



January 31, 2022

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
Third 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:

February 4, 2022

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting:

None

Note: The original disclosure in Japanese was released on January 31, 2022 at 15:00 (GMT +9).

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

1. Third Quarter Results (April 1, 2021 to December 31, 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	%
Nine months ended Dec. 31, 2021	85,128	11.8	4,299	6.4	4,497	8.3	3,290	7.6
Nine months ended Dec. 31, 2020	76,145	(11.0)	4,038	(6.3)	4,152	(4.9)	3,058	(7.5)

Note: Comprehensive income: Nine months ended Dec. 31, 2021: 5,476 million yen (up 211.5%)
 Nine months ended Dec. 31, 2020: 1,758 million yen (up 75.9%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2021	110.38	-
Nine months ended Dec. 31, 2020	102.62	-

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 Dec. 31, 2021	135,994	89,875	62.9	2,870.29
As of Mar. 31, 2021	129,053	85,561	63.9	2,767.26

Reference: Shareholders' equity: As of Dec. 31, 2021: 85,559 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	113,000	10.1	4,700	(9.4)	4,900	(11.2)	3,200	6.1	107.35

Note: Revisions to the most recently announced consolidated forecast: Yes

Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attached documents.

*** Notes**

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

Newly added: - Excluded: -

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares outstanding (common stock)

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

As of Dec. 31, 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 Dec. 31, 2021:	1,604,976 shares	As of Mar. 31, 2021:	1,604,702 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2021:	29,808,612 shares	Nine months ended Dec. 31, 2020:	29,809,064 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or an auditing firm.

* Cautionary statement with respect to forward-looking statements

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

1. Qualitative Information on Quarterly Consolidated Financial Performance

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

(1) Explanation of Results of Operations

The global economy recovered during the first nine months of the current fiscal year, mainly due to stronger consumer spending, as restrictions on economic activity were gradually lifted. However, the pace of the recovery was slow because of another wave of infections caused by a new coronavirus variant, shortages of semiconductors and other components, the higher cost of raw materials, and other reasons. In Japan, although restrictions on economic activity imposed by states of emergency came to an end and delays caused by supply chain problems declined, the outlook for the economy is still uncertain due to the inability to predict the end of the pandemic.

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 medium-term business plan, “Change for Growth.” 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.

Net sales in the first nine months were higher than one year earlier mainly because of an increase in sales of products with substantial added value and revisions of prices for JSP products. The 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. There was an extraordinary loss was mainly because of a fire at a consolidated subsidiary in South Korea.

Net sales in the first nine months were 85,128 million yen, up 11.8% from the same period of the previous fiscal year. Operating profit increased 6.4% to 4,299 million yen, ordinary profit increased 8.3% to 4,497 million yen and profit attributable to owners of parent increased 7.6% to 3,290 million yen.

Results by business segment were as follows.

Extrusion Business

Sales volume of STYRENPAPER (expanded polystyrene sheet used in food packaging) and other materials for household products decreased. The main reason is lower sales of materials used for food trays following a temporary rapid growth in sales one year earlier although demand remains strong as people stay at home. Sales volume of MIRABOARD a material used for advertising displays, increased. Overall, sales in this category increased, due in part to price revisions.

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 decreased. Sales of materials for fabrication in the building construction market were about the same as one year earlier but sales of materials used for civil engineering applications were lower.

Overall segment sales increased due to higher sales of products with substantial added value and product price revisions. 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 2.9% to 29,417 million yen and operating profit increased 9.7% to 2,406 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 in response to another wave of COVID-19 infections and shortages of semiconductors and other components. But monetary sales and sales volume were higher than one year earlier because of the gradual 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. 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 Taiwan.

The sales volume of expandable polystyrene bead products, chiefly STYRODIA, was about the same as one year earlier mainly because of firm demand for these products in the fisheries and agriculture sectors. Although sales increased, mainly due to price revisions, more actions will be needed to respond to the significant increase in the cost of raw materials.

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. Earnings decreased as the benefits of price revisions were offset by the higher cost of raw materials.

