



October 29, 2021

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

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

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

Code Number: **7942**

Representative: Tomohiko Okubo, President, Representative Director

Contact person: Yasushi Komori, Director, Executive Officer,

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Scheduled date of filing of Quarterly Report:

November 5, 2021

Scheduled date of payment of dividend:

December 3, 2021

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for analysts)

Note: The original disclosure in Japanese was released on October 29, 2021 at 15:00 (GMT +9).

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

1. Second Quarter Results (April 1, 2021 to September 30, 2021) for the Fiscal Year Ending March 31, 2022

(1) Consolidated business performance

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2021	55,673	15.8	2,985	132.5	3,081	142.8	2,280	151.0
Six months ended Sep. 30, 2020	48,080	(14.6)	1,284	(48.1)	1,268	(48.7)	908	(52.6)

Note: Comprehensive income: Six months ended Sep. 30, 2021: 4,608 million yen (-%)

Six months ended Sep. 30, 2020: (514) million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	76.49	-
Six months ended Sep. 30, 2020	30.47	-

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

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2021	132,678	89,752	64.4	2,864.61
As of Mar. 31, 2021	129,053	85,561	63.9	2,767.26

Reference: Shareholders' equity: As of Sep. 30, 2021: 85,389 million yen As of Mar. 31, 2021: 82,488 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2022	-	25.00	-	-	-
Fiscal year ending Mar. 31, 2022 (forecasts)	-	-	-	25.00	50.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	114,000	11.0	5,200	0.3	5,400	(2.2)	3,600	19.3	120.77

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in principal subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period including treasury shares

As of Sep. 30, 2021:	31,413,473 shares	As of Mar. 31, 2021:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	1,604,931 shares	As of Mar. 31, 2021:	1,604,702 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	29,808,654 shares	Six months ended Sep. 30, 2020:	29,809,105 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or an auditing firm.

* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Qualitative Information on Quarterly Consolidated Financial Performance

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

(1) Explanation of Results of Operations

Restrictions on the global economic activity were gradually eased during the first half of the current fiscal year and the economy recovered primarily with the support of consumer spending. However, the outlook is uncertain because of new wave of infections caused by the delta variant and shortages of semiconductors and other components. In Japan, although production and exports are recovering due to an upturn in external demand and other reasons, the business climate remained challenging because of another state of emergency, delays in the supply chain and other events.

In Japan’s foamed plastics industry, demand associated with spending by people staying home for safety remained firm and there was a slow recovery in overall demand, which had been declining. Despite these positive trends, market conditions are extremely difficult primarily because of the impact of the rapid increase in the cost of raw materials.

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

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

Net sales in the first half were 55,673 million yen, up 15.8% from the same period of the previous fiscal year. Operating profit increased 132.5% to 2,985 million yen, ordinary profit increased 142.8% to 3,081 million yen and profit attributable to owners of parent increased 151.0% to 2,280 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products decreased due to lower sales of materials used for food trays following a temporary rapid growth in sales one year earlier although demand remains strong as more people stay at home. Sales of MIRABOARD™, a material used for advertising displays, increased.

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

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

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

As a result, sales in extrusion business increased 2.7% to 18,829 million yen and operating profit increased 38.7% to 1,470 million yen.

Bead Business

ARPRO®/P-BLOCK® (expanded polypropylene), which is manufactured and sold worldwide, is used in a diverse array of applications. Major uses are automotive parts such as bumper cores and seat cores, cushioning and packaging materials for returnable containers for components of all types, cushioning and packaging materials, insulation and cushioning materials for housing facilities, and impact protection materials for athletic fields. Sales of ARPRO®/P-

BLOCK® and other high-performance products were affected by restrictions on economic activity due to another wave of COVID-19 infections and shortage of semiconductors and other components. But first half monetary sales and sales volume were higher than one year earlier because of the recovery in the demand for JSP high-performance products and the increasing number of new automotive component applications. In Japan, sales in the automobile sector increased. In North America, sales are slowly increasing as operations are affected by the lower output of automakers and the big increase in the cost of raw materials. In South America, sales increased in the automobile sector. In Europe, there were strong sales in the automobile sector and other market sectors. In Asia, sales in the cushioning and packaging materials sector increased in China and there were strong sales of cushioning and packaging materials in Taiwan.

