

# First Half Results for the Fiscal Year Ending March 31, 2024 (1H FY3/24)

A Global Company for A Global Society

November 17, 2023

**JSP Corporation**



- 1. Summary of the Tender Offer and Dissolution of the Capital and Business Alliance**
2. 1H FY3/24 Summary of Business Operations and FY3/24 Outlook (Overall)
3. 1H FY3/24 Summary of Business Operations and FY3/24 Outlook (Business Segment)
4. ARPRO/P-BLOCK
5. 1H FY3/24 Supplementary Financial Information

# Summary of the Tender and Dissolution of the Capital/Business Alliance

## ■ Tender offer for repurchase of stock

Resolution of the Board of Directors	October 31, 2023
Tender offer period	From November 1 to 30, 2023
Maximum number of shares to be purchased	3,960,100 shares
Purchase price	1,661 yen (per common share)
Total value of shares to be repurchased	6,577,726,100 yen

## ■ Shares owned and pct. of ownership of Mitsubishi Gas Chemical

Mitsubishi Gas Chemical (MGC) ownership of JSP	Before 2015 TOB	Before this repurchase	After this repurchase (plan)
Number of shares outstanding	31,413,473 shares	31,413,473 shares	31,413,473 shares
Shares owned by MGC*	13,212,982 shares	16,100,676 shares	12,500,676 shares
JSP shares purchased	2,807,900 shares	-	3,600,000 shares
MGC ownership of JSP (not adjusted for treasury shares)	42.06%	51.25%	39.79%
MGC relationship with JSP	Equity method	Consolidated	Equity method

\*Includes stock held by MGC consolidated subsidiaries Mitsubishi Gas Chemical Trading, Inc. (58,250 shares), JAPAN FINECHEM COMPANY, INC. (10,772 shares) and U-PiCA Company Ltd. (10,772 shares).

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Tender Offer for Repurchase  
of Stock and Dissolution of  
Capital/Business Alliance

## ■ Background

- A capital/business alliance was established in 2015 in response to a request by Mitsubishi Gas Chemical.
- Mitsubishi Gas Chemical wanted to make JSP a consolidated subsidiary in order to benefit from synergies while respecting the autonomy of JSP's management.
- During the past few years, the views of investors about a parent company and its subsidiary both being publicly owned have changed.
- Although this relationship yielded some synergies, Mitsubishi Gas Chemical concluded that the benefits were not sufficient to maintain the capital/business alliance.

## ■ JSP's position

- JSP has always been operating independently, therefore the end of the alliance is expected to have only a negligible effect on sales and earnings.
- JSP plans to borrow about ¥6 billion for the tender offer to repurchase stock. JSP believes this loan can be repaid with no effect on its financial soundness or dividend policy.
- Taking this step will give JSP more options regarding its equity in order to conduct business operations with emphasis on the efficient use of capital.
- JSP remains dedicated to the growth of corporate value while implementing a growth strategy that matches the company's distinctive strengths and other characteristics.

**JSP plans to continue taking steps, including this tender offer, to improve capital efficiency.**

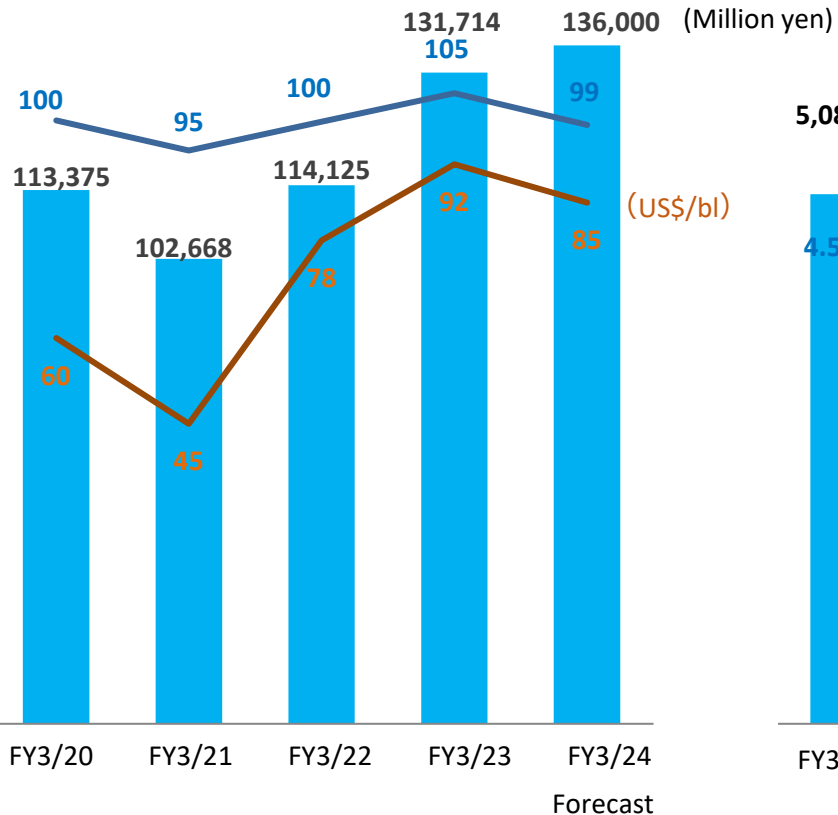
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# Financial Highlights

