

CORPORATE REPORT
2021





Automotive

JSP technologies offer a wide range of performance benefits to automobile manufacturers, from enhancing collision safety performance to reducing vehicle weight and improving fuel efficiency. JSP supplies leading automakers with automotive components that take full advantage of the unique capabilities of high-performance foamed products, highlighted by our revolutionary lightweight and shock-absorbent P-BLOCK/ARPRO (expanded polypropylene) material.



Construction

JSP insulation materials contribute to creating comfortable home living environments by providing exceptional insulation performance for heat and cold retention and water shedding. Our core expanded polystyrene product MIRAFOAM is widely used in homes, apartment and office buildings, and other large structures.



Civil engineering

JSP products help ensure the safety of social infrastructure as key components in road construction, soft-ground stabilization, landslide prevention, and other civil engineering applications. Our STYRODIA BLOCK products combining expanded polystyrene and lightweight mortar wall surfacing materials enable fast and easy wall construction. The blocks, which are lightweight, easy to work with, and highly resistant to corrosion, make the most of the unique characteristics of foamed materials to provide new value in the civil engineering field.



Packaging

JSP develops and provides packaging solutions for safe transport of items ranging from household electronics to precision equipment and fragile items. Our MIRAMAT series of low-density expanded polyethylene products provides exceptional cost and performance advantages from its combination of extreme versatility, high durability, and reusability. These attributes have made MIRAMAT a leading packaging material in the distribution field, particularly for use as long-lasting and reliable cushioning for items requiring extended shipping and storage periods.



Food packaging

JSP food packaging materials play an integral role in food safety. Our STYRENE PAPER expanded polystyrene sheet is used as insulation in hot and cold containers to preserve the freshness of fish, meat, and vegetables during transport. We are constantly developing products offering both high performance and convenience to meet evolving lifestyle needs and food preferences.

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Change for Growth

Global Supplier of Foamed Products

JSP is a market leader in the engineered foamed products industry and has been pioneering foamed products since its founding in 1962. We develop products that take full advantage of the potential of foamed products for virtually every field of industry, where they contribute to developing industry and enriching people's lives around the world.

Corporate Philosophy

Creatively and Actively Contribute to Society

We have cultivated our business activities in line with our deep respect for the natural environment and design each of our products from the earliest R&D stages to have minimal impact on the environment.

JSP is creating new value for customers worldwide through engineered foamed products utilizing our leading capabilities developing products that "break the mold" of existing concepts, proposing products and materials that meet current and future market needs, and supplying customers from a worldwide network of production bases.

Management Philosophy

*Deliver with
WOW!*

*Inspire customers and
consumers*

*Deliver satisfaction to
shareholders and the
community*

Be excited about our work

Editorial Policy

This report has been compiled so as to provide our shareholders, investors and other stakeholders with an understanding of the process toward achievement of JSP's medium- to long-term vision. In addition to the financial information detailed in our previous annual reports, including our business results and management plans, we are publishing non-financial information, including our medium- to long-term business strategy and ESG (environmental, society and governance) data.

Reporting Period

Fiscal 2020:
April 1, 2020–March 31, 2021
(partially includes activities carried out from April 2021)

Forward-looking Statements

This corporate report includes forward-looking statements related to JSP Corporation's business plans, strategies, and results. These statements represent judgments of JSP based on information available as of March 31, 2021. As such, these statements are subject to risks and uncertainties. Please understand that actual performance may differ from these forward-looking statements.

Message from the Management



On June 29, 2021, former JSP president Yukio Sakai became Company chairman and Tomohiko Okubo was appointed as the new president. The COVID-19 pandemic has presented challenges, but we remain steadfastly committed and fully determined to become “A Global Company for Global Society.”

Tomohiko Okubo
President, Representative Director

Yukio Sakai
Chairman, Representative Director

A new management structure to generate new ideas and bold changes to realize our vision

— Message from the Chairman —

Review of the medium-term business plan, “Deeper & Higher 2020”

Since becoming president in 2016, my goal as a chief executive has been to make JSP a company where every one of our people is enthusiastic about their work. Products have a lifecycle, and even outstanding products eventually become obsolete, but a company can continue growing as long as it has people that can create the value that society needs.

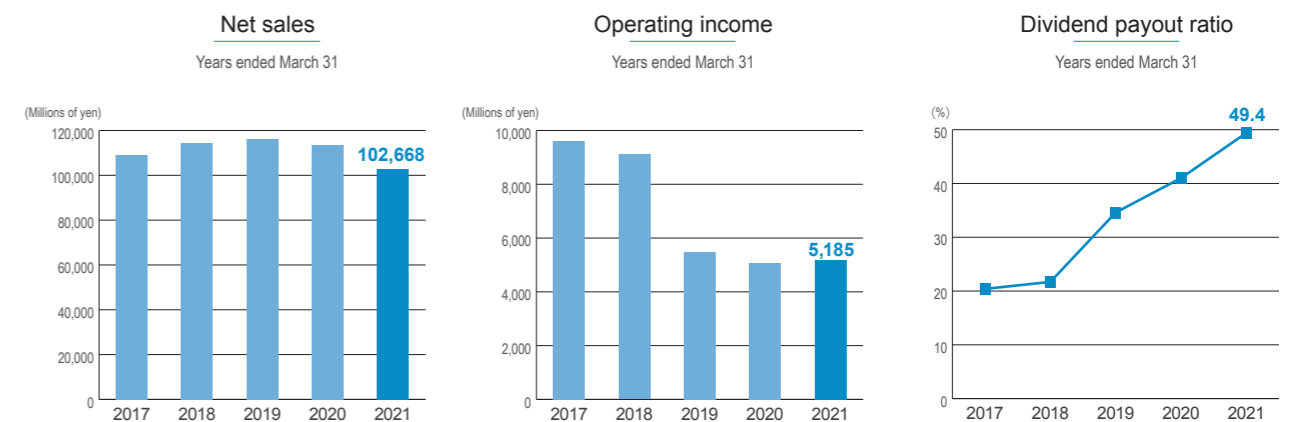
We opened fiscal 2018 by announcing a new management strategy to “Deliver with WOW!” and our commitment to share our employees’ enthusiasm with our customers and all of our stakeholders. We also introduced the long-term vision, “VISION 2027,” of what we want JSP to be as a company in the long term and how we would be contributing to society. We then broke down that long-term vision into medium-term business plans with milestones to reach every three years toward realizing our vision.

The first step was the medium-term plan “Deeper & Higher 2020” with the core elements of promoting the growth strategy, promoting the differentiation strategy, and fortifying the management base. The plan had specific quantitative performance targets for net sales of ¥138 billion and operating income of ¥11 billion, each representing 20.8% growth from fiscal 2017. The plan also had qualitative goals of improving our quality management and customer satisfaction, preventing accidents and lost

worktime, and protecting the environment.

We faced a severe business environment in the plan’s final year of fiscal 2020 as the worldwide COVID pandemic caused a widespread economic slowdown. While taking measures to protect against the virus, we focused our business efforts on cultivating new demand, developing and selling high-value-added products, and rationalizing production of existing products. The severe conditions led to net sales falling 9.4% year on year as demand faltered, but operating income rose 2.0% on increased sales of high-value-added products, reduced SG&A expenses due to the travel constraints, and the lower fixed costs that resulted from our efforts to rationalize production processes. The pandemic and several other factors combined to strongly impact our performance, and our results eventually fell well short of our targets.

This led us to shift our efforts for promoting the growth strategy to prioritizing investment in four engines for business growth—automotive components, building and home insulation materials, flat panel display (FPD) protection materials, and new business domains. In the automobile industry, the ongoing trend toward lighter vehicles supported an increase in the quantity of P-BLOCK/ARPRO units per vehicle, but the worldwide slowdown in automobile manufacturing during the year dampened our results. Sales volume to the housing industry of our MIRA-FOAM LAMBDA and pre-cut thermal insulation materials were growing prior to the pandemic, but the pace slowed



with the slowdown in housing construction starts in fiscal 2020. The market for industrial materials expanded during the year, and the sales volume of our MIRAMAT ACE surface protection materials for flat panel displays steadily increased. We were aiming to generate ¥3 billion revenue from new businesses during the year, but this also failed to materialize in the adverse conditions. The pandemic and the changes in society changed the business environment dramatically from what we envisioned when forming the previous medium-term business plan; nevertheless, I believe we made solid strides that will put us on track to fulfill the goals of the new medium-term business plan.

To promote the differentiation strategy, we worked on creating highly competitive products by further cultivating our existing businesses to develop our advantages and by working more closely with users to respond to their actual product and service needs. Efforts to differentiate our services began to bear fruit for our four engines for business growth, particularly in the sales growth of our pre-cut products designed to reduce the customer workload, which we use as a feature of building and home insulation materials where the quality of standard products does not provide a significant advantage.

We fortified the management base with the aim of becoming a company needed by society by strengthening our human resources, fostered a corporate culture based on health and safety and environmental preservation, and strengthened corporate governance.

In the pandemic conditions, the Information Systems Department played a central role in improving our business process efficiency during the year by setting up the framework for remote work and online conferencing as well as a structure to accommodate work conditions for both during and after the pandemic. We now hold online meetings every day, and I also realize that we are sharing



Realizing our vision with new ideas and bold corporate change

information more smoothly within the Group.

In the meantime during the year, in October 2020, one of our consolidated subsidiaries in Europe was involved in an incident that resulted in a significant loss of funds. As we reported in a press release in April 2021, we responded by taking specific steps to strengthen governance across the entire Group to prevent the situation from happening again.

Changes in the business environment

The Group's business environment and society have changed dramatically and in ways that were unpredictable when we formed the medium-term business plan.

Uncertainty about the future outlook for the global economy increased due to the COVID-19 pandemic, US-China trade friction, and soaring raw material prices. In addition, the focus on plastic pollution in the oceans and other environmental issues led to growing movements to eliminate plastics and create recycling-based economies. The pandemic enhanced the urgency to advance the digital transformation of our businesses to prepare for the "new normal" conditions in society after the pandemic as well as to adapt to new work styles for the new values.

