

Translation

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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022 (under IFRS)

November 8, 2021

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 Listing: Tokyo Stock Exchange
 Securities code: 4185
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Scheduled date to file quarterly securities report: November 12, 2021
 Scheduled date to commence dividend payments: December 8, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

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

Fiscal year ended	Revenue		Core Operating profit		Operating profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	168,214	20.8	23,077	38.5	22,888	60.9	18,633	-
September 30, 2020	139,196	-	16,662	-	14,224	-	(784)	-

Fiscal year ended	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2021	17,542	-	22,376	-	81.60	81.49
September 30, 2020	(676)	-	(1,959)	-	(3.15)	(3.14)

Reference: Profit before tax September 30, 2021 23,835 (83.0%) September 30, 2020 13,022 (-)

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

Note: The group has classified the Elastomers business as discontinued operations from the First Quarter of FY ending March 2022. In the condensed quarterly consolidated financial statements, the group has presented profit or loss from discontinued operations separately from continuing operations, and revenue, core operating profit, operating profit and profit before tax are presented for the amount of continuing operations. As the amounts for the Second Quarter of FY ended March 2021 have also been adjusted to reflect this change, the percent change from the previous year's result is not presented.

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2021	706,845	386,387	349,766	49.5	1,625.25
March 31, 2021	672,773	370,736	333,995	49.6	1,554.17

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2022	–	35.00			
Fiscal year ending March 31, 2022 (Forecast)			–	35.00	70.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Core Operating profit		Operating profit		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	346,500	11.1	52,500	38.5	52,300	52.8	39,000	-	35,500	-	165.06

Reference: Profit before tax Fiscal year ending March 31, 2022 51,800

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

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

Note: The group has classified the Elastomers business as discontinued operations from the First Quarter of FY ending March 2022. In the “Consolidated earnings forecasts for the fiscal year ending March 31, 2022” and FY ended March 2021, the group has presented profit or loss from discontinued operations separately from continuing operations, and revenue, core operating profit, operating profit and profit before tax are presented for the amount of continuing operations. The amounts of FY ended March 2021 are before audit.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- Changes in accounting policies required by IFRS: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of September 30, 2021	226,126,145 shares
As of March 31, 2021	226,126,145 shares

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

As of September 30, 2021	11,050,835 shares
As of March 31, 2021	11,223,335 shares

c. Average number of shares during the period

For the six months ended September 30, 2021	214,962,541 shares
For the six months ended September 30, 2020	214,779,526 shares

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

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

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

How to obtain supplementary material on financial results

The material on financial results is available on the Company's website on Monday, November 8, 2021.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Six Months of FY ending March 2022 (April 1, 2021 to September 30, 2021)

Among the JSR Group's main customer industries, the semiconductor market has been favorable, thanks to widening infrastructure and device demand driven by digitalization. The biopharmaceuticals related markets also saw solid growth.

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

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

In the Plastics Business, the Group has focused on harnessing demand recovery in the automotive industry, which has bolstered revenue.

In the first six months of FY ending March 2022, the Company reported revenue of 168,214 million yen (up 20.8% year-on-year), core operating profit of 23,077 million yen (up 38.5% year-on-year), and profit attributable to owners of parent of 17,542 million yen (compared with loss attributable to owners of parent of 676 million yen in the same period last year).

At a meeting of the Board of Directors held on May 11, 2021, the Company decided to establish a new subsidiary named Japan Synthetic Rubber Spin-off Preparation Co., Ltd. that succeeds to the Company's Elastomers Business through an absorption-type split, after which JSR will transfer all shares of Japan Synthetic Rubber Spin-off Preparation Co., Ltd. to ENEOS Corporation in April 2022. In accordance with this decision, the Company concluded a stock transfer agreement with ENEOS Corporation.

Accordingly, JSR has classified the Elastomers Business as discontinued operations from the First Quarter of FY ending March 2022. Moreover, certain reclassifications have been made to the Condensed Quarterly Consolidated Statement of Profit or Loss and related Notes on Condensed Quarterly Consolidated Financial Statements for the Second Quarter of FY ended March 2021 to conform to the presentation format for the Second Quarter of FY ending March 2022.

