



Q2 FY2023 Financial Results

(April 2023 to September 2023)

NOVEMBER 6, 2023

Agenda



1	Overall Summary	<ul style="list-style-type: none">• Key Takeaways• Summary : H1 FY23 Result
2	Results	<ul style="list-style-type: none">• Results – YoY, QoQ
3	Segment Data	<ul style="list-style-type: none">• Digital Solutions Business<ul style="list-style-type: none">• Revenue Growth Rate• Life Sciences Business• Plastics Business
4	Outlook	<ul style="list-style-type: none">• Summary of FY23 Consolidated Earnings Forecast (Revised)• Act vs FY23 Consolidated Earnings Forecast (Revised)• Market Environment Assumption
5	Topics	<ul style="list-style-type: none">• LS (CDMO): Production Schedule of KBI's New Facility
6	Appendix	<ul style="list-style-type: none">• Overall Statement of P/L• Statement of Financial Position• Statement of Cash Flows• Quarterly Trends by Segments

***Note**

DS :Digital Solutions business
SEMI :Semiconductor materials
DISP :Display materials
EC :Edge Computing
LS :Life Sciences business
PLA :Plastic business

1. Key Takeaways

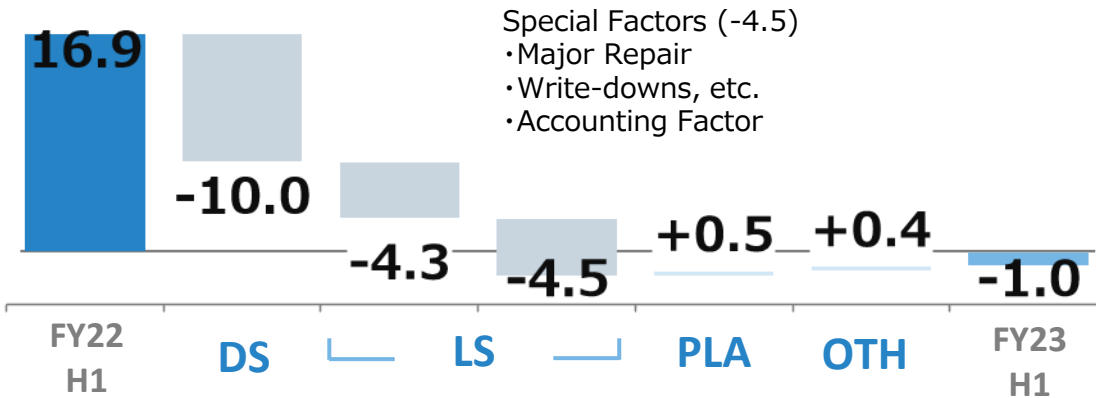
- Significant increase in sales and profits QoQ due to the special factor detachments and demand recovery.
- Downward revision in the forecast, reflecting the near-term uncertainty in semiconductors and biotech sectors.
- Progress towards mid to long-term growth target is on track, despite short-term demand adjustments.

<p>Q2 FY23 Results QoQ Increase in Revenue and Profit</p>	<ul style="list-style-type: none"> • Significant increase in revenue and profit in all segments. Demands remain challenging but show some improvements QoQ. Negative special factors in Q1 have removed in Q2. • Increased in sales and profit in SEMI and DISP for DS. Increased revenue and profit in LS due to the detachment of special factors in Q1 (major repairs and accounting factors).
<p>FY23 Forecast Revised YoY Increase in Revenue and Decrease in Profit</p>	<ul style="list-style-type: none"> • Downward revision of earnings forecast (Core OP: 18 bn yen) reflecting the near-term uncertainty in the industries. <ul style="list-style-type: none"> ✓ Expect demand for SEMI to be almost flat HoH basis, with recovery anticipated in FY24. Our market share continues to expand steadily, primarily in the advanced field of EUV (EUV sales: +15% YoY in H1). For DISP, utilization of panel makers was high in H1, expecting operation adjustments in H2. ✓ Factor the sluggishness of the biotech industry and other one-time factors in LS forecast. The ramp-up of KBI's new CDMO facility is progressing well. The Colorado facility has resumed operations after major repairs. For IVD, test kits are expected to be shipped out in H2. • Measures to maintain profitability and address short term fall in demand are being implemented. Steady progress in laying the foundation for expanding market share and fostering business growth in the mid to long-term.
<p>Strategic Partnership with JICC* Announced on June 26, 2023</p>	<ul style="list-style-type: none"> • The transaction will establish a strategic partnership with JICC, focusing on achieving sustainable growth in corporate value. By going private under this transaction, we will accelerate our strategy, support the promotion of industry restructuring of semiconductor materials, and reinforce our international competitiveness and mid- to long-term growth for all the businesses. • We believe that the transaction is the best strategic option for all stakeholders of JSR. • The regulatory processes in Japan and overseas are progressing. No change from our disclosure. • The relevant documents have been submitted to the respective authorities we have anticipated both domestically and internationally. They are under review. • The launch for the tender offer is expected to be in late December as stated in the disclosure. However, it is difficult to determine an accurate estimation of the procedural timeline. We will announce the exact date in due course.

