

## 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.

## Medium-term Management Policy

JSR Group is building a resilient organization and transforming its corporate culture under a medium-term management policy.

<b>Vision</b> <ul style="list-style-type: none"> <li>• Creating value for all stakeholders, aiming for sustainable growth</li> <li>• Building a resilient organization that can embrace any changes in the operating environment</li> </ul>	<b>Business Portfolio</b>	Digital Solutions Business (especially <b>Semiconductor Materials</b> ) and <b>Life Sciences Business</b> are core businesses	
	<b>Business Target</b>	<b>ROE More than 10%</b>	<b>Core Operating Profit Exceed Prior Peak</b> (recorded in FY2007) 60 billion yen or more (Digital Solutions and Life Sciences)
	<b>Structure</b>	<b>Resilient Infrastructure</b> Innovation/Digitalization/ESG commitment/Employee engagement	

Under its medium-term management policy for the period leading up to FY2024, JSR Group’s highest priority is to “shift toward a business structure and management framework characterized by resilience and sustainability over the medium to long term.” Another goal is to use our technology to solve society’s problems. To this end, we are positioning the Digital Solutions Business (particularly its Semiconductor Materials Business, which is geared toward innovation) and Life Sciences Business as core businesses for achieving sustained growth. Our specific targets for FY2024 are to achieve operating profit of 60 billion yen, which would exceed the prior peak, along with ROE of at least 10% while maximizing ROIC.

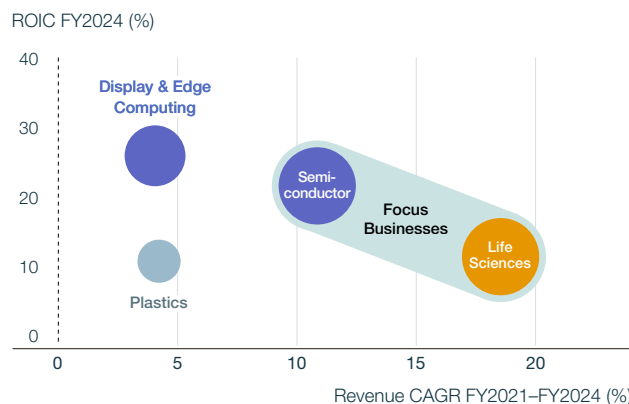
Previously, JSR Group wrote a detailed management policy every three years, but the new Medium-Term Management Policy covers five years. The purpose is to enable us to respond with flexibility to drastic changes in the business environment and set a more long-term strategic direction.

### Business Portfolio

#### Pursuing efficiency with strategically focused realignment

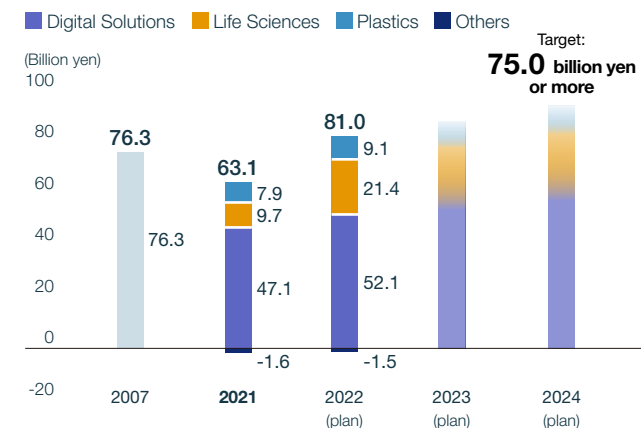
During the period leading up to FY2024, we will analyze the capital cost of each business, using ROIC as the basis, and focusing resources on those businesses with

#### Target Business Portfolio in FY2024



the best future prospects. As for those focus businesses where stable medium- to long-term growth is expected and in which JSR Group can manifest its strengths, the plan is to try to realize strong top-line growth and maintain high profitability in the Digital Solutions Business and achieve 20% growth, including the top line, in the Life

### EBITDA



Sciences Business. We also aim to achieve an EBITDA of 75 billion yen in FY2024.

**Business Target**

**Aiming to raise corporate value by boosting profitability**

During the period covered by the Medium-Term Management Policy, we will be focusing resources on the Semiconductor Materials Business of the Digital Solutions Business as well as on the Life Sciences Business as we seek to create distinctive value. In the Digital Solutions Business, we will leverage our comprehensive technical strengths, including JSR Group's powerful development expertise, to provide advanced materials and a wide range of other products. In the Life Sciences Business, we will support development of complex biopharmaceuticals by applying the powerful technical

strengths we have cultivated through our history.

With this approach, we aim to increase revenue from these two focus businesses, from 200 billion yen in FY2020 to 300 billion yen by FY2024, with a CAGR of 10%. We also aim to grow the core operating profit to a new peak of at least 60 billion yen, expanding the core operating profit margin from about 15% in FY2020 to 20% or more in FY2024. We will also work to boost capital productivity, with a target ROE of at least 10%, by managing our business portfolio with ROIC as a criterion.

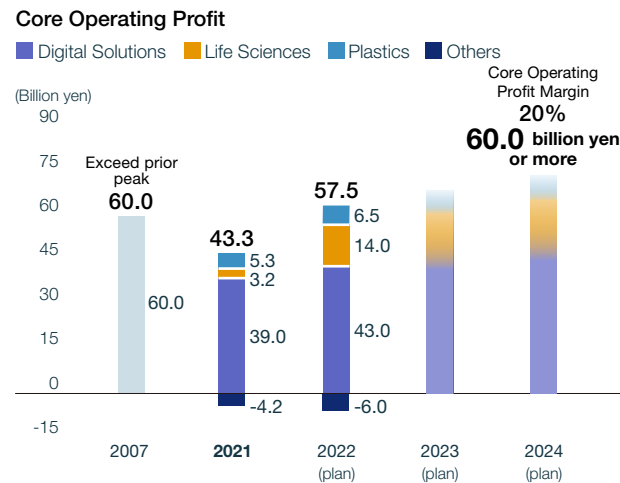
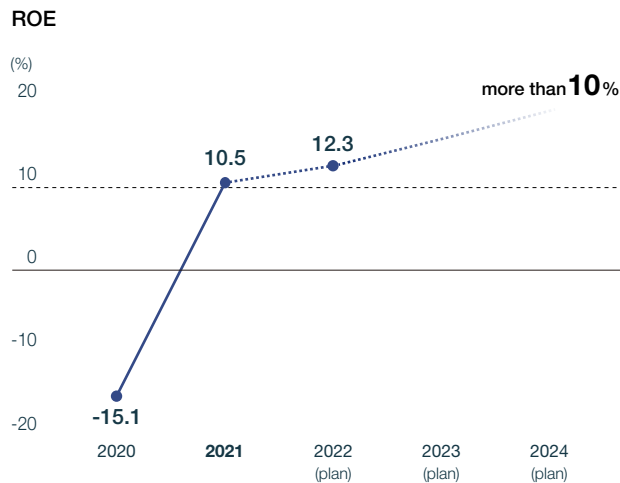
**Structure**

**Building a resilient management foundation that responds to changing times**

We are living in a time of uncertainty as society grows more diverse and complex. To turn changes in the environment into opportunities and grow from them, JSR

Group must strengthen the corporate culture it has fostered and transform so it can respond to change. The Group has defined Five Foundations to underlie our corporate culture as we work to realize sustained growth. The Five Foundations are Sustainability, which helps to increase value for all stakeholders; Innovative Culture that promotes the innovation that will ensure we remain a leading-edge technology company; Globalization to enhance our awareness and capability to respond to global change and expand our infrastructure; Digitalization to promote operating efficiency by harnessing trends in digital transformation (DX); and Operational Excellence that ensures that each department's activities are directly tied to targets of the Medium-Term Management Policy.

