

Translation

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

February 5, 2024

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 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date to file quarterly securities report: February 13, 2024

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 nine months of the fiscal year ending March 31, 2024 (from April 1 to December 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	%
December 31, 2023	301,842	(3.6)	14,848	(52.9)	12,899	(60.0)	6,157	(68.4)
December 31, 2022	312,956	22.0	31,511	(25.5)	32,228	(23.5)	19,486	(47.9)

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
December 31, 2023	5,363	(72.7)	19,905	(35.5)	25.83	25.81
December 31, 2022	19,619	(44.5)	30,870	(32.4)	93.73	93.63

Reference: Profit before tax December 31, 2023 9,407 millions of yen ((71.7)%) December 31, 2022 33,286 millions of yen ((22.8)%)

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
December 31, 2023	760,206	393,494	367,385	48.3	1,769.61
March 31, 2023	717,511	380,935	355,526	49.5	1,712.67

Note: In the first quarter and the third quarter of the fiscal year ending March 31, 2024, provisional accounting treatment for business combinations was determined, and the respective figures for the fiscal year ended March 31, 2023, reflect the finalization of provisional accounting treatment.

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 ending 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)	40.94

Reference: Profit before tax Fiscal year ending March 31, 2024 14,000

Note: Revisions to the earnings forecasts most recently announced: None

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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 December 31, 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 December 31, 2023	791,636 shares
As of March 31, 2023	814,227 shares

c. Average number of shares during the period

For the nine months ended December 31, 2023	207,588,510 shares
For the nine months ended December 31, 2022	209,304,298 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, February 5, 2024.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Nine Months of FY ending March 2024 (April 1 to December 31, 2023)

Among the JSR Group's main customer industries, although the semiconductor market is on gradual recovery trend, the demand has decreased 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 optimized, but demand for final products remained weak. Although biopharmaceutical markets remained strong, we see partial slow-down in the biotech market, a market concerned, as the supply of funds stagnated, mainly due to rising interest rates in the United States. The automotive market is on a recovery trend as the semiconductor shortage has been resolved.

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 striving to expand mainly in contracted development and manufacturing of biopharmaceuticals (CDMO business) and contracted development of pharmaceuticals (CRO business) while we focused on expanding sales of strategic products in the plastics business. However, our business performance was also affected by weak trends in the overall demand industry.

As a result of the above, our consolidated results for the first nine months of FY ending March 2024 showed that revenue was 301,842 million yen (down 3.6% year on year), and core operating profit was 14,848 million yen (down 52.9% year on year)

(Unit: Millions of yen)

Segment	First Nine Months of FY ended March 2023 (Apr. 1 to Dec. 31, 2022)		First Nine Months of FY ending March 2024 (Apr. 1 to Dec. 31, 2023)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	135,075	43.2%	123,627	40.9%	(11,449)	(8.5%)
Life Sciences	93,047	29.7%	97,451	32.3%	4,404	4.7%
Plastics	72,250	23.1%	70,262	23.3%	(1,988)	(2.8%)
Other	12,583	4.0%	10,502	3.5%	(2,081)	(16.5%)
Adjustment	—	—%	—	—%	—	—%
Total	312,956	100.0%	301,842	100.0%	(11,114)	(3.6%)

Revenue in Japan	112,701	36.0%	122,491	40.6%	9,790	8.7%
Overseas revenue	200,255	64.0%	179,351	59.4%	(20,904)	(10.4%)

Segment	First Nine Months of FY ended March 2023 (Apr. 1 to Dec. 31, 2022)		First Nine Months of FY ending March 2024 (Apr. 1 to Dec. 31, 2023)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	31,511	10.1%	14,848	4.9%	(16,663)	(52.9%)
Profit attributable to owners of parent	19,619	6.3%	5,363	1.8%	(14,256)	(72.7%)

<Digital Solutions Business Segment>

In the Digital Solutions Business, revenue was lower than the same period of the previous year. Although there has been a gradual recovery, the main reason is a decrease in demand due to production adjustment at semiconductor manufacturers, who 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 nine months of the current fiscal year decreased by 8.5% year on year to 123,627 million yen, and core operating profit decreased by 39.1% year on year to 16,250 million yen.

<Life Sciences Business Segment>

In the Life Sciences Business, revenue was higher than the same period of the previous year. Even though 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, sales expansion due to the solid operation of a new plant at KBI Biopharma, Inc. contributed 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 increased by 4.7% year-on-year to 97,451 million yen, and core operating profit decreased by 97.7% year on year to 152 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. Additionally, revenue slightly decreased from the same period last year despite the price adjustment.

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

As a result of the above, revenue in the Plastics Business segment decreased 2.8% year-on-year to 70,262 million yen, and core operating profit decreased by 8.3% year on year to 1,175 million yen.

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

The consolidated earnings forecasts for the fiscal year ending March 2024 have not been revised from the full-year consolidated earnings forecasts announced in the "Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024 (under IFRS)" 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 depositary shares of our company and a series of subsequent procedures. For the latest progress, please refer to the "Announcement Concerning Progress of the Tender Offer for the Shares of JSR Corporation (Securities Code 4185) by JICC-02 Co., Ltd." announced on December 19, 2023.

