

Translation

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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021 (under IFRS)

October 27, 2020

Company name: JSR Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 4185
 URL: <https://www.jsr.co.jp/>
 Representative: Eric Johnson, Representative Director, CEO
 Inquiries: Yoshiko Takeda, General Manager of Corporate Communications Department
 TEL: +81-3-6218-3517

Scheduled date to file quarterly securities report: November 6, 2020
 Scheduled date to commence dividend payments: November 27, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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, 2021 (from April 1, 2020 to September 30, 2020)

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

	Revenue		Core operating profit		Operating profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	194,047	(19.1)	3,762	(81.2)	1,064	(94.6)	(784)	-
September 30, 2019	239,859	-	19,988	-	19,753	-	15,061	(12.8)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2020	(676)	-	(1,959)	-	(3.15)	(3.15)
September 30, 2019	13,472	(19.4)	11,042	(36.4)	61.77	61.65

Reference: Profit before tax September 30, 2020 (162) (-) September 30, 2019 19,648 (-)

* 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 Lithium-ion capacitor business as discontinued operations from the Fourth Quarter of FY ended March 2020. 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. JSR lost control over the subsidiary for JM Energy Corporation (JM Energy) on April 1, 2020, and JM Energy became an equity method affiliate of JSR from the First Quarter of FY ending March 2021. The profit or loss using equity method from JM Energy is included in continuing operations in the First Half of FY ending March 2021.

(2) Consolidated financial position

	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
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2020	698,491	428,276	388,025	55.6	1,805.61
March 31, 2020	677,713	437,412	396,793	58.5	1,848.01

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, 2020	—	30.00	—	30.00	60.00
Fiscal year ending March 31, 2021	—	30.00			
Fiscal year ending March 31, 2021 (Forecast)			—	30.00	60.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	420,000	(11.0)	19,500	(41.3)	16,500	(49.8)	11,000	(57.7)	9,500	(58.0)	44.21

Reference: Profit before tax Fiscal year ending March 31, 2021 14,500 (55.6)

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

* 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, 2020	226,126,145 shares
As of March 31, 2020	226,126,145 shares

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

As of September 30, 2020	11,226,700 shares
As of March 31, 2020	11,412,308 shares

c. Average number of shares during the period

For the six months ended September 30, 2020	214,779,526 shares
For the six months ended September 30, 2019	218,114,505 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 Tuesday, October 27, 2020.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Business Results

Overview of the First Half of FY ending March 2021 (April 1, 2020 to September 30, 2020)

Among the JSR Group's main customer industries, the semiconductor market, an essential business for society, has been firm despite the impact of the spread of COVID-19 infections, thanks to widening infrastructure and device demand due to further digitalization. The flat-panel display market recovered moving into the Second Quarter, particularly in China, but panel production was still down over the entire First Half.

Automobile production has dropped substantially from the previous fiscal year, and production declines have spread globally because of the impact from COVID-19. Automobile tire production was also down significantly year-on-year, as it has been hit by falling automobile production and other factors.

Amid these circumstances, JSR Group has strived to expand business in growth fields as well as taken steps such as cutting business costs to guard against the risk of declining sales due to economic activity stagnation and low demand.

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

In the Life Sciences Business, with the U.S. headquarters guiding strategies for the entire business segment, the Group has worked to expand the biologics discovery business and the biologics contract development and manufacturing business, in addition to JSR materials.

In the Elastomers Business and the Plastics Business, the Group has focused on lowering manufacturing costs and other measures to guard against the risk of declining sales due to sluggish demand.

In the First Half of FY ending March 2021, the Company reported revenue of 194,047 million yen (down 19.1% year-on-year), core operating profit of 3,762 million yen (down 81.2% year-on-year), and loss attributable to owners of parent of 676 million yen (compared with profit attributable to owners of parent of 13,472 million yen in the same period last year).

JSR has classified the lithium-ion capacitor business as discontinued operations from the Fourth Quarter of FY ended March 2020, and the reportable segment revenues, profits, and losses presents only amounts for continuing operations excluding the lithium-ion capacitor business. JSR lost control over JM Energy Corporation on April 1, 2020, and JM Energy Corporation became an equity method affiliate of JSR. The profit or loss using equity method from JM Energy Corporation in the First Half of FY ending March 2021 is included in the Other segment.