Going forward, by undertaking these initiatives, we aim to build a resilient management foundation and continually increase corporate value.



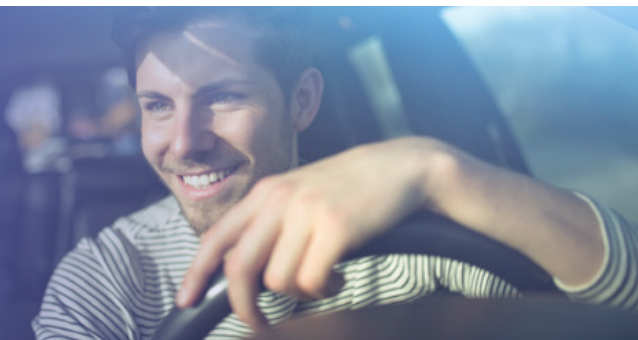
**5 Foundations**





Focus Business 1 Digital Solutions Business

**Aiming to Achieve Net Sales and Profits beyond the Market's Rate of Growth and Further Expand Market Share, Primarily with Leading-Edge Photoresists**

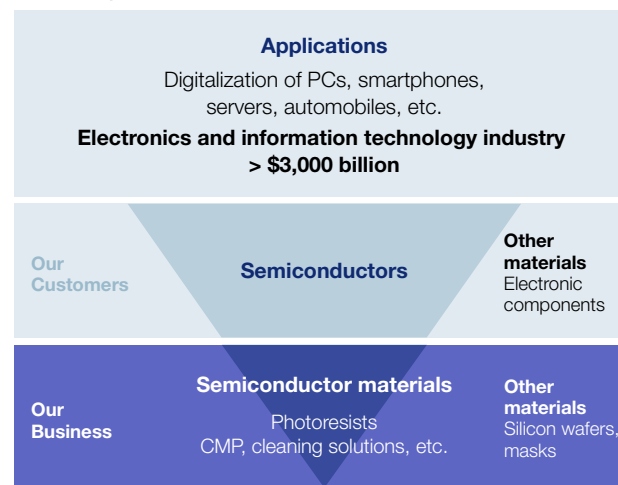


In the Semiconductor Materials Business, which is the core of the Digital Solutions Business, our aim is to grow sales faster than market growth. In addition to maintaining our high share of the markets for ArF photoresists and multilayer materials, we are working toward a full-scale launch of EUV photoresists. We are also working to grow sales of cleaning solutions, CMP materials, and

packaging materials. Through these efforts, we are targeting revenue growth above the medium-term input growth rate for silicon wafers, which is the core client industry for the Semiconductor Materials Business. In FY2020 and into FY2021, this area saw sales growth of 16%, which is greater than we projected. Semiconductor demand will continue to rise due to increasing digitalization

	Revenue <b>Faster than market growth</b>	Core Operating Profit Margin <b>Maintain Strong Margin (≥ 23%)</b>
Market	<p><b>Scale</b></p> <ul style="list-style-type: none"> <li>Total photoresist market: \$2 billion (Semiconductors: \$550 billion)</li> </ul> <p><b>Trends</b></p> <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 30%, alignment film 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>	

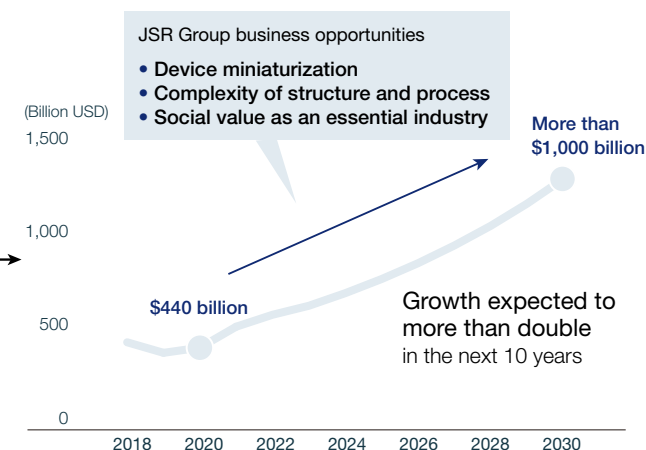
JSR Group's Position



in areas related to PCs, smartphones, servers, automobiles, and more. In keeping with that, we expect our sales to grow 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 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 in the top tier by contributing more to the frontier 3 nm generation of semiconductors and to memory, primarily for the Taiwanese and Korean markets. We also expect wide growth in CMP materials, cleaning solutions, and packaging materials that support more complex processes.

Semiconductor Market



\* -2020 SEMI, 2021- IBS

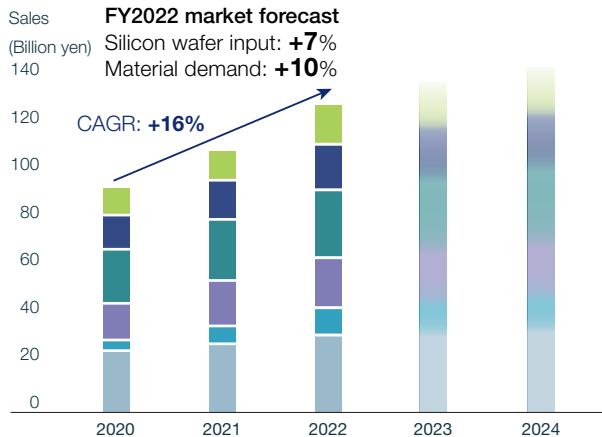
**Our Business**

**Acquired Next-Generation EUV Technology, Leading the Global Market with a Broad Product Portfolio**

JSR Group has a global supply system built around R&D, manufacturing, and sales bases in Yokkaichi, the United States, and Belgium. We are working to optimize production processes and innovate technology while endeavoring to provide a steady supply of the products each customer needs. Moreover, in October 2021, we completed acquisition of Inpria, the world leader in design, development, and manufacture of metal oxide photoresists. The product is attracting attention as an EUV lithography technology for the further miniaturization of semiconductors. Our plan going forward is to create synergy with Inpria to bring mass production technology and quality control to the next level.

