



July 30, 2021

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**  
**First Quarter Results for the Fiscal Year Ending March 31, 2022**

**[Japanese GAAP]**

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

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

Code Number: **7942**

Representative: Tomohiko Okubo, President, Representative Director

Contact person: Yasushi Komori, Director, Executive Officer,

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Scheduled date of filing of Quarterly Report:

August 6, 2021

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 30, 2021 at 15:00 (GMT +9).

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

**1. First Quarter Results (April 1, 2021 to June 30, 2021) for the Fiscal Year Ending March 31, 2022**

**(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, 2021	26,982	8.7	1,567	71.1	1,558	87.1	1,096	101.9
Three months ended Jun. 30, 2020	24,815	(10.5)	916	(7.0)	832	(17.8)	542	(33.4)

Note: Comprehensive income: Three months ended Jun. 30, 2021: 2,848 million yen (-%)  
 Three months ended Jun. 30, 2020: (875) million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	36.78	-
Three months ended Jun. 30, 2020	18.21	-

Note: JSP has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the fiscal year ending March 31, 2022.

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	130,082	87,993	64.3	2,807.29
As of Mar. 31, 2021	129,053	85,561	63.9	2,767.26

Reference: Shareholders' equity: As of Jun. 30, 2021: 83,681 million yen As of Mar. 31, 2021: 82,488 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, 2021	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2022	-				
Fiscal year ending Mar. 31, 2022 (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, 2022**

**(April 1, 2021 to March 31, 2022)**

(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	55,500	15.4	2,800	118.0	2,900	128.5	1,900	109.2	63.74
Full year	114,000	11.0	5,200	0.3	5,400	(2.2)	3,600	19.3	120.77

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: Yes

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, 2021:	31,413,473 shares	As of Mar. 31, 2021:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	1,604,834 shares	As of Mar. 31, 2021:	1,604,702 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	29,808,749 shares	Three months ended Jun. 30, 2020:	29,809,168 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

JSP has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year ending March 31, 2022.

### (1) Explanation of Results of Operations

The COVID-19 pandemic continued to have an impact on the global economy during the fiscal year’s first quarter. In some regions, the economy is recovering as restrictions on economic activity are eased in stages due to progress with vaccinations. However, the economic outlook is still uncertain because of a new wave of infections caused by a variant of the coronavirus, supply chain disruptions caused by the semiconductor shortage and other reasons. In Japan, although production and exports are recovering, in part because of the upturn in external demand, the business climate remains challenging due to another state of emergency and other events.

Japan’s foamed plastics industry has been recovering slowly from the effects of the pandemic, but current market conditions are extremely challenging mainly because of a sharp increase in the cost of raw materials.

This fiscal year is the first year of the Change for Growth medium-term business plan. The plan has two central themes. First is to provide more value for the growth of economic value as well as of social value for solving the issues of customers and society. Second is to build a stronger foundation for our business operations. The overall objective of the plan is more growth of corporate value.

First quarter sales were higher than one year earlier mainly because of an increase in sales of products with substantial added value and the slow recovery of demand for our products. Operating profit also increased from one year earlier as higher sales and other positive factors outweighed a big increase in the cost of raw materials. The first quarter extraordinary loss was mainly due to a fire at a consolidated subsidiary in South Korea.

Net sales in the first quarter were 26,982 million yen, up 8.7% from the same period of the previous fiscal year. Operating profit increased 71.1% to 1,567 million yen, ordinary profit increased 87.1% to 1,558 million yen and profit attributable to owners of parent increased 101.9% to 1,096 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 due to lower sales of materials used for food trays following a temporary rapid growth in sales one year earlier although demand remains strong as more people stay at home. Sales of MIRABOARD™, a material used for advertising displays, increased.

Sales were higher than the same period of the previous fiscal year for industrial packaging products, including MIRAMAT® (expanded polyethylene sheet), which is used for industrial packaging materials and flat panel displays. The main reasons were higher sales of general-purpose products, in addition to a significant increase in sales of value-added products.

Sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials were about the same as one year earlier. Sales of materials used for civil engineering applications were lower but sales increased for fabrication in the building construction market.

Although sales in certain sectors increased due to the recovery of demand, overall, segment sales decreased. Earnings increased mainly because higher sales of products with substantial added value and other positive factors outweighed a sharp increase in the cost of raw materials.

As a result, sales in extrusion business decreased 1.2% to 9,000 million yen and operating profit increased 53.5% to 674 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 of ARPRO®/P-

BLOCK® and other high-performance products were affected by restrictions on economic activity due to another wave of COVID-19 infections. But first quarter monetary sales and sales volume were higher than one year earlier because of the increasing number of new automotive component applications and the recovery in the demand for JSP high-performance products. In Japan, sales to the automobile sector increased. There were strong sales of Paver Base (paving stone base material) in North America but sales to the automobile sector decreased. In South America, sales increased in the automobile sector. In Europe, there were strong sales in the automobile sector and other market sectors. In Asia, sales in the automobile sector increased in China and there were strong sales of cushioning and packaging materials in Taiwan.

Sales of expandable polystyrene bead products, chiefly STYRODIA®, increased mainly because of firm demand for these products in the fisheries and agriculture sectors. The sharp rise in the cost of raw materials had a big impact on earnings, resulting in revisions of prices of bead 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 a recovery in demand.