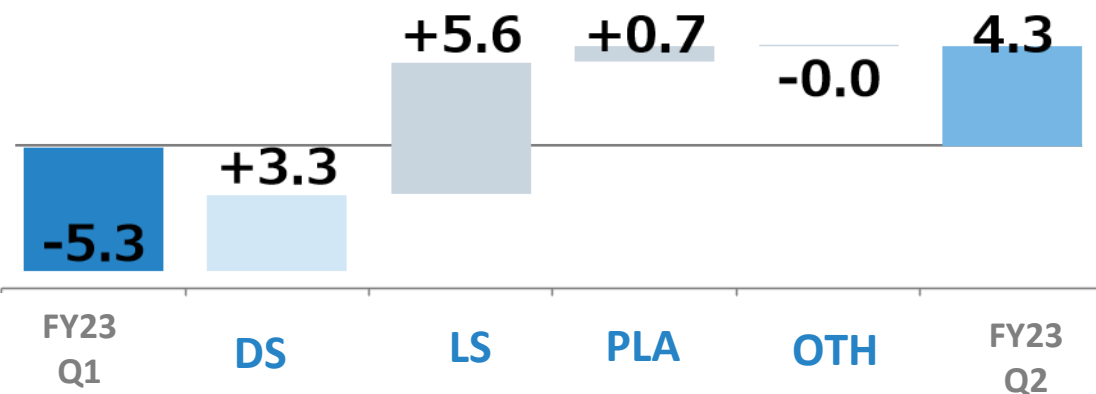
1. Summary : H1 FY23 Result

Core OP YoY (Bn JPY)

H1 FY23 Act: Revenue 180.8bn, Core OP -1bn



Core OP QoQ (Bn JPY)



YoY

Digital Solutions Business

- | | |
|---------|--|
| SEMI | <ul style="list-style-type: none"> Revenue declined due to a sharp fall in demand in the semiconductor market. |
| DISP/EC | <ul style="list-style-type: none"> Demand recovery for DISP continued in Q2, resulting in increased revenue and profit in Q2. EC performance was impacted by a decline in smartphone demand, resulting in revenue decrease from the previous year. |

Life Sciences Business

- Revenue and OP decreased due to scheduled major repairs of CDMO and other factors including write-downs.
- Profitability initiatives are ongoing. Demand for CRO slowed partially in the customers' industries.
- IVD test kit sales were included H1 FY22. (no results in H1 FY23).

Plastics Business

- Demand is trending towards recovery. Price revisions also progressed.

QoQ

Digital Solutions Business

- | | |
|---------|--|
| SEMI | <ul style="list-style-type: none"> The demand environment remains sluggish but bottomed out from Q4 FY22. Market share for EUV's leading-edge Logic and DRAM are progressing well. |
| DISP/EC | <ul style="list-style-type: none"> Revenue increased significantly for DISP due to demand recovery. |

Life Sciences Business

- Revenue increased due to the rebound from special factors (major repairs and accounting factors) and production expansion including the new facility in CDMO.
- For CRO, revenue increased despite the slower demand at customers' industries.

Plastics Business

- Revenue and profit increased due to expansion of trading spreads.

2. Result – YoY, QoQ

YoY

Decrease in revenue and profit in DS, impacted by the semiconductor cycle.
Decrease in revenue and profit in LS , primarily due to one-time factors in Q1 and demand slow down.

QoQ

Significant increase in revenue and profit in all segments. Our main customers' industries remain challenging but show some improvements QoQ. Negative special factors in Q1 have removed in Q2.