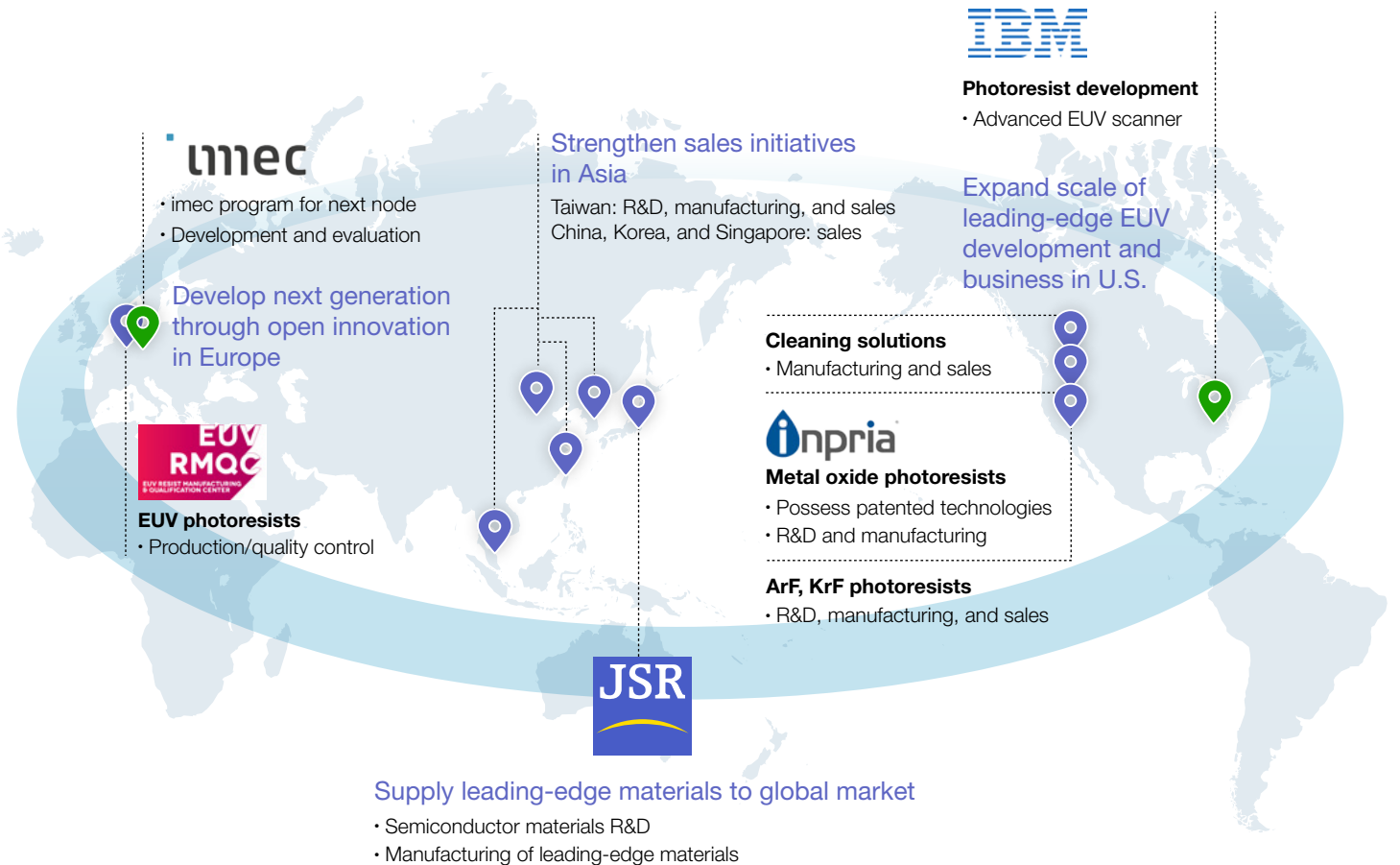
**Semiconductor Materials Business Plan**

- ArF ■ EUV ■ KrF and other lithography ■ Multilayer materials
- CMP/cleaning solution ■ Packaging materials, etc.



**Semiconductor Materials Global Strategy**

- 📍 JSR Group companies
- 📍 Joint R&D bases



## Focus Business 2 Life Sciences Business

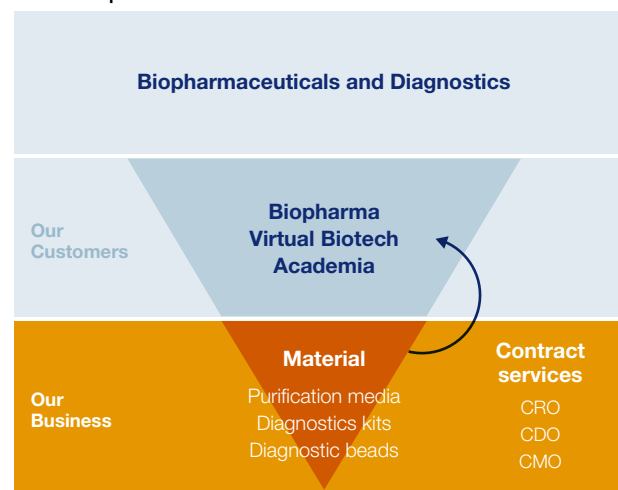
### Aiming to Meet the Needs of the Biopharmaceutical Industry and Achieve Growth beyond Targets

The Life Sciences Business of JSR Group began when polymer technology developed in our petrochemical business, which began with material science, was utilized to make materials used in the manufacture 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.

	Revenue <b>CAGR+20%</b>	Core Operating Profit Margin <b>20%</b>
<b>Market</b>	<p><b>Scale</b></p> <ul style="list-style-type: none"> <li>CDMO market total: \$6 billion (Biopharmaceuticals market: \$400 billion)</li> </ul> <p><b>Trends</b></p> <ul style="list-style-type: none"> <li>High growth</li> <li>Precision medicine expansion</li> </ul>	
<b>Social Value</b>	<ul style="list-style-type: none"> <li>Enhance efficiency of pharmaceutical development</li> <li>Realize personalized medicine tailored to patients</li> </ul>	
<b>Strength</b>	<ul style="list-style-type: none"> <li>Capability to support development of very complex biopharmaceuticals</li> </ul>	
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Business expansion through customer pipeline expansion</li> <li>Creation of unique added value</li> </ul>	

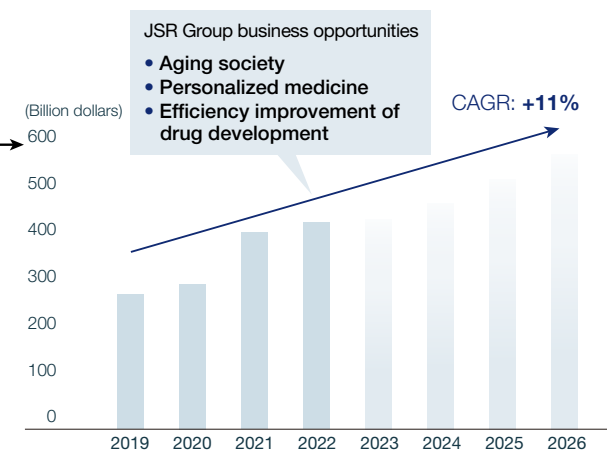
#### JSR Group's Position



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). The core operating profit margin was 4.4% in FY2021, but we are committed to increasing that margin by leveraging upfront investments to expand revenue.

Moreover, the segment is still in its infancy, and has ample room to boost profitability by expanding scale and further integrating into the Group. As we aim to further boost core operating profit margin, our targets to achieve by FY2024 are revenue of more than 100 billion yen and core operating profit margin of 20%. We will also reinforce technological development capabilities and other synergies across the Group.

#### Biopharmaceuticals Market



**Our Business**

**Strengthening Group Synergy and Aiming for Further Business Growth**

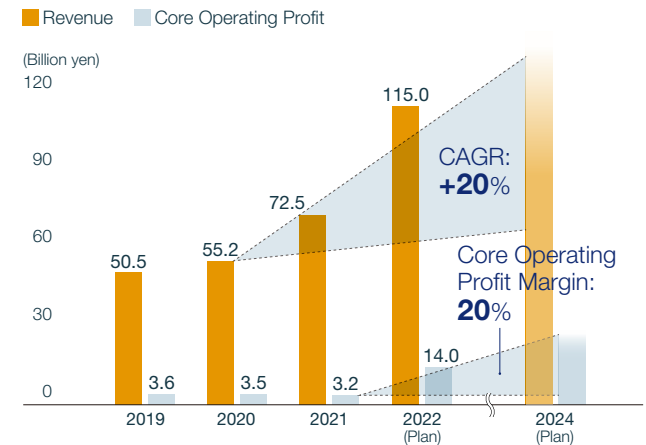
The Life Sciences Business of JSR Group supports the development of biopharmaceuticals and sells diagnostic reagents and bioprocess materials. To strengthen joint projects in Europe between KBI Biopharma and Selexis, which are engaged in the CDMO business, we newly expanded the Group’s cutting-edge biopharmaceuticals production facility in Geneva, Switzerland. Moreover, in North Carolina, U.S., KBI Biopharma recently built an advanced commercial biopharmaceutical production facility to conduct joint projects with customers. These moves have roughly tripled our production capacity for animal cells. The two facilities are expected to contribute

to revenue once they are operating at full capacity.

