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Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2023 (under IFRS)

February 6, 2023

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 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date to file quarterly securities report: February 13, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Core Operating profit		Operating profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	312,956	22.0	31,511	(25.5)	32,228	(23.5)	19,486	(47.9)
December 31, 2021	256,594	14.7	42,289	45.0	42,101	58.5	37,411	454.3

Fiscal year ended	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2022	19,619	(44.5)	30,870	(32.4)	93.73	93.63
December 31, 2021	35,372	430.0	45,632	497.0	164.52	164.30

Reference: Profit before tax December 31, 2022 33,286 ((22.8%)) December 31, 2021 43,139 (79.7%)

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

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2022	695,714	387,040	362,314	52.1	1,745.54
March 31, 2022	809,371	414,739	376,011	46.5	1,748.25

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	35.00	–	35.00	70.00
Fiscal year ended March 31, 2023	–	35.00	–		
Fiscal year ending March 31, 2023 (Forecast)				35.00	70.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Core Operating profit		Operating profit		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	411,000	20.5	34,000	(21.5)	34,500	(21.2)	24,000	(39.1)	24,000	(35.7)	115.63

Reference: Profit before tax Fiscal year ending March 31, 2023 34,500

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

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

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Excluded: 1 (Company Name: JSR BST Elastomer Co., Ltd.)

(2) Changes in accounting policies and changes in accounting estimates
a. Changes in accounting policies required by IFRS: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2022	208,400,000 shares
As of March 31, 2022	226,126,145 shares

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

As of December 31, 2022	834,738 shares
As of March 31, 2022	11,047,900 shares

c. Average number of shares during the period

For the nine months ended December 31, 2022	209,304,298 shares
For the nine months ended December 31, 2021	214,997,323 shares

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors.

How to obtain supplementary material on financial results

The material on financial results is available on the Company's website on Monday, February 6, 2023.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Nine Months of FY ending March 2023 (April 1, 2022 to December 31, 2022)

Among the JSR Group's main customer industries, the semiconductor market had been firm due to demand in such areas as data centers and automobiles, but demand has trailed off since entering the Third Quarter of FY ending March 2023 as customers made clear moves to adjust production. The flat panel market is showing signs of a gradual recovery after bottoming out in the Second Quarter with inventory level adjustments starting to have an effect, despite continued sluggish conditions in the panel market in a reversal from the stay-at-home demand precipitated by the COVID-19 pandemic. The biomedical drug market continued its high growth trend.

In the Digital Solutions Business, the Group has been expanding sales of products in the Semiconductor Materials Business applicable to cutting-edge technologies, and in the Display Materials Business, it has been pushing to expand sales particularly of competitive products in the China market where continued growth is anticipated.

In the Life Sciences Business, with the U.S. headquarters guiding strategies for the entire business segment, the Group has worked to expand the biomedical drug contract development and manufacturing organization (CDMO) business and the drug contract research organization (CRO) business, which has led to an increase in sales.

In the Plastics Business, the Group has been working to expand sales of strategic products.

In the First Nine Months of FY ending March 2023, the Company reported revenue of 312,956 million yen (up 22.0% year-on-year), core operating profit of 31,511 million yen (down 25.5% year-on-year).

(Unit: Millions of yen)

Segment	First Nine Months of FY ended March 2022 (April 1 to December 31, 2021)		First Nine Months of FY ending March 2023 (April 1 to December 31, 2022)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	123,289	48.0%	135,075	43.2%	11,786	9.6%
Life Sciences	53,320	20.8%	93,047	29.7%	39,728	74.5%
Plastics	70,664	27.6%	72,250	23.1%	1,586	2.2%
Other	9,322	3.6%	12,583	4.0%	3,262	35.0%
Adjustment	(0)	(0.0%)	—	—%	0	—%
Total	256,594	100%	312,956	100.0%	56,362	22.0%
Revenue in Japan	84,987	33.1%	112,701	36.0%	27,714	32.6%
Overseas revenue	171,607	66.9%	200,255	64.0%	28,648	16.7%
Segment	First Nine Months of FY ended March 2022 (April 1 to December 31, 2021)		First Nine Months of FY ending March 2023 (April 1 to December 31, 2022)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	42,289	16.5%	31,511	10.1%	(10,778)	(25.5%)
Profit attributable to owners of parent	35,372	13.8%	19,619	6.3%	(15,753)	(44.5%)

<Digital Solutions Business Segment>

Revenue in the Digital Solutions Business segment rose from the same period of the previous year, driven by sales growth in a robust semiconductor market and by the weaker yen.

