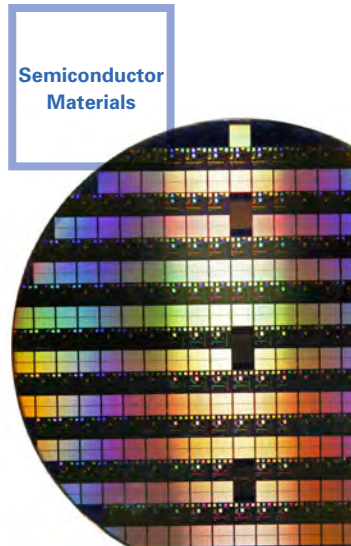
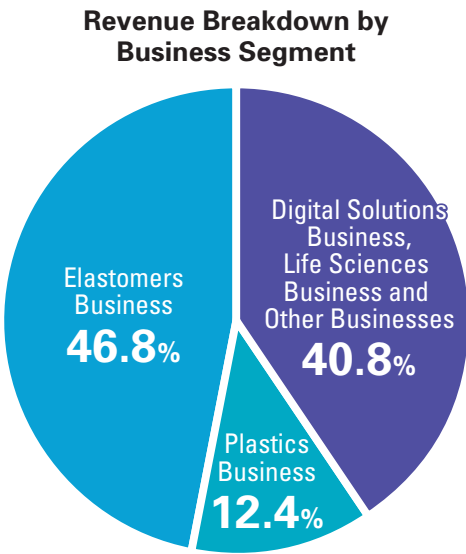
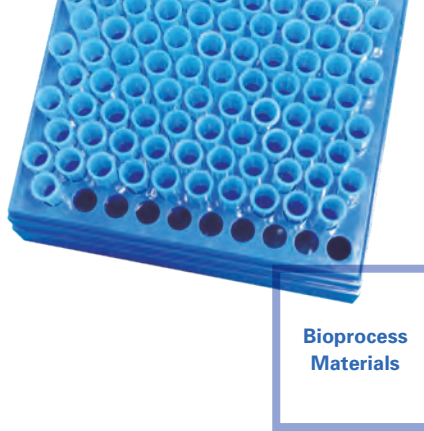


# CREATING CORPORATE VALUE

The three strategic domains for JSR Group are Elastomers Business, Digital Solutions Business and Life Sciences Business. In each of these domains, we are developing business activities based on mid- and long-term perspectives.



Thermoplastic Elastomers

Elastomers

Plastics

Emulsions

Bioprocess Materials

Display Materials

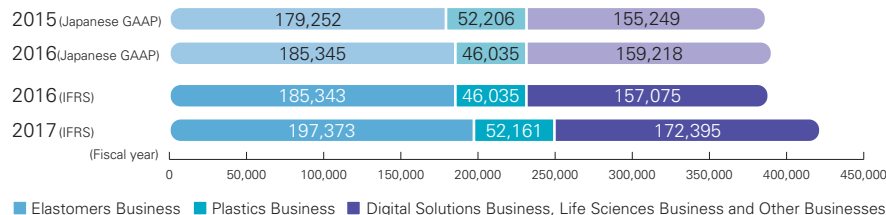
In Vitro Diagnostics and Life Science Research

Semiconductor Materials

Optical Materials

## AT A GLANCE

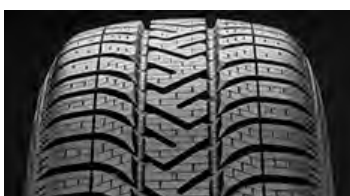
### Revenue by Business Segments (Millions of yen)



JSR Group has reclassified its disclosure segments effective from fiscal 2018, the fiscal year ending March 31, 2019. Please refer to page 3 for details.

Pursuant to Paragraph 1 Article 120 of the Rules of Corporate Accounting, the Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective from fiscal 2017, the fiscal year ended March 31, 2018. Moreover, numerical data for fiscal 2016, the fiscal year ended March 31, 2017 is presented in accordance with IFRS for reference purposes.

### ELASTOMERS BUSINESS



#### General-Purpose Synthetic Rubbers

- SSBR (Solution polymerization styrene-butadiene rubber), ESBR (Emulsion polymerization styrene-butadiene rubber), BR (Polybutadiene rubber), IR (Isoprene rubber), etc.