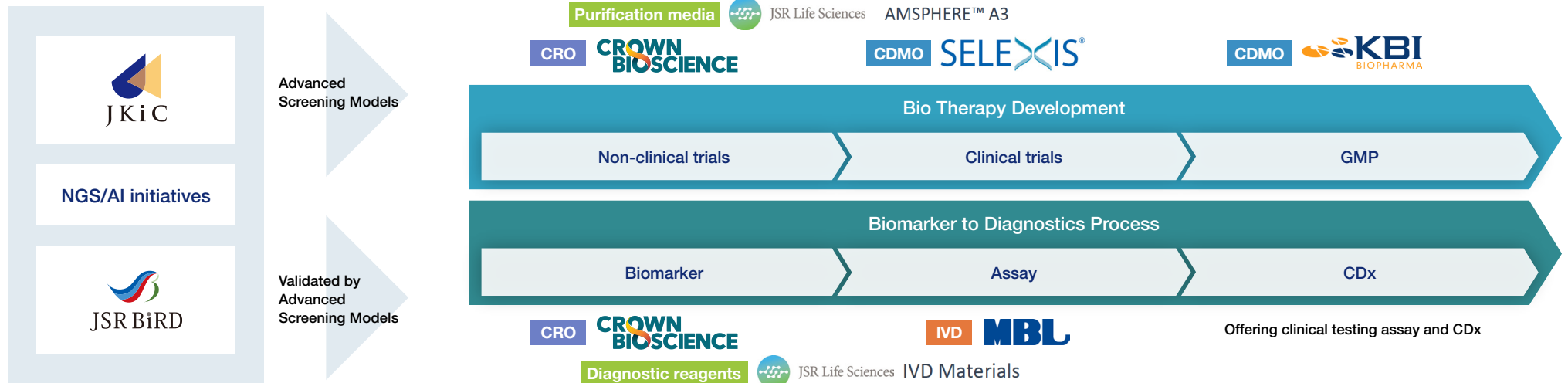
We also aim to speed up growth in Japan. To this end, in April 2022, Crown Bioscience International and Medical & Biological Laboratories (MBL) established a joint venture offering advanced preclinical services.

We will continue to use CDMO and CRO to spur business growth while practicing appropriate risk management. At the same time, we will reinforce Group synergy and tap open innovation to advance development of next-generation products as we aim for sales growth of at least 20%, which would outpace the market’s own growth rate.

**Progress and Outlook for Medium-Term Management Plan**



**Tap Group Synergy to Develop One-stop Services**



Advanced Screening Models

NGS/AI initiatives

Validated by Advanced Screening Models

## CFO Message

We aim to enhance corporate value over the medium to long term by maintaining financial soundness and implementing growth investments focused on core businesses

### Building a Stable Financial Foundation and Promoting Growth Investments for Growing the Value Provided by JSR Group

JSR Group's fundamental business strategy involves continuously providing value to customers through innovation, based on its advanced products and services backed by superlative technological development capabilities. This strategy enables us to generate profits and finance investments in the future.

The Finance Department's role is to build a stable financial foundation and support the enhancement of corporate value from a financial standpoint by ensuring the Group grows together with customers and employees through its business activities and lives up to the expectations of stakeholders. Additionally, I believe that financially supporting initiatives that benefit all stakeholders including customers, business partners, society, the environment, and shareholders under the

#### Basic capital allocation policy

1. Invest in future business growth, including M&A (mainly in SEMI and Life Sciences)
2. Maintaining a strong financial position that can flexibly respond to business investments
3. Shareholder return (50% as a guideline)



Kenichi Emoto

Director, Officer

Group's accountability to stakeholders defined in management policy will help to resolve ESG issues and grow the value we create.

### Revenue and Profit up Significantly in FY2021 Semiconductor Materials and Life Sciences Businesses Set to Drive Future Results

Operating results for FY2021 saw both revenue and profit increase substantially compared to FY2020, and the Semiconductor Materials and Life Sciences businesses are slated to drive results again in FY2022.

I will provide a quick summary of each segment's full-year results for FY2021 below. In Digital Solutions, sales of the Semiconductor Materials Business grew by 16% year on year, underpinning profit growth. In addition to existing products, sales of EUV resists grew, as revenue from these products rose by 90% year on year.

In the area of growth investments, we acquired Inpria of the United States, which is highly competitive in next-generation EUV photoresist technology, which helped to strengthen JSR's strategic foundation. Furthermore, we are in the process of constructing an advanced photolithography line including EUV resists at our Yokkaichi Plant.

Our cleaning solutions facility in the United States launched operations beginning with sales to main customers at the end of FY2020, with the aim to expand our business portfolio in semiconductor materials. Since the facility got off to a slow start compared to the initial forecast, we had to book an impairment loss, but the facility is now working to quickly turn a profit by expanding its market share and increasing its adoption for next-generation products.

The Display Materials Business saw a decline in

profits as panel manufacturers conducted production adjustments due to weakening panel market conditions in the second half of FY2021. Meanwhile, we closed our plant in Taiwan as planned on March 31, 2022 and continue to promote a shift of resources toward China in parallel. Through restructuring of our product mix and regional strategy, we expect to increase sales of mainstay products in the Chinese market, paving the way for stable and consistent growth.

We anticipate that in FY2022 the Digital Solutions segment will continue to post high revenue growth amid robust demand for semiconductor materials leading to increased sales of a number of product lines and other innovative products such as EUV. Moreover, we will work toward greater business growth through the integration effects of Inpria and initiatives to increase market share in Asian markets.

Next, in Life Sciences, we achieved revenue growth of 31% year on year. The Contract Research Organization (CRO) Business achieved growth in excess of 40% year on year after expanding its screening service for leading edge cancer drug candidates using PDX models. The Contract Development and Manufacturing Organization (CDMO) Business recorded sales growth of 25% year on year, but profit declined amid an increase in upfront costs for setting up a new plant for large-scale increases in production capacity in Europe and North America. We began commercial production at our North Carolina plant in the United States in June 2022. With mass production kicking off in the second half, we expect that the new plant will contribute to profits of the entire Life Sciences

#### Revenue and Core Operating Profit by Segment

(Million yen)

Business		FY2020	FY2021
Digital Solutions	Sales	151,420	165,030
	Core Operating Profit	34,568	39,002
Life Sciences	Sales	55,197	72,452
	Core Operating Profit	3,510	3,168
Plastics	Sales	79,123	90,606
	Core Operating Profit	4,430	5,323
Others/Adjustment	Sales	26,259	12,910
	Core Operating Profit	-4,606	-4,187
Total	Sales	312,000	340,997
	Core Operating Profit	37,902	43,306

segment for FY2022. Additionally, the Diagnostic Reagent and Bioprocess Materials businesses are growing steadily.

In the Plastics Business, revenue and core operating profit both increased driven by the recovery in the automobile market. Looking ahead, we will grow profit consistently through cost controls and expanding sales of unique products globally.

The transfer of the Elastomers Business to ENEOS Corporation was completed as scheduled on April 1, 2022. This transaction proved to be a complex process as it involved carving out JSR's founding business and a business split onsite at the plant and industrial complex. Nevertheless, we successfully completed the transfer without delay thanks to the cooperation of stakeholders.

