

JSR Corporation
Summary of Q&A session of Conference call
on February 5, 2024 to explain Business Results in Q3 FY23

Supplementary Material for Financial Results:

[JSR 23Q3 Presentation Material for earnings announcement \(eir-parts.net\)](https://eir-parts.net)

1. Digital Solutions Business

Q) How do you expect sales of semiconductor materials to recover?

- Sales gradually recovered from Q1 to Q3, and are expected to continue recovering for the next fiscal year.
- However, sales are still only -15 percent from last year, and it will take time for a full recovery.
- Sales are expected to recover from logic first. Memory is also expected to have bottomed out.

Q) You expect silicon wafer inputs for the next fiscal year to be in the double digits compared to last year, but this appears conservative compared to semiconductor manufacturers' outlook for 2024. What is your take?

- Our expectations for silicon wafer inputs are consistent with multiple sources and are considered realistic.

Q) Please let me know if there is any update on the share of EUV.

- We refrain from giving you the details about customers or regions, but EUV's share is on track.

Q) What is the long-term outlook for Metal Oxide Resist (MOR) ?

- Testing in customer processes are on going for initial insertion.
- It is well positioned relative to our initial forecast and we are pleased with the progress.

Q) How much of a drop do you expect in Digital Solution Business to see in Q4 earnings?

- In semiconductor materials, some of the sales expected in Q4 were shipped ahead of schedule in Q3, so we expect a decline in Q4 at least the same amount or even more.
- In display materials, we expect an operating adjustment by customers in February, which will negatively affect in QoQ. Meanwhile, customer utilization is expected to recover in March.

2. Life Science Business

Q) I would like to know the special factors included in Q3 performance and how much they are expected to occur in Q4.

- Q3 includes special factors of -1.5 billion yen in Contract Development and Manufacturing Organization (CDMO). The upside of Q3 includes the shipment of In Vitro Diagnostics (IVD) test kits, which greatly contributed to the increase in QoQ.
- It is difficult to say about the scale, but it is assumed that it could be larger than the special factor of -1.5 billion

yen that occurred in Q3. Currently under scrutiny.

Q) You have set a goal of achieving an operating margin of 20% in the next fiscal year, how are you progressing toward that goal?

- As for the outlook for next fiscal year, we are in the stage of building up the budget.
- The biotech industry continues to face funding difficulties and is expected to continue next year. Crown Bioscience (Crown) has been particularly impacted by this and expects to be impacted in the coming quarter.
- Operations are improving in terms of controlling investment and fixed costs, and the foundation for improving profitability is being laid.
- To achieve an operating margin of 20%, top-line growth including KBI and Crown is important. KBI, which is lower than expected due in part to a slowdown in the demand sector, is also expected to expand production that is not yet at full capacity, while Crown is expected to increase sales for the next fiscal year.

Q) It seems that KBI continues to incur special factors such as inventory write-offs. What is the background?

- The main reason for this was the visibility of inventory and the overorders due to difficulty in securing inventory during COVID-19. KBI is currently implementing structural reforms to prevent this from happening again.

3. Strategic Partnership with JIC Capital (JICC)

Q) I read the article that Merck and other PE funds have submitted offers to you. Can you tell me how the terms compare to JICC?

- There are no offers but JICC.

Q) I understand that the TOB has been delayed because the necessary procedures under the Competition Laws in China have not been completed. Are there any negative factors?

- We are not aware of any serious problems, but it is an important field, so we recognize that we are taking time to examine it. We will promptly disclose information as soon as it is updated.

Q) Please explain the background of the intellectual property-related lawsuit from the Research Foundation of the State University of New York (SUNY) and the impact on the TOB if the case goes to court.

- We have no reason to believe that SUNY's claims will affect the TOB.
- JICC has been aware of the claims being made by SUNY.

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