

JSP

New Medium-term Business Plan Change for Growth 2026

A Global Company for A Global Society

JSP Corporation

Stock Code: 7942

Tokyo Stock Exchange, Prime Market

April 2024

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WOW!

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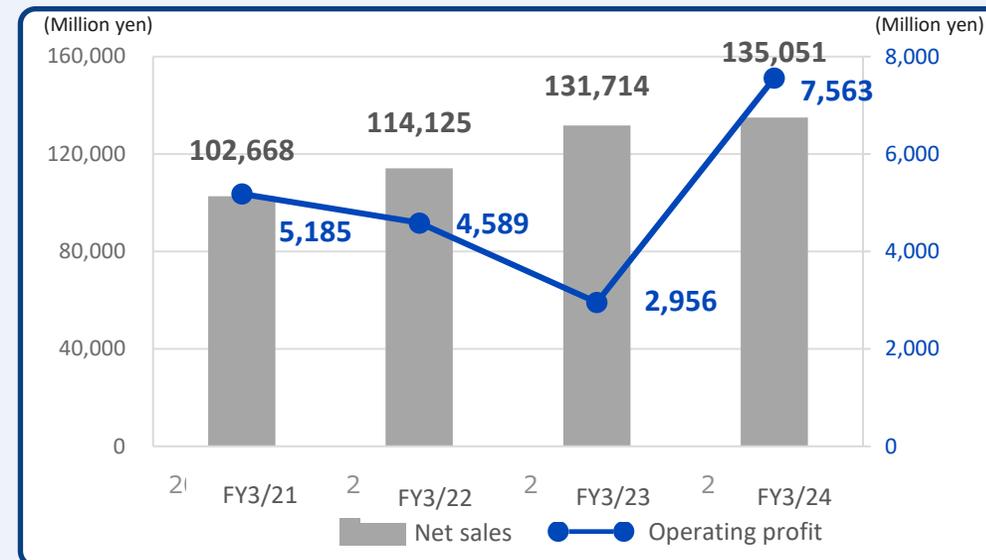
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Performance vs. Numerical Targets

Sales were far above the target because of the strong performance of the ARPRO business especially in Europe and the U.S., and the forex movements. Operating profit was close to the target but one of the challenges is to improve profitability.

	The final year of "Deeper & Higher 2020" Medium-term Business Plan (FY3/21)	Previous Medium-term Business Plan Target (FY3/24)	Results (FY3/24)
Net sales	102.7 billion yen	120 billion yen	135 billion yen
Operating profit	5.2 billion yen	7.7 billion yen	7.6 billion yen
Operating margin	5.1%	6.4%	5.6%



Assumptions	Previous Medium-term Business Plan (FY3/24)	Results (FY3/24)
Forex	105 yen/USD 125 yen/EUR 15 yen/CNY	141.2 yen/USD 153.2 yen/EUR 19.9 yen/CNY
Dubai crude oil	50 USD/bi	82 USD/bi

Activities to improve profitability

- ARPRO business showed growth especially in the non-automotive parts sector
- Invested in two injection molding companies in Europe to create synergies with the ARPRO business
- Expanded sales of products that can reduce environmental impact, such as recycled grades and energy-saving products
- Optimized product portfolio including reducing production of unprofitable products
- Raised sales prices to pass on the higher cost of raw materials and utilities
- Quickly responded to shifts in demand caused by the pandemic

Performance vs. Basic Concepts of the Plan

Steady progress as the basic concepts of the previous Medium-term Business Plan were mostly accomplished, although more work is needed regarding some initiatives

Basic concepts	Activities	Evaluation	Accomplishments
Expand the value we provide for both economic value and social value to our customers and to address social issues	Social responsibility by supplying foamed plastic products	▲	<ul style="list-style-type: none"> Established the Sustainability Promotion Group and designated materiality Support for the TCFD and established JSP Group GHG reduction goals Started selling products incorporating biomass and energy-saving products <p>(More efforts to achieving a circular economy are needed.)</p>
	Improve human resources development	▲	<ul style="list-style-type: none"> Expanded and upgraded training programs for specific job/management categories <p>(More activities involving human resources are needed.)</p>
Strengthen the management base	Fostering the corporate culture of a rewarding workplace	●	<ul style="list-style-type: none"> Providing many ways for employees to do their jobs Studied new personnel systems and organizational improvements (The operation of new measures will start from FY3/25.)
	Secure the occupational safety	●	<ul style="list-style-type: none"> Activities to eliminate accidents that suspend operations and other workplace accidents Safety meetings for activities to prevent reoccurrence of similar accidents
	Environmental protection	●	<ul style="list-style-type: none"> Programs for lowering energy consumption vs. production output
	Strengthen corporate governance	●	<ul style="list-style-type: none"> Stronger governance for the entire JSP Group Compliance with the revised Corporate Governance Code
	Strengthen information system foundation	●	<ul style="list-style-type: none"> Revised and upgraded the core business operations IT system

● : satisfactory ▲ : insufficient

Progress with the Four Drivers of Growth

Targets were established that assumed a recovery following the end of the pandemic. However, the recovery fell short of expectations, resulting in sales volumes below the targets. The goals are more sales of value-added products and expansion of applications.

