Fine Chemicals and Other Products Business

Semiconductor Materials: Yokkaichi Centralization Strategy

In the year ended March 2015, growth in the net sales of the Semiconductor Materials Business outpaced market growth. This reflects the start of full-scale high-volume manufacturing of leading-edge 20nm-generation products, an area in which JSR has a large market share, by major customers and other users. Emerging trends, such as Big Data and the Internet of Things (IoT) are expected to drive continuing growth in the semiconductor market. We aim to maintain our high market share when the 20nm generation is superseded by the 14nm generation and beyond, by developing new products and expanding sales. We will also focus on the development of products for the 10nm and later generations, especially through the development of EUV technology.

In 2014, we responded to this environment by changing our strategy for the Semiconductor Materials business. That strategy now calls for concentrated investment at Yokkaichi, which is a key base for the JSR Group's R&D and manufacturing operations. The aim of this investment is to create the best possible environment for product development and quality assurance. By centralizing the development and production of materials, we will speed up development while optimizing cost efficiency. We are working to optimize performance and quality through collaboration among raw material manufacturers, the R&D organization and our manufacturing operations. Most of our key products, including new resists and multilayer materials, are shipped from Yokkaichi.

Performance Overview

¥150.0 billion (+12.7%) Net Sales

¥24.5 billion (+65.3%) Operating Income

- Year-on-year growth in both net sales and operating income from the Fine Chemicals and Other Products Business
- Increased net sales of semiconductor materials and display materials thanks to strong trends in the semiconductor and FPD markets
- Major progress toward the development of a structure to support future business development

Semiconductor Materials

Performance Overview

¥64.3 billion (+26.9%) Net Sales

- Firm trend in semiconductor demand
- Start of full-scale high-volume manufacturing of leading-edge 20nm generation products by major customer—large market share for JSR

Display Materials

Performance Overview

¥68.5 billion (+10.3%) Net Sales

- Firm trend in demand for FPDs for large-screen TVs and multi-functional mobile devices
- Market growth driven by shift to larger TV screens especially significant for year-on-year growth in net sales

Fine Chemicals and Other Products Business

Semiconductor Materials: Preparing for the EUV Generation

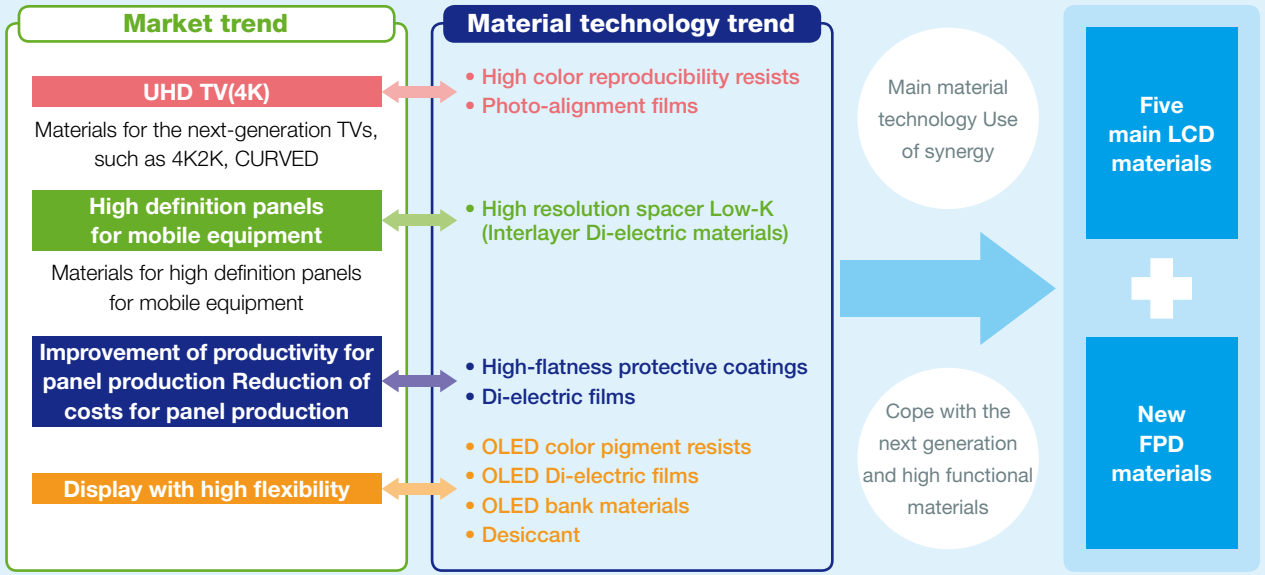
The establishment of Extreme Ultraviolet (EUV) lithography technology is seen as essential to the economic viability of semiconductor fabrication. EUV is one of the key technologies that will take semiconductors forward to the sub-10nm generation. JSR is preparing for high-volume manufacturing of chemically and non-chemically amplified resists developed using its global network. In 2015, we are collaborating with the Belgian organization imec, a leading research institute specializing in nano-electronic technology, to provide manufacturing and quality management services for EUV lithography materials, and there are plans for the establishment of joint venture.

