

Management Policy for FY2024

Overview of the Management Policy

In recent years, the environment surrounding JSR Group has grown more complex and more uncertain. To respond to this environment and create value for all our stakeholders through sustainable growth, we will create a resilient organization that can embrace any change in the operating environment.

The strengths of JSR Group lie in technology, which is how we contribute to society. Our value as a Group is creating new businesses through technology, contributing to solving issues faced by customers and society, and helping society flourish. To this end, the current management policy focuses on strategies for the business areas most in line with these strengths: the Digital Solutions Business, especially the Semiconductor Materials Business segment, and the Life Sciences Business. Through superlative quality and robust customer support, we are aiming to maximize the value of our business, continue to grow sustainably, and become a truly global company. Seizing upon changes in the environment as opportunities, we are striving to build a more resilient organization capable of generating business opportunities, achieving double-digit ROE (Return on equity) across the Group, and surpassing our record high of 60 billion yen for our two core businesses.

Vision

- ✓ Creating value for all stakeholders, aiming for sustainable growth
- ✓ Building a resilient organization that can embrace any changes in the operating environment

[Business Portfolio]

Core Business

Digital Solutions Business
(especially Semiconductor
Materials Business)

Life Sciences Business

[Business Target]

ROE

More than **10%**

Exceed Prior Peak

Core Operating Profit

60 billion yen or more

[Structure]

Resilient Infrastructure

- Innovation
- Digitalization
- Globalization
- ESG commitment
- Employee engagement

New Core Business Portfolio

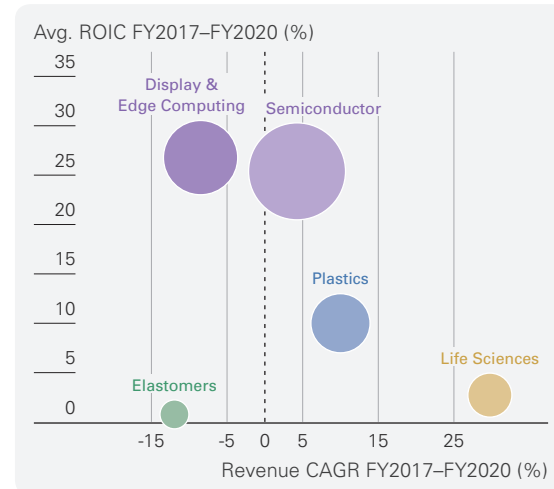
Growth Driver

The new management policy calls for JSR Group to shift toward a business structure and management framework characterized by resilience and sustainability over the longer term. Over the next four years, we will use return on invested capital (ROIC) as a metric to verify the cost of capital of each business and concentrate resources on promising areas. We are positioning the Digital Solutions Business, chiefly the Semiconductor Materials, and Life Sciences Business segments, which best align with our innovation capabilities, as drivers of performance, considering the remarkable global growth potential of these markets and their critical importance in the industrial structure. We will leverage technology to create new businesses in these areas and contribute to solving social issues. The Digital Solutions Business already boasts strong capital efficiency and we will work to boost capital efficiency in the Life Sciences Business while also pursuing growth centered on both segments.

Transfer of the Elastomers Business

We have undertaken structural reforms in all of our businesses. The Elastomers Business in particular faced competitive challenges, as intensifying global competition, supply issues for raw materials, and contraction in the Japanese market brought about drastic changes in the operating environment. Having considered a range of strategic alternatives that would ensure a more stable future for both JSR Group and the Elastomers Business, we decided to spin off the segment into a separate company and transfer ownership of it to ENEOS Corporation. The Elastomers Business is due to start operations as a wholly owned subsidiary of ENEOS Corporation in April 2022.

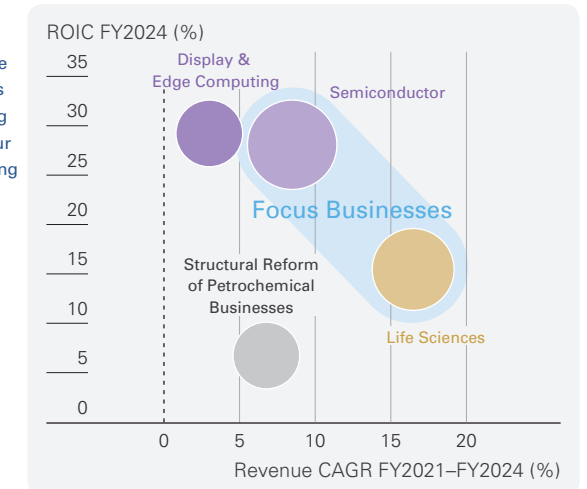
Current Business Portfolio



* Acquisition is included in revenue CAGR of Plastics and Life Sciences
 * Circle size: Ave. Core Operating Profit in FY2017-FY2020

Vertical axis: ROIC.
 Horizontal axis: Revenue growth rate. Circle sizes represent core operating profit. The preceding four years are at left, the coming four years are at right.

