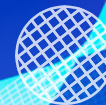




# *MATERIALS INNOVATION*

**JSR REPORT 2024**

For the year ended March 31, 2024



## Editorial Policy

Our corporate mission, **“Materials Innovation,”** states that **“We create value through materials to enrich society, people, and the environment.”** Based on this mission, we seek to provide the materials that are indispensable to society and thereby contribute to society and earn its trust.

The JSR Report is created to help all stakeholders to better understand JSR Group’s business model and corporate value. It contains financial information such as management strategies and non-financial information including matters relating to the environment and society, with reference to the disclosure framework of the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation.



### About the Cover

The creation of cutting-edge materials through materials innovation embodies the business fields of JSR Group that continue to have positive impacts on society.

With our corporate mission of “Materials Innovation,” we will continue to create value as a technology company to contribute to the sustainable society.



### Forward-looking Statements

Forward-looking statements regarding the Company’s future outlook are based on information available at the time of writing. Readers are cautioned that economic trends in JSR’s target markets and other risks, and factors beyond the Company’s control could cause actual results to differ materially from those projected by management. In this report, Fiscal Year (FY) means the year ending March 31.

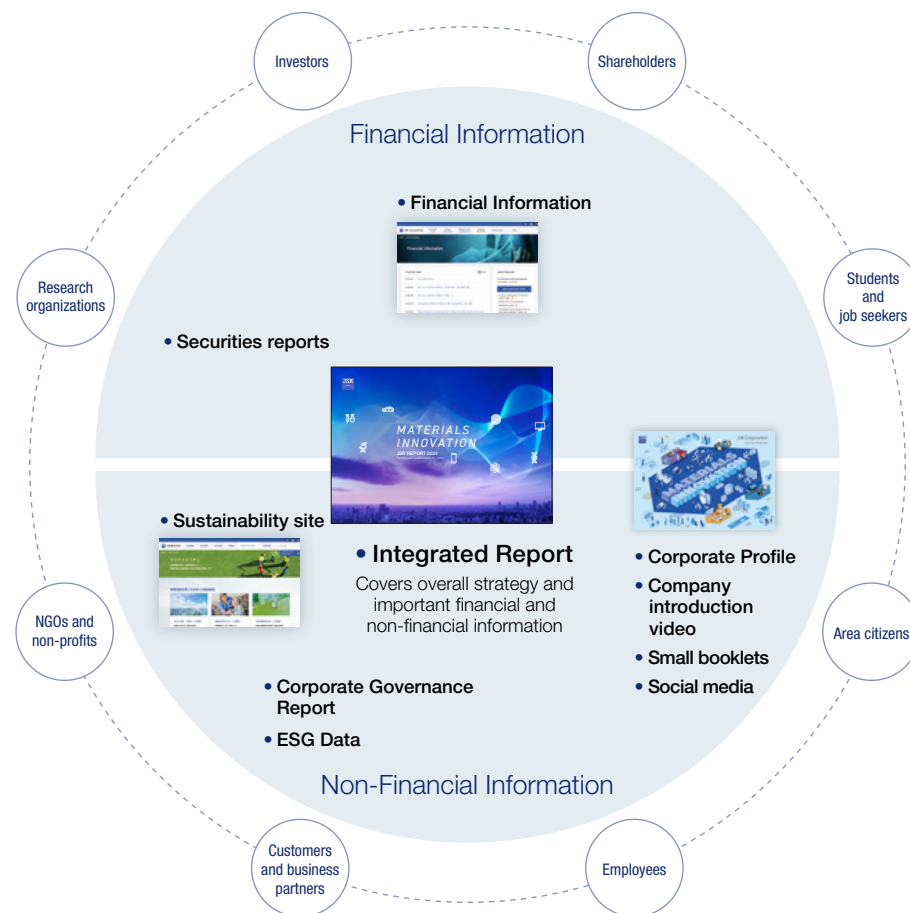
For example, FY2023 means April 1, 2023 – March 31, 2024. FY2024 forecasts are as of April 2024.



Please refer to the JSR website for the latest information.

[https://www.jsr.co.jp/jsr\\_e/ir/library/presentation.html](https://www.jsr.co.jp/jsr_e/ir/library/presentation.html)

### Information Disclosure System and Target Readers



## Corporate Mission and Contents

# Materials Innovation

We create value through materials to enrich society,  
people and the environment

### Management Policies

Our efforts to realize the corporate mission of JSR Group are guided by management policies consisting of two core components. The first is a set of universal and unchanging “fundamental pillars of management” through which we work to achieve continuing growth. The second is our “responsibilities to stakeholders,” which are an expression of our responsibilities as a good corporate citizen.

#### Fundamental Pillars of Management

- Continuous creation of businesses
- Enhancement of corporate culture
- Increase in corporate value

#### Responsibility to Our Stakeholders

- **Responsibility to our customers / business partners**  
Our responsibility to all JSR Group customers and business partners.
- **Responsibility to our employees**  
Our responsibility to all JSR Group employees.
- **Responsibility to society**  
Our responsibility to the communities in which we live and work and society around the world.
- **Responsibility to shareholders**  
Our responsibility to all shareholders.

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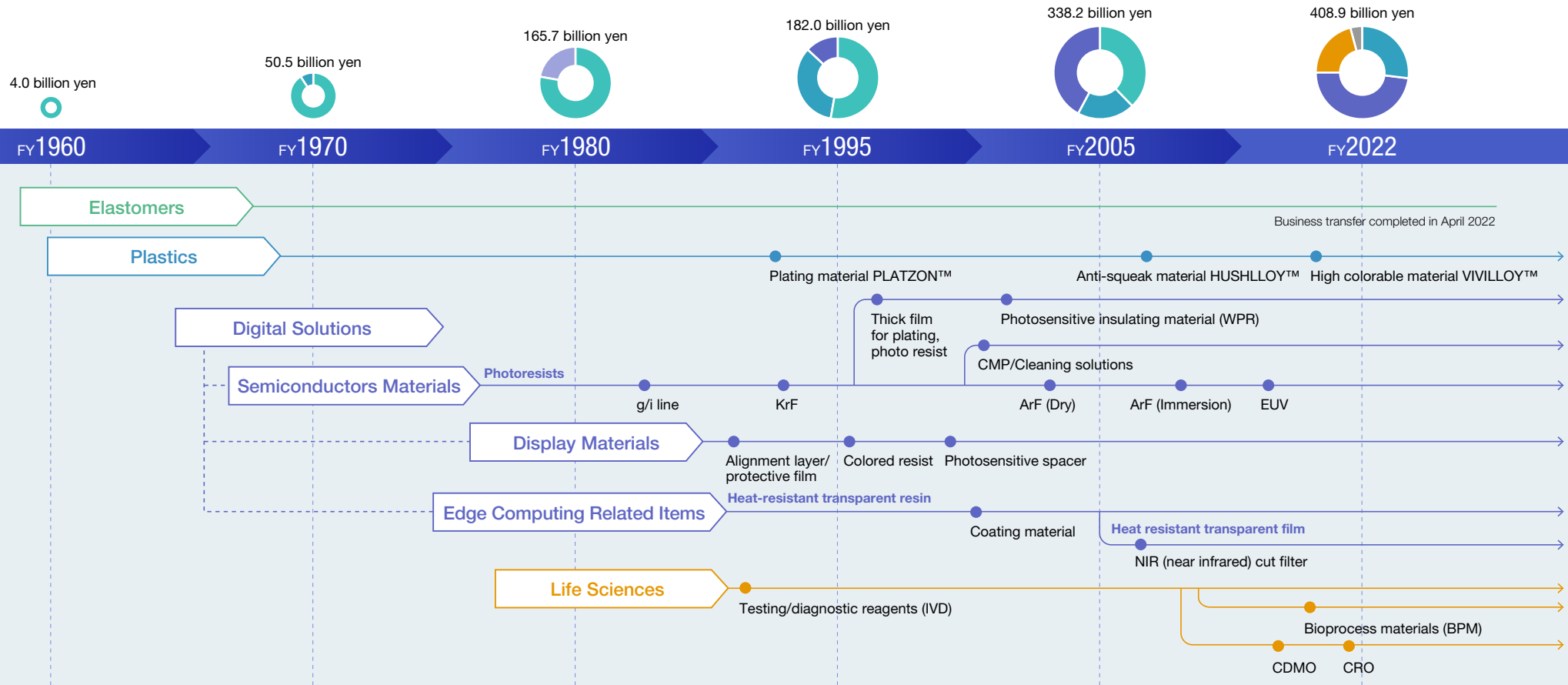


## Trajectory for Achieving Our Corporate Mission

As a leading technology company, JSR has had important impacts on society while optimizing its business portfolio by responding to the changes and needs of the times.

**Shift in the business portfolio** (The size of the circle represents amount of sales)

■ Elastomers ■ Plastics ■ Digital Solutions ■ Plastics & Digital Solutions ■ Life Sciences ■ Others



### Contribution to society through business (impacts)

#### For example, the spread of automobiles

We launched domestic production of synthetic rubber in 1960 and contributed to the development of motorization. Moreover, plastics are now used for interior materials, contributing to ride comfort.



#### For example, the spread of electronics

Achieving greater die shrink through photoresists used in semiconductor manufacture and contributing to high performance electronic device development and the growth of the IT industry.



#### For example, at the height of LCD televisions

Utilizing our polymer technology, we have developed a wide range of product lineups that contribute to high brightness and high definition LCD displays. In addition, our products have also contributed to the spread of flat-screen televisions.



#### For example, the development of biopharmaceuticals

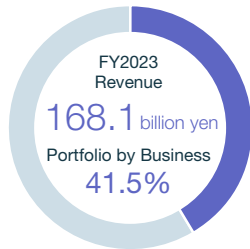
We have established an integrated support structure including materials, diagnostic reagents, drug discovery support services, and more, as we continue contributing to resolving biopharmaceutical development issues.





## At a Glance

### Digital Solutions Business



#### Achieving a wide array of digital technology with world class products

##### Semiconductor Materials Business

We feature a wide lineup of products to meet the needs of the world's semiconductor manufacturers, including lithography materials to support semiconductor production processes (photoresists, multilayer materials), CMP\* materials, cleaning solutions, and advanced packaging materials used in device packages.

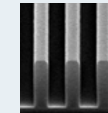
##### Display Materials Business

We offer Alignment Layer and Passivation Coat used in liquid crystal display panels for smartphones, LCD TVs, etc.; Passivation Coat and Planarization Layer for OLED displays; and other materials meeting the need for lightweight, power-saving devices with excellent picture quality.

##### Edge Computing Business

We offer materials applicable for technological innovation through ICT and AI, and for the evolution of mobile devices.

\* Chemical and mechanical planarization



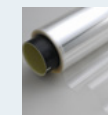
##### Lithography Materials

Used for miniaturization of electronic elements and circuits on substrates in semiconductor production processes, these photosensitive materials help to miniaturize semiconductor chips while boosting their performance.



##### LCD Materials

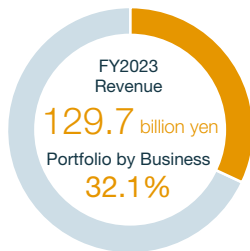
Materials used in liquid crystal displays to achieve power savings and excellent picture quality.



##### Heat-Resistant Transparent Resin ARTON™

ARTON™ is a transparent resin material with excellent optical properties, dimensional stability, and heat resistance. It makes optical correction displays possible as well as enables photographs to capture natural colors as a built-in camera feature.

### Life Sciences Business



#### Contributing to healthy life expectancy by supporting drug discovery in oncology

JSR Group's drug discovery and development services operate a contract development and manufacturing organization (CDMO) for biologics and a contract research organization (CRO). We also provide materials and services using the latest technology, such as diagnostic reagents that contribute to more advanced disease diagnosis and preventive diagnosis, and bioprocess materials used to purify antibodies and drugs.



##### Drug Discovery and Development Services

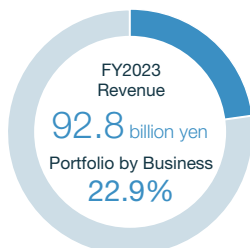
We have a global support system covering all aspects from drug discovery to manufacturing, which increases the probability of successful drug development and shortens development times.



##### Bioprocess Materials for Diagnostic and Research Reagents

Materials for the isolation and purification of biomaterials like proteins and cells and in vitro diagnostic reagents for diagnosing disease, which are key to personalized medicine. Materials that support the optimization of biologics manufacturing processes.

### Plastics Business



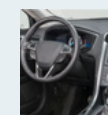
#### Offering high quality, high performance ABS resins for all five senses

Offering anti-squeak materials, non-coated high colorable materials, and plating materials for automobiles, with a primary focus on ABS resins used for a wide range of purposes, including automobile parts, household appliances and building materials. Using JSR Group technological capabilities flexible enough to meet a variety of needs to develop unique products and design components that combine multiple desirable characteristics, providing users around the world with products of consistently high quality and added value.



##### ABS Resin

Providing heat- and weather-resistant grades of ABS used in automobile and building materials, with high resistance in practical use, impact resistance, workability, and weather resistance.



##### HUSHILLOY™ Anti-Squeak Material

Prevents unpleasant squeaking when parts rub against each other; the anti-squeaking effect lasts for the lifetime of the product and helps to lower parts costs.

## The Search for Solutions to Society's Problems

With a long-term view of social issues, JSR Group has identified the following four macrotrends. We aim to contribute to society by clearly identifying risks and opportunities for the company.

### Macrotrends seen by JSR (social issues)



#### Opportunities for growth

- Increased momentum to reduce lifecycle CO<sub>2</sub> emissions (Climate change issue comes into focus)
- Increased demand for environmentally conscious products
- Living structure reform
- Widespread of advanced decarbonization technology
- Changes in the automotive industry and impact of EVs becoming mainstream
- Increased demand for recycled and recyclable resins

#### Potential risks

- Enhanced GHG emissions regulations
- Setting and the rising of carbon pricing
- Emergence of customers requiring decarbonized products (RE100, etc.)
- Progress in low-carbon energy sources
- Sustainable financing becoming mainstream
- Changes in securing human resources

### Contributions to society, resolution of issues



JSR Group's outstanding technological capabilities are always advancing. Our aim is to leverage them to contribute to smart societies built on IoT, AI, and 5G and to realize societies where every person in the world can live more prosperously.



JSR offers materials and services powered by the latest technologies. These bring greater efficiency and speed to biopharmaceutical development processes. We are also helping to enhance health and longevity in society by offering products and services to enable personalized medicine.



JSR Group is working to protect the global environment not only at the manufacturing stage but from many different angles. This includes creating new business opportunities that could help reduce the environmental impact of products themselves.



## Medium- to Long-term Value Creation

We seize upon social issues and use JSR's technological strengths to strive to contribute to society and increase our corporate value.

## Corporate Mission Realization of Materials Innovation

### Business Activities OUTPUT

### OUTCOME



\*As of March 31, 2024

Materiality

Resilient Management Foundation / ESG

### Contributions to customer companies

- Technological innovation
- Product safety
- Improved manufacturing process efficiency
- Collaboration with customer companies



### Contributions to society, resolution of issues

#### Improve Quality of Life and Towards a Society of Well-Being



#### A Society of Health and Longevity



#### Global Environmental Conservation



Emergence of new macrotrends

Aiming to solve social issues

Protection of the Global Environment

Increased Geopolitical Risk

The JSR Approach – Macrotrends (Social Issues)

Changes in Living Environment and Technology

Digitalization

### Data Analytics

- Material Informatics
- Bioinformatics

### M&A Open Innovation Biochemistry

### Precision Manufacturing Technology

### Materials Science

Strategies for Value Creation  
Sustainable Value Creation through our Business Activities



## JSR's Materiality

JSR's materiality is formulated from both aspects of Business Activity and Management Foundation. Materiality is also reflected in the Medium-term Management Policy announced in March 2021, and positioned as the core of our resilient management foundation.

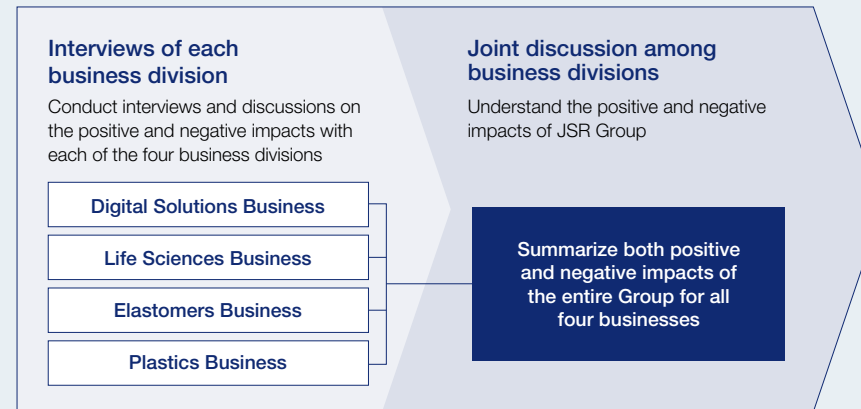
Materiality will evolve based on changes in demands from society, as well as opinions and needs from various stakeholders. We will continue to review and identify materiality going forward.

### Implementation of materiality review and identification

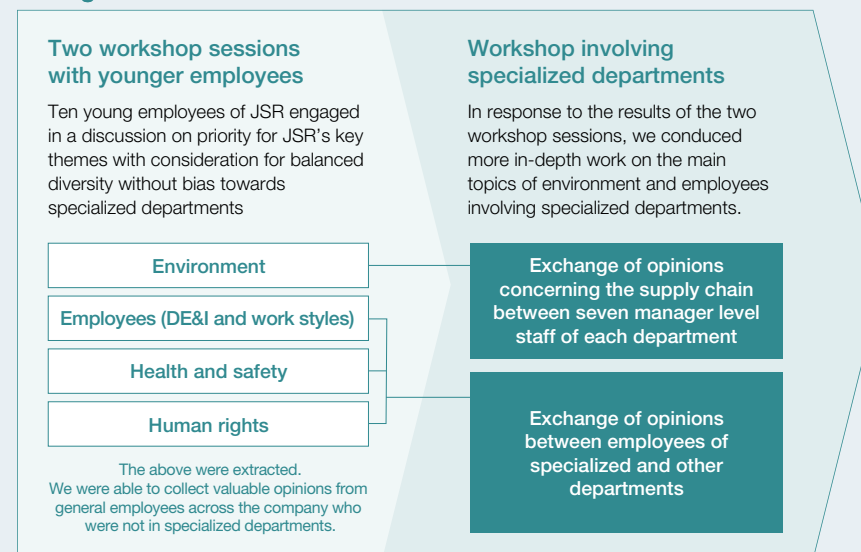
1. Confirm the appropriateness through engagement in Responsible Care activities, with experts and employees, at an appropriate timing.
2. Regularly review and ensure the transparency and persuasiveness of the process of materiality identification through exchanging opinions with experts at the time of formulating the new Medium-term Management Policy.

### Identification Process

#### Business Activity \*The businesses are as they were at the time we formulated our materiality



#### Management Foundation



#### JSR Corporation's Materiality

##### Business Activity

Promoted for each business  
Impacts of outcomes

Contribution to quality of life and happiness

Contribution to a healthy and long-living society

Contribution to preservation of the global environment

##### Management Foundation

Promotion throughout the Group  
Five priority issues

Environmental conservation and impact reduction

Employees, DE&I, and work styles

Health and safety

Respect for human rights

Supply chain

Corporate Governance

## Materiality and Key Performance Indicators (KPIs)



Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/management/issues.shtml](https://www.jsr.co.jp/jsr_e/sustainability/management/issues.shtml)

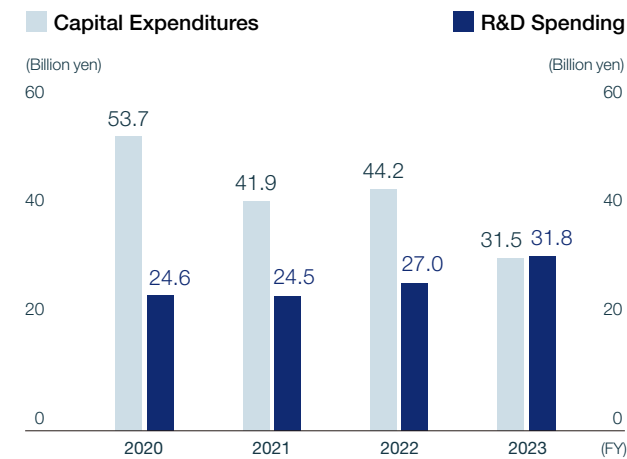
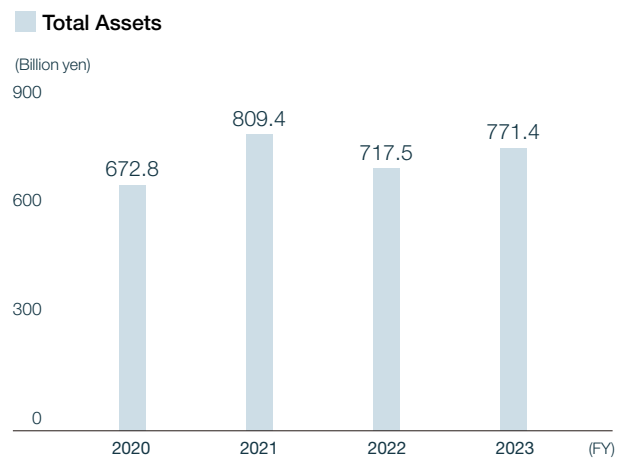
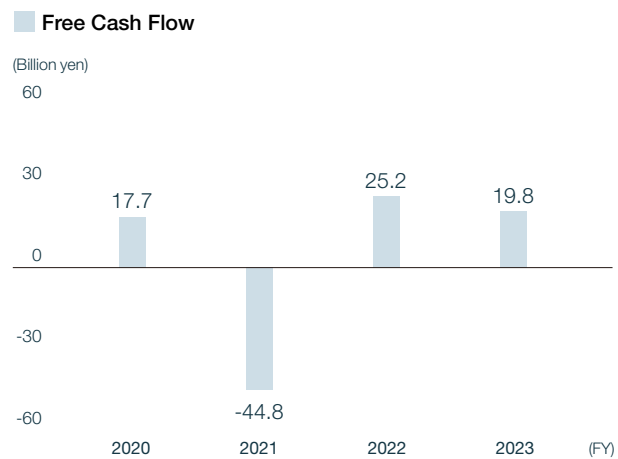
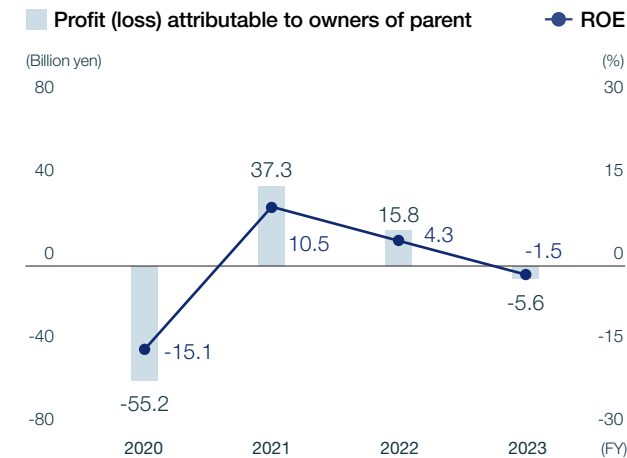
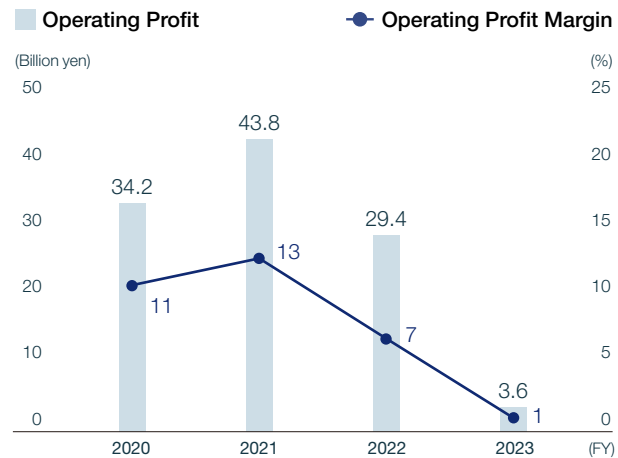
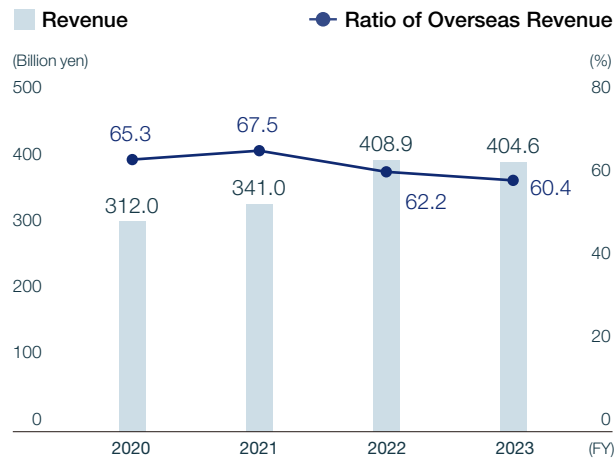
Materiality in Business Activity	Purpose	KPI	Progress and results	Goal (In FY2024)	Target
Contribution to quality of life and happiness  Contribution to a healthy and long-living society  Contribution to preservation of the global environment	<b>Digital Solutions Business</b> <ul style="list-style-type: none"> <li>Provision of materials to support digital development in a smart society</li> <li>Reducing power consumption in a smart society</li> </ul>	Sales of sustainability products Sustainability products sales ratio	2.4 times 2.0 times	3 times as many* <sup>1</sup> 2 times as many* <sup>1</sup>	Global
	<b>Life Sciences Business</b> <ul style="list-style-type: none"> <li>Early development of medical products</li> <li>Improvement of development success probability and development efficiency</li> </ul>	Sales of sustainability products	129.7 billion yen	100 billion yen	Global
	<b>Plastics Business</b> <ul style="list-style-type: none"> <li>Comfortable driving by improving vehicle creak noise</li> <li>Providing products designed to support plastic recycling</li> </ul>	Sales volume of sustainability products Sustainability of products sales ratio	16,000 tons 8%	27,000 tons* <sup>2</sup> 10%* <sup>2</sup>	Global

