

Translation

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

November 6, 2023

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 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date to file quarterly securities report: November 13, 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 six months of the fiscal year ending March 31, 2024 (from April 1, 2023 to September 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	%
September 30, 2023	180,780	(8.4)	(1,036)	-	(2,750)	-	(1,632)	-
September 30, 2022	197,251	17.3	16,908	(26.7)	17,696	(22.7)	14,542	(22.0)

Fiscal year ended	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2023	(2,143)	-	18,730	(52.3)	(10.32)	(10.32)
September 30, 2022	14,770	(15.8)	39,256	75.4	70.32	70.23

Reference: Profit before tax September 30, 2023 (2,188) millions of yen (-%) September 30, 2022 22,697 millions of yen ((4.8)%)

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

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2023	761,924	392,484	366,363	48.1	1,764.85
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	–	0.00			
Fiscal year ending March 31, 2024 (Forecast)			–	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	413,000	1.0	18,000	(47.1)	16,000	(45.5)	10,000	(39.1)	8,500	(46.1)	40.95

Reference: Profit before tax Fiscal year ending March 31, 2023 14,000

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

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- Changes in accounting policies required by IFRS: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 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 September 30, 2023	810,925 shares
As of March 31, 2023	814,227 shares

c. Average number of shares during the period

For the six months ended September 30, 2023	207,583,029 shares
For the six months ended September 30, 2022	210,047,814 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, November 6, 2023.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Six Months of FY ending March 2024 (April 1 to September 30, 2023)

Among the JSR Group's main customer industries, the semiconductor market declined due to continued production adjustments by semiconductor manufacturers, partly due to a decline in demand for smartphones and personal computers and a slowdown in data center investment. In the flat panel display market, production showed a recovery trend as inventories at panel makers are getting optimized, but demand for final products remained weak. Although the biopharmaceutical market, which is a major market in the life sciences business, remained strong, the biotech market, which is a market concerned, has partially slowed down because of less funding in the industry due to the impact of rising interest rates in the United States and so forth. In the automotive market, the semiconductor shortage has been resolved and is on a recovery trend.

Under such an environment, in the Digital Solution Business, the semiconductor materials business expanded sales of products that respond to cutting-edge technologies, and the display materials business expanded sales, focusing on competitive products in the Chinese market, which is expected to continue to grow. In the life sciences business, we continued to focus on the development and manufacturing of biopharmaceuticals (CDMO business) and pharmaceuticals (CRO business) while we focused on expanding sales of strategic products in the plastics business. However, our company's performance was also significantly affected by the generally weak demand industry.

As a result of the above, our consolidated results for the first six months of FY ending March 2024 showed that revenue was 180,780 million yen (down 8.4% year on year), and core operating profit was a loss of 1,036 million yen from a profit of 16,908 million yen in the same period of the previous year.

(Unit: Millions of yen)

Segment	First Six Months of FY ended March 2023 (Apr. 1 to Sep. 30, 2022)		First Six Months of FY ending March 2024 (Apr. 1 to Sep. 30, 2023)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	90,599	46.0%	79,558	43.9%	(11,042)	(12.2%)
Life Sciences	51,452	26.1%	48,557	26.9%	(2,895)	(5.6%)
Plastics	45,644	23.1%	45,859	25.4%	215	0.5%
Other	9,556	4.8%	6,806	3.8%	(2,750)	(28.8%)
Adjustment	—	—%	—	—%	—	—%
Total	197,251	100.0%	180,780	100.0%	(16,471)	(8.4%)
Revenue in Japan	63,599	32.2%	64,750	35.8%	1,151	1.8%
Overseas revenue	133,652	67.8%	116,030	64.2%	(17,622)	(13.2%)

(Unit: Millions of yen)

Segment	First Six Months of FY ended March 2023 (Apr. 1 to Sep. 30, 2022)		First Six Months of FY ending March 2024 (Apr. 1 to Sep. 30, 2023)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	16,908	8.6%	(1,036)	(0.6%)	(17,945)	—%
Profit (loss) attributable to owners of parent	14,770	7.5%	(2,143)	(1.2%)	(16,913)	—%

<Digital Solutions Business Segment>

In the Digital Solutions Business, revenue was lower than the same period of the previous year, mainly due to lower demand due to production adjustments at semiconductor manufacturers, which are our main customers.

Core operating profit was lower than the same period of the previous year due to lower revenue.

