



October 31, 2023

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
Second Quarter Results for the Fiscal Year Ending March 31, 2024

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo Stock Exchange

URL: <https://www.co-jsp.co.jp/english/>

Code Number: **7942**

Representative: Tomohiko Okubo, President, Representative Director

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Scheduled date of filing of Quarterly Report:

November 7, 2023

Scheduled date of payment of dividend:

December 4, 2023

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for analysts)

Note: The original disclosure in Japanese was released on October 31, 2023 at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Second Quarter Results (April 1, 2023 to September 30, 2023) for the Fiscal Year Ending March 31, 2024

(1) Consolidated business performance

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2023	66,432	3.4	3,247	131.3	3,617	94.4	2,795	102.8
Six months ended Sep. 30, 2022	64,252	15.4	1,404	(53.0)	1,860	(39.6)	1,378	(39.5)

Note: Comprehensive income: Six months ended Sep. 30, 2023: 7,748 million yen (down 1.9%)

Six months ended Sep. 30, 2022: 7,897 million yen (up 71.4%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	93.80	-
Six months ended Sep. 30, 2022	46.26	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	152,063	103,126	64.8	3,303.74
As of Mar. 31, 2023	144,528	96,123	63.5	3,076.73

Reference: Shareholders' equity: As of Sep. 30, 2023: 98,478 million yen As of Mar. 31, 2023: 91,711 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2024	-	25.00	-	-	-
Fiscal year ending Mar. 31, 2024 (forecasts)	-	-	-	25.00	50.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	136,000	3.3	6,300	113.1	6,800	102.2	5,000	97.5	167.74

Note: Revisions to the most recently announced consolidated forecast: Yes

Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attached documents.

*** Notes**

(1) Changes in principal subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period including treasury shares

As of Sep. 30, 2023:	31,413,473 shares	As of Mar. 31, 2023:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	1,605,444 shares	As of Mar. 31, 2023:	1,605,300 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023:	29,808,104 shares	Six months ended Sep. 30, 2022:	29,808,343 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or an auditing firm.

* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to JSP. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the current fiscal year, the influence of the COVID-19 pandemic on economic activity has been gradually alleviating. However, the global economy has been displaying growing indications of slowdown owing to the prolonged situation in Ukraine, escalating resource and energy prices, and the implementation of a monetary tightening policy aimed at curbing inflation. The Japanese economy exhibited a modest upturn, primarily driven by an upswing in personal consumption, among other factors. This improvement was facilitated by the relaxation of pandemic restrictions following the shift of the disease to category 5 under the Infectious Disease Control Law. Nevertheless, the economic outlook remains uncertain due to inflation, the negative effect of soft overseas demand on production and exports, and fluctuations in financial and capital markets.

The foamed plastics industry in Japan faced serious challenges as the recovery in demand came to a standstill and raw material prices and the cost of utilities increased.

Under these circumstances, JSP is working to further increase its corporate value by implementing reform strategies such as improving profitability, increasing growth potential and tackling sustainability management challenges to expand the value we provide for both economic value and social value to our customers and to address social issues and fortifying the management base. They are the basic concepts underlying the medium-term business plan, “Change for Growth.”

Sales were higher than one year earlier mainly because of higher overseas sales volume and revisions of prices of JSP products. The operating profit increased from one year earlier because of higher sales and reduction in costs.

Net sales in the first half were 66,432 million yen, up 3.4% from the same period of the previous fiscal year. Operating profit increased 131.3% to 3,247 million yen, ordinary profit increased 94.4% to 3,617 million yen and profit attributable to owners of parent increased 102.8% to 2,795 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of materials for household products, mainly STYRENPAPER, a foamed polystyrene sheet used in food packaging, decreased. This was mainly the result of lower sales volume for STYRENPAPER in the food tray category and for MIRABOARD, a material used for advertising displays.

Sales were lower than one year earlier for industrial products, including MIRAMAT, a foamed polyethylene sheet used for industrial packaging materials and flat panel displays. The sales volume of value-added products and general-purpose products decreased.

Sales of MIRAFOAM, an extruded board made of foamed polystyrene, and other construction and civil engineering materials increased because of product price revisions and the higher sales volume of value-added products, although the sales volume of materials used for civil engineering applications decreased and the sales volume of materials for fabrication in the building construction and housing markets unchanged from one year earlier.

Total sales in this segment decreased as the total sales volume decreased despite product price revisions. Earnings decreased because the sales volume of value-added products declined and cost of utilities increased.

As a result, extrusion business sales decreased 0.2% to 20,823 million yen and operating profit decreased 4.7% to 1,012 million yen.

Bead Business

Sales of high-performance products, mainly ARPRO/P-BLOCK, an expanded polypropylene product manufactured and sold worldwide, increased because of higher sales volume mainly due to strong performance in the non-automotive sector.

In Japan, the automotive sector witnessed an increase in sales volume, while the sales volume of FOAMCORE, a hybrid molding product, remained steady year on year. In North America, sales volume of returnable containers and other products increased, although the automotive sector experienced a decline. In South America, sales volume in the automotive sector increased. In Europe, the sales volume in the HVAC and other sectors was higher, although the sales

volume declined in the automotive sector. In Asia, the sales volume declined in China and in Taiwan where the packaging materials sector performed well in the same period of the previous fiscal year.

Sales of expandable polystyrene bead products, chiefly STYRODIA, decreased mainly due to lower sales volume because of lower demand for these products in the fisheries and agriculture sectors.

Total sales in this segment increased because of higher sales volume of high-performance products and product price revisions, although sales volume was down. Earnings increased due to higher sales and cost reduction, despite the higher cost of utilities and personnel expenses.

