



July 31, 2020

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**  
**First Quarter Results for the Fiscal Year Ending March 31, 2021**

[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 filing of Quarterly Report:

August 7, 2020

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results:

None

Holding of quarterly financial results meeting:

None

Note: The original disclosure in Japanese was released on July 31, 2020 at 15:00 (GMT +9).

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

**1. First Quarter Results (April 1, 2020 to June 30, 2020) for the Fiscal Year Ending March 31, 2021**

(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	%
Three months ended Jun. 30, 2020	24,815	(10.5)	916	(7.0)	832	(17.8)	542	(33.4)
Three months ended Jun. 30, 2019	27,731	(1.2)	985	(24.1)	1,012	(28.1)	814	(26.1)

Note: Comprehensive income: Three months ended Jun. 30, 2020: (875) million yen (-%)  
 Three months ended Jun. 30, 2019: 755 million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2020	18.21	-
Three months ended Jun. 30, 2019	27.33	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2020	124,578	83,028	64.2	2,685.03
As of Mar. 31, 2020	128,445	84,646	63.4	2,729.87

Reference: Shareholders' equity: As of Jun. 30, 2020: 80,038 million yen As of Mar. 31, 2020: 81,375 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, 2020	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2021	-	-	-	-	-
Fiscal year ending Mar. 31, 2021 (forecasts)	-	25.00	-	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, 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	48,600	(13.7)	1,200	(51.5)	1,200	(51.5)	800	(58.3)	26.84
Full year	100,000	(11.8)	3,200	(37.1)	3,200	(38.6)	2,200	(39.5)	73.80

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

Please refer to the press release "Notice of revisions to the first half and full-year consolidated forecasts for the fiscal year ending March 31, 2021" announced today (July 31, 2020, Japanese version only).

**\* 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 Jun. 30, 2020:	31,413,473 shares	As of Mar. 31, 2020:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2020:	1,604,389 shares	As of Mar. 31, 2020:	1,604,292 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	29,809,168 shares	Three months ended Jun. 30, 2019:	29,809,233 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 the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the press release "Notice of revisions to the first half and full-year consolidated forecasts for the fiscal year ending March 31, 2021" announced today (July 31, 2020, Japanese version only) for assumptions for forecasts and notes of caution for usage.

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the global economy plummeted as economic and social activities were severely restricted due to the worldwide spread of the global novel coronavirus disease (COVID-19) pandemic and the economic outlook became increasingly uncertain. The Japanese economy also slowed rapidly, with production, exports, and consumer spending decreasing due to global economic restrictions and the declaration of a State of Emergency by the Japanese government.

In Japan's foamed products industry, demand increased in the food packaging and related sectors as more people stayed at home. However, the business environment was extremely challenging in the fisheries, industrial and construction sectors, as demand fell due to restrictions on economic activities accompanying the declaration of a State of Emergency.

Although demand in the food packaging sector increased, sales were lower than the same period of the previous fiscal year mainly because of restrictions on global economic activity which depressed overall demand. Operating profit also declined from the same period of the previous fiscal year due to factors such as lower demand and the impact on production activities associated with the blockade of cities.

Net sales in the first quarter were 24,815 million yen, down 10.5% from the same period of the previous fiscal year. Operating profit decreased 7.0% to 916 million yen, ordinary profit decreased 17.8% to 832 million yen because of foreign exchange losses and profit attributable to owners of parent decreased 33.4% to 542 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 increased chiefly due to higher sales volume of materials used for food trays despite lower sales 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 decreased. Materials used for civil engineering applications were strong but sales for fabrication in the building construction market were lower as demand was impacted by the decline in housing starts in Japan.

Although sales in certain sectors benefiting from with the COVID-19 pandemic were higher, overall, segment sales decreased due to a downturn in overall demand. Even though efforts were made to lower fixed expenses to cope with restrictions on production and sales activities, earnings also declined because of lower sales.

As a result, sales in extrusion business decreased 5.3% to 9,106 million yen and operating profit decreased 2.7% to 439 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. More ARPRO®/P-BLOCK™ and other high-performance products were used in more types of automotive parts and in various other new applications. However, sales volume and sales amount declined because of the blockade of cities due to the spread the COVID-19 pandemic and the closure of plants at automobile manufacturers. In Japan, sales to the automobile sector were sluggish. In North America, sales of Paver-Base (paving stone base material) were strong but sales in the automobile sector were lower. In South America, sales in automobile and agriculture sectors increased. In Europe, sales to the automobile sector were steady. In Asia, sales in the automobile sector and for cushioning and packaging materials for returnable containers were favorable in Taiwan but sales in the automobile sector in China and South Korea were sluggish.

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

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

Overall segment sales declined because of reduced demand in the automobile and other sectors due to restrictions on economic activity. Earnings were lower due to declines in sales volumes and restrictions on production activities.

As a result, sales in bead business decreased 12.5% to 14,614 million yen and operating profit decreased 5.1% to 742 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, sluggish demand for packaging material orders for many types of components resulted in lower sales.

As a result, sales in the other segment decreased 22.9% to 1,094 million yen and operating loss was 16 million yen compared with operating profit of 19 million yen in the same period of the previous fiscal year.

### **(2) Financial Position**

Total assets as of June 30, 2020 were 124,578 million yen, down 3,866 million yen from March 31, 2020. Current assets decreased 3,179 million yen to 57,395 million yen mainly due to decreases in cash and deposits of 984 million yen and notes and accounts receivable-trade of 1,244 million yen. Non-current assets decreased 686 million yen to 67,183 million yen mainly due to a decrease of 527 million yen in buildings and structures, net.

Total liabilities as of June 30, 2020 were 41,549 million yen, down 2,248 million yen from March 31, 2020. Current liabilities decreased 1,427 million yen to 30,184 million yen mainly due to a decrease in notes and accounts payable-trade of 1,541 million yen. Non-current liabilities decreased 821 million yen to 11,365 million yen mainly due to a decrease in long-term loans payable of 831 million yen.

As a result, net assets totaled 83,028 million yen and the shareholders' equity ratio increased 0.8 percentage points to 64.2%.

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

Net cash provided by operating activities totaled 2,120 million yen, an increase of 92 million yen from the same period of the previous fiscal year. Inflows included 807 million yen from profit before income taxes, 1,605 million yen from depreciation and a decrease of 1,227 million yen in notes and accounts receivable-trade. Outflows included a decrease of 1,566 million yen in notes and accounts payable-trade and income taxes paid of 464 million yen.

Net cash used in investing activities totaled 898 million yen, a decrease of 1,460 million yen from the same period of the previous fiscal year. This included an outflow of 1,348 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 1,018 million yen, an increase of 519 million yen from the same period of the previous year. Inflows included 915 million yen in proceeds from a net increase in short-term loans payable. Outflows included 976 million yen for the repayment of long-term loans payable and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 7,372 million yen as of June 30, 2020, down 211 million yen from March 31, 2020.

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

We have revised the consolidated forecast for the fiscal year ending March 31, 2021, which was announced on April 30, 2020. Please refer to the press release "Notice of revisions to the first half and full-year consolidated forecasts for the fiscal year ending March 31, 2021" announced today (July 31, 2020, Japanese version only).

*\* 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.*