



April 30, 2020

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**  
**Full-year Results for the Fiscal Year Ended March 31, 2020**

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

URL: <https://www.jsp.com>

Code Number: **7942**

Representative: Yukio Sakai, President, Representative Director

Contact person: Yasushi Komori,

Executive Officer, General Manager, Accounting Department, Finance & Accounting Division

Phone: +81-3-6212-6306

Scheduled date of Annual General Meeting of Shareholders: June 26, 2020

Scheduled date of payment of dividend: June 9, 2020

Scheduled date of filing of Annual Securities Report: June 26, 2020

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on April 30, 2020 at 15:00 (GMT +9).

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

**1. Full-year Results (April 1, 2019 to March 31, 2020) for the Fiscal Year Ended March 31, 2020**

(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	%
Fiscal year ended Mar. 31, 2020	113,375	(2.4)	5,083	(7.2)	5,210	(10.7)	3,638	(15.6)
Fiscal year ended Mar. 31, 2019	116,133	1.6	5,479	(39.8)	5,835	(36.7)	4,309	(37.1)

Note: Comprehensive income: Fiscal year ended Mar. 31, 2020: 2,097 million yen (up 22.6%)  
 Fiscal year ended Mar. 31, 2019: 1,711 million yen (down 81.3%)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2020	122.07	-	4.5	4.0	4.5
Fiscal year ended Mar. 31, 2019	144.57	-	5.4	4.6	4.7

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2020: 10 million yen  
 Fiscal year ended Mar. 31, 2019: 5 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	128,445	84,646	63.4	2,729.87
As of Mar. 31, 2019	129,229	84,141	62.1	2,691.76

Reference: Shareholders' equity: As of Mar. 31, 2020: 81,375 million yen As of Mar. 31, 2019: 80,239 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2020	11,484	(12,406)	(358)	7,584
Fiscal year ended Mar. 31, 2019	7,391	(10,368)	1,708	9,082

**2. Dividends**

	Annual dividends per share					Total amounts of dividends	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2019	-	25.00	-	25.00	50.00	1,490	34.6	1.9
Fiscal year ended Mar. 31, 2020	-	25.00	-	25.00	50.00	1,490	41.0	1.8
Fiscal year ending Mar. 31, 2021 (forecasts)	-	25.00	-	25.00	50.00		67.8	

**3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2021**

(April 1, 2020 to March 31, 2021)

(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
First half	47,100	(16.4)	(100)	-	0	-	0	-	0.00
Full year	105,000	(7.4)	3,000	(41.0)	3,200	(38.6)	2,200	(39.5)	73.80

**\* 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) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

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

As of Mar. 31, 2020: 31,413,473 shares As of Mar. 31, 2019: 31,413,473 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2020: 1,604,292 shares As of Mar. 31, 2019: 1,604,195 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2020: 29,809,194 shares Fiscal year ended Mar. 31, 2019: 29,809,650 shares

**Reference: Overview of Non-consolidated Operating Performance**

**Full-year Results (April 1, 2019 to March 31, 2020) for the Fiscal Year Ended March 31, 2020**

(1) Non-consolidated business performance (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2020	58,424	(3.0)	1,777	6.3	3,259	(3.9)	2,137	(28.5)
Fiscal year ended Mar. 31, 2019	60,230	2.4	1,672	(23.6)	3,393	(29.6)	2,988	(30.9)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2020	71.71	-
Fiscal year ended Mar. 31, 2019	100.27	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	86,343	52,296	60.6	1,754.36
As of Mar. 31, 2019	87,328	51,633	59.1	1,732.14

Reference: Shareholders' equity: As of Mar. 31, 2020: 52,296 million yen As of Mar. 31, 2019: 51,633 million yen

\* The current financial report is not subject to audits 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 the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year that ended on March 31, 2020, the economic outlook became uncertain due to the U.S.-China trade war as well as concerns about the severe impact of the global novel coronavirus (COVID-19) pandemic. The U.S. economy was supported by low unemployment and strong consumer spending. However, there were signs of weakness involving manufacturing and exports because of the U.S.-China trade war and the decline in automobile production caused by a strike at a major automaker. In Europe, employment statistics continued to improve, but economic growth slowed due to sluggish manufacturing activity and other reasons. In Asia, economic growth was slow because of the impact of the U.S.-China trade war and other factors. In Japan, the economy recovered moderately due to the continuation of an upturn in consumer spending as the employment picture improved. However, the business climate has become challenging and extremely uncertain because of slowing external demand and the COVID-19 outbreak that began early in 2020 and affected the global supply chains.