## Growth

Net Sales / Sales Volume

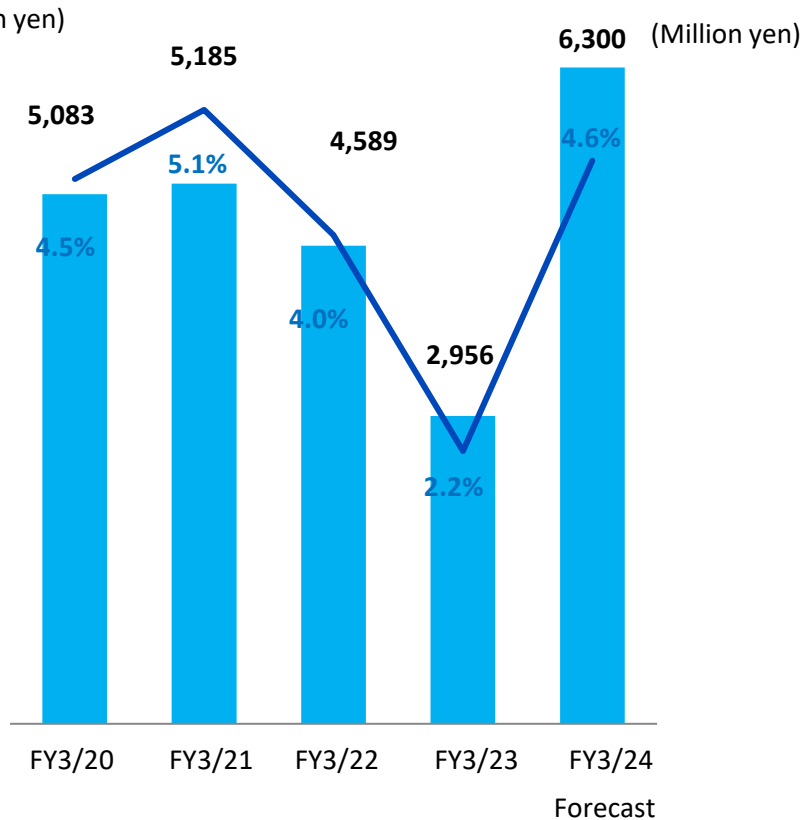


Sales Volume FY3/20=100

Dubai crude oil

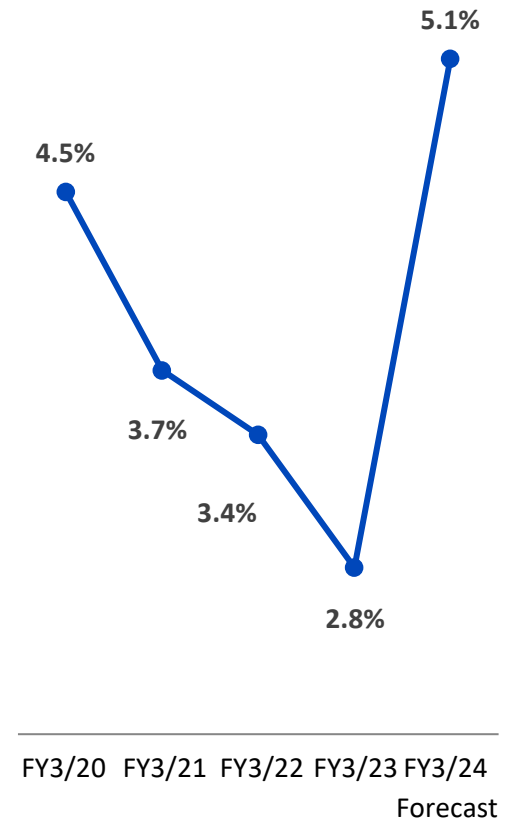
## Margin

Operating Profit / Operating Margin



## Return

Return on Equity



## Summary of Business Operations (1H FY3/24 Results)

Item (Million yen)	1H FY3/23 Results	1H FY3/24 Forecast (Announced Jul. 31)	1H FY3/24 Results	YoY Comparison	vs. Forecast
Net sales	64,252	67,000	66,432	+3.4%	-0.8%
Operating profit	1,404	3,000	3,247	+131.3%	+8.3%
Ordinary profit	1,860	3,200	3,617	+94.4%	+13.0%
Profit attributable to owners of parent	1,378	2,400	2,795	+102.8%	+16.5%

	1H FY3/23	1H FY3/24
Dubai crude oil (US\$/bl)	102.4	81.9
Forex (JPY/USD)	124.5	136.5
Forex (JPY/EUR)	135.2	147.9

- Despite lower sales volume in Japan, sales increased due to the higher sales volume of ARPRO/P-BLOCK, product price revisions, and the yen's depreciation.
- Operating profit increased because of product price revisions, cost-cutting and other measures to reduce variable expenses, and an increase of about ¥200 million due to the yen's depreciation. (see page 8)
- Dividend: Interim dividend ¥25 (same as the previous forecast)

