

Midterm Business Plan

Change for Growth

▶ 2021–2023

“A Global Company for Global Society”

April of 2021

JSP Corporation



Review of “Deeper & Higher 2020”

Overview of “Deeper & Higher 2020”

In “Deeper & Higher 2020”, “Differentiation strategy” and “Growth strategy,” are in the middle of the road. To make the plan with a good balance, we added “Fortify the Management Base”, which is one of the basic policies of VISION 2027.

Basic Policy



Promote the Differentiation Strategy



Promote the Growth Strategy



Fortify the Management Base

Quantitative targets

FY2020 Midterm Business Plan

Net sales	¥138 billion
Operating income	¥11 billion
Operating income ratio	8.0%

FY2020 Forecast

¥102.7 billion
¥5.2 billion
5.1%

Four Growth Engines

- Make MIRAMAT[®] ACE a major competitive product as the market growth continues.
- MIRAFOAMTMλ and pre-cutting service had a trend to increase before the Covid-19 pandemic.
- Despite the stagnation of car production, the volume of ARPRO[®] used per vehicle is increasing.
- New business is slow to progress. Expect for the next midterm business plan.

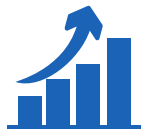
FY2020 Economic Environment

- Covid-19 had a large impact in the first half, and the recovery trend in the second half did not return to the same level as the previous year.
- Raw material prices had fallen sharply in the first half and were on the rise in the second half.
- Fixed costs were reduced due to restrictions for Covid-19.
- Movement to anti-plastic and circular economy

Long-term Vision "VISION 2027"

"A Global Company for Global Society"

Basic Policy



Fortify and expand existing businesses



Expand the business domain



Fortify the management base

Focus business domains

Four Growth Engines



Automotive components



Building and home insulation materials



FPD protection materials



New business domains

Management Policy

Deliver with
WOW!

- Inspire customers and consumers
- Deliver satisfaction to shareholders and the community
- Be excited in our work

Quantitative targets

	FY2017	VISION 2027
Net sales	¥114.2 billion	¥180 billion
Operating income	¥9.1 billion	¥18 billion
Operating income ratio	8.0%	10%

Basic Concept of "Change for Growth"

Basic Concept

1. "Expand provided value from economic value to social value to solve customers' and social issues"

Sustainability Management

Social issues

Significant issues influence on all stakeholders' way of thinking and behavior such as SDGs, the Paris Agreement and circular economy etc.

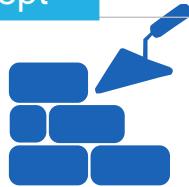


To gain the understanding, liability and sympathy as a company necessary for society

Basic Concept of “Change for Growth”

Basic Concept

2.



”Fortify the Management Base”

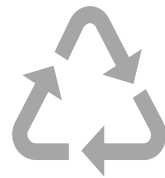
Based on the long-term vision, we aim to be a global company for global society. To achieve this, we work to fortify the management base which includes developing human resource, fostering a corporate culture based on health and safety and environmental preservation, and strengthening corporate governance. On top of that, “strengthening information system base” and “creating a corporate culture with job satisfaction” are newly added in the current midterm business plan.



