

Translation

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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (under IFRS)

April 27, 2023

Company name: JSR Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date of ordinary general shareholders meeting: June 16, 2023
 Scheduled date to commence dividend payments: June 19, 2023
 Scheduled date to file annual securities report: June 19, 2023
 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 fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	%
March 31, 2023	408,880	19.9	34,025	(21.4)	29,370	(32.9)	16,419	(58.4)
March 31, 2022	340,977	9.3	43,306	14.3	43,760	27.8	39,440	-

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
March 31, 2023	15,784	(57.7)	29,490	(50.1)	75.56	75.47
March 31, 2022	37,303	-	59,105	-	173.49	173.26

Fiscal year ended	Return on equity	Return on assets	Operating profit ratio
	%	%	%
March 31, 2023	4.3	4.4	7.2
March 31, 2022	10.5	6.1	12.8

(Reference): Profit before tax March 31, 2023 29,846 March 31, 2022 45,521

(Reference): Share of profit of investments accounted for using equity method
March 31, 2023 87 March 31, 2022 163

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

(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
March 31, 2023	714,555	380,935	355,526	49.8	1,712.67
March 31, 2022	809,371	414,739	376,011	46.5	1,748.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of Yen
March 31, 2023	29,270	(4,046)	(15,203)	72,640
March 31, 2022	18,271	(63,117)	22,994	45,567

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	35.00	–	35.00	70.00	15,055	40.3	4.2
Fiscal year ended March 31, 2023	–	35.00	–	35.00	70.00	14,531	92.6	4.0
Fiscal year ending March 31, 2024 (Forecast)	–	35.00	–	35.00	70.00		58.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	442,000	8.1	42,000	23.4	42,000	43.0	27,000	64.4	25,000	58.4	120.43

(Reference): Profit before tax Fiscal year ending March 31, 2024 37,000

* 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 March 31, 2023	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 March 31, 2023	814,227 shares
As of March 31, 2022	11,047,900 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2023	208,906,942 shares
For the fiscal year ended March 31, 2022	215,015,886 shares

(Reference) Summary of Non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023
(from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	137,952	(47.1)	17,705	(56.1)	26,645	(44.8)	27,127	(40.4)
March 31, 2022	260,987	24.0	40,305	238.8	48,312	172.8	45,489	-

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2023	129.85	129.70
March 31, 2022	211.56	211.28

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	461,961	278,352	60.2	1,339.50
March 31, 2022	504,471	294,821	58.4	1,369.08

(Reference) Equity March 31, 2023 278,060 March 31, 2022 294,460

* 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 Thursday April 27, 2023.

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1. Review of Operating Results

(1) Overview of Operating Results for FY ended March 2023

(General Review)

During the fiscal year under review (April 1, 2022 to March 31, 2023), economic activity restrictions caused by COVID-19 were eased in many countries, while uncertainty over the future of the global economy increased due to soaring resource prices caused by Russia's invasion of Ukraine, deepening shortages of parts and raw materials, and curbing demand caused by inflation, especially in the United States. In addition, the yen weakened year on year.

As for trends among the Group's main customer industries, demand for both memory and logic semiconductors increased in the medium-to-long term due to the increased demand of fifth-generation mobile communications systems (5G) and PCs and data centers, while growth in the semiconductor market is currently slowing due to factors such as excess inventory and falling prices in the memory market. The flat panel display market continued to suffer from a slump due to a backlash from special demand due to the rise of teleworking and other factors, but a gradual recovery was seen after bottoming out in the second quarter of the fiscal year as inventory levels adjusted.

The biopharmaceutical market continued to experience strong growth. Global automobile demand remained soft due to the shortage of semiconductors and the impact of automaker's production cutbacks caused by the China lockdown and other factors, but it has been on a gradual recovery path since the fourth quarter of the fiscal year.

Under these circumstances, JSR group has strengthened its business and management structure in order to become a company with a combination of sustainability and resilience in line with its management policy for the fiscal year ending March 2025. The company has also been actively investing in R&D and complementary businesses.

The Group has focused resources on medium and long-term growth in the Digital Solutions and Life Sciences, which are positioned as core businesses. In Digital Solutions, which is centered on the Semiconductor Materials Business, a local subsidiary in China was established to strengthen the electronic materials activities in the Asian market, improve customer satisfaction and speed up service delivery. In South Korea, conversion of a sales agent/distributor of its Electronic Materials business into a wholly owned subsidiary was completed. In product development, new packaging materials were developed and launched against the backdrop of fifth-generation (5G) and sixth-generation (6G) mobile communication systems and the full-scale development of autonomous driving. The company will further clarify the selection and concentration of its businesses and build a stronger foundation by actively investing in EUV photoresists and metal oxide resists, as well as by reviewing its cost structure and pursuing efficiency improvements.