#### Special-Purpose Synthetic Rubbers

- NBR (Nitrile rubber), IIR (Butyl rubber), EPM/EPDM (Ethylene-propylene rubber), etc.

#### Thermoplastic Elastomers (TPE)

- RB (Butadiene type TPE), DYNARON™ (Hydrogenated polymer), TR (Styrene-butadiene type TPE), SIS (Styrene-isoprene type TPE), EXCELINK™ (Olefin type TPE), etc.

#### Emulsions

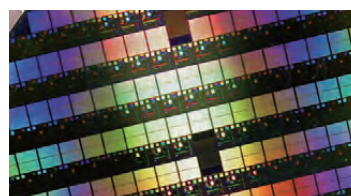
- Paper coating latex, SB latex, Acrylic emulsions, Binders for batteries, SIFCLEAR™ (Water-based durable stain resistant emulsion), etc.

### PLASTICS BUSINESS



- ABS resins, AES resins, HUSHILLOY™ (Anti-squeak material), etc.

### DIGITAL SOLUTIONS BUSINESS



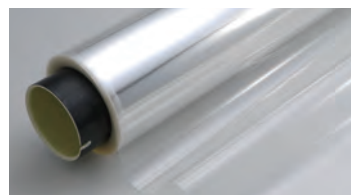
#### Semiconductor Materials

##### Lithography Materials

- Photoresists, Multilayer materials, etc.

##### Advanced Electronic Materials

- CMP slurries, CMP pads, Thick-film photoresists, photosensitive insulation materials, etc.



#### Edge Computing

- ARTON™ (Heat-resistant transparent resin), etc.
- High-performance UV curable resins, etc.



#### Display Materials

##### LCD Materials

- Alignment films, Protective coatings, Color pigment dispersed resists, Photosensitive spacers, Insulating layers, etc.

##### OLED Materials

- Insulating layers, Planarization layers, etc.

### LIFE SCIENCES BUSINESS



#### In-vitro Diagnostic and Research Reagents

- Beads for clinical diagnostics, Research reagents, Magnetic beads, Size standard beads

#### Bioprocess Materials

- Amsphere™ A3 (Protein A chromatography resin)

#### Drug Discovery Support Services

- Development and manufacturing services

### OTHER BUSINESSES



- Lithium ion capacitors, next generation technology research, etc.

## ELASTOMERS BUSINESS

### Performance Overview

Revenue

**197.4** billion yen  
↑ +6.5%

Operating Profit

**14.9** billion yen  
↑ +69.0%

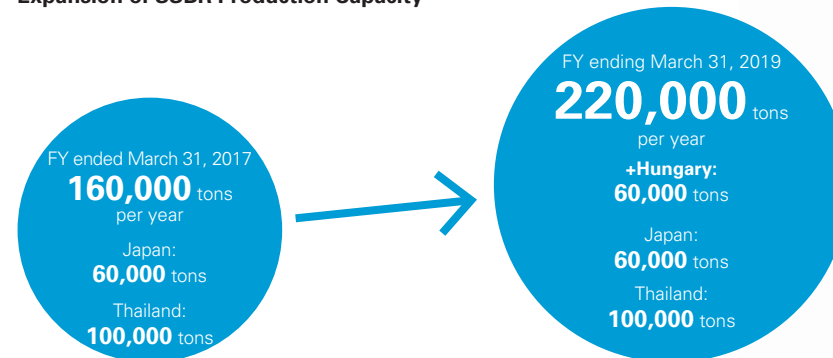
- Production of automobile tires increased year on year in China and elsewhere in Asia, as well as in Europe, but remained mostly unchanged in Japan.
- In the Elastomers Business segment, the sales volume declined slightly from the previous year, when exports had been healthy.
- Segment revenue increased year on year thanks to our revision of sales prices to reflect butadiene prices, which surged in the fourth quarter of the previous year.
- Segment operating profit also rose significantly year on year. This was due to improved profitability stemming from the sales price revision, as well as growth in the sales volume of SSBR for fuel-efficient tires at JSR BST Elastomer Co., Ltd. (JBE), our joint venture in Thailand, where second-phase facilities went into operation.

### Three-pronged SSBR Supply System; Tire-related Solutions

The SSBR market is expected to grow 6–7% annually as rising environmental awareness bolsters demand for fuel-efficient tires. Currently, we have a total SSBR production capacity of 160,000 tons (Thailand and Japan combined), but we will raise this to 220,000 tons when we commission a new factory in Hungary in fiscal 2018. By expanding sales of SSBR globally, we will target annual growth in sales volume of 10% or more, which is higher than the market growth rate.