As we responded to the rapidly changing business environment, we strengthened our conviction that new ideas and bold changes are critical elements of our medium-term business plan, which is serving as a milestone of our progress to fulfilling our long-term vision.

Newly appointed president Tomohiko Okubo and I fully agree on this point. I will use what I have learned through my experience, and he will bring the global management perspective and expertise from his experience working overseas to fully implement the medium-term business plan.

— Message from the President —



We will share the "WOW!" with our stakeholders and advance growth strategies that contribute to a sustainable society.

The medium-term business plan, "Change for Growth"

The new medium-term business plan, "Change for Growth," for the three years of fiscal 2021 to 2023 marks the second stage toward fulfilling our long-term vision, "VISION 2027."

It is clear that the basic strategies of the previous medium-term business plan to promote the differentiation strategy, advance the growth strategy, and fortify the management base have not sufficiently established the growth trajectory needed for sustaining business growth. We believe that the major changes that society is trying to bring about provide an opportunity for us to reconsider how we will respond to the changes, our values, and our social responsibility as a manufacturer.

For the new medium-term business plan, we asked ourselves: What can we do so that JSP will continue growing in the future, and how can we differentiate the Company? We also confirmed the two core principles of increasing the value we provide, not just economic value but also social value, by solving customer and social issues and fortifying our management foundation for increasing that value. While continuing the strategies for growth and differentiation, the plan adds a transformation strategy that will shift the Company to a highly cyclical business model and make the organization more dynamic and efficient.

Combining economic value and social value

The United Nations Sustainable Development Goals (SDGs) and the COP21 Paris Agreement international treaty on climate change, both of which were announced

in 2016, called for corporations to actively contribute to solving social issues and to support a sustainable society. Climate change is becoming an increasingly critical issue, and we at JSP must incorporate sustainability deeper into our management and step up our efforts to address social issues.

These are core principles of the new medium-term business plan, as we seek to bring about a corporate transformation by linking increasing corporate value to creating social value and working to create a sustainable society.

● Growth strategy

The growth strategy centers on the four engines for business growth, where we will continue consolidating management resources and improving management efficiency through selection and concentration while pursuing steady and continuous growth through a balance of offensive and defensive strategies.

For the automotive components as one of growth engines, we will introduce next-generation components featuring low energy consumption and high recyclability as well as components designed specifically for electric vehicles. In building and home insulation materials, we will broaden the marketing of our high-performance insulation products and augment the added value of our pre-cut products. In FPD protection materials, we will develop new demand and construct next-generation production systems that include support for business continuity planning. In new business domains, we will focus on commercializing elements of our existing businesses that show potential, while pursuing M&A.

● Differentiation strategy

As our corporate philosophy of “Creatively and Actively Contribute to Society” shows, our company exists not just to sell products and make money, but to provide our customers with products that meet the needs and address the issues of society. We apply this philosophy of differentiating our products through quality and performance while increasing customer satisfaction by continually enhancing the uniqueness and competitiveness of our services to provide value that meets in precise processing, design, and responses to the customer’s needs.

● Fortifying the management base

To fortify the management base, we will focus on improving human resources development, augmenting occupational safety and environmental protection, and strengthening corporate governance. We will also respond to the accelerating trend of corporate digital transformation by strengthening our information system foundation. In addition, we will work to foster the culture of a rewarding workplace. We believe that improving the vitality and abilities of each person working at JSP is the primary source for increasing corporate value and fundamental to delivering benefits to all stakeholders.

Strengthening the information system foundation will be done not only by using digital technology to make our business processes more efficient, but also by incorporating automation and labor-saving equipment into our logistics and production processes and by training and securing professional human resources.

We believe that fostering the culture of a rewarding workplace is important to achieving the SDGs, particularly for promoting gender equality and decent work. We are preparing various personnel programs, measures to provide stable employment for elderly individuals, and various means to support a healthy work-life balance.

Improving human resources development is a core management issue, and we plan to enhance our training system as a way to further strengthen the organization. We will also increase labor productivity by shortening production processes and automating production lines, which will shorten working hours, eliminate labor shortages, and improve the added value in our products and services.

In addition, in April 2021 we created the Sustainability Promotion Department in the Corporate Planning Division at our head office to more actively promote sustainability management. The department is tasked with identifying materialities as important issues for the Company by examining risks and opportunities that the business environment poses to our financial health as well as the risks and opportunities that our business activities pose to society and the environment.

Specific areas the department is looking at are the mass production of next-generation products that meet

energy- and resource-conservation requirements and concept proposals for environment-friendly products and materials. The department will also examine action plans for virtually zero greenhouse gas emissions, introducing life cycle assessments (LCAs) of our products and services, responding to climate change, using digitalization to improve production efficiency, and advancing the Company’s digital transformation. We believe that each of these areas will help contribute to the sustaining growth of our Group and society.

To our stakeholders

The new medium-term business plan, “Change for Growth,” for the three years to fiscal 2023 sets quantitative targets for net sales of ¥120.0 billion (up 17% from fiscal 2020), operating income of ¥7.7 billion (up 49%), and ROA of 5.6% or higher. The plan’s qualitative objectives are to raise customer satisfaction, link SDGs initiatives to contributing to society and boosting job satisfaction, establish a strategic and efficient corporate organization, and use risk assessments and other measures to prevent lost worktime due to accidents. By improving our corporate value and social value, we aim to become “A Global Company for Global Society.”

We are dedicated to maintaining open dialogue with shareholders, investors, customers, employees, and all stakeholders to continue earning their trust and meeting their expectations. We look forward to your continued support.

“VISION 2027” Key Elements

Fortify and expand existing businesses



Expand the business domain



Fortify the management base



Fiscal 2018–2020
Medium-term business plan, “Deeper & Higher 2020”

Fiscal 2021–2023

Medium-term business plan, “Change for Growth”

The basic policy of the previous medium-term management plan to promote the differentiation strategy, advance the growth strategy, and fortify the management base is still in progress, and we believe the progress that has been made is inadequate. We need new ideas and bold changes, and the new medium-term management plan therefore sets a three-year course for advancing a transformation strategy.

Basic Strategies

- 1 Broaden the value we provide for both economic value and social value to our customers and for addressing social issues
- 2 Fortify the management base

Transformation Strategy

- 1 Shift to a highly cyclical business model
- 2 Make the organization more dynamic and efficient

Targets

Quantitative Goals

Amounts in billions of yen	Fiscal 2020 (Results)	Fiscal 2023 (Goals)
Net sales	¥102.7	¥120.0
Operating income	¥5.2	¥7.7
Operating income margin (%)	5.1%	6.4%

Qualitative Goals

- ✓ Improve customer satisfaction by consciously increasing efforts to “Deliver with WOW!”
- ✓ Link SDGs initiatives not only to improving profitability but also to contributing to society and boosting job satisfaction
- ✓ Establish a strategic and efficient corporate organization
- ✓ Use risk assessments and other measures to prevent lost worktime due to accidents

Growth Strategy

Four Growth Engines



Automotive components

vs. 2019 volume

23% increase

- ✓ Vehicle weight reduction and electrification are tailwinds
- ✓ Supply next-generation products that meet needs for energy saving and recycling



Building and home insulation materials

vs. 2019 volume

12% increase

- ✓ Growing demand for energy-efficient housing
- ✓ Expanding demand for high-performance insulation materials



FPD protection materials

vs. 2019 volume

20% increase

- ✓ Growing demand for LCD/organic EL panels, personal computers
- ✓ Increasing overseas business development



New business domains

New business sales

¥3.0 billion

- ✓ M&A activity
- ✓ Active commercialization of currently potential business themes

Fiscal 2024–2026

“VISION 2027”

“A Global Company for Global Society”

Financial Highlights

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

For the Year:	Millions of yen					Thousands of U.S. dollars ¹
	2021	2020	2019	2018	2017	2021
Net sales	¥102,668	¥113,375	¥116,133	¥114,284	¥109,048	\$927,449
Operating income	5,185	5,083	5,479	9,105	9,612	46,842
Ordinary income	5,519	5,210	5,835	9,217	10,033	49,862
Income before income taxes	4,197	4,811	6,047	9,488	10,013	37,918
Net income attributable to owners of the parent	3,017	3,638	4,309	6,853	7,301	27,257

At Year-End:

	2021	2020	2019	2018	2017	2021
Total assets	129,053	128,445	129,229	125,728	113,151	1,165,794
Total net assets	85,561	84,646	84,141	84,105	76,778	772,910
Shareholders' equity	85,191	83,665	81,533	78,700	73,488	769,573

Per Share Information:

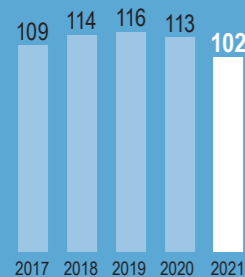
	Yen					U.S. dollars ¹
Net income ²	¥ 101.22	¥ 122.07	¥ 144.57	¥ 229.91	¥ 244.94	\$ 0.91
Cash dividends	50.00	50.00	50.00	50.00	50.00	0.45
Total net assets	2,767.26	2,729.87	2,691.76	2,667.72	2,433.10	24.99

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥110.70=U.S.\$1.

2. Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.

Net sales

(Billions of yen)

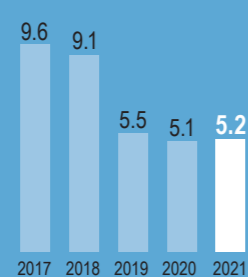


-9.4%

In fiscal 2020, the Group cultivated new demand and increased sales of high-value-added products, but net sales fell 9.4% year on year due to the COVID-19 pandemic conditions.

Operating income

(Billions of yen)



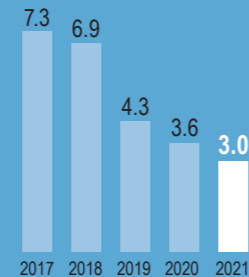
+2.0%

Despite the decline in sales, the Group successfully increased operating income through aggressive measures that included boosting sales of high-value-added products, pursuing lower raw material prices to reflect changes in the demand environment for raw materials, and reducing fixed costs by reorganizing production operations.

