

Creating Corporate Value

Performance Overview

Net Sales

¥ **159.2** billion
 ↑ +2.6%

Operating Profit

¥ **20.3** billion
 ↓ -7.1%

- Sales rose and operating profit decreased on price declines stemming from a stronger yen and fiercer competition in display materials.
- Sales at the life sciences business, a new business pillar, grew sharply.

Semiconductor Materials

Performance Overview

Net Sales

¥ **62.1** billion
 ↓ -0.7%

- Semiconductor demand grew steadily.
- Total semiconductor materials sales volume expanded, driven mainly by leading-edge photoresists.
- With the stronger yen having a large impact, total semiconductor materials sales declined year on year.

FINE CHEMICALS AND OTHER PRODUCTS BUSINESS

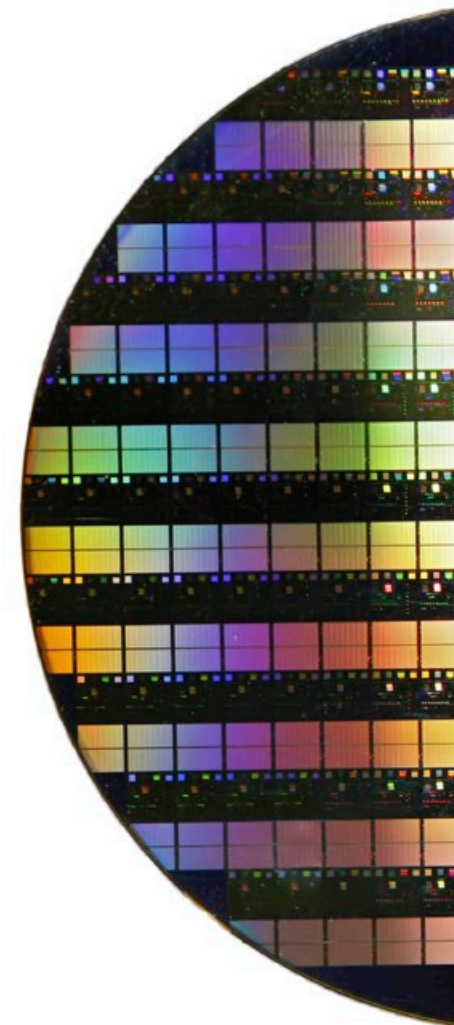
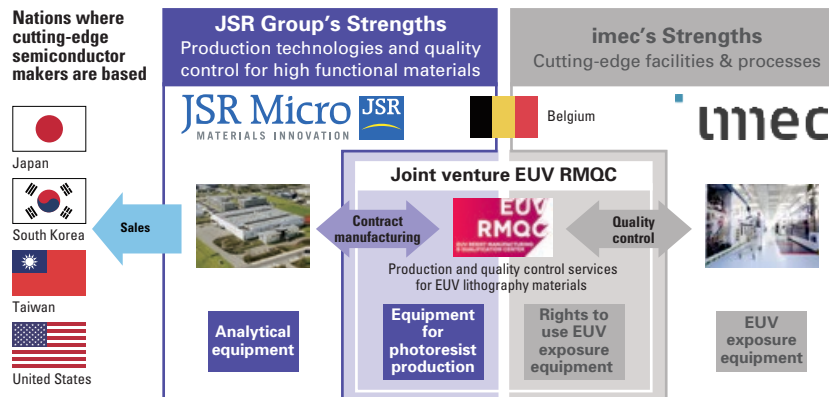
Preparing for Commercialization of EUV Resists

While remaining the market share leader in leading-edge lithography materials for 14nm and 16nm processes, JSR aims to secure commercial rights for 10nm generation patterns. Moreover, JSR seeks to be the first to mass produce EUV lithography materials for next-generation sub-7nm processes in an ongoing effort to expand sales as the industry frontrunner.

In March 2017, the EUV Resist Manufacturing & Qualification Center NV (EUV RMQC), a joint venture between JSR Micro NV, a leading materials company, and imec, the world-leading research and innovation hub in nanoelectronics and digital technology, announced the completion of a new manufacturing facility in Belgium, enabling manufacturing and quality control of EUV photoresists for the semiconductor industry. The new facility is equipped with four sizes of vessels in its clean-room environment and is run by a team of trained staff.

We are also working to expand sales of semiconductor peripheral materials such as CMP materials, cleaning solutions, and packaging materials, and with both lithography and peripheral materials, we strive to expand sales of a wide-range of semiconductor materials.

