CEO MESSAGE

In June of this year the JSR group restructured our executive management. We established the position of global CEO and redefined the job of the president to focus on operations in Japan and to encompass the role of COO. Earlier in the year we established a North American headquarters to manage our global Life Sciences division as well as our US semiconductor operations. Several factors contributed to these changes. Today JSR's revenue is approximately 500 billion yen annually and around 60% of that comes from overseas sales. In addition, about one third of our more than 9,000 employees (as of March of 2019) and half of our tangible fixed assets are located outside of Japan, and the number of JSR Group companies has increased from 34 to 60 in the last decade with two-thirds residing overseas. Our foundation and roots are certainly Japanese, but our continued success requires a truly global infrastructure.

It was amid these circumstances that I became Representative Director and CEO. Although I am the first non-Japanese to take the top office of JSR Group management, I have a long history with JSR. I joined JSR more than 18 years ago and have been deeply involved in both the Semiconductor Materials Business and the Life Sciences Business.

We recognize that we face many potentially disruptive pressures. Several years ago, we identified Global Warming, Population Growth/Natural Resources, Emerging Markets and the Digital Revolution to be four macro trends that will affect, not only society, but how each of our business segments,

CEO MESSAGE

Elastomers, Plastics, Digital Solutions and Life Sciences, operate to create value through materials. More generally, JSR will continue to foster a culture centered on curiosity, openness, and adaptability. We believe that change is inevitable, and we embrace the challenges and the opportunities that an ever-evolving landscape present. JSR also understands that being a responsible corporate citizen is not simply a perception to manage but rather represents a core value essential to who we want to be as a company.

"Strengthening our competitiveness for the future" is the Phase III mission of the JSR20i9 mid-term business plan — the JSR Group's three-year plan running from fiscal year 2017 through fiscal year 2019. Under the plan, the JSR Group has pursued continuous innovation toward the Company's 2020 vision. As in the previous fiscal year, the Group achieved revenue targets set out in the mid-term business plan for fiscal year 2018, the second year of JSR20i9, and in fact met many of our 2019 financial targets ahead of schedule.

The Elastomers Business segment is witnessing rising global demand for fuel-efficient tires and other types of high-performance tires. At JSR BST Elastomer Co., Ltd. — a joint venture in Thailand that supplies solution styrene-butadiene rubber (SSBR) for high-performance tires — the first-phase and second-phase facilities are operating satisfactorily and are approaching full output. To address further demand growth, the Group has established JSR MOL Synthetic Rubber Ltd. a joint venture in Hungary, where operations are scheduled to begin in fiscal year 2019.

In the Plastics Business segment, Techno-UMG's efforts at post-merger integration are progressing well, with particular focus on consolidating sales, development, and manufacturing operations and building a solid organizational framework. The merger's aim is to further enhance our competitiveness while also expanding revenues. We will do this by improving manufacturing efficiencies and cost competitiveness, diversifying the company's differentiated product lines, and growing sales of specialty products in overseas markets.

Our semiconductor materials business is maintaining its global competitiveness in cutting-edge lithography materials for 7 to 10 nm generation processes. At the same time, the JSR Group is broadening sales of semiconductor peripheral materials, such as packaging materials, and CMP materials (slurries, cleaning solutions).

The display materials business is working hard to expand sales for materials used in wide-screen LC panels, especially our alignment films and insulating films in the China market, where we see strong growth potential.

The JSR Group in May 2018 made Crown Bioscience International — a provider of preclinical drug discovery and development services — a wholly-owned subsidiary under the Life Sciences Business segment, complementing KBI Biopharma, Inc., MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (MBL), and Selexis SA. The addition of Crown Bio completes a framework that provides end-to-end process support, from antibody drug discovery to commercial production. The Life Sciences Business companies will pursue synergies to drive greater business expansion.