Net income

attributable to owners of the parent

(Billions of yen)

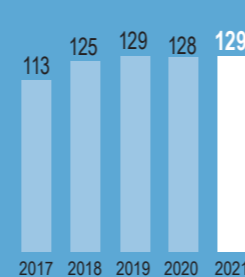


-17.1%

Net income attributable to owners of the parent decreased by 17.1% year on year owing to the withdrawal from the electron beam cross-linked expanded polyethylene sheet business in the United States, and an extraordinary loss at a Group company in Europe due to a loss of funds caused by a fraudulent third party.

Total assets

(Billions of yen)

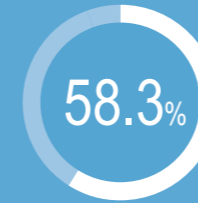


+0.5%

Review by Business Segment

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

Bead Business



Percentage of net sales

Amounts in millions of yen	2021	2020	YoY
Net sales	¥59,893	¥67,771	-11.6%
Operating income*	3,550	3,783	-6.1%

Bead Business net sales and operating income declined in fiscal 2020, as the business was strongly impacted by the drop in demand particularly from the worldwide reduction in automobile production during the pandemic.

P-BLOCK/ARPRO

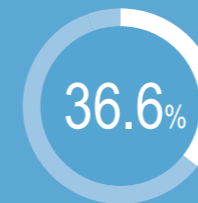
The JSP Group manufactures and sells P-BLOCK/ARPRO all over the world. Demand declined markedly in Asia in the first quarter and in North and South America and Europe in the second quarter due to the lock-down conditions during the pandemic. Demand started gradually returning in the third quarter, although the level of demand varies by region.

STYRODIA

JSP manufactures and sells STYRODIA primarily in Japan. Demand declined from the Japanese fisheries and agriculture fields in fiscal 2020 during the pandemic conditions. During the year, we introduced high-value and upgraded products.



Extrusion Business



Percentage of net sales

Amounts in millions of yen	2021	2020	YoY
Net sales	¥37,595	¥39,795	-5.5%
Operating income*	2,576	2,293	+12.3%

The Extrusion Business recorded a decline in net sales in fiscal 2020, due to reduced demand during the pandemic, but generated an increase in profit by reorganizing its production operations and reducing fixed costs. Improving demand in the second half more than covered the decline in demand in the first half.

STYRENE PAPER and MIRABOARD

The stay-at-home conditions in the first half supported strong growth in demand for STYRENE PAPER expanded polystyrene sheets for food containers, and sales rose significantly, particularly for take-out and supermarket use. Sales declined for MIRABOARD, which is used in advertising displays, due to the reduction in exhibitions and other events.

MIRAMAT, etc.

Demand for industrial-use materials was sluggish in the first half owing to reduced demand from manufacturing industries, particularly in Japan and China. In the second half, however, growing demand for information technology supported a strong rebound in demand for industrial packaging materials, particularly for MIRAMAT ACE expanded polyethylene sheet used in flat panel displays.

MIRAFOAM and STYRODIA BLOCK

Overall sales declined as the sluggish sales of thermal insulation products owing to the reduction in housing starts during the pandemic more than offset the brisk sales and increased sales volume of civil engineering materials for large construction projects.



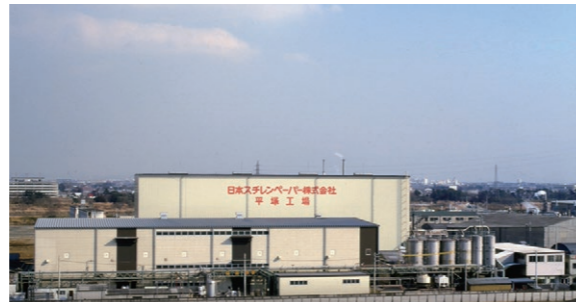
* Total for segment operating income are prior to adjustments.

Our History

We have been using our foaming technologies to contribute to society since 1962. Below is a timeline of our growth.

1962–1984

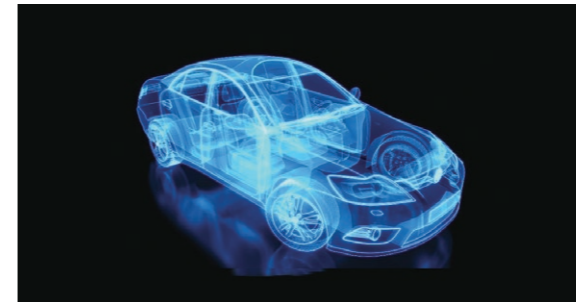
Establishment Period



JSP was founded in 1962 as a specialized manufacturer of foamed materials. From its original POLYSTYRENE PAPER products, JSP expanded its technologies from POLYSTYRENE PAPER products to include the groundbreaking MIRAMAT, the world's first expanded polyethylene sheet, and P-BLOCK/ARPRO, the world's first expanded polypropylene beads. The further additions of MIRABOARD and MIRAFOAM rounded out the core products in JSP's current lineup.

1985–2003

Growth Period



JSP launched its global expansion with shipments of P-BLOCK/ARPRO first to the United States and then to Europe and Asia. As business steadily expanded, the Company entered an extended growth phase and was listed on the Second Section of the Tokyo Stock Exchange. The 2003 integration of Mitsubishi Chemical Foam Plastic and the addition of the expandable polystyrene (EPS) business established the Company's technology and management foundation as a specialized maker of foamed products.

2004–2020

Expansion Period



The steady business growth pushed sales above ¥100 billion, and JSP shares were moved to the First Section of the Tokyo Stock Exchange. As use of P-BLOCK/ARPRO as an automotive material rapidly increased, the Company began actively expanding its worldwide network of manufacturing facilities, and vastly broadened its global product range with the launch of operations in Brazil. At the same time, manufacturing facilities in Japan were completely overhauled to fortify the Company's competitive advantage. JSP is also constructing recycling centers and reducing the environmental footprint of its operations to do its part to preserve the environment.

Major events

- 1962** Japan Styrene Paper Co., Ltd. founded
- 1963** Osaka Office opened, Hiratsuka Plant operation started
- 1970** Nagoya Office opened
- 1971** Kanuma No. 1 Plant operation started
Fukuoka Office opened
- 1972** Sapporo, Sendai, Hiroshima offices opened
- 1973** Shinguu Styrene Paper Co., Ltd. established
- 1977** Kyushu Styrene Paper Co., Ltd. established
- 1979** Hokkaido Styrene Paper Co., Ltd. established
- 1980** Kanuma No. 2 Plant operation started

What was happening in society

1973
First Oil Shock

1979
Second Oil Shock

1980
Iran-Iraq War

- 1988** Science and Technology Director General's Award received for P-BLOCK
- 1989** Company name changed to JSP Corporation
- 1990** Shares listed on the Second Section of the Tokyo Stock Exchange
Kanuma Research Center opened
- 1991** Yokkaichi Plant operation started
- 1994** Kanuma No.3 Plant operation started
- 1999** Kanuma No. 4 Plant operation started
- 2002** Inner companies system introduced
- 2003** New JSP era launched with integration of JSP and Mitsubishi Chemical Foam Plastic

What was happening in society

1991
*Japan Economic Bubble ends
Gulf War*

- 2005** Share listing moved to the First Section of the Tokyo Stock Exchange
- 2008** Recycle Center operation started
- 2012** 50th anniversary
Recycling promotion system and the Environmental and Safety Council established
- 2014** JSP made a consolidated subsidiary of Mitsubishi Gas Chemical through a capital and business alliance
Kitakyushu Plant operation started
- 2019** Kansai Plant new factory operation started