	ARPRO business * (Automotive parts, etc.)	Thermal insulation materials for buildings and houses	Flat panel display cushioning materials	New business domains
Business Segments Four Drivers of Growth	Bead Business 	Extrusion Business 	Extrusion Business 	Extrusion/Bead Business Other
Plan (vs. FY3/20)	Sales volume up 23%	Sales volume up 12%	Sales volume up 20%	Net sales 3.0 billion yen
Results (vs. FY3/20)	<p>Up 9%</p> <p>Recovery of automobile production was lower than anticipated, although measures to increase sales volume in non-automotive applications succeeded.</p>	<p>Down 6%</p> <p>The number of residential constructions was low in Japan, despite the increase in sales volume of high value-added products.</p>	<p>Up 5%</p> <p>FY3/22 sales were 33% above the target because of strong demand for displays as people stayed home during the pandemic. Sales volume subsequently declined as demand fell from the pandemic peak and FPD output slowed down.</p>	<p>About 2.8 billion yen</p> <p>Made decisions about new business projects to keep and abandon in consideration of profitability. Equity investments in two injection molding business companies as progress continued for being a fourth core business.</p>

* ARPRO business: In the expanded polypropylene business, all P-BLOCK and ARPRO products now use the ARPRO brand.

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Positioning of the New Medium-term Business Plan

The new Medium-term Business Plan is the final stage of measures to accomplish the long-term vision, “VISION 2027”.
Becoming more profitable is one of the priorities of the new plan.

The new basic concept has been added to reflect performance during the previous Medium-term Business Plan and demands of investors. This concept recognizes the need to be self-reliant to achieve sustained growth rather than relying solely on changes in the business climate and the need for actions that are conscious of cost of capital and stock price.



*Social responsibility by supplying foamed plastic products means “expanding the value of products beyond just economic value to include social value as well, such as by helping solve issues of customers and society”.

“Change for Growth 2026” Basic Concepts

The new plan adds earnings of the JSP Group to the basic concepts.

(1) Make the entire JSP Group more profitable

- Organizational optimization; create a new strategic framework and use group resources effectively
- Enlarge business domains, expand to new geographic areas, and upgrade and strengthen the product portfolio
- Implement a financial strategy

(2) Contribute to society by supplying foamed plastic products

- Contribute to society and increase profitability by raising the share of products that can reduce environmental impact

(3) Strengthen the management base

- Use a new personnel system to foster the corporate culture of a rewarding workplace
- Establish non-financial KPI, such as for materiality, carbon neutrality and human resources, and take actions for progress