(Bn JPY)

		22H1	23H1	YoY	23Q1	23Q2	QoQ
Consolidated	Revenue	197.3	180.8	-8%	85.0	95.7	+13%
	Core Operating Profit	16.9	-1.0	-	-5.3	4.3	-
	Operating Profit	17.7	-2.8	-	-6.1	3.4	-
	Profit, attributable to owners of parent	14.8	-2.1	-	-2.6	0.4	-
Digital Solutions	Revenue	90.6	79.6	-12%	37.7	41.8	+11%
	Semiconductor materials	68.2	55.1	-19%	26.2	28.9	+10%
	Display materials	18.4	21.0	+14%	9.9	11.1	+12%
	Edge computing	4.0	3.4	-13%	1.6	1.8	+14%
	Core Operating Profit	18.5	8.5	-54%	2.6	5.9	+126%
Life Sciences	Revenue	51.5	48.6	-6%	21.2	27.3	+29%
	Core Operating Profit	0.7	-8.1	-	-6.9	-1.3	-
Plastics	Revenue	45.6	45.9	+0%	22.7	23.1	+2%
	Core Operating Profit	-0.1	0.3	-	-0.2	0.5	-
Others/Adjustment	Revenue	9.6	6.8	-29%	3.4	3.4	+1%
	Core Operating Profit	-2.2	-1.8	-	-0.9	-0.9	-
Exchange rate (USD/JPY)		134	141	+5%	137	145	+5%

	YoY	QoQ
Consolidated	Revenue - Core OP -	Revenue + Core OP +
DS	Revenue - Core OP -	Revenue + Core OP +
SEMI	Revenue - Core OP -	Revenue + Core OP +
DISP	Revenue + Core OP +	Revenue + Core OP +
EC	Revenue - Core OP -	Revenue + Core OP +
LS	Revenue - Core OP -	Revenue + Core OP +
PLA	Revenue + Core OP +	Revenue + Core OP +
OTH	Revenue - Core OP +	Revenue/ Core OP Flat

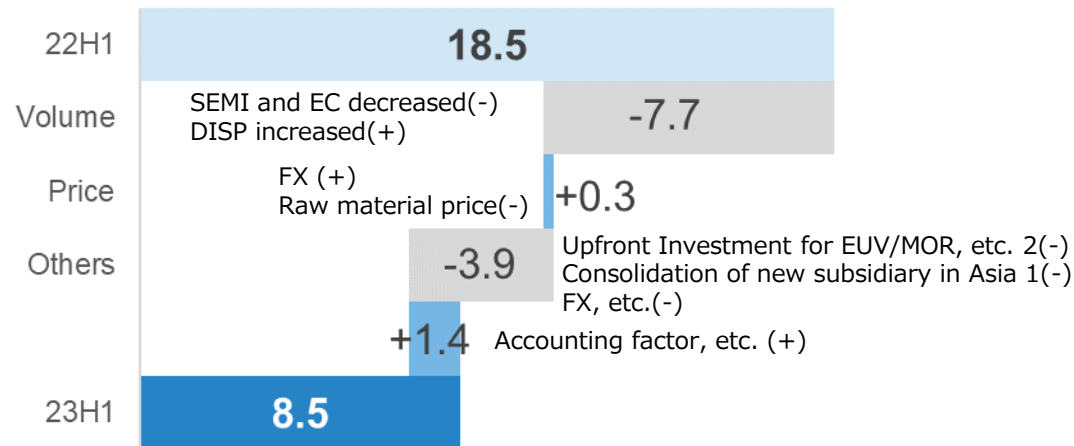
3. Segment Data: Digital Solutions Business

(Bn JPY)

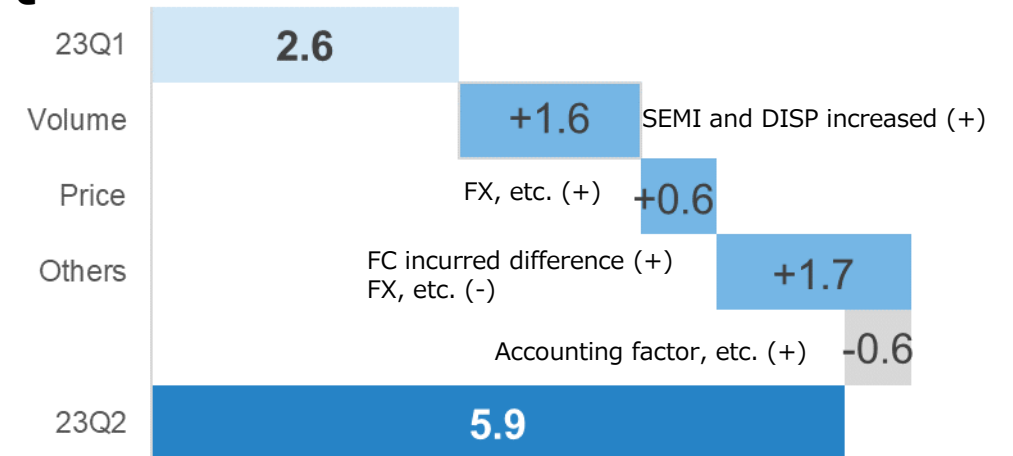
	22H1	23H1	YoY	YoY (CER)*	23Q1	23Q2	QoQ	QoQ (CER)*
Revenue	90.6	79.6	-12%	-14%	37.7	41.8	+11%	+8%
Semiconductor materials	68.2	55.1	-19%	-22%	26.2	28.9	+10%	+7%
Display materials	18.4	21.0	+14%	+14%	9.9	11.1	+12%	+11%
Edge computing	4.0	3.4	-13%	-13%	1.6	1.8	+14%	+14%
Core OP	18.5	8.5	-54%	-58%	2.6	5.9	+126%	+104%
Core OP margin	20.4%	10.7%			7.0%	14.1%		
Exchange rate (USD/JPY)	134	141	+5%	0%	137	145	+5%	0%