In the life science, the group proceeded with efforts to launch a new plant and strengthen profitability of the CDMO business (Contract Development and Manufacturing of Biologics) in Europe and the US by KBI Biopharma, a JSR Life Sciences group company.

Crown Bioscience International (Crown Bioscience) acquired the IndivuServ business unit of Indivumed Services GmbH & Co. KG, an industry leader in the provision and analysis of clinical biospecimens, and the established Crown Bioscience & MBL to further expand services for preclinical use in Japan. Measures for future business expansion are being steadily implemented.

As a result, the Group reported revenue of 408,880 million yen (up 19.9% year-on-year), core operating profit of 34,025 million yen (down 21.4% year-on-year), operating profit of 29,370 million yen (down 32.9% year-on-year), and profit attributable to owners of parent of 15,784 million yen (down 57.7%).

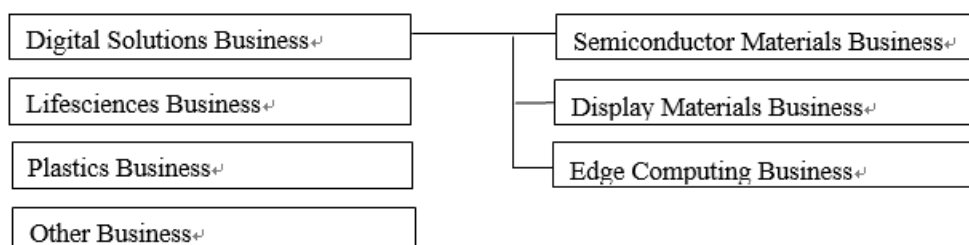
(Millions of yen)

Segment	FY ended March 2021		FY ended March 2022		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Component ratio
Revenue						
Digital Solutions	165,030	48.4%	170,439	41.7%	5,409	3.3%
Life Sciences	72,452	21.2%	126,478	30.9%	54,026	74.6%
Elastomers	90,606	26.6%	95,802	23.4%	5,196	5.7%
Plastics	12,910	3.8%	16,162	4.0%	3,252	25.2%
Other	0	0.0%	-	-%	(0)	-%
Adjustment	340,997	100.0%	408,880	100.0%	67,883	19.9%
Revenue in Japan	110,688	32.5%	154,641	37.8%	43,954	39.7%
Overseas revenue	230,310	67.5%	254,239	62.2%	23,929	10.4%

Segment	FY ended March 2021		FY ended March 2022		Change	
	Percentage of revenue	Amount	Percentage of revenue	Percentage of revenue	Amount	Percentage of revenue
Core operating profit	43,306	12.7%	34,025	8.3%	(9,282)	(21.4%)
Profit attributable to owners of parent	37,303	10.9%	15,784	3.9%	(21,519)	(57.7%)

(Business Segment Overview)

The JSR Group's business is classified into three reportable segments: Digital Solutions, Life Sciences, and Plastics. The reportable segments are positioned as shown below.

**<Digital Solutions Business Segment>**

The Digital Solutions Business segment experienced increased revenue and decrease profit compared to the previous fiscal year.

In the semiconductor materials business, in addition to the impact of the weak yen, sales were strong, particularly for cutting-edge photoresists, fueled by the launch of advanced devices from by major customers. In addition, smooth product launches were achieved for certain process materials destined for major customers. In order to improve customer engagement and response time, the company rearranged the business structure for the Asian market by establishing local functions such as a local subsidiary in Taiwan and China. In South Korea, conversion of a sales agent/distributor of its Electronic Materials business into a wholly owned subsidiary was completed. In product development, new packaging materials were developed and launched against the backdrop of fifth-generation (5G) and sixth-generation (6G) mobile communication systems and the full-scale development of autonomous driving. Meanwhile, growth in both memory and logic semiconductor materials has slowed since the third quarter of the current fiscal year due to factors such as excess inventory and falling prices in the memory market. The cleaning solutions business was significantly downsized due to a decline in sales at U.S. plants caused by a decline in demand.

As a result, revenue increased but core operating profit decreased year on year.

In the display materials business, sales in the Chinese market, which is expected to continue to grow, declined due to substantial inventory adjustments by panel manufacturers, despite sales expansion focused on competitive products such as alignment and insulation films for large TV LCD panels. As a result of the above, both revenue and core operating profit decreased from the previous year.

In the Edge Computing business, revenue and profits were down due to a decline in sales of NIR (near-infrared) cut filters caused by a slump in the smartphone market.