In the area of next-generation research, the JSR Group opened the JSR-Keio University Medical and Chemical Innovation Center (JKiC) in October 2017 — a joint research facility with Keio University's School of Medicine and the Keio University Hospital. JKiC is spearheading the development of innovative materials and products that will underpin the advancement of new medical fields. The JSR Group also plans to open a new research building in the Tonomachi District of Kawasaki in 2021 to coordinate next-generation research. These research facilities will lay the groundwork for future expansion of the Life Sciences Business.

In closing I want to emphasize that I believe one of JSR Group's key differentiators is our multiculturalism and our exceptional commitment to enhance diversity. We have a broad set of talent from all over the globe and we have been making significant investments outside of Japan for decades. We are not simply a Japanese company competing overseas. We are committed to competing assertively and confidently in Japan and around the world as a truly global corporation. Together I am confident we will continue to strengthen JSR as a successful and respected player in the global market and that this great Japanese corporation will thrive as a truly globalized company supported by our deep talent pool and assets around the world. I will do everything I can to enhance our ability to support our mission and to allow us to shine even brighter.

Representative Director, CEO

Eric Johnson

MESSAGE FROM PRESIDENT AND COO

As the highest ranking person in charge of business execution I will implement fast management towards sustainable growth from 2020 onwards.

My name is Nobuo Kawahashi and I became Representative Director and President, and Chief Operating Officer (COO) from June 2019. Similarly, Eric Johnson, who became the new CEO from June 2019, and I form a two-man team that will contribute to improving the Group's sustainable corporate value.

When looking ahead to 2020, the Group promoted its mid-term business plan, dividing fiscal 2011 through fiscal 2019 into three separate plans. In the first JSR20i3 (FY2011-2013) plan we selected new businesses with the aim of achieving sustainable growth while continuing to strengthen the Company with the Petrochemical Business (Elastomers Business and Plastics Business) and the Fine Chemicals and Other Products Business (mainly Semiconductor Materials Business and Display Materials Business) as its base. Following on in the JSR20i6 (FY2014-2016) plan, we decided to make the Life Sciences Business the third business pillar of the Company. Now in the current JSR20i9 (FY2017-2019) plan, we have established Solution polymerization Styrene-butadiene Rubber (SSBR) for high-performance tiers of the Elastomers Business, Semiconductor Materials Business and the Life Sciences Business as the three earnings drivers. It can be said that the Group is facing a major turning point in terms of sustainable growth from 2020 onward.

Under these conditions, we will continue to create innovative materials that become the de-facto standard. At the same time, by merging with different industries to further expand our areas of business, we will listen to diverse opinions, anticipate future market needs with an open mind, and carry out a fast and flexible management style to be able to respond quickly to environmental changes.

Representative Director and President,
and Chief Operating Officer (COO)

Nobuo Kawahashi

MESSAGE FROM PRESIDENT AND COO

What is your outlook for the future business environment?

Pushing ahead business portfolio reforms focused on the keywords of personalization and localization.