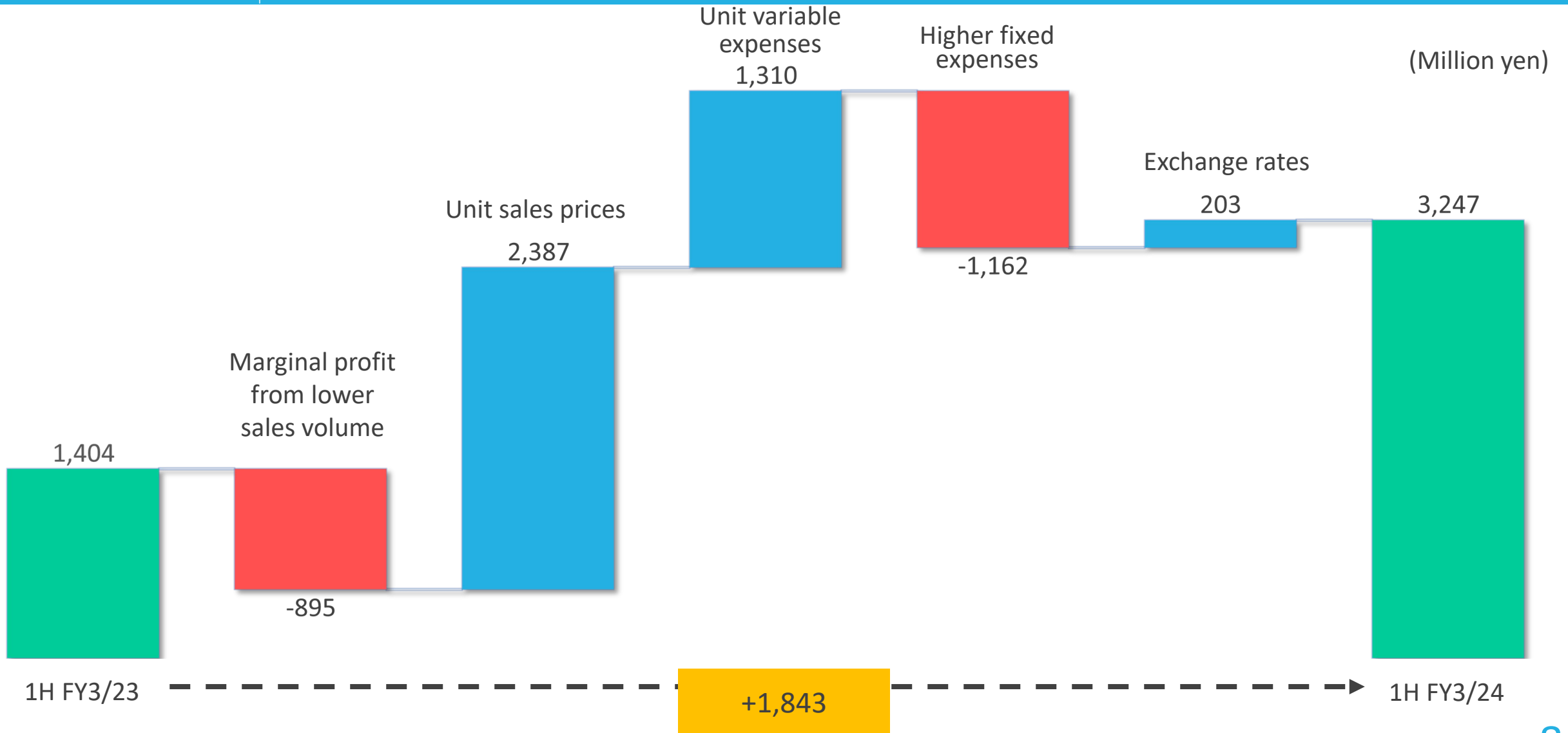
## Highlights of 1H FY3/24

### 1H FY3/23 Results vs. 1H FY3/24 Results

Segment	Product	Changes in sales	Changes in operating profit	Remarks
Extrusion Business Refer to page 13	Living materials	—	±	Although sales decreased due to lower sales volume, operating profit was about the same as one year earlier due to product price revisions.
	Industrial materials	—	—	Sales and operating profit decreased because of the lower sales volume of value-added products and general-purpose products.
	Construction and civil engineering materials	+	+	Sales and operating profit increased due to product price revisions and the higher sales volume of value-added products.
Bead Business Refer to page 15	Advanced materials	+	+++	Strong performance in the non-automotive sector in Europe and the U.S.; strong demand in the automotive sector in Japan and South America.
	Expandable bead	±	+	Operating profit increased due to product price revisions, etc., despite weak demand in the fisheries and agriculture sectors.
Other Refer to page 17	Other	—	—	Sales and operating profit were down due to lower demand in Japan and China.
	Total	+	++	Sales and operating profit increased mainly due to higher overseas sales and product price revisions.