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

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	72,639	77,649
Trade and other receivables	78,999	112,758
Inventories	118,494	111,575
Other financial assets	2,657	2,170
Other current assets	26,718	16,601
Total current assets	<u>299,507</u>	<u>320,753</u>
Non-current assets		
Property, plant and equipment	169,617	172,942
Goodwill	135,735	144,801
Other intangible assets	47,664	49,553
Investments accounted for using equity method	2,479	2,664
Retirement benefit asset	5,674	5,700
Other financial assets	33,157	35,389
Other non-current assets	3,438	4,206
Deferred tax assets	20,240	24,198
Total non-current assets	<u>418,003</u>	<u>439,453</u>
Total assets	<u><u>717,511</u></u>	<u><u>760,206</u></u>

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	79,872	79,898
Contract liabilities	22,407	16,699
Bonds and borrowings	62,510	99,640
Income taxes payable	3,046	5,549
Provisions	1,474	1,317
Other financial liabilities	3,243	3,850
Other current liabilities	9,410	7,381
Total current liabilities	<u>181,962</u>	<u>214,334</u>
Non-current liabilities		
Contract liabilities	5,062	1,762
Bonds and borrowings	95,683	92,490
Retirement benefit liability	10,485	10,175
Provisions	7,423	7,423
Other financial liabilities	24,426	30,674
Other non-current liabilities	4,373	2,443
Deferred tax liabilities	7,162	7,411
Total non-current liabilities	<u>154,614</u>	<u>152,378</u>
Total liabilities	<u>336,576</u>	<u>366,712</u>
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	6,637	6,735
Retained earnings	288,919	287,504
Treasury shares	(2,109)	(2,031)
Other components of equity	38,709	51,807
Total equity attributable to owners of parent	<u>355,526</u>	<u>367,385</u>
Non-controlling interests	<u>25,409</u>	<u>26,109</u>
Total equity	<u>380,935</u>	<u>393,494</u>
Total liabilities and equity	<u><u>717,511</u></u>	<u><u>760,206</u></u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	312,956	301,842
Cost of sales	(201,268)	(196,129)
Gross profit	111,688	105,713
Selling, general and administrative expenses	(80,794)	(91,457)
Other operating income	3,002	1,875
Other operating expenses	(1,723)	(3,330)
Share of loss of investments accounted for using equity method	55	98
Operating profit	32,228	12,899
Finance income	3,522	1,874
Finance costs	(2,463)	(5,365)
Profit before tax	33,286	9,407
Income tax expense	(13,800)	(3,251)
Profit	19,486	6,157
Profit attributable to		
Owners of parent	19,619	5,363
Non-controlling interests	(133)	794
Total	19,486	6,157
Earnings per share		
Basic earnings per share (Yen)	93.73	25.83
Diluted earnings per share (Yen)	93.63	25.81

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	19,486	6,157
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	(224)	597
Remeasurements of defined benefit liabilities (assets)	30	474
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	5	—
Exchange differences on translation of foreign operations	10,992	12,567
Share of other comprehensive income of investments accounted for using equity method	581	110
Total other comprehensive income, net of tax	11,384	13,749
Total comprehensive income	30,870	19,905
Comprehensive income attributable to		
Owners of parent	30,575	18,820
Non-controlling interests	295	1,086
Total	30,870	19,905

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 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, 2022	23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739
Profit			19,619			19,619	(133)	19,486
Other comprehensive income					10,956	10,956	428	11,384
Total comprehensive income	—	—	19,619	—	10,956	30,575	295	30,870
Share-based payment transactions		379		371	(138)	613		613
Dividends			(14,793)			(14,793)	(779)	(15,572)
Purchase and disposal of treasury shares		(549)	(45,884)	16,341		(30,092)		(30,092)
Transfer from other components of equity to retained earnings			(477)		477	—		—
Proceeds from sale of shares of subsidiaries						—	(13,518)	(13,518)
Total transactions with owners, etc.	—	(170)	(61,153)	16,712	339	(44,272)	(14,297)	(58,569)
Balance at December 31, 2022	23,370	11,630	291,801	(2,162)	37,675	362,314	24,726	387,040

Nine months ended December 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, 2023	23,370	6,637	288,919	(2,109)	38,709	355,526	25,409	380,935
Profit			5,363			5,363	794	6,157
Other comprehensive income					13,457	13,457	292	13,749
Total comprehensive income	—	—	5,363	—	13,457	18,820	1,086	19,905
Share-based payment transactions		97			115	212		212
Dividends			(7,266)			(7,266)	(386)	(7,651)
Purchase and disposal of treasury shares		(40)		79		39		39
Transfer from other components of equity to retained earnings			473		(473)	—		—
Other		40	14			54		54
Total transactions with owners, etc.	—	97	(6,778)	79	(358)	(6,961)	(386)	(7,346)
Balance at December 31, 2023	23,370	6,735	287,504	(2,031)	51,807	367,385	26,109	393,494

(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 Nine Months of FY ended March 31, 2023 (April 1 to December 31, 2022)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	135,075	93,047	72,250	12,583	312,956	—	312,956
Segment profit (loss) (Core operating profit) [Note 3]	26,692	6,689	1,281	182	34,845	(3,334)	31,511

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 3,334 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 Nine Months of FY ending March 31, 2024 (April 1 to December 31, 2023)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	123,627	97,451	70,262	10,502	301,842	—	301,842
Segment profit (loss) (Core operating profit) [Note 3]	16,250	152	1,175	(83)	17,494	(2,645)	14,848

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 2,645 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 Nine Months of FY ended March 2023 (April 1 to December 31, 2022)	First Nine Months of FY ending March 2024 (April 1 to December 31, 2023)
Segment profit	31,511	14,848
Business restructuring expenses	(86)	(1,949)
Loss on sales of fixed assets	(222)	—
Gain on sale of shares of subsidiaries	1,020	—
Others	5	—
Operating profit	32,228	12,899
Finance income	3,522	1,874
Finance costs	(2,463)	(5,365)
Profit before tax	33,286	9,407

(Determination of provisional accounting for business combinations)

In the first quarter and third quarter of the fiscal year ending March 31, 2024, the Company finalized the provisional accounting treatment for the business combination. The condensed quarterly consolidated financial statements related to the previous fiscal year reflect the details of the provisional accounting treatment.

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