As a result, the Digital Solutions Business segment posted a core operating profit of 27,790 million yen (down 28.7% year-on-year) on revenue of 170,439 million yen (up 3.3% year-on-year).

In the life sciences business, revenue increased year on year primarily due to increased sales in the CDMO and CRO businesses (contract research organization), a strong performance in the diagnostics business and the weak yen. Core operating profit increased year on year due to strong sales of COVID-19 antigen test kits at MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (MBL), despite an increase in expenses associated with the start-up of a new plant at KBI Biopharma, Inc., our group, which operates the CDMO business.

As a result, the Life Sciences Business segment posted a core operating profit of 8,450 million yen (up 166.7% year-on-year) on revenue of 126,478 million yen (up 74.6% year-on-year.)

In the plastics business, sales volume was lower than in the previous fiscal year due to weakness in the automotive industry and the electronics market but revenue was higher than in the previous fiscal year.

As a result, the Plastics Business segment posted a core operating profit of 1,853 million yen (down 65.2% year-on-year) on revenue of 95,802 million yen (up 5.7% year-on-year).

(2) Overview of Financial Position for FY ended March 2023

1. Asset

Total assets decreased by 94,816 million yen to 714,555 million yen, mainly due to a decrease in assets related to the disposal group classified as held for sale as a result of the transfer of the Elastomer business.

2. Liabilities

Total liabilities decreased by 61,012 million yen to 333,620 million yen, mainly due to a decrease in liabilities related to the disposal group classified as held for sale in connection with the transfer of the Elastomer business.

3. Equity

Total equity decreased by 33,804 million yen from the previous year to 380,935 million yen, mainly due to the repurchase and cancellation of treasury stock and payment of dividends.

(3) Overview of Cash Flows for FY ended March 2023

Cash and cash equivalents (“funds”) as of March 31, 2022 stood at 72,640 million yen, increase 27,073 million yen from a year earlier.

Net cash provided by operating activities amounted to 29,870 million yen (18,271 million yen in the previous year.) The main items included profit before tax of 29,846 million yen.

Net cash used in investing activities totaled 4,046 million yen (63,117 million yen in the previous year.) The major items were 31,202 million yen for purchase of property, plant and equipment, 23,116 million yen for purchase of shares in subsidiaries resulting in change in scope of consolidation, and 51,160 million yen for proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation.

Net cash provided by financing activities totaled 15,203 million yen (22,994 million yen in the previous year.) The major items were 30,137 million yen in purchase of treasury stock, 14,791 million yen in dividends paid, and 26,768 million yen in proceeds from long-term loans payable.

The Group formulates a funding plan based on the annual business plan and controls liquidity risk in consideration of an appropriate balance of direct and indirect funding, as well as short-term and long-term funding.

(4) Business Outlook

Uncertainties are anticipated to continue in FY ending March 2024 due to geopolitical fluctuations, such as increasing tension in Ukraine, decoupling of the United States and China, suppression of demand due to price increases in global countries, and the impact of foreign exchange rates on interest rate policies in various countries. Under these circumstances, the semiconductor market, which is JSR’s primary customer market, is expected to be sustained by digital infrastructure demand and see robust growth as an essential industry for society, although temporary operational adjustments are currently occurring. In addition, there is no change in the solid demand outlook for the life sciences sector from a medium- to long-term perspective. The Company expects the recovery trend to continue in global automobile production, which is a key customer market for the plastics business. In this business environment, the company will continue to conduct aggressive research, development and investment in its growth businesses, semiconductor materials and life sciences, with the aim of further strengthening its business and management structure to become a corporate entity with resilience and sustainability.

As for the digital solutions business, the semiconductor materials business will continue to focus on leading-edge processes, especially EUV photoresist for the 3nm generation and beyond, as the Group strives to maintain and expand its share of the global lithography materials market. In the area of packaging materials, the Group will expand its materials portfolio and sales to ensure that it can capture demand for miniaturized semiconductor chips, three-dimensional packaging, and 5G. The company will build an overall robust structure to produce growth exceeding the market by honing its businesses to target specific product areas, making aggressive investments in EUV photoresist and metal oxide resists, and further reviewing cost structure and efficiencies.

In the Display Materials business, the Company will continue to expand sales in China, where the LCD panel market is expected to continue to grow due to the firm implementation of structural reforms in response to changes in the customer industry. There, the company will focus on alignment and insulation films, which are competitive for large-size TV LCD panels. In addition, as the OLED (Organic Light Emitting Diode) market expands, the Company will continue to expand sales, particularly of low-temperature cured insulating films. In the edge computing business JSR plans to further expand sales of NIR cut filters used in small smartphone cameras.