Display Materials: Business Development in Asian-countries

Trends toward higher-definition televisions and large screens are reflected in predictions of continuing growth in the market for display materials. JSR anticipates a sustained contribution to earnings from this area. A key trend in this market is Asian-countries. China in particular is expected to become a major market by 2020 because of its government's policy of establishing a domestic manufacturing industry. JSR has established a Taiwanese joint venture, JSR Micro (Changshu) Co., Ltd., to manufacture display materials in China. Our future activities in this area will center on China, and we plan to relocate grade development and customer support operations to bases in South Korea and Taiwan.

Extended EUV Collaboration

Display Materials: Future Business Development



Fine Chemicals and Other Products Business

Strategic Businesses

Performance Overview

¥17.1 billion -15.5%

Net Sales

- Building a stronger relationship with Japanese antibody manufacturing pioneer Medical & Biological Laboratories Co., Ltd. (MBL)
- Joint acquisition of KBI Biopharma, a contract developer and manufacturers of biopharmaceuticals in the United States
- Start of commercial production at Lithium Ion Capacitor (LIC) plant with capacity for 3 million cells

Life Sciences: Creating Synergies

We further strengthened our Life Sciences business by increasing our shareholding in MBL, an equity method subsidiary. From a development perspective, synergies achieved through closer collaboration with MBL will allow us to speed up development and create added value by combining JSR Group's particle technology with MBL's antibody technology. From a marketing perspective, we will be able to integrate our organizations and strengthen sales channels in the United States. Manufacturing operations will also be integrated.

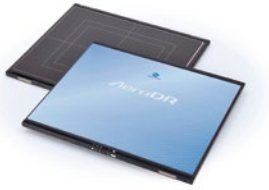
Increasing pharmaceutical development costs and other factors have led us to adopt a business model based on outsourcing of manufacturing process development as well as actual manufacturing. A company that provides these services is known as a contract development & manufacturing organization (CDMO). In March 2015, in a joint acquisition, JSR acquired KBI Biopharma, Inc., a CDMO in the United States. KBI has advanced analysis method development technology, which it uses in business operations that center primarily on the European and North American market. It provides pharmaceutical manufacturers and other companies with integrated manufacturing technology development and manufacturing services that range from the initial development of biopharmaceuticals to clinical trials and commercial production. By using these services, pharmaceutical manufacturers are able to focus their efforts on the discovery of pharmaceuticals while reducing their drug development costs. This approach will ultimately contribute to the increased use of biopharmaceuticals.

Lithium Ion Capacitors: Track Record

Automatic Guided Vehicles (AGV)

Hybrid Excavators

Hybrid Buses



Radiographic Cassettes

Lithium Ion Capacitors (LICs): Start of Production at New Plant

The JSR Group has completed a new mass-production plant for flat prismatic can lithium ion capacitors. Products are already being shipped from the new plant, which is the only facility in the world with the capacity to produce three million cells per year. Over 10 companies have started to use the products. We plan to use the new facility to win orders from small-lot customers. Despite the overwhelming performance advantage provided by LICs manufactured by the JSR Group, sales have not yet started to expand rapidly, and our most important priority will be creation of a value chain. Our business model for LICs is based on the transformation of materials and parts into cells and modules, and cells and modules into systems for end users. We aim to strengthen the value chain for LICs of the business going forward, much like the one build for the Life Sciences business.