Core OP analysis (Bn JPY)

YoY



QoQ



*MOR: Metal Oxide Resist

*Reference data: CER (Constant Exchange Rate. Excluding FX impacts)

3. Digital Solutions Business - Revenue Growth Rate



		YoY ytd	QoQ
Semiconductor materials	EUV	Approx. +15%	Approx. +35%
	ArF	Slightly Under -20%	Flat
	Multilayer	Slightly Under -25%	Approx. +5%
	Other Lithography	Approx. -10%	Flat
	CMP	Slightly Under -15%	Approx. +35%
	Cleaner	Approx. -65%	Flat
	Packaging	Approx. -5%	Slightly over +15%
Display materials	Alignment Films	Approx. +10%	Flat
	Passivation Coat	Approx. +50%	Approx. +30%
	Color Pigmented Resists	Approx. -25%	Approx. +5%
	OLED Materials	Approx. +35%	Approx. +15%
Edge computing	ARTON	Slightly over -10%	Approx. +15%

3. Segment Data : Life Sciences Business

(Bn JPY)

	22H1	23H1	YoY	YoY (CER)*	23Q1	23Q2	QoQ	QoQ (CER)*
Revenue	51.5	48.6	-6%	-10%	21.2	27.3	+29%	+23%
CDMO		28.1			11.8	16.3	+39%	+33%
CRO		11.4			5.4	6.1	+13%	+7%
BPM		0.9			0.3	0.5	+69%	+69%
IVD		7.9			3.6	4.3	+19%	+19%
Others/Adjustments		0.3			0.2	0.1	-25%	-
Core OP	0.7	-8.1	-	-	-6.9	-1.3	-	-
Core OP margin	1.4%	-			-	-		
Exchange rate (USD/JPY)	134	141	+5%	0%	137	145	+5%	0%

Core OP analysis

YoY

	Revenue	Core Operating Profit
Total	-6%	-
CDMO	Approx. +25%	Decrease in OP
CRO	Flat	Decrease in OP
BPM	Approx. -65%	Decrease in OP
IVD	Approx. -45%	Decrease in OP

QoQ

	Revenue	Core Operating Profit
Total	+29%	-
CDMO	Approx. +40%	Increase in OP
CRO	Slightly Under +15%	Same level as previous quarter
BPM	Approx. +70%	Same level as previous quarter
IVD	Approx. +20%	Increase in OP

CDMO: Contract Development and Manufacturing Organization of biologics

CRO: Contract Research Organization of pharmaceutical products

BPM: Bioprocess Materials

IVD: In Vitro Diagnostics and Life Science Research

3. Segment Data : Plastics Business

(Bn JPY)

	22H1	23H1	YoY	YoY (CER)*	23Q1	23Q2	QoQ	QoQ (CER)*
Revenue	45.6	45.9	+0%	-1%	22.7	23.1	+2%	+0%
Core OP	-0.1	0.3	-	-	-0.2	0.5	-	-
Core OP margin	-	0.8%			-	2.3%		
Exchange rate (USD/JPY)	134	141	+5%	0%	137	145	+5%	0%

Core OP analysis (Bn JPY)