New Medium-term Business Plan Numerical Targets

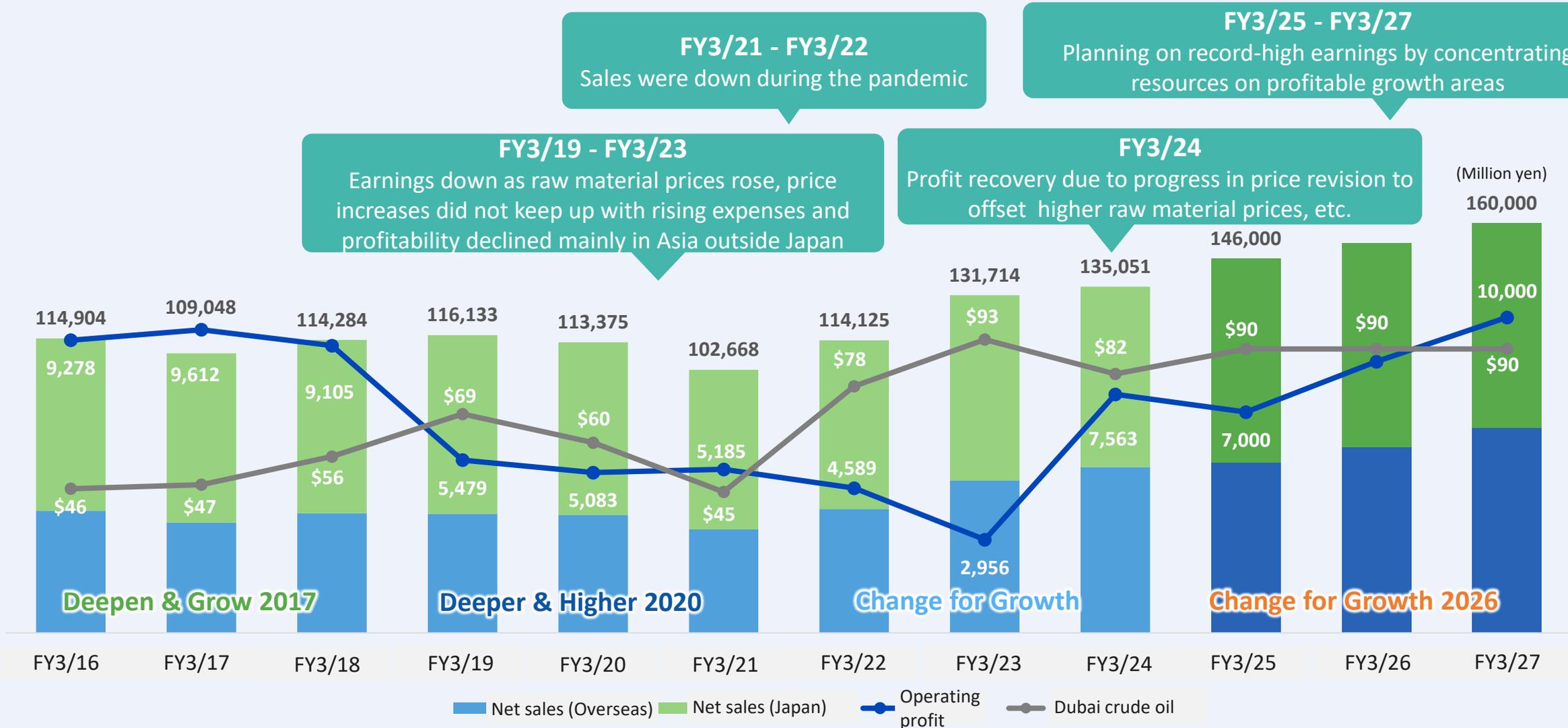
The goals are to maximize earnings and use capital efficiently by concentrating resources on growing business areas with high profit margins, primarily the Four Drivers of Growth.

	FY3/24 Results	FY3/27 Targets	The plan's final year vs. FY3/24	
Net sales	135,051 million yen	160,000 million yen	+	18.5%
Operating profit	7,563 million yen	10,000 million yen	+	32.2%
Operating margin	5.6%	6.3%	+	0.7 points
Ordinary profit	8,127 million yen	10,400 million yen	+	28.0%
Profit attributable to owners of parent	6,391 million yen	7,300 million yen	+	14.2%
Return on equity (ROE)	6.8%	At least 7.0%	+	At least 0.2 points

Assumptions	FY3/24 Results	FY3/27 Forecast	Activities to improve profitability
Forex	141.2 yen/USD 153.2 yen/EUR 19.9 yen/CNY	140 yen/USD 150 yen/EUR 20 yen/CNY	<ul style="list-style-type: none"> • Pursue further competitive advantages as a global market leader • Invest in profitable growth areas based on the Four Drivers of Growth • Expand use of ARPRO not only in automotive but also in non-automotive applications • Pursue differentiation by expanding products that can reduce environmental impact in response to growing environmental concerns • Expand sales of high value-added products, reduce costs by improving productivity and implement price revisions
Dubai crude oil	82 USD/bi	90 USD/bi	

The “Change for Growth 2026” Earnings Growth

The goal is record-high sales and operating profit by maximizing sales and earnings.



“Change for Growth 2026” The Four Drivers of Growth

For further growth, JSP will continue to concentrate resources on the Four Drivers of Growth. The goal is business growth and higher profitability due to the drivers of growth that reflect changes in market conditions.

	ARPRO business * (Automotive parts, etc.)	Thermal insulation materials for buildings and houses (Value-added products)	Flat panel display cushioning materials	New business domains
Business Segments Four Drivers of Growth	Bead Business 	Extrusion Business 	Extrusion Business 	Extrusion/Bead Business Other 
Plan vs. FY3/24	Sales volume Up 23% Growth backed by establishment of production plants in India and northern Mexico, growing demand for environmentally responsible products, increase of non-automotive applications and brand strategies.	Sales volume Up 15% Growth backed by expanding sales of high value-added products such as MIRAFOAM Λ and precut thermal insulation in the face of sluggish growth in the number of residential constructions. * The target is based on the rate of increase in sales volume of high-value-added products.	Sales volume Up 21% Aiming for growth centered on rapid market growth, ability to meet customers' requirements and measures to increase new customers	Net sales 5.0 billion yen Aiming to make synergies with the injection molding companies for growth in Europe and make efforts to commercialize product development activities including blow molding products in Japan

* ARPRO business: In the expanded polypropylene business, all P-BLOCK and ARPRO products now use the ARPRO brand.