As a result, sales in the bead business increased 6.3% to 42,738 million yen and operating profit increased 266.6% to 2,779 million yen.

Other

Sales of general packaging materials decreased in Japan due to lower demand in the automotive parts transportation and other market sectors. In China, lower demand for packaging materials for many types of components resulted in lower sales.

As a result, sales in the other segment decreased 9.6% to 2,870 million yen and operating profit decreased 68.8% to 26 million yen.

(2) Financial Position

Total assets as of September 30, 2023 were 152,063 million yen, up 7,534 million yen from March 31, 2023. Current assets increased 5,306 million yen to 79,128 million yen mainly due to increases in notes and accounts receivable-trade of 2,809 million yen and electronically recorded monetary claims-operating of 2,229 million yen. Non-current assets increased 2,228 million yen to 72,934 million yen due to an increase in machinery, equipment and vehicles, net of 1,054 million yen.

Total liabilities as of September 30, 2023 were 48,936 million yen, up 531 million yen from March 31, 2023. Current liabilities increased 243 million yen to 36,687 million yen mainly due to increases in notes and accounts payable-trade of 1,022 million yen and other current liabilities of 1,058 million yen due to an increase in accrued expenses, while there was a decrease in short-term borrowings of 2,346 million yen. Non-current liabilities increased 287 million yen to 12,248 million yen.

As a result, net assets totaled 103,126 million yen and the shareholders' equity ratio increased 1.3 percentage points to 64.8%.

A summary of cash flows and major components are as follows.

Net cash provided by operating activities totaled 5,204 million yen, an increase of 3,427 million yen from the same period of the previous fiscal year. Inflows included 3,601 million yen from profit before income taxes, 3,642 million yen from depreciation and a 1,224 million yen increase in trade payables. Outflows included an increase in trade receivables of 3,865 million yen.

Net cash used in investing activities totaled 3,400 million yen, an increase of 216 million yen from the same period of the previous fiscal year. Outflows included 3,261 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 3,506 million yen, compared with net cash provided of 1,412 million yen in the same period of the previous fiscal year. Inflows included proceeds from long-term borrowings of 2,500 million yen. Outflows included 2,461 million yen from a net decrease in short-term borrowings, 2,430 million yen for the repayment of long-term borrowings and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 14,175 million yen as of September 30, 2023, down 521 million yen from March 31, 2023.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

In the second half of the current fiscal year, risk concerning the Ukraine crisis remains high and there is now additional

risk involving the crisis in the Middle East. The automobile industry strike in the United States is another source of uncertainty. As a result, we expect that the global economy will remain uncertain for a while. The outlook for energy prices includes a limited ability to increase the supply of crude oil and rising uncertainty about the supply caused by further growth in geopolitical risk. However, the energy prices are expected to remain at the current level due to the possibility of slowing economic growth in Europe, the United States and other major countries caused by monetary tightening and sluggish economic growth in China.

Extrusion Business

In the household product materials category, which is mainly STYRENPAPER, a foamed polystyrene sheet used in food packaging, we expect that the sales volume of materials for food trays and of MIRABOARD, a material used for advertising displays, will be slightly below the forecast announced on July 31, 2023.

For industrial packaging products, mainly MIRAMAT, foamed polyethylene sheet used for industrial packaging materials and flat panel displays, we originally expected demand outside Japan to recover in the second half but now anticipate no change in demand.

In the category of construction and civil engineering materials, mainly MIRAFORM, extruded board made of foamed polystyrene, the sales volume of residential thermal insulation materials is expected to remain low because of concerns about a decline in home purchase sentiment caused by the rising cost of building materials and other reasons.

Although cost cutting activities, such as measures for boosting productivity and lowering fixed expenses, are continuing, the outlook for the extrusion business is for lower sales and earnings than in the previous forecast because of a decline in sales volumes.

Bead Business

We expect that sales growth of ARPRO/P-BLOCK, an expanded polypropylene product manufactured and sold worldwide, will be higher than in the previous forecast because of the outlook for a large volume of automobile production and strong demand in non-automotive sectors, especially in Europe and the United States. We forecast higher earnings in this business due to the larger sales volume, declining prices of raw materials in North America, and revisions to assumptions about exchange rates.

For beads, mainly STYRODIA expandable polystyrene bead products, we expect that sales will be less than in our previous forecast because of weak demand in the fisheries sector and in other markets. Earnings are expected to be lower than the previous forecast due to the outlook for an increase in the cost of styrene monomer.

Overall, in this business we forecast that sales volume will stay at the same level as the previous forecast, sales will increase due to the positive effect of exchange rates, and earnings will be higher than the previous forecast.

Other

We forecast sales and earnings will be about the same as in the previous forecast.

As a result, the consolidated forecast for the fiscal year ending March 31, 2024 was revised as follows.

Revision to Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	135,000	5,600	5,900	4,300	144.26
Revised forecast (B)	136,000	6,300	6,800	5,000	167.74
Change (B – A)	1,000	700	900	700	-
Percentage change (%)	0.7	12.5	15.3	16.3	-
(Reference) Previous fiscal year results (Fiscal year ended Mar. 31, 2023)	131,714	2,956	3,363	2,531	84.91

Assumptions

	Previous forecast	Revised forecast
Dubai crude oil (USD/BL)	80	85
Exchange rates	JPY/USD	140
	JPY/EUR	150
	JPY/CNY	20.0

Note: The above forecasts are based on all information currently available and the actual results may differ due to various factors.

** This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*