\*1 Compared to FY2020 \*2 Revised the definition of sustainability products and modified numerical targets

Materiality in Management Foundation	Purpose	KPI	Progress and results	Goal	Target
Environmental conservation and impact reduction	Reducing GHG emissions	Reduction of GHG emission (vs FY2020)	8% decrease <b>▶P.32</b>	FY2030: -30% FY2050: -100%	Global
	Waste reduction	Final landfill amount	Maintained at 0.1% and below <b>▶P.33</b>	<0.1%	Global
Employees, DE&I, and work styles	Increase employee engagement	Employee engagement	A survey was conducted globally and a management team discussed measures to take based on the results. A group-wide action plan led by the CEO will be executed. <b>▶P.29</b>	Continuously improve engagement and continue efforts to achieve this	Global
	Promote DE&I	Ratio of women in managerial positions	6.3% (as of March 31, 2024) 6.5% (as of April 1, 2024) <b>▶P.30</b>	10% in FY2030	JSR Corp
Health and safety	Create a safe work environment	The number of workplace accidents The number of facility accidents	4 (lost time) 0 <b>▶P.36</b>	Zero (Target to reduce by half in FY2023) Zero	Global
	Improve the health of employees	Obtain certification as an "Excellent Health Management Corporation (White 500)" by METI	Selected as a Certified Health & Productivity Management Outstanding Organization (not selected for White 500)	Obtain "White 500"	JSR Corp
Respect for human rights	Give all employees opportunities to learn about human rights	Participation rate in e-learning on respect for human rights	82% (FY2022) <b>▶P.37</b>	>80%	Global
Supply chain	Strengthen supply chain management	Collection rate of acknowledgement of receipt received after sharing the JSR Group's CSR/Sustainable Procurement Policy and Human Rights Policy with our suppliers	90% (FY2022) <b>▶P.38</b>	100%	Global
		Collection rate of RMI templates (survey on the use of Conflict Minerals and Cobalt) from our suppliers	CMRT: 88% (FY2022) EMRT: 88% (FY2022) <b>▶P.38</b>	100%	Global

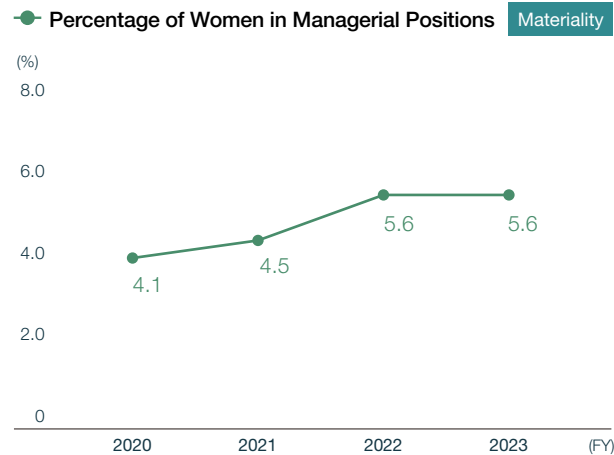
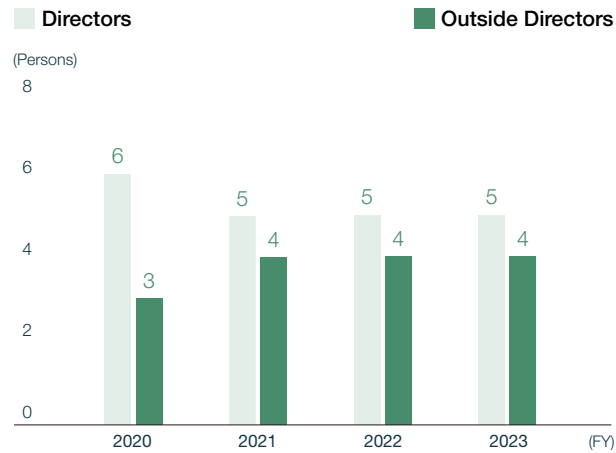
## Financial Information

\* The Elastomers Business has been categorized as a discontinued business from FY2021. Certain data for FY2020 is presented after reclassification.





## Non-Financial Information



\* As of April 1 of each FY



Number of Employees (Consolidated)

7,997 persons



Global Network

Japan 20 locations

Overseas 46 locations

As of August 1, 2024



Greenhouse Gas Emissions **Materiality**

220 thousand t-CO<sub>2</sub>



Energy Usage

0.32 KL/ton



Amount of Waste  
(Final landfill amount)

**Materiality**

Maintain at 0.1 % or less  
(Digital Solutions, Plastics)



Number of Workplace Accidents

**Materiality**

JSR Corporation ..... 0

Manufacturing Partners of  
JSR Corporation ..... 0

Group Companies in Japan ..... 3

Manufacturing Partners of  
Group Companies in Japan ..... 2

Group Companies Overseas ..... 1

Manufacturing Partners of  
Group Companies Overseas ..... 0



Employment Rate of  
Persons with Disabilities

2.77 %



Number of Patents Held

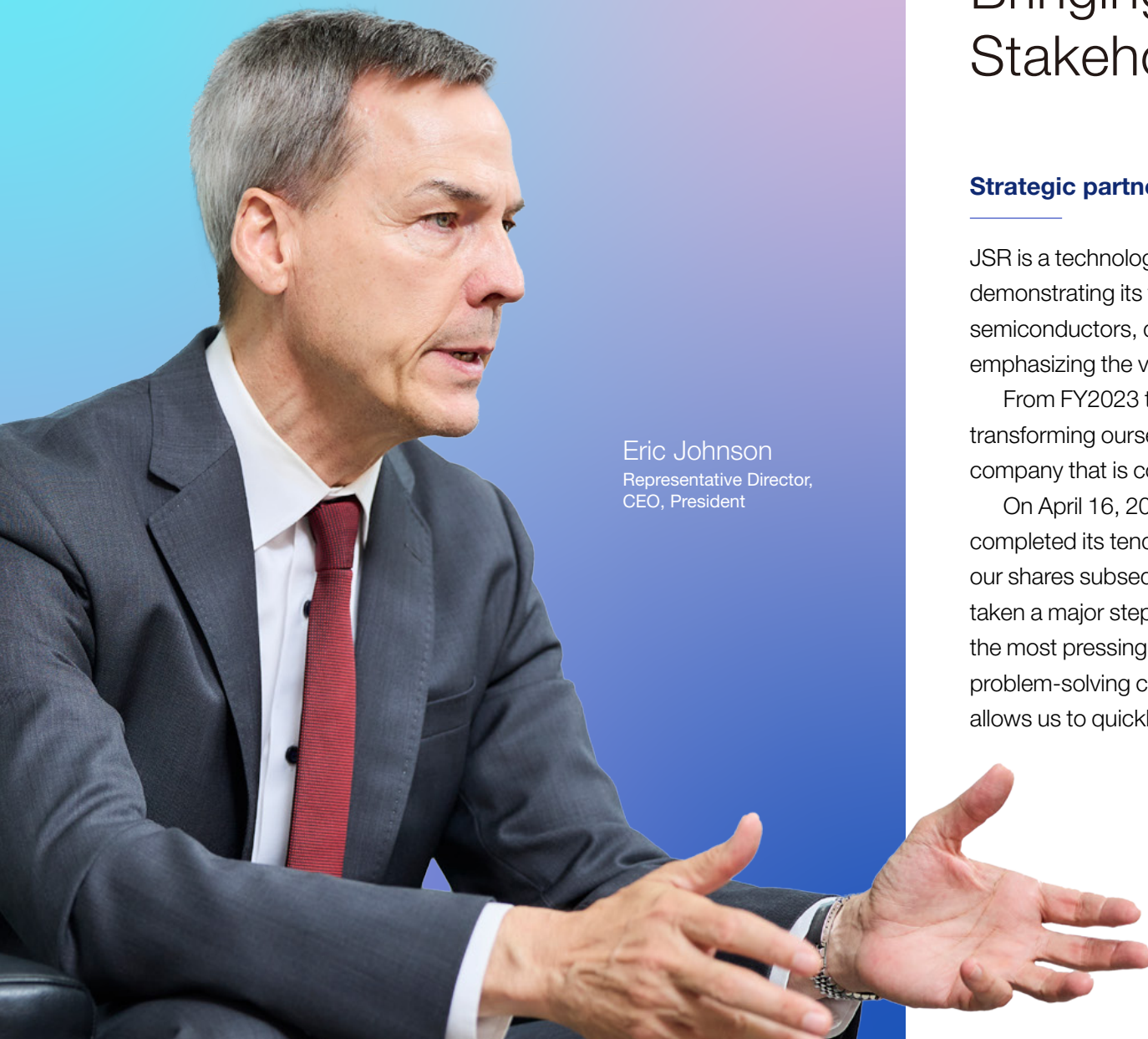
4,739

Breakdown: 2,127 in Japan and 2,612 overseas

\* For materiality KPIs, see page 8.

Note: Numerical data as of March 31, 2024 unless otherwise noted

# Message from the CEO



Eric Johnson  
Representative Director,  
CEO, President

## Bringing Greater Value to Stakeholders and Society

### Strategic partnership with JICC

JSR is a technology company that has earned the trust of customers by demonstrating its technological prowess in critical industries such as semiconductors, displays, biopharmaceuticals, and automobiles by emphasizing the value of technology and its commitment to customers.

From FY2023 to FY2024, we are taking on the challenge of significantly transforming ourselves to advance to the next stage of growth to become a company that is competitive globally.

On April 16, 2024, JIC Capital, Ltd. ("JICC"), a strategic partner, completed its tender offer for JSR Corporation's outstanding shares, with our shares subsequently delisted on June 25, 2024. As a result, JSR has taken a major step towards unlocking greater growth by focusing more on the most pressing needs of business and society, strengthening our problem-solving capabilities and establishing a business structure that allows us to quickly embrace new opportunities.

## Looking back on FY2023

FY2023 was incredibly challenging for JSR. This is because of the severe business environment resulting from an uncertain global economic outlook caused by soaring resource prices due to tensions in the international situation and the impact of foreign exchange rates due to interest rate policies in various countries.

On the other hand, the long-term outlook for the biopharmaceutical and electronics markets remains strong and shows signs of recovery. In order to become a corporate entity with sustainability and resilience, the Group has strengthened its business and management structures even under difficult circumstances, and has developed its business through aggressive R&D spending and investment.

## JSR's raison d'être

We are involved in a wide variety of products that play an important role in people's day-to-day living, such as semiconductors, displays, biopharmaceuticals, and automobiles. Products and services, which are becoming more sophisticated with each passing day, are made possible only through collaborations of many technologies and cooperation between people. We contribute to society by supporting the process of creating cutting-edge products and services, honing our advanced technologies and continuing to provide advanced materials and solutions that are indispensable for the sustainable development of our world.

## JSR's value proposition: excellence in technology

JSR contributes to society with its leading technologies. We have a culture that embraces challenges to overcome high barriers, and these challenges have helped us maintain our leading technology and grow our business. One of the biggest ones was the decision to take the company private by building a strategic partnership with JICC.

In particular, in our core Semiconductor Materials business, our delisting will enable us to flexibly advance bold and medium- to long-term strategic investments, structural reforms, and industry restructuring. Currently, semiconductors are designated as specified critical products under the Economic Security Promotion Act, and the Japanese government's policy aims to establish infrastructure for technological development, design, and manufacturing. With rising competition in the development of next-generation technologies, overseas semiconductor material manufacturers are actively strengthening their competitiveness by expanding the scale of their business through major mergers and acquisitions.

In contrast, in Japan, although there are many promising manufacturers, there is a problem that mergers and acquisitions are not progressing. In order to strengthen the international competitiveness of Japan's semiconductor materials industry, it is necessary to take strategic actions for industry restructuring. We want to strengthen our position in the semiconductor materials sector in Japan, become a catalyst that will play a leading role in the restructuring of domestic industry, and provide value to society.

In August 2024, we acquired all of the shares of YAMANAKA HUTECH CORPORATION ("YHC"), which manufactures and sells high-purity



chemicals for semiconductor manufacturing, making it a wholly owned subsidiary. The evolution of semiconductor devices has been made possible by process shrink through the development of lithography technology and by device structure innovation. For about six decades since its founding in 1960, YHC has established a track record of providing high-quality precursors for CVD/ALD for semiconductors to customers of cutting-edge semiconductor devices based on its advanced molecular design, synthesis technology, and quality control system. In particular, we maintain competitiveness in deposition materials for specific ALDs.

Until now, the Group has been focusing on innovation in technologies for process shrink, such as photoresist, and in the packaging process of semiconductor manufacturing. By welcoming YHC to the Group, we will be able to provide solutions not only for process shrink and technological innovation in the packaging process but also for device structure innovation. Through this acquisition, we will add YHC's precursors for semiconductor CVDs and ALDs to our product portfolio centered on photoresist, with the aim of providing further customer value as a global supplier of semiconductor materials.

In the Life Sciences business, another core business, we are looking toward medium- to long-term growth in the biopharmaceutical industry. The Group has built an integrated process support system from diagnostics to pharmaceutical manufacturing in CDMO (Contract Development and Manufacturing Organization), CRO (Contract Research Organization), IVD (In Vitro Diagnostic Reagents), and BPM (Bioprocess Materials) businesses, and has gained a market position with unique technical services.

In FY2023, our results were disappointing due to factors such as the

weaker environment in the biotech-related industry, the suspension of operations due to large-scale repairs at the Colorado plant, and excess inventory during a period of heightened material procurement risks in the COVID-19 environment. We will review our operations and advance structural reforms to create a resilient business structure. In addition to business support and development to expand existing technologies, we will also implement research on next-generation technologies such as JSR-Keio University Medical and Chemical Innovation Center (JKiC) and JSR Bioscience and informatics R&D center (JSR BiRD), and encourage strong business expansion that leverages synergies across JSR Group.



JSR Bioscience and informatics R&D center (JSR BiRD)



JSR-Keio University Medical and Chemical Innovation Center (JKiC)

### Sustainable management for continuously contributing to society

Sustainability is an essential part of our continued growth. In order to maintain business excellence and continue to contribute to society, we will implement sustainable management and ESG strategies. In particular, we are focusing on three areas: improving infrastructure and employee

engagement, and solving climate and environment-related issues. We are also tackling important environmental issues such as climate change caused by greenhouse gas emissions.

With regard to employee engagement, based on the results of the FY2023 global employee engagement survey and future changes in the company, we have established two global actions: “growth & development” and “strategic alignment”

With regard to growth & development, we will strive to develop leaders and ensure diversity by collaborating across countries and businesses to foster leaders and ensure diversity for the creation of innovation as a global theme.

With regard to strategic alignment, we will strive to expand information sharing by building a system and infrastructure that can distribute information from management globally, and clarify how JSR will operate as a global company in the future and share it with employees.

In terms of addressing environmental issues, as a company that handles chemical substances, we recognize that it is our duty to contribute to the realization of a sustainable global environment and society. Specifically, we have set an interim target of reducing greenhouse gas (GHG) emissions by 30% by 2030 compared to FY2020 for the entire Group, and a target of net-zero GHG emissions by 2050.

## Message to stakeholders

I would like to once again express our appreciation for the many years of support from our investors.

JSR Group has taken a major step toward unlocking greater growth. Going forward, we will work together with our strategic partner JICC to further enhance our corporate value by flexibly promoting bold and medium- to long-term strategic investments, structural reforms, and industry restructuring.

Through these initiatives, we hope to deepen our connections and demonstrate that JSR is a trustworthy company as a technology leader and an excellent corporate citizen.

Eric Johnson  
Representative Director, CEO, President



## Message from the CFO

### Enhancing Corporate Value with Cutting-Edge Technologies and Products Through Investments in Sustainable Growth



Kenichi Emoto  
Officer

#### Review of FY2023

The Group's operating results for FY2023, with revenue of 404.6 billion yen and core operating profit of 8.3 billion yen, is a significant decrease from the previous year. This was due to the impact of semiconductor downcycling, continued strategic investments, and the implementation of structural reforms in the Life Sciences business, which resulted in special factors in the first and fourth quarters.

#### ■ Overview by segment

##### • Digital Solutions business

An overview of the results by segment is presented below. The Digital Solutions business as a whole posted revenue of 168.1 billion yen and core operating profit of 20.3 billion yen, marking a decrease in revenue and core operating profit year-over-year.

In the Semiconductor Materials business, sales were strong, mainly for cutting-edge photoresists, due to the launch of advanced devices at major customers, but sales also declined due to the impact of the semiconductor cycle. Nevertheless, despite this situation, we moved ahead with strategic investments that will lead to future growth.

In the Display Materials business, sales increased in the Chinese market, where growth is expected, mainly owing to the improvement in the utilization rate of panel manufacturers, as well as the growth of sales of competitive products such as alignment and insulating films for LCD panels for large TVs, one of our focus areas.

In the Edge Computing business, sales declined due to the downturn in the smartphone market, and we



proceeded with the development and market launch of new NIR (near-infrared) cut filters.

#### • Life Sciences business

In the Life Sciences business as a whole, revenue increased year-over-year to 129.7 billion yen but there was a core operating loss of 7.7 billion yen. Despite strong sales of test kits in the IVD business, core operating profit was lower than the previous year mainly due to special one-off factors such as the provision of retained inventory in the CDMO business and losses related to large-scale repairs at some plants, and a general, yet cooling, slowdown in the biotech industry which also affected our CRO business.

#### Revenue and Core Operating Profit by Segment

Millions of yen

Business		FY2022	FY2023
Digital Solutions	Revenue	170,439	168,115
	Core operating profit	27,790	20,272
Life Sciences	Revenue	126,478	129,693
	Core operating profit	8,450	-7,739
Plastics	Revenue	95,802	92,832
	Core operating profit	1,853	1,460
Others/ Adjustment	Revenue	16,162	13,991
	Core operating profit	-4,069	-5,649
Total	Revenue	408,880	404,631
	Core operating profit	34,025	8,345

On the other hand, revenues increased year-on-year due to the steady launch of new plants in the CDMO business.

#### • Plastics business

In the Plastics business, revenue decreased year-over-year to 92.8 billion yen and the core operating profit declined to 1.5 billion yen. Due to weak sales in the home appliance and electronic equipment markets, sales volume fell from the previous fiscal year, resulting in lower revenue. In turn, we implemented measures to expand sales of strategic products and improve profitability.

#### Future outlook

The Semiconductor Materials business, our core business, is definitely on a recovery trend. We have a good market position in the cutting-edge logic and memory fields with EUV, which is an advanced photoresist. We are also making industry-leading progress in the business development of next-generation metal oxide resists (MOR), which are expected to become widespread in the latter half of the 2020s. These are expected to make a significant contribution to the expansion of sales revenue in the future semiconductor growth period, and we expect a full-fledged return to a growth trajectory. In addition, as the first step in our strategic partnership with JICC, we completed a capital alliance in August to add a new product portfolio to the Semiconductor Materials business.

Next, in the Life Sciences business, based on the high medium- to long-term growth outlook despite the current deterioration in the biotech environment, revenues are expected to grow steadily, including in the CDMO business. We plan to implement structural reforms such

as restructuring and operational enhancement to flexibly implement strategic actions.

#### Developing a stable financial base and investing in growth aimed at expanding the Group's value creation

The basis of the Group's business strategy is to continue to provide value to customers through innovation based on cutting-edge products and services backed by solid technological development capabilities, and to derive profits and fund future investment from them.

In partnership with JICC, we will capitalize on the advantages of being a private company to flexibly engage in medium- to long-term strategic investments, structural reforms in response to changes in the business environment, and industry restructuring in semiconductors. However, as a leading cutting-edge technology company, we will continue to strive for sustainable value creation. After significant growth and increasing our essential presence in the industry, we intend to begin preparations to re-list in the future. Even after delisting, the basic role of the finance department remains the same, and the first priority will be to build a financial base for stable business operations. We will support the enhancement of corporate value from a financial and non-financial perspective, including ESG, and help create an organization that continues to provide value to all stakeholders, including shareholders, customers, business partners, employees, society, and the environment. We will continue to disclose the status of our management and business through our website and briefing sessions. Thank you for your continued support of JSR.

## Digital Solutions Business

Focusing on measures to grow market share and initiatives in the area of upfront investments with sales and development working closely together



**Mikio Yamachika**  
Senior Officer

In the Digital Solutions Business, we saw decrease in both revenue and profits in FY2023.

The main factors were a decrease in sales due to weaker demand as a part of the semiconductor cycle and an increase in fixed costs as a result of strategic investments. On the other hand, display materials showed a stronger-than-expected market recovery, with the improved operating ratio of panel manufacturers.