# Components of Change in Operating Profit (1H Comparison)



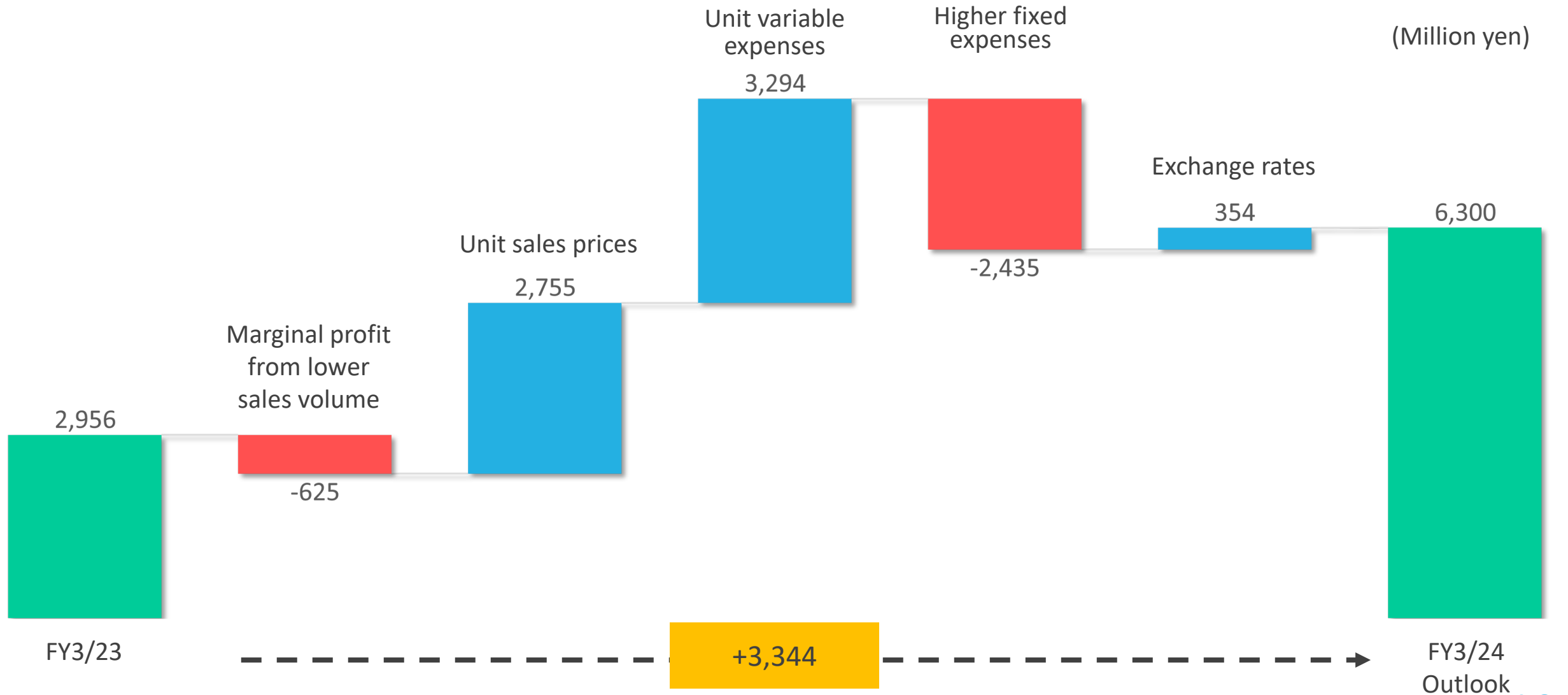
## Summary of Business Operations (FY3/24 Outlook)

Item (Million yen)	FY3/23 Results	FY3/24 Initial Forecast (Announced Jul. 31)	FY3/24 Outlook (Announced Oct. 31)	YoY Comparison	vs. Initial Forecast
Net sales	131,714	135,000	136,000	+3.3%	+0.7%
Operating profit	2,956	5,600	6,300	+113.1%	+12.5%
Ordinary profit	3,363	5,900	6,800	+102.2%	+15.3%
Profit attributable to owners of parent	2,531	4,300	5,000	+97.5%	+16.3%

	FY3/23	1H FY3/24	2H FY3/24 Forecast	FY3/24 Outlook
Dubai crude oil (US\$/bl)	92.5	81.9	88	85
Forex (JPY/USD)	132.1	136.5	148	142
Forex (JPY/EUR)	138.5	147.9	158	153

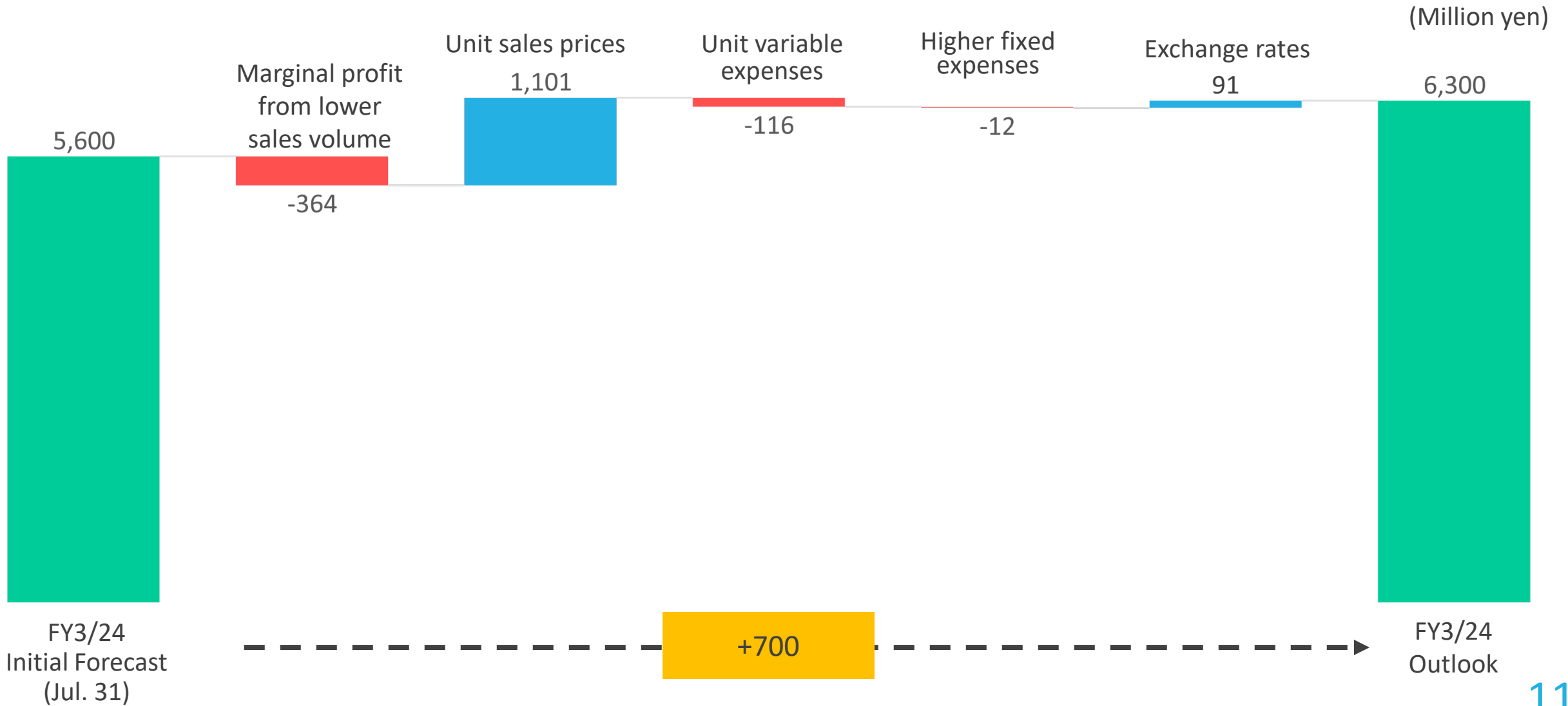
- Global economy outlook for 2H FY3/24: The outlook remains uncertain due to risk involving the Ukraine conflict and additional risk created by the Middle East turmoil. Forecast no change in the cost of energy from the current level.
- Dividend: Annual dividend (forecast) ¥50 per share (Interim dividend ¥25, Estimated year-end dividend ¥25)