The new plan includes strategies for growth for corporate and research/new business operations for the effective use of JSP Group resources and the stronger management base while responding to changes in society.

Human resources strategy

- Shift emphasis from age and years of employment to expected responsibilities, roles and capabilities
- Create a framework with many career paths and the utilization of specialized skills

Financial strategy

- [See slide 20](#) for more information.

Logistics improvements

- Use Japan's new restrictions on overtime in 2024 as an opportunity to move to a more efficient delivery system and use this change to cut logistics expenses
- Maintain proper levels of inventories (consolidation of warehouses and other measures)

Digital skill upgrade and DX progress

- More use of digital technologies and data for DX progress
- Digital technology training to build an infrastructure for the DX

IR strategy

- Increase the provision of IR information and dialogues with investors
- Activities to make the ARPRO brand more powerful

R&D/New business

- Stronger interaction between R&D and new business development programs; commercialization of basic technologies and technologies outside the JSP Group

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Goals

- Optimal allocation of JSP Group resources and efficient use of capital expenditures
- Development and use of recycling technologies
- More environmental products, such as products that reduce the use of resources and that utilize bio-based materials
- Rebuild the Kanuma Plant, JSP's largest manufacturing facility, to increase efficiency and profitability

Strategies for drivers of growth and products

- ✓ Thermal insulation materials for buildings and houses: Increase sales of MIRAFOAM Λ due to mandatory thermal insulation under Japan's Revised Act on Rationalizing Energy Use
- ✓ Flat panel display cushioning materials: Develop value-added products for specific needs and increase sales of these products, taking advantage of the ability to make technical proposals

	FY3/24	FY3/27	Vs. FY3/24
Net sales	47,756 million yen	54,000 million yen	+ 13.1%
Operating profit	2,161 million yen	2,600 million yen	+ 20.3%
Operating margin	4.5%	4.8%	+ 0.3 points

*“Other” in the segment information has been merged with the Extrusion Business, which is considered to be highly relevant in terms of human resources and asset utilization, from the year ending 31 March 2025. The results for the year ended March 31, 2024, are approximate figures that were reclassified according to the new segmentation.

Business category goals

ARPRO Business

- Shift to an organizational structure capable of globally promoting ARPRO business strategy.
- Use the ARPRO brand strategy (global coverage, R&D/innovation skills) to increase earnings
- Increase ARPRO weight per vehicle – Expand market share due to growing demand for recycled materials and use of ARPRO’s superior sustainability properties
- Increase sales in non-automotive markets – HVAC components and other local strategy activities
- More applications by using synergies with ARPRO foaming technologies and injection molding technologies; use M&A mainly in Europe

STYRODIA Business (Expanded polystyrene)

- Increase quality and profitability of products by establishing stronger technological collaboration with customers
- Higher profitability by rigorously cutting costs

	FY3/24	FY3/27	Vs. FY3/24
Net sales	87,294 million yen	106,000 million yen	+ 21.4%
Operating profit	6,542 million yen	8,600 million yen	+ 31.5%
Operating margin	7.5%	8.1%	+ 0.6 points

Expansion to more countries of overseas operations, a driver of growth of the JSP Group

ARPRO existing plants



Pune Plant
(Maharashtra, India)

Ramos Arizpe Plant
(Coahuila, Mexico)

JSP's first plant in India

Market and reason for the plant

- Sales of automobile parts are expected to grow in India along with the size of the automobile market. Demand is expected to grow in market sectors other than automobiles too.
- Until now, the products have been supplied from Singapore to India, but the operation of the plant in India will enable a shift to local production.

Completion and start of operation

- Scheduled for October 2024

JSP's second plant in Mexico

Market and reason for the plant

- Many automakers have plants in northern Mexico due partly to high wages in the U.S. and risk factors involving China.
- Operating a plant near major customers will better enable JSP to provide a reliable supply of products. The new plant, which is now under construction in the state of Coahuila in northern Mexico, will be JSP's second manufacturing base in Mexico after the Toluca Plant.

Completion and start of operation

- Scheduled for 1Q of 2025

Starting at the end of April 2024, the brand names of expanded polypropylene (EPP) products of the JSP Group will be unified into ARPRO brand in all the regions. This 100% recyclable EPP product contributes to achieving a circular economy. The JSP Group's share of the global EPP market is already almost 50%. Firmly establishing the ARPRO brand on a global scale is expected to position the JSP Group for further growth.