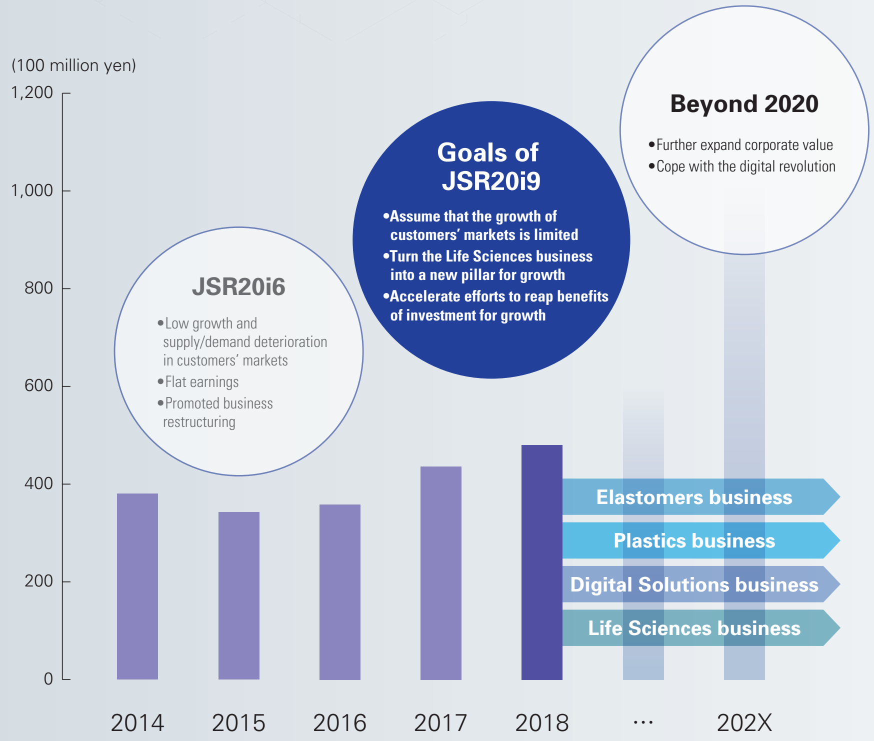
In recent years the wave of digitization has gained ever more momentum with advanced technologies such as artificial intelligence (AI), high-speed communication, and genome editing all having made remarkable progress. And from the mid 2020's I'm sure we'll see a more pronounced wave of personalization and localization coming to the forefront.

The personalization movement has already become commonplace in the healthcare industry with the onset of personalized medicine. This has also been achieved as a result of rapid evolutions in genetic analysis and diagnostic imaging technologies, all possible because of digitalization. As for localization, by digitizing manufacturing processes and know-how, the movement of digital manufacturing will enable production anytime and anywhere. On the other hand, ways to expand global standards in all regions will reach their limits meaning there will be an even greater demand for sophisticated responses to the unique needs of the region.

As part of our response to these changing times we have invested in Carbon, Inc. of the United States, which has advanced technology in the field of 3D printing. Innovations in software, hardware, and material science have enabled product designs never before possible, regardless of region or volume. Orthopedic implants that use 3D printing are rapidly becoming widespread in the medical field, and as such we have entered into a collaboration partnership with GE Healthcare Japan Corporation for the construction of a digital platform and launch of a new service in the field of orthopedic surgery.

In recent years the Group has actively been seeking out mergers and acquisitions, growing significantly as a result. I would like to go forward with our business portfolio reforms with focus on the keywords of personalization and localization in mind, aiming for more sustainable growth.

MESSAGE FROM PRESIDENT AND COO



How is the JSR20i9 mid-term business plan progressing?

Positioning SSBR , the Semiconductor Materials Business and the Life Sciences Business as the three earnings drivers and promoting business portfolio reforms

Revenues in fiscal 2018 increased significantly from the previous year due to a merger in the Plastics Business and Crown Bioscience International (CrownBio) becoming a consolidated subsidiary. However, despite realizing operating profits in the Life Sciences Business, increasingly poor buy/sell spreads in the Elastomers Business, due to the decline in automobile production in China and Europe, has led to tighter profit margins, resulting in a slight overall decline from last year. Although target figures for the JSR20i9 mid-term business plan have been reached as in the previous fiscal year, there are still challenges remaining for each business. We shall therefore leave the target figures unchanged and work to successfully accomplish our plan.

Looking at each segment, firstly one of our earnings drivers, the Thai joint venture which supplies solution styrene-butadiene rubber (SSBR) for high-performance tires, such as fuel-efficient tires, is approaching full strength. In fiscal 2018 we achieved over 10% growth in sales volume in the face of 5-6% market growth. We are planning to launch operations of our plant at joint venture in Hungary in fiscal 2019 with an eye to further accelerate growth.

In the Plastics Business, we established Techno-UMG Co., Ltd. in April 2018 through a merger between one of our Group companies, Techno Polymer Co., Ltd., and UMG ABS, Ltd. Through moving product lines between plants we have been able to increase production efficiencies while reducing our investment to increase capabilities. In fiscal 2019, in addition to improving manufacturing efficiency and cost competitiveness, we are looking to increase our lineup of differentiated chemical products and aiming to expand sales of specialty products overseas utilizing the manufacturing, development and sales capabilities of both companies.