# Components of Change in Operating Profit (Full Year YoY Comparison)



2 1H FY3/24 Overall

# Components of Change in Operating Profit (FY3/24 Initial Forecast vs. FY3/24 Outlook)



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## Extrusion Business (1H FY3/24 Results)

Item (Million yen)	1H FY3/23 Results	1H FY3/24 Results	YoY Comparison
Net sales	20,857	20,823	-0.2%
Operating profit	1,061	1,012	-4.7%

Sales decreased because of lower sales volume and operating profit decreased because of the lower sales volume of value-added products and the higher cost of utilities

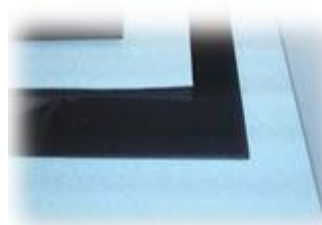
### Food packaging materials and food containers



#### STYRENEPAPER MIRABOARD

- Sales volume decreased in the food tray category and materials used for advertising displays, and operating profit was unchanged from one year earlier due to product price revisions.

### Industrial packaging materials



#### MIRAMAT CAPLON P-BOARD

- Sales and operating profit were down because the sales volume of value-added products and general-purpose products decreased.

### Home and building insulation materials and civil engineering materials



#### MIRAFOAM

- Sales volume of materials in the building and home construction sectors were unchanged from one year earlier.
- Sales volume of materials for civil engineering decreased.
- Sales and operating profit increased due to product price revisions and higher sales volume of value-added products.

## Extrusion Business (FY3/24 Outlook)

Item (Million yen)	FY3/23	FY3/24			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	42,443	20,823	21,677	42,500	+0.1%
Operating profit	1,767	1,012	688	1,700	-3.8%

Forecast no change in sales and lower operating profit due to the lower sales volume of value-added products

Food packaging materials and food containers



**STYRENPAPER**



**MIRABOARD**

- Forecast lower sales volume of STYRENPAPER, foamed polystyrene sheet used in food packaging, and other materials for household products.

Industrial packaging materials



**MIRAMAT  
CAPLON  
P-BOARD**

- Originally expected a recovery in sales volume of packaging materials used for flat panel displays beginning in the third quarter, but now anticipate to remain at a standstill.

Home insulation materials and civil engineering materials



**MIRAFOAM**



**J-WALLBLOCK**

- Strong sales volume is expected in the non-residential and industrial construction sectors.
- Demand in the home construction sector is expected to be sluggish

**3** 1H FY3/24  
Business Segment

# Bead Business (1H FY3/24 Results)

Item (Million yen)	1H FY3/23 Results	1H FY3/24 Results	YoY Comparison
Net sales	40,220	42,738	+6.3%
Operating profit	758	2,779	+266.6%

Sales and operating profit increased due to higher sales volume in non-automotive applications and product price revisions

A cushioning material for automotive parts and home appliances, and sports shoes

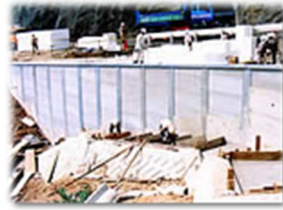


**ARPRO/P-BLOCK**  
**ELEMPOR NEO**



- Monetary sales and sales volumes increased mainly due to strong demand in the non-automotive sector.
- In Japan, the sales volume in the automobile sector increased. In North America, the sales volume in the automobile sector decreased but sales volume of returnable containers increased. In Europe, the sales volume in the HVAC was higher, although the sales volume declined in the automotive sector.

Expandable polystyrene, hybrid molded products



**STYRODIA**  
**HEATPOR**  
**CLEARPOR**  
**FOAMCORE**

- The sales volume of expandable polystyrene bead products, chiefly STYRODIA, decreased because of lower demand for these products in the fisheries and agriculture sectors. Operating profit increased due to product price revisions.
- Sales volume of FOAMCORE were unchanged from one year earlier.