Developing human resource



Work Safety



Environment preservation



Strengthening corporate governance



Strengthening information system base



Creating a corporate culture with job satisfaction

3 Change for Growth

Quantitative targets - Consolidated -

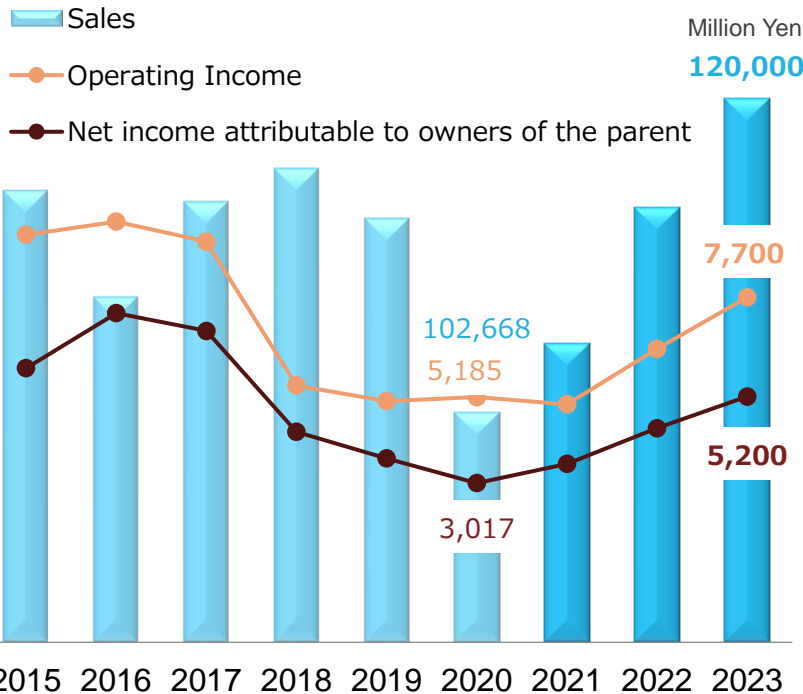
Vs FY2020

Net Sales

Up 17%

Operating Income

Up 49%



Quantitative targets

Million Yen

Net Sales	120,000
Operating income	7,700
Operating income ratio	6.4%

Assumptions

Crude oil (Dubai) \$50/barrel
Exchange rate

- ¥105/US\$
- ¥125/€
- ¥15/RMB

Segment Information (Summary)

	FY2020 Forecast	
	Net Sales	Operating Income
Extrusion	37,595	2,576
Bead	59,893	3,550
Other	5,179	96
Sub-total	102,668	6,223
Adjustment	-	△1,038
Total	102,668	5,185

	FY2023 Midterm Business Plan	
	Net Sales	Operating Income
Extrusion	41,800	2,800
Bead	72,400	6,000
Other	5,800	100
Sub-total	120,000	8,900
Adjustment	-	△1,200
Total	120,000	7,700

Income statement (plan)

Million Yen

Net sales	120,000
Operating income	7,700
Ordinary Income	7,900
Net income attributable to owners of the parent	5,200

Quantitative targets – Four Growth Engines -

As part of our growth strategy, we concentrate management resources into Four Growth Engines, including expanding business domains. We aim to drive stable and sustainable growth by being both aggressive and defensive while also seeking to increase management efficiency through a selection and concentration policy.

Four Growth Engines



Automotive components

Volume vs FY2019

Up23%

Increased demand for products that meet weight reduction, energy-saving and recycling requirements



Building and home insulation materials

Volume vs FY2019

Up12%

Expanding demand for energy-saving houses with high-performance insulation



FPD protection materials

Volume vs FY2019

Up20%

Increased demand for LCDs, organic EL panels, personal computers, etc.



New business domains

New Business

¥3billion

Promotion of M&A deals
Promotion of commercialization of existing promising projects

Qualitative targets

- Improve customer satisfaction through activities inspired by “Deliver with WOW!”
- Aim to improve profitability as well as social contributions and rewarding jobs by working on activities for SDGs.
- Build a strategic and efficient corporate organization.
- Prevent lost time incidents by using risk assessment, etc.

Transformation Strategies

Business Divisions

Living Materials

Bring resource-saving, environmentally friendly PSP to market

Industrial Materials

Strengthen market research and information collection to expand overseas

Construction and Civil Engineering Materials

Improve operational efficiency through digitization, increase efficiency of pre-cut products, streamline order processing, reduce workload and save costs

Advanced Materials

Establish mass production of next-generation products to meet energy-saving demands

EPS

Aim to propose raw materials with new concepts such as environmentally friendly materials

Transformation Strategies

Corporate Divisions

General Affairs

Improve the productivity of administrative work by using digital technology to make workflows more visible and automated, and to promote a paperless environment office

Personnel Affairs

Implement various personnel measures, stabilize employment of senior workers, and achieve diverse work-life balance. Aim to create strategic and efficient organization of corporate divisions.