Core operating profit fell for a variety of factors, including stagnation in the flat-panel display market, increased advance investments, soaring raw material and transportation costs caused by crude oil price hikes prompted by Russia's military invasion of Ukraine, and diminished revaluation profit as a result of Inpria Corporation becoming a wholly owned subsidiary that was recorded in the same period of the previous year.

Consequently, the Digital Solutions Business segment posted a core operating profit of 26,692 million yen (down 26.5% year-on-year) on revenue of 135,075 million yen (up 9.6% year-on-year) in the first nine months of FY ending March 2023.

<Life Sciences Business Segment>

The Life Sciences Business segment posted higher revenue from the same period of the previous year, supported chiefly by expanded sales in the CDMO business and the CRO business, strong performance in the diagnostic reagents business and yen depreciation.

Core operating profit increased from the same period of the previous year on the back of strong sales of COVID-19 rapid antigen test kits by MEDICAL & BIOLOGICAL LABORATORIES (MBL), despite increased expenses associated with a new plant start-up by KBI Biopharma, Inc., a Group company in the CDMO business.

Consequently, the Life Sciences Business segment posted a core operating profit of 6,689 million yen (up 74.2% year-on-year) on revenue of 93,047 million yen (up 74.5% year-on-year) in the first nine months of FY ending March 2023.

<Plastics Business Segment>

The Plastics Business segment saw a slight rise in revenue from the same period of the previous year due to the recovery trend in the automobile market, the segment's key customer market, and contributions from sales price revisions.

Core operating profit decreased from the same period of the previous year due to declines in sales volume and worsening buy-sell spreads caused by rising raw material prices.

Consequently, the Plastic Business segment posted a core operating profit of 1,281 million yen (down 74.6% year-on-year), on revenue of 72,250 million yen (Up 2.2% year-on-year) in the first nine months of FY ending March 2023.

(2) Explanation of Future Forecast Information, such as Forecast of Consolidated Business Results

There are changes in the forecast of consolidated business results for the full term of FY ending March 2023, as announced in the "Consolidated Financial Results for the First three Months of the Fiscal Year Ending March 31, 2023" on August 1 2022.

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

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	45,567	70,493
Trade and other receivables	76,106	97,875
Inventories	104,934	116,959
Other financial assets	1,289	3,807
Other current assets	17,807	24,297
Subtotal	<u>245,704</u>	<u>313,431</u>
Assets related to disposal group classified as held for sale	191,298	—
Total current assets	<u>437,002</u>	<u>313,431</u>
Non-current assets		
Property, plant and equipment	159,539	165,522
Goodwill	117,640	126,991
Other intangible assets	24,571	26,618
Investments accounted for using equity method	2,984	3,564
Retirement benefit asset	5,192	4,451
Other financial assets	31,408	32,046
Other non-current assets	2,830	3,154
Deferred tax assets	28,205	19,936
Total non-current assets	<u>372,369</u>	<u>382,283</u>
Total assets	<u><u>809,371</u></u>	<u><u>695,714</u></u>