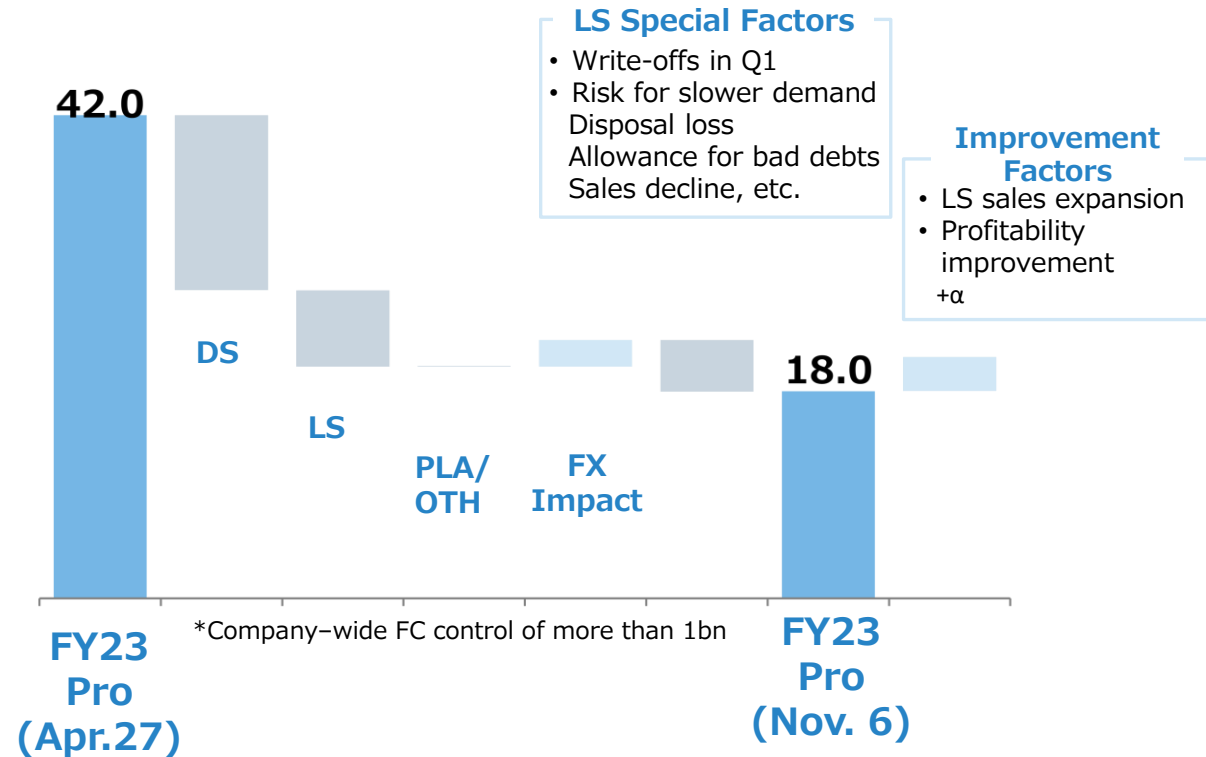
*Reference data: CER (Constant Exchange Rate. Excluding FX impacts)

4. Summary of FY23 Consolidated Earnings Forecast (Revised)



Revision Difference (Bn JPY)

FY23 Pro (Nov. 6): Revenue 413bn, Core OP 18bn



Factoring the near-term uncertainty of demand environment
Paving the way for V-shaped recovery for the demand recovery phase

Digital Solutions Business

- SEMI
- Expect demand to be nearly flat HoH. (Originally expected recovery in H2)
 - Project sales decline of 10% compared to the original forecast.
 - Take initiatives for FY24 (business restructuring, EUV/MOR investment, business augmentation in Asia)
 - Market share in key materials remained stable. Increased share in advanced fields.

- DISP/EC
- Expect the FPD panel market to remain stable but factor operation adjustments to account for the rebound from H1.
 - Expand our market share of optical IPS and OLED materials.
 - Factor in EC's sluggish market for smartphones. Focus on expanding our market share.

Life Sciences Business

- Expect each sub-segment to expand sales in H2 but incorporated uncertainty such as biotech industry to the forecast.
- Plan the new facility to be in full production in H2.
- Continue short-term profitability improvement initiatives and structural reform projects towards mid to long-term growth.

Plastics Business

- Expect recovery of the auto market.
- Expect improved trading spread with revision of sales price.