This transaction marks the launch toward a new stage of growth for the elastomers business and helps the Group to build a foundation to concentrate future investments on the Digital Solutions and Life Sciences segments.

### Managing Indicators and Implementing Initiatives to Maintain Financial Soundness and Improve Capital Efficiency

JSR continues to maintain a sound financial condition including a debt-to-equity ratio of 0.17x as of March 31,

Credit Ratings  
R&I  
Long-term: AA-  
Short-term: a-1+

2022; not to mention a strong outlook for EBITDA growth. Aimed at improving capital efficiency, we will establish and execute a medium-term resource allocation policy mindful of capital costs as well as manage investment efficiency, including ROIC and FCF, and cash flow efficiency according to each business segment.

The Group's cash demand can be found in raw materials costs related to manufacturing and sales, overhead, selling, general and administrative expenses, capital expenditures, business investment including M&A and repayment of interest-bearing debt. We are responding to this demand using operating cash flows and borrowings from financial institutions. We compiled a

capital plan based on the Group's business plan to manage liquidity risks considering a balance between direct and indirect financing and short- and long-term durations while taking into account business growth and strengthening of the financial structure. We are also paying close attention to the economic situation with rising uncertainty and foreign exchange rates. Additionally, we have introduced a cash management system intended to utilize funds more efficiently and we are promoting centralized financing and management within the Group.

We plan to invest 140 billion yen of the 250 billion yen in operating cash flows expected to be generated during the current management policy period mainly in

#### Balance Sheet

(Million yen)

		FY2020	FY2021
<b>Current assets</b>		329,279	245,704
	Cash and cash equivalents	85,377	45,567
	Others	243,902	200,137
<b>Non-current assets</b>		343,494	372,369
Continuing business	Total	672,773	618,073
	Non-current Assets held for sale	—	191,298
<b>Total Assets</b>		672,773	809,371
	Bonds and borrowings	119,278	117,907
	Others liabilities	182,758	161,148
Continuing business	Total	302,036	279,055
	Non-current liabilities held for sale	—	115,576
<b>Total Liabilities</b>		302,036	394,631
	Equity attributable to owners of parent	333,995	376,011
	Non-controlling interests	36,741	38,728
<b>Total Equity</b>		370,736	414,739

the Semiconductor Materials and Life Sciences businesses in the form of capital expenditures. Other uses of these funds include growth investments for M&A, including 46.7 billion yen spent on the Inpria acquisition in the previous year, and for shareholder returns targeting a total return ratio of around 50%.

In FY2021, we increased our annual dividend per share by 10 yen to 70 yen based on sustained profit growth. On April 25, 2022, we announced share buybacks up to 30 billion yen and 10 million shares taking into consideration our fundamental financial policy and financial position based on revenue from business structure reforms and growth investments using M&A. We are maintaining a stable financial condition and I do

not foresee any problems with the execution of our fundamental financial strategy going forward.

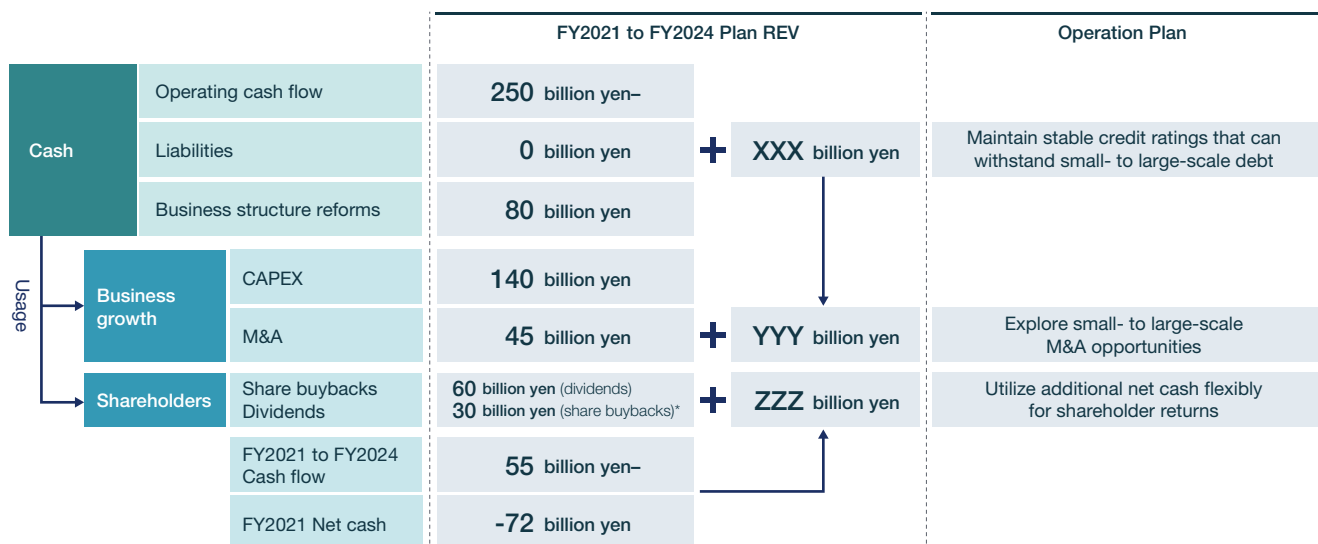
### Seeking to Enhance Corporate Value in a Sustainable Manner by Sharing Strategic Outlooks with the CEO

Dialogue with investors and shareholders is vital to our efforts to enhance corporate value in a sustainable manner. We have proactively conducted investor relations activities. This has included hosting IR meetings with investors in Japan and abroad while utilizing online solutions as well, holding management policy briefing sessions, and last year we held a business briefing on the Life Sciences segment and seminars for individual investors. Looking ahead, we

will disclose the situation of the Group's management and business operations in a transparent manner. We will also build relationships of trust with shareholders by further expanding dialogue and providing ample explanations of our strategy and path to growth.

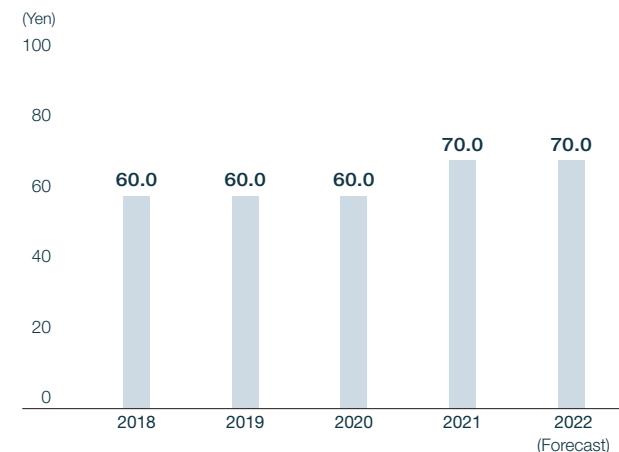
JSR's ROE, an important management indicator, reached 10% in FY2021 and we expect ROE to rise to 12% in FY2022. We will work toward maximizing business returns and increasing capital efficiency aimed at continuous improvement over the long term. At the same time, as CFO, I will share strategic outlooks with the CEO and dedicate my fullest efforts to solidifying the sustainable enhancement of corporate value, without simply pursuing short-term profits, in order to collaborate with all stakeholders to create a resilient and sustainable organization. I ask shareholders, investors and other stakeholders for your continued support as we move forward.

