of profit of investments accounted for using equity method	0	0	+350%
<b>Operating Profit</b>	<b>229</b>	<b>177</b>	<b>-23%</b>
Finance income/cost	9	50	+429%
Income taxes	65	82	+25%
Profit from continuing business	173	145	-16%
Profit from discontinued business	13	-	-
Profit	186	145	-22%
Profit, attributable to owners of parent	175	148	-16%
Profit, attributable to non-controlling interests	11	-2	-

EPS(JPY)	81.60	70.32	-14%
EPS - continuing business	73.80	70.32	-5%
EPS - discontinued business	7.81	-	-

Exchange rate(USD/JPY)	110	134	+22%
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## Breakdown from Core OP to OP

(100Mil JPY)

	21H1	22H1
Core Operating Profit	231	169
Partial Reduction of Impairment	12	-
Business structural reform expenses	-	0
Loss on valuation of fixed assets	-	-2
Loss on valuation of investments in subsidiaries	-14	-
Loss on valuation of capital investments in subsidiaries	-	10
Others	0	0
<b>Operating Profit</b>	<b>229</b>	<b>177</b>

# Appendix: Statement of Financial position



(100Mil JPY)

	22/3E	22/9E	+/-
<b>Current assets</b>	4,370	3,054	-1,316
Cash and cash equivalents	456	746	+291
Trade and other receivables	761	898	+137
Inventories	1,049	1,170	+121
Others	191	239	+48
Non-current Assets held for sale	1,913	-	-1,913
<b>Non-current assets</b>	3,724	4,045	+321
Property, plant and equipment	1,595	1,714	+118
Goodwill	1,176	1,374	+198
Other intangible assets	246	268	+22
Others	706	689	-17
<b>Total Assets</b>	<b>8,094</b>	<b>7,099</b>	<b>-995</b>
<b>Current liabilities</b>	2,883	1,765	-1,118
Trade and other payables	635	698	+62
Bonds and borrowings	692	673	-18
Others	400	393	-6
Non-current liabilities held for sale	1,156	-	-1,156
<b>Non-current liabilities</b>	1,064	1,307	+243
Bonds and borrowings	487	732	+245
Others	576	575	-2
<b>Total Liabilities</b>	<b>3,946</b>	<b>3,071</b>	<b>-875</b>
Equity attributable to owners of parent	3,760	3,778	+18
Non-controlling interests	387	250	-138
<b>Total Equity</b>	<b>4,147</b>	<b>4,027</b>	<b>-120</b>

\*Including both continuing business and discontinued business

## Capital policy Topics for H1 FY22

- Share buybacks: approx. 30B yen
- Cancellation of Treasury Stock: approx. 17.7M shares (8% of total # of shares issued before cancelation)
- Dividend paid: approx. 7.5B yen (Increased in FY21)
- Bond issued: approx. 25B yen
- Income related to business transfer: approx. 50B yen
- Capex, etc.

(100Mil JPY)

	FY21 Act.	FY22 H1 Act.	FY22 Pro.
Capex	419	140	360
Depreciation*	194	125	235
RD expenses	241	114	255

\*Excluding IFRS16 lease asset depreciation.

\*\*Discontinuing business is not shown on the table.

\*Exchange rate of depreciation, CAPEX, and RD remain the same rate as announced on April.

### Net Debt

(Cash and cash equivalents – Debt with interest)

2022/3 E : approx. 72B JPY

2022/9 E : approx. 66B JPY

### Equity ratio

(Equity attributable to owners of parents)

2022/3 E : 46.5%

2022/9 E : 53.2%

# Appendix: Quarterly Trends by Segments



(100Mil JPY)

		21Q1	21Q2	21Q3	21Q4	22Q1	22Q2
Consolidated	Sales	823	859	884	844	933	1,040
	Core Operating Profit	126	105	192	10	62	107
	Operating Profit	111	117	192	17	73	104
	Profit, attributable to owners of parent	82	94	178	19	57	90
Digital Solutions	Sales	393	413	427	417	429	477
	Core Operating Profit	104	91	167	27	77	108
Life Sciences	Sales	163	174	196	191	227	287
	Core Operating Profit	12	8	19	-7	0	7
Plastics	Sales	238	240	229	199	228	229
	Core Operating Profit	19	16	16	3	-5	4
Others/Adjustment	Sales	29	32	32	36	49	47
	Core Operating Profit	-9	-10	-10	-13	-10	-12
Exchange rate (USD/JPY)		109	110	114	116	130	138

\*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.

## Announcement of Earnings Results

Q3 FY22

February 6, 2023

\*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.