4. Act vs FY23 Consolidated Earnings Forecast (Revised)

<Revised on November 6, 2023>

(Bn JPY)

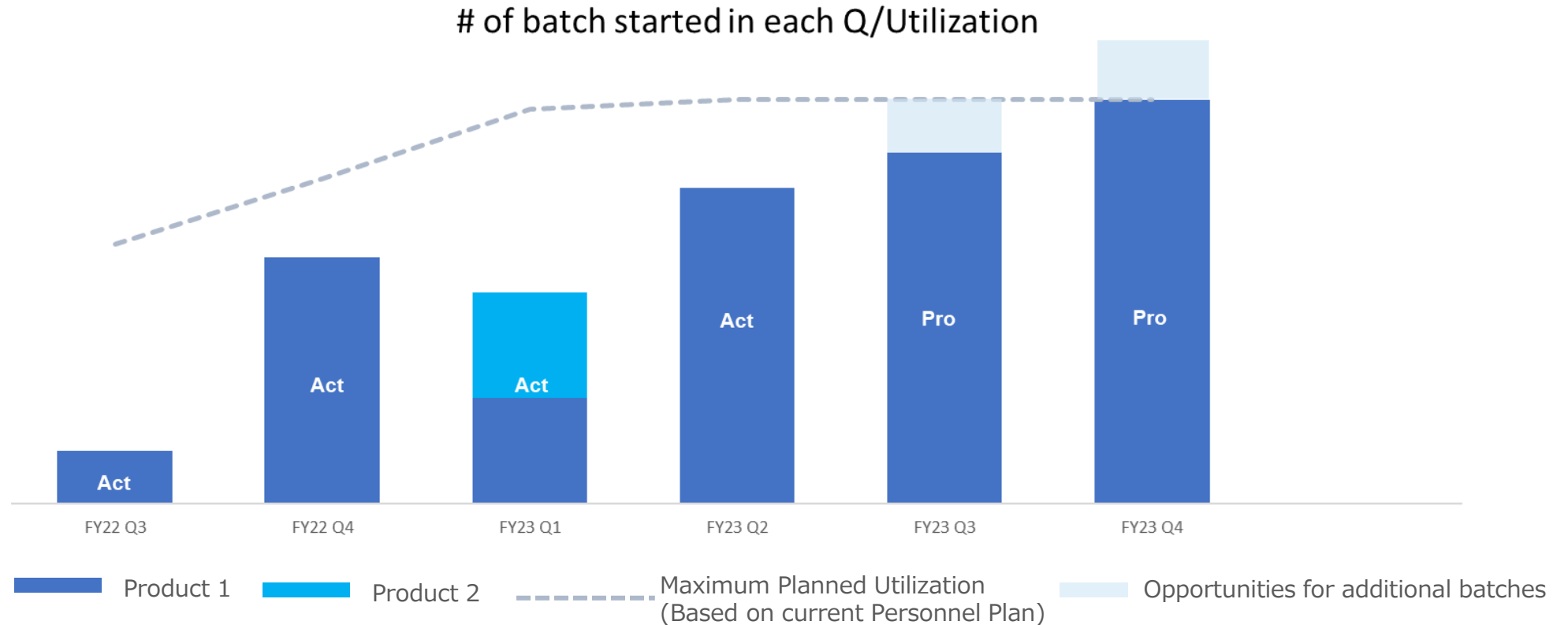
		FY22	FY23 Pro (as of Apr.20)	FY23 Pro (as of Nov.6)	FY22 vs FY23 Pro YoY	Pre Pro vs Rev Pro +/-	FY23H1 Act	FY23H2 Pro (as of Nov.6)
Consolidated	Revenue	408.9	442.0	413.0	+1%	-29.0	180.8	232.2
	Core Operating Profit	34.0	42.0	18.0	-47%	-24.0	-1.0	19.0
	Operating Profit	29.4	42.0	16.0	-46%	-26.0	-2.8	18.8
	Profit, attributable to owners of parent	15.8	25.0	8.5	-46%	-16.5	-2.1	10.6
Digital Solutions	Revenue	170.4	175.0	160.5	-6%	-14.5	79.6	80.9
	Semiconductor materials	126.4	126.0	112.0	-11%	-14.0	55.1	56.9
	Display materials	36.6	40.0	41.0	+12%	1.0	21.0	20.0
	Edge computing	7.5	9.0	7.5	+0%	-1.5	3.4	4.1
	Core Operating Profit	27.8	27.0	14.5	-48%	-12.5	8.5	6.0
Life Sciences	Revenue	126.5	142.5	138.0	+9%	-4.5	48.6	89.4
	CDMO		70.0	70.0		0.0	28.1	41.9
	CRO		31.5	28.0		-3.5	11.4	16.5
	BPM		5.5	4.5		-1.0	0.9	3.6
	IVD		35.5	35.5		0.0	7.9	27.6
	Oth/Adj		-	-		-	0.3	-
Core Operating Profit	8.4	16.0	4.5	-47%	-11.5	-8.1	12.6	
Plastics	Revenue	95.8	107.5	100.5	+5%	-7.0	45.9	54.6
	Core Operating Profit	1.9	4.0	3.5	+87%	-0.5	0.3	3.1
Others/ Adjustment	Revenue	16.2	17.0	14.0	-13%	-3.0	6.8	7.2
	Core Operating Profit	-4.1	-5.0	-4.5	-	0.5	-1.8	-2.7
	Exchange rate (USD/JPY)	135	135	143	+6%	8	141	145