#### Capital Allocation



\* Monetary amounts rounded off

#### Dividends





## Message from Our Chief Sustainability Officer

Every unit of JSR Group is engaged in the pursuit of sustainability as we seek to maximize corporate value

A portrait of Ichiko Tachibana, a woman with dark hair, wearing a dark blue blazer over a light-colored dress with a blue floral pattern. She is smiling and standing in an office setting with a blurred background.

**Ichiko Tachibana**

Director,  
Senior Officer

JSR Group defines sustainability as “contributing to society by creating value with our business activities.” While respecting diversity, we are working as one to pursue activities that promote sustainability. A defining feature of JSR Group is that the Chief Sustainability Officer (CSO) also serves as a director. As such, the CSO is directly engaged in the deliberations of the Board of Directors and develops their goals into actions in each unit of the company. This ensures that the Board of Directors is practicing thorough sustainability management, for example by enabling us all to pursue effective initiatives more rapidly. Starting in FY2022, the CSO is also in charge of promoting diversity, an area previously under the management of the officer in charge of human resources development. Respect for diversity is an essential element of promoting sustainability, and so as a director and executive officer, I will use my ability to act and steadily promote both concerns.

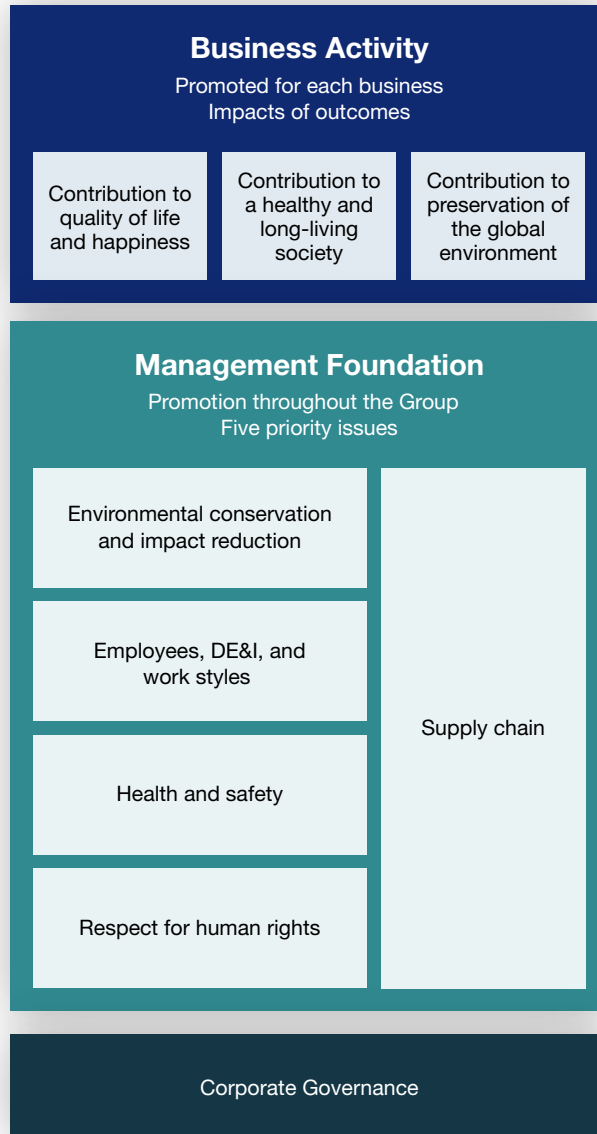
At the same time, in executing my duties as CSO, I will pursue greater resilience, a value that JSR Group emphasizes in its management policies leading up to FY2024. Resilience, the strength to respond to changes in the environment, is directly linked with diversity. To be a truly resilient organization, it is not enough to assemble a diverse group of talent. Rather, we need to ensure that an

inclusive environment and culture, utilizing the opinions of our diverse personnel, pervades every part of the Group. The key to making this happen is *equity*. Equity means being fair in ensuring that everyone has the opportunity and necessary resources to make the most of their abilities in line with their individual circumstances. At JSR Group, our vision is to respect diversity, equity, and inclusion (DE&I). In other words, our focus is not just on recognizing people’s diversity but also being fair in how we give opportunities to people. I am committed to enacting policies to promote equity and thereby helping to build resilience, increase employee engagement, and spark innovation.

In FY2021, JSR Group set KPIs and targets for JSR Group’s materiality intended to concretely advance sustainability initiatives. The plan is to manage the KPIs comprehensively in yearly periods by checking and following through on progress toward targets about every six months.

I recognize the importance of staying in close communication and collaboration with JSR’s business units and R&D, manufacturing, and back-office sections and Group companies as we pursue sustainability going forward. I will work to prepare the environment to make such efforts possible.

JSR Corporation's Materiality



	Purpose	KPI	Goal (In FY2024)	Location
Digital Solution	<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	3 times as many* 2 times as many*	Global
Life Science	<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	100 billion yen	Global
Plastic	<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	54 thousand t 20%	Global

\* Compared to FY2020

Materiality	Purpose	KPI	Goal	Location
Environmental conservation and impact reduction	Reducing GHG emissions	Reduction of GHG emission (vs FY2020)	FY2030: -30% FY2050: -100%	Global
	Waste reduction	Final landfill amount	<0.1%	Global
Employees, DE&I, and work styles	Increase engagement	Increase Employee engagement	Increase	Global
	Promote DE&I	Ratio of women in managerial positions	10% in FY2030	JSR Corp
Health and safety	Create a safe work environment	The number of workplace accidents The number of facility accidents	Zero	Global
	Improve the health of employees	Obtain certification as an "Excellent Health Management Corporation (White 500)" by METI	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	>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	100%	Global
		Collection rate of RMI templates (survey on the use of Conflict Minerals and Cobalt) from our suppliers	100%	Global

## Human Resources Strategy



### Striving for sustainable business growth through cultivation of dynamic and diverse human resources

Yasufumi Fujii  
Human Resources Development

#### Aims of JSR Human Capital Management

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

##### **Build a dynamic human resources portfolio and implement continuous human resource development (investment) & acquisition**

Secure and foster human assets 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 value of members within JSR**

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

We are working on identify and organize important matters, and establishing KPI and an action list aimed at

achieving the goal of “create a resilient organization that can adapt to any environmental change” as stated in the vision of the Medium-Term Management Policy looking into FY2024, based on the human resources strategy, which aims to improve efficiency of business activities, enhance business competitiveness, contribute to innovation, and maximize value provision to customers and the market by strengthening our vibrant, and diverse human resources and organizational strengths in accordance with the characteristics of each country, region and business.

To achieve sustainable growth amidst rapid changes in society, we must notice and discern the waves of change. As such, we will strengthen coordination among management, business and human resource strategies and backcast from the desired future of JSR’s human capital management to develop human resources who

can agilely recognize change and respond flexibly.

In our efforts to cultivate diverse human resources, we are training next-generation management human resources as well as human resources in technology. Since 2007, we have been conducting training future leaders with external collaboration in cultivating the next generation of management human resources. The 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. As for the training of human resources in technology, 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.