(Unit: Millions of yen)

Segment	First Half of FY ended March 2020 (April 1 to September 30, 2019)		First Half of FY ending March 2021 (April 1 to September 30, 2020)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Digital Solutions	73,731	30.7%	73,774	38.0%	43	0.1%
Life Sciences	25,080	10.5%	26,150	13.5%	1,070	4.3%
Elastomers	91,007	37.9%	58,573	30.2%	(32,434)	(35.6%)
Plastics	48,962	20.4%	32,592	16.8%	(16,370)	(33.4%)
Other	1,079	0.5%	2,958	1.5%	1,879	174.1%
Adjustment	0	0.0%	(0)	(0.0%)	(0)	—%
Total	239,859	100.0%	194,047	100.0%	(45,812)	(19.1%)

Revenue in Japan	101,686	42.4%	76,791	39.6%	(24,895)	(24.5%)
Overseas revenue	138,172	57.6%	117,256	60.4%	(20,917)	(15.1%)

Segment	First Half of FY ended March 2020 (April 1 to September 30, 2019)		First Half of FY ending March 2021 (April 1 to September 30, 2020)		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Core operating profit	19,988	8.3%	3,762	1.9%	(16,226)	(81.2%)
Profit attributable to owners of parent	13,472	5.6%	(676)	(0.3%)	(14,148)	—%

(i) Digital Solutions Business Segment

Revenue in the Digital Solutions Business segment rose slightly from the same period of the previous year, on the back of sales volume growth in semiconductor materials, although sales volume for display materials and edge computing materials fell.

Core operating profit declined slightly due to lower sales volume for display materials and edge computing materials.

Consequently, the Digital Solutions Business segment posted a core operating profit of 16,927 million yen (down 0.7% year-on-year) on revenue of 73,774 million yen (up 0.1% year-on-year) in the First Half of FY ending March 2021.

(ii) Life Sciences Business Segment

The Life Sciences Business segment posted higher revenue from the same period of the previous year, supported by expanded sales in the contract research organization (CRO) business and other businesses.

Profits increased driven by higher revenue, but core operating profit decreased due to the impact of the one-time gain recorded in the same period of the previous year.

Consequently, the Life Sciences Business segment posted a core operating profit of 1,615 million yen (down 27.5% year-on-year) on revenue of 26,150 million yen (up 4.3% year-on-year) in the First Half of FY ending March 2021.

(iii) Elastomers Business Segment

The Elastomers Business segment recorded a steep drop in sales volume and revenue from the same period of the previous year, due to lower demand resulting from the spread of COVID-19 infections.

Core operating profit fell substantially due to the segment's considerable decline in sales volume.

Consequently, the Elastomers Business segment posted a core operating loss of 12,718 million yen, down from a core operating loss of 278 million yen in the same period of the previous year, on revenue of 58,573 million yen (down 35.6% year-on-year) in the First Half of FY ending March 2021.

(iv) Plastics Business Segment

The Plastics Business segment saw a steep drop in sales volume and revenue from the same period of the previous year, due to lower demand resulting from the spread of COVID-19 infections.

Core operating profit fell substantially due to the segment's considerable decline in sales volume.

Consequently, the Plastics Business segment posted a core operating profit of 650 million yen (down 82.1% year-on-year) on revenue of 32,592 million yen (down 33.4% year-on-year) in the First Half of FY ending March 2021.

(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 2021 announced on September 14, 2020. Please refer to the "Revision of Consolidated Business Results Forecast for the Fiscal Year ending March 31, 2021" announced today (October 27, 2020) for details of the revision.