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	63,548	79,497
Contract liabilities	12,824	26,306
Bonds and borrowings	69,170	68,409
Income taxes payable	13,479	2,587
Provisions	2,718	731
Other financial liabilities	3,489	3,283
Other current liabilities	7,461	7,318
Subtotal	<u>172,689</u>	<u>188,131</u>
Liabilities related to disposal group classified as held for sale	115,576	—
Total current liabilities	<u>288,265</u>	<u>188,131</u>
Non-current liabilities		
Contract liabilities	11,582	3,366
Bonds and borrowings	48,737	70,687
Retirement benefit liability	10,278	10,659
Provisions	8,033	8,064
Other financial liabilities	17,795	18,183
Other non-current liabilities	4,809	4,154
Deferred tax liabilities	5,133	5,431
Total non-current liabilities	<u>106,366</u>	<u>120,544</u>
Total liabilities	<u>394,631</u>	<u>308,674</u>
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,799	11,630
Retained earnings	333,335	291,801
Treasury shares	(18,874)	(2,162)
Other components of equity	26,381	37,675
Total equity attributable to owners of parent	<u>376,011</u>	<u>362,314</u>
Non-controlling interests	38,728	24,726
Total equity	<u>414,739</u>	<u>387,040</u>
Total liabilities and equity	<u>809,371</u>	<u>695,714</u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Continuing operations		
Revenue	256,594	312,956
Cost of sales	(159,252)	(201,268)
Gross profit	<u>97,342</u>	<u>111,688</u>
Selling, general and administrative expenses	(62,756)	(80,794)
Other operating income	9,733	3,002
Other operating expenses	(2,194)	(1,723)
Share of profit(loss) of investments accounted for using equity method	(25)	55
Operating profit	<u>42,101</u>	<u>32,228</u>
Finance income	2,255	3,522
Finance costs	(1,217)	(2,463)
Profit before tax	<u>43,139</u>	<u>33,286</u>
Income tax expense	(9,414)	(13,800)
Profit from continuing operations	<u>33,725</u>	<u>19,486</u>
Discontinued operations		
Profit from discontinued operations	<u>3,686</u>	<u>—</u>
Profit	<u>37,411</u>	<u>19,486</u>
Profit attributable to		
Owners of parent	35,372	19,619
Non-controlling interests	2,039	(133)
Total	<u>37,411</u>	<u>19,486</u>
Earnings per share		
Basic earnings per share (Yen)	164.52	93.73
Continuing operations	146.80	93.73
Discontinued operations	17.72	—
Diluted earnings per share (Yen)	164.30	93.63
Continuing operations	146.61	93.63
Discontinued operations	17.69	—

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	37,411	19,486
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,480	(224)
Remeasurements of defined benefit liabilities (assets)	211	30
Share of other comprehensive income of investments accounted for using equity method	(2)	—
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	18	5
Exchange differences on translation of foreign operations	5,962	10,992
Share of other comprehensive income of investments accounted for using equity method	553	581
Total other comprehensive income, net of tax	8,221	11,384
Total comprehensive income	45,632	30,870
Comprehensive income attributable to		
Owners of parent	43,805	30,575
Non-controlling interests	1,827	295
Total	45,632	30,870

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2021

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2021	23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736
Profit			35,372			35,372	2,039	37,411
Other comprehensive income					8,433	8,433	(212)	8,221
Total comprehensive income	—	—	35,372	—	8,433	43,805	1,827	45,632
Share-based remuneration transactions		328		248	(196)	380		380
Dividends			(13,975)			(13,975)	(1,127)	(15,102)
Changes in treasury shares		(12)		54		42		42
Transfer from other components of equity to retained earnings			7,637		(7,637)	—		—
Loss of control of subsidiaries		34				34	133	167
Other		(6)				(6)		(6)
Total transactions with owners, etc.	—	343	(6,337)	302	(7,833)	(13,525)	(994)	(14,519)
Balance at December 31, 2021	23,370	11,906	331,950	(18,900)	15,948	364,275	37,574	401,849

Nine months ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2022	23,370	11,799	333,335	(18,874)	26,381	376,011	38,728	414,739
Profit			19,619			19,619	(133)	19,486
Other comprehensive income					10,956	10,956	428	11,384
Total comprehensive income	—	—	19,619	—	10,956	30,575	295	30,870
Share-based payment transactions		379		371	(138)	613		613
Dividends			(14,793)			(14,793)	(779)	(15,572)
Purchase and disposal of treasury shares		(549)	(45,884)	16,341		(30,092)		(30,092)
Transfer from other components of equity to retained earnings			(477)		477	—		—
Proceeds from sale of shares of subsidiaries						—	(13,518)	(13,518)
Total transactions with owners, etc.	—	(170)	(61,153)	16,712	339	(44,272)	(14,297)	(58,569)
Balance at December 31, 2022	23,370	11,630	291,801	(2,162)	37,675	362,314	24,726	387,040

