

Translation

Notice: This document is an excerpt translation of the original Japanese document and is for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2024 (under IFRS)

August 7, 2023

Company name: JSR Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 4185
 URL: <https://www.jsr.co.jp/>
 Representative: Eric Johnson, Representative Director, CEO and President
 Inquiries: Yoshiko Takeda, General Manager of Corporate Communications Department
 TEL: +81-3-6218-3517

Scheduled date to file quarterly securities report: August 10, 2023

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, 2024 (from April 1, 2023 to June 30, 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	%
June 30, 2023	85,046	(8.8)	(5,314)	-	(6,144)	-	(2,428)	-
June 30, 2022	93,298	13.3	6,247	(50.2)	7,267	(34.8)	5,503	(36.3)

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, 2023	(2,582)	-	13,266	(39.9)	(12.44)	(12.44)
June 30, 2022	5,742	(29.7)	22,067	106.4	27.09	27.06

Reference: Profit before tax June 30, 2023 (4,186) millions of yen (-%) June 30, 2022 9,631 millions of yen ((12.9)%)

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, 2023	743,624	386,922	361,215	48.6	1,740.08
March 31, 2023	715,959	380,935	355,526	49.7	1,712.67

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, 2023	–	35.00	–	35.00	70.00
Fiscal year ended March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		0.00	–	0.00	0.00

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

Note: As stated in the "Notice Concerning Revision (Non-Dividend) of Dividend Forecast for the Fiscal Year Ending March 2024" announced on June 26, 2023, the Company has revised its dividend forecast for the fiscal year ending March 2024 announced on April 27, 2023, and resolved not to pay dividends of surplus as of the record date of September 30, 2023 (the end of the second quarter) and March 31, 2024 (the end of the fiscal year).

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 millions of yen

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): None
- (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, 2023	208,400,000 shares
As of March 31, 2023	208,400,000 shares

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

As of June 30, 2023	814,500 shares
As of March 31, 2023	814,227 shares

- c. Average number of shares during the period

For the three months ended June 30, 2023	207,585,698 shares
For the three months ended June 30, 2022	211,942,761 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 7, 2023.

Table for Contents for the Attachment

1. Qualitative Information on Quarterly Results	2
(1) Explanation of Business Results	2
(2) Explanation of Future Forecast Information, such as Forecast of Consolidated Business Results	3
2. Condensed Quarterly Consolidated Financial Statements	4
(1) Condensed Quarterly Consolidated Statement of Financial Position	4
(2) Condensed Quarterly Consolidated Statement of Profit or Loss	6
(3) Condensed Quarterly Consolidated Statement of Comprehensive Income	7
(4) Condensed Quarterly Consolidated Statement of Changes in Equity	8
(5) Notes on Condensed Quarterly Consolidated Financial Statements	9
(Cautionary Notes regarding Assumptions of Going Concern)	9
(Segment Information)	9

1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of Operating Results for the First Three Months of FY ending March 2024 (April 1, 2023 to June 30, 2023)

As for trends among the Group's main customer industries for the first quarter of the current fiscal year, semiconductor manufacturers continued to adjust production due to a decline in demand for smartphones and personal computers and a slowdown in data center investment. In the flat panel display market, the inventory level was improved and production has been slowly recovering at panel manufacturers, but demand for final products has remained weak. The biopharmaceutical market continued to see strong. The global automobile market is recovering as the semiconductor shortage resolving.

Under these circumstances, in the Digital Solutions Business, the Semiconductor Materials Business focused on expanding sales of products that support cutting-edge technologies in the semiconductor market, and in Display Materials Business, sales promotion of products that are competitive in the Chinese market, which is expected to continue to grow. In the Life Sciences Business, JSR Group focused on expansion of the CDMO (Contract Development and Manufacturing of Biologics) business and the CRO (contract research organization) businesses. In the Plastics Business, a focus on promotion and sales of strategic products continued.

However, the overall weak demand in these industries had a significant impact on the Company's performance.

As a result, revenue decreased by 8.8% year-on-year to 85,046 million yen, with core operating loss of 5,314 million yen, down from core operation profit of 6,247 million yen in the same period of the previous year.