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

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	61,931	94,633
Trade and other receivables	110,506	91,863
Inventories	112,840	106,178
Other financial assets	4,064	5,018
Other current assets	11,487	12,692
Subtotal	300,829	310,384
Assets related to disposal group classified as held for sale	2,646	–
Total current assets	303,475	310,384
Non-current assets		
Property, plant and equipment	215,664	227,291
Goodwill	58,283	57,261
Other intangible assets	15,891	19,489
Investments accounted for using equity method	25,385	24,073
Retirement benefit asset	2,560	2,538
Other financial assets	44,656	44,629
Other non-current assets	2,469	2,280
Deferred tax assets	9,331	10,545
Total non-current assets	374,238	388,107
Total assets	677,713	698,491

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	92,839	76,651
Contract liabilities	8,489	15,262
Borrowings	30,043	35,827
Income taxes payable	1,757	1,499
Other financial liabilities	3,138	3,712
Other current liabilities	9,486	8,741
Subtotal	145,752	141,692
Liabilities related to disposal group classified as held for sale	2,646	–
Total current liabilities	148,398	141,692
Non-current liabilities		
Bonds and borrowings	52,684	86,561
Retirement benefit liability	16,216	16,301
Other financial liabilities	16,198	17,940
Other non-current liabilities	3,667	4,703
Deferred tax liabilities	3,139	3,018
Total non-current liabilities	91,903	128,523
Total liabilities	240,301	270,215
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	18,242	17,993
Retained earnings	369,102	361,501
Treasury shares	(19,547)	(19,230)
Other components of equity	5,626	4,391
Total equity attributable to owners of parent	396,793	388,025
Non-controlling interests	40,619	40,251
Total equity	437,412	428,276
Total liabilities and equity	677,713	698,491

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Continuing operations		
Revenue	239,859	194,047
Cost of sales	(168,298)	(138,324)
Gross profit	71,561	55,724
Selling, general and administrative expenses	(51,184)	(50,419)
Other operating income	503	841
Other operating expenses	(1,316)	(4,803)
Share of profit (loss) of investments accounted for using equity method	190	(278)
Operating profit (loss)	19,753	1,064
Finance income	782	332
Finance costs	(886)	(1,557)
Profit (loss) before tax	19,648	(162)
Income taxes	(4,008)	(622)
Profit (loss) from continuing operations	15,640	(784)
Discontinued operations		
Loss from discontinued operations	(579)	–
Profit (loss)	15,061	(784)
Profit (loss) attributable to:		
Owners of parent	13,472	(676)
Non-controlling interests	1,589	(108)
Total	15,061	(784)
Earnings per share		
Basic earnings per share (Yen)	61.77	(3.15)
Continuing operations	64.42	(3.15)
Discontinued operations	(2.65)	–
Diluted earnings per share (Yen)	61.65	(3.15)
Continuing operations	64.29	(3.15)
Discontinued operations	(2.65)	–

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	15,061	(784)
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	1,259	26
Remeasurements of defined benefit liabilities (assets)	–	(86)
Share of other comprehensive income of entities accounted for using equity method	0	1
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	(80)	4
Exchange differences on translation of foreign operations	(4,091)	(365)
Share of other comprehensive income of entities accounted for using equity method	(1,107)	(755)
Total other comprehensive income, net of tax	(4,019)	(1,175)
Total comprehensive income	11,042	(1,959)
Comprehensive income attributable to:		
Owners of parent	9,511	(2,096)
Non-controlling interests	1,531	137
Total	11,042	(1,959)

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2019

(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, 2019	23,370	18,436	351,476	(10,042)	18,758	401,998	38,361	440,360
Effect of changes in accounting policies			133			133		133
Restated balance at April 1, 2019	23,370	18,436	351,609	(10,042)	18,758	402,131	38,361	440,493
Profit			13,472			13,472	1,589	15,061
Other comprehensive income					(3,961)	(3,961)	(58)	(4,019)
Total comprehensive income	–	–	13,472	–	(3,961)	9,511	1,531	11,042
Share-based remuneration transactions		(143)		292	(222)	(72)		(72)
Dividends			(6,613)			(6,613)	(895)	(7,508)
Changes in treasury shares		(26)		(9,833)		(9,858)	(0)	(9,859)
Transfer from other components of equity to retained earnings			6,417		(6,417)	–		–
Changes in equity due to capital increase of subsidiary						–		–
Changes in non-controlling interests						–	1,422	1,422
Other movements						–		–
Total transactions with owners, etc.	–	(168)	(196)	(9,541)	(6,639)	(16,544)	527	(16,017)
Balance at September 30, 2019	23,370	18,268	364,886	(19,582)	8,158	395,099	40,419	435,518

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
Profit (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

(5) Notes on Condensed Consolidated Financial Statements

(Cautionary Notes regarding Assumptions of Going Concern)

Not applicable

(Segment Information)

(1) Outline of Reportable Segments

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

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

JSR Group has 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. 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.