In terms of structure, in June 2023, we changed the reporting line of R&D in existing businesses from the CTO to business departments. We will further strengthen cooperation with the development departments, and ensure that sales and development are on the same page in responding quickly to changes in the external environment.

In order to make our sales and production structures even more sustainable, we will utilize digital technology to strengthen supply chain management.

### Semiconductor materials

#### Business strengths

- Stable supply of high-quality products
- Flexible development, sales, and production that meets customer requirements
- Product development and problem-solving capabilities based on polymer/organic synthetic technologies and analytic technologies
- Strong customer relationships based on many years of business dealings

#### Awareness of the business environment

- Increased demand for semiconductors due to digitalization of society
- Increased needs for cutting-edge materials due to digital technology innovation
- Miniaturization of semiconductor chip, expanded demand for 5G
- Development of digital infrastructure

### Edge computing/display materials

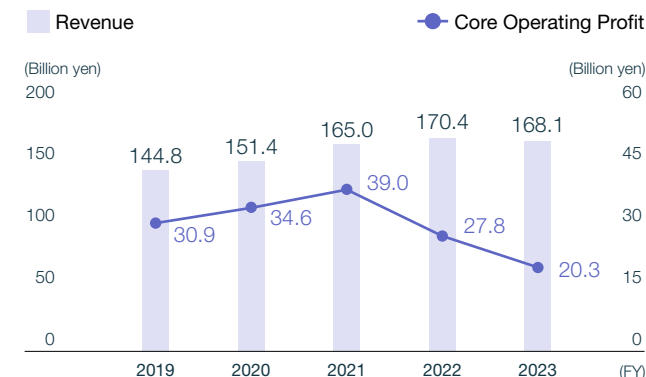
#### Business strengths

- Products with high market share
- Sales and production systems compatible with customer needs
- Technical prowess grounded in polymer technology

#### Awareness of the business environment

- Spread of high definition televisions such as 4K and 8K
- Growing LCD panel production in China driven by robust demand

### Revenue and Core Operating Profit

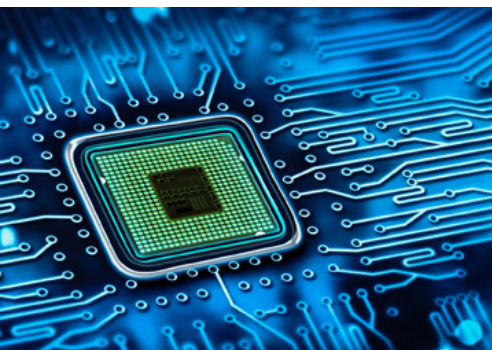


### Sale of Main Products (YoY)

Semiconductor materials	YoY ytd
EUV	Slightly under +5%
ArF	Approx. -5%
Multilayer materials	Slightly under -10%
Other lithography materials	Approx. -5%
CMP materials	Approx. +5%
Cleaning solutions	Approx. -50%
Packaging materials	Approx. +15%

Display materials	YoY ytd
Alignment Layer	Slightly over +5%
Passivation Coat	Approx. +45%
Color resists	Flat
OLED materials	Approx. +55%

Edge computing	YoY ytd
ARTON	Approx. -10%



### Growth Strategy - Semiconductor Materials

**Aiming to achieve net sales and profits beyond the market's rate of growth and further expand market share, primarily with leading-edge photoresist**

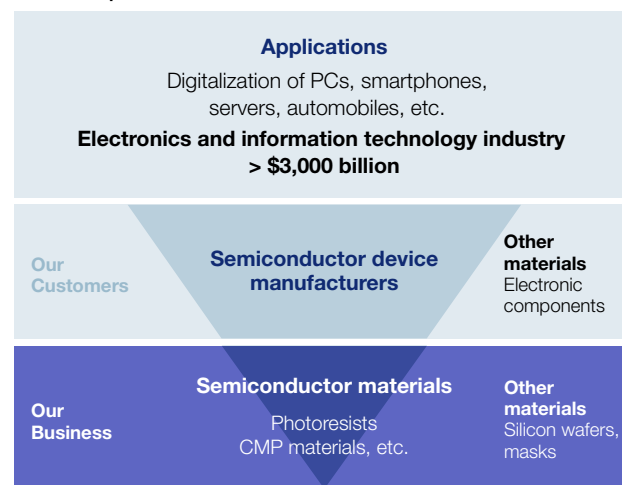
In the Semiconductor Materials Business, which is the core of the Digital Solutions Business, our aim is to grow sales faster than market growth. Specifically, in addition to further increasing our high share of the markets for ArF photoresists and multilayer materials, we are working toward a full-scale launch of EUV photoresists. Through these efforts, we are targeting revenue growth above the medium-term input growth rate for silicon wafers, which is

Market	Scale	<ul style="list-style-type: none"> <li>Total photoresist market: \$2 billion (Semiconductors: \$550 billion)</li> </ul>
	Trends	<ul style="list-style-type: none"> <li>Steady growth</li> <li>Technological innovation advances</li> </ul>
Social Value		<ul style="list-style-type: none"> <li>Realize a smart society (AI, IoT)</li> <li>Achieve miniaturization and high performance requiring less power</li> </ul>
Strength		<ul style="list-style-type: none"> <li>High market share in advanced materials (e.g., ArF around 30%, alignment film around 50%)</li> </ul>
Strategy		<ul style="list-style-type: none"> <li>Concentration of resources on <b>Semiconductor Materials Business</b></li> <li><b>Scale and fields expansion</b> including M&amp;A</li> </ul>

the core client industry for the Semiconductor Materials Business. In FY2023, we invested in strengthening our bases in Asia, made upfront investments in the EUV photoresist field, supported and collaborated with venture companies with promising potential in the field of new materials and processes, and promoted industry-academia collaboration.

Despite some slowdown, semiconductor demand will continue to rise due to increasing digitalization in areas

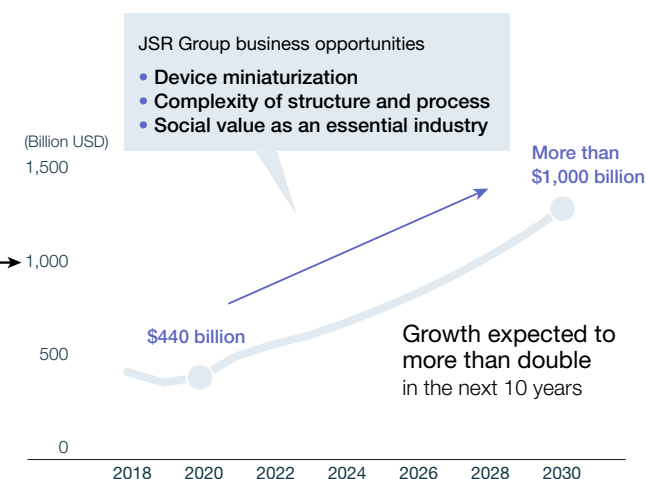
#### JSR Group's Position



related to PCs, smartphones, servers, automobiles, and more. In keeping with that, we will achieve sales growth at a faster rate than market growth and forecasts based on the business environment.

Going forward, moreover, we will continue to focus our efforts on leading-edge photoresists like ArF and EUV, which are expected to grow further given the market environment. Already, JSR boasts the global top-level share for ArF photoresists, with our products accounting for about a third of all semiconductors produced in the world. Instead of being satisfied with that record, our policy is to keep building up this share. In EUV photoresists, our aim is to be best-in-class by contributing more to the frontier 3 nm as well as future generation of semiconductors and to memory, primarily for the Taiwanese and Korean markets. We also expect wide growth in CMP materials, and packaging materials that support more complex processes.

#### Semiconductor Market



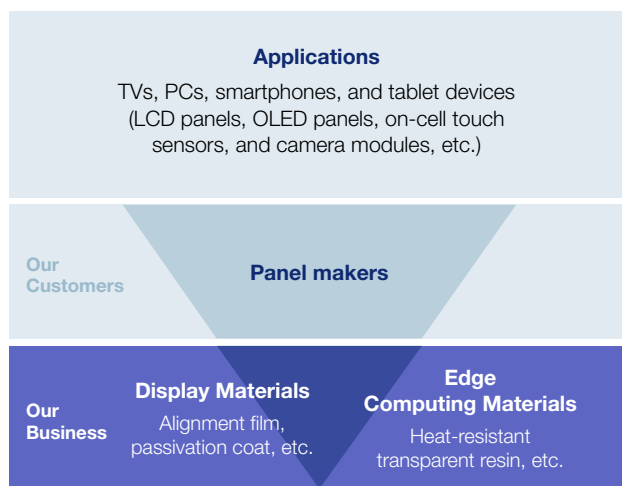


### Growth Strategy - Display Materials

**Optimizing the cost structure amidst the drastic change in the display market environment to focus on development and sales growth of cutting-edge materials**

Since FY2020, JSR has implemented global business restructuring given the drastically changing display market environment. We closed our plant in Taiwan that was responsible for manufacturing color resist in March 2022, while scaling back production at our plant in South Korea. We shifted resources as the growing Chinese market has been positioned as the primary market as part of efforts to optimize our cost structure.

#### JSR's Position



In the Chinese market, we have continued to grow our market share of highly competitive alignment layer and passivation coat and develop OLED materials in addition to responding to customers' production adjustments and addressing technical issues flexibly. This will ensure that we can build a business foundation that generates stable earnings.

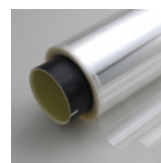
Alignment layer and passivation coat are important materials that both improve panel performance such as high definition and brightness and increase productivity in panel manufacturing such as yield and throughput. In the future, we expect to see an expansion in environmentally friendly applications such as low-temperature processes and PFAS-free, as well as AR/VR and outdoor public displays.

In addition to leveraging its business infrastructure in

#### Product Lineup



LCD Materials, OLED Materials



Heat-resistant transparent resin ARTON™

Business progress	<ul style="list-style-type: none"> <li>• Increase share in the Chinese market (alignment layer and passivation coat)</li> </ul>
	<ul style="list-style-type: none"> <li>• Market penetration of new products (optic IPS/OLED)</li> </ul>
	<ul style="list-style-type: none"> <li>• Complete business restructuring in response to change in the market structure</li> <li>• Optimize business and move towards growth phase</li> </ul>

China, JSR will expand its provision of cutting-edge materials and process solutions to customers. We will achieve this by developing advanced platform technology in response to the evolution of panel technology and strengthening quality competitiveness. Also, we will maximize cash flow and establish a sustainable business structure for the LCD materials business as a moneymaker with high ROIC.

In FY2023, sales in the Chinese market increased due to an improved utilization rate by panel manufacturers, 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 increased from the previous year.

To capture the growing need for OLED materials in mobile and IT applications, we will focus on growing sales of low-temperature alignment layer materials that leverage our strengths, high refractive materials that increase light extraction efficiency, and low dielectric thin film encapsulation materials to expand our portfolio. In terms of passivation coat for LCDs, we will focus on developing the optical IPS market to expand sales.

## Life Sciences Business

**Achieving remarkable growth and driving innovation in the evolving Life Sciences**



**Tim Lowery**  
Senior Officer

My role as President of Life Sciences, LLC is to first ensure that our portfolio companies have the resources they need to be successful in their growth initiatives—both organic and inorganic. Second, my team's responsibility is to seek out new opportunities where we can contribute to the market. We are expanding our Life Sciences Business with our leading affiliate companies.

In FY2023, there was 25% revenue growth in CDMO. However, overall revenue and profits declined due to special factors, including KBI's Colorado plant being out of operation for three months for large scale repair work, inventory loss due to excessive investment in COVID-19 related products, and setting aside an allowance for doubtful customer accounts due to a slump in the biotech industry.

Going forward, we aim to steadily improve revenues.

### Business strengths

- Synergies leveraged by advanced expertise and technology of group companies
- Structured to support the entire process from biopharmaceutical drug candidate identification to commercial manufacturing
- Excellent support in developing complicated biopharmaceutical drugs
- Quality assurance system refined by the JSR Group's Semiconductor Materials Business
- World-class technology and advanced solutions for mammalian cell line development
- Supplying innovative materials to diagnostic reagent and biopharmaceutical companies

### CDMO

This business has a leading edge in complex protein analysis and is uniquely suited to support all stages of drug development from non-clinical and early-phase trials to commercialization.

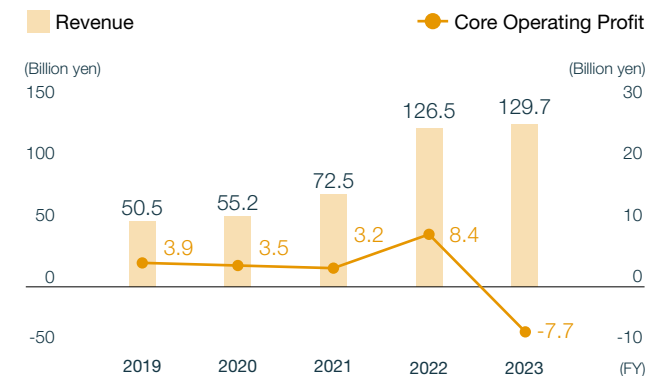
### CRO

This business is a market-leading provider of services that support cancer drug discovery, and possesses advanced disease and organoid platforms, which include the world's largest number of patient-derived xenograft (PDX) models.

### Awareness of the business environment

- Growing demand for medical products due to the aging of the population
- Ongoing advances in personalized medicine
- Increasingly efficient drug development
- Rapid and continuous technological advances

### Revenue and Core Operating Profit



### Core Operating Profit Gap Analysis (YoY)

	Revenue	Core operating profit
Business overall	+3%	—
CDMO	Slightly over +25%	Decreased profit
CRO	Slightly under +5%	Decreased profit
BPM	Slightly over -60%	Decreased profit
IVD	Approx. -10%	Decreased profit

CDMO: Contract development and manufacturing of biopharmaceuticals

CRO: Contract research organization for pharmaceuticals

BPM: Bioprocess materials

IVD: Diagnostic reagent materials





### Growth Strategy

## Aiming to meet the needs of the biopharmaceutical industry and achieve growth beyond targets

The Life Sciences Business of JSR Group began when polymer technology was developed in our petrochemical business, which began with material science, and was utilized to make materials used in the manufacturing of pharmaceuticals. Since then, we have acquired companies like KBI Biopharma, Inc., which offers biopharmaceutical contract development and manufacturing services, and Selexis SA, which offers cell-line contract development

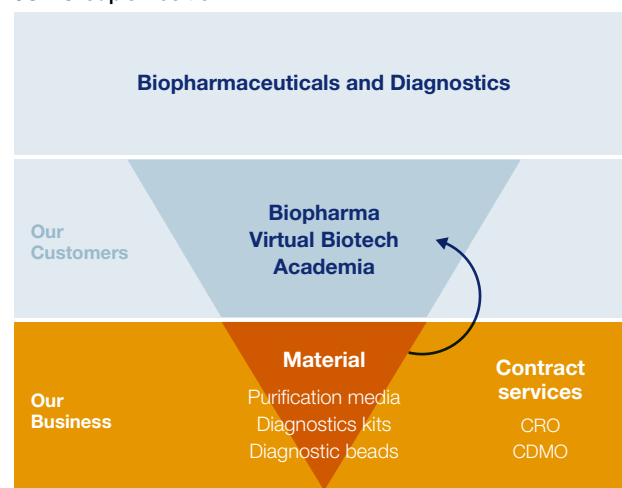
services, and the Life Sciences Business has steadily expanded. The Life Sciences Business is furthermore meeting industry needs with CRO and CDMO services and unique materials to overcome the challenges of the biopharmaceutical industry today, namely long development times and high development costs.

Presently, the CDMO business accounts for about half of the revenue of the Life Sciences Business. The other

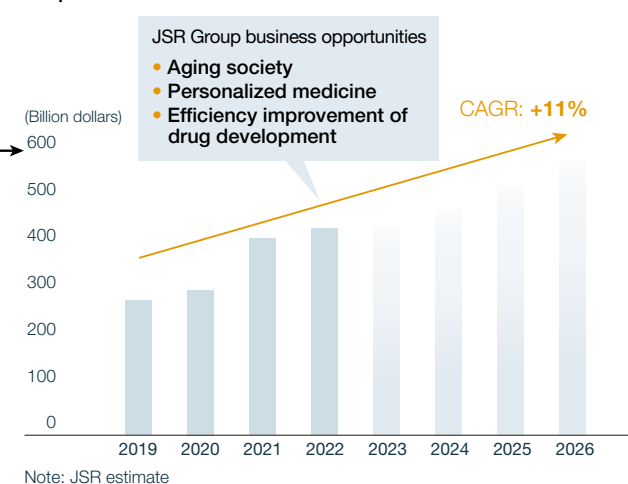
half comes from the CRO business, from MBL, a company that became a wholly owned subsidiary in 2021, and from materials developed in-house (diagnostic and research reagents and bioprocess materials). Going forward, we will strive to improve profitability with an emphasis on boosting new contracts in the CDMO business, growing the customer base by bolstering the pipeline (upfront contracts) and improving operational efficiency, as well as expanding competitive services in the CRO business. At the same time, we will also reinforce technological development capabilities and other synergies across JSR Group by increasing the adoption of diagnostic reagents and bioprocess materials globally, enhancing the diagnostic reagents business of MBL, and working in conjunction with research activities at JSR Bioscience and informatics R&D center (JSR BiRD) and JSR-Keio University Medical and Chemical Innovation Center (JKiC).

Market	Scale	<ul style="list-style-type: none"> <li>CDMO market total: \$6 billion (Biopharmaceuticals market: \$400 billion)</li> </ul>
	Trends	<ul style="list-style-type: none"> <li>High growth</li> <li>Precision medicine expansion</li> </ul>
Social Value		<ul style="list-style-type: none"> <li>Enhance efficiency of pharmaceutical development</li> <li>Realize personalized medicine tailored to patients</li> </ul>
Strength		<ul style="list-style-type: none"> <li>Capability to support development of very complex biopharmaceuticals</li> </ul>
Strategy		<ul style="list-style-type: none"> <li>Business expansion through customer pipeline expansion</li> <li>Creation of <b>unique added value</b></li> </ul>

### JSR Group's Position



### Biopharmaceuticals Market



## Plastics Business

Promoting sales of our unique strategic products and initiatives aimed at carbon neutrality



**Kazumasa Yamawaki**  
Senior Officer

Techno-UMG Co., Ltd. has a legacy of being the first company in Japan to produce ABS resins back in 1963. At present, the company is a top manufacturer with over a 50% market share in Japan. Due to soaring raw material prices and a weak market, the performance of this business resulted in lower income and lower profit in FY2023.

Within the automobile industry, where our main customers are located, as there is a demand for EVs, weight reduction, multi-functionality, and reduced environmental impact, our unique strategic products are widely used in automobile parts. In addition to increasing sales of products with such functional characteristics, we aim to also ensure profits by responding to rising raw materials costs and fuel prices as appropriate. In addition, we will switch to fuels with lower CO<sub>2</sub> emissions at our plants, recycle products, and develop and sell products with less environmental impact in aiming to achieve carbon neutrality in 2050.

### High-performance resin

#### Business strengths

- Development of strategic products using our proprietary technology
- Marketing capability to cultivate a wider and deeper market
- Global sales locations and SCM system
- Establish product life cycle through following promotion of a circular economy
- Research and development of biomass raw materials

#### Awareness of the business environment

- Recovery in automobile production volume
- Increased needs for EVs, weight reduction, and reduced environmental impact in automobiles

### Environmentally recyclable resin

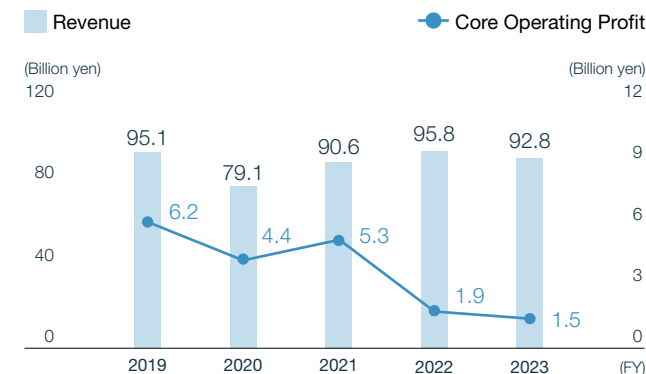
#### Business strengths

- Establish product life cycle through following promotion of a circular economy
- Research and development of biomass raw materials

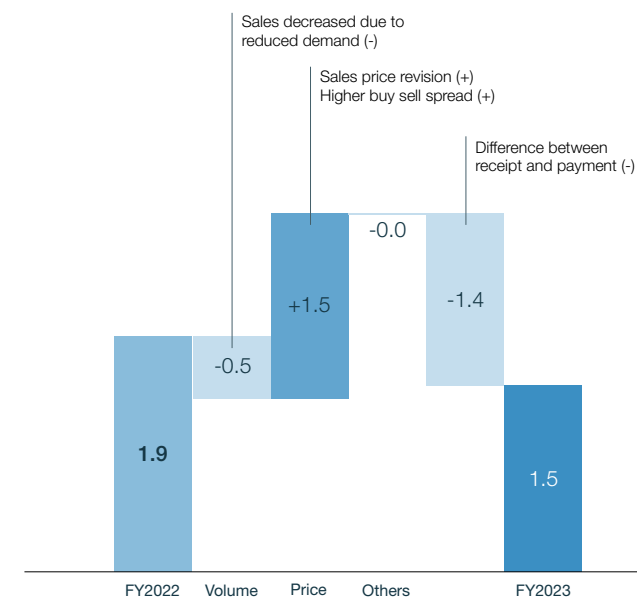
#### Awareness of the business environment

- Demand for a carbon neutral, decarbonized society
- Response to biodiversity

### Revenue and Core Operating Profit



### Core Operating Profit Gap Analysis (Billion yen)





### Growth Strategy

## Focusing on further expanding sales of strategic products as a leader in ABS resin

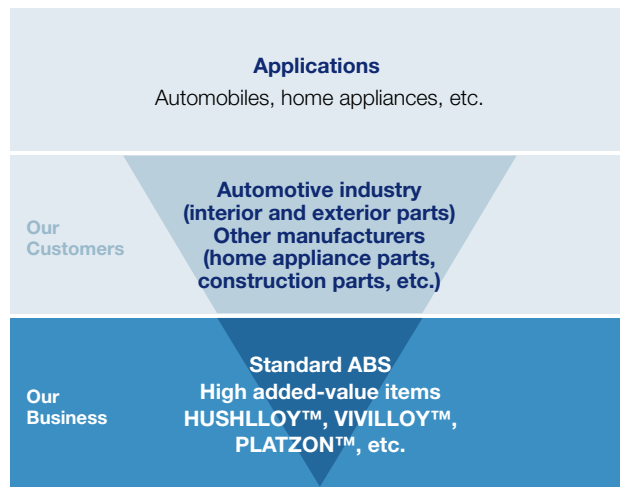
Techno-UMG Co., Ltd. contributes to addressing customer and social issues through its supply of highly functional materials created using its unique technical and development expertise. The company has developed highly functional materials such as those that suppress squeaks, materials that have high weather resistance and can be used for a long time, materials

that increase grip like rubber, which could not be achieved in the past. In the future, it will continue to take on challenges of developing materials that will address social issues.