Next is the Digital Solutions Business where, in earnings driver Semiconductor Materials Business, we will maintain our competitiveness while strengthening relationships with major global customers in cutting-edge lithography materials, including those state-of-the-art 7-10 nm (nanometer) generation lithography processes. Furthermore, we will expand sales of extreme ultraviolet (EUV) lithography materials for the 7 nm generation and beyond and sales of semiconductor peripheral materials such as packaging materials, and CMP materials (slurries and functional cleaning solutions). In the Display

MESSAGE FROM PRESIDENT AND COO

As the Group provides innovative materials to various industries and fields around the world, I believe that even small results, one by one, can, over time through our business activities, make big differences in protecting the environment. More specifically, although it is natural to try to reduce greenhouse gas emissions in the supply chain and achieve zero waste from factories, we intend to steadily plug away at building on the development of eco-friendly products with, for example, solution styrene-butadiene rubber (SSBR) for high-performance tires, and materials for liquid crystal displays that contribute to reduced power consumption, to make a bigger contribution with greater overall impact.

What direction will your efforts on R&D and innovation take?

Actively promote open innovation through expansion beyond in-house development

In terms of the Group's research and development, in addition to the five research laboratories (Performance Polymer Research Laboratories, Display Solution Laboratories, Fine Electronic Materials Research Laboratories, Advanced Materials Research Laboratories, and Edge Computing Research Laboratories), which are all located at Yokkaichi Research Center, the Group is conducting research at Tsukuba Research Laboratory and JSR-Keio University Medical and Chemical Innovation Center (JKiC: in Shinanomachi Campus of Keio University). However, in-house development takes time and cannot keep up with the speed of change. Even though R&D has already begun at JKiC and the Center of Materials Innovation, which has been newly established at Yokkaichi Plant, we will actively utilize open innovation that incorporates technology from outside the Company.

Furthermore, in 2021, research laboratories for life sciences and business incubation will be established in Tonomachi, Kawasaki City, and here too, open innovation will be incorporated to seek out new areas of business.

MESSAGE FROM PRESIDENT AND COO

Business we will expand sales of organic EL materials with a focus on our competitive alignment films and insulating films in the Chinese market where we expect particularly strong growth, especially for large-sized liquid crystal panels.

Finally, in the Life Sciences Business, in addition to KBI Biopharma, Inc., Medical & Biological Laboratories Co., Ltd., and Selexis SA, which has the technology to quickly generate cell lines used to culture antibodies efficiently, we acquired CrownBio, a provider of pre-clinical drug discovery and development support services, as a consolidated subsidiary in fiscal 2018. In this way, we have established a system that enables support throughout the entire process, from discovery to the manufacture of antibody drugs. The Life Sciences Business achieved profitability in fiscal 2018 and is aiming for sales of 54 billion yen in fiscal 2019.

What are your views on corporate governance?

In order to make quick and accurate business decisions for each region and market, a director will be increased

The Company's corporate governance system has a Nomination Advisory Committee and a Remuneration Advisory Committee, both of which are chaired by an independent outside director with a majority of members as outside directors, and together have introduced a short- and medium-term performance-linked remuneration scheme. With regard to the outside directors, in addition to being completely independent, they are made up of a well-balanced number of directors with vast experience in management and business operations who can be expected to pro-actively raise issues with regards to improving growth strategies and governance, thereby sufficiently ensuring management transparency and integrity.

In order to continue sustainable growth by capitalizing on business opportunities in the future amid a global economy that continues to expand, while diversifying by region and market, it is necessary to have a management system that can facilitate quick business decisions and business execution in response to changes in regions and markets at a global level, as well as management from a broader perspective based on environmental changes. Because of this, a director has been increased, in addition to the newly appointed CEO and COO in fiscal 2019.