Target Business Portfolio in FY2024



* Circle size: Core Operating Profit in FY2024

Overview of Business Strategies

	Digital Solutions Business Revenue: Double the market growth Core Operating Profit Margin: Maintain strong margin (≥23%)	Life Sciences Business Revenue CAGR +20% Core Operating Profit Margin: 20%
Market	Size Total photoresist market*1: \$2 Billion (Semiconductor \$430 Billion)	Size Total CDMO*2 market*3: \$6 Billion (Biologics: \$350 Billion)
Market Trend	• Steady growth • Technological innovation advances	• High growth • Precision medicine fields expand
Social Value	• Realize a smart society (AI, IoT) • Achieve miniaturization and high performance requiring less power	• Enhance efficiency of pharmaceutical development • Realize personalized medicine tailored to each patient
Strength	• High market share in advanced materials (e.g., ArF 30%, Alignment film 50%)	• Capability to support very complex biological drugs
Strategy	• Concentration of resources on Semiconductor Materials Business • Scale and fields expansion including M&A	• Business expansion through customer pipelines • Creation of unique added value

*1 OMDIA Semiconductor Silicon Demand Forecast Tool Q3'20

*2 Contract Development and Manufacturing Organization

*3 JSR estimated

Business Target

Targeted Profit

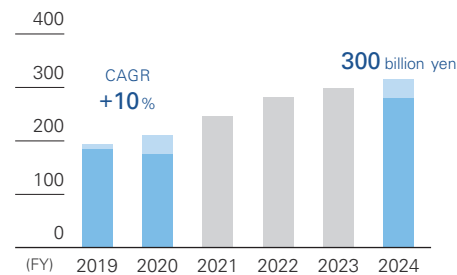
JSR Group's Digital Solutions Business already enjoys solid market share in advanced materials due to our comprehensive technological capabilities, including our strengths in development. Backed by advanced technological capabilities cultivated over the years, the Life Sciences Business has also earned the confidence of client industries in the development of complex biopharmaceuticals. Over the term of the management policy, we will concentrate the bulk of resources on the Semiconductor Materials Business segment of the Digital Solutions Business and Life Sciences Business to promote the creation of distinctive value. Our initiatives are aiming for top-line growth above market in both core segments and a core operating profit margin of 20% or more by FY2024.

Target: Revenue, Core Operating Profit

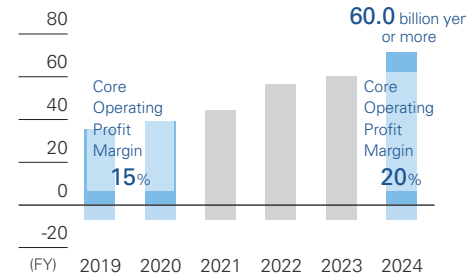
Digital Solutions and Life Sciences Businesses: Revenue of more than 300 billion yen, record high profit from the new business portfolio.

Figures represent the total of Digital Solutions, Life Sciences, and Next Generation businesses. We will increase revenue from 200 billion yen in FY2020 to 300 billion yen by FY2024, achieving a CAGR of 10%. The core operating profit margin will grow from about 15% in FY2020 to around 20%. EBITDA will grow as well.

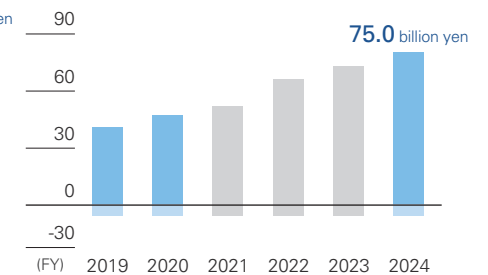
Revenue (Billion yen)



Core Operating Profit (Billion yen)



EBITDA (Billion yen)



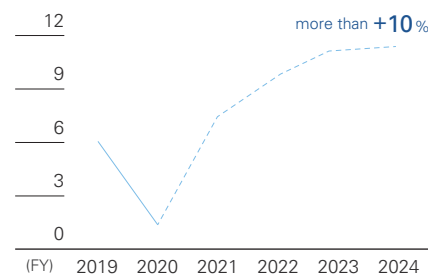
■ Digital Solutions & Life Sciences ■ Others

Target: Capital Return

We will achieve double-digit ROE and maximize ROIC in each business area.