What was happening in society

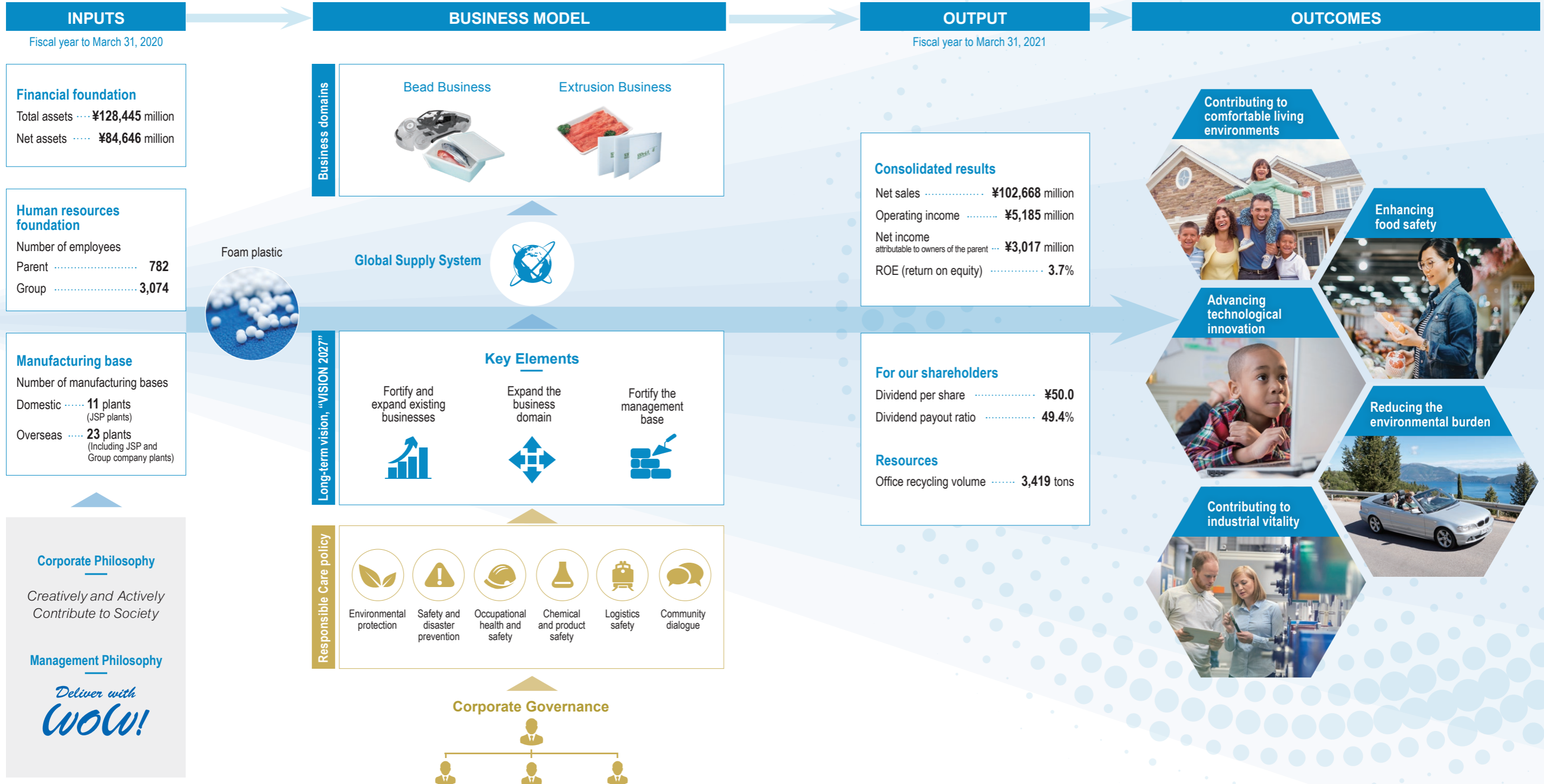
2008
Lehman Shock

2015
*Sustainable Development Goals
Paris Climate Agreement*

2020
COVID-19 pandemic

Our Value Creation Process

JSP's mission is to use its business to contribute to society by providing value in the form of preserving resources and energy and increasing convenience in social activities. Management aims to fulfill that mission by becoming a "true global company" creating value for society.



> ESG Initiatives

Using JSP's unique abilities to achieve sustaining growth

The business environment has been changing rapidly in recent years due to the COVID-19 pandemic, growing awareness of plastic pollution in the oceans and other social issues, and increasing interest in achieving the SDGs. At JSP, we view this as a turning point where society is beginning to shift to a recycling-based economy, and consider it an opportunity to reassess our approach and values as a manufacturer of materials used by society. Following our corporate philosophy to “creatively and actively contribute to society,” we will continue to expand our business by fortifying our management system and organizational structure, continuing to develop our Responsible Care activities, and engaging in sustainability management to contribute to creating a sustainable society.



WHAT'S NEW

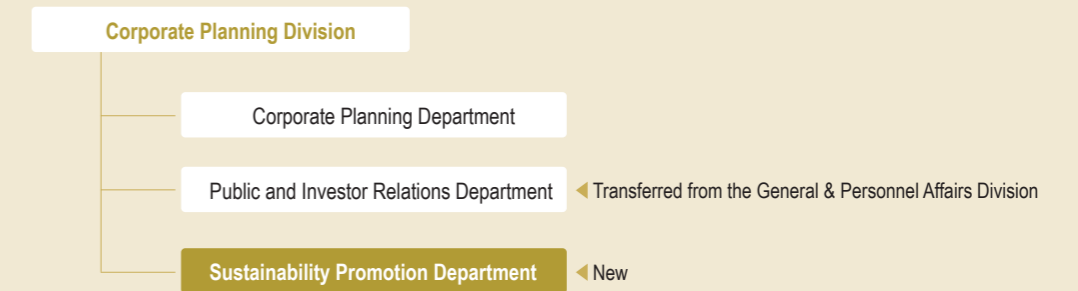
1.

New Sustainability Promotion Department

We recognize the urgent need to promote aggressive initiatives to address social issues and the importance of making this a management priority in order for JSP to continue growing in our changing society.

In April 2021, we created the Sustainability Promotion Department in the Corporate Planning Division in order to coordinate with relevant departments to develop and advance new sustainability initiatives linked to our management strategy.

New System in Fiscal 2021



2.

SDGs Workshop

At JSP, we believe that all employees should consciously work toward achieving the SDGs. In March 2021, we held an SDGs Workshop to accelerate the creation of new businesses that will contribute to solving social issues. The workshop was attended by 10 people, including representatives from the Corporate Planning Department, Public and Investor Relations Department, and General Technology Division. Through active exchange of opinions by participants after deepening the knowledge of SDGs Compass, they were able to increase their motivation for SDGs and cultivate flexible creativity. The Sustainability Promotion Department will continue to lead efforts to promote correct understanding of the SDGs and to raise awareness throughout the Group.



Environment and Society (Initiatives in Japan)

JSP Responsible Care Management



The JSP Group promotes Responsible Care activities as an aspect of fulfilling its corporate philosophy.

What is Responsible Care

Responsible Care is the chemical manufacturing industry's environmental, health, safety and security performance initiative. JSP began reporting its activities related to safety and society in fiscal 2013, the year after becoming a member of the Responsible Care Committee established by the Japan Chemical Industry Association.



Responsible Care Policy

✓ JSP is an internationally competitive firm dedicated to safety and protecting the environment and conducts business activities that fulfill the expectations and earn the trust of all stakeholders.

Safety Policy

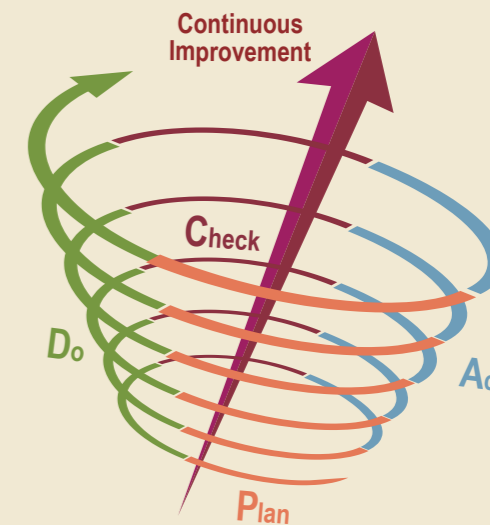
- ✓ Safe and stable operations are the foundation of business activities, and JSP is constantly implementing measures to prevent accidents and disasters.
- ✓ We comply with all laws, regulations, and standards related to employee health and safety, accident prevention, and product safety.
- ✓ We are always improving our health and safety management and accident prevention system and conducting companywide activities for health and safety and accident prevention.

Environmental Policy

- ✓ JSP's business activities are designed to protect the environment, and our products are environmentally friendly.
- ✓ We comply with all laws, regulations, and standards related to environmental protection.
- ✓ We continually update our environmental management systems and seek to improve our environmental performance.

> The Rising Spiral of Responsible Care Activities

We apply the PDCA cycle to the six categories at the foundation of our Responsible Care activities: environmental protection, safety and disaster prevention, occupational health and safety, chemical and product safety, logistics safety, and community dialogue. The first step is to create the medium-term plan for Responsible Care activities and to produce individual Responsible Care Action Plans for each workplace consisting of a plan (P) and actions (D) that will drive them toward fulfilling their objectives. The next step is conducting a Responsible Care Audit to check (C) the status of the actions and evaluate the progress made toward reaching the objective. Management examines the results of the Responsible Care Audit and convenes an Environment Safety Meeting to review the steps being taken and outline new actions (A) for improvement that will further advance the rising spiral toward our objectives.



> Responsible Care Audits

The persons in charge of environment and safety and members of the relevant department conduct annual Responsible Care Audits at the business sites to assess based on standardized criteria whether the PDCA cycle is being carried out properly.

In fiscal 2020, on-site audits were conducted at 12 business sites, including research laboratories. Using predetermined checklists created for the specific activity being carried out at each business site, auditors verified the status of management documents and legal compliance, observed the worksite, and discussed areas of concern and priorities specific to each site.

<p>Plan Make a Responsible Care Action Plan for each business site based on the JSP Environmental and Safety Policy and the medium-term plan</p>	<p>Do Implement the Responsible Care Action Plan</p>
<p>Check Assess the status of Responsible Care</p>	<p>Act The Environmental and Safety Council determines counteractions for the issue points identified in the Responsible Care Audit (creating a rising spiral toward the Company's vision)</p>

> Structure for Responsible Care

JSP Corporation's structure for Responsible Care is organized with the Environmental and Safety Council as the highest decision-making body for quality assurance issues. Chaired by the president, the committee deliberates and decides corporate policies related to Responsible Care and conducts Responsible Care audits, which it uses to update internal regulations and to set targets for internal initiatives and the Company's medium- and long-term plans.

JSP also convenes a Responsible Care Meeting with the aim of promoting information exchange about the JSP Group's Responsible Care activities.

The Company also seeks to promote Responsible Care activities throughout the Group through the Environmental Safety Promotion Committee and the Environmental Safety Status Survey for JSP Group and affiliated companies.





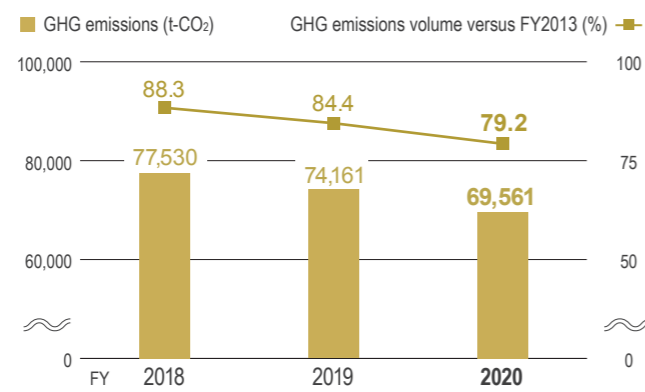
Environmental Protection

➤ Reducing Greenhouse Gas Emissions

The JSP Group reduced its greenhouse gas emissions by 6.2% (4,600 tons CO₂) in fiscal 2020 from the previous year, and has lowered emissions by roughly 20.8% since fiscal 2013. The reduction is largely due to the solar power generation equipment installed at the Kanuma No. 2 Plant in the previous fiscal year. We plan to continue using green energy in the future.

Our foam materials also help reduce greenhouse gas emissions in unseen ways, such as by improving automobile fuel efficiency and home cooling and heating efficiency when used as a heat insulation material.