(Unit: Millions of yen)

Segment	First Six Months of FY ended March 2021 (April 1 to September 30, 2020)		First Six Months of FY ending March 2022 (April 1 to September 30, 2021)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	73,774	53.0%	80,609	47.9%	6,835	9.3%
Life Sciences	26,150	18.8%	33,692	20.0%	7,542	28.8%
Plastics	32,592	23.4%	47,782	28.5%	15,190	46.6%
Other	6,680	4.8%	6,132	3.6%	(548)	(8.2%)
Adjustment	(0)	(0.0%)	0	0.0%	0	—%
Total	139,196	100.0%	168,214	100.0%	29,019	20.8%
Revenue in Japan	45,469	32.7%	55,459	33.0%	9,990	22.0%
Overseas revenue	93,727	67.3%	112,756	67.0%	19,029	20.3%

Segment	First Six Months of FY ended March 2021 (April 1 to September 30, 2020)		First Six Months of FY ending March 2022 (April 1 to September 30, 2021)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core Operating profit	16,662	12.0%	23,077	13.7%	6,415	38.5%
Profit attributable to owners of parent	(676)	(0.5%)	17,542	10.4%	18,218	—%

<Digital Solutions Business Segment>

Revenue in the Digital Solutions Business segment rose from the same period of the previous year, thanks to growth in sales of semiconductor materials on the back of a strong semiconductor market and continued sales growth of display materials in China.

Core operating profit increased due to higher profit accompanying increased revenue from semiconductor materials.

Consequently, the Digital Solutions Business segment posted a core operating profit of 19,589 million yen (up 15.7% year-on-year) on revenue of 80,609 million yen (up 9.3% year-on-year) in the first six months of FY ending March 2022.

<Life Sciences Business Segment>

The Life Sciences Business segment posted higher revenue from the same period of the previous year, supported chiefly by expanded sales in the CDMO business, in the CRO business, and of bioprocess materials.

Core operating profit was up due to revenue increases, despite higher expenses caused by growth investments.

Consequently, the Life Sciences Business segment posted a core operating profit of 1,945 million yen (up 20.5% year-on-year) on revenue of 33,692 million yen (up 28.8% year-on-year) in the first six months of FY ending March 2022.

<Plastics Business Segment>

The Plastics Business segment saw an increase in revenue from the same period of the previous year, due to substantial growth in sales volume on the back of a recovery in automobile production, which had been sluggish in the previous fiscal year.

Core operating profit increased due to higher profit owing to the rise in revenue.

Consequently, the Plastics Business segment posted a core operating profit of 3,455 million yen (up 431.4% year-on-year) on revenue of 47,782 million yen (up 46.6% year-on-year) in the first six months of FY ending March 2022.

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

The Group has revised the forecast of consolidated business results for the full term of FY ending March 2022 as announced in the “Classification of Discontinued Operations and Revision to Consolidated Financial Results Forecast for the Fiscal Year ending March 31, 2022” on May 11, 2021, in view of market conditions and business results trends.

The Group has revised the dividend projections for FY ending March 2022 as announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (under IFRS)” on April 26, 2021, in consideration of the Group’s business outlook and financial situation.

Please refer to “Notice regarding Revision of Projections for Consolidated Financial Results, Dividend of Surplus (Interim) and Year-End Dividend Projections” announced on November 8, 2021, for details of the revision.

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

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	85,377	92,696
Trade and other receivables	125,292	69,164
Inventories	104,862	80,778
Other financial assets	1,933	972
Other current assets	11,815	11,273
Subtotal	<u>329,279</u>	<u>254,882</u>
Assets related to disposal group classified as held for sale	-	156,529
Total current assets	<u>329,279</u>	<u>411,412</u>
Non-current assets		
Property, plant and equipment	170,428	149,276
Goodwill	58,633	60,427
Other intangible assets	15,014	14,185
Investments accounted for using equity method	21,015	4,972
Retirement benefit asset	4,905	4,889
Other financial assets	49,751	33,069
Other non-current assets	3,598	2,268
Deferred tax assets	20,150	26,347
Total non-current assets	<u>343,494</u>	<u>295,433</u>
Total assets	<u><u>672,773</u></u>	<u><u>706,845</u></u>