As a result of the above, revenue of the Digital Solutions business segment for the first six months of the current fiscal year decreased by 12.2% year on year to 79,558 million yen, and core operating profit decreased by 53.8% year on year to 8,539 million yen.

<Life Sciences Business Segment>

In the Life Sciences Business, sales in the CDMO Business increased due to the starting up of a new plant at KBI Biopharma, Inc., in our group. However, sales in the diagnostic reagents business were lower than the same period of the previous year due to a decrease in sales of COVID-19 antigen test kits at the Medical and Biological Laboratories Co., Ltd. (MBL) and a slowdown in demand for biotech industries in the CRO Business.

In the CDMO Business, core operating profit was lower than the same period of the previous year due to the implementation of large-scale repairs at one of KBI Biopharma, Inc.'s main plants, the recording of one-time costs related to inventory, and a decrease in profit due to a decrease in sales in the CRO Business.

As a result of the above, revenue in the Life Sciences Business decreased by 5.6% year-on-year to 48,557 million yen, and core operating profit decreased from a profit of 707 million yen to a loss of 8,107 million yen.

<Plastics Business Segment>

In the Plastic business, sales volume decreased due to weak demand for industrial materials, although the automobile market, which is the major customer industry, showed some recovery. On the other hand, revenue slightly increased from the same period last year due to the price adjustment.

Core operating profit was higher than the same period of the previous year due to an improvement in trading spreads due to the penetration of price increases associated with rising raw material prices.

As a result of the above, revenue in the Synthetic Plastics Business segment increased 0.5% year-on-year to 45,859 million yen, and core operating profit was 349 million yen, compared with a loss of 115 million yen in the same period of the previous year.

(2) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information

The consolidated earnings forecasts for the fiscal year ending March 2024 have been revised from the full-year consolidated earnings forecasts announced in the "Consolidated Financial Results for the Fiscal Year Ending March 2023" released on April 27, 2023, considering the market environment and trends in business performance. For details, please refer to the "Notice Concerning Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 2024" released on November 6, 2023.

As described in the "Notice Concerning the Scheduled Commencement of Tender Offer by JICC-02, Ltd. to JSR Inc. (Securities Code: 4185)" released on June 26, 2023 and the "(Correction) Partial Correction of "Notice Concerning Scheduled Commencement of Tender Offer by JICC-02, Ltd., to JSR Corporation. (Securities Code: 4185)" released on June 28, 2023, there is a possibility that shares of our company will be delisted due to JICC-02, Ltd.'s tender offer for common shares, share acquisition rights and American depository shares of our company 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 September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	72,640	82,181
Trade and other receivables	78,825	90,537
Inventories	118,437	122,482
Other financial assets	2,657	1,878
Other current assets	26,716	14,401
Total current assets	299,275	311,478
Non-current assets		
Property, plant and equipment	169,621	176,932
Goodwill	147,874	164,047
Other intangible assets	34,202	37,448
Investments accounted for using equity method	2,479	2,757
Retirement benefit asset	5,674	5,691
Other financial assets	33,157	36,786
Other non-current assets	3,438	3,886
Deferred tax assets	20,240	22,900
Total non-current assets	416,684	450,446
Total assets	715,959	761,924

	(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	79,627	78,152
Contract liabilities	22,407	20,559
Bonds and borrowings	62,510	98,440
Income taxes payable	3,046	2,022
Provisions	1,474	1,383
Other financial liabilities	3,243	4,318
Other current liabilities	9,454	7,352
Total current liabilities	181,761	212,226
Non-current liabilities		
Contract liabilities	5,062	2,392
Bonds and borrowings	95,683	94,063
Retirement benefit liability	10,485	10,102
Provisions	7,423	7,423
Other financial liabilities	23,514	33,570
Other non-current liabilities	4,373	2,538
Deferred tax liabilities	6,724	7,127
Total non-current liabilities	153,263	157,215
Total liabilities	335,024	369,441
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	6,637	6,708
Retained earnings	288,919	280,096
Treasury shares	(2,109)	(2,080)
Other components of equity	38,709	58,269
Total equity attributable to owners of parent	355,526	366,363
Non-controlling interests	25,409	26,120
Total equity	380,935	392,484
Total liabilities and equity	715,959	761,924