(5) Notes on Condensed Consolidated Financial Statements
 (Cautionary Notes regarding Assumptions of Going Concern)
 Not applicable

(Segment Information)

(1) Outline of Reportable Segments

JSR Group reportable segments are components of the Group for which separate financial information is available. The Board of Directors determines the basis of business segments that are subject to regular reviews for decisions on the allocation of managerial resources and the evaluation of business results.

The Group has established divisions by product at its head office. Each division formulates comprehensive domestic and overseas strategies for its products and conducts business activities according to the strategies. Core Group companies take the initiative in working out comprehensive domestic and overseas strategies and conduct business activities according to the strategies. Thus, the JSR Group's businesses consist of business segments by product based on divisions and core Group companies.

JSR Group has three reportable segments: Digital Solutions Business, which conducts mainly the manufacture and sale of semiconductor materials, display materials, and products related to edge computing; Life Sciences Business, which provides bio-process materials, diagnostic and research reagents and services to support drug development; and Plastics Business, which engages mainly in the manufacture and sale of ABS and other resins for automobiles, office equipment, and amusement applications.

The Digital Solutions Business is a reportable segment comprising multiple segments based on the nature of the products and services, the nature of production processes, and similarity in markets and other economic characteristics.

The accounting methods for reportable segments are the same as the methods adopted for preparation of consolidated financial statements.

Main Products in Each Business Segment

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

(2) Reportable Segment Revenues, Profits and Losses

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

First nine Months of FY ended March 31, 2022 (April 1 to December 31, 2021)

(Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	123,289	53,320	70,664	9,322	256,594	(0)	256,594
Segment profit (loss) (Core operating profit) [Note 3]	36,334	3,840	5,050	816	46,041	(3,751)	42,289

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

Note 2: Segment profit (loss) downward adjustment of (3,751) million yen contains company-wide profits and losses not allocated to the reportable segments.

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

First nine Months of FY ending March 31, 2023 (April 1 to December 31, 2022)

(Millions of yen)

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

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

Note 2: Segment profit (loss) downward adjustment of (3,334) million yen contains company-wide profits and losses not allocated to the reportable segments.

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

Adjustments to reconcile segment profit to quarterly profit before tax are as follows

(Unit: Millions of yen)

	First Nine Months of FY ended March 2022 (April 1 to December 31, 2021)	First Nine Months of FY ending March 2023 (April 1 to December 31, 2022)
Segment profit	42,289	31,511
Partial reduction of impairment	1,175	—
Business structure reform expenses	—	(86)
Loss on valuation of fixed assets	—	(222)
Loss on valuation of capital investments in subsidiaries	(1,411)	—
Gain on sale of shares of subsidiaries	—	1,020
Others	48	5
Operating profit	42,101	32,228
Finance income	2,255	3,522
Finance costs	(1,217)	(2,463)
Profit before tax	43,139	33,286

(Additional Information)

Acquisition of IndivuServ, the service business unit of Indivumed GmbH by Crown Bioscience, Inc., a consolidated subsidiary of JSR Group

At the Board of Directors meeting held on December 23, 2022, JSR resolved to enter into an agreement in which Crown Bioscience, Inc. (a subsidiary of Crown Bioscience International, a consolidated subsidiary of the Group) will acquire the IndivuServ service business unit from Indivumed GmbH (the Seller). Following this decision, Crown Bioscience, Inc. entered into the agreement on December 29, 2022.

The acquisition based on the agreement is expected to close in April 2023.

Crown Bioscience, Inc. and the Seller have agreed that the acquisition price will be based on a business valuation of 180 million euros. The final acquisition price is expected to be determined after adjustments accounting for the working capital, interest-bearing debt, and other assets and liabilities of the business unit at the time of acquisition.

The effects of the acquisition on the Group are currently under review.