Meanwhile, to strengthen sales in Europe, where demand is expected to grow, we established JSR Elastomer Europe GmbH in Germany, and in Tianjin, China, we established Tianjin Technology Center to provide technical support with close ties to customers. The spread of electric cars and the like is giving rise to growing technical needs for high-performance tires. For example, electric vehicles require tires with high abrasion resistance. In response, we will offer tire-related solutions that combine our comprehensive know-how and processing technologies, in addition to providing materials.

### Expansion of SSBR Production Capacity





## PLASTICS BUSINESS

### Performance Overview

Revenue

**52.2** billion yen  
↑ **+13.3%**

Operating Profit

**5.6** billion yen  
↑ **+44.8%**

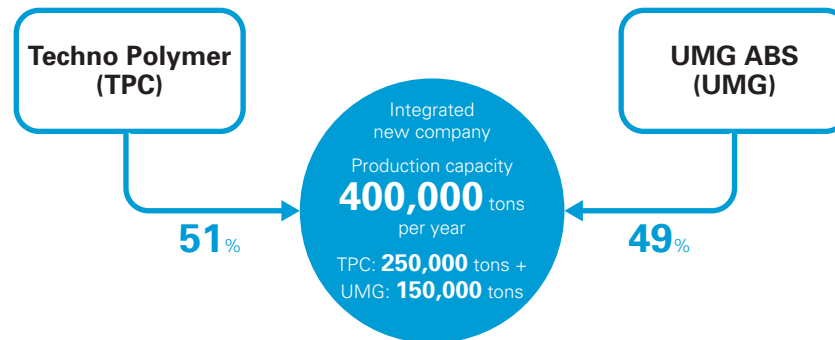
- The sales volume of the Plastics Business increased year on year owing mainly to higher demand among overseas customers for such products as automobiles, one of the segment's main customer industries.
- Segment revenue also increased due to a revision of sales prices to reflect the surge in raw materials costs, as well as the higher sales volume.
- Operating profit jumped significantly thanks to the greater sales volume and improved profitability stemming from the sales price revision.

### Merger of Plastics Business

On April 1, 2018, we established a new company, Techno-UMG Co., Ltd., through the merger of two companies: Techno Polymer Co., Ltd. (a wholly owned subsidiary of JSR) and UMG ABS, Ltd. (equally owned by Mitsubishi Chemical Corporation and Ube Industries, Ltd.).

Thanks to this integration of two leading domestic manufacturers of ABS and other styrene-based resins, we have expanded the scale of our Plastics Business in terms of revenue, production capacity, sales operations, and the like. Specifically, the former Techno Polymer has strengths in automotive interior material applications, while the former UMG ABS specializes in automotive exterior material applications. Both companies have accumulated impressive manufacturing, product development, and sales capabilities. We will use these assets to further enhance manufacturing efficiency and cost-competitiveness and thus enjoy stable domestic supply, while increasing the number of differentiated products to expand sales in high-end overseas markets.

### Overview of New Company



## DIGITAL SOLUTIONS BUSINESS

### Performance Overview

Revenue

**172.4** billion yen  
↑ +9.8%

Operating Profit

**23.1** billion yen  
↓ -0.7%

- Segment revenue increased year on year, but operating profit remained mostly unchanged.

