

JSR Corporation
Summary of Q&A session of Conference call
on August 7, 2023 to explain Business Results in Q1 FY23

Supplementary Material for Financial Results:

https://ssl4.eir-parts.net/doc/4185/ir_material_for_fiscal_ym4/139409/00.pdf

1. Digital Solutions Business/Life Sciences Business

Q) What is your view on the demand recovery for semiconductor materials? Based on the Q1 FY23 results, is it likely that demand for semiconductors will gradually recover from Q2 to Q4 FY23?

- In FY22, demand was strong in the first half of the fiscal year but fell sharply in the second half. Even though Q1 FY23 remained weak, it exceeded Q4 FY22. According to our FY23 projection, the revenue from the semiconductor materials segment was expected to be generally flat YoY, and demand for silicon wafer input was expected to be -5% YoY. In the current demand environment, as Q1 is relatively weaker compared to our projection, the risk of falling below our projection is higher.
- The growth of the semiconductor industry will not slow down; demand is expected to recover gradually from Q2 FY23 and the pace of recovery will pick up in H2 FY23. Although there is uncertainty about the speed of demand recovery in the short term, we believe that the demand will recover as we move towards FY24.

Q) You mentioned that Q1 FY23 results for the semiconductor materials segment were lower than expected. Please describe the specific factors behind the downside. Is the impact of the production cut by Korean manufacturers significant?

- The shortfall of Q1 results compared to the plan is in part due to the impact of the production cut by Korean manufacturers; but the primary issue faced by the industry was continued weak demand in Memory and the slow recovery in Logic.
- Overall, the recovery in semiconductor demand is seen to be falling behind.

Q) Is it correct that sales growth in semiconductor materials segment will improve slightly from Q1 FY23 to Q2 FY23? You mentioned that there is no sign of a significant recovery in orders. Could you describe if there are any differences by application or region?

- The outlook for the next three months is highly uncertain, but for now, sales of Q2 FY23 show a slight recovery from Q1 FY23.
- While there are no significant differences by application or region, Memory's recovery has been slightly slower. Logic, while recovery remains weak, is showing some signs of

improvement. Automotive and display semiconductors, so called legacy chips, are also showing signs of recovery and we expect to see our revenues recover to some extent given the wide range of our products, which covers the legacy chips as well.

Q) With regard to the Life Sciences business, you mentioned that the Q1 result was in line with your expectation, when accounting for exceptional factors. But the results still seem weak. I would like to know the quantitative impacts, such as for the Colorado facility, among CDMO sales.

Also, I would like to know whether it is reasonable to understand that IVD's QoQ change is the only factor of profit decline of Life Sciences business, and to confirm the accuracy of IVD's full-year sales forecast.

- Of the 4.5 billion yen in special factors listed on page 4 of the presentation, half of that total is due to major repairs at CDMO's Colorado facility, with the rest due to accounting factors such as write-downs. The major repairs at the Colorado facility have already been factored into the plan.
- Excluding special factors, the overall Q1 result is generally within expectations. Further sales of the IVD antigen test kits are expected in the second half of this fiscal year, and orders are not expected to decline at this time.
- The repair of CDMO's Colorado facility was a large-scale construction project that fundamentally strengthened infrastructure. Due to that construction period, production was mostly stopped in Q1 FY23, which resulted in a decline in sales. In terms of Q1 result for other CDMO fields, sales were in line with our expectation and profit was slightly improved through cost reduction.
- On the other hand, for CRO, we did see some impacts on our customers' development activities such as biotech start-ups' struggles to raise capital. While some slowdown in demand was factored into this fiscal year's projection, Q1 results were weaker than expected due to the impact on demand and economic conditions in China and the US.

2. Strategic Partnership with JIC Capital (JICC)

Q) We would like to get your comments on the current direction of industry restructuring. In addition, could you explain your thoughts on restructuring the industry, even though some news reports have mentioned that the benefits of vertical integration are limited?

- On June 26, our company disclosed "Announcement of Opinion on Scheduled Commencement of the Tender Offer and Recommendation for our Shareholders to Tender their Shares in the Tender Offer to be Conducted by JICC-02, Ltd. for the Shares in JSR Corporation." The Tender Offer is scheduled to start in late December. At present, our important matters include procedures around relevant domestic and foreign regulations, including competition laws,

which are progressing well.

- We are currently open to many possibilities. Given that there are many companies and businesses in the domestic semiconductor materials industry, with a wide range of technologies and human resources, both vertically and horizontally. About the contents of some of the news reports, we have only given examples of advantages and disadvantages in general terms, and our policy remains unchanged.

Q) Some news reports mentioned that you have not ruled out the possibility of selling other businesses, such as the Life Sciences business, to provide capital for industry restructuring. Is the company considering a sale like this?

- Under the strategic partnership with JICC, the company aims to restructure the semiconductor materials industry, and there will be no change in our business strategy to maximize corporate value in the entire business portfolio, including the Life Sciences business, which is one of our core businesses.
- Regardless of strategic partnership or being delisted, we will always optimize our business portfolio as a management. We have been transforming our business portfolio in the past, and will continue to do so in the future. In the general terms, there are various options available to us.

Q) In some news reports, there were comments that the company would go private to pursue its strategy without the restrictions from foreign shareholders. I would like to know the background of going private again.

- The purpose of going private is to enable the company to pursue its strategy flexibly and agilely from a medium- to long-term perspective, regardless of the short-term impact on business performance. We believe that this would be best achieved through a strategic partnership with JICC.
- We recognize some media commented that the large number of foreign shareholders is a factor behind going private, but this is only an example of the general difference in decision-making between listed and unlisted companies.

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