

CEO Message

**Leveraging our innovative culture to
deliver valuable technologies to
business and society**

Eric Johnson
Representative Director, CEO



Corporate Value in the Face of Disruptive Pressures

One of our missions in 2021 was to create opportunities within the new global structure that has emerged due to accelerating disruptive pressures in the wake of COVID-19. Disruption does not have to be framed as only negative. It forces us to take an in-depth look at ourselves, reassess the way we did things on a broader scale, and make considered decisions about the way forward.

I am confident that we can leverage our technological capability, our hunger to improve, and our geographical diversity to continue full-fledged implementation of our strategies. We have a lot of work to do, but I'm excited about where we are headed.

In the year under review, we increased JSR's value as a leading technology company, leveraged relationships, and remained focused on sustainable management initiatives, while solidifying our financial foundation.

Leading Technology Company

At its core, JSR is a technology company. We cite 'Materials Innovation' as our corporate mission and of course we are experts on materials science. We consider materials as the vehicle through

which we deliver technology. Moreover, we are committed to staying on the leading edge of technological innovation to ensure that we provide the highest value for our customers. We also understand that technology in and of itself is not valuable. To truly drive a value proposition, one must deliver that technology with the highest quality and with very close customer engagement. That is JSR's sweet spot.

Technologies and sciences have the answers to the most demanding technical challenges that our customers and society face. JSR is a critical player in expanding on the possibilities of semiconductors, as well as supporting the development of more personalized therapies for life-threatening illnesses such as cancer.

At JSR, we partner with some of the world's top research teams. Together with these partners, we leverage artificial intelligence and quantum computing to explore, not only opportunities for invention, but also to accelerate current businesses. We nurture a corporate culture where employees are empowered to follow inspiration in the pursuit of new possibilities.

We have a variety of relationships and programs. There are leading-edge academic programs with Keio University, the University of

Tokyo, IBM, and other universities and consortia globally. Among the key themes being explored are materials informatics and materials development. We are also expanding research and development programs for biological sciences. A constant thread through all of this, is data. We have also invested heavily in material informatics, bioinformatics, and quantum technology. We are committed to being on the leading edge, and to understanding what is happening, both technically and economically.



Management Policy 2024

We have transitioned from a three-year to a five-year strategic plan. While the plan technically covers a five-year period through the fiscal year ending March 2025, the impact of the pandemic has effectively given us four years in which to execute it. One important element of this policy is that we cannot have stagnant financial targets for each of our business units three years from now. Each year, we will review the metrics we have established—which include return on equity, profitability and the newly added sustainability—and adjust as required.

For JSR Group to deliver value sustainably, we need to have a finger on the pulse of social change and see challenges in the environment as potential opportunities. This demands that our organization be resilient. We have identified Five Foundations as a set of actions that are key for a successful transformation into a leaner organization and more flexible mindset as required for the sustainable growth outlined in the management policy.

The Five Foundations—Innovative Culture, Digitalization, Globalization, Operational Excellence, and Sustainability—are an invaluable guide as we

work to fortify the resilience of our management base and drive corporate value upward. We are extending the breadth of our resources internationally. We have antennae in many different regions and are receiving both formal and informal feedback on a regular basis. When we look at how we have handled digital transformation, I'm relatively pleased with our efforts. Digital transformation is truly a journey without a destination. We need to continue to work to master the realm of data analysis capabilities and secure buy-in from our people at all levels.

We understand that to be a truly sustainable organization we have to accelerate investments in our infrastructure. In particular, we are focusing on employee engagement, climate impact, and geopolitical impact.

Performance Overview

In the fiscal year ended March 31, 2022, we succeeded in significantly improving performance in sales and all profit categories amid strong semiconductor, flat panel display, and biopharmaceutical markets. Overall, the group recorded year-on-year increases in revenue, core operating profit, and operating profit. We posted gains in revenue in all business segments, and



double-digit increases in core operating profit in our Digital Solutions and Plastics. The Life Sciences segment saw core operating profit decline against the previous year, but this was attributable to factors such as investments in facilities by KBI.

Our return on equity already exceeds 10%. Moreover, we achieved near-double-digit revenue growth and a double-digit increase in core operating profit. We also improved our core operating profit margin to 12.7%, a significant step toward our Management Policy 2024 goal of 20%. As stipulated in the policy, the majority of our resources will be concentrated on Digital Solutions—primarily in Semiconductor Materials and Life Sciences.

Our Digital Solutions and Life Sciences

We are very bullish in both our Digital Solutions and Life Sciences. These two businesses will be the principal drivers of growth, and both are technology hungry. They put a high premium on technical content as well as quality and de-risking. These are areas that are very much in our core capabilities. We also see long-term consistencies in the fundamentals that are driving these businesses. Artificial intelligence, 5G, autonomous vehicles, and IoT are all long-term trends that demand ever more

computing power and capability. We believe they will continue to accelerate and provide a healthy value proposition for JSR.