In the Life Sciences segment, the company will further improve revenue and profit margins by expanding KBI and Selexis' new CDMO businesses under contracts, expanding the customer base and improving operational efficiency by increasing the customer pipeline (upfront contracts), and expanding Crown Bioscience's competitive services in the CRO business. KBI will strive to increase sales revenue by leveraging its capacity expansion in North Carolina and Geneva, Switzerland, while continuing its efforts to enhance profitability through structural reforms such as optimizing fixed costs and operations and strengthening sales. JSR group will work together to drive strong business expansion by increasing the global adoption of diagnostic and bioprocessing materials, strengthening the diagnostic reagent business of Medical & Biological Laboratories (MBL), and pursuing research initiatives such as the JSR Bioscience and informatics R&D center (JSR BiRD) and the JSR-Keio University Medical and Chemical Innovation Center (JKiC).

In the plastic business, sales of JSR’s distinctive and differentiated products, such as HUSHLLOY™, an anti-creaking material, and PLATZON™, a plating material, will be expanded, especially in overseas markets, in

response to productivity reforms and higher quality requirements in the automotive industry. JSR will actively respond appropriately to rising raw material prices to protect profitability.

For the FY ending March 2024, JSR forecasts revenue of 442 billion yen (up 8.1 percent year-on-year), core operating profit of 42 billion yen (up 23.4 percent year-on-year), operating profit of 42 billion yen (up 43.0 percent year-on-year), and profit for the year attributable to owners of parent of 25 billion yen (up 58.4 percent year-on-year). The forecast assumes an exchange rate of 135 yen per U.S. dollar. Actual business performance may vary substantially due to future developments in social conditions and economic conditions. JSR will promptly disclose revisions to the earnings forecast, should they become necessary.

(Basic Policy on Profit Allocation and Dividends for FY ended March 31, 2022 and FY ending March 31, 2023)
JSR regards business growth over the long term as its top priority. To generate sustainable long-term growth, JSR strives to increase its competitiveness by developing new businesses through the reinforcement of research and development activities. The Company determines returns to shareholders by taking into consideration of business performance and medium-term and long-term demand for funds, while considering a balance between returning profits to shareholders and retaining earnings necessary for future business advancement. JSR plans to pay a year-end dividend of 35.00 yen per share in the interest of continuing stable dividends. Including the interim dividend already paid, the total annual dividend for FY ended March 2023 will be 70.00 yen per share. With regard to the dividend for the next fiscal year (FY ending March 2024), JSR plans to pay 70.00 yen per share annually, the same amount as for FY ended March 2023, in consideration of the balance between returns to shareholders and retaining earnings for the Company's future growth, with the objective of sustainably improving the Company's business performance from a long-term perspective.

2. Basic Approach to the Selection of Accounting Standards

JSR Group has voluntarily adopted International Financial Reporting Standards (IFRS) starting from FY ended March 2018 to improve convenience and the international comparability of financial information in the capital market.

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

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	45,567	72,640
Trade and other receivables	76,106	78,825
Inventories	104,934	118,437
Other financial assets	1,289	2,657
Other current assets	17,807	26,716
Subtotal	<u>245,704</u>	<u>299,275</u>
Assets related to disposal group classified as held for sale	191,298	-
Total current assets	<u>437,002</u>	<u>299,275</u>
Non-current assets		
Property, plant and equipment	159,539	169,621
Goodwill	117,640	152,852
Other intangible assets	24,571	27,820
Investments accounted for using equity method	2,984	2,479
Retirement benefit asset	5,192	5,674
Other financial assets	31,408	33,157
Other non-current assets	2,830	3,438
Deferred tax assets	28,205	20,240
Total non-current assets	<u>372,369</u>	<u>415,280</u>
Total assets	<u><u>809,371</u></u>	<u><u>714,555</u></u>

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	63,548	79,627
Contract liabilities	12,824	22,407
Bonds and borrowings	69,170	62,510
Income taxes payable	13,479	3,046
Provisions	2,718	1,474
Other financial liabilities	3,489	3,243
Other current liabilities	7,461	9,454
Subtotal	172,689	181,761
Liabilities related to disposal group classified as held for sale	115,576	–
Total current liabilities	288,265	181,761
Non-current liabilities		
Contract liabilities	11,582	5,062
Bonds and borrowings	48,737	95,683
Retirement benefit liability	10,278	10,485
Provisions	8,033	7,423
Other financial liabilities	17,795	23,514
Other non-current liabilities	4,809	4,373
Deferred tax liabilities	5,133	5,320
Total non-current liabilities	106,366	151,859
Total liabilities	394,631	333,620
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,799	6,637
Retained earnings	333,335	288,919
Treasury shares	(18,874)	(2,109)
Other components of equity	26,381	38,709
Total equity attributable to owners of parent	376,011	355,526
Non-controlling interests	38,728	25,409
Total equity	414,739	380,935
Total liabilities and equity	809,371	714,555