(Unit: Millions of yen)

Segment	First Three Months of FY ended March 2023 (April 1 to June 30, 2022)		First Three Months of FY ending March 2024 (April 1 to June 30, 2023)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	42,920	46.0%	37,725	44.4%	(5,194)	(12.1%)
Life Sciences	22,747	24.4%	21,215	24.9%	(1,532)	(6.7%)
Plastics	22,777	24.4%	22,717	26.7%	(60)	(0.3%)
Other	4,854	5.2%	3,388	4.0%	(1,466)	(30.2%)
Adjustment	—	—%	—	—%	—	—%
Total	93,298	100.0%	85,046	100.0%	(8,252)	(8.8%)
Revenue in Japan	28,932	31.0%	30,771	36.2%	1,838	6.4%
Overseas revenue	64,365	69.0%	54,275	63.8%	(10,090)	(15.7%)

(Unit: Millions of yen)

Segment	First Three Months of FY ended March 2023 (April 1 to June 30, 2022)		First Three Months of FY ending March 2024 (April 1 to June 30, 2023)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit (loss)	6,247	6.7%	(5,314)	(6.2%)	(11,561)	—%
Profit attributable to owners of parent (loss)	5,742	6.2%	(2,582)	(3.0%)	(8,323)	—%

<Digital Solutions Business Segment>

Revenue was lower than in the same period of the previous year, mainly due to decrease in demand resulting from production cutbacks by semiconductor manufacturers, which are our major customers. Core operating profit was lower than the same period last year due to the lower revenue.

Consequently, the Digital Solutions Business segment posted a core operating profit of 2,623 million yen (down 65.7% year-on-year) on revenue of 37,725 million yen (down 12.1% year-on-year) in the first three months of FY ending March 2024.

<Life Sciences Business Segment>

In the life sciences business, sales increased due to the improved operation capacity of a new KBI Biopharma, Inc. (KBI) plant, which is the group company operating our CDMO business, but revenue was lower than the same period last year due to a decrease in sales of COVID-19 antigen test kits of MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (MBL) in the diagnostics business and a slowdown in demand for biotech services in the CRO business. Core Operating Profit was also lower than the same period last year due to major repairs at one of KBI's plants, accounting one-time expenses related to inventory, and a decrease in profit due to a decrease in sales in the CRO business.

Consequently, the Life Sciences Business segment posted a core operating loss of 6,857 million yen down from 32 million yen on revenue of 21,215 million yen (down 6.7% year-on-year) in the first three months of FY ending March 2024.

<Plastics Business Segment>

In the Plastic Business, although the automobile market, the main customer industry, is on trend for recovery, demand is weak and revenues were slightly lower than in the same period of the previous year. Core operating profit was higher than in the same period of the previous year due to an improvement in trading spreads as price increases stemming from rising raw material prices prevailed.

Consequently, the Plastic Business segment posted a core operating loss of 172 million yen versus a core operating loss of 479 million yen in the same period of the previous year, on revenue of 22,717 million yen (down 0.3% year-on-year) in the first three months of FY ending March 2024.

(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 2024, as announced in the "Consolidated Financial Results of the Fiscal Year Ending March 31, 2024" on April 27, 2023.

As described in "Notice Concerning the Scheduled Commencement of Tender Offer by JICC-02 Co., Ltd. to JSR Inc. (Securities Code: 4185)" dated June 26, 2023 and "(Correction) Partial Correction of "Notice Concerning Scheduled Commencement of Tender Offer by JICC-02 Co., Ltd. to JSR Co., Ltd. (Securities Code: 4185)" dated June 28, 2023, there is a possibility that our company shares will be delisted due to the tender offer by JICC-02 Co., Ltd. for our company common shares, share acquisition rights and American Depositary Shares and a series of subsequent procedures.