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	197,251	180,780
Cost of sales	(128,086)	(123,206)
Gross profit	69,166	57,574
Selling, general and administrative expenses	(52,638)	(58,902)
Other operating income	2,335	1,050
Other operating expenses	(1,212)	(2,549)
Share of loss of investments accounted for using equity method	45	78
Operating profit (loss)	17,696	(2,750)
Finance income	6,129	3,087
Finance costs	(1,128)	(2,524)
Profit (loss) before tax	22,697	(2,188)
Income tax expense	(8,154)	556
Profit (loss)	14,542	(1,632)
Profit (loss) attributable to		
Owners of parent	14,770	(2,143)
Non-controlling interests	(228)	511
Total	14,542	(1,632)
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	70.32	(10.32)
Diluted earnings (loss) per share (Yen)	70.23	(10.32)

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	14,542	(1,632)
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	527	1,594
Remeasurements of defined benefit liabilities (assets)	14	410
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	5	—
Exchange differences on translation of foreign operations	23,856	18,136
Share of other comprehensive income of investments accounted for using equity method	311	222
Total other comprehensive income, net of tax	24,714	20,362
Total comprehensive income	39,256	18,730
Comprehensive income attributable to		
Owners of parent	38,991	17,849
Non-controlling interests	265	881
Total	39,256	18,730

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2022	23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739
Profit			14,770			14,770	(228)	14,542
Other comprehensive income					24,221	24,221	493	24,714
Total comprehensive income	—	—	14,770	—	24,221	38,991	265	39,256
Share-based payment transactions		330		371	(309)	391		391
Dividends			(7,528)			(7,528)	(513)	(8,041)
Purchase and disposal of treasury shares		(549)	(45,884)	16,342		(30,092)		(30,092)
Transfer from other components of equity to retained earnings			(274)		274	—		—
Proceeds from sale of shares of subsidiaries						—	(13,518)	(13,518)
Total transactions with owners, etc.	—	(219)	(53,686)	16,713	(36)	(37,228)	(14,031)	(51,259)
Balance at September 30, 2022	23,370	11,580	294,419	(2,162)	50,565	377,774	24,963	402,736

Six months ended September 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)			(2,143)			(2,143)	511	(1,632)
Other comprehensive income					19,992	19,992	370	20,362
Total comprehensive income	—	—	(2,143)	—	19,992	17,849	881	18,730
Share-based payment transactions		71			115	186		186
Dividends			(7,266)			(7,266)	(170)	(7,435)
Purchase and disposal of treasury shares		(15)		29		14		14
Transfer from other components of equity to retained earnings			546		(546)	—		—
Other		15	39			54		54
Total transactions with owners, etc.	—	71	(6,681)	29	(432)	(7,012)	(170)	(7,181)
Balance at September 30, 2023	23,370	6,708	280,096	(2,080)	58,269	366,363	26,120	392,484

(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 diagnostic and research reagents and similar materials; bio-process materials; 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); mounting materials; Cleaning solutions; CMP materials; etc. <Display Materials> Materials for color LCDs; Materials for OLED; etc. <Edge Computing Materials> Heat-resistant transparent resins and functional films; photo fabrication; etc.
Life Sciences Business	Diagnostic and research reagents and similar materials; bio-process materials; services to support drug development, etc.
Plastics Business	Synthetic resins including ABS resins, AES resins, AS resins, and ASA resins

(2) Reportable Segment Revenues, Profits and Losses

The following information pertains to the Group's reportable segments.

First Six Months of FY ended March 31, 2023 (April 1 to September 30, 2022)

(Millions of yen)

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

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

Note 2: Segment profit (loss) downward adjustment of 2,245 million yen contains company-wide profits and losses not allocated to the reportable segments.

Note 3: Segment profit (loss) is presented as core operating profit after deducting non-recurring profit (loss) arising from business restructuring and other non-recurring factors from operating profit.

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

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	79,558	48,557	45,859	6,806	180,780	—	180,780
Segment profit (loss) (Core operating profit) [Note 3]	8,539	(8,107)	349	(77)	704	(1,741)	(1,036)

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 1,741 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 (loss) to quarterly profit (loss) before tax are as follows.

	(Unit: Millions of yen)	
	First Six Months of FY ended March 2023 (April 1 to September 30, 2022)	First Six Months of FY ending March 2024 (April 1 to September 30, 2023)
Segment profit (loss)	16,908	(1,036)
Business restructuring expenses	(15)	(1,714)
Loss on sales of fixed assets	(222)	—
Gain on sale of shares of subsidiaries	1,020	—
Others	5	—
Operating profit (loss)	17,696	(2,750)
Finance income	6,129	3,087
Finance costs	(1,128)	(2,524)
Profit (loss) before tax	22,697	(2,188)

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