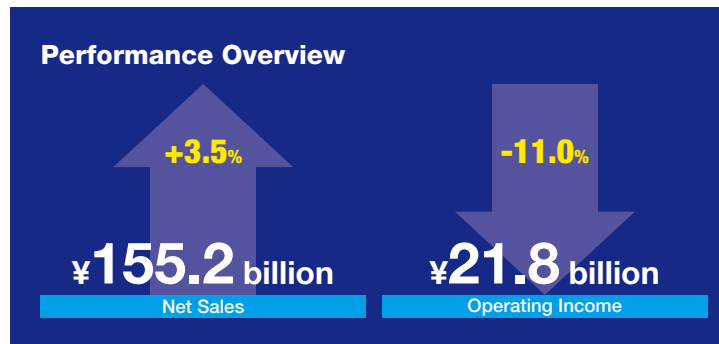




# Fine Chemicals and Other Products Business

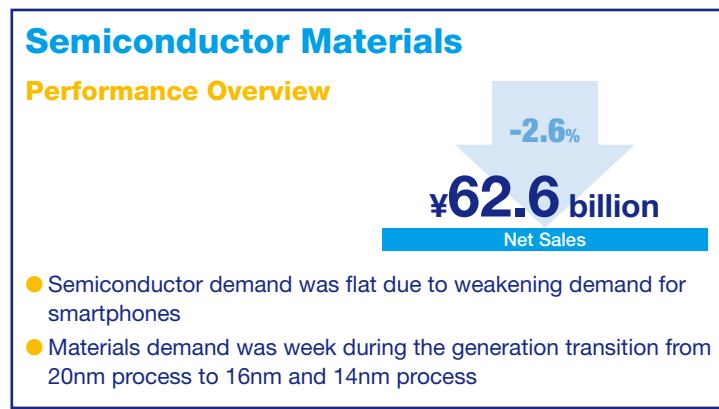
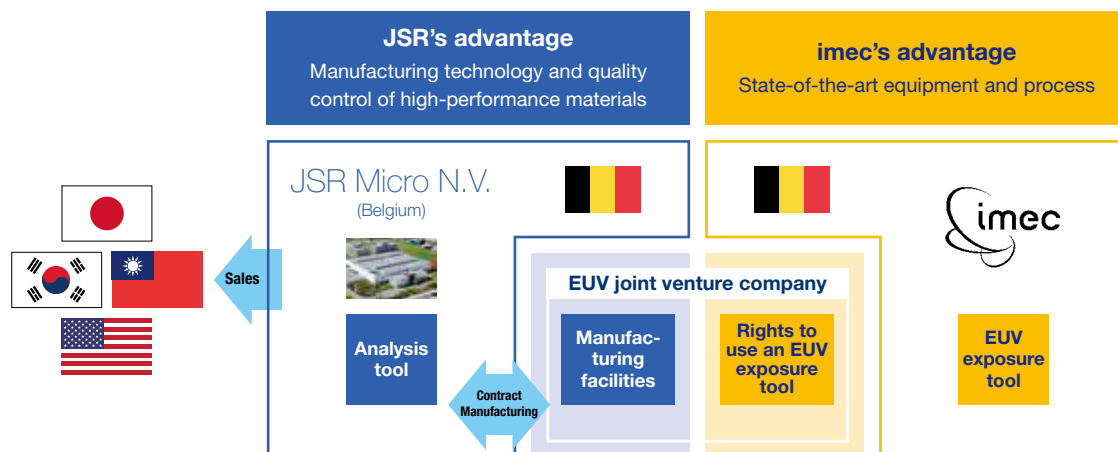


## Preparing for Commercialization of EUV Resists

In the Semiconductor Materials business, JSR lithography materials have captured a high market share in leading-edge 20nm processes, and we expect to keep the high share in next-generation 16nm and 14nm processes. Furthermore, we will focus on extreme ultraviolet (EUV) lithography materials. EUV lithography is expected to be a key technology that will

- Display materials business plunged sharply due to the demand slowdown of our customers
- Net sales of the life sciences business substantially expanded

## Image of an EUV joint venture company

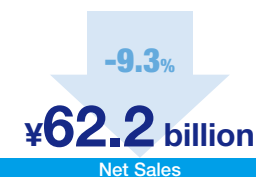


## Fine Chemicals and Other Products Business

propel advancement of the semiconductor miniaturization and density growth predicted by Moore's law even in sub-10nm generations. In February 2016, JSR and imec, a world-leading nano-electronic R&D center, established joint venture company EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC). Investigation of practical application of EUV technology is gaining impetus in the semiconductor industry, and establishment of mass-production facilities and a quality assurance system is essential. EUV RMQC will leverage the key strengths of the JV partners, JSR's high-performance materials manufacturing technologies and quality control capabilities and imec's state-of-the-art equipment and processes, to provide EUV lithography materials technology to companies in the semiconductor industry that manufacture leading-edge devices.