In Japan's foamed products industry, the business environment was challenging because of weak demand in the food packaging and fisheries sectors as well as the slowdown in global demand and rising transportation costs.

We made substantial capital expenditures involving automotive parts, building and home thermal insulation materials, and flat panel display cushioning materials and took actions for building a stronger infrastructure for entering new business domains. These are the growth engines of VISION2027, our long-term vision. We also focused on creating new sources of demand and developing and selling products with substantial added value.

Sales were lower than in the previous fiscal year mainly because of challenging conditions in the automobile and other markets as well as lackluster demand in some sectors. Operating profit also decreased despite product price revisions in response to rising cargo transportation costs. Earnings were negatively affected by sluggish demand and an increase in fixed expenses associated with the construction of a production system for new sources of demand. There was an extraordinary loss due to an impairment charge for some of the non-current assets associated with a review of the plan for the electron beam cross-linked expanded polyethylene sheet business by a U.S. subsidiary.

Net sales in the fiscal year were 113,375 million yen, down 2.4% from the previous fiscal year. Operating profit decreased 7.2% to 5,083 million yen, ordinary profit decreased 10.7% to 5,210 million yen and profit attributable to owners of parent decreased 15.6% to 3,638 million yen.

Results by business segment were as follows.

#### Extrusion Business

Sales of STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products decreased chiefly due to lower sales volume of materials used for food trays and of MIRABOARD™, a material used for advertising displays.

Sales were lower for industrial packaging products, including MIRAMAT® (expanded polyethylene sheet), which is used for industrial packaging materials and flat panel displays. The main reasons were a decrease in sales of general-purpose products and value-added products in China and South Korea.

Sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials increased. Demand was impacted by the decline in housing starts in Japan but sales of parts pre-cut for fabrication in the building construction market and materials used for civil engineering applications were strong.

Overall, segment sales decreased as the impact of a market downturn and lower sales in some sectors more than offset strong sales of value-added products. Earnings also decreased because of the decline in sales, higher fixed expenses associated with the construction of a production system for manufacturing products with substantial added value and other reasons.

As a result, sales in extrusion business decreased 3.8% to 39,795 million yen and operating profit decreased 7.1% to 2,293 million yen.

**Bead Business**

ARPRO®/P-BLOCK™ (expanded polypropylene), which is manufactured and sold worldwide, is used in a diverse array of applications. Major uses are automotive parts such as bumper cores and seat cores, cushioning and packaging materials for returnable containers for components of all types, cushioning and packaging materials, insulation and cushioning materials for housing facilities, and impact protection materials for athletic fields. The sales volume of ARPRO®/P-BLOCK™ and other high-performance products was about the same as one year earlier. Downturns in the automobile and other markets negatively affected sales, but sales benefited from the use of these products in more types of automotive parts and in various other new applications. However, sales were held down by price revisions and other factors. In Japan, sales of materials used in automotive parts remained strong. In North America, partly because of a strike at a major automaker, there were weak sales of materials used in automotive parts, flat cushioning materials, cushioning and packaging materials for returnable containers, and other products. In South America, sales of automotive parts and in new agriculture sectors were steady. In Europe, sales were about the same as one year earlier despite slowing economic growth. In Asia, the sales volume was higher as the increasing number of applications offset the impact of the U.S.-China trade war and the decline in automobile production.

Sales of expandable polystyrene bead products, chiefly STYRODIA®, decreased due to lower demand in the fisheries and agricultural sectors despite higher sales of functional products.