Looking at our Digital Solutions initiatives, the 2021 acquisition of Inpria Corporation—experts in metal oxide photoresist design, development, and manufacturing for EUV lithography—along with the construction of a new lithography material plant at our Yokkaichi complex in Japan, will enhance our Semiconductor Materials. Demand for memory and logic semiconductors continues to be robust, and we have added metal oxide resists to our product arsenal.

Within our Digital Solutions, I would like to point out that Display Materials has successfully restructured over the past couple of years and is well positioned to continue its technical roadmap. We have optimized both our product portfolio and our geographical allocation of resources. We are now aiming to expand sales of products in China, including alignment and insulating films for wide-screen TV LCD panels.

The Life Sciences is an especially innovation-hungry, quality-sensitive industry, that places a premium on technical content. Overall, we believe that, because of macro-economic trends and our technical content, we are well positioned for

long-term growth.

Today, our focus is on biologics contract research, development and manufacturing services, led by JSR Group companies Crown Bioscience, KBI Biopharma, and Selexis. Crown Bioscience is working to expand its service lineup, while KBI Biopharma and Selexis are out to secure new CDMO contracts and broaden their pipelines. Crown Bioscience has gained valuable 3D cell imaging technology through its acquisition of OcellO B.V., bolstering its in vitro service portfolio. We are optimistic about the future of this business.



We see no downward trend for the fundamentals and expect medium- to long-term opportunities for growth in both of these businesses. We achieved considerable growth in fiscal 2021 for both and are projecting the same this year.

Plastics

In Plastics, we have great support from our partners. Most importantly, the business is performing strongly. It is well positioned and boasts

leading-edge products that are crucial elements of its strategic growth. Furthermore, recovery is expected to continue in automobile manufacturing, the key market for this business.

Elastomers

Having completed the transfer of shares to ENEOS Corporation, we have essentially finished our administrative and financial divestiture of Elastomers. The transition was smooth despite a number of complex issues. We remain convinced that this transfer was best, not only for JSR stakeholders, but for the future of the Elastomers.

ESG Initiatives in Support of Sustainability

We are proactive in devising and implementing Environmental, Social and Governance (ESG) strategies and measures and have two main focuses at JSR. Our first is to have dynamic reviews and changes to our materiality to meet constantly evolving business and societal needs. Our second is on bolstering group management on a global scale by enhancing employee engagement through initiatives such as Diversity, Equity & Inclusion.

Furthermore, and as outlined in the JSR Sustainability Challenge, we need to identify the positive and negative impacts our operations have

on society at large. We must also provide our people with clear metrics and strategies to guide them as they work to mitigate our impact on the global environment.

Over the past year we have made good progress in defining metrics and programs to drive continuous improvement in our ESG focus areas. We are well aware that we need to imbed sustainability in both our business strategies and our corporate management. Accordingly, we have established systems and specific key performance indicators (KPIs) based on our materiality studies.

In developing KPIs—which encompass environment, employee engagement, health and safety, and supply chain issues—the Board of Directors recommended that we consider environmental impact when contemplating investments. The Sustainability Promotion Department has been given the authority to oversee the business units to ensure that their decisions are not only in line with profit and loss, but also consider carbon tax policies and Task Force on Climate-Related Financial Disclosures recommendations.

While we will continue to leverage our own material science-related technological capabilities, we are determined to deepen our relationships with our global customer base. All these efforts are



inextricably linked to sustainability, which requires a holistic view toward ensuring JSR's future, while also addressing vital environmental issues such as climate change and greenhouse gas emissions (GHG).

Sustainability for us means not simply tackling environmental issues, but also enhancing employee engagement. JSR is committed to concrete action in this area.

In fact, in 2021, we conducted our first global employee survey, which provided us with invaluable insight. Each region was provided qualitative and quantitative data that they were then able to use as the basis for action plans specific to the needs of their region. We believe that optimizing employee engagement and satisfaction is fundamental to cultivating a truly excellent culture.

Bridging gender, cultural, and identity-related divides, by truly understanding what is happening and what drives it, is vital in creating a globally united JSR that affords all employees the chance to realize their true potential. This is also key in making JSR an attractive option for potential recruits. At its essence, this is every bit as much a business strategy as it is an ESG-related undertaking.

To Our Stakeholders

JSR is a technology company with deep materials science competency. Our materials and services are how we convey the fruits of our technological efforts to society. We can form and cultivate relationships with our customers that allow us to capitalize on capabilities, such as simulation, to best leverage these technologies in material development. We must remain agile and curious, while developing the resilience and unity as a company that will help to protect us as we take the calculated risks necessary to move JSR forward.

We will continue to foster an open, innovative culture where employees are encouraged to investigate new possibilities without fear of failure, as we believe it is in our failures that some of our most valuable lessons lie. We are poised not only to overcome the plethora of disruptive pressures we face, but also to deliver technological solutions of the highest possible quality to address the most pressing needs of business and society. Our efforts toward achieving this will show our valued stakeholders that their faith in JSR as a technology leader and excellent corporate citizen has been well placed.



Eric Johnson
Representative Director, CEO

A handwritten signature in black ink, appearing to read 'Eric Johnson', located below the printed name and title.