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Continuing operations		
Revenue	340,997	408,880
Cost of sales	(214,937)	(265,792)
Gross profit	126,060	143,088
Selling, general and administrative expenses	(87,330)	(109,847)
Other operating income	10,819	7,071
Other operating expenses	(5,952)	(11,029)
Share of profit of investments accounted for using equity method	163	87
Operating profit	43,760	29,370
Finance income	3,415	3,523
Finance costs	(1,655)	(3,047)
Profit before tax	45,521	29,846
Income taxes	(8,370)	(13,427)
Profit from continuing operations	37,151	16,419
Discontinued operations		
Profit from discontinued operations	2,289	—
Profit	39,440	16,419
Profit attributable to:		
Owners of parent	37,303	15,784
Non-controlling interests	2,136	634
Total	39,440	16,419

Earnings per share

Basic earnings per share (Yen)		
Continuing operations	173.49	75.56
Discontinued operations	162.52	75.56
Discontinued operations	10.97	—
Diluted earnings per share (Yen)		
Continuing operations	173.26	75.47
Discontinued operations	162.30	75.47
Discontinued operations	10.96	—

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	39,440	16,419
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	1,141	(118)
Remeasurements of defined benefit liabilities (assets)	281	734
Share of other comprehensive income of entities accounted for using equity method	(2)	—
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	34	5
Exchange differences on translation of foreign operations	17,573	12,035
Share of other comprehensive income of entities accounted for using equity method	640	414
Total other comprehensive income, net of tax	19,665	13,071
Total comprehensive income	59,105	29,489
Comprehensive income attributable to:		
Owners of parent	56,124	28,479
Non-controlling interests	2,981	1,010
Total	59,105	29,489

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 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, 2021	23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736
Profit			37,303			37,303	2,136	39,440
Other comprehensive income					18,821	18,821	845	19,665
Total comprehensive income	—	—	37,303	—	18,821	56,124	2,981	59,105
Share – based remuneration transactions		226		248	(32)	441		441
Dividends			(13,975)			(13,975)	(1,127)	(15,102)
Changes in treasury shares		(17)		79		63		63
Transfer from other components of equity to retained earnings			7,663		(7,663)	—		—
Loss of control of subsidiaries		34				34	133	167
Changes in non-controlling interests						—		—
Other movements		(6)	(573)		(92)	(671)		(671)
Total transactions with owners, etc.	—	237	(6,884)	327	(7,788)	(14,108)	(994)	(15,102)
Balance at March 31, 2022	23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739

Fiscal year ended March 31, 2023

(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			15,784			15,784	634	16,419
Other comprehensive income					12,695	12,695	376	13,071
Total comprehensive income	—	—	15,784	—	12,695	28,479	1,010	29,489
Share-based remuneration transactions		408		371	(0)	779		779
Dividends			(14,793)			(14,793)	(800)	(15,593)
Changes in treasury shares		(549)	(45,913)	16,394		(30,067)		(30,067)
Transfer from other components of equity to retained earnings			477		(477)	—		—
Loss of control of subsidiaries						—	(13,518)	(13,518)
Changes in non-controlling interests		(5,021)			111	(4,911)	(11)	(4,922)
Other movements			28			28		28
Total transactions with owners, etc.	—	(5,162)	(60,200)	16,765	(367)	(48,964)	(14,329)	(63,294)
Balance at March 31, 2023	23,370	6,637	288,919	(2,109)	38,709	355,526	25,409	380,935

