

## JSR Corporation

Summary of Q&A session of Conference call on November 6, 2023, to explain Business Results in Q2 FY23

Supplementary Materials for Financial Results:

[https://ssl4.eir-parts.net/doc/4185/ir\\_material\\_for\\_fiscal\\_ym4/143683/00.pdf](https://ssl4.eir-parts.net/doc/4185/ir_material_for_fiscal_ym4/143683/00.pdf)

### 1. Digital Solutions Business

Q) Downward revision of full-year earnings forecast. I would like to know the background of this downward revision while JSR is likely to benefit from weak yen due to high exports.

- Our company has a good market share. The downward revision was due to the impact of the semiconductor cycle. In the semiconductor field, the bottom has been reached. But the timing and speed of the recovery are difficult to predict. With our prediction, it is expected to start around 2024.
- While we will firmly manage costs amid slowing semiconductor demand, the fundamentals of the semiconductor sector are very strong. In our business portfolio, there has been a recovery in the Display business, and the Life Sciences business is in a good position as a portfolio. We will continue our business strategy.

Q) Is DRAM the main reason for the increase in EUV market share? What kind of ramp-up in EUV is assumed for the second half of the year?

- Good progress in our market share in the overall customer base across the different applications.
- On the demand side, we see a slowdown in Memory, especially in NAND, and it will take some time to recover. In terms of EUV, we expect the market share to increase in the second half, and we expect sales of our EUV to increase in the future by going into mass production.

Q) I would like to know the background of the decline in core operating profit of semiconductor materials, which is much larger than the decline in sales.

- The decline in core operating profit of semiconductor materials is not due to a decline in high-margin products or a decline in prices, but to a decline in overall sales volume due to weak demand.
- On the other hand, fixed costs increased compared to the previous year due to continued upfront investment in semiconductor materials. Although increase in fixed costs was within the plan, they increased compared to the previous year.

Q) I would like to know the estimation of future semiconductor demand for Logic and Memory.

- The entire industry, not just our company, expects a V-shaped recovery in semiconductor demand. The recovery may be gradual, but it is expected to recover from the downturn that we are seeing now.
- In terms of the degree of recovery in 2024, although it is unclear, Logic expects to recover first, followed by DRAM and then NAND, compared to other applications.

## **2. Life Sciences Business**

Q) The revised full-year earnings forecast appears to reflect weakness and uncertainty in the biotech industry, but what do you see in the biotech industry for H2 FY23 and FY24?

- The downturn in the biotech industry has affected Crown, which specializes in cutting-edge programs. Crown's growth has been planned relatively with focus on China while the funding for Chinese biotech is also weak. The current situation is difficult, but the demand environment is expected to improve.
- In H2 FY23 of the life sciences business, sales are expected to increase mainly due to the capacity and efficiency improvements that KBI is making. Although the launch of the new facility was delayed in the past, it is now up and running, and it is planned to operate more than the initial forecast for this fiscal year in the second half. The Colorado facility, which was shut down for major repairs, is now back in operation. As a result, sales are expected to improve significantly in H2 FY23 compared to H1 FY23.

Q) The downward revision to the full-year earnings forecast appears to indicate that the decline in core operating profit is more severe than the decline in the top line. Please explain.

- The downward revision to core operating profit was largely due to special factors such as inventory write-downs (FY23 Q1) and disposal losses. In addition to special factors related to inventory, weak demand has not only affected Crown sales, but also KBI has been partially affected by the risk of dab debts. Such downside risks have also been conservatively reflected in this earnings revision.

## **3. Strategic Partnership with JIC Capital (JICC)**

Q) Is the Chinese competition law procedure reviewed with a normal procedure? Is it possible to start a takeover bid in late December?

- We have not disclosed individual applications. JICC has submitted the necessary documents for the review and will continue to respond as necessary. There are no concerns currently.

Q) What are the trends in the restructuring of the semiconductor materials industry?

- I can't discuss the details. I feel that high-level discussions are accelerating, and we are considering various scenarios. When the TOB process is completed, a firm strategy will be pursued.

Q) Since the JSR share price is below the TOB price, we speculate that the reason may be concerns over obtaining clearance in China.

- We think that the share price is decided by the market, so we will refrain from commenting. We would like to explain to the market as transparently as possible.

Q) Is there any risk that the revision of the TOB price or the failure of the TOB due to the drastic reduction of the full-year forecast?

- Our company has nothing more to say than what we have disclosed so far. What we can say is that there is no particular point of concern right now.

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