Sales of FOAMCORE™ (a hybrid molded product), which is used as a material for prefabricated bathroom unit ceilings and marine floats, increased mainly due to the growth in demand.

Overall, segment sales decreased because of lower demand in some market sectors and revisions of product prices. Earnings were about the same as in the previous fiscal year because of sales of value-added products, cost cutting and other factors, although there was an increase in fixed expenses associated with the construction of a production system for new sources of demand.

As a result, sales in bead business decreased 1.0% to 67,771 million yen and operating profit increased 0.0% to 3,783 million yen.

**Other**

Sales of general packaging materials decreased in Japan as sales in the automotive parts transportation and other market sectors decreased. In China, the receipt of packaging material orders for many types of components resulted in higher sales.

As a result, sales in the other segment decreased 7.7% to 5,808 million yen and operating profit decreased 34.2% to 103 million yen.

**(2) Financial Position**

Total assets as of March 31, 2020 were 128,445 million yen, down 784 million yen from March 31, 2019.

Current assets decreased 6,254 million yen to 60,575 million yen mainly due to decreases in cash and deposits of 1,376 million yen and notes and accounts receivable-trade of 3,146 million yen.

Non-current assets increased 5,469 million yen to 67,869 million yen mainly due to increases in machinery, equipment and vehicles, net of 2,454 million yen and construction in progress of 2,866 million yen.

Total liabilities as of March 31, 2020 were 43,798 million yen, down 1,289 million yen from March 31, 2019.

Current liabilities decreased 2,732 million yen to 31,611 million yen mainly due to a decrease in notes and accounts payable-trade of 2,410 million yen.

Non-current liabilities increased 1,442 million yen to 12,186 million yen mainly due to increases in long-term loans payable of 672 million yen and lease obligations of 683 million yen.

As a result, net assets totaled 84,646 million yen and the shareholders' equity ratio increased 1.3 percentage points to 63.4%.

**(3) Cash Flows**

## Cash flows from operating activities

Net cash provided by operating activities totaled 11,484 million yen, an increase of 4,092 million yen from the previous fiscal year. Inflows included 4,811 million yen from profit before income taxes and 6,427 million yen from depreciation. Outflows included a decrease of 2,475 million yen in notes and accounts payable-trade and income taxes paid of 1,255 million yen.

## Cash flows from investing activities

Net cash used in investing activities totaled 12,406 million yen, an increase of 2,037 million yen from the previous fiscal year. This included an outflow of 12,200 million yen for the purchase of non-current assets associated with the construction of a production system.

## Cash flows from financing activities

Net cash used in financing activities totaled 358 million yen, compared with net cash provided of 1,708 million yen in the previous fiscal year. Inflows included 4,600 million yen in proceeds from long-term loans payable for capital expenditure. Outflows included 1,490 million yen for cash dividends paid and 4,158 million yen for the repayment of long-term loans payable, which was mainly allocated from operating cash flows.

As a result, cash and cash equivalents totaled 7,584 million yen as of March 31, 2020, down 1,498 million yen from March 31, 2019.

**(4) Outlook**

The COVID-19 pandemic is severely restricting economic activity worldwide due to orders to stay home, lockdowns of cities, the suspension of factory operations and other reasons. As a result, the outlook is uncertain for the global economy in the fiscal year ending on March 31, 2021. In China, where the COVID-19 crisis started in late January, the lockdown of the city of Wuhan finally ended in early April. Furthermore, automobile sales in China have started to recover after hitting bottom in February. However, there are questions about how much demand will recover. In other regions of the world too, this crisis will probably cause a significant economic downturn for at least two to three months. Based on this outlook, we forecast a continuation of lackluster demand in the first and second quarters of the fiscal year because of a deterioration in market conditions due to this crisis. Although it is impossible to predict at this time how long this negative impact will continue, our outlook assumes that the economy will get on a recovery track in the third and fourth quarters in part because of economic stimulus measures by governments worldwide.

In Japan, the COVID-19 outbreak is expected to peak in the fiscal year's first quarter. A big economic downturn is likely to occur because of the drop in foreign tourists coming to Japan, requests to stay home and other restrictions on its economic activities. Our outlook assumes that a recovery will start in the second quarter and that the Japanese economy will return to normal in the third and fourth quarters.