Brand strengths

- The leading EPP brand backed by a worldwide production network
- Outstanding quality and customer service
- Technical support and ideas to solve problems from experienced specialists
- Dedication to innovation raises customer satisfaction and lowers the environmental impact

Main properties

ARPRO



Resilience



Structural strength



Strength at lightweight



Thermal insulation



Chemical resistance



Acoustic insulation



Recyclability

Main applications

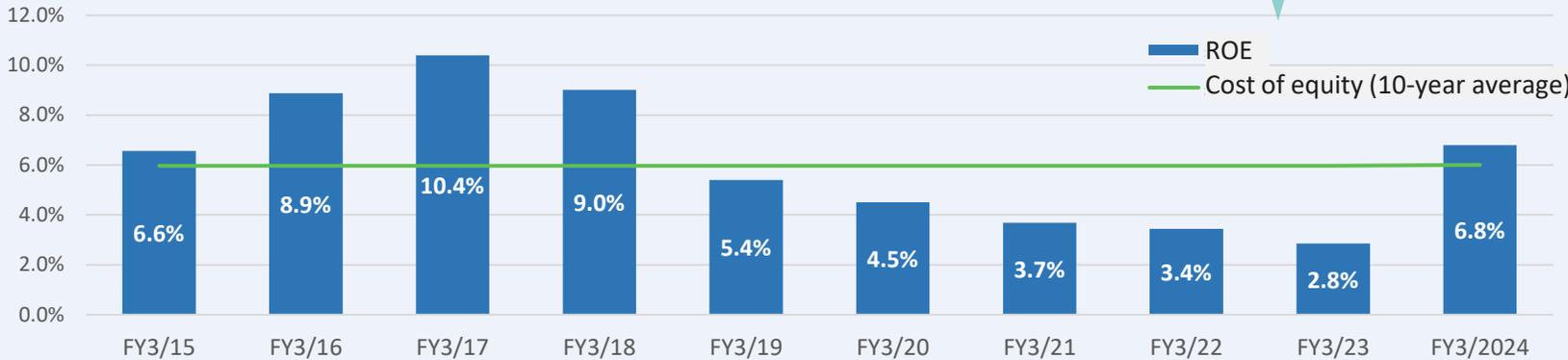
- Automotive parts: Bumpers, car trunks, sun visors, seat core materials, etc.
- Boxes in reusable containers for transporting glass
- An impact protection material for athletic fields
- HVAC applications, etc.

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Return on Equity

The cost of equity is about 6%-7% based on past performance.



An analysis of the cost of equity and the return on equity shows that there is a clear correlation between the PBR and the equity spread, which is the ROE minus the cost of equity.

By managing businesses with emphasis on the efficient use of capital, the goal is to have a consistently positive equity spread as the ROE remains above the cost of equity.