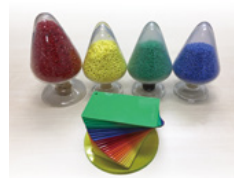


For more details about products and technologies, please refer to the website of Techno-UMG Co., Ltd.  
<https://www.t-umg.com/>

### JSR's Position



### Product Lineup



ABS Resin



HUSHILLOY™ Anti-Squeak Material



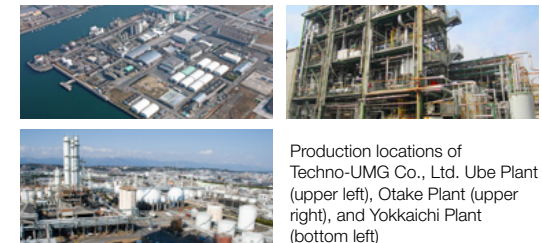
PLATZON™ High Adhesion Resin for Plating



VIVILLOY™ Highly Colorable Material

### Initiatives Towards a Decarbonized Society

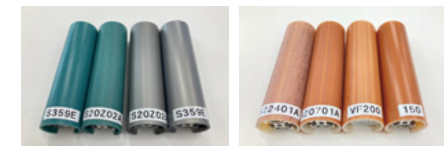
As the demand for transitioning to a decarbonized society increases by the day, we have established milestones aimed at carbon neutrality and are implementing initiatives across all departments and generations of employees. Techno-UMG Co., Ltd. is implementing a project aimed at achieving carbon neutrality in 2050. Moreover, we are considering implementing fuel conversion and switching to renewable energy use in order to reduce CO<sub>2</sub> emissions during production.



Production locations of Techno-UMG Co., Ltd. Ube Plant (upper left), Otake Plant (upper right), and Yokkaichi Plant (bottom left)

### Cultivate new markets and materials with improved texture

We showcased resin material for robotic applications at an exhibition in order to cultivate new markets. We developed a material with improved texture that is soft and pleasant to the touch using our proprietary polymer compounding technology. We maintained the excellent moldability characteristic of ABS resins, while made improvement on the hardness of resin and stickiness of elastomers to give the material a smooth and soft texture for it to have a wide range of applications in the robotic market. We aim to increase supply to the robotic market which is expected to grow going forward by providing materials with multiple functionalities.



Molded products with design features

## R&D Policy

**We are working to create value for the future by taking on new challenges associated with advanced technologies paving the way for social transformation.**



JSR Group has identified Materials Innovation as its corporate mission, and aims to continue to create value through materials to enrich society, people and the environment. In addition to utilizing our long-standing expertise in polymer chemistry, organic chemistry, photochemistry, biochemistry, computational chemistry, and analytical chemistry, we are advancing technology by accelerating digitalization, combination of technologies across different fields, and incorporation of open innovation in order to expand technological domains while providing sophisticated solutions to social issues. In addition, we also place emphasis on the understanding and pursuit of basic principles of science, including diving deep into analysis and evaluation technology. The accumulated experience and efforts gained through these R&D activities have become the Group's unique strength; not to mention, the driving force behind our global development of superior technologies, materials, and services.

We focus our research and development efforts on Business Support Development which involves applied research in existing business areas, and Next Generation Technology Research, such as seed research where future growth is expected.

Among these, Business Support Development promotes integrated development activities with businesses by placing an emphasis on needs. Needs are identified via direct dialogue with development staff and customers, focusing on value chain cooperation within JSR Group. In addition, this branch of research strives to enhance technical services in each country in which we operate while developing a global and timely support structure for customers to promote their businesses.

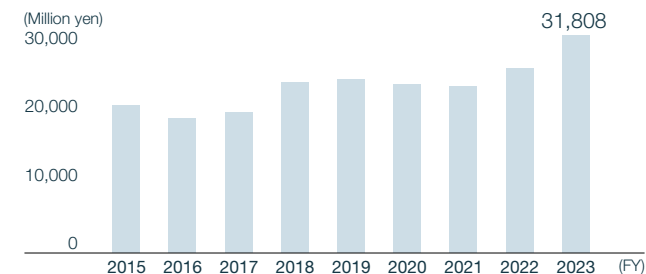
Regarding Next Generation Technology Research, we are promoting open innovation such as joint research with universities and research institutes in Japan and abroad, bringing in outside knowledge and technologies to

overcome problems and create groundbreaking innovation, in addition to in-house research. To accelerate the transformation of our research approach, we are constantly exploring possibilities for developing businesses in new fields and commercializing leading-edge research in novel areas for us.

Furthermore, we are advancing materials informatics, and implementing the practical application of data-driven research methods as another focus of the Group. We hope to promote digitalization and the construction of theoretical models for new data infrastructure, as well as the practical application of new approaches such as AI and quantum computing, to significantly improve the efficiency of R&D.

Society is undergoing major changes as we are currently facing unprecedented new crises, along with exposure to various geopolitical changes. Expectations on new technologies to meet these changes have grown larger than ever before. JSR carries out R&D with a curiosity for new technologies, and continues to provide values and advance co-creation with our customers, with whom we are closely linked in a wide range of business fields, and the partners who we cooperate with in a variety of environments.

### R&D Expenses



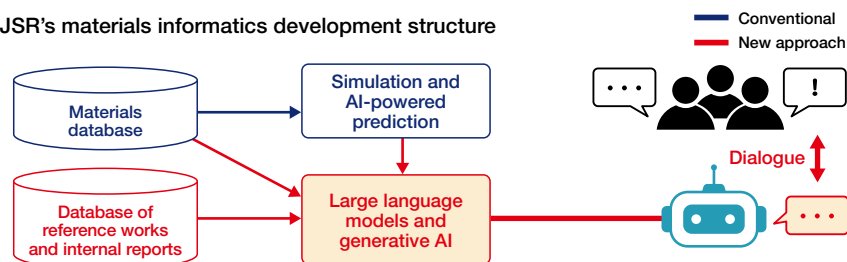


## JSR's Initiatives

## Materials Informatics

## Effectively using simulation and machine learning to develop materials for a new era with generative AI

## JSR's materials informatics development structure



JSR's main products demonstrate their performance through complex phenomena in the invisible microscopic world. Since it is not possible to directly observe the situation, we must carry out material design based on performance predictions by simulation and machine learning in order to develop efficiently. JSR compiles a database of various materials inside and outside the company, and incorporates performance predictions based on simulations and machine learning into its daily materials development. Furthermore, with the dramatic progress of large language models and generative AI in recent years, we have started new initiatives in anticipation of an era in which human chemists and AI with knowledge of all sorts of papers and patents from around the world will work together to develop materials. We cannot cover all of these cutting-edge AI technologies in-house, and for this reason, we are pursuing development together with IBM and other partners.

AI technologies have advanced incredibly fast in recent years. This has meant that it is not uncommon for things that were thought impossible to become possible overnight, even among researchers. Without pessimistic preconceived notions, we intend to create a new form of materials development with curiosity and flexibility.

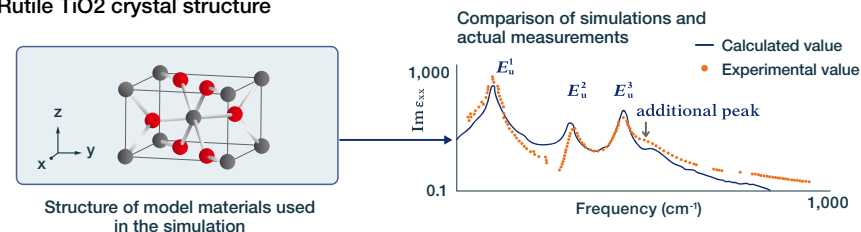
**Junta Fuchiwaki**

Materials Informatics Initiative  
RD Technology and Digital Transformation Center, JSR Corporation

## JSR's Initiatives

## Open Innovation

## Joint research with the Department of Physics, Graduate School of Science, The University of Tokyo, predicts the performance of low-dielectric loss materials for 6G

Rutile TiO<sub>2</sub> crystal structure

6G is attracting attention as a next-generation high-speed mobile communication system. It is expected to offer a variety of possibilities, including high-speed, large-capacity communications in the 100 Gbps class, which is about 100 times the current mainstream 4G, as well as ultra-low latency, ultra-high connectivity, ultra-low power consumption, and low cost. However, the high-frequency signals used in 6G are prone to attenuation when flowing through the circuit. Therefore, there is a strong need for the development of materials to control attenuation. Through joint research with The University of Tokyo, JSR-UTokyo Collaboration Hub, CURIE has succeeded in developing a high-precision simulation technology for terahertz dielectric properties that contributes to the development of low-dielectric insulating materials, which is one of the key materials. This simulation technology is expected to serve as a new guideline for the search for low-dielectric insulating materials and lead to the early realization of 6G high-speed mobile communications.

Although this approach is limited to the calculation of the dielectric function of crystalline materials, it can be applied to a wide range of other materials such as crystalline polymers and inorganic crystals and is expected to be used in the development of materials with low dielectric properties. Going forward, we will continue with R&D on new simulation technologies in collaboration with The University of Tokyo, aiming for greater accuracy and the expanded scope of application of materials.

**Tamio Yamazaki**

JSR-UTokyo Collaboration Hub, CURIE  
RD Technology and Digital Transformation Center, JSR Corporation



## Direction of Advancements in Sustainability

**We are promoting JSR Group's business strategy side by side with sustainability to lead to even greater value creation**

JSR Group defines sustainability as “contributing to society by creating value with our business activities.” Promoting sustainability Groupwide while respecting diversity is considered as one of our important strategies for enhancing corporate value.

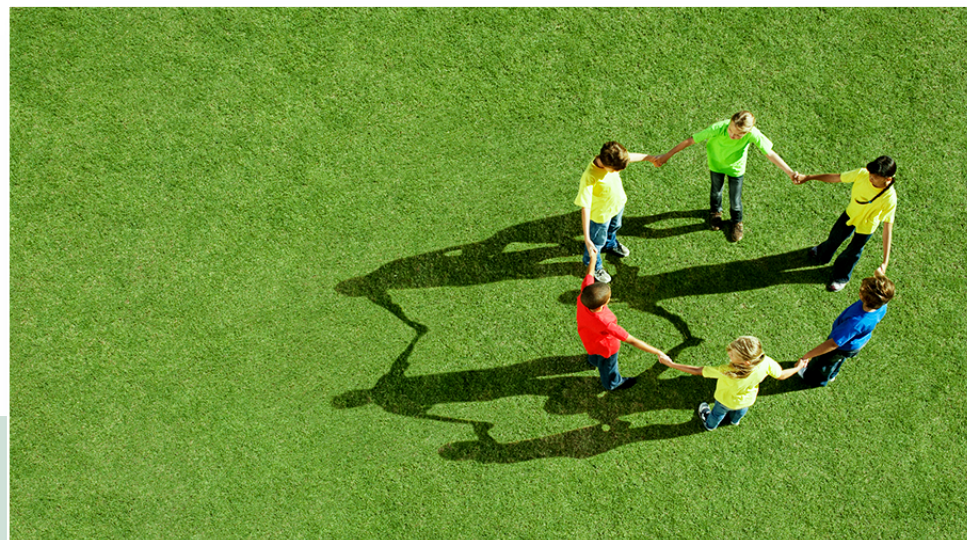
Our process for implementing sustainability initiatives in FY2021 involved identifying materiality based on a comprehensive evaluation of the social and natural environments, product markets, technology trends, and stakeholder interests, while also considering our corporate mission and management policies. Among the KPIs for the five priority issues related to management foundation, there are two forms of materiality that we emphasize in particular. The first is to increase employee engagement because employees are the main actors in implementing sustainability activities, and to promote diversity, equity and inclusion (DE&I), which is the basis for these activities. The second is to address climate change and its enormous impact around the world by reducing our environmental impact. Going forward, we will further advance sustainability initiatives that lead to business opportunities. We made smooth progress on our KPIs in FY2023. Analyzing the

information we obtained while confirming progress made clear things such as the necessity of focusing on the characteristics of each business, the areas where our global initiatives were effective and the areas where our initiatives were effective based on regional characteristics. We will reflect the findings our analysis in future KPI reviews. For all KPIs, we believe that it is important not only to achieve the KPIs, but also to firmly incorporate a sustainability perspective into the activities of each division through initiatives aimed at achieving the targets. We will continue to promote close mutual communication between related divisions and Group companies.

We actively incorporate diverse knowledge from outside sources. Our Chief Sustainability Officer (CSO) participates in

various discussions on the promotion of sustainability at meetings of the Board of Directors. The CSO receives useful advice from the independent standpoint of Outside Directors. In the past several years, interactions with external stakeholders have been limited due to the COVID-19 pandemic, but since the second half of FY2022, we have been networking with other companies and inviting experts to give lectures. We will continue these initiatives in the future to disseminate useful information within the Group.

In order to meet the expectations of our stakeholders, we will aim to ensure that all employees engage in their work with sustainability in mind and continue to encourage this approach going forward.



## Sustainability Advancement Structure

JSR Group established its Sustainability Promotion Committee in 2020. The committee discusses and coordinates on matters related to sustainability, including policies, in line with internal and external circumstances relating to ESG and the SDGs.

Below the Sustainability Promotion Committee are four committees called the Sustainability Planning Committee, Environment, Safety and Quality Committee, Risk Management Committee, and Corporate Ethics Committee. The Sustainability Promotion Committee supervises and guides the four committees, and also strengthens and promotes their management through regularly scheduled meetings (held four times annually) as well as extraordinary

meetings. In principle, the Committee also reports on activities once every quarter to the Board of Directors and undergoes supervision/observation by the Board of Directors.

The Sustainability Promotion Committee is chaired by the President. Participants are the secretariats of the four above-mentioned committees as well as company officers (those responsible for corporate planning, manufacturing technologies, procurement and logistics, quality assurance, safety and environmental affairs, research and development, human resources development, accounting and financial affairs, corporate communications, general affairs, legal affairs and compliance, system strategies, cyber security management, sustainability promotion, diversity



Please refer to the JSR Sustainability Site for more details.

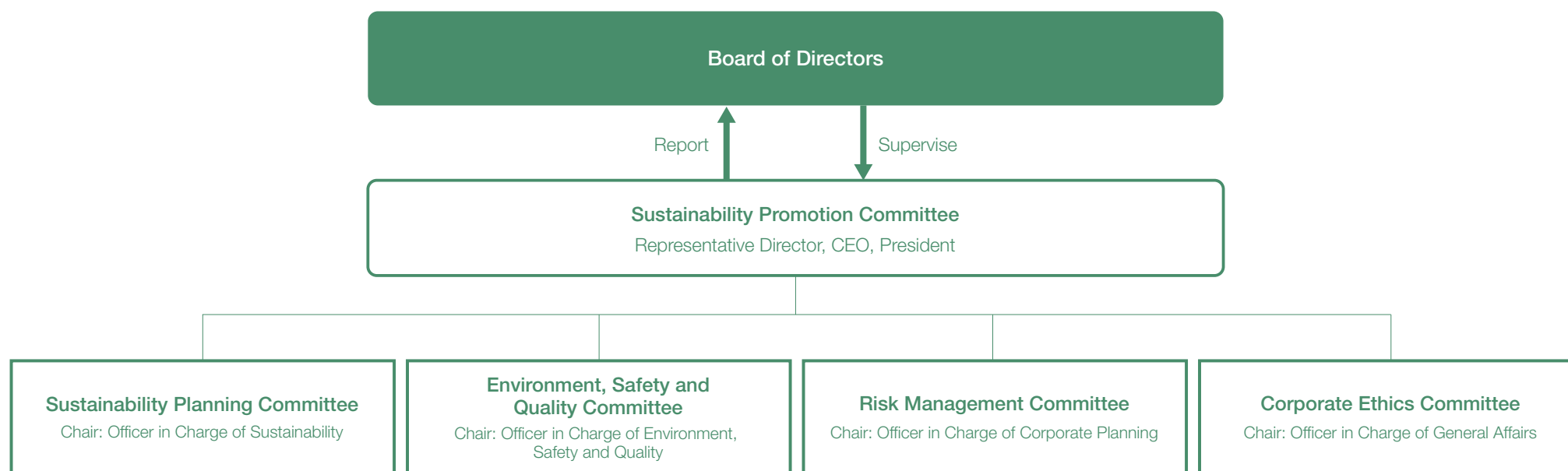
[https://www.jsr.co.jp/jsr\\_e/sustainability/management/management.shtml](https://www.jsr.co.jp/jsr_e/sustainability/management/management.shtml)

promotion, the Digital Solutions Business, the Life Sciences Business, and the Plastics Business). This enables the committee's discussions to touch on all businesses and functions of the Group.

We endeavor to build confidence among our stakeholders by disclosing information on the committee's activities.

### Examples of Issues Discussed by Sustainability Promotion Committee in FY2023

- Proposed JSR Group Key Risk Factors
- Establishment of the JSR Group Risk Management Policies
- Sustainability strategies, actions and implementation process



## Human Capital



Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/society/human\\_resources.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/human_resources.shtml)

### Aims of JSR Human Capital Management

#### 1. Strengthen linkage between management strategy and human capital strategy

##### Build a dynamic human capital portfolio and implement continuous human capital development (investment) & acquisition

Secure and foster human capital ready to nimbly adapt to organizational changes resulting from business creation, growth and environmental changes to continuously create corporate value

#### 2. Enhance employee engagement and organizational strength

##### Maximize experience and experiential values for members within JSR Group

Maintain high level of engagement through provision of growth opportunities, fair evaluation and feedback, and achieve member-driven, growth support and enhanced organizational strengths

### Human Capital Strategy

We maximize value (provision) to customers and markets, linking efforts for the enhancement of corporate activity efficiency and business competitiveness and the creation of innovation, by maintaining a global perspective and strengthening dynamic and diverse human capital and organizational capabilities according to the characteristics of countries, regions, and businesses

#### JSR's Ideal Corporate and Organizational Culture

- By respecting diversity, equity and inclusion (DE&I) and having employees build their own careers, all employees are maximizing their abilities.
- By ensuring employees and the company trust one another and growing together, employee engagement continues to increase resulting in continuous innovation.

### Human Capital Policy

Our human capital strategy states, “maximize value (provision) to customers and markets, linking efforts for the enhancement of corporate activity efficiency and business competitiveness and the creation of innovation, by maintaining a global perspective and strengthening dynamic and diverse human capitals and organizational capabilities according to the characteristics of countries, regions, and businesses.”

Based on this strategy, we are planning and implementing various initiatives, initially focusing on Japan, to realize the Vision for FY2024 set out in our Medium-term Management Policy of “creating value for all stakeholders, aiming for sustainable growth” and “building a resilient organization that can embrace any changes in the operating environment.”

#### ■ Cultivation of Diverse Human Capital

We are continually working to train next-generation management talents as well as talents who create new technologies. Since 2007, we have been conducting future leaders training to cultivate next generation management talents. With the help of external trainers, this training involves action-learning based on actual case studies and exercises to envision an ideal image for one's division by stepping into the shoes of a supervisor to foster necessary business skills and broad perspectives as the next round of leaders. It also incorporates action learning in which teams tackle a scenario of creating new business.

As for the training of talents leading new technologies, we have been implementing a training program by an American company that supports DX promotion since 2017 and fostering data scientists with an emphasis on research.

#### ■ Measures to Cultivate a Culture of Self-driven Careers

We call it “developing careers” when employees personally form a proactive career vision from the perspectives of both work and life and then grow and raise their personal value through ongoing actions and experiences aimed at realizing their vision. In addition to the measures on the left, we reviewed some of our employee education guidelines and education programs to encourage employees to engage in developing their own careers in FY2023. This new program aims to raise awareness of self-driven careers. Based on this aim, we will provide training for officers, company-wide e-learning, career training for department and section managers, and other training sessions.

Together with this, we have also introduced an internal job recruitment system and a side job management guideline mechanism. We believe that contributing to the company and society while employees increase their personal value and gain a sense of self-realization will lead to both individuals and the company creating sustainable value.

We aim to create a system and environment that makes it easy for all employees to work regardless of gender, age, nationality, or other attributes across the entire Group, through upholding a fair human capital and remuneration system that emphasizes ability and results. Currently, JSR Group operates in 12 countries and regions around that world, with employees representing diverse backgrounds including their nationality, gender, age, and years of experience. We will flexibly incorporate new thinking and approaches born from this diversity to cultivate members who will continue to impact society and achieve the long-term growth of the Group's organizations.

## Employee Engagement

**Goal** Continuously improve employee engagement

### Supporting adaption to change by promoting top-down initiatives to tackle common global issues

#### ■ Increasing Employee Engagement

JSR Group believes that increasing employee engagement is the key to sustaining corporate activities and enhancing corporate value. Toward this end, based on the establishment of a culture of diversity, equity and inclusion, we are working to increase engagement by creating a productive, comfortable and rewarding workplace, providing opportunities for employees to take on proactive challenges, build their careers, grow and play an active role.

At the same time, we have been conducting a global employee engagement survey since FY2021 to listen to the frank voices of employees, identify issues in each organization, and effectively work to create a better work environment.

In FY2023, the third year of the employee engagement survey, we integrated it with the corporate ethics awareness survey to raise the efficiency of these surveys. The global response rate in FY2023 was 83% (number of people subject to the survey: 6,233 / number of respondents: 5,184). This meant the response rate was over 80% for the third consecutive year. We believe thorough explanations, a campaign to raise awareness of the survey and calls for responses in regards to its significance and meaning from management contributed to the high response rate.

As in the previous year, the factors which have a large impact on employee engagement globally are opportunities for growth, permeation of strategies and adaption to change. We learned that continuous improvement is necessary. We changed our policy in FY2023 to strengthen top-down action discussion and setting. Upon repeated discussion by management, we have established the following two items as our global actions for FY2024. The CEO will serve as the owner of these actions. In parallel, we are also formulating and implementing individual actions for each company and department. The assigned officers and subsidiary CEOs/Presidents will serve as the owners of these actions.



#### (1) Opportunities for Growth

Development of leaders and ensuring diversity: We will collaborate across countries and businesses to develop leaders and to ensure diversity for innovation creation as a global theme. First, we will expand training for talent development between the JSR headquarters and North America (for both managerial and non-managerial positions). We will also set up opportunities for messaging and dialogue which foster an inclusive environment throughout the Group to



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/society/human\\_resources.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/human_resources.shtml)

shine a spotlight on our diverse human capital and to maximize the potential of all our members.

Language and cultural training: As a company which operates globally, we will review the content of language training as well as our cross-cultural training and similar training programs. We will enhance our systems so that all our employees who wish to participate obtain support and opportunities to further their learning and to then be able to apply what they have learned in their daily work.

#### (2) Permeation of Strategies

- Expansion of information sharing: We will build structures and infrastructure to enable management to broadcast information globally.
- Responses to questions from employees: We will respond to the requests our employees have raised in their free comments through this infrastructure. Specifically, we will share details about the background to decision-making and potential future outcomes (both good and bad). In addition, we will strengthen information sharing such as by clarifying how JSR will operate as a global company and then respond to feedback from employees who want to know more about such areas.

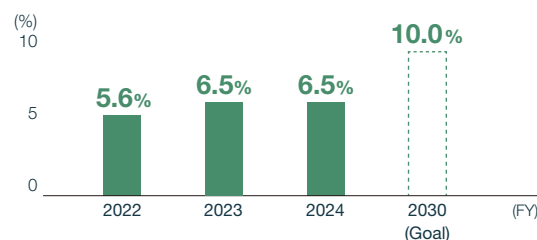


## Diversity, Equity, and Inclusion

Goal

Percentage of women in managerial positions  
by FY2030 10%

Percentage of women in managerial positions



Note: Numerical figures as of April 1 of each year

### ■ Advancement Structure

At the JSR Group, the Diversity Promotion Office of JSR and the DE&I personnel of JSR North America Holdings are playing a central role in DE&I efforts under the Chief Sustainability Officer (CSO) who heads up the advancement of our corporate sustainability initiatives. In FY2023, the responsible parties met face-to-face to build their team and to discuss global DE&I efforts in conjunction with measures to improve employee engagement.