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	45,521	29,846
Profit before tax from discontinued operations	3,371	—
Depreciation and amortization	22,482	28,425
Interest and dividend income	(1,782)	(785)
Interest expenses	2,535	3,047
Share of loss (profit) of investments accounted for using equity method	(163)	(87)
Impairment losses	5,650	7,801
Loss (gain) on step acquisition	(7,467)	(3,429)
Decrease (increase) in trade and other receivables	(12,532)	2,274
Decrease (increase) in inventories	(46,454)	(4,761)
Increase (decrease) in trade and other payables	10,066	(5,895)
Other	8,884	(563)
Dividends received	1,801	474
Interest received	367	349
Interest paid	(2,300)	(3,420)
Income taxes refund (paid)	(11,706)	(24,005)
Net cash provided by (used in) operating activities	<u>18,271</u>	<u>29,270</u>
Cash flows from investing activities		
Net decrease (increase) in time deposits	397	(1,211)
Purchase of property, plant and equipment	(47,614)	(31,202)
Proceeds from sale of property, plant and equipment	778	2,445
Purchase of investments	(1,652)	(1,745)
Proceeds from sale of investments	17,203	1,124
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(47,348)	(23,116)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	51,160
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(45)	—
Proceeds from sale of investments in associates	15,224	—
Payments for loans receivable	(471)	(1,792)
Collection of loans receivable	811	16
Other	(400)	276
Net cash provided by (used in) investing activities	<u>(63,117)</u>	<u>(4,046)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	39,338	(13,183)
Net increase (decrease) in commercial papers	10,003	9,995
Repayments of long-term borrowings	(15,338)	(9,543)
Proceeds from long-term borrowings	7,863	26,768
Proceeds from issuance of bonds	—	24,872
Purchase of treasury shares	(4)	(30,137)
Dividends paid	(13,972)	(14,791)
Dividends paid to non-controlling interests	(1,127)	(781)

Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(4,922)
Proceeds from sale of investments in subsidiaries not resulting in change in scope of consolidation	160	—
Repayments of lease liabilities	(4,348)	(3,744)
Other	419	262
Net cash provided by (used in) financing activities	<u>22,994</u>	<u>(15,203)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,534)	628
Net increase (decrease) in cash and cash equivalents	<u>(23,386)</u>	<u>10,649</u>
Cash and cash equivalents at beginning of period	<u>85,377</u>	<u>45,567</u>
Cash and cash equivalents including in assets held for sale	<u>(16,424)</u>	<u>16,424</u>
Cash and cash equivalents at end of period	<u><u>45,567</u></u>	<u><u>72,640</u></u>

(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.

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); CMP materials; advanced packaging 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	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.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	165,030	72,452	90,606	12,910	340,997	0	340,997
Segment profit (loss) (Core operating profit) [Note 3]	39,002	3,168	5,323	987	48,480	(5,174)	43,306
Segment assets	241,824	210,371	75,996	11,528	539,719	269,652	809,371
Other items							
Depreciation expenses and depreciation charges	9,394	8,021	2,753	627	20,795	1,687	22,482
Impairment losses	3,228	—	—	—	3,228	—	3,228
Capital expenditures	17,192	19,692	2,816	260	39,960	1,891	41,851

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: The operating profit or operating loss downward adjustment of 5,174 million yen contains company-wide profits and losses not allocated to the reportable segments. The adjustment amount in the segment assets line are corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and long-term investment funds (securities (equity instrument assets)) by the parent company.

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.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Life Sciences	Life Sciences	Plastics				
Revenue from external customers	170,439	126,478	95,802	16,162	408,880	—	408,880
Segment profit (loss) (Core operating profit) [Note 3]	27,790	8,450	1,853	441	38,534	(4,510)	34,025
Segment assets	266,329	269,688	76,713	18,504	631,235	83,320	714,555
Other items							
Depreciation expenses and depreciation charges	11,475	11,720	2,800	807	26,802	1,623	28,425
Impairment losses	7,801	—	—	—	7,801	—	7,801
Capital expenditures	20,154	15,873	3,253	4,546	43,826	392	44,218

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: The operating profit or operating loss downward adjustment of 4,510 million yen contains company-wide profits and losses not allocated to the reportable segments. The adjustment amount in the segment assets line are company-wide corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and long-term investment funds (securities (equity instrument assets)) by the parent company.

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.

	(Millions of yen)	
	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Segment profit	43,306	34,025
Reversal of impairment loss	1,348	-
Profit from sales of shares of subsidiaries and affiliated companies	332	-
Business restructuring expenses	-	(9,002)
Gain on step acquisitions	-	3,429
Loss on sales of fixed assets	-	(222)
Loss on valuation of investments in subsidiaries	(1,411)	-
Gain on sales of subsidiaries' stock	-	1,020
Others	186	120
Operating profit	43,760	29,370
Finance income	3,415	3,523
Finance costs	(1,655)	(3,047)
Profit before tax	45,521	29,846

(3) Information on Products and Services

Information on products and services is omitted, since similar information is stated in (1) Outline of Reportable Segments.

(4) Information by Region

The following is a breakdown by region of revenue and non-current assets.

Revenue from external customers

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
	(Millions of yen)	(Millions of yen)
Japan	110,688	154,641
China	65,757	72,016
U.S.	61,253	76,771
Other regions	103,300	105,452

Note: Revenue is divided into countries or regions based on the locations of customers.

