JSR Corporation

Summary of conference call on April 30, 2024, to explain Financial Results for FY23

[Note] Please refer to data available at:
https://ssl4.eir-parts.net/doc/4185/ir_material_for_fiscal_ym4/154514/00.pdf

P3 Key Takeaways

・With regard to the establishment of a strategic partnership with JICC announced last June, the TOB was launched on March 19, 2024 and completed on April 16, 2024. Taking advantage of the benefits of becoming a delisted company, we aim to accelerate flexible strategic investments, structural reforms, and industry restructuring. Our vision remains unchanged. As a world-leading technology company, we will strive for sustainable value creation.

・FY23 sales and profit decreased. SEMI sales decreased -6% YoY due to the semiconductor downcycle. The decline magnitude was more than double digits until the Q3 FY23, but eased due to the market recovery trend. In addition, we continued to make strategic investments to strengthen competitiveness in EUV, metal oxide resist (MOR) and Asian markets, which will lead to future business growth. For LS, one-time expenses, including structural reform aspects, were accounted in Q1 FY23 and Q4 FY23, resulting in a significant decline in earnings.

・Future outlook. SEMI sales bottomed out in Q4 FY22, and revenue has recovered upward, resulting in approx. +25% YoY in Q4 FY23. We see the continuing recovery, but a return to a full-fledged growth path is expected in 2025. Our market share in the cutting-edge logic and memory fields with EUV, an advanced photoresist is expanding. We expect it to contribute significantly to our revenue growth in the future semiconductor growth period. We are also making progress at the top level on business development of metal oxide resist (MOR), a next generation photoresist. It is expected to be widely used in the latter half of the 2020s.

・For LS, given the medium- to long-term high growth prospects of the biopharmaceutical sector, we are gaining market position with unique technologies. In the current weak biotech-related environment, CDMO plans to continue double-digit growth following last year. The start-up of operations has been delayed amid the rapid business expansion and global expansion of the scale of production to date. In parallel, we have been carrying out structural reforms such as business restructuring and operational strengthening. We expect to see these results to show in FY24 and beyond.

・After the completion of TOB, we will go through a squeeze-out process and make a new start as a delisted company.

・We will accelerate actions of each business through the strategic partnership with JICC. Also, we aim to reorganize the semiconductor materials industry and contribute to strengthening the international competitiveness of our domestic industries. In the semiconductor industry, which will become increasingly important to society as investment competition accelerates, we will establish the foundation to continue providing superior quality services using advanced technologies to customers in the global semiconductor field.

・We plan to relist in the future. Our policy of fulfilling responsibilities such as creating value for all stakeholders and contributing to a sustainable society remains unchanged. We will also improve management governance.

・In FY2024, we expect to see an improvement in performance due to market recovery and the absence of special factors. In the light of being delisted, we will not disclose earnings forecasts.

P4 Financial Results: FY23 Results

・FY23 resulted in revenue of 404.6 billion yen and core operating profit of 8.3 billion yen. Significant year-on-year decline in profit.

・For DS, it is mainly due to a decrease in sales caused by a decrease in demand because of the semiconductor cycle and due to an increase in fixed costs for strategic investment. Revenue has been on a recovery trend since the bottom of Q4 FY22. Sales of DISP increased due to a recovery in panel maker utilization. Panel market conditions were also on an improving trend, indicating a stronger market recovery than expected.

・For LS, despite the 25% growth in CDMO, profit was significantly decreased mainly due to the influence of special factors. The special factors include the impact of the operation shutdown for about three months due to the large-scale repair of KBI's Colorado plant, write-down of excess investment in inventory during periods of heightened material procurement risk in the COVID-19 environment, and allowance for bad debts related to customers due to the downturn in the biotech industry. In the current fiscal year, we strictly recognized losses, including those involving future risks. We expect improvement for these amounts next fiscal year.

・For PLA, demand for automobiles, a major customer industry is on a recovery trend. On the other hand, demand for home appliances, office automation equipment, and building materials slowed and sales declined.

From P5 onwards, details of figures are given. We will not disclose the FY24 earnings forecast. On the other hand, the market outlook is described on P10.
This is expected to be the last quarterly earnings briefing in this style. We plan to separately disclose our management and business performance through some channels, such as our website and briefings.

We appreciate your continued support for JSR.

[Notes]

Digital Solutions business	: DS
Semiconductor materials	: SEMI
Display materials	: DISP
Edge computing	: EC
Life Sciences business	: LS
Plastics business	: PLA
Year on Year	: YoY
Quarter on Quarter	: QoQ

###