EUV Joint Venture: EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC)



Creating Corporate Value

FINE CHEMICALS AND OTHER PRODUCTS BUSINESS

Display Materials

Performance Overview

Net Sales

¥56.8 billion

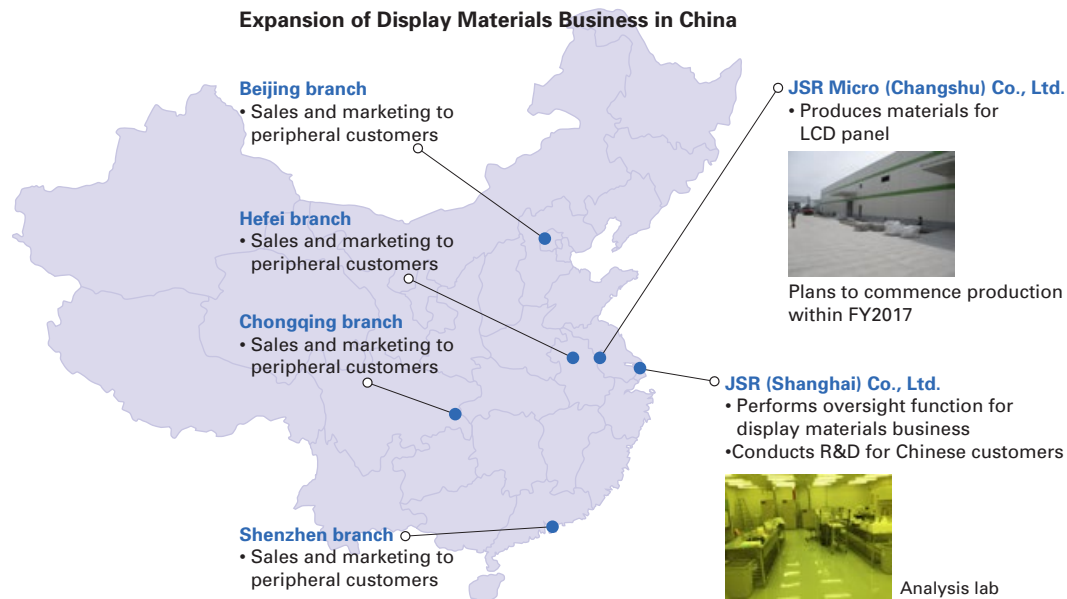
↓ -8.7%

- The trend in panel production was steady.
- Total display materials sales fell year on year on a stronger yen and selling price declines on stiffer materials market competition.

Development of the Display Business in the Chinese Market

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 2017. In response to the commoditization of liquid crystal panels, we are working to secure business profit 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 profit from the business overall through drastic structural reform of operations at each production site and aim to continuously expand the product portfolio.

Expansion of Display Materials Business in China



Creating Corporate Value

Life Sciences Businesses

Performance Overview

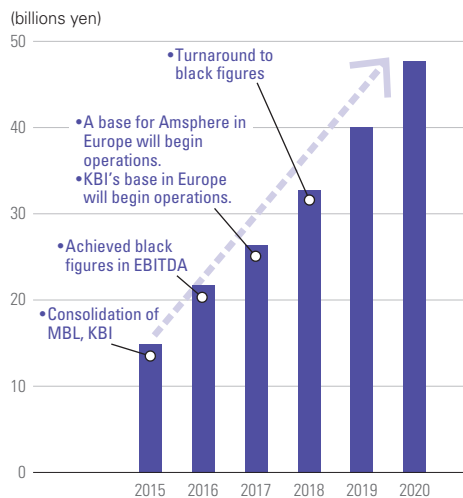
Net Sales


 ¥ **40.2** billion
+32.2%

- Sales grew sharply on sales growth at KBI Biopharma Inc. (KBI) and the conversion of MBL* into a consolidated subsidiary from second half of FY 2015.

* MEDICAL & BIOLOGICAL LABORATORIES CO., LTD.

Forecast of sales in the Life Science business



FINE CHEMICALS AND OTHER PRODUCTS BUSINESS

Life Sciences as a New Business Pillar

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. We focus on two fields: bioprocess fields and diagnostic and research reagent fields.

In the area of bioprocess materials, the Group will make efforts to increase KBI's contract development and manufacturing of biopharmaceuticals for which demand is growing year by year, in Europe as well as the United States. KBI invested \$30 million to expand its biopharmaceutical manufacturing capacity and capabilities, and it plans to commence commercial manufacturing in 2017. KBI's strong development capabilities and track record of success in clinical bulk drug substance manufacturing are the foundation for its expansion into commercial manufacturing. With these efforts, KBI is able to respond to a wide-range of customer needs from clinical tests to commercial production. KBI also plans to expand in Europe with the opening of an analytical services laboratory at JSR's subsidiary, JSR Micro NV, in Leuven, Belgium in the first quarter of 2018. This expansion will allow KBI to serve the European market with the high value analytical characterization and cGMP testing services which remain at the heart of KBI's business.

Also, we expanded production capacity of Amsphere A3 protein-A chromatography resin at JSR Micro NV to meet growing market demand. This expansion will effectively increase its production capacity by six times by the end of 2019.

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 (JKiC), a joint research facility with Keio which is to open in October 2017. Through joint research conducted with Keio University School of Medicine and Keio University Hospital, where JKiC is sited, JSR will work to develop groundbreaking materials and products to support new medical fields.