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

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	72,640	81,310
Trade and other receivables	78,825	77,718
Inventories	118,437	119,705
Other financial assets	2,657	1,636
Other current assets	26,716	21,990
Total current assets	299,275	302,358
Non-current assets		
Property, plant and equipment	169,621	174,639
Goodwill	147,874	160,082
Other intangible assets	34,202	36,036
Investments accounted for using equity method	2,479	2,474
Retirement benefit asset	5,674	5,680
Other financial assets	33,157	36,500
Other non-current assets	3,438	3,784
Deferred tax assets	20,240	22,069
Total non-current assets	416,684	441,266
Total assets	715,959	743,624

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	79,627	72,557
Contract liabilities	22,407	21,989
Bonds and borrowings	62,510	93,207
Income taxes payable	3,046	1,296
Provisions	1,474	1,479
Other financial liabilities	3,243	4,411
Other current liabilities	9,454	5,847
Total current liabilities	181,761	200,787
Non-current liabilities		
Contract liabilities	5,062	4,214
Bonds and borrowings	95,683	95,133
Retirement benefit liability	10,485	10,070
Provisions	7,423	7,423
Other financial liabilities	23,514	29,413
Other non-current liabilities	4,373	2,562
Deferred tax liabilities	6,724	7,100
Total non-current liabilities	153,263	155,915
Total liabilities	335,024	356,702
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	6,637	6,673
Retained earnings	288,919	279,394
Treasury shares	(2,109)	(2,110)
Other components of equity	38,709	53,887
Total equity attributable to owners of parent	355,526	361,215
Non-controlling interests	25,409	25,707
Total equity	380,935	386,922
Total liabilities and equity	715,959	743,624

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	93,298	85,046
Cost of sales	(61,589)	(60,692)
Gross profit	31,708	24,354
Selling, general and administrative expenses	(25,422)	(29,694)
Other operating income	1,534	464
Other operating expenses	(544)	(1,269)
Share of loss of investments accounted for using equity method	(9)	(0)
Operating profit (loss)	7,267	(6,144)
Finance income	3,101	3,611
Finance costs	(737)	(1,653)
Profit (loss) before tax	9,631	(4,186)
Income tax expense	(4,128)	1,758
Profit (loss)	5,503	(2,428)
Profit (loss) attributable to		
Owners of parent	5,742	(2,582)
Non-controlling interests	(239)	153
Total	5,503	(2,428)
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	27.09	(12.44)
Diluted earnings (loss) per share (Yen)	27.06	(12.44)

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	5,503	(2,428)
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	(328)	1,941
Remeasurements of defined benefit liabilities (assets)	(1)	346
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	5	—
Exchange differences on translation of foreign operations	16,430	13,389
Share of other comprehensive income of investments accounted for using equity method	459	18
Total other comprehensive income, net of tax	16,564	15,694
Total comprehensive income	22,067	13,266
Comprehensive income attributable to		
Owners of parent	21,963	12,797
Non-controlling interests	104	468
Total	22,067	13,266

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

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

Three months ended June 30, 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, 2023	23,370	6,637	288,919	(2,109)	38,709	355,526	25,409	380,935
Profit (loss)			(2,582)			(2,582)	153	(2,428)
Other comprehensive income					15,379	15,379	315	15,694
Total comprehensive income	—	—	(2,582)	—	15,379	12,797	468	13,266
Share-based payment transactions		36			115	150		150
Dividends			(7,266)			(7,266)	(170)	(7,435)
Purchase and disposal of treasury shares				(1)		(1)		(1)
Transfer from other components of equity to retained earnings			315		(315)	—		—
Other			7			7		7
Total transactions with owners, etc.	—	36	(6,943)	(1)	(200)	(7,109)	(170)	(7,279)
Balance at June 30, 2023	23,370	6,673	279,394	(2,110)	53,887	361,215	25,707	386,922

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

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	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 manufacturing and sale of chemicals such as adhesions 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.

First Three Months of FY ending March 31, 2024 (April 1 to June 30, 2023)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	37,725	21,215	22,717	3,388	85,046	—	85,046
Segment profit (loss) (Core operating profit) [Note 3]	2,623	(6,857)	(172)	(7)	(4,414)	(900)	(5,314)

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

Note 2: Segment profit (loss) downward adjustment of 900 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 2023 (April 1 to June 30, 2022)	First Three Months of FY ending March 2024 (April 1 to June 30, 2023)
Segment profit (loss)	6,247	(5,314)
Business restructuring expenses	—	(830)
Gain on sale of shares of subsidiaries	1,020	—
Operating profit (loss)	7,267	(6,144)
Finance income	3,101	3,611
Finance costs	(737)	(1,653)
Profit (loss) before tax	9,631	(4,186)

###