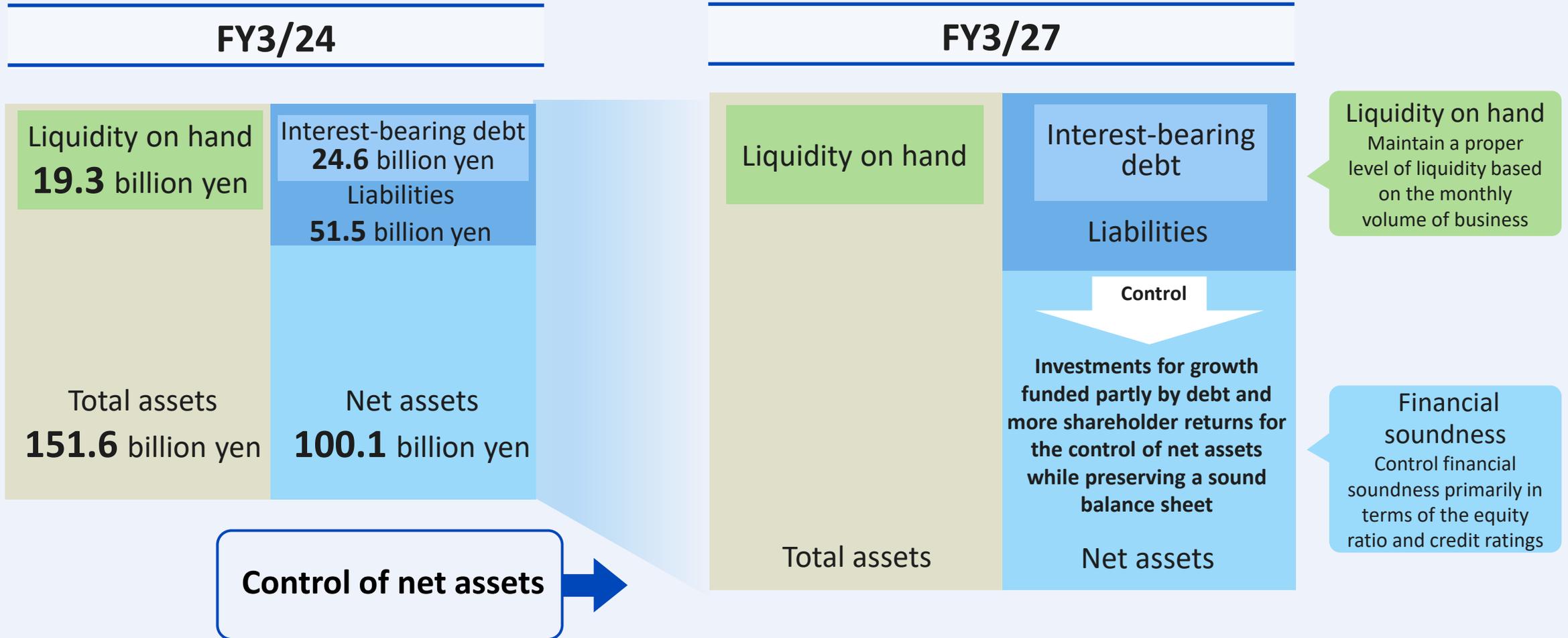
ROE Target

FY3/27 **At least 7%**

Medium-to long-term **At least 8%**

Optimization of Capital Structure

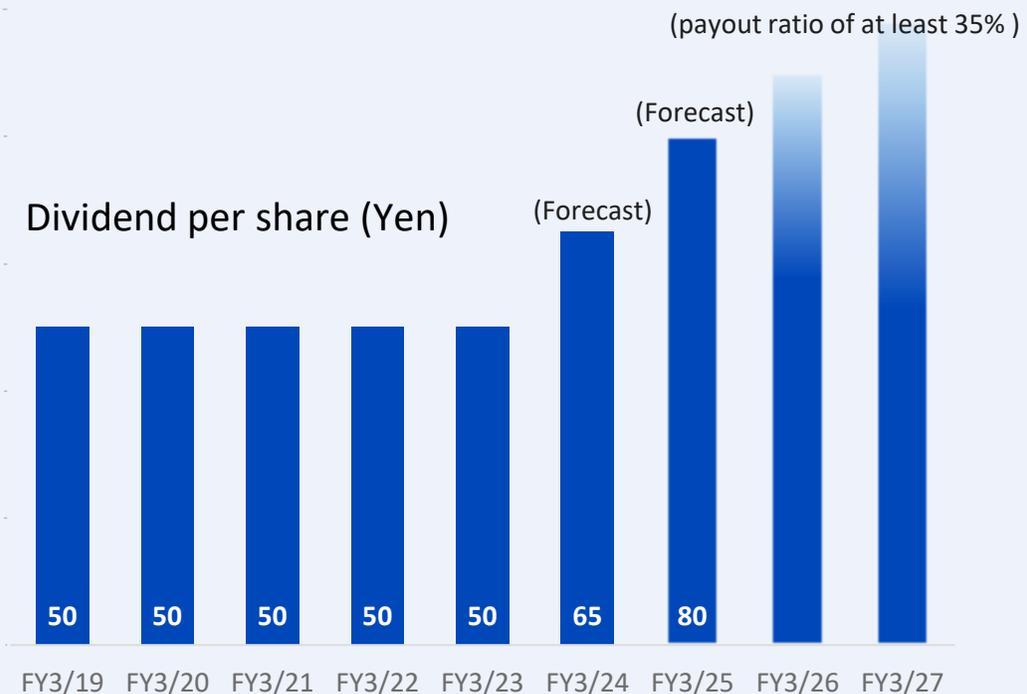
JSP manages finances with emphasis on the balance sheet with the goal of achieving the most suitable capital structure with the proper balance between the return on equity and financial soundness.



As part of the policy involving equity, the shareholder return policy has been revised to increase distributions.