### ■ Promoting Active Participation and Advancement of Women in the Workforce

The gender composition of JSR Group globally is 34% female and 63% male. The percentage of females by job position is 20% for officer level positions and 22% for managerial positions. The percentages at the non-consolidated level are low, with females accounting for

around 19% of JSR, 4% of officers, and 7% of managerial positions. There is a substantial difference in the gender composition ratio of employees and in managerial/officer positions compared to JSR Group on a global basis.

At JSR, we believe that promoting DE&I at the management level; which plays a central role in organizational operations, will lead to an improvement in the overall resilience of the company. We have established a target of 10% for the percentage of women in managerial positions to be achieved by 2030 and are focusing on this as a key management issue (materiality). We are working to build an inclusive culture by reviewing existing measures as appropriate to achieve this target. For example, we provide



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[https://www.jsr.co.jp/jsr\\_e/sustainability/society/diversity.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/diversity.shtml)

individual career interviews for female employees, send employees to external training sessions and hold DE&I training for those in managerial positions.

In addition, we held an event to mark International Women's Day in FY2023. Female leaders from North America and Asia gathered at this event to interact with



Japanese employees. It was an opportunity to learn about intercultural communication and to come into contact with diverse role models.

## TOPICS

### Initiatives of JSR North America Holdings

The activities of an employee resource group (ERG) called REACH<sup>\*1</sup>, which was launched in FY2022 in North America, are gradually expanding in content and connecting regions. The aim of these activities is to create a workplace environment where all employees can work with enthusiasm in their own way. Employees are taking the initiative to achieve this aim through these activities.

For example, volunteer members have formed various communities such as for women, BIPOCs<sup>\*2</sup>, LGBTQs, remote workers, fine food lovers, those with pets and those who enjoy gardening as REACH affinity groups. These are safe and secure places where employees can connect with each other.

We also particularly focused our efforts on the Every

Person Influences Culture (EPIC) dialogue series in FY2023.

In this series, we periodically set up opportunities for employees and management to enter into dialogue on set topics. They learn from and empathize with each other while striving to foster a DE&I culture. The topics covered in this series included the diverse ways allyship should be, learning from differences in values between generations and dialogue related to International Day of Persons with Disabilities.

These initiatives have cultivated an inclusive environment where employees with various attributes and diverse backgrounds accept each other and can be themselves.

<sup>\*1</sup> An acronym that stands for Representation (R), Education (E), Advocacy (A), Community (C) and Hope (H).

<sup>\*2</sup> An acronym used to describe three minority groups using B to stand for black, I for indigenous, POC for people of color.

## Environment

### Working to build a robust management foundation for both the environment and safety



#### Policy

Seeing occupational safety, security and accident prevention, environmental conservation, and product safety as key foundations for its business activities, JSR Group conducts all business undertakings under the following Responsible Care® (RC) policy.

1. We strive to ensure the safety of employees and local communities, and to contribute to environmental conservation and a sustainable global environment by ascertaining risks associated with our business activities and executing countermeasures.
2. We strive to comply with laws, ordinances, and voluntary regulations by gathering information on and ensuring the full development of laws and regulations required for business activity.
3. We strive to ensure the safety of our products by developing products with consideration for safety, health, and the environment and providing information about them.

#### Philosophy

JSR Group has positioned environmental conservation and impact reduction, as well as health and safety, as materiality (priority issues) for the management foundation of the Group. We have set KPIs and targets for these issues and are working to achieve them. The direction of the main initiatives is as follows.

##### ■ Environmental Conservation and Impact Reduction

We have set an interim target of a 30% reduction by FY2030 compared to FY2020 in order to ensure that we reach net-zero GHG emissions by FY2050. In addition to various energy conservation activities at our manufacturing and office sites, in recent years, we have promoted the use of purchased electricity generated from renewable energy and energy transition. JSR Group is working together as one to implement these activities.

##### ■ Health and Safety

We are focusing on strengthening the safety foundation at



Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/environment/reduction.shtml](https://www.jsr.co.jp/jsr_e/sustainability/environment/reduction.shtml)

all JSR Group sites in Japan and overseas, including the Life Sciences Business.

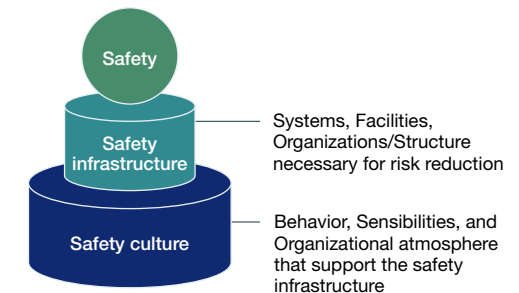
One example of our activities is to instill safety-related value. In FY2023, we improved the content of the JSR Group's shared Safety Concept to make it easier to understand. We will raise the safety level of the entire JSR Group by instilling this approach in each and every employee and monitoring the safety level of each site based on common standards.

These activities will not only build a robust management foundation, but also provide value to all stakeholders, including employees, local communities, customers, and shareholders.

#### JSR Group's safety goal

Safety is based on risk, and safety is supported by a safety infrastructure that mitigates risk and a safety culture that complements and strengthens the safety foundation. JSR divides the status of safety into five stages and aims for the target safety stage to raise its safety level.

**“Safety” means a state in which risk is at an acceptable level, supported and ensured by a safety infrastructure and safety culture.**





Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/environment/co2.shtml](https://www.jsr.co.jp/jsr_e/sustainability/environment/co2.shtml)

## Philosophy

JSR Group recognizes that it is our duty to contribute to the realization of a sustainable global environment and society as a company which handles chemical substances.

Therefore, we consider reducing the environmental impact arising from our business activities and appropriately managing chemical substances to be priority issues. Accordingly, we are striving to reduce greenhouse gas (GHG) emissions and to appropriately manage waste. In particular, climate change will have a big impact on our business due to the risks from an increase in natural disasters and environmental regulations. Therefore, we consider reducing greenhouse gas emissions to be a mid- to long-term management issue and are working on it over the whole of JSR Group.

## Reducing Environmental Impact: Material Balance

JSR Group strives to reduce its environmental impact in a comprehensive, efficient way by quantitatively ascertaining and closely analyzing inputs as well as outputs.

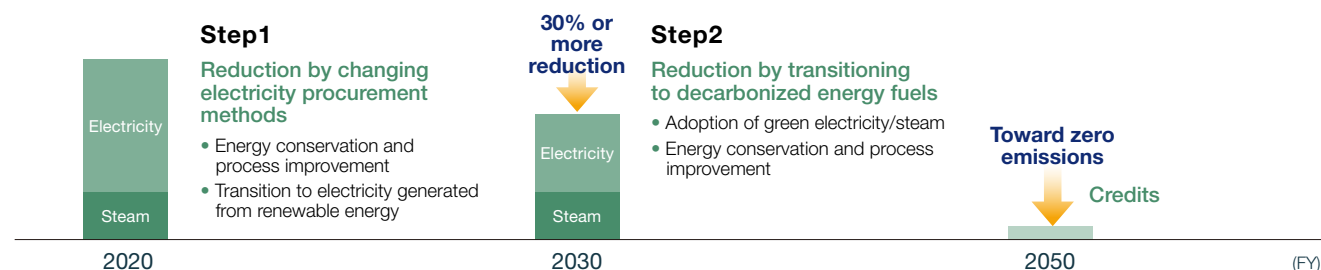


## Climate Change Mitigation Materiality

### Goal

Reduction of GHG emissions (vs FY2020) FY2030: 30% reduction / FY2050: Net zero

### Overview of GHG emission reductions



## Initiatives to Reduce GHG Emissions

JSR Group supports the aims of TCFD. We have identified climate change-related risks and opportunities through scenario analysis and established medium- to long-term countermeasures. Based on these, we will promote the development of products that reduce the environmental impact of customers, such as display materials with a low firing temperature and highly recyclable plastic materials. In this way, we will contribute to the formation of a decarbonized and recycling society.



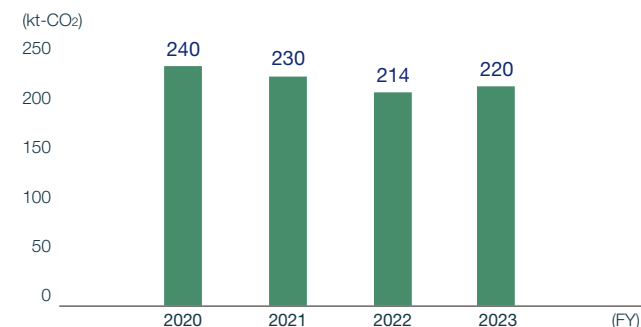
Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/materiality/conservation.shtml](https://www.jsr.co.jp/jsr_e/sustainability/materiality/conservation.shtml)

We are currently in Step 1 of our activities to achieve our global targets. We are transitioning to the use of purchased electricity generated from renewable energy in order to achieve our target of reducing emissions by changing electricity procurement methods. Details on the status of our initiatives will be released in the Sustainability Report 2024.

We aim to achieve “net-zero” GHG emissions by 2050, and will continue to actively take on challenges going forward.

### GHG Emissions



## Waste Reduction Materiality

**Goal** Final landfill amount of 0.1% or less

### ■ Initiatives to Reduce Industrial Waste

As a chemical product manufacturer, JSR Group sees responding to the problem of plastic pollution in the oceans currently facing society as one of our priority issues. We recognize that it is our duty to contribute to the realization of a recycling society. We established a global target to reduce the amount of waste sent to final off-site landfills to 0.1% or less of the amount of waste generated, and we are promoting recycling toward this end. In FY2023 as well, we achieved this goal.

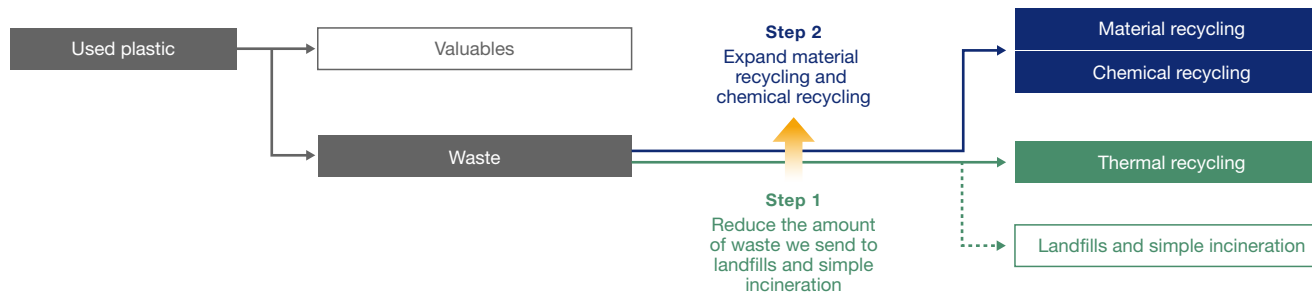
### ■ Used Plastic Recycling Promotion

Taking into account the national government's Resource Circulation Strategy for Plastics, JSR Group in Japan established a target in FY2019 of reaching a recycling rate of 100% including heat recovery and 60% excluding heat recovery by FY2030 for waste plastics. We have been working toward achieving this target.

Furthermore, we revised this target in FY2023 to include used plastics.

In the future, Step 1 of our initiatives will be to transition from simple incineration to thermal recycling (heat recovery) for industrial waste that requires incineration due to its properties. In Step 2, we will promote more advanced recycling. Details on the status of our initiatives will be released in the Sustainability Report 2024.

Promotion of material recycling to reduce industrial waste



Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/environment/waste.shtml](https://www.jsr.co.jp/jsr_e/sustainability/environment/waste.shtml)

## Conservation of Water Resources

JSR Group uses such water resources for drinking water, of course, but also as a raw material, cleaning solution, in treatment facilities for chemicals, and coolant in its manufacturing processes. We strive to recycle water in our processes. At the same time, we purify and check the quality of the water as required after use before discharging it into rivers or other bodies of water. Details on the status of our initiatives are due to be released in the Sustainability Report 2024.

## Chemical Management

In addition to our continuous compliance with the Chemical Substances Control Law in Japan, following the EU's enactment of the REACH Regulation in 2007, JSR Group has confirmed regulatory trends such as substance registration each time they have been strengthened in other countries. We respond to these without omission based on the business areas and structure of local subsidiaries.

From the perspective of ensuring product safety, we develop products in line with trends in chemical risk evaluations in each country from the design stage onward. We are also promoting voluntary initiatives to systematically reduce and eliminate harmful chemical substances from products.



## Reporting as Based on TCFD Recommendations



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/environment/tcfid.shtml](https://www.jsr.co.jp/jsr_e/sustainability/environment/tcfid.shtml)

### Philosophy

As large-scale natural disasters become ever more frequent around the world due to abnormal weather, JSR Group sees responding to the problem of climate change currently facing society as one of the most important issues for JSR. We are therefore actively working to reduce greenhouse gases (GHG) emissions both internally and externally.

JSR Group expressed its support for the TCFD<sup>\*1</sup> Recommendations in October 2020. We are disclosing information based on the TCFD Framework and working together with our various stakeholders on initiatives to combat climate change.

<sup>\*1</sup> TCFD (Task Force on Climate-related Financial Disclosures):  
Established by the Financial Stability Board in 2015. In June 2017, TCFD published its recommendations for disclosing the impact of climate change in the financial reports of financial institutions, companies, and governments. Since TCFD was dissolved in October 2023, IFRS is now responsible for corporate climate change information disclosure.

#### Governance

Build a management-level governance structure for climate-related risks and opportunities

#### Strategy

Analyze the impact of climate-related risks and opportunities on medium- to long-term businesses, strategy, and financial planning

#### Risk Management

Build an assessment and management structure for climate-related risks and opportunities

#### Metrics and Targets

Set metrics and targets for managing risks and opportunities, and disclose progress

### Governance

We utilize a supervisory structure, overseen by the Board of Directors, to examine and carry out appropriate responses to issues that could potentially pose business risks or represent business opportunities. With the aim of strengthening supervision of risks and opportunities related to sustainability, including responses to climate change, and strengthening progress management and periodic monitoring of metrics and targets, the Board of Directors receives reports twice a year, shares issues, and discusses and deliberates on future activities.

In addition, we have established a Sustainability Promotion Council chaired by our Chief Executive Officer (CEO) and President as a cross-departmental forum to promote the practical implementation of sustainability activities at the Group. Under the authority of the Sustainability Promotion Council, we have established a Sustainability Committee, an Environment, Safety and Quality Committee, a Risk Management Committee, and a Corporate Ethics Committee (the Chair of each committee also serves on the Sustainability Promotion Council), and the entire organization is overseen by the Sustainability Promotion Council.

### Strategy

We see responding to the problem of climate change as one of the most important issues for JSR and we are implementing initiatives across the entire Group. In line with the TCFD Framework, we view climate change as both an opportunity and a risk, and we are leveraging our response to put corporate social responsibility into practice and build further competitive advantages.

JSR Group analyzed risks and opportunities under two

scenarios outlined by the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA). The first is a rise in average global temperatures of 4°C or more, and the second is limiting the rise in average global temperatures to less than 2°C (less than 1.5°C in some cases) as agreed under the Paris Accords. We reconfirmed the need for a Group-wide response to address the problem of climate change. Specifically, we will focus on the following themes for each of our businesses, and we plan to incorporate them in our future business plans and quantify their financial impact.

### Risk Management

We have been operating our own independent risk management system since FY2009. Under the leadership of the Risk Management Committee, we regularly identify risks in all units in Japan and abroad, including Group companies. Climate change risks, such as carbon pricing and global regulatory issues, which are particularly urgent and very important, are also regarded and discussed as management-level risks. With regard to climate change issues, we organize and assess transition risks as risks related to business strategies and physical risks as risks associated with business operations.

### Metrics and Targets

With regard to climate change, we have designated GHG emissions as one of our KPIs and set targets that we are working to achieve. We have declared our aim of becoming carbon neutral in terms of our own GHG emissions (Scope 1 & 2) by FY2050. To establish milestones along the way, we formulated intermediate environmental targets for FY2030.

## Health and Safety

### Philosophy

Our goal is that every person who works for JSR Group, our employees and those of contractors, can work safely and feel a sense of contentment. At the same time, as a responsible member of the local community, we continue to engage in business activities with a keen awareness of the environment and safety. Guided by the conviction that safety is the most important value for every person working in the manufacturing industry and is a major premise of our business activities, JSR formulated the Philosophy for Occupational Health and Safety, targeting zero accidents and disasters.

#### Safety Philosophy

At JSR Corporation, safety is our highest priority and the foundation of all of our activities. Accordingly, we will create safe worksites and strive to maintain physical and mental health, with the goal of ensuring a safe return home at the end of each workday.

#### Safety Policy

##### • Extremely Safe Behavior

The Safety Philosophy has penetrated through the organization, the Courses of Action are established as applying to everyone, and safety competency is improving through independent safety activities.

##### • Enhanced Human Resources and Organizational Strength

High personal skills, organizational ability, and a healthy organizational culture are being maintained with the establishment and execution of the education and training programs needed for organizational management.

##### • Optimal Risk Management and Security Measures

Security measures corresponding to risk importance are being efficiently and effectively implemented using new technologies.

#### Courses of Action of Safety

- No matter the situation, we will act with safety foremost in mind.
- We will comply with established rules and never fail to act in accordance with safety basics.
- We will maintain safety by identifying and eliminating both actual and potential hazards.
- We will strive to create comfortable work environments and promote physical and mental health.
- Through communication and ingenuity, we will aim to achieve 100% employee participation in all safety activities.

### Safety Management System

JSR has established and operates a safety management system comprised of each business location and containing rules and procedures on occupational safety, security and accident prevention based on the safety management regulations. At Group companies, we steadily implement the PDCA cycle in accordance with the management system of each respective company in an effort to mitigate risks both potential and present.

To verify the effectiveness of this management system and our activities, our business sites regularly conduct audits, safety patrols and management reviews and Headquarters Environment and Safety Audits led by the President. As part of a process that is repeated every year, the results of these verifications are reflected in the targets and priorities for the next fiscal year, and by selecting the priorities to concentrate on in this way, we aim to achieve continuous improvement efficiently and effectively.

We have compiled manuals that contain appropriate and effective response measures that help to prevent damages from spreading in the event of an accident or disaster. In addition, to prevent recurrences, we investigate to determine the root cause, implement countermeasures, and verify their effectiveness. In turn, we share this information within the Group to stop similar accidents before they occur.

The number of occupational accidents and facility accidents that occur are key performance indicators (KPI) for the Health and Safety materiality of JSR Group. In FY2022, we made these KPIs globally consistent and started monitoring them. In FY2023, we analyzed the trends of these KPIs and set specific activity policies and global targets. We



Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/society/security\\_safety.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/security_safety.shtml)

also built an evaluation system for safety levels based on JSR Group's shared safety concept and tested it at some business locations. We believe that effective utilization of this system will enable us to raise safety levels at JSR Group. In the future, we will set new KPIs and monitor how the system is utilized.



Details on the evaluation system are due to be released to the following web page.

[https://www.jsr.co.jp/jsr\\_e/sustainability/society/security\\_safety.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/security_safety.shtml)

### Physical and Mental Health

JSR Group feels that a healthy mind and body are extremely important for employees and their families to live happy lives. We also feel that good health is imperative in the creation of a productive and vibrant workplace. Therefore, we take various actions in support of our employees so that they can remain healthy at work both mentally and physically.

JSR will advance "JSR Health Promotion" as an activity to promote health and fitness among our employees, who are the foundation of organizational activity, and thereby increase employee engagement and improve work productivity.

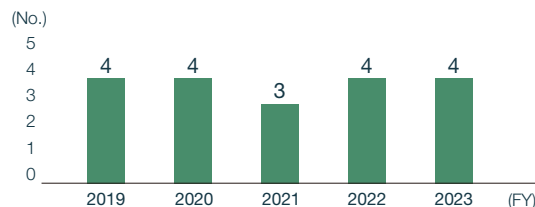
The ultimate vision and goal of this initiative is to become an organization where all employees can think about their own health and take action. We aim to provide measures to maintain and improve the health of each employee in ways that suit them and that can be performed autonomously.

By objectively evaluating and improving the results of these initiatives through a third-party survey, and implementing the PDCA cycle, we will develop more effective health maintenance and improvement measures and support the health of our employees.

## Create a Safe Work Environment

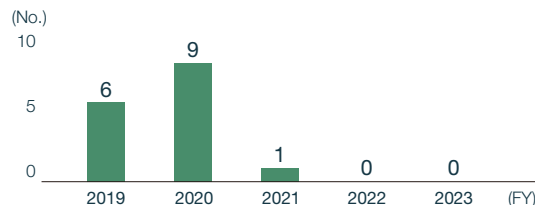
### Goal Zero occupational accidents

The number of occupational accidents  
(at least four days of work lost: JSR Group)



### Goal Zero facility accidents

The number of facility accidents  
(serious facility accidents: JSR Group)



Note: In April 2022, we transferred the Elastomers Business to ENEOS Corporation. Since the data until FY2021 includes the values for the Elastomers Business, large variation may be seen in the values between FY2021 and FY2022.

### Occupational Accidents

In FY2023, there were four occupational accidents (three in Japan and one in other countries) involving four or more lost work days at JSR Group, in contrast to the Group's target of two or fewer. Therefore, we did not achieve our target. Analysis of occupational accidents, including those that did not involve lost work days, showed a declining trend for

contractor employees but a rising trend for Group employees. Cause analysis showed that accidents were mainly caused by factors such as defective work environments and failure to follow rules. Therefore, we will strive to eliminate occupational accidents by combining short-term activities that highlight key points, such as cross-organizational sharing of accident case studies, with long-term activities that instill a culture of safety. On the other hand, lower back pain, an issue prevalent in Japan the previous fiscal year, was greatly reduced due to effective countermeasures.

### Facility Accidents

There were no facility accidents (serious facility accidents\*) within JSR Group in 2023, meaning we achieved our goal. However, there were more minor facility accidents. The main causes were related to the management of aging facilities, as well as failure to follow rules. We aim to eliminate accidents by repeatedly strengthening our education and continuing to instill a culture of safety.

\* Facility accidents that fall under Risk Level A of our standards

## Activity Record

In FY2023, we reorganized the contents of shared safety activities conducted at JSR Group. We advanced the construction of a safety-related contact structure between all sites in Japan and other countries, and we strengthened communication. We also started to test shared activities.

### Environment and Safety Audit

In FY2023, in addition to two business locations of JSR and eight business locations of Group companies in Japan, we conducted audits for the first time at three business locations of Group companies in other countries (China and Korea).



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/society/security\\_safety.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/security_safety.shtml)

The audits focused on (1) Risk and legal compliance management, (2) Accident management, and (3) Promotion of environment and safety KPIs. Although there were no issues requiring urgent attention at any of the business locations, they shared some common issues regarding in-depth investigation of accident causes and the efficiency of legal compliance management. Issues from the previous fiscal year regarding the development of a new structure after the transfer of the Elastomers Business and the management status of important risks were greatly improved. In the future, we plan to further expand audits to Group sites in other countries.