Property, plant and equipment

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
	(Millions of yen)	(Millions of yen)
Japan	80,863	78,891
U.S.	55,492	65,500
Other regions	23,183	25,230
Total	159,539	169,621

Note: The presentation of non-current assets has been restricted to property, plant, and equipment to avoid unreasonable preparation costs

(5) Information on Major Customers

Information on major customers is omitted, since no single external customer accounts for more than 10 percent of the Group's revenue in terms of revenue through transactions with a single external customer.

(Other Operating Income and Other Operating Expenses)

(Other Operating Income)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Reversal of impairment loss)

The Company recorded 1,348 million yen as a reversal of impairment loss for Display Materials business in “Other Operating Income.”

(Gain on step acquisitions)

The Company recorded in “Other Operating Income” 7,467 million yen as gain on revaluation pertaining to the additional acquisition of Inpria Corporation shares.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Gain on sales of subsidiaries)

The Company recorded in “Other Operating Income” 1,020 million yen as gain on sales of the Elastomer business.

(Gain on step acquisitions)

The Company recorded in “Other Operating Income” 3,429 million yen as a revaluation gain from the additional acquisition of JSR Electronic Materials Korea Co., Ltd.

(Other Operating Expenses)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Impairment Loss)

The Company recorded in “Other Operating Expenses” 3,228 million yen as impairment loss in the Semiconductor Materials Business.

(Loss on valuation of investments in subsidiaries)

The Company recorded in “Other Operating Expenses” 1,411 million yen as loss on valuation of investments in unconsolidated subsidiaries.

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Loss on sales of fixed assets)

The Company recorded in “Other Operating Expenses” 222 million yen as restructuring expenses in the Display Solution Business.

(Business Restructuring Expenses)

The Company recorded 8,219 million yen and 600 million yen for expenses pertaining to restructuring and related measures in Semiconductor Materials Business and others consecutively in “Other Operating Expenses.” The main items were impairment losses on fixed assets and losses on sales of shares of subsidiaries.

(Per Share Information)

The following is the basic earnings per share and the basis of calculation and the diluted earnings per share and the basis of calculation.

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
(1) Basic earnings per share	173.49	75.56
Continuing operations	162.52	75.56
Discontinued operations	10.97	—
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	37,303	15,784
Continuing operations	34,944	15,784
Discontinued operations	2,360	—
Average number of shares outstanding during the year (1,000 shares)	215,016	208,907
(2) Diluted earnings per share	173.26	75.47
Continuing operations	162.30	75.47
Discontinued operations	10.96	—
(Basis of calculation)		
Increase in common stock due to stock options (1,000 shares)	285	237
Diluted average number of shares outstanding during the year (1,000 shares)	215,301	209,144

(Business Combination Notes)

(Wholly Owned Subsidiary through Acquisition of Shares of JSR Electronic Materials Korea Co., Ltd.)

(1) Outline of Business Combination

On January 10, 2023, the company acquired an additional 60.0% stake in JSR Electronic Materials Korea Co., Ltd. ("JEMK"), a distributor of semiconductor materials, making it a wholly owned subsidiary of the company.

1) Name and business of acquired company

Name of acquired company JSR Electronic Materials Co., Ltd.

Description of business: Sales agency business for semiconductor materials, etc.

2) Date of Acquisition

January 10, 2023

3) Percentage of Voting Rights Acquired

Percentage of Voting Rights Held Immediately before the Date of Acquisition 40.0%

Percentage of Voting Rights Additionally Acquired on the Date of Acquisition 60.0%

Percentage of Voting Rights at Date of Acquisition 100%

4) Method of Acquiring Control

Acquisition of Shares for Cash

5) Purpose of Business Combination

Established in 2014, JEMK has been contributing to the growth and expansion of the company's semiconductor business in South Korea. As our customers continue to develop advanced technologies, including metal oxide resists from Inpria Corporation, which was acquired by JSR in October 2021, it is becoming increasingly important for us to develop our business in a better and closer relationship with our customers. JSR has decided to make JEMK a wholly-owned subsidiary of its company in order to improve customer satisfaction and speed up service delivery through integrated group operations, and to further strengthen our global cooperation in the semiconductor materials business.

(2) Fair value of Consideration Paid, Assets Acquired, and Liabilities Assumed at the Date of Acquisition

	Amount
	Millions of yen
Fair value of equity interests held immediately prior to the acquisition date	3,468
Fair value of consideration paid	5,275
Total	8,743
Current Assets	
Cash and cash equivalents	798
Inventories	3,574
Trade and other receivables	1,018
Other current assets	816
Non-current assets	
Property, plant and equipment	31
Other intangible assets	8
Other financial assets	662
Other non-current assets	76
Acquired assets	6,983
Current liabilities	
Trade and other payables	4,309
Other financial liabilities	1,735
Total liability assumed	6,043
Goodwill	7,803

At the end of the current fiscal year, the amounts of items, such as goodwill accrued, assets accepted and liabilities assumed on the date of the business combination have been provisionally accounted for because the identification of identifiable assets and liabilities on the date of the business combination is under scrutiny and the allocation of acquisition costs has not been completed.