Overall segment sales increased because of a recovery in demand in the automobile and other sectors. Although prices of raw materials sharply increased, earnings increased due to sales growth.

As a result, sales in bead business increased 13.2% to 16,544 million yen and operating profit increased 52.1% to 1,129 million yen.

### **Other**

Sales of general packaging materials increased in Japan as sales in the automotive parts transportation and other market sectors recovered. In China, strong demand for packaging materials for many types of components resulted in higher sales.

As a result, sales in the other segment increased 31.3% to 1,437 million yen and operating profit was 19 million yen (operating loss of 16 million yen in the same period of the previous fiscal year).

## **(2) Financial Position**

Total assets as of June 30, 2021 were 130,082 million yen, up 1,029 million yen from March 31, 2021. Current assets increased 1,165 million yen to 63,622 million yen mainly due to increases in notes and accounts receivable-trade of 531 million yen, merchandise and finished goods of 568 million yen and raw materials and supplies of 1,130 million yen while there was a decrease of cash and deposits of 1,916 million yen. Non-current assets decreased 136 million yen to 66,460 million yen. The main reason is a decrease of 1,666 million yen in other, net under property, plant and equipment resulting from a decrease in construction in progress, while buildings and structures, net increased 1,788 million yen.

Total liabilities as of June 30, 2021 were 42,089 million yen, down 1,402 million yen from March 31, 2021. Current liabilities decreased 5 million yen to 31,270 million yen. Non-current liabilities decreased 1,397 million yen to 10,819 million yen mainly due to a decrease in long-term borrowings of 1,030 million yen.

As a result, net assets totaled 87,993 million yen and the shareholders' equity ratio increased 0.4 percentage points to 64.3%.

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

Net cash provided by operating activities totaled 345 million yen, a decrease of 1,775 million yen from the same period of the previous fiscal year. Inflows included 1,415 million yen from profit before income taxes and 1,638 million yen from depreciation. Outflows included an increase of 1,474 million yen in inventories and income taxes paid of 803 million yen.

Net cash used in investing activities totaled 1,380 million yen, an increase of 482 million yen from the same period of the previous fiscal year. This included an outflow of 1,427 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 1,432 million yen, an increase of 413 million yen from the same period of the previous fiscal year. Inflows included proceeds from a net increase in short-term borrowings of 452 million yen. Outflows included 1,057 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 10,160 million yen as of June 30, 2021, down 2,117 million yen from March 31, 2021.

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

In the fiscal year ending in March 2022, infections caused by variants of the coronavirus are expected to increase but an economic recovery is also expected because of progress with vaccinations. Nevertheless, the outlook for the global economy will probably remain uncertain. Global automobile output is showing a recovery although it has not returned to the 2019 pre-pandemic level yet. Although there are concerns about how much the semiconductor shortage will affect automobile production, we estimate this shortage will not have a significant impact on sales and earnings.

The initial forecast for crude oil was for the price per barrel to remain in the US\$60-\$65 range. Our current forecast is a fiscal year average of US\$70 per barrel because COVID-19 vaccinations are enabling the global economy to begin returning to normal and the OPEC Plus is expected to continue to hold down oil production for the time being. In Japan, the prices of styrene monomer and general-purpose resins are increasing and the price of polypropylene is climbing in other countries. In the United States, tight supplies of these materials have caused their prices to rise significantly and exert pressure on earnings in North America. We plan to revise the prices of our products as needed to reflect the rising prices of fuel and raw materials worldwide.

For MIRAMAT®, an expanded polyethylene sheet used for industrial packaging materials and flat panel display packaging, we forecast strong sales of products with substantial added value. The main reason for this outlook is the very strong demand in China for PCs and other digital products. We also anticipate a continuation of strong sales of ARPRO®/P-BLOCK® (expanded polypropylene) in Europe and China.

As result, the consolidated forecast for the fiscal year ending March 31, 2022 was revised as follows.

Revision to Consolidated Forecast for the First Half of Fiscal Year Ending March 31, 2022  
(April 1, 2021 – September 30, 2021)

	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)	55,000	2,400	2,500	1,600	53.68
Revised forecast (B)	55,500	2,800	2,900	1,900	63.74
Change (B – A)	500	400	400	300	-
Percentage change (%)	0.9	16.7	16.0	18.8	-
(Reference) Previous first half (First half ended Sep. 30, 2020)	48,080	1,284	1,268	908	30.47

Revision to Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

	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)	113,000	5,000	5,200	3,400	114.06
Revised forecast (B)	114,000	5,200	5,400	3,600	120.77
Change (B – A)	1,000	200	200	200	-
Percentage change (%)	0.9	4.0	3.8	5.9	-
(Reference) Previous fiscal year (Fiscal year ended Mar. 31, 2021)	102,668	5,185	5,519	3,017	101.22

(Assumptions)

		Previous forecast	Revised forecast
Dubai crude oil	USD/BL	60-65	70
Exchange rates	JPY/USD	108	109
	JPY/EUR	128	131
	JPY/CNY	16.5	16.9

Note: The above forecasts are based on all the 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.*