📉 Greenhouse gas (GHG) emissions



➤ Reducing Energy Consumption

In fiscal 2020, energy consumption per production unit compared to the previous fiscal year deteriorated to 102.3%, as calculated by the energy usage contribution rate*. As such, we did not achieve our goal to improve from the previous fiscal year and the five-year average energy consumption per production unit became 100.1%, which did not fulfill our target to improve the annual average by at least 1%. In 2021, we will continue to implement the PDCA cycle to our energy conservation activities at each business site while continuing to introduce green energy sources.

* The contribution rate method measures energy use per ton for each product line and calculates it as a percentage of the Company's overall energy consumption per ton. The percentage is then compared to the same line's percentage in the previous fiscal year.

➤ Reducing Water Consumption

The production processes at our manufacturing sites have water recirculation systems that fully reuse water. We examined and repaired water leaks at all factories in fiscal 2020, with the result that water usage decreased from the previous fiscal year.

➤ Reducing Landfill Waste Volume

As part of the fiscal 2020 medium-term plan for Responsible Care, the Company systematically implemented measures to reduce waste produced at its business sites to continue reducing waste delivered to landfill sites (and maintain the volume below that of fiscal 2017). These efforts held the volume delivered to landfills level with the previous fiscal year.



Chemical and Product Safety

➤ Chemical Substance Risk Assessment

JSP's medium-term plan for Responsible Care for fiscal 2018 to fiscal 2020 set a standard to steadily implement risk assessment of chemical substances, and the Company accordingly routinely conducted assessing the risk associated with the chemical substances it uses.

At the Kyushu Plant, we have adopted the chemical substance risk assessment method promoted by the Japan Industrial Safety & Health Association (JISHA)*. The JISHA method is a simple but detailed test of risk that can be conducted right at the worksite.

* The JISHA method is a control banding method, a further developed and improved version of the web system of the Ministry of Health, Labour and Welfare. The JISHA method is a qualitative and simple method of determining risk using a matrix of a substance's chemical and physical properties, the volume handled, working time, and the working environment.

➤ Product Safety Management

RoHS compliance

JSP complies with the European Union Directive on the Restriction of Hazardous Substances (RoHS 2) by regularly performing testing at JIS Q 17025-certified* inspection laboratories for our products and disclosing the results upon customer request.

* JIS Q 17025 certification is general requirements for the competence of testing and calibration laboratories.

Safety data sheets based on GHS

As required by law, we provide safety information for applicable products through safety data sheets (SDSs). Although not required by law, we also provide SDSs for our other products based on the international rules of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS).



Safety and Disaster Prevention

➤ Prevention of Factory Fire Due to Static Electricity

Static electricity is a common part of everyday lives, but the sparks that it can make have the potential to start a fire if they come in contact with a flammable substance.

Preventing static electric sparks is essential in our plants because the manufacturing processes for foam plastic products can easily generate static electricity and because some of our products contain flammable gases in their foaming agents. Our manufacturing sites are fully equipped with grounding wires and use static eliminators and mist humidification to reduce the electrostatic charge in our products and prevent potential ignition.





Logistics Safety

> Achieving a Modal Shift

We are advancing a modal shift away from truck-based logistics to railways and ferries that emit less CO₂ as we seek to realize logistics operations that are environmentally sound, energy efficient, and reliable.

This modal shift will also allow us to maintain safe and stable delivery supply in the event of a natural disaster that disrupts the road system. Roads closed in fiscal 2018 due to infrastructure damage from the heavy rains in western Japan were steadily restored and reopened in fiscal 2019.

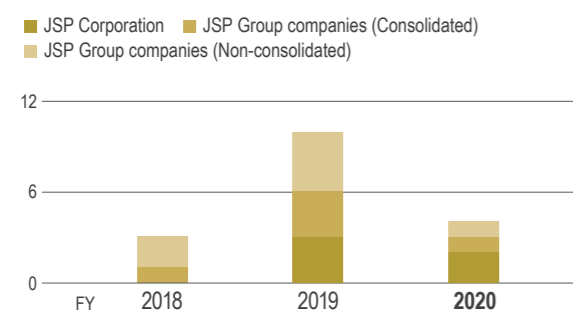


Occupational Health and Safety

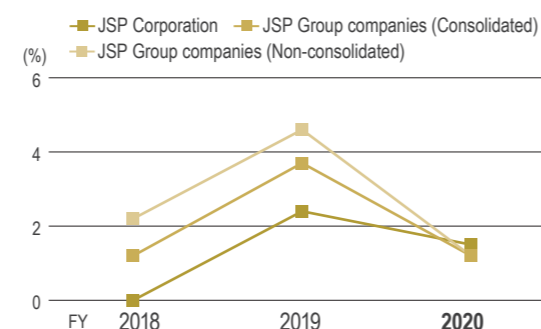
> Measures for Zero Lost-Time Injuries

The JSP Group implements measures aimed at achieving zero worker time lost due to injuries. In fiscal 2020, we applied the JSP Group Safety Management Standards and took additional steps to increase worksite safety. These measures reduced the number of work accidents. We will continue providing thorough safety education training to workers and bolstering essential safety measures.

Number of work stoppages



Work stoppage frequency*



* Number of casualties due to work accidents per one million actual working hours



Community Dialogue

> Together with Our Customers

We encourage customer feedback and actively work to increase customer satisfaction. The Company's clear Quality Policy strictly defines quality and designates responsibility and authorization to specific individuals to facilitate quality monitoring and correction. The quality management systems at all of our manufacturing sites are based on international standards and are ISO 9001 certified.

> Together with Shareholders and Investors

The JSP Group seeks to provide full information for our stakeholders to understand our operations and management objectives. The Group issues quarterly reports, securities reports and timely disclosure materials, actively discloses information on its corporate website, and publishes biannual shareholder communications and a corporate report along with other materials and information.

We also seek to raise corporate awareness by implementing the most effective media plan for corporate branding by focusing our information, press releases, advertisements, and other communications on industry trade journals and specialized magazines.

> Together with Employees

The Company has introduced a flex-time system so that employees can realize an appropriate work-life balance which matches their individual lifestyle. We will continue seeking to create a work environment where employees can work flexibly and that accommodates various work styles and changes in the internal and external employment environment. While fully promoting the motivation and individual growth of employees, we will seek to ensure an efficient and balanced level of diversity.

> Together with Suppliers

Procurement of our products is transparent and fair and available to all suppliers of any nationality, company size, or business experience. We also seek to provide "optimal procurement" by being prepared to acquire alternative materials and ensuring a stable supply while endeavoring to always offer fair prices based on current market prices and trends in prices of related materials. We will continue to deepen our partnerships with our client companies and conduct purchasing activities with the aim of continuing to develop mutual corporate activities.

> Together with Communities

JSP business sites and Group companies participate in various activities that contribute to local communities. Although activities were limited in fiscal 2020 due to the COVID-19 pandemic, we endeavored to remain active to the extent possible.

We continued our annual blood donation drive in Kanuma City, Tochigi Prefecture, holding events in March and November 2020 instead of the usual months of June and November. Our efforts to communicate to employees about our social activities, such as through announcements and the Company's intranet system, led to a large number of employees participating in the event for the first time. Over 100 employees took time out from their work to donate blood when buses from the Japanese Red Cross Society visited four of our office sites in the Kanuma area.

We are continuing to take a cautious approach to our social activities as the pandemic lingers in fiscal 2021. Although at this time we cannot hold our annual tours for elementary school students and have had to postpone many of our regular activities, we intend to use the internet and other ways to continue our social activities.



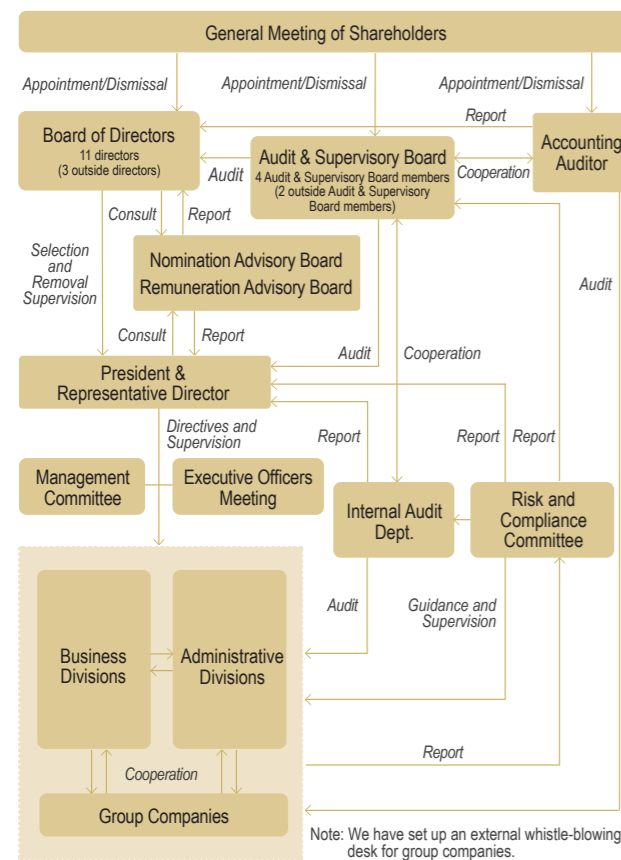
A blood donation bus at the Kanuma No. 2 Plant

Corporate Governance

As of July 1, 2021

Corporate Governance Structure

Corporate Governance Structure



Outline of the Corporate Governance Structure

Organizational structure

Company with an Audit & Supervisory Board

Directors

Number of directors stipulated in the Articles of Incorporation.....	16
Term of office stipulated in the Articles of Incorporation.....	1 year
Chair of the Board of Directors	President
Number of directors	1
Number of outside directors	3

Auditors

Number of Audit & Supervisory Board members stipulated in the Articles of Incorporation	4
Number of Audit & Supervisory Board members.....	4
Number of Outside Audit & Supervisory Board members ...	2

Number of independent executive officers

Outside directors	3
Outside Audit & Supervisory Board members	2

Basic Policy on Corporate Governance

JSP places top priority on realizing sustaining business growth and enhancing corporate value following our corporate philosophy to “creatively and actively contribute to society” and with the objective of fulfilling our promise to be an internationally competitive company that emphasizes safety and environmental awareness. We aim for the management of our Company to earn the trust of and fulfill the expectations of all stakeholders. We believe that effectively functioning corporate governance and constant effort to maintain and improve management efficiency, transparency, and soundness are essential to fulfilling this objective.