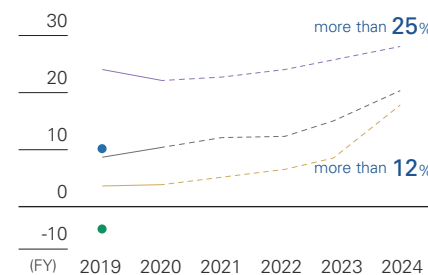
Targeting double-digit ROE, we will work to enhance capital productivity. Each division will pursue higher ROIC. The Digital Solutions Business is already at target and will work to shore up gains. The Life Sciences Business will realize profitability, transitioning from the growth investment phase into a phase of generating ROIC.

ROE (%)



* Company-wide target

ROIC (%)



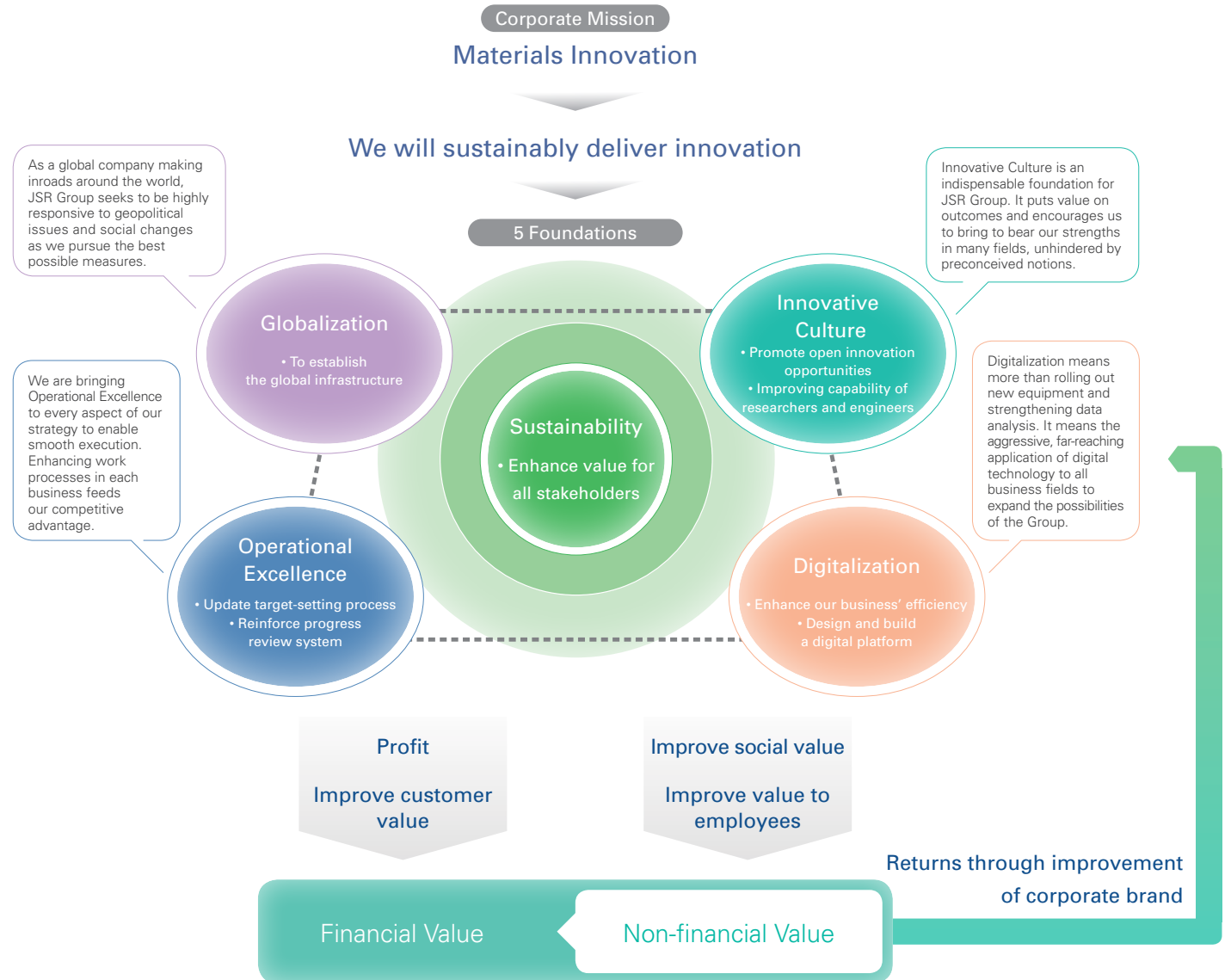
* Life Sciences: Investment capital includes goodwill