Public and Investor Relations

Disseminate information internally and externally in line with sustainable management

Finance & Accounting

Respond to the Electronic Books Maintenance Act and improve operational efficiency

Information Technology

Promote business automation through the use of RPA (robotic process automation) tools in core business system

New Business Development

Promote M&A plans

General Technology

Consider activity plans and target setting towards virtually zero greenhouse gas emissions. Shift from factory management to LCA.

Logistics & Purchasing

Standardize and digitalize logistics operations

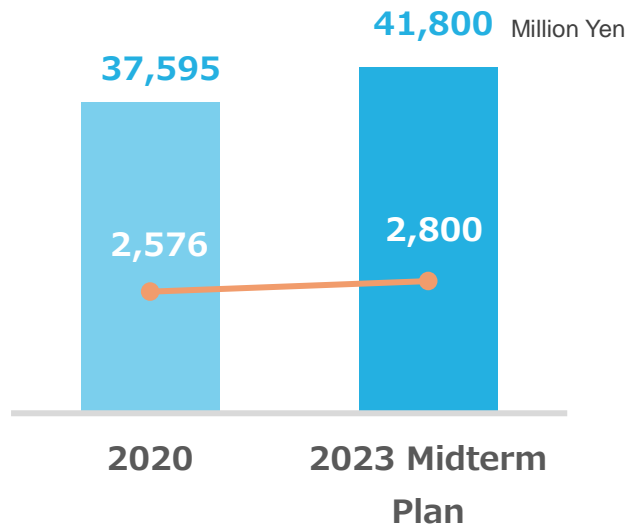
3 Change for Growth

Extrusion Business

vs FY2020

Net Sales **Up 11%**

Operating Income **Up 9%**



Food container material



「 STYRENE PAPER™ 」

- Proposal sales for resource saving products
- Bring “TEPT-ML”, peelable and heat-resistant PSP with superior recyclability, to market

「 MIRABOARD™ 」

- Market development for non-display products

Packaging material for industrial use



「 MIRAMAT® ACE 」

- Expansion of sales overseas
- Sales promotion of next generation MIRAMAT® ACE

Industrial material related product groups

- Establish a next-generation production system in Kanuma plants
- Find new markets related automotive, housing, medical and electronic component fields

Civil engineering and construction material



「 MIRAFOAM™ 」

- For major construction companies : increasing sales of MIRAFOAM™λ,
- For detached house : adoption to wall and ceiling application
- Pre-cut products: acquisition of new large/medium-sized housebuilders
- For Non-residential properties : increasing sales of thicker products

Bead Business

vs FY2020

Net Sales

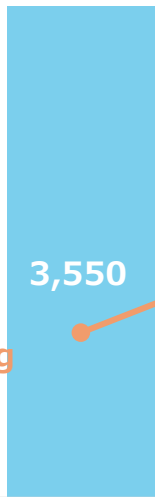
Up 21%

Operating Income

Up 69%

72,400 Million Yen

Sales 59,893



3,550

6,000

Operating Income

2020

2023 Midterm Plan

Automotive material



「ARPRO® (P-BLOCK™)」

- Meet energy-saving requirement by non-pressurization, non-curing time and high cycle technologies
- Promote automation and recycling

Cushioning material



「ELEMPOR® NEO」

- Drastic reduction of energy in molding
- Expansion of sales for flat panel display substrate transportation

Cushioning material for sports gear



「STYRODIA®」、 「CLEARPOR® ZERO」、 「HEATPOR® GR」etc.

- Aim at material proposal with new concept such as environmentally responsive type
- Improve profitability by development and sales of functional expandable material and resin

Investment plan

FY2021~FY2023

- Capital investment plan: ¥23.5 billion
- Depreciation cost: Approx. ¥20.0 billion (3-year total)

Main Capital spending

- Warehouse construction at Kanuma MF Plant as a logistic cost saving plan
- Production capacity expansion for ARPRO[®] (P-BLOCK) (Korea, Taiwan, India)
- Production process improvement in North America



(Note)

The forecasts in this document are based on available information at the time of publication. Actual results may differ due to a variety of factors.

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