Basic Policy

1. The Company has adopted the Company with an Audit & Supervisory Board framework in which the Board

- of Directors makes decisions on important issues for the Company and seeks to provide an environment enabling management to make sound decisions to carry out the decisions of the Board of Directors.
2. The Company respects the rights and viewpoints of all stakeholders and seeks to maintain appropriate and cooperative relations.
3. The Company provides appropriate information disclosure and seeks to ensure transparency for all stakeholders.
4. As a Company with an Audit & Supervisory Board, the Company appoints independent outside directors and auditors and ensures sound management practices by carrying out management monitoring.
5. The Company engages in constructive dialogue with shareholders.

Status of Corporate Governance

Status of Business Execution

As stipulated in the Articles of Incorporation, the Company maintains a Board of Directors and Board of Auditors comprising up to 16 directors. The Company maintains a structure of 11 directors, including three outside directors. The Board of Directors meets, in principle, on a monthly basis to deliberate and make decisions on items as stipulated by law and internal company regulations and on items important to the management of the Company and to supervise the execution of business activities. The Management Committee serves to supplement the function of the Board of Directors. The meetings, attended by the representative directors and senior executives, are held, in principle, on a monthly basis to conduct preliminary discussions on important management issues. The Company additionally uses an executive officer structure as a system for executing business operations. The Executive Officers Meeting maintains a structure of 20 directors and executive officers. It meets, in principle, twice a month to deliberate on items important to the management of the Company and to achieve efficient execution of business.

Regarding the compliance structure, the Risk and Compliance Committee, chaired by the director, executive officer, and general manager of the General & Personnel Affairs Division, meets, in principle, on a monthly basis. The Committee manages compliance and risk across the JSP Group and provides support for management decisions to ensure that the Board of Directors assumes appropriate levels of risk.

Status of Audits

■ Audits by Audit & Supervisory Board members

The Audit & Supervisory Board comprises four Audit & Supervisory Board members, and has a wide range of experienced personnel, including highly independent outside Audit & Supervisory Board members, those who have knowledge of finance and accounting and those who are familiar with the chemical industry.

They carry out audits in line with our management. The Audit & Supervisory Board members attend meetings of the Board of Directors and important company meetings and hold monthly auditor meetings in which they conduct discussions with managers in charge of specific operations to supplement and guide their detailed audits of the legality and appropriateness of the business operations and the financial standing of the companies in the JSP Group. The auditors also regularly and when deemed necessary solicit the advice of accounting auditors regarding specific accounting issues.

With regard to matters related to internal audits, reports are received from the Audit Group as appropriate concerning the results of these audits, and opinions are exchanged in order to strengthen mutual cooperation.

■ Internal audits

The Internal Audit Department comprises seven auditors conducting regular audits of the Company and group companies and seeks to enhance the effectiveness of internal controls. In addition to the functions of the Internal Audit Group, the Company assigns a “process owner” to each business division to strengthen the monitoring of each business process.

The Internal Audit Department also conducts internal audits in line with the internal audit plan for each year and reports the results to Audit & Supervisory Board members each time with the aim of facilitating dialogue and further strengthening mutual collaboration.

■ Accounting audit

In accordance with the Financial Instruments and Exchange Act and the Companies Act, the Company has contracted with Deloitte Touche Tohmatsu LLC to perform accounting audits. There is no special interest between the Company or business executives and the limited liability audit corporation.

Improving the Effectiveness and Transparency of the Board of Directors

Evaluation of the Effectiveness of the Board of Directors

The Company issues questionnaires to directors on an annual basis and uses the questionnaires as a basis for assessing the effectiveness of the Board of Directors. The Board of Directors analyzes and evaluates the results of the questionnaires based on the opin-

ions of the independent outside directors and outside auditors.

To evaluate the Board of Directors' effectiveness in fiscal 2020, questionnaires were distributed to all of the directors and auditors covering the following items, and the results were discussed at a Board of Directors meeting.

1. Matters concerning the effectiveness of the Board of Directors overall
2. Matters concerning the composition of the Board of Directors
3. Matters concerning the administrative performance of the Board of Directors
4. Matters concerning deliberations by the Board of Directors
5. Matters concerning support for directors and auditors
6. Risk management
7. Management and business strategy
8. Strategic shareholdings, compensation scheme, advisory committees
9. Dialogues with shareholders and others

For this evaluation of the effectiveness of the Board of Directors, we again requested an external organization to collect, compile, and analyze the questionnaires in order to obtain unrestrained opinions and to ensure objective analysis. Discussion continued about the corporate strategies and other topics raised in fiscal 2019, and the non-financial information used for performance monitoring was reverified and improved. We are continuing to discuss the appropriate governance for overseas subsidiaries. Items identified in the fiscal 2020 questionnaire were the need for discussion about medium- and long-term plans and the provision of information for the outside officers.

We will continue to improve the effectiveness of the Board of Directors through continuous efforts on the issues that emerged.

Director and Audit & Supervisory Board Member Remuneration

Remuneration for directors (excluding part-time directors) is configured as base compensation and reserve-type remuneration to be paid upon retirement.

Base compensation comprises fixed compensation, short-term performance-linked compensation, and executive shareholder association-contributed compensation. Fixed compensation and executive shareholder association-contributed compensation, which form part of base compensation, are defined according to job position and responsibility.

Compensation for part-time directors and Audit & Supervisory Board members comprises base compensation in the form of fixed compensation. With regard to short-term performance-linked compensation, which forms part of base compensation, a performance ratio is calculated for the applicable period in relation to the reference values of the target indicators specified by the Board of Directors (consolidated net sales, consolidated operating income, consolidated operating income margin, consolidated net income attributable to owners of the parent). A coefficient defined in accordance with the performance ratio is reduced by one, corresponding to

fixed compensation, and this is applied to fixed compensation. The resulting amount is reduced by the amount of shareholder association-contributed compensation for each job position to determine the amount of short-term performance-linked compensation.

Reserve-type remuneration to be paid upon retirement is provided as medium-term performance-linked compensation. A performance achievement ratio is calculated in relation to the fiscal year-end cumulative amount of the applicable indicators during the consolidated medium-term management plan, versus the applicable indicators covering the same period during the previous consolidated medium-term management plan, and a coefficient determined in accordance with this performance achievement ratio is applied to the base reserve amount for the fiscal year to determine the amount of reserve-type remuneration to be paid upon retirement.

With regard to the amount of remuneration for each director, the Company president drafts a remuneration proposal for the current fiscal year within the limit determined by a resolution passed at the General Meeting of Shareholders, in accordance with the Company's Executive Remuneration Regulations, and in consideration of the business environment, operating conditions, the Company earnings, the Company's financial status, and the contribution to be provided by each individual. The remuneration proposal drafted by the President is consulted by the Remuneration Advisory Board, which is made up of the representative director and outside directors and is chaired by a leading outside director. The Remuneration Advisory Board then reports the deliberated remuneration proposal to the President. The President, on the authorization of the Board of Directors, determines the remuneration amount for each director.

Remuneration for Audit & Supervisory Board member is set based on negotiations and in consideration of the contribution to be provided by each individual.

Director and Audit & Supervisory Board member remuneration totals for fiscal 2020

Position	Number	Total Remuneration (Millions of yen)
Director	12	¥237
Of which, outside director	3	16
Audit & Supervisory Board member	5	43
Of which, outside Audit & Supervisory Board member	2	24
Total	17	¥280

Remuneration amounts and other payments to individual executives are omitted because no individual was paid a total amount exceeding ¥100 million.

Internal Control

Basic Policy on the Internal Control System

The internal control system and risk management system were constructed following the basic policy on maintaining an internal control system based on the Companies Act and the Ordinance for Enforcement of the Companies Act. The basic policy is to revise the internal control system as needed to ensure the system is functioning at its most effective. In addition, in accordance with the section on "internal control related to financial reporting" of the Financial Instruments and Exchange Act, the Internal Audit Department has established a system for continuous evaluation of the reporting mechanism and for immediate correction or improvement of any inadequacies.

Operation Status of the Internal Control System

■ Compliance status

The Company promotes compliance awareness by making the JSP Guidelines for Corporate Activities and JSP Code of Conduct openly available on the corporate intranet for viewing by Group officers and employees. The Personnel Affairs Department conducts activities to promote awareness and organizes training sessions geared to specific levels of employment to explain the ethics guidelines at employee training sessions.

As a measure to prevent misconduct, we have also set up whistle-blowing and consultation desks both inside the Company and via an independent organization to make it easy for employees to communicate concerns. The status of whistle-blowing is reported to the Board of Directors and the situation status is monitored.

■ Risk management operating status

The Company maintains specific rules related to risk, including Risk and Compliance Regulations, Risk Assessment Guidelines, and Crisis Management Regulations, mandating the Crisis Management Department to convene risk interviews and conduct ongoing examinations to identify, assess, and respond to risks. We are also taking steps to accelerate risk reduction by identifying risks warranting priority measures and by having the Risk and Compliance Committee regularly verify the implementation status of countermeasures.

Regarding the incident of fraudulent fund outflow by a Group company in Europe following false instructions by a malicious third party in late October to early November 2020, the JSP Group recognized that risk management was needed for the victimized company as well as the Group as a whole and is taking steps to improve and strengthen the risk management system.

■ Status of Board of Directors execution of duties

The Company's Board of Directors Regulations and Detailed Regulations on Matters to Be Discussed for the Board of Directors Discussion Agenda stipulate the matters to be submitted for discussion by the Board to facilitate the appropriate and efficient execution of Board of Directors duties. Matters of particular importance for company management are discussed in advance at the Management Committee to improve efficiency and deepen the Board's deliberations. To further improve the efficiency of business execution, decision-making authority over other matters is delegated in accordance with the Executive Officers Meeting Regulations and Administrative Authorities Regulations.