The price of crude oil has plummeted because of the sharp drop in demand caused by slowing economic growth due to the COVID-19 pandemic. OPEC-Plus reached an agreement to reduce production, but this reduction is inadequate in relation to the current decrease in demand. The surplus supply of crude oil is likely to persist as long as the pandemic continues to hold down economic activity. We forecast a price of USD30/BL in the fiscal year's first half. In the second half, as the economy starts to recover and the supply surplus slowly declines, we expect the price to be between USD30/BL and USD60/BL. The forecast for exchange rates is 105 yen to the dollar, 120 yen to the euro and 15.0 yen to the yuan.

Based on these assumptions and forecasts, our outlook for results by business segment is as follows.

**Extrusion Business**

For STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products, demand is increasing as people eat out less as they eat more meals at home, including ready-to-eat items purchased at stores. However, demand for these materials used for products sold at convenience stores is weak

because people are staying at home as much as possible. Sales of MIRABOARD™, a material used for advertising displays, are expected to decrease because of the cancelation of trade shows and other events. Overall, we forecast lower sales in this category because of price revisions to reflect the lower cost of raw materials.

We forecast a decrease in sales of industrial packaging products, including MIRAMAT® (expanded polyethylene sheet), a material used for industrial packaging and flat panel displays, because of COVID-19 pandemic.

We forecast a decrease in sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials. Sales in the civil engineering sector are expected to be about the same as in the previous fiscal year. However, in the construction sector, demand for thermal insulation materials is declining because of construction delays caused mainly by late deliveries of housing materials and by a downturn in consumer sentiment about purchasing a residence.

Overall, we expect sales in this business to decrease because of worsening market conditions caused by COVID-19 and revisions to prices of our products. Although we expect earnings to benefit from the lower cost of raw materials and an improvement in the profit margins of some products, we forecast lower earnings because of the significant negative impact of lower sales.

### Bead Business

For ARPRO®/P-BLOCK™ (expanded polypropylene), which we manufacture and sell around the world, we expect lower sales as automakers worldwide suspend operations. In China, we expect a big decrease in sales in this business in the first quarter but a recovery in the second quarter because all plants are now operating. Almost all automakers have suspended production at their plants in Japan, North America, South America, Europe and Southeast Asia. As a result, the output of this business remains low. Automakers worldwide plan to resume operations in late April and May and we plan to slowly increase the output of our plants. However, the timing of a recovery in demand is uncertain. Plants in South Korea and Taiwan are operating at their normal levels.

We forecast no change in the overall sales volume of expandable polystyrene bead products, chiefly STYRODIA®, despite the outlook for a decline in purchases in Japan by foreign tourists. But monetary sales are expected to decrease because of revisions to prices of products to reflect the lower cost of raw materials.

We forecast a decrease in sales of FOAMCORE™ (a hybrid molded product), which is used as a material for prefabricated bathroom unit ceilings and marine floats. The main reason is a decline in consumer sentiment about purchasing a residence.

Overall, we expect a decrease in sales because of the severe impact of COVID-19 on economic activity and revisions of the prices of products in this business to reflect the lower cost of raw materials. Although earnings will benefit from higher profit margins of some products resulting from the lower cost of raw materials, we forecast a big decline in earnings due to the severe negative impact of the downturn in sales.

### Other

We forecast lower sales based on the outlook for sluggish demand in Japan and China for general packaging materials and packaging materials for automotive parts.

Sales and earnings forecasts for the fiscal year ending March 31, 2021 are as follows.