4. Market Environment Assumption

	FY22 Act	H1 FY23 Act	FY23 Outlook (Apr.27)	FY23 Outlook (Nov. 6)	FY24 Outlook (Nov. 6)
FX (USD/JPY)	135	141	135	143	-
Silicon Wafer Input (YoY)	+/-0%	-15~-20%	-5%	-10~-15%	Approx. +10%
Panel Makers Utilization Rate	71%	80%	78%	77%	80%
Panel Production (YoY)	-19%	+14%	+12%	+10%	+3%
Smartphone Shipments (YoY)	-9%	-3%	+3%	-5%	+4%
Automobile Production (YoY)	+8%	+8%	+5%	+5%	+2%
Global Makers	+4%	+7%	-	+6%	-3%
Japanese Makers (Global)					
Bio Pharmaceutical Market	+8%	-	+7%	+9%	+11%
Biotech Industry Funding (YoY)	-45%	-13%	-	-	-

5. LS (CDMO): Production Schedule of KBI's New Facility

New facility in North Carolina: Steady ramp-up. Expected to Operate ahead of the original plan for the Full Year and Expand the Operations in H2.



*The above production plan is subject to change as it is reviewed from time to time.
No major changes from previous disclosure.

*As of November 2023.

Appendix: Overall Statement of P/L



(Bn JPY)

	22H1	23H1	YoY
Revenue	197.3	180.8	-8%
Cost of sales	128.1	123.2	-4%
Gross profit	69.2	57.6	-17%
Selling, general and administrative expenses	52.6	58.9	+12%
Other operating income/expenses	1.1	-1.5	-
Share of profit of investments accounted for using equity method	0.0	0.1	+73%
Operating Profit	17.7	-2.8	-
Finance income/cost	5.0	0.6	-89%
Income taxes	8.2	-0.6	-
Profit	14.5	-1.6	-
Profit, attributable to owners of parent	14.8	-2.1	-
Profit, attributable to non-controlling interests	-0.2	0.5	-
EPS(JPY)	70.32	-10.32	-
Exchange rate(USD/JPY)	134	141	+5%

Breakdown from Core OP to OP

(Bn JPY)

	22H1	23H1
Core Operating Profit	16.9	-1.0
Business restructuring expenses	-0.0	-1.7
Loss on sales of fixed assets	-0.2	-
Gain on sale of shares of subsidiaries	1.0	-
Others	-	-
Operating Profit	17.7	-2.8

Appendix: Statement of Financial Position



(Bn JPY)

	23/3E	23/9E	+/-
Current assets	299.3	311.5	+12.2
Cash and cash equivalents	72.6	82.2	+9.5
Trade and other receivables	78.8	90.5	+11.7
Inventories	118.4	122.5	+4.0
Others	29.4	16.3	-13.1
Non-current assets	416.7	450.4	+33.8
Property, plant and equipment	169.6	176.9	+7.3
Goodwill	147.9	164.0	+16.2
Other intangible assets	34.2	37.4	+3.2
Others	65.0	72.0	+7.0
Total Assets	716.0	761.9	+46.0
Current liabilities	181.8	212.2	+30.5
Trade and other payables	79.6	78.2	-1.5
Bonds and borrowings	62.5	98.4	+35.9
Others	39.6	35.6	-4.0
Non-current liabilities	153.3	157.2	+4.0
Bonds and borrowings	95.7	94.1	-1.6
Others	57.6	63.2	+5.6
Total Liabilities	335.0	369.4	+34.4
Equity attributable to owners of parent	355.5	366.4	+10.8
Non-controlling interests	25.4	26.1	+0.7
Total Equity	380.9	392.5	+11.5

(Bn JPY)

	FY23H1 Act	FY23 Pro
Depreciation *1	14.8	32.0
CAPEX *2	15.0	37.0
RD expenses	16.1	30.0

*1 Including IFRS16 lease asset depreciation.