--- Digital Solutions
 --- Total (Digital Solutions+ Life Sciences)
 --- Life Sciences
 ● Plastics
 ● Elastomers

Resilient Infrastructure

Creating Value through the 5 Foundations

Amid growing complexities and uncertainties in the world, converting the myriad changes in the operating environment into opportunities requires JSR Group to further reinforce the culture of innovation it has fostered over many years, and better equip the Group to embrace change. To that end, JSR Group has identified 5 Foundations that form the basis of our culture. In addition to Sustainability, the 5 Foundations framework includes an Innovative Culture that ensures we remain a cutting-edge technology company, Globalization that builds the awareness, capabilities, and infrastructure we need to respond to changes worldwide, Digitalization that draws on digital transformation trends to help us work more efficiently and, finally, Operational Excellence which integrates all the other Foundations in transforming JSR Group's operational capabilities. By taking actions in each of the Foundations we are striving to build a resilient management foundation and continuously enhance corporate value.



Improving ESG Issues

Group-wide ESG Targets

Society is calling for companies to grow while coexisting with various stakeholders.

JSR's environment, society, and governance (ESG) initiatives focus on helping to improve the quality of life, realizing a healthy and long-lived society, and preserving the global environment by providing products and services through our business activities. We also ensure sound management through a governance framework that puts value on compliance and risk management.

Envisioning a management foundation framed around the environment, society, and governance, the management policy sets out medium- and long-term issues to be addressed in each of these areas. The plan puts particular stress on reducing greenhouse gas emissions, in terms of the environment, and on improving employee engagement, in terms of society. Going forward, JSR Group will take concrete actions aimed at achieving net zero greenhouse gas emissions by 2050. Moreover, drawing on scenario analyses based on the TCFD* recommendations announced in October last year, we are working to build a resilient corporate framework that can respond to all contingencies.

JSR Group seeks to grow alongside its employees, embracing a range of values through measures that foster diversity, equity, and inclusion, as well as work style innovation. We are also taking steps to improve employee engagement, analyzing the factors that affect engagement and reflecting these findings in measures related to personnel systems, working style reform, and diversity, as well as identifying issues specific to each Group company and division.

* TCFD: The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB). In June 2017, the TCFD presented recommendations for the disclosure of the effects that climate change risk has on financial institutions, companies, and governments in financial reports.

Review of JSR Group Priority Issues (Materiality)

Based on points raised in discussions with experts in 2019, we are moving forward with the JSR Sustainability Challenge to realign the Group in terms of our business activities and management foundation. Having started on the business activity side in 2019, in the last year we reviewed our priority issues (Materiality) affecting our management foundation. The steady implementation of

measures has given rise to a corporate environment that empowers us to build virtuous cycles, leading us to achieve robust growth that is responsive to the demands of society in a rapidly changing world.

The Materiality we identified shaped our management policy. Going forward, JSR Group will continue to work together to pursue sustainable management.

The Sustainability Report 2021 contains a discussion of JSR Group's review of material topics.

Management foundation: Advancement throughout the Group/Social/Environment/Governance

Corporate Activity	Environment ▶ P.34	Social ▶ P.29	Governance ▶ P.35
Mid-term plan focus (Materiality)	<ul style="list-style-type: none"> Environmental Impact reduction 	<ul style="list-style-type: none"> Diversity, Equity, and Inclusion Work-style Innovation 	
Mid-term plan activity Set KPI target and measures	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (TCFD initiatives) Promote Reuse/Recycle Reduce waste 	<ul style="list-style-type: none"> Employee engagement improvement Rebuild Corp HR system Re-define HQ functions/roles 	<ul style="list-style-type: none"> Independent Outside Directors A Diverse Board of Directors Nomination/Remuneration Advisory Committee
Index	<ul style="list-style-type: none"> Respond to climate change, environmental issues 	<ul style="list-style-type: none"> Employee engagement 	