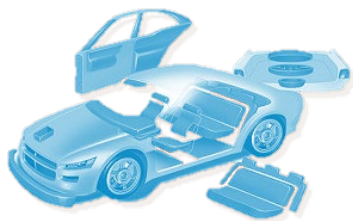
**3** 1H FY3/24 Business Segment

# Bead Business (FY3/24 Outlook)

Item (Million yen)	FY3/23	FY3/24			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	82,761	42,738	44,762	87,500	+5.7%
Operating profit	2,038	2,779	2,871	5,650	+177.2%

Higher sales and operating profit is expected despite lower sales volume of expandable polystyrene bead products

A cushioning material for automotive parts and home appliances, and sports shoes



**ARPRO/P-BLOCK**



**ELEMPOR NEO**

- Forecast higher sales volume because of a large volume of automobile production, and strong sales in non-automotive sectors in Europe and the United States.
- Expect an increase in operating profit due to declining prices of raw materials in North America, and revisions to assumptions about exchange rates.

Expandable polystyrene, hybrid molded products



**STYRODIA**



**CLEARPOR**



**HEATPOR**

- For beads, mainly STYRODIA expandable polystyrene bead products, we expect lower sales volume because of weak demand in the fisheries sector and in other markets.
- Forecast higher operating profit due to product price revisions.

## Other (1H FY3/24 Results and FY3/24 Outlook)

Item (Million yen)	1H FY3/23 Results	1H FY3/24 Results	YoY Comparison
Net sales	3,173	2,870	-9.6%
Operating profit	84	26	-68.8%

Lower sales and operating profit as weak demand in Japan and China

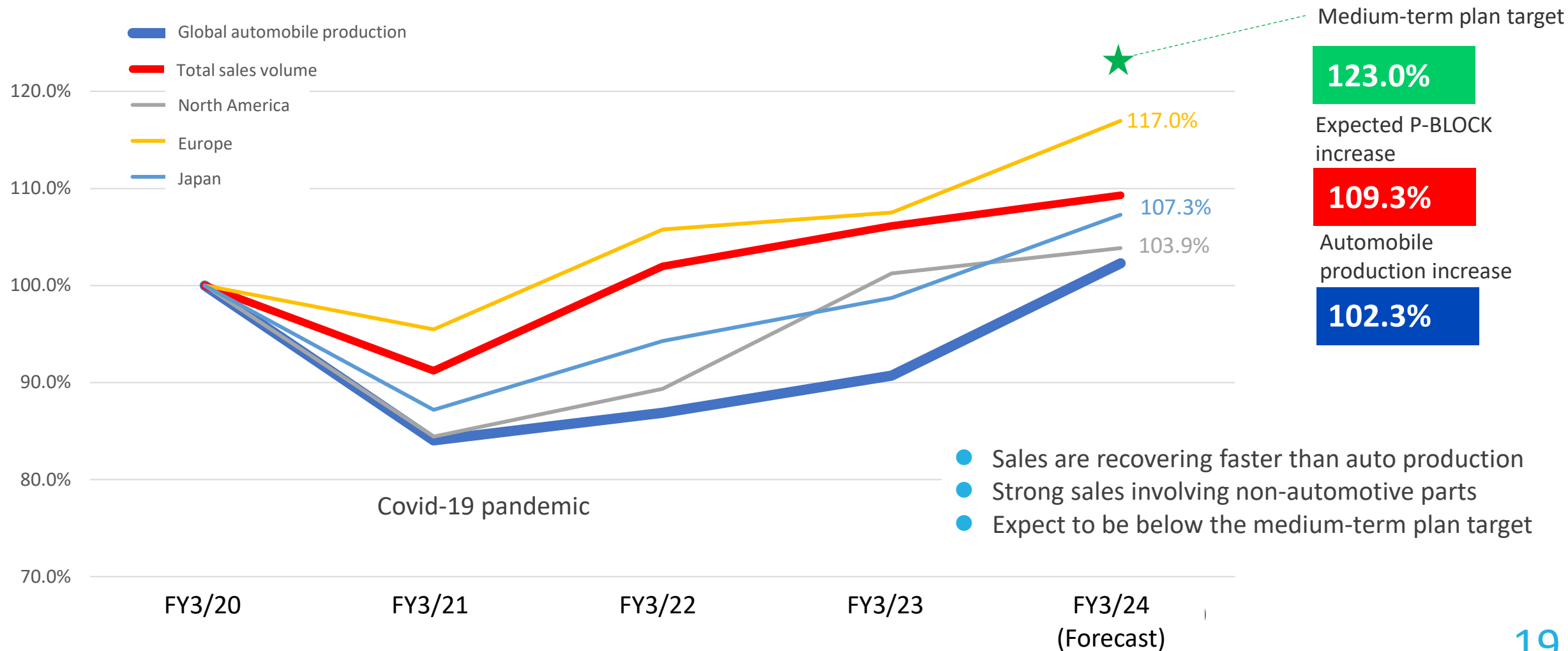
Item (Million yen)	FY3/23	FY3/24			YoY Comparison
	Results	1H Results	2H Forecast	Outlook	
Net sales	6,508	2,870	3,130	6,000	-7.8%
Operating profit	166	26	74	100	-40.1%

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4 ARPRO/P-BLOCK

# ARPRO/P-BLOCK Sales Recovering and 9% Higher than Pre-Pandemic

## ARPRO/P-BLOCK Sales Volume and Global Automobile Production



## Europe – Strong Sales in the HVAC Sector

- In Europe, the use of ARPRO, which has excellent thermal insulation properties and durability, is increasing for improving the environmental performance of HVAC systems.
- In the photos, taken at the Plastic Pavilion exhibition of environmental plastics held in Europe, ARPRO 35 Ocean\* was displayed as a material for heat pumps.