The valuation gain recognized by our company as a result of remeasuring the equity interest held immediately prior to the acquisition date at fair value as of the date of acquisition of control is 3,429 million yen and is included in "Other operating income" in the consolidated statements of income. In addition, acquisition 26 million related costs related to the business combination are yen and the amount incurred in the current fiscal year is expensed in "Selling, general and administrative expenses" in the consolidated statements of income.

Goodwill is primarily composed of expected future earning power. The goodwill cannot be reported as a deductible for tax purposes.

(3) Effect of Business Combination on Cash Flows

	Amount
	Millions of yen
Cash and cash equivalents paid for acquisition	5,275
Cash and cash equivalents held by the acquired company at the time of acquisition	798
Purchase of shares of subsidiaries resulting in change in scope of consolidation	4,477

(4) Impact on our Group's performance

The impact on sales revenue and net income from JEMK included in the consolidated statements of income, and on sales revenue and net income if the business combination is assumed to have taken place at the beginning of the fiscal year is immaterial.

(Acquisition of Indivumed Services GmbH)

(1) Outline of Business Combination

On March 31, 2023, Crown Bioscience International (Below: Crown Bioscience), a JSR Life Sciences Company, acquired a 100.0% stake in Indivumed Services GmbH & Co. KG (Below, "Indivumed Services"), a provider of biospecimens, biobanks and clinical services, making it a wholly owned subsidiary of our company.

1) Name and business of acquired company

Name of Acquired Company Indivumed Services GmbH & Co. KG

Business Description biospecimens, biobank and clinical services business, etc.

2) Date of Acquisition

March 31, 2023

3) Percentage of Voting Rights Acquired

100%

4) Method of Acquiring Control

Acquisition of Shares for Cash

5) Purpose of Business Combination

JSR has decided to make Indivumed Services a wholly-owned subsidiary of Crown Bioscience in order to further accelerate drug discovery and create solutions to meet customer needs by bringing a variety of synergistic service platforms to Crown Bioscience's drug discovery support services business, enabling the acquisition of high-quality biospecimens, biobanks and access to fresh patient samples.

(2) Fair value of Consideration Paid, Assets Acquired, and Liabilities Assumed at the Date of Acquisition

	Amount
	Millions of yen
Cash	18,765
Contingent consideration	5,217
Total Fair value of consideration paid	<u>23,982</u>
Current Assets	
Cash and cash equivalents	126
Inventories	5,214
Trade and other receivables	378
Other current assets	53
Non-current assets	
Property, plant and equipment	314
Other intangible assets	8
Acquired assets	<u>6,092</u>
Current liabilities	
Trade and other payables	146
Other current liabilities	334
Total liability assumed	<u>480</u>
Goodwill	18,370

At the end of the current fiscal year, the amounts of items, such as goodwill accrued, assets accepted and liabilities assumed on the date of the business combination have been provisionally accounted for because the identification of identifiable assets and liabilities on the date of the business combination is under scrutiny and the allocation of acquisition costs has not been completed.

Acquisition-related costs related to the business combination were 566 million yen, and the amount incurred during the current fiscal year is expensed in in the “Selling, general and administrative” line item in the consolidated statements of income.

Goodwill is primarily composed of expected future earning power. The goodwill cannot be reported as a deductible for tax purposes.

(3) Contingent Consideration

Conditional consideration is a payment agreement that fluctuates according to the level of achievement of certain indicators, such as sales after the business combination and the number of biological samples acquired, and our group estimates the attainability of such achievability and recognizes the amount of 5,217 million yen as unpaid acquisition consideration. The amount is calculated based on the level of achievement of each target indicator. The maximum amount of contingent consideration is 8,743 million yen. The fair value hierarchy of contingent consideration is level 3.

(4) Effect of Business Combination on Cash Flows

	<u>Millions of yen</u>
Cash and cash equivalents paid for acquisition	18,765
Cash and cash equivalents held by the acquired company at the time of acquisition	126
Purchase of shares of subsidiaries resulting in change in scope of consolidation	<u>18,639</u>

(5) Impact on our group's performance

The impact on sales revenue and net income generated from Individualized Services included in the consolidated statements of income, and on sales revenue and net income assuming the business combination is implemented at the beginning of the fiscal year is immaterial.

(Material Subsequent Events)

Not applicable.

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