■ Status of Group internal control

Affiliated Companies Management Regulations stipulate that Group companies are required to obtain pre-approval or report on important management matters. The Internal Audit Department conducts business audits of Group companies and verifies the effectiveness of internal controls. In addition, Group company Audit & Supervisory Board members hold information exchange meetings to report on and confirm the status of business execution at the Group companies.

Transactions with the parent company are examined to verify that the transactions are conducted similarly to those with independent parties, and the transaction status is reported to the Board of Directors, which has the power to approve the continuation of the transactions.

■ Status of audits by the Audit & Supervisory Board

Audit & Supervisory Board members attend Board of Directors meetings and important internal meetings and convene monthly auditor meetings where they exchange opinions with representative directors and interview business managers to ensure the legality of Group business operations and the adequacy of the Group audits. The Audit & Supervisory Board also receives direct reports related to audits on a regular basis and as needed from accounting auditors. The Internal Audit Department reports the results of each of its internal audits to the Audit & Supervisory Board to enable it to exchange opinions and strengthen mutual cooperation. In addition, each corporate auditor assigns one staff member to serve as an assistant, and the Company covers all expenses from the execution of duties of the auditors.

Consolidated Balance Sheets

JSP Corporation and Consolidated Subsidiaries—As of March 31

	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
ASSETS			
Current assets			
Cash and deposits	¥ 17,400	¥ 13,466	\$ 157,182
Notes and accounts receivable—trade	27,150	27,484	245,263
Electronically recorded monetary claims—operating	3,954	4,187	35,726
Short-term investment securities	269	14	2,436
Merchandise and finished goods	6,598	7,163	59,607
Work in process	912	984	8,246
Raw materials and supplies	4,549	5,212	41,101
Accounts receivable—other	440	584	3,983
Other	1,272	1,531	11,496
Allowance for doubtful accounts	(94)	(52)	(850)
Total current assets	62,456	60,575	564,195
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	45,760	43,960	413,374
Accumulated depreciation	(25,896)	(24,630)	(233,937)
Accumulated impairment loss	(8)	(11)	(75)
Buildings and structures, net	19,855	19,318	179,361
Machinery, equipment and vehicles	80,462	79,055	726,854
Accumulated depreciation	(62,112)	(59,546)	(561,085)
Accumulated impairment loss	(431)	(244)	(3,894)
Machinery, equipment and vehicles, net	17,919	19,264	161,875
Land	14,620	14,714	132,076
Lease assets	1,431	1,243	12,929
Accumulated depreciation	(394)	(209)	(3,565)
Lease assets, net	1,036	1,033	9,364
Construction in progress	5,874	6,586	53,063
Other	9,772	9,705	88,276
Accumulated depreciation	(8,495)	(8,399)	(76,745)
Accumulated impairment loss	(2)	(2)	(18)
Other, net	1,274	1,304	11,512
Total property, plant and equipment	60,580	62,222	547,253
Intangible assets	1,177	1,370	10,638
Investments and other assets			
Investment securities	1,770	1,460	15,994
Long-term loans receivable	113	174	1,021
Net defined benefit asset	1,396	974	12,615
Deferred tax assets	707	744	6,393
Other	1,325	1,435	11,975
Allowance for doubtful accounts	(475)	(512)	(4,292)
Total investments and other assets	4,838	4,277	43,707
Total noncurrent assets	66,597	67,869	601,599
Total assets	¥129,053	¥128,445	\$1,165,794

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥110.70=US\$1.

	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
LIABILITIES AND NET ASSETS			
Current liabilities			
Notes and accounts payable—trade	¥ 8,406	¥ 8,772	\$ 75,938
Electronically recorded obligations—operating	1,796	1,983	16,224
Short-term loans payable	7,500	8,494	67,757
Current portion of long-term loans payable	4,172	3,681	37,694
Lease obligations	216	199	1,953
Accounts payable—other	2,802	2,737	25,313
Income taxes payable	707	622	6,391
Accrued consumption taxes	704	412	6,361
Provision for bonuses	1,549	1,321	13,995
Electronically recorded obligations—facilities	43	157	397
Accounts payable—facilities	1,156	1,268	10,450
Asset retirement obligation	0	0	2
Other	2,219	1,960	20,048
Total current liabilities	31,275	31,611	282,528
Noncurrent liabilities			
Long-term loans payable	8,680	8,642	78,410
Lease obligations	702	690	6,347
Deferred tax liabilities	931	982	8,415
Provision for directors' retirement benefits	4	2	37
Net defined benefit liability	780	574	7,048
Asset retirement obligations	251	191	2,273
Other	865	1,103	7,822
Total noncurrent liabilities	12,216	12,186	110,355
Total liabilities	43,492	43,798	392,884
Net assets			
Shareholders' equity			
Capital stock	10,128	10,128	91,496
Capital surplus	13,405	13,405	121,097
Retained earnings	63,045	61,518	569,516
Treasury stock	(1,387)	(1,387)	(12,536)
Total shareholders' equity	85,191	83,665	769,573
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	527	268	4,768
Foreign currency translation adjustment	(4,182)	(3,255)	(37,786)
Remeasurements of defined benefit plans	952	696	8,600
Total valuation and translation adjustments	(2,703)	(2,290)	(24,417)
Non-controlling interest	3,072	3,270	27,754
Total net assets	85,561	84,646	772,910
Total liabilities and net assets	¥129,053	¥128,445	\$1,165,794

Consolidated Statements of Income

JSP Corporation and Consolidated Subsidiaries—Years ended March 31

	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
Net sales	¥102,668	¥113,375	\$927,449
Cost of sales	73,942	83,208	667,953
Gross profit	28,726	30,167	259,496
Selling, general and administrative expenses			
Selling expenses	7,466	8,290	67,444
General and administrative expenses	16,074	16,793	145,209
Total selling, general and administrative expenses	23,540	25,083	212,653
Operating income	5,185	5,083	46,842
Non-operating income			
Interest income	161	212	1,457
Dividends income	47	15	432
Rent income	75	75	683
Equity in earnings of affiliates	9	10	90
Other	394	254	3,561
Total non-operating income	689	568	6,225
Non-operating expenses			
Interest expenses	144	201	1,306
Foreign exchange loss	128	134	1,163
Other	81	105	734
Total non-operating expenses	354	441	3,205
Ordinary income	5,519	5,210	49,862
Extraordinary income			
Gain on sales of noncurrent assets	9	13	89
Gain on sales of investment securities	—	32	—
Total extraordinary income	9	45	89
Extraordinary loss			
Loss on sales of noncurrent assets	6	5	59
Loss on retirement of noncurrent assets	97	50	884
Impairment loss	—	381	—
Loss on valuation of investment securities	—	6	—
Loss on liquidation of subsidiaries	242	—	2,192
Loss from money transfer scam at subsidiary	984	—	8,895
Total extraordinary losses	1,332	444	12,033
Income before income taxes	4,197	4,811	37,918
Income taxes—current	1,499	1,383	13,546
Income taxes—deferred	(229)	173	(2,070)
Total income taxes	1,270	1,556	11,476
Net income	2,927	3,255	26,442
Net income attributable to non-controlling interests	(90)	(383)	(814)
Net income attributable to owners of the parent	¥3,017	¥3,638	\$27,257

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥110.70=US\$1.

Consolidated Statements of Changes in Net Assets

JSP Corporation and Consolidated Subsidiaries—Year ended March 31, 2021

	Millions of yen					Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance, beginning of period	¥10,128	¥13,405	¥61,518	¥(1,387)		¥83,665
Changes of items during the period:						
Dividends from surplus			(1,490)			(1,490)
Net income attributable to owners of the parent			3,017			3,017
Purchase of treasury stock				(0)		(0)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	1,526	(0)		1,526
Balance, end of period	¥10,128	¥13,405	¥63,045	¥(1,387)		¥85,191
	Valuation and translation adjustments					Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustment	Non-controlling interests	
Balance, beginning of period	¥268	¥(3,255)	¥696	¥(2,290)	¥3,270	¥84,646
Changes of items during the period:						
Dividends from surplus						(1,490)
Net income attributable to owners of the parent						3,017
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	259	(927)	255	(412)	(198)	(611)
Total changes of items during the period	259	(927)	255	(412)	(198)	915
Balance, end of period	¥527	¥(4,182)	¥952	¥(2,703)	¥3,072	¥85,561
	Thousands of U.S. dollars*					Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance, beginning of period	\$91,496	\$121,097	\$555,723	\$(12,530)		\$755,785
Changes of items during the period:						
Dividends from surplus			(13,463)			(13,463)
Net income attributable to owners of the parent			27,257			27,257
Purchase of treasury stock				(5)		(5)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	13,793	(5)		13,787
Balance, end of period	\$91,496	\$121,097	\$569,516	\$(12,536)		\$769,573
	Valuation and translation adjustments					Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustment	Non-controlling interests	
Balance, beginning of period	\$2,428	\$(29,407)	\$6,290	\$(20,688)	\$29,546	\$764,644
Changes of items during the period:						
Dividends from surplus						(13,463)
Net income attributable to owners of the parent						27,257
Purchase of treasury stock						(5)
Net changes of items other than shareholders' equity	2,340	(8,379)	2,309	(3,729)	(1,791)	(5,521)
Total changes of items during the period	2,340	(8,379)	2,309	(3,729)	(1,791)	8,266
Balance, end of period	\$4,768	\$(37,786)	\$8,600	\$(24,417)	\$27,754	\$772,910

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥110.70=US\$1.