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

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

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

As a result, sales in bead business increased 23.2% to 33,806 million yen and operating profit increased 172.4% to 1,952 million yen.

Other

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

As a result, sales in the other segment increased 32.0% to 3,037 million yen and operating profit was 62 million yen compared with operating profit of 1 million yen in the same period of the previous fiscal year.

(2) Financial Position

Total assets as of September 30, 2021 were 132,678 million yen, up 3,625 million yen from March 31, 2021. Current assets increased 3,175 million yen to 65,631 million yen mainly due to increases in notes and accounts receivable-trade of 1,038 million yen, merchandise and finished goods of 827 million yen and raw materials and supplies of 978 million yen. Non-current assets increased 449 million yen to 67,046 million yen. The main reason was an increase in buildings and structures, net of 1,613 million yen, while there was a decrease of 1,154 million yen in other, net under property, plant and equipment resulting from a decrease in construction in progress.

Total liabilities as of September 30, 2021 were 42,926 million yen, down 565 million yen from March 31, 2021. Current liabilities increased 289 million yen to 31,565 million yen. Non-current liabilities decreased 855 million yen to 11,361 million yen. The main reasons were decreases in long-term borrowings of 470 million yen and other non-current liabilities of 418 million yen resulting from a decrease in deferred tax liabilities.

As a result, net assets totaled 89,752 million yen and the shareholders' equity ratio increased 0.5 percentage points to 64.4%.

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

Net cash provided by operating activities totaled 2,634 million yen, a decrease of 3,580 million yen from the same period of the previous fiscal year. Inflows included 2,899 million yen from profit before income taxes and 3,273 million yen from depreciation. Outflows included an increase of 1,569 million yen in inventories and income taxes paid of 1,247 million yen.

Net cash used in investing activities totaled 2,800 million yen, an increase of 554 million yen from the same period of the previous fiscal year. This included an outflow of 2,654 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 1,570 million yen, compared with net cash provided of 831 million yen in the same period of the previous fiscal year. Inflows included proceeds from long-term borrowings of 1,800 million

yen. Outflows included 2,115 million yen for the repayment of long-term borrowings and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 11,032 million yen as of September 30, 2021, down 1,245 million yen from March 31, 2021.

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

During the remainder of the fiscal year ending in March 2022, demand in the industrial materials category and other sectors is expected to increase as the global economy recovers because of progress with vaccinations. The decline in automobile production is increasing worldwide due to shortages of semiconductors and other components.

The forecast for crude oil in the second half of the fiscal year ending March 31, 2022 is US\$80 per barrel because COVID-19 vaccinations are enabling the global economy to begin returning to normal and the OPEC Plus is expected to continue to hold down oil production for the time being. In Japan, the prices of styrene monomer and general-purpose resins are high. In other countries, especially in the United States, the price of polypropylene remains high because of the tight supply of this material.

For MIRAMAT®, an expanded polyethylene sheet used for industrial packaging materials and flat panel display packaging, we forecast strong sales of products with substantial added value. The main reason for this outlook is the very strong demand for PCs and other digital products. Although we expect the semiconductor shortage to have only a limited impact on sales and earnings, this impact is beginning to increase. We plan to revise the prices of our products as needed to reflect the rising prices of fuel and raw materials worldwide.

As a result, we maintain the full-year consolidated forecast for the fiscal year ending March 31, 2022, which was disclosed in the First Quarter Results for the Fiscal Year Ending March 31, 2022 dated July 30, 2021.

** This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*