#### i. Forecast for consolidated business performance in the fiscal year ending March 31, 2021

(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	%
First half	47,100	(16.4)	(100)	-	0	-	0	-
Full year	105,000	(7.4)	3,000	(41.0)	3,200	(38.6)	2,200	(39.5)

Assumptions

Exchange rates: JPY105/USD, JPY120/EUR, JPY15.0/CNY

Dubai crude oil: 1H: USD30/BL, 2H: USD45/BL

## ii. Segment information summary

(Million yen)

	Fiscal year ended March 31, 2020 (Results)		Fiscal year ending March 31, 2021 (Forecast)	
	Net sales	Operating profit	Net sales	Operating profit
Extrusion Business	39,795	2,293	38,300	1,600
Bead Business	67,771	3,783	61,100	2,530
Other	5,808	103	5,600	0
Subtotal	113,375	6,180	105,000	4,130
Adjustments	-	(1,096)	-	(1,130)
Total	113,375	5,083	105,000	3,000

## iii. Capital expenditures

The forecast for capital expenditures is 7,200 million yen, the sum of 500 million yen of expenditures to increase production capacity and to become more competitive, and 6,700 million yen of expenditures for maintenance and repairs. The forecast for depreciation expenses is 6,500 million yen, an increase of 73 million yen from the previous fiscal year.

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available. Actual results may differ significantly from these forecasts for a number of factors.

## (5) Business Risk Associated with COVID-19

## i. Risk of a negative impact of decreasing demand on our financial position

As was explained in the preceding section (4) Outlook, our estimates of the effect of the COVID-19 crisis on sales and earnings are based on the assumption that there will no longer be a negative impact by the end of the second quarter. We also assume that the business climate will recover in the third and fourth quarters. However, sales and earnings may fall below these estimates if the effects of this crisis continue for a long time.

Even in this event, we will constantly develop new applications for products, improve productivity, cut costs and take other actions aimed at minimizing the declines in sales and earnings.

## ii. Workforce COVID-19 infection and business continuity risk

As a rule, we now ask employees at all business sites to work at home in order to ensure their health and safety and prevent the spread of COVID-19 within and outside the company. Despite these measures, there is a possibility that employees become infected and, through contact with other employees and other channels, COVID-19 infections increase at one or more our business sites. If this happens, there may be a temporary suspension of operations due to the inability to manufacture and ship products at a factory.

## iii. Risk of a supply chain disruption

To reduce the risk of a supply chain disruption due to COVID-19, we are taking actions to lower exposure to various risk factors. For example, production activities are not concentrated at a single location and each business site uses several freight transportation companies. Despite these measures, our results of operations may be affected if shipments of products to customers are delayed or suspended.

Our policy is to purchase raw materials and other items from at least two companies. However, we depend on a specific region or a single supplier for certain materials or other items. If COVID-19 makes it impossible to purchase certain materials or other items, we may be unable to supply customers with some products. We maintain an appropriate level of inventories in order to reduce vulnerability to this risk.

## iv. Risk of loss of orders or of bad debt caused by financial difficulties of customers

COVID-19 may cause financial difficulties at our customers. If a customer is no longer able to continue operating, there is a risk of losing a consistent source of sales and of becoming unable to collect amounts owed to JSP by the customer.

## **(6) Profit Allocation Policy and Dividends for the Current and Next Fiscal Years**

Distributing earnings to shareholders is one of the highest priorities of JSP Corporation. Our policy is to make stable dividend payments after taking into consideration all applicable factors, including consolidated performance in each fiscal year and the need to retain earnings for strengthening the base of future business activities.

Retained earnings are used to increase financial soundness, R&D expenditures for new products and technologies, and capital expenditures for new businesses.

As prescribed in Article 459, Paragraph 1 of the Companies Act of Japan, the JSP Corporation Articles of Incorporation allow the Board of Directors to approve the payment of dividends from retained earnings. The basic policy is to pay an interim and year-end dividend based on resolutions of the Board of Directors.

For the fiscal year that ended on March 31, 2020 in consideration of results of operations, the operating environment, dividend stability and other items, we plan to pay a dividend of 50 yen per share. Since an interim dividend of 25 yen per share has been paid, this will result in a year-end dividend of 25 yen per share. In the fiscal year ending on March 31, 2021, we plan to pay an interim and year-end dividend of 25 yen per share each, a total of 50 yen.

## **2. Basic Approach for the Selection of Accounting Standards**

We will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors worldwide.

*\* 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.*