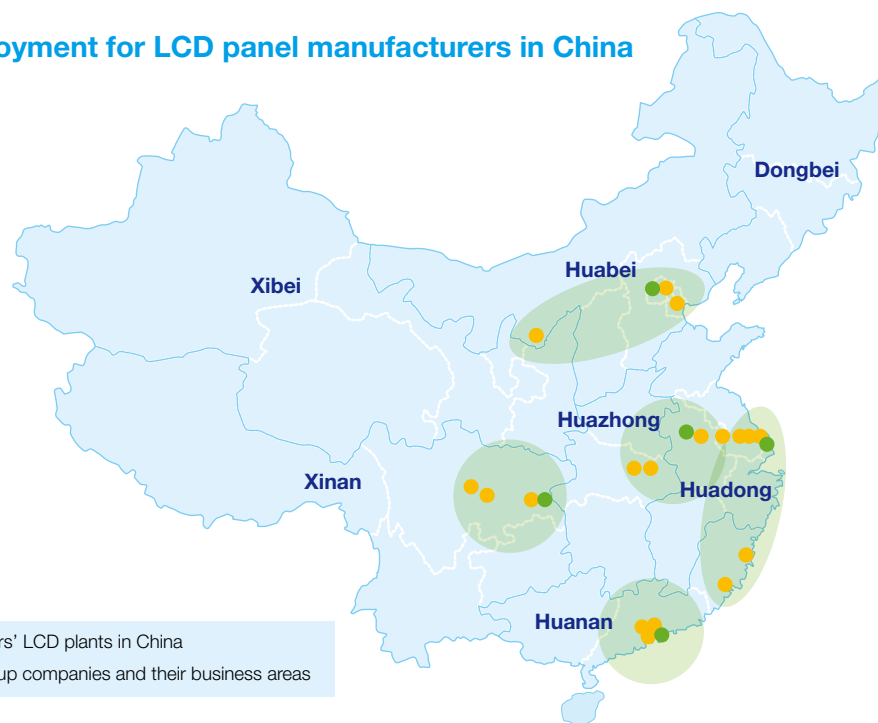
### Display Materials

#### Performance Overview



- Sudden slowdown in demand for large-screen TVs and multifunctional mobile devices from the second half onward
- Marked decline in selling prices due to intensifying competition

### Business deployment for LCD panel manufacturers in China



- Location of customers' LCD plants in China
- Location of JSR Group companies and their business areas

### Development of the Display Business in the Chinese Market

China's worldwide share of liquid crystal panel production is expected to exceed 20% in 2016. JSR entered the Chinese market, where continued high growth is expected, ahead of competitors and will proceed steadily with sales expansion in China. Specifically, we are constructing a plant at JSR Micro (Changshu) Co., Ltd. (JMCH), a joint venture established in China to manufacture display materials, and plan to start operation in 2016. In response to the commoditization of liquid crystal panels, we are working to secure business income through operational reforms and are pursuing expansion of the product line related to mobile products, from which continued growth can be expected. Furthermore, we will work to maintain income from the business overall through drastic structural reform of operations at each production site and aim to continuously expand the product portfolio.

## Fine Chemicals and Other Products Business

### Business Policies for Strategic Businesses

The Company will reposition its activities in the life sciences area, which has been positioned as a strategic business in the Fine Chemicals and Other Products Business segment, as a new pillar of the business portfolio comparable to the Fine Chemicals business. Building on our success in expanding the scale of this business, we will newly establish a Life Sciences Business Division and focus on two fields: bioprocess fields and diagnostic and research reagent fields. Although the importance of the Japanese market will not change, leading-edge technologies and markets in these fields are concentrated mainly in the United States and Europe. An American JSR senior officer will serve as general manager of the division and lead the business globally.

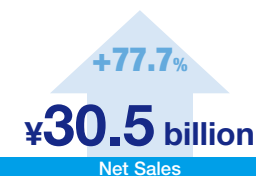
In the area of bioprocess materials, the Group will make efforts to increase KBI's contract development and manufacturing, biopharmaceuticals for which demand is growing year by year, in Europe as well as the United States. We will work to increase overseas sales of diagnostic and research reagent materials by leveraging the strengths of MBL. We are also considering entering new fields to further expand the business.

The diagnostic intermediates business of J&W Beijing Biotech Co., Ltd. (J&W), a joint venture in China, is also progressing steadily. In Japan, we are proceeding with construction of JSR-Keio University Medical and Chemical Innovation Center, a joint research facility with Keio University School of Medicine.

Although the Group completed construction of a new plant with the expectation of increasing sales in the lithium ion capacitors (LICs) business, JSR LICs were not adopted for high-volume applications. To turn the LICs business around, we have undertaken operating cost reductions and changed the market. We will aim to achieve profitability by focusing the business on applications where the ultra-low resistance, high voltage, and high durability characteristic of LICs can be expected to result in high added value.

### Strategic Businesses

#### Performance Overview



- Substantial increase in net sales due to the effect of two newly consolidated Group companies

### Sales of the Life Science Business

