



October 29, 2020

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**  
**Second 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,

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Scheduled date of filing of Quarterly Report:

November 6, 2020

Scheduled date of payment of dividend:

December 3, 2020

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 29, 2020 at 15:00 (GMT +9).

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

**1. Second Quarter Results (April 1, 2020 to September 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	%
Six months ended Sep. 30, 2020	48,080	(14.6)	1,284	(48.1)	1,268	(48.7)	908	(52.6)
Six months ended Sep. 30, 2019	56,308	(2.0)	2,474	(11.7)	2,474	(17.5)	1,917	(18.4)

Note: Comprehensive income: Six months ended Sep. 30, 2020: (514) million yen (-%)  
Six months ended Sep. 30, 2019: 548 million yen (up 181.1%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2020	30.47	-
Six months ended Sep. 30, 2019	64.32	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2020	126,211	83,389	63.7	2,697.08
As of Mar. 31, 2020	128,445	84,646	63.4	2,729.87

Reference: Shareholders' equity: As of Sep. 30, 2020: 80,397 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	-	25.00			
Fiscal year ending Mar. 31, 2021 (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, 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
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: None

**\* 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, 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 Sep. 30, 2020:	1,604,441 shares	As of Mar. 31, 2020:	1,604,292 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	29,809,105 shares	Six months ended Sep. 30, 2019:	29,809,207 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 "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

In the first half of the current fiscal year, the global economy plummeted due to the worldwide spread of the COVID-19 pandemic. Production and personal consumption showed signs of modest recovery as restrictions on economic and social activities were lifted gradually. However, the economic outlook remained uncertain because the end of COVID-19 pandemic is not in sight. The Japanese economy also slowed rapidly due to global economic restrictions and the declaration of a State of Emergency by the Japanese government. However, signs of upturn were observed in certain sectors such production and exports after the State of Emergency was lifted.

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.

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 half were 48,080 million yen, down 14.6% from the same period of the previous fiscal year. Operating profit decreased 48.1% to 1,284 million yen, ordinary profit decreased 48.7% to 1,268 million yen because of foreign exchange losses and profit attributable to owners of parent decreased 52.6% to 908 million yen.

Results by business segment were as follows.

#### Extrusion Business

Sales of STYRENAPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products were about the same as in the same period of the previous fiscal year chiefly due to lower sales of MIRABOARD™, a material used for advertising displays despite higher sales volume of materials used for food trays.

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 lower sales in Japan and weak sales of general-purpose products despite higher sales of value-added products in China.

Sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials were about the same as in the same period of the previous fiscal year. 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 the COVID-19 pandemic were higher, overall, segment sales decreased due to a downturn in overall demand. Earnings increased mainly because of reduction of fixed expenses by rationalization of production systems.

As a result, sales in extrusion business decreased 5.7% to 18,339 million yen and operating profit increased 3.7% to 1,060 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. Sales volume and sales amount of ARPRO®/P-BLOCK™ and other high-performance products declined because of the blockade of cities due to the spread the COVID-19 pandemic and the closure of plants at automobile manufacturers. Following the gradual resumption of economic and social activities, sales began to recover as automobile manufacturers restarted production and applications increased in many market sectors. 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 Europe and South America, sales in automobile sector were weak. In Asia, sales for cushioning and packaging materials 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 19.3% to 27,440 million yen and operating profit decreased 63.1% to 716 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 materials for many types of components resulted in lower sales.

As a result, sales in the other segment decreased 19.9% to 2,300 million yen and operating profit decreased 97.6% to 1 million yen.

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

Total assets as of September 30, 2020 were 126,211 million yen, down 2,233 million yen from March 31, 2020. Current assets decreased 1,046 million yen to 59,528 million yen mainly due to decreases in notes and accounts receivable-trade of 3,057 million yen, merchandise and finished goods of 605 million yen and raw materials and supplies of 721 million yen, while there was a 3,696 million yen increase in cash and deposits. Non-current assets decreased 1,187 million yen to 66,682 million yen mainly due to decreases in buildings and structures, net of 799 million yen and machinery, equipment and vehicles, net of 810 million yen, while there was a 569 million yen increase in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of September 30, 2020 were 42,821 million yen, down 977 million yen from March 31, 2020. Current liabilities decreased 1,773 million yen to 29,838 million yen mainly due to a decrease in notes and accounts payable-trade of 1,751 million yen. Non-current liabilities increased 796 million yen to 12,983 million yen mainly due to an increase in long-term borrowings of 657 million yen.

As a result, net assets totaled 83,389 million yen and the shareholders' equity ratio increased 0.3 percentage points to 63.7%.

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

Net cash provided by operating activities totaled 6,215 million yen, an increase of 1,694 million yen from the same period of the previous fiscal year. Inflows included 1,235 million yen from profit before income taxes, 3,190 million yen from depreciation, a decrease of 2,958 million yen in notes and accounts receivable-trade and a decrease of 1,247 million yen in inventories. Outflows included a decrease of 1,972 million yen in notes and accounts payable-trade and income taxes paid of 722 million yen.

Net cash used in investing activities totaled 2,245 million yen, a decrease of 4,354 million yen from the same period of the previous fiscal year. This included an outflow of 2,728 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 831 million yen, an increase of 543 million yen from the same period of the previous fiscal year. Inflows included a net increase of 904 million yen in short-term borrowings and proceeds from long-term borrowings of 2,900 million yen. Outflows included 1,951 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 11,991 million yen as of September 30, 2020, up 4,406 million yen from March 31, 2020.

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

We maintain the full-year consolidated forecast for the fiscal year ending March 31, 2021, which was disclosed in the press release titled “Notice of revisions to the first half and full-year consolidated forecasts for the fiscal year ending March 31, 2021” dated 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.*