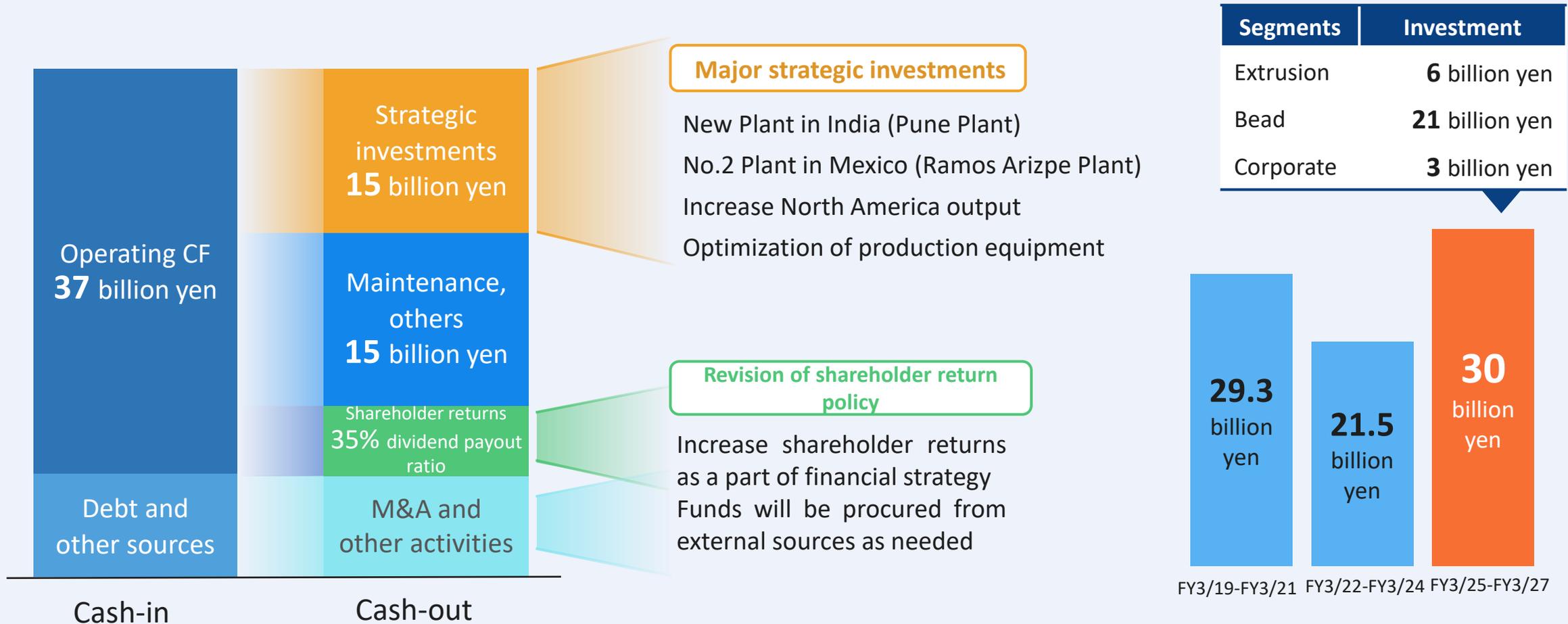
JSP regards the return of profits to the shareholders as an important policy. The Company's policy on profit distribution is to place emphasis on stable dividends and to make comprehensive decisions while taking into consideration consolidated financial results for each fiscal year and the need for sufficient retained earnings for future business development.

Distributing earnings to shareholders is one of the highest priorities of JSP. Our policy is to **place emphasis on stable and consistent dividend payments** and to aim for **using capital more efficiently** and **increasing distributions of earnings to shareholders**. Shareholder returns will be determined by taking into consideration all applicable factors, including consolidated performance and the **proper balance between retaining earnings for future business activities and distributing earnings to shareholders**. The guideline for dividends is **a payout ratio of at least 35%** of consolidated net income.



Capital Allocation (FY3/25-FY3/27 Cumulative)

Strategic investments funded mainly by operating cash flows are planned to increase the profitability of business operations. The objective is maximizing earnings, with investments focused mainly on output growth and streamlining projects in the ARPRO business. Debt will be used as needed for M&A and other activities.



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The JSP Group’s basic policy for sustainability is based on the corporate philosophy of “Creatively and Actively Contribute to Society,” and we have a strong commitment to our corporate responsibilities concerning the environment, society and corporate governance and aim for the sustained growth of corporate value. The foamed plastic products of the JSP Group play a role in creating a sustainable society due to their numerous properties and functions: thermal insulation, light weight, conservation of resources, absorption of shocks, ease of recycling, and other benefits.

To upgrade human resources management at the group, “workforce diversity” is an additional materiality.