As a result, sales in bead business increased 16.1% to 50,911 million yen and operating profit decreased 2.0% to 2,496 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 29.7% to 4,799 million yen and operating profit increased 201.0% to 151 million yen.

(2) Financial Position

Total assets as of December 31, 2021 were 135,994 million yen, up 6,940 million yen from March 31, 2021. Current assets increased 7,194 million yen to 69,651 million yen mainly due to increases in notes and accounts receivable-trade of 3,484 million yen, electronically recorded monetary claims-operating of 1,452 million yen and raw materials and supplies of 1,753 million yen. Non-current assets decreased 254 million yen to 66,343 million yen.

Total liabilities as of December 31, 2021 were 46,118 million yen, up 2,626 million yen from March 31, 2021. Current liabilities increased 4,370 million yen to 35,646 million yen mainly due to increases in notes and accounts payable-trade of 2,963 million yen and short-term borrowings of 1,155 million yen. Non-current liabilities decreased 1,743 million yen to 10,472 million yen mainly due to a decrease in long-term borrowings of 1,440 million yen.

As a result, net assets totaled 89,875 million yen and the shareholders' equity ratio decreased 1.0 percentage point to 62.9%.

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

Net cash provided by operating activities totaled 3,694 million yen, a decrease of 5,263 million yen from the same period of the previous fiscal year. Inflows included 4,261 million yen from profit before income taxes, 5,055 million yen from depreciation and an increase of 3,295 million yen in trade payables. Outflows included increases in trade receivables of 4,090 million yen and inventories of 2,624 million yen and income taxes paid of 1,810 million yen.

Net cash used in investing activities totaled 3,681 million yen, a decrease of 487 million yen from the same period of the previous fiscal year. This included an outflow of 3,415 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 2,255 million yen, an increase of 480 million yen from the same period of the previous fiscal year. Inflows included a net increase in short-term borrowings of 1,051 million yen and proceeds

from long-term borrowings of 1,800 million yen. Outflows included 3,236 million yen for the repayment of long-term borrowings and cash dividends paid of 1,490 million yen.

As a result, cash and cash equivalents totaled 10,503 million yen as of December 31, 2021, down 1,774 million yen from March 31, 2021.

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

Although the Japanese economy is expected to continue to recover in the fiscal year's fourth quarter because of progress with vaccinations, the outlook is becoming increasingly unclear. The main reasons are concerns about supply chain delays caused mainly by another wave of infections caused by a new coronavirus variant as well as shortages of semiconductors and other components.

The price of crude oil is expected to remain high mainly because of declining concerns about the pandemic's impact on demand as the percentage of severe COVID-19 cases falls and geopolitical risk increases. In addition, we anticipate a further increase in prices of styrene monomer and general-purpose resins and expect these prices to remain high.

At the JSP Group, sales of MIRAMAT, an expanded polyethylene sheet used for industrial packaging materials and flat panel display packaging, are expected to remain strong. We forecast slow sales of MIRAFOAM, an extruded board made of expanded polystyrene used as a thermal insulation material mainly in the housing, building construction, and industrial fields. The main reason is delays in deliveries of products using this material, particularly truck bodies for transporting frozen food, because of the pandemic and shortages of semiconductors and other components. We are revising prices to remain profitable as prices of fuel and raw materials climb worldwide. However, the prices of fuel and raw materials are currently even higher than when the fiscal year forecast was announced on October 29, 2021. More actions will be taken regarding sales prices, especially involving expanded polystyrene products such as STYRODIA, which is a product category where the impact of these higher prices is particularly significant.

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

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

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	114,000	5,200	5,400	3,600	120.77
Revised forecast (B)	113,000	4,700	4,900	3,200	107.35
Change (B – A)	(1,000)	(500)	(500)	(400)	-
Percentage change (%)	(0.9)	(9.6)	(9.3)	(11.1)	-
(Reference) Previous fiscal year results (Fiscal year ended Mar. 31, 2021)	102,668	5,185	5,519	3,017	101.22

Note: The above forecasts are based on all the information currently available, and the actual results may differ due to various factors.

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