### Semiconductor Materials

#### Performance Overview

Revenue

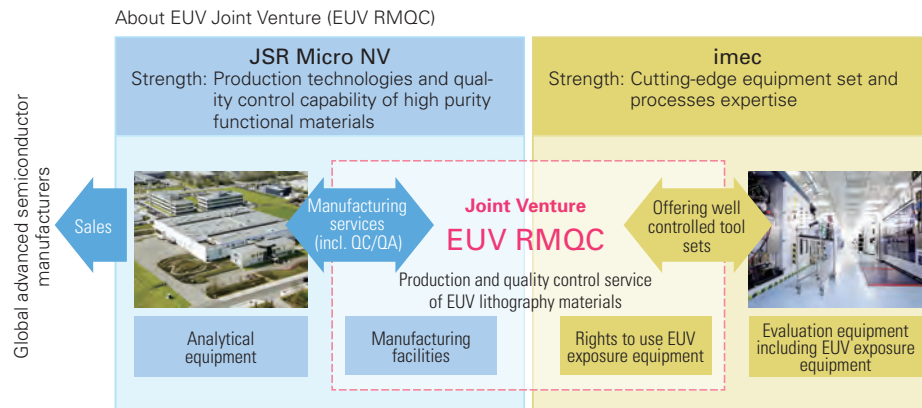
**75.4** billion yen  
↑ +21.3%

- The Semiconductor Materials Business saw dramatic growth in revenue. In addition to particularly favorable growth in semiconductor demand, this was due to higher volume of sales to the segment's main customers, especially for cutting-edge photoresists, as well as increased sales volume for semiconductor peripheral materials, such as CMP materials, cleaning solutions, and packaging materials.

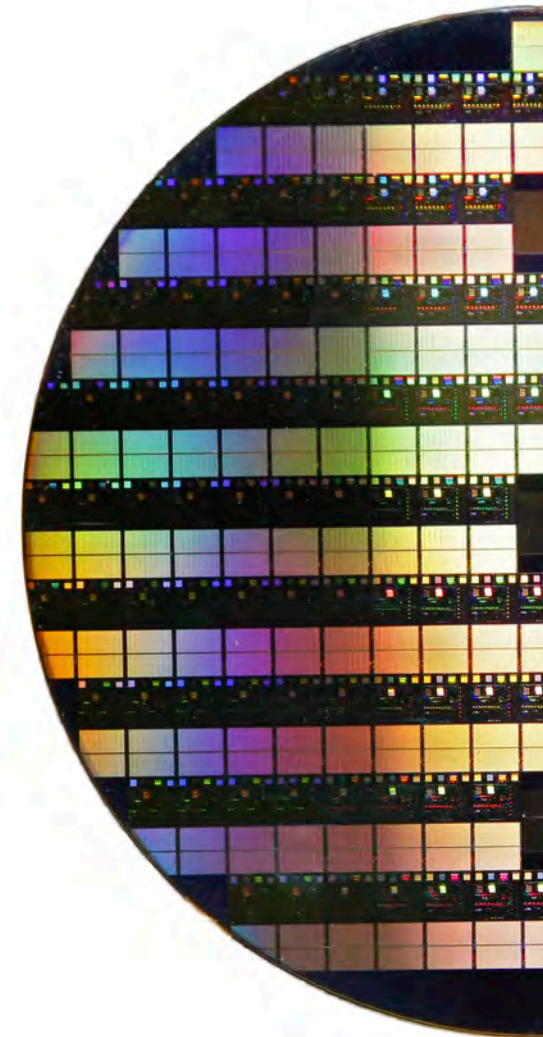
### Seeking Top-runner Status in the EUV Sector

We work to maintain the industry top-runner status by securing a high global market share in the field of cutting-edge lithography materials including 10nm generations and engaging in commercial production of EUV lithography materials for next 7nm generations and beyond. In addition, we continuously expand sales of the peripheral materials, such as CMP materials, cleaning solutions and packaging materials.

In March 2017, the production facilities of EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC) was completed. EUV RMQC is a joint venture with imec, a world-leading research institute for research on cutting-edge nanoelectronics technology in Belgium, providing manufacturing and quality control services of EUV lithography materials. In order to contribute the industry for practical use of EUV lithography, JSR will push forward with its stable commercial production of EUV photoresists through evaluation by the segment's main customers.



Build infrastructure of production and quality control facility of EUV lithography materials to the semiconductor industry for advanced devices.



## DIGITAL SOLUTIONS BUSINESS

### Display Materials

#### Performance Overview

Revenue

**54.1** billion yen

↓ -4.7%

- We achieved an increase in sales volume in China, where panel production rose dramatically, although prices declined due to competition pressures and the overall sales volume was also down.

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

In the Display Materials Business, we entered China, where LCD panel production is expanding rapidly, and relocated the operating body from our head office (Japan) to there. We also strengthened our sales and technical service systems with the establishment of sales bases in Beijing, Hefei, Chongqing, Fuzhou, and Shenzhen. We particularly focused on sales expansion of alignment films and insulating films, achieving an increased market share, and a new factory built for JSR Micro (Changshu) Co., Ltd. started operations during fiscal 2017. We will continue restructuring our business while targeting further sales expansion in the Chinese market.