### Thorough Risk Management

In FY2023, we revised JSR Group's shared important risk standards related to the environment and safety, and conducted fact-finding surveys at manufacturing sites in Japan and other countries. In FY2024, we will increase the accuracy of surveys to identify the final important risks and strengthen management. We will also conduct similar surveys at R&D sites.

### Fostering Safety Culture

In FY2023, we introduced e-learning to instill JSR Group's shared safety concept. We tested this at all Group sites in Japan and at NV (Belgium), and we gained a high level of understanding in all cases. In FY2024, we will expand this program to all Group sites in other countries. Furthermore, in FY2023, we built an evaluation system for safety levels based on our safety concept. We tested this at six business locations in Japan and other countries. We verified that the evaluation system enables us to assess safety levels effectively. In FY2024, we will expand this system to other manufacturing sites.

## Respect for Human Rights

### Philosophy

JSR Group positions respect for human rights as one form of materiality (important issue).

It is critical for the entire Group to enhance its understanding of human rights and take appropriate actions. We have established JSR Group's Human Rights Policy in accordance with the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the UN Global Compact, as we strive to fulfill our responsibility to respect human rights in all of our business activities.

### Advancement Structure and Establishment of JSR Group's Human Rights Policy

At JSR Group, the Corporate Ethics Committee, which is chaired by the officer in charge of general affairs and compliance and whose office is the General Affairs Department and Compliance Department, is responsible for promoting initiatives related to respect for and safeguarding of human rights.

The Corporate Ethics Committee is charged with formulating and executing plans to advance initiatives and verifying their progress. Progress is reported to the Board of Directors via the Sustainability Promotion Committee.

#### Goal

Participation rate in e-learning on respect for human rights

**82% (FY2022)**

### Raising Awareness of Human Rights

Further educating Group employees of human rights is essential to fulfilling JSR Group's responsibilities in terms of respect for human rights. To this end, we are providing ongoing e-learning on human rights, aiming to systematically educate our employees on human rights.

In FY2022, we conducted the first installment of e-learning on the basic knowledge of human rights and overview of JSR Group's Human Rights Policy utilizing e-learning curriculum provided by Caux Round Table Japan (CRT Japan).

Going forward, the same course will continue to be implemented with the KPI of over 80% participation rate globally. In FY2022, overall participation exceeded the target at 82%, but participation varied among each implementation site. For places with lower attendance, we will look into factors among those who did not attend to identify whether there is any bias due to department or position and take measures to improve attendance.



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/society/human\\_rights.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/human_rights.shtml)

### Respect for Human Rights in the Supply Chain

JSR Group also understands the necessity of promoting initiatives oriented toward respect for human rights not only within the Group, but across the entire supply chain as well. To put this into practice, we revised our questionnaire for suppliers in 2017 and incorporated relevant items on respect for human rights in the JSR Group CSR/Sustainable Procurement Policy established in 2018.

Additionally, the JSR Group's Human Rights Policy clearly states that we will continue to encourage our business partners in the supply chain to support this policy and adopt a similar policy.

JSR Group's philosophy outlined in the above policies speaks for the requirements placed in companies by international society. JSR Group believes that it must share this philosophy with its business partners, and toward this end, we have conveyed both policies to the Group's main suppliers and collected consent forms stating their endorsement of the policies in FY2022. The entire Group is working to implement this effort with a target collection rate set at 100%. In FY2022, the collection rate was 90%.

We will continue taking the steps necessary to strengthen collaboration with partners in the supply chain and enhance our respect for human rights.



## Supply Chain Management

### Philosophy

JSR Group positions the “supply chain” as part of its materiality (priority issues) in terms of “Management Foundation.” An important role of JSR Group is to offer innovative materials and excellent products that meet customer needs and contribute to the making of a better society. Towards that purpose, we are working to build a sustainable supply chain and ensure that we can sustain stable procurement from sound suppliers.

### Sustainable Procurement

Based on the belief that the development of supply chain management will lead to mutual prosperity between our business partners and JSR Group, we have established the JSR Group CSR/Sustainable Procurement Policy and ask our suppliers to comply with 36 items representing six areas.

Furthermore, in FY2021, in order to further share the needs of society and JSR Group's philosophy, we began collecting acknowledgement of receipt from suppliers with regard to the JSR Group's CSR/Sustainable Procurement Policy and Human Rights Policy. We held briefings for purchasing managers at each of our business sites, including overseas Group companies, in an effort to achieve a 100% collection rate Groupwide. As of the end of FY2022, the collection rate was 90%. We are now focusing on suppliers at overseas Group companies, which have relatively low collection rates.

#### Goal

100% collection rate of acknowledgement of receipt received after sharing the JSR Group's CSR/Sustainable Procurement Policy and Human Rights Policy with our suppliers

**Collection rate of acknowledgement of receipt: 90% (FY2022)**

#### Goal

100% collection rate of RMI templates from our suppliers

**88% (FY2022)**

### Assessment of Business Partners

JSR regularly confirms that our business partners conform to our procurement assessment standards. When assessing potential new business partners, we evaluate their financial status and quality control and conduct onsite audits of safety, environmental, and quality concerns before starting trade. We also reassess as needed existing business partners with whom we have a continuing business relationship following the same criteria as when starting new trade.

Some raw materials are difficult to procure in an emergency due to poor availability or scarcity. For them, we conduct regular audits, making onsite checks of matters having a bearing on supply continuity, and offering suggestions and guidance for quality reliability.

### Efforts for the Responsible Procurement of Minerals

Our stance based on the JSR Group Purchasing Guidelines is to never permit the use of conflict minerals posing a high risk of having negative impacts on human rights in the



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/society/supplychain.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/supplychain.shtml)

supply chain (including the conflict minerals of tin, tantalum, tungsten, and gold as well as cobalt and mica), either directly or indirectly.

In FY2015, we conducted an investigation concerning the use of conflict minerals. Since then, we have investigated the use of these minerals when adopting new raw materials and hiring a new supplier. Additionally, in recent years, given the growing concern about human rights violations associated with cobalt and mica mining in regards to child labor, in FY2022 we conducted a survey that made use of global standard templates provided by the Responsible Minerals Initiative (RMI) in order to reconfirm our use of these minerals. We received templates from 88% of our suppliers located in Japan and overseas with a possibility of use of these minerals, and confirmed that they do not use these minerals or if they do, they procure them from refiners that have no problems.

### Education and Training of Employees in Charge of Procurement

We also focus on the education and training of employees in charge of procurement on the subject of CSR/sustainable procurement and conflict minerals initiatives.

This includes introductory education to personnel newly assigned to purchasing departments to ensure that they fully understand the JSR Group Purchasing Guidelines. For employees in charge of procurement, we also recommend that they acquire the Japan Management Association-accredited Certified Procurement Professional certification (CPP; a qualification certifying expertise in the purchasing and procurement field) to promote their acquiring of more advanced knowledge. We support them in this endeavor by paying the costs of workshops and examination fees.

## Corporate Governance

Following the 79th Ordinary General Meeting of Shareholders held on June 27, 2024, the governance structure has been partially changed from its status in FY2023. This overview describes the status in FY2023.

### Philosophy

JSR Group's goal is to make steady progress in realizing its corporate mission (Materials Innovation: We create value through materials to enrich society, people and the environment). This shall be done through efficient and transparent business management, by sustaining sound and healthy business practices. The Group will also continuously strive to create new corporate value with the hope of becoming an attractive corporation that can earn the trust of and satisfy the interests of all our stakeholders. As a company with Audit & Supervisory Board members, JSR principally monitors and oversees the execution of duties by directors and the management through its Board of Directors and Audit & Supervisory Board. The Company continuously has strengthened the function of management supervision, improved efficiency in decision making and business duties execution, and enhanced the transparency and soundness of its business management to raise corporate value over the medium to long term. To that end, it has implemented measures such as the establishment of the Remuneration Advisory Committee and the Nomination Advisory Committee.

### Shift toward Strengthening of Corporate Governance

We have been working to strengthen the management supervisory function and maintain the transparency and soundness of the Company, and to achieve prompt and efficient decision-making and business execution that will improve the Company's medium- to long-term corporate value. These efforts include appointing independent outside directors, establishing the Remuneration Advisory Committee and the Nomination Advisory Committee, and evaluating the effectiveness of the Board of Directors. We continue to strengthen governance, including implementation of the Malus Clawback clause in FY2021, under which all or part of incentive remuneration will be returned or seized in the event of certain circumstances, to ensure the soundness of the remuneration system for officers.

### Governance Structure

\* Status in FY2023. For the structure in FY2024, please refer below.  
[https://www.jsr.co.jp/jsr\\_e/company/governance.html](https://www.jsr.co.jp/jsr_e/company/governance.html)

#### ■ Board of Directors

The Board of Director discusses and makes decisions on important business matters, including the direction of the Company's business strategy, and also supervises directors' and officers' execution of their business duties. All three Audit & Supervisory Board members including two independent outside Audit & Supervisory Board members regularly attended the Board of Directors meetings in FY2023 to state their opinions.



Please refer to the following web page for more details.

[https://www.jsr.co.jp/jsr\\_e/company/governance.html](https://www.jsr.co.jp/jsr_e/company/governance.html)

### Agenda Items of the Board of Directors (FY2023)

- Tender offer for JSR shares by JICC-02, Ltd.
- Transfer of functions and authority for North America supervising company to JSR to strengthen JSR's global supervisory functions
- Conversion of YAMANAKA HUTECH CORPORATION into a wholly owned subsidiary
- Initiatives to enhance sustainability strategies
- Progress report of each business and medium- to long-term strategy review

#### ■ Executive Committee

This Executive Committee is comprised of the CEO and President, and executive officers or general managers appointed by the CEO and President. It responds to important business execution with the aim of expediting decision making and improving the efficiency of operations with meetings held generally every week. The Executive Committee holds extensive discussions on items relating to fundamental management initiatives, management policies and management plans, along with important matters concerning the execution of business activities at each department. The committee thus gives direction or receives reports in relation to these issues.

#### ■ Business Issues Committee

The Business Issues Committee generally holds monthly meetings consisting of the CEO and President, and executive officers appointed by the CEO and President. It engages in

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broad-ranging debate on items related to fundamental management initiatives, management policies, basic policies behind specific projects, and changes to business strategies. It also shares information and issues to ensure a common understanding of such matters and discusses the Company's direction. Its findings are reflected in deliberations of the Board of Directors and the Executive Committee.

### ■ Officers Committee

This Officers Committee consists of the CEO and President and all officers and aims to ensure members' thorough understanding of business conditions and important

business matters. The standing Audit & Supervisory Board member is also present at committee meetings.

### ■ Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board, consisting of three Audit & Supervisory Board members, including two outside Audit & Supervisory Board members, and holding meetings once monthly in principle as stipulated in the Regulations of the Audit & Supervisory Board, received reports on important matters, held discussions, and made decisions.

### ■ Outline of Internal Audit, Audit by Audit & Supervisory Board Members, and Independent Auditors

#### (1) Audit by Audit & Supervisory Board Members

As stipulated in the Regulations of the Audit & Supervisory Board, members of the Audit & Supervisory Board attended the Board of Directors and other important meetings, such as the Executive Committee. They made efforts to understand important decision-making processes and the status of business execution, and they also received reports from independent auditors, Audit & Supervisory Board members, and employees, before deliberating the issues and forming an audit opinion.

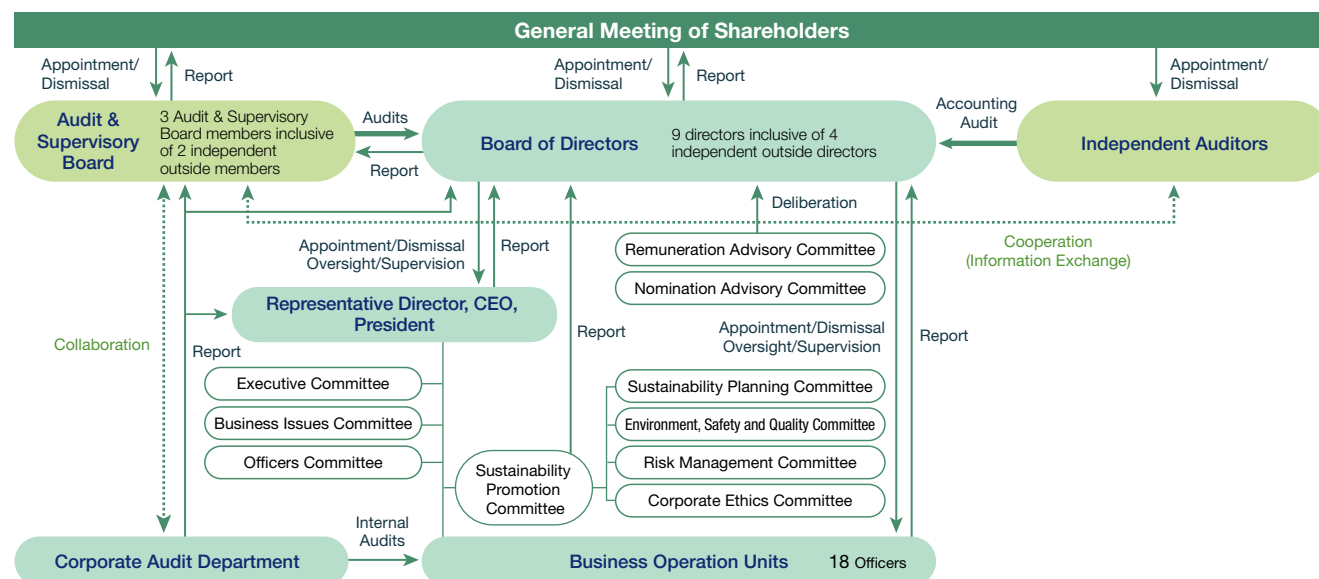
#### (2) Internal Audit

JSR has established the Corporate Audit Department to improve the effectiveness of JSR Group's internal control system. In accordance with the internal audit plan, the Corporate Audit Department regularly conducts internal audits such as compliance audits and business operation audits at its divisions and departments as well as its Group companies both in Japan and overseas and reports the audit results to the CEO, the President, related departments, and Audit & Supervisory Board members.

#### (3) Independent Auditors

The Audit & Supervisory Board members work closely with the independent auditors. The Audit & Supervisory Board members interview the independent auditors about the audit plan and receive reports on the audit results. Furthermore, the Audit & Supervisory Board members and independent auditors exchange information and opinions as necessary in the course of each fiscal year.

Corporate Governance Structure Diagram (As of June 16, 2023)



This governance structure diagram is for the status in FY2023. For the structure diagram applicable from June 27, 2024, please refer to the following web page.  
[https://www.jsr.co.jp/jsr\\_e/company/governance.html](https://www.jsr.co.jp/jsr_e/company/governance.html)

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### ■ Sustainability Promotion Committee

Based on our corporate mission, in order to maintain good relationships with various stakeholders and to become a company that is trustworthy and indispensable, JSR Group has established the Sustainability Promotion Committee with the purpose of advancing sustainability activities that contribute to all stakeholders by creating value through corporate activities. The Company has set up the following four committees under the Sustainability Promotion Committee: the Sustainability Planning Committee, the Environment, Safety and Quality Committee, the Risk Management Committee, and the Corporate Ethics Committee.

### Executive Compensation

In order to maintain the competitive advantages of JSR Group as a global company, the Company has established principles on remuneration for directors and Audit & Supervisory Board members which enable the Company to develop and recruit internationally competitive and diverse human resources capable of managing the businesses, and to provide short-, medium- and long-term incentives for its directors that are aligned with the benefit of its shareholders, and to encourage and motivate its management, while maintaining the transparency and accountability, to accomplish the management strategies and business strategies of the Company. The remuneration framework should:

### Basic Compensation Policy

- (1) Attract, secure, and reward diverse and excellent personnel regardless of nationality for the purpose of further enhancing and improving its competitive advantages and global management;
- (2) Encourage the management to demonstrate healthy

entrepreneurial spirit by motivating them to achieve the objectives of business strategies aiming at continuous growth; and

- (3) Promote medium- to long-term improvement in corporate value by sharing the benefit between management and shareholders via the reinforcement of stock ownership during his/her term of office as director.

### Remuneration Governance

#### ■ Procedures for Determining Remuneration

In relation to remuneration for the directors, the Board of Directors deliberates and determines the policies of remuneration for directors, remuneration framework, and amount of remuneration for individual directors. In order to ensure independence and objectivity during deliberation and decision making processes at the Board of Directors mentioned previously and to enhance the monitoring function and accountability of the Board of Directors, the Company established the Remuneration Advisory Committee as an advisory body for the Board of Directors.

#### ■ Items for Deliberation and Reports by the Remuneration Advisory Committee

The Remuneration Advisory Committee, upon an inquiry from the Board of Directors, deliberates the remuneration of the eligible persons and related items as listed below and reports the result to the Board of Directors, or provides the Audit & Supervisory Board with advice.

Persons eligible:

Inside directors (including representative directors and executive directors), outside directors, Audit & Supervisory Board members, officers, executive advisors, senior advisors and other important employees

Items for deliberation:

Establishment of the remuneration policies, designing the remuneration framework, setting performance targets, reviewing rationale of incentive remunerations, appropriateness of the level and composition of the remunerations, and determination of the amount of remuneration of each position based on the remuneration framework and others

#### ■ Composition of the Remuneration Advisory Committee and Attributes of Chairperson

The Remuneration Advisory Committee consists of at least three committee members, and more than half of the members shall be independent outside directors, of which a chairperson shall be elected from independent outside directors by resolution of the Board of Directors in order to ensure independence, objectivity, and accountability as well as effectiveness of the Remuneration Advisory Committee. In addition, a third party remuneration consultant and staff members for the Committee also attend the Remuneration Advisory Committee meetings as observers.

### Succession and Evaluation of the Group's Management Structure (Initiatives by the Nomination Advisory Committee)

#### ■ Nomination Advisory Committee

The Nomination Advisory Committee was established in FY2015. JSR established the Nomination Advisory Committee to ensure the transparency of the policy and procedures of appointing candidates for directors, Audit & Supervisory Board members and officers with directorship status (including senior officers). A majority of Committee members are independent outside directors and the chair is also an independent outside director. The Committee

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deliberates the standard for the diversity in breadth of knowledge, experience, and capability necessary for the Board of Directors, criteria and procedures for the nomination, and candidates for future appointment as CEO, the President, directors, officers with directorship status (including senior officers), and Audit & Supervisory Board members, and reports its findings to the Board of Directors.

In addition, the CEO and President submit to the Committee an annual report on a broad range of strategic management activities. Based on the report, the Committee assesses the business result and performance of the CEO and President and advises the Board of Directors whether or not improvement in management quality is necessary.

### ■ Dismissal of Directors

The Committee will deliberate and report to the Board of Directors in a timely fashion when the Committee judges there arises a reason that necessitates dismissal of directors including the CEO and President. In order to ensure transparency of the deliberation, the Committee takes necessary measures such as deliberation solely among outside independent directors for the agenda relating to dismissal of the CEO and President. Upon receipt of the aforementioned annual management activities report and based on the business result and performance evaluation of the CEO and President as well as business circumstances and economic outlook, etc., the Committee annually deliberates and judges appropriateness of the appointment, dismissal of the CEO and President and terms of office.

### ■ Criteria for Appointing Candidates for Directors

When nominating candidates for directors, JSR makes it a rule to ensure an appropriate balance among diversity in breadth of knowledge, experience, and capability essential to the Board of Directors and the size thereof in order to make important management decisions and oversee the execution of duties in an appropriate and timely fashion. JSR appoints persons who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.

### ■ Criteria for Appointing Candidates for Audit & Supervisory Board Member

From the perspective of ensuring the transparency and soundness of business management through auditing the process of directors' decision making and execution of duties in accordance with laws and regulations, such as the Companies Act, the articles of incorporation and internal rules, JSR appoints persons with vast experience and extensive and sophisticated expertise necessary for audit among those who are mentally and physically sound and have an exceptional personality and popularity, and high principles and ethical view.

## Policy for Training Directors and Audit & Supervisory Board Members

JSR provides opportunities for newly appointed officers to participate in external seminars and training programs, such as one specifically designed for newly appointed directors, because of their potential as future board members. JSR also conducts introductory seminars and plant and laboratory tours and other opportunities for newly appointed directors and Audit & Supervisory Board members, to deepen their understanding of the Company and its businesses. Moreover, when a Board of Directors meeting is held, JSR picks up key issues closely related to its businesses as Specific Themes for Review and Discussion and thereby provides an opportunity for directors and Audit & Supervisory Board members in attendance to exchange opinions on such themes. This opportunity helps them not only deepen their understanding of the Company's business challenges but also promotes communication between board members. Furthermore, JSR holds regular seminars by outside lecturers prior to the General Meeting of Shareholders to review the status of corporate governance in general and legal reforms.

The Committee systematically develops and selects candidates for the successor to the CEO and President in an objective and transparent manner by providing the pool of candidates with necessary training and coaching to enhance skills and leadership and by actively participating in the selection process through interviews, etc.

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### Main Activities of Outside Officers in FY2023

Name	Position Term of office in parenthesis	Main Activities
Tadayuki Seki	Director (Seven years)	Tadayuki Seki attended all 16 Board of Directors meetings held in the fiscal year. Utilizing his extensive experience in finance and accounting as CFO and in management positions at a multinational trading company coupled with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of execution of the Board of Directors and contributed to corporate governance. He also contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Seki serves as chairman on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Seki assisted in the review of the succession plan for the Group's management structure as a chairman of the Nomination Advisory Committee from an objective and long-term perspective.
David Robert Hale	Director (Three years)	David Robert Hale attended all 16 Board of Directors meetings held in the fiscal year. He utilized his extensive experience in global business administration as well as business transformation and expansion as a partner at an investment firm engaged in long-term investments and as a director of investee companies, coupled with his international and outside perspectives independent of the Company, in important decision making by the Board of Directors, supervision of execution of duties, and strengthening of corporate governance. As a result, he contributed to the continuous improvement of the Group's corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. Hale serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Hale assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Masato Iwasaki	Director (Two years)	Masato Iwasaki attended all 16 Board of Directors meetings held in the fiscal year. Utilizing his extensive experience in management of a multinational corporations engaged in the fields of ethical pharmaceuticals along with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of the execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of corporate value by ensuring the rationality of management's decision making and the transparency and soundness of management. As a member on the Remuneration Advisory Committee, Iwasaki made every effort to ensure the rationality and transparency of the officer remuneration system. Also, he assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Kazuo Ushida	Director (Two years)	Kazuo Ushida attended all 16 Board of Directors meetings held in the fiscal year. Utilizing his extensive experience in management of a multinational company engaged in the fields of video-related products, precision machinery, etc. coupled with his outside perspectives independent of the Company, he enhanced important decision-making and supervision of the execution of the Board of Directors as well as contributed to corporate governance. He also contributed to the continuous improvement of the Group's corporate value by ensuring the rationality of management's decision making and transparency and soundness of management. He serves on the Remuneration Advisory Committee and made every effort to ensure the rationality and transparency of the officer remuneration system. Also, Ushida assisted in the review of the succession plan for the Group's management structure as a member of the Nomination Advisory Committee from an objective and long-term perspective.
Junko Kai	Audit & Supervisory Board Member (Three years)	Junko Kai attended all 16 Board of Directors meetings and all 18 Audit & Supervisory Board meetings held in the fiscal year. She utilized her wide ranging specialist knowledge and extensive experience in law as an attorney-at-law coupled with her outside perspectives independent of the Company in audits, and she shared her views as necessary during deliberations of agenda items at Board of Directors meetings and contributed to ensuring the rationality of management's decision making and the transparency and soundness of management.
Takaaki Tokuhira	Audit & Supervisory Board Member (Two years)	Takaaki Tokuhira attended all 16 Board of Directors meetings and all 18 Audit & Supervisory Board meetings held in the fiscal year. He utilized his wide ranging specialist knowledge and extensive experience in finance and accounting as Certified Public Accountant coupled with his outside perspectives independent of the Company in audits, and he shared views as necessary during deliberations of agenda items at Board of Directors meetings and contributed to ensuring the rationality of management's decision making and the transparency and soundness of management.