\* ARPRO 35 Ocean is made by using waste plastics, including the recycling of fishing nets found on shorelines.



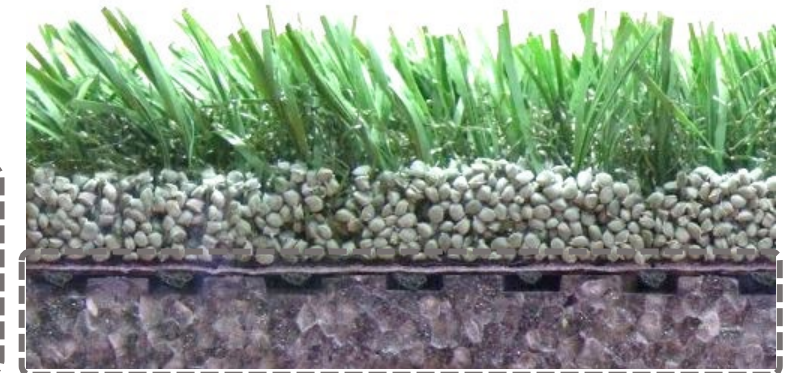
The light green foamed material is made of ARPRO 35 Ocean.

## 4 ARPRO/P-BLOCK

## ARPRO/P-BLOCK Non-Automotive Applications (2)

North America – Strong demand as an impact protection material in athletic fields

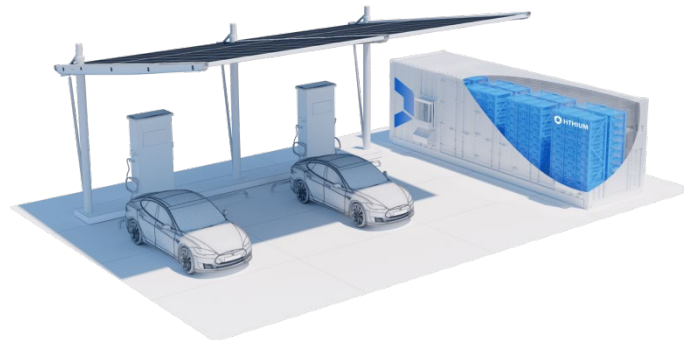
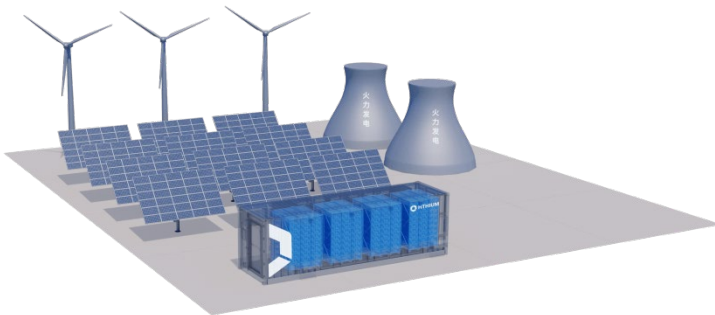
- In North America, the sales volume of an outdoor athletic field impact protection material made of ARPRO is high.
- The ARPRO impact protection material has outstanding cushioning properties, is easy to install and does not retain water. This material is used at outdoor amusement and sports facilities and for sheets underneath gardens.
- The photos show an American football stadium using this material.



Section using ARPRO

## China – Storage battery packaging material

- ARPRO/P-BLOCK has been certified by HiTHIUM in China as a storage battery packaging material and shipments have started.
- It is expected that China meets 18% of its demand for electricity in 2025 with wind and solar power. Along with this, demand for storage battery packaging materials is expected to increase.



Storage battery packaging material made of ARPRO/P-BLOCK

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## Results of Operations

(Million yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
1H FY3/24	66,432 (3.4%)	3,247 (131.3%)	3,617 (94.4%)	2,795 (102.8%)
1H FY3/23	64,252 (15.4%)	1,404 (-53.0%)	1,860 (-39.6%)	1,378 (-39.5%)

(Reference) Comprehensive income: 1H FY3/24: \7,748 million      1H FY3/23: \7,897 million

	Net income per share (Yen)	Operating profit to net sales
1H FY3/24	93.80	4.9%
1H FY3/23	46.26	2.2%

### Major yen exchange rates (January-June)

Currencies	US\$	€	RMB
1H FY3/24	136.52	147.92	19.55
1H FY3/23	124.52	135.17	19.13
YoY Comparison	109.6%	109.4%	102.2%

## Non-operating Income/Expenses Extraordinary Income/Loss

### Non-operating Income/Expenses

Account (Million yen)	1H FY3/23	1H FY3/24
Interest income	93	198
Foreign exchange gains	111	-
Other	370	305
Total non-operating income	574	504
Interest expenses	54	86
Foreign exchange losses	-	24
Loss on disaster	39	-
Other	25	23
Total non-operating expenses	118	134

### Extraordinary Income/Loss

Account (Million yen)	1H FY3/23	1H FY3/24
Gain on sales of non-current assets	8	11
Collection of money transfer scam at subsidiary	110	-
Total extraordinary income	118	11
Loss on sales of non-current assets	0	7
Loss on retirement of non-current assets	149	21
Impairment loss	108	-
Total extraordinary losses	259	28

## Financial Position

(Million yen)	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
As of Sep. 30, 2023	152,063	103,126	64.8%	3,303.74
As of Mar. 31, 2023	144,528	96,123	63.5%	3,076.73

(Reference) Shareholders' equity: As of Sep. 30, 2023: \98,478 million  
As of Mar. 31, 2023: \91,711 million

