



July 29, 2022

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
First Quarter Results for the Fiscal Year Ending March 31, 2023

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo Stock Exchange

URL: <https://www.co-jsp.co.jp/english/>

Code Number: **7942**

Representative: Tomohiko Okubo, President, Representative Director

Contact person: Yasushi Komori, Director, Executive Officer,

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Scheduled date of filing of Quarterly Report:

August 5, 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 July 29, 2022 at 15:00 (GMT +9).

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

1. First Quarter Results (April 1, 2022 to June 30, 2022) for the Fiscal Year Ending March 31, 2023

(1) Consolidated business performance

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2022	30,977	14.8	764	(51.3)	1,080	(30.7)	763	(30.3)
Three months ended Jun. 30, 2021	26,982	8.7	1,567	71.1	1,558	87.1	1,096	101.9

Note: Comprehensive income: Three months ended Jun. 30, 2022: 3,639 million yen (up 27.8%)
 Three months ended Jun. 30, 2021: 2,848 million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2022	25.63	-
Three months ended Jun. 30, 2021	36.78	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2022	139,928	93,126	63.4	2,975.29
As of Mar. 31, 2022	134,527	90,231	63.9	2,884.93

Reference: Shareholders' equity: As of Jun. 30, 2022: 88,688 million yen As of Mar. 31, 2022: 85,995 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, 2022	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2023	-	-	-	-	-
Fiscal year ending Mar. 31, 2023 (forecasts)	-	25.00	-	25.00	50.00

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

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	63,500	14.1	1,900	(36.4)	2,000	(35.1)	1,400	(38.6)	46.97
Full year	128,000	12.2	4,300	(6.3)	4,500	(7.6)	3,100	7.1	104.00

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 Jun. 30, 2022:	31,413,473 shares	As of Mar. 31, 2022:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	1,605,099 shares	As of Mar. 31, 2022:	1,605,071 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022:	29,808,391 shares	Three months ended Jun. 30, 2021:	29,808,749 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 JSP. 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 2 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the consolidated year under review, the global economic recovery slowed due to shortages in the supply of semiconductors and other components as a result of the spread of mutant strains of coronavirus, as well as soaring resource and energy prices, mainly as a result of the situation in Ukraine. The process of normalization of the previously restricted economic and social activities in the Japanese economy has now begun, with consumer spending and other key factors picking up, but the outlook for the economy remains unclear due to the impact of rapid price increases and delays in the supply chain.

The foamed plastics industry in Japan faced serious challenges as the recovery in demand came to a standstill and raw material prices continued to rise.

Under these circumstances, JSP is working to further increase its corporate value by promoting reform strategies aimed at "expanding the value we provide for both economic value and social value to our customers and for addressing social issues" and "fortifying the management base," which are the basic concepts underlying the 'Change for Growth' medium-term business plan.

First quarter sales 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 decreased from one year earlier because of a big increase in the cost of raw materials.

Net sales in the first quarter were 30,977 million yen, up 14.8% from the same period of the previous fiscal year. Operating profit decreased 51.3% to 764 million yen, ordinary profit decreased 30.7% to 1,080 million yen and profit attributable to owners of parent decreased 30.3% to 763 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of materials for household products, mainly STYRENPAPER, a foamed polystyrene sheet used in food packaging, increased due to an increase demand for food trays, but sales of MIRABOARD, a material used for advertising displays, remained at the same level as in the previous fiscal year.

Sales were higher than the previous fiscal year for industrial packaging products, including MIRAMAT, foamed polyethylene sheet used for industrial packaging materials and flat panel displays. The main reasons were higher sales of value-added products and general-purpose products.

Sales of MIRAFOAM, extruded board made of foamed polystyrene, and other construction and civil engineering materials increased. Sales of materials for fabrication in the building construction and housing markets were about the same as one year earlier but sales of materials used for civil engineering applications were higher.

Overall segment sales increased due to higher sales of products with substantial added value and product price revisions. Despite increased sales, earnings decreased due to the impact of soaring raw material prices.

As a result, sales in extrusion business increased 14.1% to 10,265 million yen and operating profit decreased 9.0% to 613 million yen.

Bead Business

ARPRO/P-BLOCK, expanded polypropylene, which is manufactured and sold worldwide, is used in a diverse array of applications. Major applications 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. Monetary sales and sales volumes of high-performance products, particularly ARPRO/P-BLOCK, increased, mainly due to an increase in demand from non-automotive sector, despite the impact of the spread of new mutant strains of coronavirus and of the situation in Ukraine. In Japan, sales in the automobile sector decreased. In North America, sales increased in the non-automotive sector. In South America, sales increased in the automobile sector. In Europe, sales declined from the same period a year earlier when business performance was strong. In Asia, sales in the packaging materials sector increased in China and Taiwan.

The sales volume of expandable polystyrene bead products, chiefly STYRODIA, decreased because of lower demand

for these products in the fisheries sector. Although sales increased, mainly due to price revisions, further action is being taken to respond to the continuing increase in the cost of raw materials.

Sales of FOAMCORE, a hybrid molded product used as a material for prefabricated bathroom unit ceilings and marine floats, increased mainly due to higher sales along with a recovery in demand.

Total sales in the bead business increased due to product price revisions and stronger sales of packaging materials in non-automotive areas. Earnings decreased due to the higher cost of raw materials.

As a result, sales in bead business increased 15.7% to 19,138 million yen and operating profit decreased 66.8% to 375 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 9.4% to 1,572 million yen and operating profit increased 98.0% to 38 million yen.

(2) Financial Position

Total assets as of June 30, 2022 were 139,928 million yen, up 5,400 million yen from March 31, 2022. Current assets increased 2,186 million yen to 70,689 million yen mainly due to increases in notes and accounts receivable-trade of 2,469 million yen, merchandise and finished goods of 573 million yen and raw materials and supplies of 1,100 million yen, while there was a decrease in cash and deposits of 2,226 million yen. Non-current assets increased 3,214 million yen to 69,238 million yen mainly due to increases in buildings and structures, net of 863 million yen, machinery, equipment and vehicles, net of 690 million yen and 1,269 million yen in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of June 30, 2022 were 46,801 million yen, up 2,505 million yen from March 31, 2022. Current liabilities increased 3,062 million yen to 36,160 million yen mainly due to an increase in short-term borrowings of 1,954 million yen. Non-current liabilities decreased 556 million yen to 10,641 million yen.

As a result, net assets totaled 93,126 million yen and the shareholders' equity ratio decreased 0.5 percentage points to 63.4%.

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

Net cash provided by operating activities totaled 548 million yen, an increase of 202 million yen from the same period of the previous fiscal year. Inflows included 938 million yen from profit before income taxes, 1,707 million yen from depreciation. Outflows included increases in trade receivables of 1,596 million yen and inventories of 1,238 million yen.

Net cash used in investing activities totaled 1,265 million yen, a decrease of 115 million yen from the same period of the previous fiscal year. Inflows included 1,629 million yen from a net decrease in time deposits, and outflows included 2,746 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 407 million yen, a decrease of 1,025 million yen from the same period of the previous fiscal year. Inflows included proceeds from a net increase in short-term borrowings of 1,848 million yen. Outflows included 1,220 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 9,973 million yen as of June 30, 2022, down 547 million yen from March 31, 2022.

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

We maintain the consolidated forecasts for the first half and full year of the fiscal year ending March 31, 2023, which was disclosed in the Summary of Financial Statement for the Fiscal Year Ended March 31, 2022 dated April 28, 2022.

** 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.*