## LIFE SCIENCES BUSINESS

### Performance Overview

Revenue

**42.9** billion yen  
↑ **+12.5%**

- The Life Sciences Business posted a year-on-year increase in segment revenue on the back of higher sales of diagnostic reagent materials, in addition to increased sales volume by KBI Biopharma, Inc. (KBI), a Group company.

However, operating profit remained mostly unchanged, largely because of additional upfront capital investments targeting future expansion of this business segment.

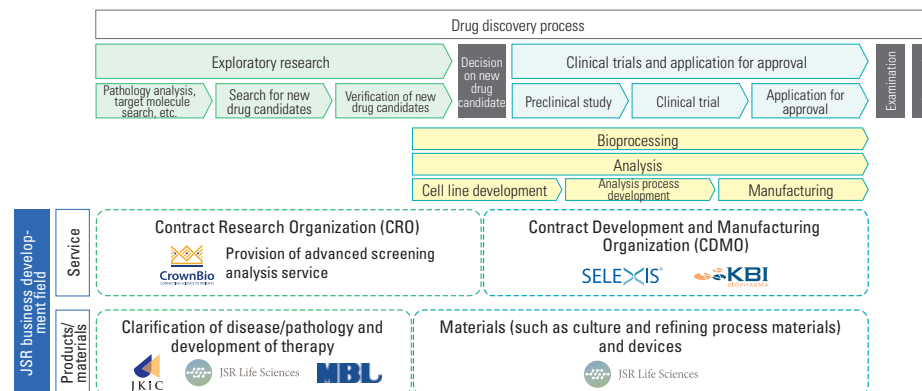
### Life Sciences as a New Business Pillar

In the Life Sciences Business, which has grown to become the third pillar of JSR Group's businesses, we established a system capable of providing integrated support for all processes, from antibody drug discovery to manufacturing. In addition to two companies that are already Group members, KBI Biopharma, Inc. and Medical & Biological Laboratories Co., Ltd. (MBL), we acquired two other companies in this business: Switzerland-based Selexis SA, which has a technology in quickly generating cell lines used to culture antibodies efficiently, and U.S.-based Crown Bioscience International, a provider of preclinical drug discovery and development support services. Accordingly, we now have an integrated system in place to support all processes, from antibody drug discovery to manufacturing. All Group companies involved in the Life Sciences Business will unite in an effort to expand our bio-pharmaceutical discovery support business. Our aim is to provide services that improve the probability of success in the drug discovery process for antibody drugs and shorten the development period.

To address demand for commercial-level manufacturing, KBI completed an upgrade of its facilities at the end of 2017 and has started rolling out production. In the first half of 2018, we launched analytical services at a base established on the premises of JSR Micro NV in Europe. In addition, we started commercial production at new manufacturing facilities, also established on NV's premises, to address expected growth in demand from the increased adoption of Amsphere™ A3, chromatography resin for refining use.