\* Status immediately before the end of the 79th Ordinary General Meeting of Shareholders held on June 27, 2024

\* Following the 79th Ordinary General Meeting of Shareholders held on June 27, 2024, independent outside directors and independent outside auditors have not been appointed for the time being.

\* Following the 79th Ordinary General Meeting of Shareholders held on June 27, 2024, the Audit & Supervisory Board has been discontinued.

## Officers (As of October 3, 2024)



Please refer to the JSR website for the latest information.  
[https://www.jsr.co.jp/jsr\\_e/company/officer.html](https://www.jsr.co.jp/jsr_e/company/officer.html)

### Directors and Auditors



**Eric Johnson**  
 Representative Director,  
 CEO, President  
 President of JSR North  
 America Holdings, Inc.



**Shogo Ikeuchi**  
 Director



**Osamu Itabashi**  
 Director



**Takatoshi Ishikawa**  
 Director



**Masao Hirano**  
 Director

**Yasufumi Fujii**  
 Standing Corporate Auditor

**Kenichi Minami**  
 Auditor

**Hiroshi Matsuyuki**  
 Auditor

### Officers (excluding those concurrently serving as directors)

#### Managing Officers

**Koichi Hara**  
 Corporate Planning (including supervising  
 group companies), M&A

**Seiji Takahashi**  
 Manufacturing, Procurement and Logistics  
 Yokkaichi Plant Manager

#### Senior Officers

**Kazumasa Yamawaki**  
 Plastics Business  
 President of Techno-UMG Co., Ltd.

**Mikio Yamachika**  
 Supervising Digital Solutions Business,  
 Manufacturing and Technology,  
 Environment and Safety Quality Assurance  
 General Manager of Digital Solutions  
 Business DX Planning and Acceleration Dept.

**Tim Lowery**  
 Life Sciences Business, Next Generation  
 Research (LS)  
 General Manager of Life Sciences Div.  
 President of JSR Life Sciences, LLC  
 President and CEO of KBI Biopharma, Inc.  
 President of Selexis SA

**Keisuke Wakiyama**  
 Display Solution Business, Edge Computing  
 Business, Supervising Business in China  
 General Manager of Display Solution  
 Business Div.  
 Chairman of JSR (Shanghai) Co., Ltd.  
 Chairman of JSR Display Technology  
 (Shanghai) Co., Ltd.  
 Chairman of JSR Micro (Changshu) Co., Ltd.

**Ichiko Tachibana**  
 Legal Affairs, Compliance, General Affairs,  
 Secretarial Office

**Toru Kimura**  
 Supervising Digital Solution Business  
 (deputy), Electronic Materials Business,  
 Next Generation Research (DS/MI, etc.)  
 General Manager of Electronic Materials Div.  
 General Manager of Advanced Lithography  
 Material Business Promotion Dept.  
 in Electronic Materials Div.  
 Representative Director of JSR Micro Korea  
 Co., Ltd.

**Yutaka Yoshimoto**  
 Office of President, Emerging Business  
 General Manager of Office of President  
 Executive Officer of JSR Active Innovation  
 Fund, LLC

**Reiko Yasue**  
 Sustainability Promotion, Global Human  
 Resources (CHRO), Diversity Promotion

#### Officers

**Khashayar (Hash) Pakbaz**  
 Digital Transformation (CDO)

**Kenichi Emoto**  
 Accounting, Finance (CFO), Corporate  
 Communications  
 General Manager of Finance Dept

**Motoyuki Shima**  
 Digital Solution Business Development  
 (deputy),  
 Intellectual Property, Material Characterization  
 Analysis,  
 Development Management at Yokkaichi Area

**Kentaro Yamamoto**  
 IT Strategy, Cyber Security Management  
 General Manager of IT Strategy Dept.

## Compliance

### Philosophy

JSR Group has been endeavoring, by building up and maintaining good relationships with all our stakeholders, to become a trustworthy and indispensable corporate citizen. We have been vigorously executing our Code of Conduct in order to fulfill “Our Responsibility to our Stakeholders,” an essential part of our Management Policies, as well as to ensure compliance with relevant laws and regulations during the course of our business.

### JSR Group Principles of Corporate Ethics

JSR Group is advancing corporate ethics activities together with all of its Group companies, both in Japan and overseas. To achieve this, we have formulated JSR Group Principles of Corporate Ethics as a concrete and globally shared guideline that reflects our “Essential Elements.”

The principles represent a Code of Conduct that all directors and employees (full-time, contract, part-time, and temporary employees as well as employees on short-term contracts) of JSR companies should comply with to develop our corporate activities while fulfilling the management policies spelled out in “Our Responsibility to our Stakeholders.” The Group shall never require directors and employees of Group companies to violate this Code of Conduct. Additionally, JSR Group shall not disadvantage any director or employee who refuses to execute an order to violate the Code of Conduct because of that refusal.

### Corporate Ethics Activities

#### ■ Corporate Ethics Awareness Survey

JSR Group works to grasp and improve corporate ethics-related issues by conducting annual surveys on corporate ethics awareness that target the directors and employees of JSR Group companies in Japan and overseas. The results are reported at the Corporate Ethics Committee and then to an Officers Committee. They are subsequently fed back to employees as a post containing a message from the assigned officer summarizing the results and explaining issues and other matters gleaned from the results. Overseas Group companies also strive to build awareness of corporate ethics and legal compliance among their employees, including their locally hired employees, using methods that are appropriate for the local culture.

#### ■ Hotline (Internal Reporting Channels)

JSR Group has introduced a system of internal reporting channels called the Corporate Ethics Hotline. There are three categories of hotlines; namely, an internal hotline operated by the corporate ethics committees of the Company and each Group company, an external hotline operated by an outside law firm or a professional organization, and a business partner hotline. Of these, the external hotline operated by outside professional organizations has staff who speak 16 languages, including Japanese, English, Korean, Chinese, and Thai, making them easily accessible to business offices overseas.

The Corporate Governance Code stipulates that a contact point independent of management should be established as part of developing a whistleblowing system. Accordingly, we have set up the external hotline such that any report that comes through is simultaneously reported to the office of the Corporate Ethics Committee and the



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/governance/compliance.shtml](https://www.jsr.co.jp/jsr_e/sustainability/governance/compliance.shtml)

standing Audit & Supervisory Board member.

For each report that comes in, the office of the Corporate Ethics Committee in the company concerned requests the relevant department to ascertain the facts. The office then discusses and decides on responses based on the department's findings, implements responses, and later follows up on the results. If the reporter desires feedback, the contact point that initially received the report contacts him/her with the results as well as the responses taken.

We post and display guides for accessing the hotlines on the company intranet and the top page of online internal newsletters to make these hotlines easier to use.

In addition, we also hold yearly meetings between the corporate ethics officers of domestic Group companies and JSR's Corporate Ethics Committee for the purpose of ensuring all Group companies in Japan are on the same page and tackling ethics-related issues.

### JSR Group Business Partner Hotline

In Japan, the revised Whistleblower Protection Act came into effect in June 2022. In light of this, we have expanded the supplier hotline for purchasing partners to make reports to the JSR Group Business Partner Hotline for whistleblowing use by a wider scope of business partners of the Group, not limited to purchasing partners.

The JSR Group Business Partner Hotline receives reports from business partners to quickly discover and resolve violations of the law as well as actual and possible violations of corporate ethics in business transactions. Hotline services are entrusted to the same outside organization employed for the employees' hotline. Efforts are being made toward improving reliability by thoroughly enforcing strict secrecy of reports and prohibiting handling of



reports that would be disadvantageous to those reporting.

In FY2023, there were zero reports made to the JSR Group Business Partner Hotline.

## Legal Compliance Measures

Every JSR Group member defines legal compliance regulations that form the basis of its legal compliance. Each company then uses the regulations to solidify its compliance through regular review and improvement as well as legal training to increase awareness of laws and regulations and instill commitment to compliance. JSR Group establishes specific systems and executes other priority approaches to ensure compliance with laws and regulations that are particularly relevant to the execution of business.

## Approach to Preventing Bribery and Unfair Competition

JSR Group has formulated the “Policy for Bribery Prevention,” “Rules on Complying with Anti-Corruption Laws,” and “Standards for Gift-Giving and Entertaining” to specify necessary items for all executives and employees to comply with the Unfair Competition Prevention Act in Japan, the Foreign Corrupt Practices Act in the U.S., the Bribery Act in the U.K., and other anti-corruption laws when performing their tasks.

In addition, JSR has also formulated the “Rules on Antimonopoly Law” (Japan), “Rules on Complying with U.S. Antitrust Laws,” “Rules on Complying with the EU’s Antitrust Laws,” and “Rules on Complying with Korean Fair Trade Laws” to specify items necessary for complying with each country’s antimonopoly (antitrust) laws.

## Protection of Personal Information

JSR Group recognizes the importance of protecting personal information under the circumstances of highly advanced information and communication technologies. We have therefore formulated a Privacy Policy and Rules for Handling Personal Information that sets out our approach to the acquisition, use, and management of personal information based on the Act on the Protection of Personal Information in Japan. At the same time, we have established Rules for Handling Specific Personal Information in response to the introduction of Japan’s Individual Number system.

Within these rules, in accordance with relevant laws and our privacy policy, we ensure appropriate handling of specific personal information by defining precautions and security standards necessary to ensure the proper use and protection of this information at each of the stages of acquisition, storage, use, provision, disclosure, correction, suspension of use, and deletion.

Furthermore, for Group companies that handle personal data covered by the EU’s General Data Protection Regulation (GDPR), we are providing support for the development and operation of a GDPR compliance system to be applied to the acquisition, processing, and transfer of covered personal data.

## Initiatives for Bioethics

JSR Group conducts life science and medical research on human subjects mainly as it relates to the Life Sciences Business. This research fully complies with the laws and regulations of each country where it takes place. JSR and Medical & Biological Laboratories Co., Ltd. (MBL) are both

subject to the Ethical Guidelines for Medical and Biological Research Involving Human Subjects, co-developed by the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare, and the Ministry of Economy, Trade and Industry. Both companies have established internal rules required under these guidelines along with an Ethics Review Committee comprised of internal and external members in order to screen research from ethical and social perspectives. Applicable research is carried out following the research plan deliberated on and approved by this committee. Furthermore, we provide training on bioethics to employees involved in this research to ensure they follow proper research practices.

JSR Group conducts appropriate animal testing compliant with the laws and regulations of each country as part of the process to support the development of pharmaceuticals. Each JSR Group company has established internal rules compliant with these laws and regulations and set up an Animal Testing Committee. These committees administer animal testing appropriately based on rigorous screening from the perspectives of science, animal ethics, and animal welfare, including the 3Rs of Replacement, Reduction, and Refinement. Moreover, Group company Crown Bioscience International has obtained certification for its sites in the United States and China from AAALAC International, a third-party assessment institution that promotes the humane treatment of animals in science.

## Risk Management

### Philosophy

JSR Group believes that preventing major crises from occurring and minimizing their impacts on business activities is a key part of management. In response to these issues, the Group has formulated JSR Group Risk Management Policies and established a Risk Management Committee through which it actively pursues risk management activities.

### Risk Management System

JSR Group has established a Risk Management Committee under the Sustainability Promotion Committee. We have put into place a system whereby the Risk Management Committee comprehensively manages important risks that have materialized or could potentially materialize within the Group.

The Risk Management Committee advances the Group's risk management by taking the lead in identifying important risks and supporting the formulation of policies for responding to such risks and the planning and execution of risk management plans by related departments in charge.

For important risks that were identified, the progress of countermeasures is reported to the Sustainability Promotion Committee and the Board of Directors.

The risk management system forms part of the Group's internal control system. The status of the internal control system's execution is reported regularly to the Board of Directors. JSR's Corporate Audit Department continuously

verifies and evaluates the preservation and operation of internal control for the entire JSR Group as required by the Companies Act and Financial Instruments and Exchange Act. It also ensures that risk in existing business does not exceed permissible levels. Furthermore, the department additionally strives to maintain and strengthen internal control levels for the entire Group and conducts internal audits to ensure the appropriate and efficient execution of operations.



For details of our risk management structure, see our **Corporate Governance Report**.

[https://www.jsr.co.jp/jsr\\_e/company/assets/pdf/20230704\\_CG\\_En.pdf](https://www.jsr.co.jp/jsr_e/company/assets/pdf/20230704_CG_En.pdf)

### Identifying Risks and Selecting Important Risks

At JSR Group, each division of JSR Group companies in and outside of Japan identifies risks on a regular basis under the initiative of the Risk Management Committee. In addition, we strive for comprehensive risk management, including significant latent risks, by coordinating the operational risks identified from the bottom up by all departments with risks related to management strategy and the foundation of business continuity identified by the management.

Identified risks are categorized by their level of business impact and frequency of occurrence using a risk map. Moreover, we identify risks that could have a significant impact on business continuity and organize them into JSR Group Risk Factors. In addition, we have designated a responsible department to take the lead in planning and implementing countermeasures for risk factors, while the Risk Management Committee conducts risk management by checking the progress of the measures as appropriate.



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/governance/riskmanagement.shtml](https://www.jsr.co.jp/jsr_e/sustainability/governance/riskmanagement.shtml)

### Information Security Measures

JSR Group endeavors to manage information in an appropriate and secure manner by establishing Information Security Policy and by thoroughly disseminating the policy to its employees. As the department in charge, the Cybersecurity Management Office is working alongside outside experts on Groupwide information security management, employee training and education, and strengthening our response capabilities to cyberattacks or other incidents.

In FY2014, we published the Information Security Handbook so as to further increase employee sensitivity toward information leakage risks and to ensure their actions are in compliance with company rules at all times. We make employees aware of this handbook through our company intranet, e-learning, and workplace discussions.

In FY2023, we conducted a cyberattack response drill assuming a ransomware attack scenario on JSR and overseas Group companies targeting members of the HQ's emergency response team, including the CEO and President.

### Crisis Management

JSR Group has established the JSR Group Risk Management Regulations that define the overarching organization and operational structure of BCM/BCP for both normal times and emergencies, and the protocol for activating and canceling the BCP. Additionally, we have established manuals for each business regarding the resumption of business activities after a crisis subsides.

## Communication with Stakeholders

### Examples of Communication with Stakeholders

Stakeholder	JSR Group's Responsibility	Main Methods / Opportunities for Dialogue
Customers / Business Partners	<ul style="list-style-type: none"> <li>Never cease to challenge changes and evolve, to support the diverse material needs of the ever-changing times.</li> <li>Aim for sustainable improvement of customer satisfaction.</li> <li>Approach all business partners with sincerity, and always continue maintaining fair and equitable business relations.</li> <li>Continue considering the environment and society in supply chains.</li> </ul>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>Providing information through SDS (safety data sheet), website, etc.</li> <li>Quality Assurance Support</li> <li>Implementation of customer satisfaction surveys</li> <li>Support of CSR surveys from customers</li> <li>Received the 19th JPCA Award from the Japan Electronics Packaging and Circuits Association (JPCA)</li> </ul> <p><b>Business Partners</b></p> <ul style="list-style-type: none"> <li>Communication through purchasing activities such as Partner Awards</li> <li>Support of CSR surveys from business partners</li> <li>Provision of the results of the CSR procurement survey as feedback</li> <li>Establishment of supplier hotline</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Evaluate each employee based on fair standards.</li> <li>Provide opportunities for employees to constantly challenge themselves.</li> <li>Continue providing opportunities for employees to mutually recognize each others' personalities and diversity, and to flourish together.</li> </ul>	<ul style="list-style-type: none"> <li>Labor-Management council</li> <li>Work interviews/Self-declaration</li> <li>Commendation system</li> <li>Employee awareness survey and employee engagement survey</li> <li>Various training programs (stratified education, technical training, etc.)</li> <li>Activities to promote sustainability and DE&amp;I</li> </ul>
Local / Society	<ul style="list-style-type: none"> <li>As a responsible member of local society, continue carrying out business activities that take the environment and safety into consideration (Responsible Care).</li> <li>Continue providing environment-conscious products that support the needs for global environmental conservation, including reduction of local environmental burdens.</li> <li>Make efforts to reduce environmental burdens that are generated from the product lifecycle as a whole, and continue making considerations to the environment and safety.</li> <li>Continue actively contributing to the preservation of biodiversity through business activities.</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement sessions and plant tours</li> <li>Volunteer activities in the community</li> <li>Increased ratio of eco-friendly products</li> <li>Promotion of environmental conservation activities</li> <li>Utilization of green spaces at our plants/research centers</li> </ul>
Shareholders / Investors	<ul style="list-style-type: none"> <li>Create business opportunities through materials and aim to expand corporate value.</li> <li>Constantly improve management efficiency.</li> <li>Become a company that is trusted by shareholders, through highly-transparent and robust corporate management.</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Management Policy Briefing, financial results briefing, individual meetings with investors and analysts</li> <li>Publication of JSR Report (Integrated Report)</li> <li>Provision of information through websites (IR section and sustainability section of corporate website)</li> </ul>



Please refer to the JSR Sustainability Site for more details.

[https://www.jsr.co.jp/jsr\\_e/sustainability/stakeholder/index.shtml](https://www.jsr.co.jp/jsr_e/sustainability/stakeholder/index.shtml)

### External Recognitions and Certifications (As of July 1, 2024)

Ecovadis	<p>JSR Group was awarded the Bronze Medal from Ecovadis, which provides environmental and social evaluation services in the supply chain.</p> 
Certified Health & Productivity Management Outstanding Organization	<p>JSR Group companies have been certified as Health &amp; Productivity Management Outstanding Organizations by the Ministry of Economy, Trade and Industry.</p> <p><b>Health &amp; Productivity Management Outstanding Organization 2024 (Large Enterprise Category)</b></p> <ul style="list-style-type: none"> <li>JSR Corporation</li> </ul> 
	<p><b>Health &amp; Productivity Management Outstanding Organization 2024 (SME Category)</b></p> <ul style="list-style-type: none"> <li>MEDICAL &amp; BIOLOGICAL LABORATORIES CO., LTD.</li> <li>JSR Health Insurance Association</li> <li>JSR Micro Kyushu Co., Ltd.</li> <li>JSR Logistics &amp; Customer Center Co., Ltd.</li> <li>JAPAN COLORING CO., LTD.</li> </ul> 
Green Business Certification	<p>JSR Micro, Inc. in the United States has been certified as a Green Business by the City of Sunnyvale. This certification demonstrates our commitment to environmental sustainability and responsible business practices.</p>

# Data Section



## Ten-Year Summary

Millions of yen				Millions of yen										Thousands of U.S. dollars
JGAAP For the year:	FY2014	FY2015	FY2016	IFRS For the year:	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023	
Net sales	¥ 404,073	¥ 386,709	¥ 390,599	Revenue	¥ 388,455	¥ 421,930	¥ 495,354	¥ 471,967	¥ 312,000	¥ 340,997	¥ 408,880	¥ 404,631	\$ 2,672,419	
Costs and expenses	(366,005)	(352,301)	(358,228)	Costs, other income and expenses	(352,512)	(378,360)	(450,093)	(439,083)	(277,767)	(297,237)	(379,510)	(400,982)	(2,648,321)	
Operating profit	38,068	34,408	32,370	Operating profit	35,943	43,569	45,261	32,884	34,233	43,760	29,370	3,649	24,098	
Interest and dividends income	1,390	1,380	1,369	Finance income	3,045	3,659	2,499	1,929	822	3,415	3,523	2,579	17,031	
Interest expenses	(345)	(527)	(699)	Finance costs	(694)	(1,022)	(1,352)	(2,184)	(1,744)	(1,655)	(3,047)	(6,352)	(41,950)	
Profit before income taxes	41,069	27,367	38,327	Profit (loss) before tax	38,294	46,206	46,408	32,629	33,310	45,521	29,846	(124)	(821)	
Profit attributable to owners of parent	29,919	24,069	30,078	Profit (loss) attributable to owners of parent	30,243	33,230	31,116	22,604	(55,155)	37,303	15,784	(5,551)	(36,663)	
Capital expenditures	35,157	24,276	31,785	Capital expenditures	31,377	42,408	35,981	45,880	40,188	41,851	44,218	31,595	208,672	
Depreciation	17,407	18,508	14,676	Depreciation	14,793	16,973	21,790	26,343	19,074	22,482	28,425	33,514	221,346	
Year-end financial position				Year-end financial position										
Total assets	534,592	516,360	576,016	Total assets	578,484	647,699	691,435	677,713	672,773	809,371	717,511	771,355	5,094,478	
Long-term loans payable	20,387	22,249	38,381	Bonds and Borrowings (non-current liabilities)	38,381	53,456	50,777	52,684	81,406	48,737	95,683	81,465	538,040	
Total liabilities	169,918	154,006	199,302	Total liabilities	202,120	236,084	251,075	240,301	302,036	394,631	336,576	368,911	2,436,505	
Equity	358,303	353,145	361,394	Total equity attributable to owners of parent	361,889	393,499	401,998	396,793	333,995	376,011	355,526	375,794	2,481,962	
Current ratio (times)	2.5	2.7	2.5	Current ratio (times)	2.5	2.3	1.97	2.05	1.95	1.52	1.65	1.44	1.44	
Return on assets (%)	5.8	4.6	5.5	Return on assets (%)	5.5	5.4	4.7	3.3	(8.2)	2.1	3.9	(0.0)	(0.0)	
Return on equity (%)	8.7	6.8	8.4	Return on equity (%)	8.5	8.8	7.8	5.7	(15.1)	10.5	4.3	(1.5)	(1.5)	
Equity ratio (%)	67.0	68.4	62.7	Equity ratio (%)	62.6	60.8	58.1	58.5	49.6	46.5	49.5	48.7	48.7	
Per share of common stock (Yen)				Per share of common stock (Yen and U.S. Dollars)										
Profit attributable to owners of parent	¥ 128.19	¥ 105.87	¥ 134.43	Profit (loss) attributable to owners of parent	¥ 135.17	¥ 149.32	¥ 140.62	¥ 104.38	¥ (256.73)	¥ 173.49	¥ 75.56	¥ (26.74)	\$ (0.18)	
Cash dividends	40.00	50.00	50.00	Cash dividends	50.00	50.00	60.00	60.00	60.00	70.00	70.00	0.00	0.00	
Equity	1,557.08	1,565.45	1,624.14	Equity attributable to owners of parent	1,626.36	1,767.81	1,823.69	1,848.01	1,554.17	1,748.25	1,712.67	1,809.87	11.95	

(Notes) 1. Amounts in U.S. dollars are translated from yen, provided for convenience only, at the exchange rate of 1.00 U.S. dollar = 151.41 Japanese yen; the prevailing rate on March 31, 2024. 2. The Group has adopted International Financial Reporting Standards (IFRS) as from the fiscal year ended March 2018. 3. ROA = Under Japanese GAAP, return on total assets. Under IFRS, return on equity attributable to owners of parent. 4. ROE = Under Japanese GAAP, return on equity. Under IFRS, return on equity attributable to owners of parent. 5. The Elastomers Business has been categorized as a discontinued business from FY2021. Certain data for FY2020 is presented after reclassification.



