

## 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).

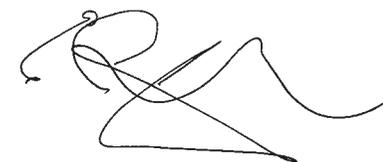
The display materials business is working hard to expand sales for materials used in wide-screen LC panels, especially our alignment films and insulating films in the China market, where we see strong growth potential.

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**