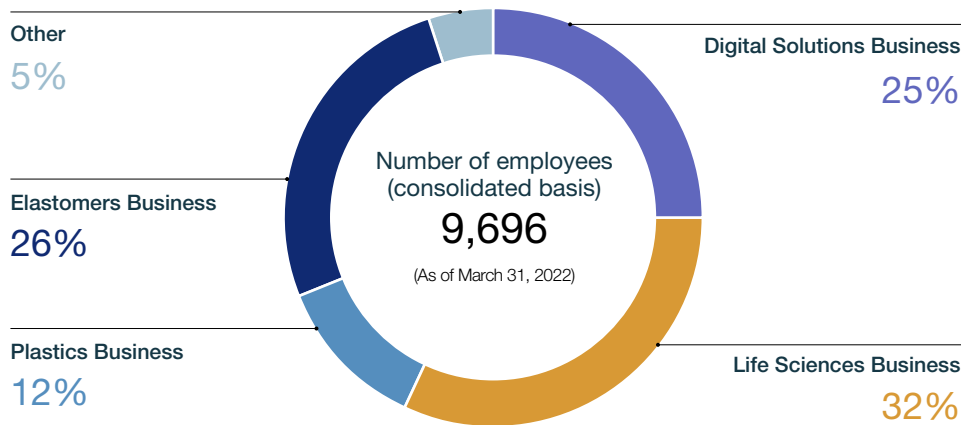
We aim to create a system and environment that makes it easy for all employees to work regardless of gender, age, nationality, personal preferences or physical challenges, through upholding a fair human resources and remuneration system that emphasizes ability and results. Currently, JSR Group operates in 12 countries and regions\* around that world, with employees representing diverse backgrounds regardless of their nationality, gender, age, and years of experience. We will leverage such diversity while flexibly embracing concepts and approaches that differ from the convention to cultivate members who will continue to impact society and achieve the continued growth of the Group.

\* Japan, North America, China, Belgium, Korea, Taiwan, Switzerland, UK, the Netherlands, Thailand, Germany, and Singapore

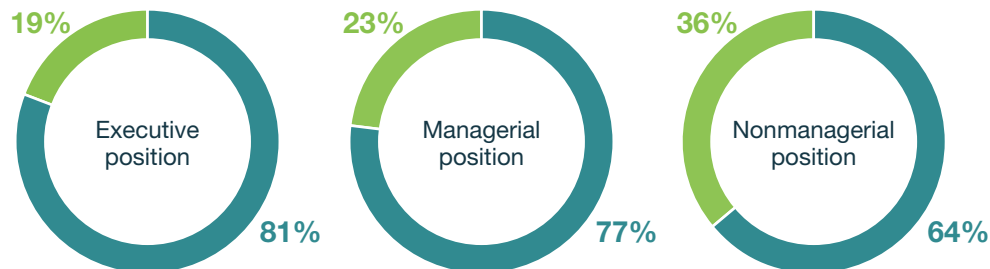
## JSR Group's Global Human Resources and Skills Development Initiatives

JSR is evolving in accordance with the needs of its employees while respecting diversity, equity and inclusion (DE&I). We aim to maximize employee engagement so that all employees can contribute their abilities to the fullest.

### JSR Group's Global Human Resources



Male Female



### System & Environment Aimed at Skills Development

#### HR System

- Percentage of women in managerial positions

KPI: **10%** by FY2030



- Revision of HR system focusing more on career development (Japan)
- Development of a DE & I data matrix

#### Global engagement

- Continued implementation of employee engagement survey globally

We apply top-down and bottom-up approaches based on survey results and key driver analysis to optimize employee engagement and continuously refine actions.

#### Diverse work style post Covid-19

- Initiative on Work Style Innovation (WSI)

We promote multiple flexible work styles to maximize the results of the Group.

Example of Activities 1 **Diversity, Equity & Inclusion (DE&I)**

**Moving forward with developing a system and work environment that is employee friendly regardless of nationality, gender, age, personal preferences, physical challenges, etc.**

**Main measures**

- Promote active participation of female employees
- Promote active participation of employees providing family care
- Promote rehiring of employees who have previously resigned (career re-entry system)
- Promote active participation of foreign national employees
- Promote employment opportunities beyond retirements
- Promote active participation of employees with disabilities
- Diversity survey

JSR Group aims to be a resilient organization that can flexibly respond to various changes in the business environment. To that end, we believe it is important to recruit and promote diverse human resources, respect each employee's values, ways of thinking, and ideas, accept and challenge one another, and explore and be ready to pursue all possibilities.

Under JSR's vision for employee sustainability defined as: "We respect the values of diversity, equity and inclusion, and strive for all employees to reach their maximum potential. We will evolve to meet changing employee needs and maximize employee engagement," we are continuously working to create an environment and inclusive culture that incorporates flexible and diverse work

styles and is easy for everyone to work in.

Based on DE&I, we will strive to improve engagement by creating opportunities for employees to proactively take on challenges, develop their careers, and grow and play an active role, thereby strengthening our organizational capabilities and competitiveness.



Example of Activities 2 **Employee Engagement**

**To assess and visualize the engagement level of individual Group employees**

**Main measure**

- Implementation of the 1st JSR Group employee engagement survey

In 2021, the 1st JSR Group Global Employee Engagement Survey was conducted covering all employees worldwide. This survey, which aims to assess and visualize the engagement level of individual employees, received responses from 82% of our global workforce. The survey results indicated a positive response with an overall engagement index of 63% for the Group. Items that received higher scores compared to other companies included "sustainability," "customer perspective," "quality," "safety," and "sense of belonging to the organization." In addition, discussions and analysis concerning each division's current status based on the survey results were conducted to deepen understanding, while an action plan was formulated for improvement themes identified at each division.

Going forward, we plan to continuously monitor the progress on the action plans formulated by each company and division, and verify the effectiveness during the 2nd survey (conducted in July 2022).

**Summary of the 1st JSR Group employee engagement survey**

Purpose:	Assess and visualize employee engagement Collect information for the continued development and improvement of workplace environment and corporate culture that enables each employee to demonstrate their fullest potential
Number of respondents:	6,024/7,324 people (82%)
Survey method:	online marksheet and written responses
Analysis method:	comparison with other domestic/foreign companies' benchmark, key driver analysis, and other

## R&D Strategy



### Expanding our superior technologies and materials world-wide through promotion of open innovation

Hiroaki Tokuhisa  
Officer in Charge of R&D (CTO)

JSR Group has been conducting R&D by both cultivating its polymer and precision manufacturing technologies as its core technologies, and combining them with other fields of technology, including photochemistry, inorganic chemistry, precision manufacturing technology, and biotechnology, while expanding its technology domains. In addition, we also place emphasis on the understanding and pursuit of basic principles of science, including diving deep into analysis and evaluation technology.

#### JSR's Core Technologies

##### Data Analysis

- Material Informatics
- Bioinformatics

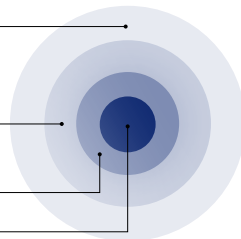
##### M&A

##### Open Innovation

##### Biochemistry

##### Precision Manufacturing Technology

##### Materials Science



The accumulated experience and efforts 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.

Our R&D efforts focus on fields that are currently being developed, as well as Business Support Research which involves new and applied research in peripheral areas, and Next Generation Technology Research, such as seed research where future growth is expected.

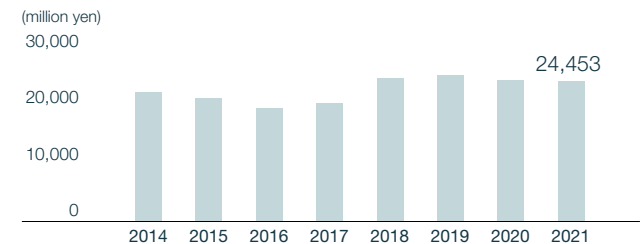
Among these, Business Support Research promotes streamlining of R&D activities with businesses by placing an emphasis on needs. Needs are identified via direct dialogue with researcher and customers, with value chain cooperation within the JSR Group in mind. In addition, this branch of research strives 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.