Consolidated Statements of Cash Flows

JSP Corporation and Consolidated Subsidiaries—Years ended March 31

	Millions of yen		Thousands of U.S. dollars*
	2021	2020	2021
Net cash provided by (used in) operating activities			
Income before income taxes	¥4,197	¥4,811	\$37,918
Depreciation and amortization	6,608	6,427	59,698
Impairment loss	—	381	—
Increase (decrease) in allowance for doubtful accounts	34	94	309
Increase (decrease) in provision for bonuses	224	(119)	2,023
Increase (decrease) in net defined benefit liability	273	(67)	2,466
Increase (decrease) in provision for directors' retirement benefits	1	(10)	17
Loss (gain) on sales and retirement of noncurrent assets	94	42	855
Loss (gain) on sales of investment securities	—	(32)	—
Loss (gain) on valuation of investment securities	—	6	—
Interest and dividends income	(209)	(227)	(1,890)
Interest expenses	144	201	1,306
Foreign exchange losses (gains)	84	71	765
Equity in (earnings) losses of affiliates	(9)	(10)	(90)
Loss on liquidation of subsidiaries	242	—	2,192
Loss from money transfer scam at subsidiary	984	—	8,895
Decrease (increase) in notes and accounts receivable—trade	453	2,853	4,100
Decrease (increase) in inventories	1,111	906	10,036
Increase (decrease) in notes and accounts payable—trade	(549)	(2,475)	(4,961)
Increase (decrease) in accrued consumption taxes	295	315	2,666
Other, net	274	(452)	2,482
Subtotal	14,257	12,717	128,795
Interest and dividends income received	220	230	1,991
Interest expenses paid	(145)	(204)	(1,314)
Business structure improvement expenses paid	—	(2)	—
Loss from money transfer scam at subsidiary	(984)	—	(8,895)
Income taxes paid	(1,136)	(1,255)	(10,262)
Net cash provided by (used in) operating activities	12,211	11,484	110,314
Net cash provided by (used in) investing activities			
Purchase of noncurrent assets	(5,668)	(12,200)	(51,209)
Proceeds from sales of noncurrent assets	54	63	494
Payments for retirement of noncurrent assets	(18)	(120)	(169)
Purchase of investment securities	(6)	(6)	(60)
Proceeds from sales of investment securities	4	39	36
Net decrease (increase) in time deposits	440	(230)	3,976
Other, net	20	49	185
Net cash provided by (used in) investing activities	(5,174)	(12,406)	(46,747)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(916)	1,021	(8,276)
Proceeds from long-term loans payable	4,500	4,600	40,650
Repayment of long-term loans payable	(3,969)	(4,158)	(35,854)
Purchase of treasury stock	(0)	(0)	(5)
Cash dividends paid	(1,490)	(1,490)	(13,463)
Dividends paid for non-controlling interests	(168)	(182)	(1,519)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	66	—
Other, net	(221)	(214)	(2,000)
Net cash provided by (used in) financing activities	(2,266)	(358)	(20,471)
Effect of exchange rate change on cash and cash equivalents	(76)	(217)	(693)
Net increase (decrease) in cash and cash equivalents	4,693	(1,498)	42,401
Cash and cash equivalents at beginning of period	7,584	9,082	68,512
Cash and cash equivalents at end of period	¥12,278	¥7,584	\$110,913

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥110.70=US\$1.

Stock Information

As of March 31, 2021

Listing market First Section of the Tokyo Stock Exchange

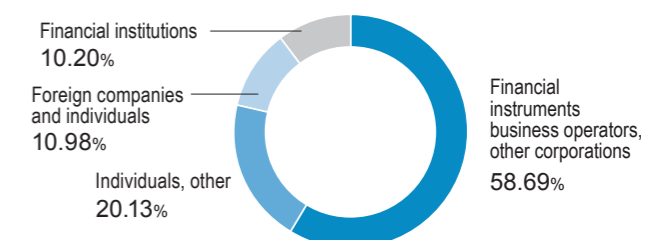
Securities code 7942

Share trading unit 100 shares

Total number of authorized shares 46,000,000

Fiscal year April 1–March 31

Distribution of shares by shareholder type



Major shareholders

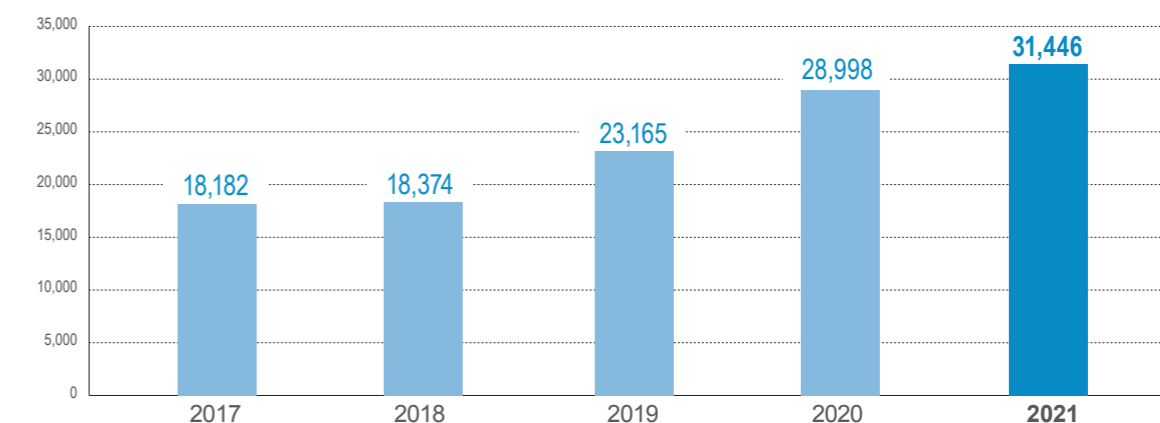
	Shares held (thousands)	Voting right ratio (%)
Mitsubishi Gas Chemical Company, Inc.	16,020	53.74
Custody Bank of Japan, Ltd.	1,978	6.63
JSP Client Stock Ownership Plan	1,191	3.99
The Master Trust Bank of Japan, Ltd.	631	2.11
RE FUND 107-CLIENT AC (Standing proxy: Citibank, N.A., Tokyo Branch)	407	1.36
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing proxy: Citibank, N.A., Tokyo Branch)	318	1.06
JSP Employee Stock Ownership Plan	299	1.00
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	250	0.84
Nippon Life Insurance Company	241	0.80
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation, Tokyo Branch)	212	0.71

Notes: 1. The above list of major shareholders does not include treasury stock held by the company (1,604,700 shares).

2. The shareholding ratio does not include treasury stock.

3. Among the above shares held, the number of shares pertaining to trust business is as follows: Custody Bank of Japan, Ltd. 1,978,000 shares; The Master Trust Bank of Japan, Ltd. 631,000 shares.

Number of shareholders As of March 31



Global Network

As of March 31, 2021



North America

U.S.A.

- ① JSP International Group Ltd.

Mexico

- ② JSP International de México S.A.de C.V.

South America

Brazil

- ③ JSP Brasil Industria De Plasticos Ltda.

Europe

France

- ④ JSP International SARL

Czechia

- ⑤ JSP International s.r.o.

Germany

- ⑥ (Innovation Center)

Asia

South Korea

- ⑦ KOSPA Corporation

Taiwan

- ⑧ Taiwan JSP Chemical Co., Ltd.

Singapore

- ⑨ JSP Foam Products PTE. Ltd.

Thailand

- ⑩ JSP Foam Products (Thailand) Co., Ltd.

China

- ⑪ JSP Advanced Materials (Wuxi) Co., Ltd.
- ⑫ JSP Plastics (Shanghai) Co., Ltd.
- ⑬ Kunshan JSP Seihoku Packaging Material Co., Ltd.
- ⑭ JSP Advanced Materials (Dongguan) Co., Ltd.
- ⑮ JSP Advanced Materials (Wuhan) Co., Ltd.

Japan

- ① Hokkaido
- ② Kanuma
- ③ Kashima
- ④ Tokyo Head Office
- ⑤ Yokkaichi
- ⑥ Kansai
- ⑦ Kitakyushu
- ⑧ Kyushu

Corporate Data

As of March 31, 2021

Head office

Shin Nisseki Bldg., 4-2, Marunouchi 3-chome,
Chiyoda-ku, Tokyo 100-0005, Japan

President, representative director*

Tomohiko Okubo

Founded

January 1962

Paid-in capital

¥10,128 million

Number of shareholders

31,446

Stock exchange listing

Tokyo (First Section: 7942)

Fiscal year-end

March 31

Investor relations contact

Public and Investor Relations Department
Tel: +81-3-6212-6306

Number of employees

2,996

Major affiliates

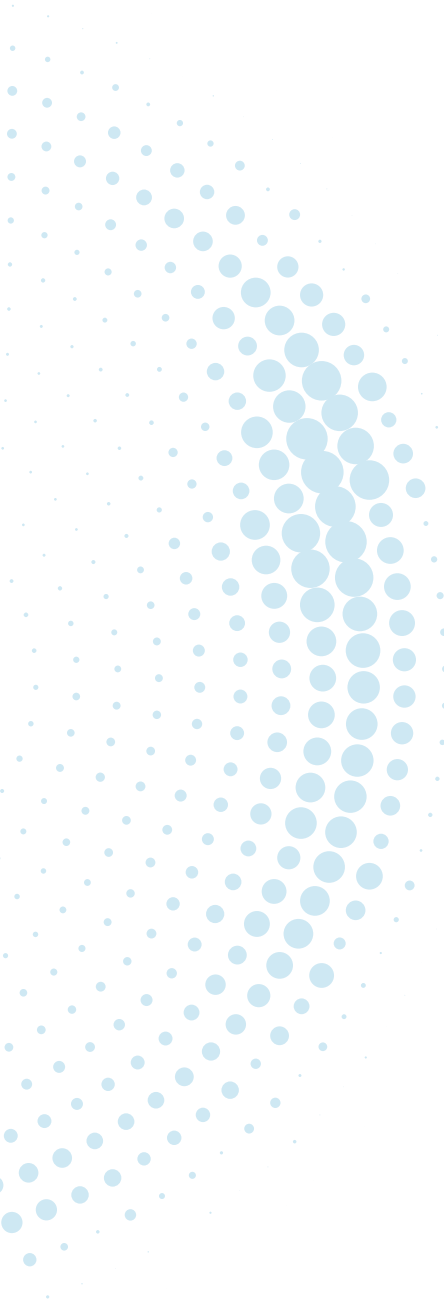
36 in total

* As of June 30, 2021

Information disclosure

JSP websites

<https://www.co-jsp.co.jp>
<https://www.jsp.com>



<https://www.jsp.com>