What is your approach to human resources?

Focus on diversity and developing human resources that focus on creating

I believe that the human mindset is incredibly important in times of constant change. Developing human resources that can withstand change is the most important issue in the new management system. It is necessary to have intelligent people, who can use their knowledge to create new things. We will develop practical training programs, as opposed to classroom-based learning, to foster human resources with an attitude toward creating something from nothing. We shall also develop human resources with the mindset to not be satisfied with the way things are, to not be afraid of change, but rather to see change as an opportunity.

The Group is actively working to promote diversity. Emphasis is placed on improving the workplace environment to take advantage of diversity, aiming for our diverse human resources to play an active role and improve productivity. To this end, "Work-style Innovation Activities" have been incorporated into our JSR20i9 mid-term business plan, promoting a review of work styles in conjunction with improving corporate competitiveness. As a result, the Company, has shown outstanding health and productivity management and has been recognized as a "Health and productivity -White 500-" company from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaig i (the Japan Health Council) for three consecutive years. In the future, we will promote flexible work styles using the powers of ICT to suit the preferences of employees in different stages of their lives, with options such as remote offices or working from home. Finally, as global human resource acquisition becomes more important, we will also focus on improving the workplace environment with due consideration to cultural differences.

In what ways are you working on protecting the environment?

Recognizing and working on protecting the environment no matter how small the business activity

The Group is promoting initiatives to protect the environment by focusing on both Energy Management to reduce our impact on the environment, and Eco-Innovation to create new business opportunities for products with the environment in mind. We recognize that as a chemical company, environmental protection is one of the most important issues facing the Group.

CFO MESSAGE

Hideki Miyazaki
Director
Managing Officer

Review of Business Results in Fiscal 2018

In fiscal 2018, we reported consolidated sales revenue of 496,746 million yen (up 17.7% from the previous year), operating profit of 43,030 million yen (down 1.2%), profit attributable to owners of parent of 31,116 million yen (down 6.4%), and an ROE of 7.8%.

Among the major demand industries, markets were mixed with automobile and tire production sluggish due to the slowing Chinese economy while the semiconductor and display markets showed rising demand. In addition to these market trends however, sales revenues in each business increased as a result of increased sales of high-functional materials. Meanwhile, operating profit increased in the Plastics Business and Digital Solutions Business, and the Life Sciences Business returned to profitability. However, the impact of lower profits from the Elastomers Business was significant and overall decreased slightly.

Looking at each business, although sales revenue in the Elastomers Business surpassed that of the previous year mainly due to an increase in sales volume of solution polymerization SBR (SSBR) for high-performance tires such as fuel-efficient tires, operating profit fell below that of the previous year due to sluggish market conditions and an increase in fixed costs, in addition to the large profits from the previous strong fiscal year.

In the Plastics Business, sales revenue and operating profits significantly exceeded those of the previous year due to the merger of Techno Polymer Co., Ltd., a JSR Group company, and UMG ABS, LTD. (equally owned by Mitsubishi Chemical Corporation and Ube Industries, Ltd.).

In the Digital Solutions Business, revenue surpassed that of the previous year due to an increase in sales volume centered on leading edge photoresists in the Semiconductor Materials Business. Operating profit also increased overall in the Digital Solutions Business due to the increase in profits in the Semiconductor Materials Business.

With regard to the Life Sciences Business, positioned as JSR Group's third core business, revenue increased substantially compared with the previous fiscal year leading to operating profits in the black due to more contracts with KBI Biopharma, Inc. (KBI) and the consolidated subsidiary of Crown Bioscience International (Crown Bio).