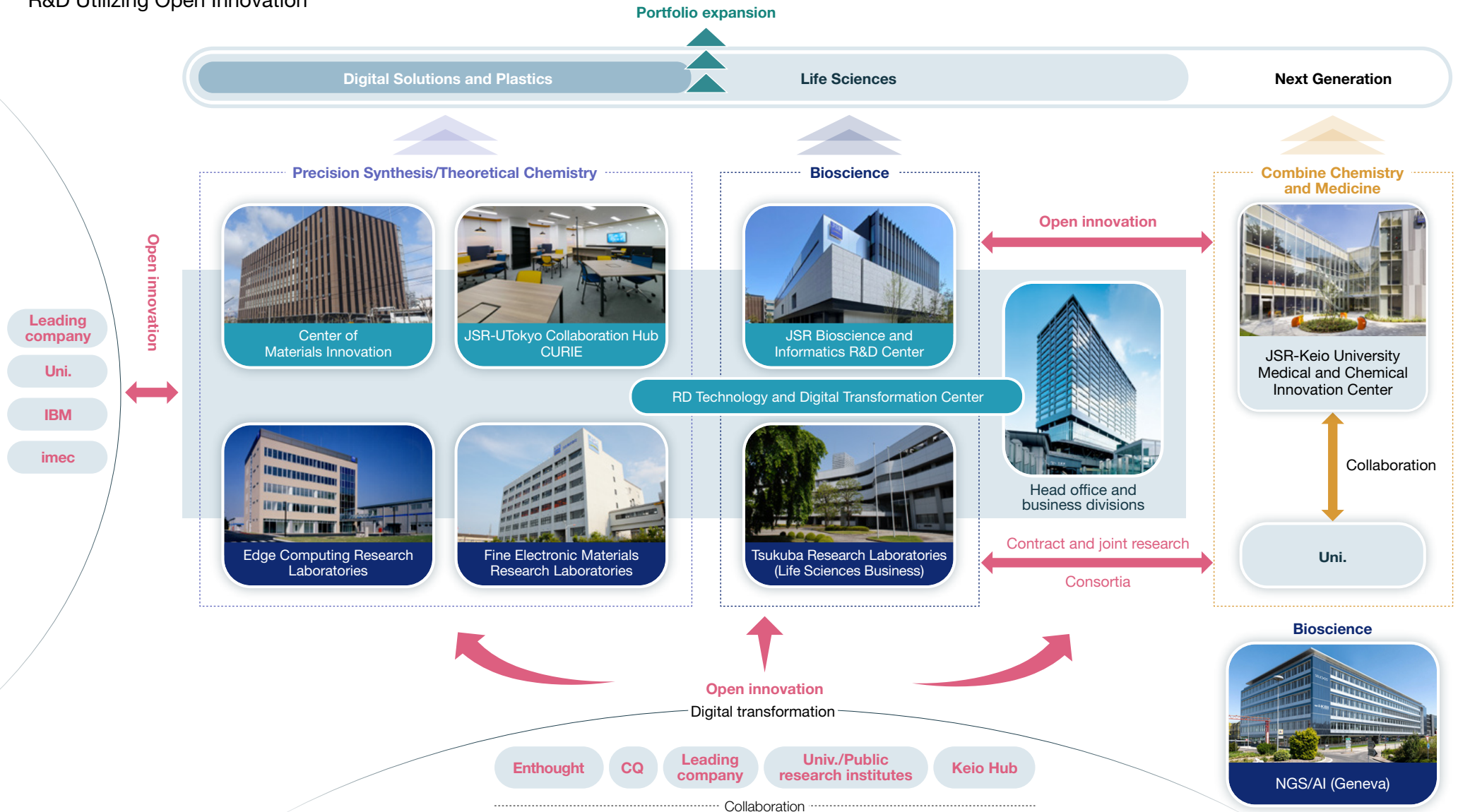
Regarding Next Generation Technology Research, we reorganized related R&D divisions in June 2020 into the RD Technology and Digital Transformation Center to accelerate the transformation of our research approach. In addition to in-house research, we are promoting open innovation such as joint research with universities and research institutes in Japan and abroad, bringing in outside knowledge and technologies to overcome problems and create groundbreaking innovation. We are exploring possibilities for developing businesses in new fields and commercializing leading-edge research in novel areas for us.

Furthermore, concurrent to the above research, materials informatics, and the practical application of data-driven R&D methods have been realized as another focus of the Group. The new data infrastructure for this requires digitalization and the construction of theoretical models, as well as new methods such as AI and quantum computing. JSR Group is moving forward with development from both angles. By promoting practical application of data infrastructure and new methods, we are confident that it will greatly improve the efficiency of R&D.

#### R&D Expenses



R&D Utilizing Open Innovation



Measures **Promoting an Innovative Culture**

**Provide new solutions to address social issues with R&D as the starting point**

**Two initiatives derived from R&D**

- Dramatically improve R&D capabilities through deep understanding of phenomena via analytical technology, data science, and simulation, in addition to conventional materials development
- Proactively adopt open innovations to break away from self-sufficiency

An innovative corporate culture is necessary to enable us to provide solutions to social issues, which involves embracing challenges through new knowledge from both in-house and external sources. One of the Five Foundations we have defined as the necessary actions to achieve the basis for the Group's sustainable growth and value creation is Innovative Culture, which promotes two initiatives derived from R&D.

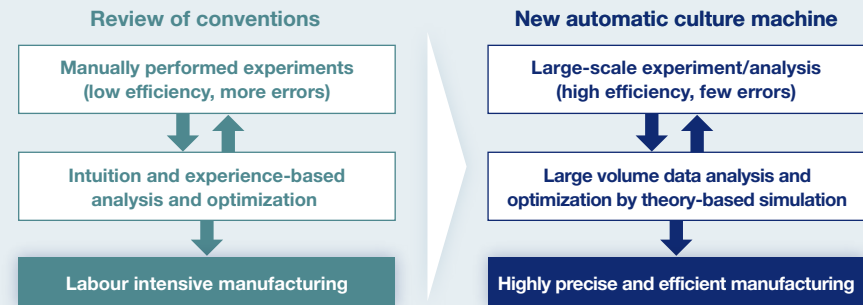
New mechanisms are introduced to conventional research facilities and organizations as a system to achieve these goals, while we move forward with projects to cultivate the capabilities of researchers and developers in multiple ways.

At the same time, we also encourage and conduct open innovation with universities and outside research institutions to avoid falling into the trap of self-fulfillment and cultivate a corporate climate that embraces challenges to resolve social issues.

As a result of these efforts, our R&D division has evolved into an innovative body that constantly embraces change. Going forward, we hope to instill this innovative culture among other divisions through provision of technologies, products, and services resulting from R&D.

Introduction of Activities **Searching for New Themes**

**Combining future-oriented innovative materials R&D with data science utilizing open innovation**



In order to develop future-oriented, innovated materials through our R&D activities that embody an innovative culture aimed at supporting existing businesses and creating new businesses, it is necessary to further access research based on open innovation and data science such as material informatics (MI), as well as theory-based simulation. As an example of research using open innovation and advanced simulation, we are developing antibodies using an automatic culture machine and simulation at JSR-UTokyo Collaboration Hub CURIE, which is an inclusive collaboration hub with the Faculty of Physics,



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Faculty of Science Bldg.1 that houses  
JSR-UTokyo Collaboration Hub  
CURIE

School of Science, at the University of Tokyo. The purpose of this research is to improve the yield of antibodies and increase product development speed using the machine developed by Professor Furusawa at the University of Tokyo for culture automation and simulation, combined with mathematical analysis through highly efficient and accurate experiments.