## Main Group Enterprises (As of August 1, 2024)

### Head Office

JSR Corporation  
Shiodome Sumitomo Bldg. 1-9-2,  
Higashi-Shimbashi, Minato-ku, Tokyo  
105-8640 Japan

### Plants/Business Sites/Laboratories

Yokkaichi Plant  
Fine Electronic Materials Development  
Center  
Display Solution Development Center  
Edge Device Materials Lab.  
100, Kawajiricho, Yokkaichi-shi, Mie  
510-8552 Japan

Tsukuba Site/Tsukuba Research  
Laboratories  
25, Miyukigaoka, Tsukuba-shi, Ibaraki  
305-0841 Japan

JSR-Keio University Medical and Chemical  
Innovation Center  
35, Shinanomachi, Shinjuku-ku, Tokyo  
160-8582 Japan

JSR Bioscience and informatics R&D center  
3-103-9, Tonomachi, Kawasaki-ku,  
Kawasaki-shi, Kanagawa 210-0821 Japan

### JAPAN

#### Digital Solutions Business

Emulsion Technology Co., Ltd.  
Compounding and sales of crude latex

#### D-MEC Ltd.

3D model generation, analysis by CAE and  
sales of solid modeling system and optically  
hardened resins

#### JSR Micro Kyushu Co., Ltd.

Production of semiconductor materials and  
display materials

#### YAMANAKA HUTECH CORPORATION

Production and sale of high-purity chemicals  
for semiconductors and optical fiber

#### JSR ARTON Manufacturing Co., Ltd.

Production of ARTON products

### Life Sciences Business

#### MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.

R&D, manufacture and sales of diagnostic  
and research reagents and companion  
diagnostics development service

#### JSR Life Sciences Corporation

Manufacture of life sciences-related materials

### Plastics Business

#### Techno-UMG Co., Ltd.

Production, sales and R&D of ABS resin

#### JAPAN COLORING CO., LTD.

Coloring and sales of synthetic resins

### Other Businesses

#### JEY-TRANS CO., LTD.

Freight forwarding, warehousing, delivery  
management

#### JN System Partners Co., Ltd.

Computer system design, programming,  
operation and maintenance

#### JSR Business Services Co., Ltd.

Human resources, payroll calculation, welfare,  
general affairs

#### JSR Logistics & Customer Center Co., Ltd.

Customer service agent and logistics  
management

#### JSR Active Innovation Fund, LLC

Investment for start-ups and support for  
developing investees' businesses

### Overseas

#### Digital Solutions Business

##### Inpria Corporation

Development and production of EUV metal  
resist

#### JSR Electronic Materials Korea Co., Ltd.

Sales agency of products such as  
semiconductor materials

#### JSR Electronic Materials (Shanghai) Co., Ltd.

Sale, research and development of electronic  
materials

#### JSR Electronic Materials Singapore Pte. Ltd.

Sales agency of semiconductor materials

#### JSR Electronic Materials Taiwan Co., Ltd.

Sales activities for electronic materials,  
research and development

#### JSR Micro (Changshu) Co., Ltd.

Production of display materials

#### JSR Micro, Inc.

Production and sales of semiconductor  
materials

#### JSR Micro Korea Co., Ltd.

Design, development, production and sales of  
display materials

#### JSR Micro N.V.

Production and sales of semiconductor  
materials and life sciences-related materials

#### JSR Micro Taiwan Co., Ltd.

Sales of display materials

#### JSR (Shanghai) Co., Ltd.

Sales agency of products such as LCD  
materials and performance chemicals

### Life Sciences Business

#### Crown Bioscience International

Efficacy testing services for candidates of  
drugs against oncology, inflammation,  
cardiovascular and metabolic disease and  
development of antibodies for those diseases

#### JSR Life Sciences, LLC

JSR Life Sciences global business  
headquarters and distribution of life sciences  
products in the North America region

#### KBI Biopharma, Inc.

Analysis of biopharmaceutical development,  
process development and contract  
manufacturing

### Other Businesses

#### JSR North America Holdings, Inc.

Management and oversight of JSR's North  
America operations and management of the  
Life Sciences Business

## Management's Discussion and Analysis

### Analysis of Operating Results

#### Overview of Operating Results for FY2023

During the fiscal year under review (April 1, 2023 to March 31, 2024), uncertainty over the future of the global economy continues due to soaring resource prices caused by Russia's invasion of Ukraine, economic slowdown in China, and tightening interest rate policies to control inflation. 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 are expected to increase in the medium-to-long term due to the increased demand of fifth-generation mobile communications systems (5G), PCs, and data centers, while growth in the semiconductor market is currently slowing due to factors such as excess inventory and delay in recovery in the memory market. The flat panel display market has gradually recovered after bottoming out in the 2022 of the fiscal year as inventory levels adjusted.

Although the biopharmaceutical market remained strong, it was affected by rising interest rates in the United States and other factors. Global automobile demand is on a recovery trend as the semiconductor shortage is coming to an end.

Under these circumstances, JSR Group has strengthened its business and management structure to become a sustainable and resilient company in accordance with its management policy for the fiscal year ending March 2025, and JSR has also been actively conducting R&D and investments to promote 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, we expanded sales of products that correspond to the most advanced technologies in the Semiconductor Materials Business, strengthened our bases in Asia, and made investments in EUV photoresists such as chemically amplified resist and metal oxide resist. In addition, we began collaborating with promising venture companies and industry-academia opportunities in anticipation of future innovation and business expansion, including new materials and processes. The Company will further clarify the selection and concentration of its businesses and build a stronger foundation, as well as review its cost structure and pursue efficiency improvements.

In the Life Sciences, the Group undertook structural reforms and increased production capacity of the CDMO business (Contract Development and Manufacturing of Biologics) in Europe and the United States at KBI Biopharma, a JSR Life Sciences Group company. Life Sciences Business mainly recorded losses this time, including the implementation of large-scale repairs at some plants, allowance for accumulated inventories and write-downs, and allowance for doubtful accounts, among others.

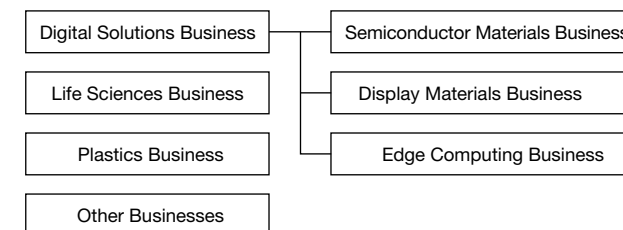
In addition, KBI and Selexis have integrated operations, and MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (MBL) has established a research and development center for cell therapy technology in China. Measures for future business expansion are being steadily implemented.

As a result, the Group reported revenue of 404,631 million yen (down 1% year-on-year), core operating profit of 8,345 million yen (down 75.5% year-on-year), operating profit of 3,649 million yen (down 87.6% year-on-year), and loss attributable to owners of parent of 5,551 million yen.

### 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.

#### Positioning of Reportable Segments



### Digital Solutions Business Segment

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

In the Semiconductor Materials Business, sales were strong, particularly for cutting-edge photoresists, fueled by the impact of the weak yen and the launch of advanced devices by major customers. However, the semiconductor cycle impacted on factors such as excess inventories and delayed recovery of memory market conditions. As a result, revenue and core

operating profit decreased year on year.

In the Display Materials Business, sales in the Chinese market increased due to an improve utilization rate by panel manufacturers, 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 increased from the previous year.

In the Edge Computing Business, revenue and profits decreased 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 20,272 million yen (down 27.1% year-on-year) on revenue of 168,115 million yen (down 1.4% year-on-year).

### Life Sciences Business Segment

In the Life Sciences Business, despite the strong sales of COVID-19 antigen test kits at MBL, core operating income was lower than the same period last year, mainly due to special factors in the CDMO business, such as an increase in large-scale plant repair costs, allowance for accumulated inventories and a slowdown in the biotech market and the CRO business. Revenues, on the other hand, were higher than in the same period of the previous year due to the successful launch of a new plant in the CDMO business.

As a result, the Life Sciences Business segment posted a core operating loss of 7,739 million yen, on revenue of 129,693 million yen (up 2.5% year-on-year).

### Plastics Business Segment

In the Plastics Business, sales volume was lower than in the previous fiscal year due to weak sales in the consumer electronics markets. However, core operating income remained at the same level as in the previous fiscal year due to improvements in unit sales prices.

As a result, the Plastics Business segment posted a core operating profit of 1,460 million yen (down 21.2% year-on-year) on revenue of 92,832 million yen (down 3.1% year-on-year).

### Business Outlook

Uncertainties are anticipated to continue in the fiscal year ending March 2025 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.

The semiconductor market, which is JSR's primary customer market, is expected to recover through digital infrastructure demand. In addition, there is no change in the solid demand outlook for the life sciences from a medium- to long-term perspective. The Company expects global automobile production, which is a key customer market for the Plastics Business, to remain at the same level as the previous year.

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 photoresists 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 photoresists, 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 and 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 Business 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 Plastics 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.

Going forward, JSR Group's strength will continue to lie in technology, and the value of the JSR Group's will remain to create new businesses with technology, to solve problems for customers, and to enrich society. Based on our corporate mission, we will build good relationships with stakeholders, garner trust, and become a global company that is essential to the world economy. Based on our corporate philosophy, we will

promote our business activities with sustainability and resilience at the core of our medium-term management policy in an uncertain and rapidly changing business environment and strive to achieve medium- to long-term growth and increase corporate value.

## Analysis of Financial Position

### Overview of Financial Position for FY2023

Total assets increased by 53,844 million yen to 771,355 million yen, mainly due to an increase in cash and cash equivalents.

Total liabilities increased by 32,336 million yen to 368,911 million yen, mainly due to an increase in bonds and borrowings.

Total equity increased by 21.59 billion yen to 402,444 million yen, mainly due to other components of equity.

### Overview of Cash Flows for FY ended March 2023

Cash and cash equivalents ("funds") as of March 31, 2024, stood at 100,645 million yen, increase 28.07 billion yen from a year earlier.

Net cash provided by operating activities amounted to 59,998 million yen (29,270 million yen in the previous year.) The main items included depreciation and amortization of 33,514 million yen and decrease (increase) in inventories of 20,994 million yen.

Net cash used in investing activities totaled 40,181 million yen (4,047 million yen in the previous year.) The major items were 41,043 million yen for purchase of property, plant, and equipment.

Net cash provided by financing activities totaled

3,428 million yen (15,203 million yen in the previous year.) The major items were 19,990 million yen for net increase (decrease) in commercial papers, 7,271 million yen for dividends paid and 6,334 million yen for repayment of long-term borrowings.

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.

## Financing and Capital Liquidity

The Group's need for capital includes working capital such as raw material costs; overhead costs; selling, general and administrative expenses; capital investment, business investment including M&As; and repayment of interest-bearing debt related to manufacturing and sales. The Group meets such needs for capital mainly from operating cash flows and by borrowing from financial institutions, and the issuance of short-term bonds and other bonds.

The Group formulates a financial plan based on the annual business plan, and manages liquidity risks by ensuring an appropriate balance between direct and indirect financing and between short-term and long-term financing to prepare for these risks, while considering business expansion and enhancement of the financial position.

We are also introducing a cash management system for the purpose of efficient use of capital and are seeking to centralize capital procurement and management within the Group.

### Basic Approach to the Selection of Accounting Standards

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

Significant accounting policies, accounting estimates, and assumptions used in making such estimates adopted in the JSR Group's consolidated financial statements are described in "5. Accounting Conditions, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements Notes to Consolidated Financial Statements, 4. Significant Accounting Policies, 5. Judgments Involving Significant Accounting Estimates and Estimates."

### Basic Policy on Profit Allocation and Dividends for FY ended March 31, 2024 and Next FY

Our previous policy was to maintain a total return ratio, including stock buybacks, of about 50%. However, at a Board of Directors meeting on June 26, 2023, we resolved to express support for the takeover bid by JICC-02, Ltd. and recommended the tendering of JSR's shares (starting March 19, 2024). In line with the schedule of the tender offer by JICC-02, Ltd. for JSR's common shares, stock options, and ADRs, we resolved to revise the dividend forecast for the fiscal year ending March 31, 2024 that was announced on April 27, 2023, and not pay dividends of surplus with a record date of September 30, 2023 (end of second quarter) and

dividends of surplus with a record date of March 31, 2024 (end of fiscal year).

### JSR Group Business and Other Risks

JSR Group is exposed to the following risks that may impact on operating results, financial position, cash flows, and other aspects of its business performance.

Forward-looking statements are based on the Group's judgments as of March 31, 2024, and the Group's business and other risks are not limited to the following matters.

#### Geopolitical Risks

Damage to manufacturing facilities, prolonged suspension of production activities, logistical impediments, or raw material procurement impediments, and harm to our employees' lives or property due to the recent increase in geopolitical risks (confrontation between the United States and China, war, terrorism, or international trade restrictions (on raw materials, products, or information)) could adversely affect JSR Group's operating results.

#### Natural Disasters and Accidents

Constraints on economic activity caused by a major natural disaster or an accident at a manufacturing facility that damages a manufacturing facility or disrupts production could adversely affect JSR Group's operating results.

#### Product Liability and Defect Warranty Liability

Bodily injury or property damage to others caused by a

product manufactured by the JSR Group, or conducts a recall due to poor quality, could adversely affect JSR Group's operating results.

#### Significant Violations of Law

In the event of a failure to comply with various laws and regulations involving business and investment permits, import and export activities, trade, labor relations, intellectual property, taxes, foreign exchange, and other matters in the countries where the JSR Group operates, or if a law or regulation becomes stricter or is significantly altered, it could lead to limitations to the Group's business activities or additional compliance costs. Any of these events could adversely affect the JSR Group's operating results.

#### Human Rights Issues

If any human rights issues arise due to harassment, discrimination, or harsh labor practices against employees, this could lead to a loss of public trust, which could impede the JSR Group's business activities, among other things.

#### Information Systems and Information Management

Unauthorized access due to cyber attacks, malicious or grossly negligent actions by employees or others, power outages, disasters, or other events, may result in the falsification or destruction of data, leakage of personal information, failure of information systems, which could, in turn, impede the JSR Group's business activities.



**Fluctuations in Material and Resource Prices**

Fluctuations due to geopolitical risks, inflation, supply and demand balance, and other actors may cause fluctuations in raw material and resource procurement prices and could adversely affect the JSR Group's operating results.

**Intellectual Property Disputes**

Disputes over intellectual property with other companies, infringements on JSR's intellectual property, or lawsuits against us by other companies could occur.

**Fluctuations in Demand Due to Economic Trends**

As a result of the impact of economic conditions in various countries or regions, demand in the main industries in which JSR Group's products are sold, such as in automobiles and electronics markets, may decline and could adversely affect JSR Group's operating results.

**Pandemic Outbreaks**

If an infectious disease pandemic were to break out, economic activities were to be restricted, a temporary closure or reduced operation of offices and factories were to occur, it could adversely affect the JSR Group's business results.

**Changing Technology Trends**

If the development of new products or businesses is delayed in response to changes in technology trends, it could prevent the timely sales of new products and adversely affect JSR Group's operating results.

**Impediments to Procurement of Raw Materials**

A supply stoppage due to an accident at a raw materials manufacturer, quality issues, bankruptcy, labor disputes, human rights issues, wars, terrorism, etc., could impede production activities and adversely affect JSR Group's operating results.

**Logistical Impediments**

If logistics impediments arise due to disasters, accidents, stricter regulations, or trade restrictions, it could adversely affect JSR Group's operating results.

**Human Resource Outflow, Difficulty in Acquisition**

If problems such as production stoppages or a decline in technology due to an outflow of human resources or difficulty in acquiring them arise, it could adversely affect JSR Group's operating results.

**Climate Change Risks**

If policies toward a decarbonized society are strengthened in countries and regions, or if laws and regulations related to carbon emissions are revised or newly enacted at an unexpectedly rapid pace, the Group's sales capacity and reputation may decline due to delays in responding to customers and it could adversely affect JSR Group's operating results.

## Consolidated Financial Statements

### Consolidated Statement of Financial Position

Millions of yen

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	¥ 72,639	¥ 100,645
Trade and other receivables	78,999	87,897
Inventories	118,494	103,910
Other financial assets	2,657	717
Other current assets	26,718	16,749
Total current assets	299,507	309,918
Non-current assets		
Property, plant and equipment	169,617	174,891
Goodwill	135,735	153,107
Other intangible assets	47,664	49,509
Investments accounted for using equity method	2,479	2,756
Retirement benefit asset	5,674	6,374
Other financial assets	33,157	49,777
Other non-current assets	3,438	4,657
Deferred tax assets	20,240	20,366
Total non-current assets	418,003	461,437
Total assets	¥ 717,511	¥ 771,355

Millions of yen

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	¥ 79,872	¥ 79,714
Contract liabilities	22,407	19,319
Bonds and borrowings	62,510	97,605
Income taxes payable	3,046	3,529
Provisions	1,474	1,959
Other financial liabilities	3,243	4,261
Other current liabilities	9,410	9,419
Total current liabilities	181,962	215,805
Non-current liabilities		
Contract liabilities	5,062	2,679
Bonds and borrowings	95,683	81,465
Retirement benefit liability	10,485	10,045
Provisions	7,423	7,359
Other financial liabilities	24,426	37,574
Other non-current liabilities	4,373	2,775
Deferred tax liabilities	7,162	11,210
Total non-current liabilities	154,614	153,106
Total liabilities	336,576	368,911
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	6,637	6,748
Retained earnings	288,919	276,992
Treasury shares	(2,109)	(1,961)
Other components of equity	38,709	70,646
Total equity attributable to owners of parent	355,526	375,794
Non-controlling interests	25,409	26,650
Total equity	380,935	402,444
Total liabilities and equity	¥ 717,511	¥ 771,355

## Consolidated Statement of Profit or Loss

Millions of yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Continuing operations		
Revenue	¥ 408,880	¥ 404,631
Cost of sales	(265,792)	(269,767)
Gross profit	143,088	134,864
Selling, general and administrative expenses	(109,847)	(125,746)
Other operating income	7,071	2,730
Other operating expenses	(11,029)	(8,294)
Share of profit of investments accounted for using equity method	87	94
Operating profit	29,370	3,649
Finance income	3,523	2,579
Finance costs	(3,047)	(6,352)
Profit (loss) before tax	29,846	(124)
Income tax expense	(13,427)	(4,349)
Profit (loss)	16,419	(4,473)
Profit (loss) attributable to:		
Owners of parent	15,784	(5,551)
Non-controlling interests	634	1,078
Total	16,419	(4,473)

yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Earnings (loss) per share		
Basic earnings (loss) per share	¥ 75.56	¥ (26.74)
Diluted earnings (loss) per share	75.47	(26.74)

## Consolidated Statement of Comprehensive Income

Millions of yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	¥ 16,419	¥ (4,473)
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	(118)	10,740
Remeasurements of defined benefit plans	734	1,115
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	5	—
Exchange differences on translation of foreign operations	12,035	21,264
Share of other comprehensive income of investments accounted for using equity method	414	188
Total other comprehensive income, net of tax	13,071	33,306
Total comprehensive income	29,489	28,833
Comprehensive income attributable to:		
Owners of parent	28,479	27,181
Non-controlling interests	1,010	1,652
Total	29,489	28,833

## Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023

Millions of yen

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
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 payment transactions		408		371	(0)	779		779
Dividends			(14,793)			(14,793)	(800)	(15,593)
Purchase and disposal of treasury shares		(549)	(45,913)	16,394		(30,067)		(30,067)
Transfer from other components of equity to retained earnings			477		(477)	—		—
Proceeds from sale of shares of subsidiaries						—	(13,518)	(13,518)
Changes in non-controlling interests		(5,021)			111	(4,911)	(11)	(4,922)
Other			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

Fiscal year ended March 31, 2024

Millions of yen

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2023	¥ 23,370	¥ 6,637	¥ 288,919	¥ (2,109)	¥ 38,709	¥ 355,526	¥ 25,409	¥ 380,935
Profit			(5,551)			(5,551)	1,078	(4,473)
Other comprehensive income					32,733	32,733	574	33,306
Total comprehensive income	—	—	(5,551)	—	32,733	27,181	1,652	28,833
Share-based payment transactions		110			115	225		225
Dividends			(7,266)			(7,266)	(408)	(7,674)
Purchase and disposal of treasury shares		(73)		148		74		74
Transfer from other components of equity to retained earnings			910		(910)	—		—
Other		73	(21)			53	(3)	50
Total transactions with owners, etc.	—	110	(6,376)	148	(795)	(6,914)	(411)	(7,325)
Balance at March 31, 2024	¥ 23,370	¥ 6,748	¥ 276,992	¥ (1,961)	¥ 70,646	¥ 375,794	¥ 26,650	¥ 402,444

## Consolidated Statement of Cash Flows

Millions of yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	¥ 29,846	¥ (124)
Depreciation and amortization	28,425	33,514
Interest and dividend income	(785)	(1,226)
Interest expenses	3,047	6,352
Share of loss (profit) of investments accounted for using equity method	(87)	(94)
Impairment losses	7,801	2,191
Loss (gain) on step acquisition	(3,429)	–
Decrease (increase) in trade and other receivables	2,274	(5,501)
Decrease (increase) in inventories	(4,761)	20,994
Increase (decrease) in trade and other payables	(5,895)	8,117
Other	(563)	(1,934)
Dividends received	474	354
Interest received	349	907
Interest paid	(3,420)	(6,416)
Income taxes refund	–	7,570
Income taxes paid	(24,005)	(4,705)
Net cash provided by (used in) operating activities	29,270	59,998
<b>Cash flows from investing activities</b>		
Net decrease in time deposits	(1,211)	(1,975)
Purchase of property, plant and equipment	(31,202)	(41,043)
Proceeds from sale of property, plant and equipment	2,445	878
Purchase of investments	(1,745)	(1,623)
Proceeds from sale of investments	1,124	357
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(23,116)	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	51,160	–
Payments for loans receivable	(1,792)	(30)
Collection of loans receivable	16	21
Other	274	(714)
Net cash provided by (used in) investing activities	¥ (4,047)	¥ (40,181)

Millions of yen

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	¥ (13,183)	¥ 1,154
Net increase in commercial papers	9,995	19,990
Repayments of long-term borrowings	(9,543)	(6,334)
Proceeds from long-term borrowings	26,768	234
Proceeds from issuance of bonds	24,872	–
Purchase of treasury shares	(30,137)	(6)
Dividends paid	(14,791)	(7,271)
Dividends paid to non-controlling interests	(781)	(410)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,922)	–
Repayments of lease liabilities	(3,744)	(4,112)
Other	262	183
Net cash provided by (used in) financing activities	(15,203)	3,428
Effect of exchange rate changes on cash and cash equivalents	628	4,761
Net increase (decrease) in cash and cash equivalents	10,648	28,007
Cash and cash equivalents at beginning of period	45,567	72,639
Cash and cash equivalents included in assets associated with disposal groups classified as held for sale	16,424	–
Cash and cash equivalents at end of period	¥ 72,639	¥ 100,645