Forecast for the Final Year of Mid-Term Plan

Global economic trends are uncertain, however, while the major demand industries of automobile production and tire production are expected to be down globally from the previous year, and the semiconductor market currently faces weak demand, a recovery is expected in the future due to faster communication speeds and

FY2018 Results (Billions of yen)

Consolidated	Revenue	496.7
	Operating Profit	43.0
	Profit Attributable to Owners of Parent	31.1
Elastomers Business	Revenue	200.7
	Operating Profit	7.4
Plastics Business	Revenue	105.4
	Operating Profit	9.2
Digital Solutions Business	Revenue	142.2
	Operating Profit	32.7
Life Sciences Business	Revenue	43.9
	Operating Profit	0.8
Other Businesses & Adjustment	Revenue	4.5
	Operating Profit	–7.0

CFO MESSAGE

increased data capacity, among other factors. In the display market, LCD panel production remains steady with production in China expecting to increase in the future.

Amid such an environment, the consolidated business forecast for the year ending March 2020 is as follows: revenue of 508 billion yen (increase of 2.3% from previous year), operating profit of 44.5 billion yen (3.4% increase), and profit attributable to owners of parent 31 billion yen (down 0.4%).

Looking at each business, sales in the Elastomers Business are expected to increase due to steady growth of SSBR sales for high-performance tires but the market continues to stagnate, and taking into account the fixed costs for the startup of the Hungarian plant, operating profits are expected to drop. In the Plastics Business, although revenue is on par with the previous year, operating profits are expected to increase due to improved profitability. Sales and operating profits are expected to increase in both the Digital Solutions Business and the Life Sciences Business on the back of steady markets.

Capital Costs and Business Portfolio

With regard to the cost of capital, we aim to steadily achieve an ROE of at least 8% and aim to reach the 10% level as soon as possible. However, in fiscal 2018 it was 7.8%, slightly lower than 8%. In fiscal 2019, we will strive to achieve at least 8% by acquiring our own shares or other such measures.

Reform is progressing within our business portfolio with the mergers in the Plastics Business and the expansion of the Life Sciences Business.

Returning Profits to Shareholders

Shareholder returns will be determined by taking into account the balance between the redistribution of profits to all shareholders and retained earnings for future growth of the Company while taking into consideration the business results and medium- to long-term capital requirements.

During the JSR20i9 mid-term business plan, we are aiming for an overall return to shareholders of 50 percent or higher through a combination of dividends and share buybacks. In fiscal 2018 shares were repurchased along with dividend payouts for an overall return of 58.6%.

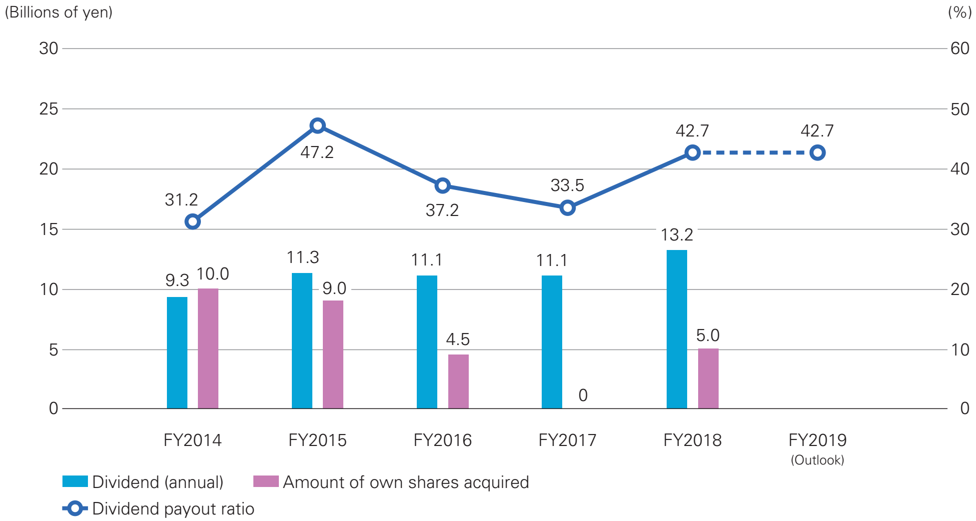
The dividend per share for fiscal 2018 was 30 yen for the end of Q2 and 30 yen for end of Q4 for an annual dividend of 60 yen. Compared with the annual dividend of 50 yen in fiscal 2017, we have increased the dividend by 10 yen per share. Taking into account the business results forecast for fiscal 2019, we are again planning to pay a dividend of 30 yen per share at the end of the second quarter and 30 yen per share at the end of the fiscal year for an annual dividend of 60 yen.