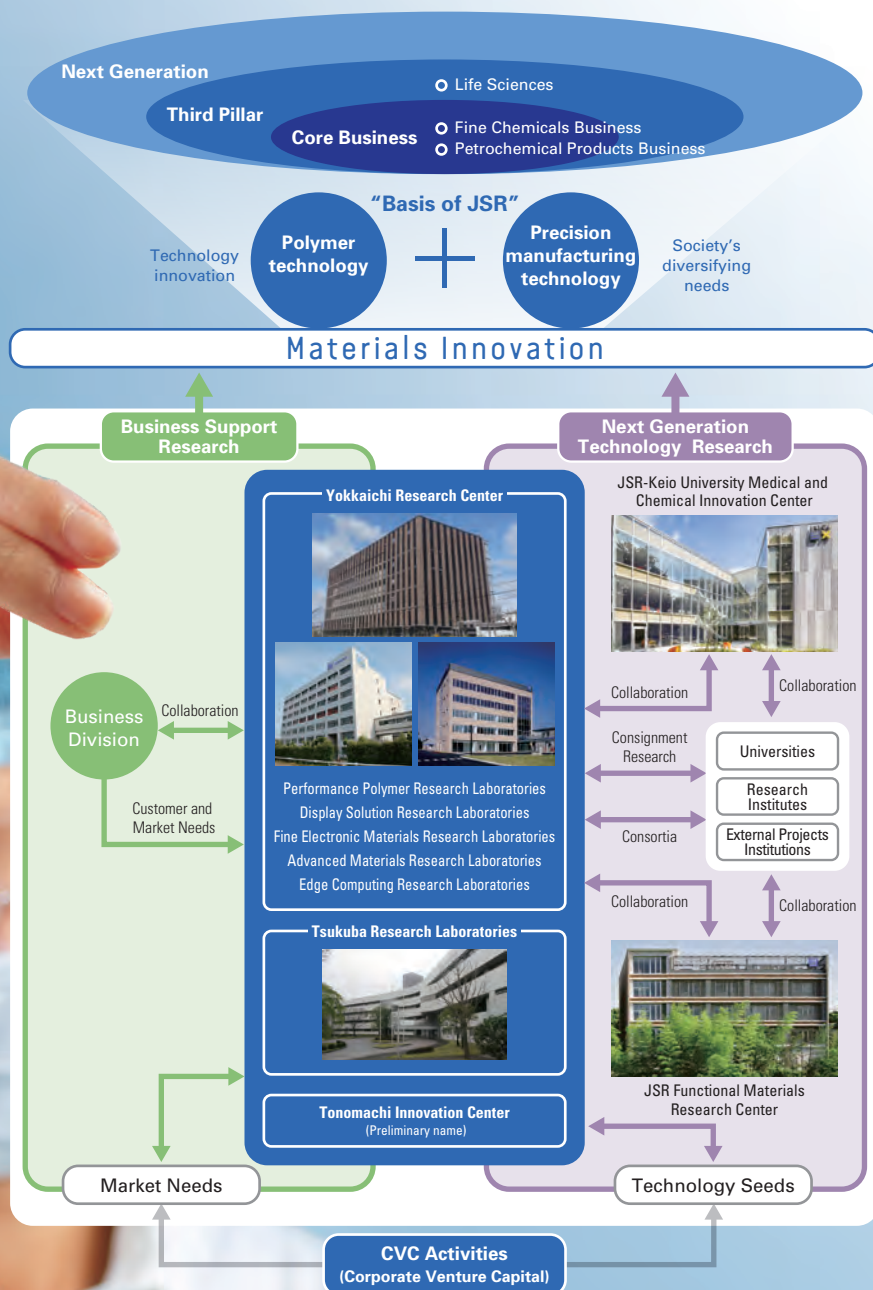
Meanwhile, we recently established the JSR-Keio University Medical and Chemical Innovation Center (JKiC) in research alliance with Keio University and Keio University Hospital. Through this industry-academia collaboration, we will work to develop innovative materials and products that support advancements in new medical fields, with the aim of expanding our Life Sciences Business into the future.

We will provide innovative services, products, and materials to pharmaceutical companies, biotechnology companies, and academia covering the entire development process for new medical treatments.





## R&D POLICY AND ORGANIZATION



With deep expertise in its core polymer and precision manufacturing technologies, JSR Group has widened the scope of its technological domains by integrating technologies from disparate fields such as photochemistry, inorganic chemistry, precision processing, and biotechnologies. On this basis, the Group has advanced R&D activities, and its accumulated efforts have enabled it to develop unique strengths relative to chemical companies worldwide, which is our driving force to expand superior materials and technologies globally.

JSR Group's main R&D centers are located at Yokkaichi City in Mie Prefecture and Tsukuba City in Ibaraki Prefecture. There we carry out R&D activities aimed at tracking swiftly evolving societal needs such as the changes that are emanating from the digital revolution.

Our R&D mission can be broadly divided into two categories: "business support research" for business domains we are developing, and "next-generation technology research," such as novel and applied research for peripheral fields. In promoting research, we emphasize close linkages in the Group's value chain, ranging from market development to process development and manufacturing technology development, and extending to manufacturing, sales, and distribution. We also promote integration within the system, with researchers themselves making direct contacts to customers to uncover their needs. Moreover, we are enhancing technical services in various countries and building a system capable of providing global and timely support for customers' business promotion activities.

For next-generation technology and seed research, it is necessary for R&D to anticipate latent market needs. Particularly in the case of new R&D fields, we promote open innovation such as joint research with universities and research institutions in Japan and overseas. We have established the JSR-Keio University Medical and Chemical Innovation Center (JKiC), a joint research facility on Keio University's Shinanomachi campus, which opened in October 2017.

We will create innovation through investigating the wholly novel concept of fusing medicine and chemistry, which will lead to establish practical technologies that contribute to global society with people living long and healthy lives.