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	100,797	57,280
Contract liabilities	9,368	12,388
Borrowings	37,872	19,771
Income taxes payable	4,866	9,716
Provisions	1,837	112
Other financial liabilities	3,874	1,975
Other current liabilities	10,196	6,686
Subtotal	168,810	107,929
Liabilities related to disposal group classified as held for sale	—	116,573
Total current liabilities	168,810	224,502
Non-current liabilities		
Contract liabilities	7,861	12,056
Bonds and borrowings	81,406	51,126
Retirement benefit liability	16,434	10,004
Other financial liabilities	19,314	14,639
Other non-current liabilities	5,136	4,443
Deferred tax liabilities	3,077	3,688
Total non-current liabilities	133,227	95,956
Total liabilities	302,036	320,458
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	11,562	11,857
Retained earnings	302,916	321,169
Treasury shares	(19,202)	(18,908)
Other components of equity	15,348	12,278
Total equity attributable to owners of parent	333,995	349,766
Non-controlling interests	36,741	36,620
Total equity	370,736	386,387
Total liabilities and equity	672,773	706,845

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Continuing operations		
Revenue	139,196	168,214
Cost of sales	(86,391)	(105,131)
Gross profit	52,805	63,083
Selling, general and administrative expenses	(35,895)	(40,281)
Other operating income	782	2,005
Other operating expenses	(3,329)	(1,928)
Share of loss of investments accounted for using equity method	(139)	10
Operating profit	14,224	22,888
Finance income	280	1,642
Finance costs	(1,482)	(696)
Profit before tax	13,022	23,835
Income taxes	(3,516)	(6,548)
Profit from continuing operations	9,506	17,287
Discontinued operations		
Profit (loss) from discontinued operations	(10,290)	1,346
Profit (loss)	(784)	18,633
Profit (loss) attributable to:		
Owners of parent	(676)	17,542
Non-controlling interests	(108)	1,091
Total	(784)	18,633
Earnings per share (loss)		
Basic earnings per share (loss) (Yen)	(3.15)	81.60
Continuing operations	41.08	73.80
Discontinued operations	(44.22)	7.81
Diluted earnings per share (loss) (Yen)	(3.14)	81.49
Continuing operations	41.01	73.69
Discontinued operations	(44.15)	7.80

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(784)	18,633
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair value through other comprehensive income	26	1,973
Remeasurements of defined benefit liabilities (assets)	(86)	140
Share of other comprehensive income of entities accounted for using equity method	1	(2)
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	4	503
Exchange differences on translation of foreign operations	(365)	657
Share of other comprehensive income of entities accounted for using equity method	(755)	472
Total other comprehensive income, net of tax	(1,175)	3,743
Total comprehensive income	(1,959)	22,376
Comprehensive income attributable to:		
Owners of parent	(2,096)	21,977
Non-controlling interests	137	399
Total	(1,959)	22,376

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2020

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2020	23,370	18,242	369,102	(19,547)	5,626	396,793	40,619	437,412
Loss			(676)			(676)	(108)	(784)
Other comprehensive income					(1,420)	(1,420)	245	(1,175)
Total comprehensive income	-	-	(676)	-	(1,420)	(2,096)	137	(1,959)
Share-based remuneration transactions		17		266	(205)	78		78
Dividends			(6,441)			(6,441)	(462)	(6,904)
Changes in treasury shares		(8)		52		44		44
Transfer from other components of equity to retained earnings			70		(70)	-		-
Changes in non-controlling interests		(257)				(257)	(43)	(300)
Other movements			(554)		460	(95)	0	(94)
Total transactions with owners, etc.	-	(249)	(6,926)	318	185	(6,672)	(505)	(7,177)
Balance at September 30, 2020	23,370	17,993	361,501	(19,230)	4,391	388,025	40,251	428,276