JSR has classified the lithium-ion capacitor business as discontinued operations from the previous fiscal year, and segment information presents only amounts for continuing operations excluding the lithium-ion capacitor business. JSR lost control over JM Energy Corporation on April 1, 2020, and JM Energy Corporation became an equity method affiliate of JSR. The profit or loss using equity method from JM Energy Corporation in the First Half of FY ending March 2021 is included in the Other segment.

Main Products in Each Business Segment

Business segment	Main products
Digital Solutions Business	<Semiconductor Materials> Lithography materials (photoresists, multilayer materials); CMP materials; mounting materials; etc. <Display Materials> Materials for color LCDs; functional coating materials; etc. <Edge Computing Materials> Heat-resistant transparent resins and functional films; high-functional UV curable resins; photo fabrication; etc.
Life Sciences Business	Diagnostic and research reagents and similar materials; bio-process materials; services to support drug development, etc.
Elastomers Business	Synthetic rubbers, such as styrene-butadiene rubber, poly-butadiene rubber, ethylene and propylene rubber and compounded products; thermoplastic elastomers and compounded products; latex for paper processing; general industrial-use latex; acrylic emulsions; natural latex compounded products; high-functional coating materials; high-functional dispersants; industrial particles; thermal control materials; materials for heat insulation paints; materials for batteries; butadiene monomers; 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 Half of FY ended March 31, 2020 (April 1 to September 30, 2019)

(Millions of yen)

	Reportable Segment				Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Elastomers	Plastics				
Revenue from external customers	73,731	25,080	91,007	48,962	1,079	239,859	0	239,859
Segment profit (loss)								
(Core operating profit)	17,048	2,227	(278)	3,635	58	22,689	(2,702)	19,988

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: The operating profit downward adjustment of 2,702 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 Half of FY ending March 31, 2021 (April 1 to September 30, 2020)

(Millions of yen)

	Reportable Segment				Other [Note 1]	Total	Adjustment [Note 2]	Consolidated
	Digital Solutions	Life Sciences	Elastomers	Plastics				
Revenue from external customers	73,774	26,150	58,573	32,592	2,958	194,047	(0)	194,047
Segment profit (loss)								
(Core operating profit)	16,927	1,615	(12,718)	650	193	6,667	(2,905)	3,762

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: The operating profit downward adjustment of 2,905 million yen contains company-wide profits and losses not allocated to the reportable segments.

Note 3: Segment profit (loss) has been changed from "Operating profit (loss)" to "Core operating profit" from the Second Quarter of FY ending March 2020. "Core operating profit" is presented as a profit (loss) after deducting non-recurring profit (loss) arising from business restructuring and other non-recurring factors from operating profit. The Company is undertaking business restructuring to achieve mid-to-long-term growth and increase corporate value. The change was made in response to the restructuring of the Display Solutions Business during the Second Quarter of FY ending March 2020, because it was deemed to be useful for the management of each segment and for users of consolidated financial statements to determine the Company's recurring segment profit or loss.

Adjustments to reconcile segment profit (loss) to quarterly profit (loss) before tax are as follows.

	(Millions of yen)	
	First Half of FY ended March 31, 2020 (April 1 to September 30, 2019)	First Half of FY ending March 31, 2021 (April 1 to September 30, 2020)
Segment profit (loss)	19,988	3,762
Loss from sales of shares of subsidiaries and affiliated companies	(235)	-
Restructuring expenses	-	(2,698)
Operating profit	19,753	1,064
Finance income	782	332
Finance costs	(886)	(1,557)
Profit (loss) before tax	19,648	(162)