Fiscal 2019 Forecast

(Billions of yen)

		FY18 Act	191H pro	192H pro	FY19 Pro	YoY
Consolidated	Revenue	496.7	252.0	256.0	508.0	+2%
	Operating Profit	43.0	21.5	23.0	44.5	+3%
	Profit Attributable to Owners of Parent	31.1	15.0	16.0	31.0	–0%
Elastomers Business	Revenue	200.7	100.0	101.0	201.0	+0%
	Operating Profit	7.4	2.7	2.8	5.5	–26%
Plastics Business	Revenue	105.4	51.0	51.0	102.0	–3%
	Operating Profit	9.2	5.0	5.0	10.0	+9%
Digital Solutions Business	Revenue	142.2	72.5	72.5	145.0	+2%
	Operating Profit	32.7	16.5	17.5	34.0	+4%
Life Sciences Business	Revenue	43.9	25.5	28.5	54.0	+23%
	Operating Profit	0.8	0.5	1.0	1.5	+92%
Other Businesses & Adjustment	Revenue	4.5	3.0	3.0	6.0	+34%
	Operating Profit	–7.0	–3.2	–3.3	–6.5	–

Changes in Shareholder Returns



CFO MESSAGE

Thoughts on M&A and our Approach to Growth Investment

The Company regards business growth over the long term as its top priority. To generate sustainable long-term growth, JSR Group strives to increase its competitiveness by developing new businesses through the strengthening of research and development activities from a long-term perspective.

In particular, we have promoted M&A in the Life Sciences Business to accelerate growth. In fiscal 2018, we made Crown Bioscience International Inc., a contract research organization (CRO) that provides drug discovery support services for pharmaceutical companies in the pre-clinical trials stage of the drug development a wholly-owned subsidiary. Through previous acquisitions, including this one, we have established a framework, with a focus on antibody drugs in the Life Sciences Business, that enables consistent process support from the discovery of drugs through to their manufacture.

We shall carefully consider any M&A in the future as and when necessary in light of business growth.

Basic Policy, Results and Forecast for R&D Expenses

The target for R&D expenses is at around 5% of revenue, of which 1% shall be allocated our next generation businesses. Research and development expenses in fiscal 2018 were 24.9 billion yen, 5% of sales revenue.

We recognize that R&D is very important for future growth. We will therefore strive to make the best use of resources while allocating them according to the needs of the business.

Basic Policy, Results and Forecast for Capital Investment

Capital investments mainly include expansion of production capacity for business growth, replacement of outdated equipment and safety measures such as ensuring earthquake resistance.

In fiscal 2018, capital investment decreased by 6.2 billion yen to 36 billion yen. The main factors contributing to the decrease were lower construction costs (compared with the previous year) of the JSR MOL Synthetic Rubber Ltd. plant established in Hungary as a joint venture, and in the Life Sciences Business, to the absence of construction costs for the expanded production capacity of KBI and the bioprocess material of Amsphere A3, implemented in the previous year.

We expect an increase of 9 billion yen to 45 billion yen in fiscal 2019 compared with fiscal 2018. The main reasons for the increase include the expansion of production capacity in the Semiconductor Materials Business and the Life Sciences Business, and updating of the Company's enterprise resource planning (ERP) system which will digitally transform the whole Company. We will assess the implementation carefully while looking at the management environment.

Changes in Capital Investment (Billions of yen)

	FY2014	2015	2016	2017	2018	2019
Capital Investment	35.2	24.3	31.8	42.2	36.0	45.0

The SSBR Hungary Plant (completed in April 2019)