Six months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2021	23,370	11,562	302,916	(19,202)	15,348	333,995	36,741	370,736
Profit			17,542			17,542	1,091	18,633
Other comprehensive income					4,435	4,435	(692)	3,743
Total comprehensive income	-	-	17,542	-	4,435	21,977	399	22,376
Share-based remuneration transactions		281		248	(347)	181		181
Dividends			(6,447)			(6,447)	(653)	(7,100)
Changes in treasury shares		(14)		46		32		32
Transfer from other components of equity to retained earnings			7,158		(7,158)	-		-
Loss of control of subsidiaries		34				34	133	167
Other movements		(6)				(6)		(6)
Total transactions with owners, etc.	-	295	711	294	(7,505)	(6,206)	(520)	(6,725)
Balance at September 30, 2021	23,370	11,857	321,169	(18,908)	12,278	349,766	36,620	386,387

(5) Notes on Condensed Consolidated Financial Statements

(Cautionary Notes regarding Assumptions of Going Concern)

Not applicable

(Segment Information)

(1) Outline of Reportable Segments

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

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

JSR Group conventionally had four reportable segments: Digital Solutions Business, which conducts mainly the manufacture and sale of semiconductor materials, display materials, and products related to edge computing; Life Sciences Business; Elastomers Business, which consists mainly of the manufacture and sale of general-purpose synthetic rubber products for automobile tires, functional special synthetic rubber for automobile components, thermoplastic elastomers for modifying plastics, and synthetic rubber latex for coated paper; and Plastics Business, which engages mainly in the manufacture and sale of ABS and other resins for automobiles, office equipment, and amusement applications.

As of the First Quarter of FY ending March 2022, JSR Group has three reportable segments: Digital Solutions Business, Life Sciences Business, and Plastics Business.

This change is the result of JSR's decision to establish a new subsidiary named Japan Synthetic Rubber Spin-off Preparation Co., Ltd. that succeeds to part of the Company's Elastomers Business through an absorption-type split, after which JSR will transfer all shares of Japan Synthetic Rubber Spin-off Preparation Co., Ltd. to ENEOS Corporation. With the conclusion of a stock transfer agreement with ENEOS Corporation dated May 11, 2021, JSR has classified the Elastomers Business as discontinued operations. The portion of the Elastomers Business not succeeded to Japan Synthetic Rubber Spin-off Preparation Co., Ltd. by the Company has been reclassified to the Other segment because of the decrease in its monetary importance.

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

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

JSR has classified the Elastomers Business as discontinued operations from the First Quarter of FY ending March 2022, and segment information presents only amounts for continuing operations excluding the Elastomers Business.

Main Products in Each Business Segment

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

(2) Reportable Segment Revenues, Profits and Losses

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

First Six Months of FY ended March 31, 2021 (April 1 to September 30, 2020)

(Unit: Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	73,774	26,150	32,592	6,680	139,196	(0)	139,196
Segment profit (loss) (Core operating profit) [Note 3]	16,927	1,615	650	375	19,567	(2,905)	16,662

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

Note 2: Segment profit (loss) downward adjustment of 2,905 million yen contains company-wide profits and losses not allocated to the reportable segments.

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

First Six Months of FY ending March 31, 2022 (April 1 to September 30, 2021)

(Unit: Millions of yen)

	Reportable Segment			Other [Note 1]	Total	Adjustment [Note 2]	Consolidat ed
	Digital Solutions	Life Sciences	Plastics				
Revenue from external customers	80,609	33,692	47,782	6,132	168,214	0	168,214
Segment profit (loss) (Core operating profit) [Note 3]	19,589	1,945	3,455	493	25,482	(2,405)	23,077

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

Note 2: Segment profit (loss) downward adjustment of 2,405 million yen contains company-wide profits and losses not allocated to the reportable segments.

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

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

(Unit: Millions of yen)

	First Six Months of FY ended March 2021 (April 1 to September 30, 2020)	First Six Months of FY ending March 2022 (April 1 to September 30, 2021)
Segment profit	16,662	23,077
Reversal of impairment losses	-	1,175
Business structural reform expenses	(2,438)	-
Loss on valuation of capital investments in subsidiaries	-	(1,411)
Others	-	48
Operating profit	14,224	22,888
Finance income	280	1,642
Finance costs	(1,482)	(696)
Profit before tax	13,022	23,835