### Major yen exchange rates

Currencies	US\$	€	RMB
As of Jun. 30, 2023	144.99	147.92	19.95
As of Dec. 31, 2022	132.74	141.50	19.03

## Balance Sheet

Account (Million yen)		As of Mar. 31, 2023	As of Sep. 30, 2023	Change
Assets	Current assets	73,822	79,128	5,306
	Non-current assets	70,706	72,934	2,228
Total assets		144,528	152,063	7,534
Liabilities	Current liabilities	36,443	36,687	243
	Non-current liabilities	11,961	12,248	287
	Total liabilities	48,404	48,936	531
Net assets	Shareholders' equity	86,766	88,817	2,050
	Accumulated other comprehensive income	4,944	9,660	4,715
	Non-controlling interests	4,412	4,648	236
	Total net assets	96,123	103,126	7,002
Total liabilities and net assets		144,528	152,063	7,534

**5** Supplementary Financial  
Information

## Net Assets

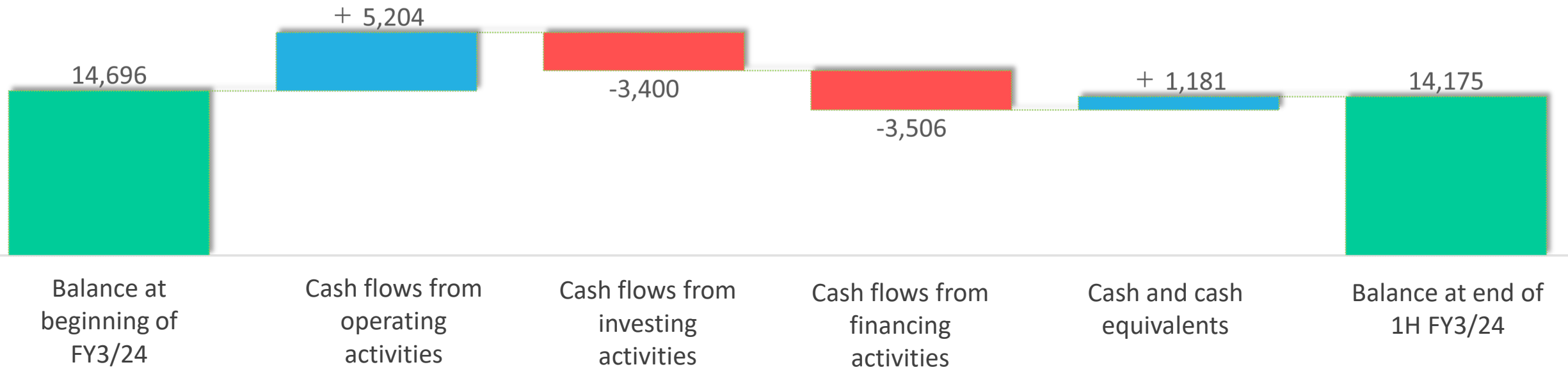
Account (Million yen)		As of Mar. 31, 2023	As of Sep. 30, 2023	Change
Shareholders' equity	Capital stock	10,128	10,128	-
	Capital surplus	13,405	13,405	-
	Retained earnings	64,621	66,672	2,050
	Treasury shares	(1,388)	(1,388)	(0)
	Total	86,766	88,817	2,050
Accumulated other comprehensive income	Valuation difference on available-for-sale securities	408	602	193
	Foreign currency translation adjustment	3,864	8,429	4,565
	Remeasurements of defined benefit plans	672	629	(43)
	Total	4,944	9,660	4,715
Non-controlling interests		4,412	4,648	236
Total net assets		96,123	103,126	7,002

5 Supplementary Financial  
Information

# Cash Flows, Capital Expenditures, Depreciation, R&D Expenses

## Cash Flows

(Million yen)



## Capital Expenditures, Depreciation, R&D Expenses

(Million yen)	Capital expenditures	Depreciation	R&D expenses
1H FY3/24	3,261	3,642	1,148
1H FY3/23	4,714	3,492	1,109

Note: Capital expenditures are on a cash basis.

5 Supplementary Financial Information

# Medium-term Business Plan and Progress Report on the Four Drivers of Growth

Medium-term business plan, “Change for Growth” (FY3/22 to FY3/24)

### Basic concepts

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

### Business transformation strategy

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

### Progress Report on the Four Drivers



Automotive parts\*1



Thermal insulation materials for buildings and houses\*2



Flat panel display cushioning materials



New business domains

	Automotive parts*1	Thermal insulation materials for buildings and houses*2	Flat panel display cushioning materials	New business domains
FY3/24 Goals	+23%	+12%	+20%	Net sales: \3.0 billion
FY3/23 Results	+6.1%	-6.5%	+16%	Net sales: \0.6 billion
FY3/24 Outlook	+9.3%	-4.5%	+5.2%	Net sales: \0.56 billion

Numerical targets	Million yen
Net sales	120,000
Operating profit	7,700
Operating margin (%)	6.4%
FY3/24 Outlook	Million yen
Net sales	136,000
Operating profit	6,300
Operating margin (%)	4.6%

\*1. Sales volume of the expanded polypropylene (EPP) business \*2. Sales volume of the construction and civil engineering business  
 Figures in the columns of automotive parts, thermal insulation materials for buildings and houses, and FPD surface cushioning materials are changes in volumes compared with FY3/20.

### Cautionary statement with respect to forecasts

Forecasts are based on all the information currently available, and the actual results may differ due to various factors.

# JSP Corporation

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