Elements	Materialities	Elements	Materialities
The creation of shared value (CSV)	<ol style="list-style-type: none"> Contributions of environmentally responsible products Contribution to plastic resource recycling Contribution to climate change mitigation Contribution to food and healthy living Contributions to safety 	Environment (E)	<ol style="list-style-type: none"> Activities for protecting the environment
		Society (S)	<ol style="list-style-type: none"> Improve human resources development Fostering the corporate culture of a rewarding workplace Secure the occupational safety Strengthen the information system foundation Workforce diversity (additional materiality)
		Corporate Governance (G)	<ol style="list-style-type: none"> Strengthen corporate governance

MIRAFOAM Λ is a highly effective thermal insulation material needed to comply with energy conservation standards. This product helps solve social issues by lowering GHG emissions and using a labor-saving precut installation method.

Japan plans to enact the Revised Act on Rationalizing Energy Use in April 2025. Basically all newly constructed residential and other buildings will be required to meet the new standard. This is expected to shift insulation demand from ordinary to high-performance products. JSP's sales activities are targeting large homebuilders as well as small regional construction companies.

MIRAFOAM Λ

MIRAFOAM Λ is a high-performance next-generation thermal insulation product with substantial added value that was developed by JSP by using plastic foaming technologies. The thermal conductivity of this product is only about 1/70th that of concrete, making MIRAFOAM Λ an outstanding thermal insulation material.

- **Ultra-high performance thermal insulation**

Thermal conductivity is 0.022W/m-K (JIS measurement conditions)



Thermal insulation placed between sleeper joists

JSP can supply precut insulation sheets that match building specifications. This service reduces waste materials at construction sites and speeds up construction. This greatly improves efficiency, which is a major issue at construction sites.

- **Shortens construction work**
- **Helps companies cope with Japan's labor shortage due to declining birthrate and aging population**
- **Protects the environment (reduces industrial waste materials)**



The ARPRO business, one of the drivers of growth, is using a sustainability strategy to aim for more growth. One goal is sales growth and higher profitability by expanding environmental grades of ARPRO. The primary grades are a version in Europe and the U.S. made of recycled materials and a version made in Japan using a molding process that lowers GHG emissions.

The environmentally responsible ARPRO lineup

Products	Features
ARPRO RE/RC	Made by using recycled polypropylene
ARPRO REvolution	Made almost entirely of recycled polypropylene
ARPRO LC	Uses a molding process that lowers GHG emissions

■ January 2024 investment in German plastic collection/recycling company

JSP expects more growth in demand for ARPRO RE/RC and other foamed polypropylene products made by using recycled polypropylene. In January 2024, JSP made an investment in GID, a German company that has been processing and recycling plastics for more than 25 years. GID's large network in Europe for collecting and recycling plastic waste provides a stable supply of polypropylene for recycling. Together with GID, JSP plans to further increase the market share and supply products for even more applications.



ARPRO REvolution



JSP has established a GHG emission reduction target for its own operations. Going one more step, **there is now a reduction target for the JSP Group**. To contribute to achieving the targets of the Paris Agreement, targets for fighting climate change have been established for all group companies. The main goal is net-zero emissions by 2050 (Scope 1+2). The first goal is a GHG emission intensity reduction of at least 30% vs. the FY3/14 level by no later than FY3/31.

The JSP Group has energy conservation, renewable energy use and many other activities for achieving the goal of carbon neutrality.



The JSP Group lowers Scope 3 GHG emissions by using biomass and recycled materials and lowers Scope 4 GHG emissions by increasing sales and the use of environmentally responsible products.

The JSP Group positions human resources as the energy that creates economic value and social value. A workforce with a diverse range of perspectives and values is essential for the success of this value creation process.

Materialities	Goal	Indicator	FY3/24 outlook	FY3/27 targets
Improve human resources development	Upgrade training and education (JSPC)	Expenses for job-specific programs	15 million yen	Up 15% vs. FY3/24
	Fostering the corporate culture of a rewarding workplace	Increase male employee use of child care time off (JSPC)	Male child care time off utilization	76.9%
Increase employee engagement (JSPC)		Engagement indicator	49.8	51.0
Secure the occupational safety	Prevent operation suspension accidents (JSPC and Japan group companies)	Lost work time accidents	4	0
		Serious workplace accidents	0	0
Workforce diversity	More female managers (JSPC)	Pct. of woman in management positions	5.8%	10 %
	More hiring of experienced people (JSPC)	Pct. of new employees with prior work experience	59.4%	Maintain/increase
	Jobs for people with developmental disabilities (JSPC and JSP Molding, a special subsidiary for employing these people)	Developmental disability employment pct.	5.8%*	Keep rate above 5%

*These figures are based on the Disabled Person Employment Report dated June 1, 2022, that was submitted in accordance with the Act on Employment Promotion of Persons with Disabilities.



Cautionary statement with respect to forecasts
Forecasts are based on all the information currently available,
and the actual results may differ due to various factors.

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