*2 Inspection basis

Net Debt

(Debt with interest - Cash and cash equivalents)

2023/3E: approx. 86bn JPY

2023/9E: approx. 110bn JPY

Equity ratio

(Equity attributable to owners of parents)

2023/3E: 49.7%

2023/9E: 48.1%

Appendix: Statement of Cash Flows



(Bn JPY)

	22H1	23H1	YoY +/-
Cash flows from operating activities	-5.0	14.3	19.3
Income before income taxes	22.7	-2.2	-24.9
Depreciation and amortization	13.9	14.8	1.0
Change in working capital	-17.7	0.5	18.3
Others	-23.8	1.1	24.9
Cash flows from investment activities	37.5	-25.4	-62.9
Purchase of tangible and intangible assets	-12.0	-24.9	-12.9
Acquisition of shares of subsidiaries and affiliate	0.0	0.0	0.0
Sales of shares of subsidiaries and affiliates	50.9	0.0	-50.9
Others	-1.4	-0.4	1.0
FCF	32.5	-11.1	-43.6
Cash flows from financing activities	-21.2	18.8	40.0
Debt Increase/Decrease	18.3	28.9	10.6
Change in treasury stock	-30.1	0.0	30.1
Cash dividends paid	-8.0	-7.5	0.6
Others	-1.3	-2.7	-1.3
Effect of exchange rate changes on cash and cash equivalent	1.3	1.8	0.5
Increase (decrease) in cash and cash equivalents	12.6	9.5	-3.1
Cash and cash equivalents at beginning of period	45.6	72.6	27.1
Cash and cash equivalents at end of period	74.6	82.2	7.6

*CF is before audit.

Appendix: Quarterly Trends by Segments



(Bn JPY)

		22Q1	22Q2	22H1	22Q3	22Q4	23Q1	23Q2	23H1	H1 YoY	H1 YoY (CER)*	Q2 QoQ	Q2 QoQ (CER)*
Consolidated	Revenue	93.3	104.0	197.3	115.7	95.9	85.0	95.7	180.8	-8%	-11%	+13%	+10%
	Core Operating Profit	6.2	10.7	16.9	14.6	2.5	-5.3	4.3	-1.0	-	-	-	-
	Operating Profit	7.3	10.4	17.7	14.5	-2.9	-6.1	3.4	-2.8	-	-	-	-
	Profit, attributable to owners of parent	5.7	9.0	14.8	4.8	-3.8	-2.6	0.4	-2.1	-	-	-	-
Digital Solutions	Revenue	42.9	47.7	90.6	44.5	35.4	37.7	41.8	79.6	-12%	-14%	+11%	+8%
	Semiconductor materials	30.5	37.7	68.2	33.0	25.2	26.2	28.9	55.1	-19%	-22%	+10%	+7%
	Display materials	10.4	8.0	18.4	9.6	8.6	9.9	11.1	21.0	+14%	+14%	+12%	+11%
	Edge computing	2.0	2.0	4.0	1.9	1.6	1.6	1.8	3.4	-13%	-13%	+14%	+14%
	Core Operating Profit	7.7	10.8	18.5	8.2	1.1	2.6	5.9	8.5	-54%	-58%	+126%	+104%
	Core Operating Profit Margin	18%	23%	20%	18%	3%	7%	14%	11%	-	-	-	-
Life Sciences	Revenue	22.7	28.7	51.5	41.6	33.4	21.2	27.3	48.6	-6%	-10%	+29%	+23%
	Core Operating Profit	0.0	0.7	0.7	6.0	1.8	-6.9	-1.3	-8.1	-	-	-	-
	Core Operating Profit Margin	0%	2%	1%	14%	5%	-	-5%	-17%	-	-	-	-
Plastics	Revenue	22.8	22.9	45.6	26.6	23.6	22.7	23.1	45.9	+0%	-1%	+2%	+0%
	Core Operating Profit	-0.5	0.4	-0.1	1.4	0.6	-0.2	0.5	0.3	-	-	-	-
	Core Operating Profit Margin	-	2%	-	5%	2%	-	2%	1%	-	-	-	-
Others/Adjustment	Revenue	4.9	4.7	9.6	3.0	3.6	3.4	3.4	6.8	-29%	-29%	+1%	+1%
	Core Operating Profit	-1.0	-1.2	-2.2	-1.0	-0.9	-0.9	-0.9	-1.8	-	-	-	-
	Exchange rate (USD/JPY)	130	138	134	142	132	137	145	141	+5%	0%	+5%	0%

*Core OP is calculated by excluding profit or loss caused by non-recurring factors from OP.