



October 31, 2022

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
Second 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
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 Phone: +81-3-6212-6306
 Scheduled date of filing of Quarterly Report: November 8, 2022
 Scheduled date of payment of dividend: December 5, 2022
 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 31, 2022 at 15:00 (GMT +9).

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

1. Second Quarter Results (April 1, 2022 to September 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	%
Six months ended Sep. 30, 2022	64,252	15.4	1,404	(53.0)	1,860	(39.6)	1,378	(39.5)
Six months ended Sep. 30, 2021	55,673	15.8	2,985	132.5	3,081	142.8	2,280	151.0

Note: Comprehensive income: Six months ended Sep. 30, 2022: 7,897 million yen (up 71.4%)
 Six months ended Sep. 30, 2021: 4,608 million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2022	46.26	-
Six months ended Sep. 30, 2021	76.49	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2022	145,496	97,383	63.8	3,112.03
As of Mar. 31, 2022	134,527	90,231	63.9	2,884.93

Reference: Shareholders' equity: As of Sep. 30, 2022: 92,764 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	-	25.00			
Fiscal year ending Mar. 31, 2023 (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, 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
Full year	131,000	14.8	3,200	(30.3)	3,700	(24.0)	2,700	(6.7)	90.58

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 2 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 Sep. 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 Sep. 30, 2022:	1,605,203 shares	As of Mar. 31, 2022:	1,605,071 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2022:	29,808,343 shares	Six months ended Sep. 30, 2021:	29,808,654 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 half of the current fiscal year, the global economic recovery slowed due to shortages of semiconductors and other components as a result of another wave of the pandemic, soaring resource and energy prices mainly as a result of the situation in Ukraine, as well as fluctuations of the financial and capital markets. The process of normalization of the previously restricted economic and social activities in the Japanese economy has now begun. Consumer spending and other key factors are 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.

JSP is working to further increase its corporate value by implementing 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 half sales were higher than one year earlier mainly because of revisions of prices for JSP products. The operating profit decreased from one year earlier because of delays in product price revisions to reflect the continuing increase in the cost of raw materials and other reasons.

Net sales in the first half were 64,252 million yen, up 15.4% from the same period of the previous fiscal year. Operating profit decreased 53.0% to 1,404 million yen, ordinary profit decreased 39.6% to 1,860 million yen and profit attributable to owners of parent decreased 39.5% to 1,378 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 higher sales of food trays and of MIRABOARD, a material used for advertising displays, and revisions of prices for JSP products.

Sales were higher than the previous fiscal year for industrial packaging products, including MIRAMAT, a foamed polyethylene sheet used for industrial packaging materials and flat panel displays, due to product price revisions. Sales of value-added products and general-purpose products were about the same as one year earlier.

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

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

As a result, extrusion business sales increased 10.8% to 20,857 million yen and operating profit decreased 27.8% to 1,061 million yen.

Bead Business

ARPRO/P-BLOCK, an expanded polypropylene product manufactured and sold worldwide, is used in a diverse array of applications. Major applications are automotive parts such as bumper cores and seat cores, 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 higher demand in non-automotive sectors, despite the impact of another wave of the pandemic and the Ukraine crisis. In Japan, the sales volume in the automobile sector increased and the sales volume in non-automotive sectors was about the same as one year earlier. In North America, the sales volume in the automobile sector decreased but increased in non-automotive sectors. In South America, the sales volume increased in the automobile sector. In Europe, the sales volume declined from the same period a year earlier when performance was strong but sales in non-automotive sectors were steady. In China, the sales volume in the packaging materials sector increased but decreased in the automobile sector mainly due to the impact of lockdowns.

The sales volume of expandable polystyrene bead products, chiefly STYRODIA, decreased because of lower demand for these products in the fisheries sector. Although monetary sales increased, mainly due to price revisions, further actions are 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 a recovery in demand.

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

As a result, sales in bead business increased 19.0% to 40,220 million yen and operating profit decreased 61.2% to 758 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 4.5% to 3,173 million yen and operating profit increased 34.8% to 84 million yen.

(2) Financial Position

Total assets as of September 30, 2022 were 145,496 million yen, up 10,969 million yen from March 31, 2022. Current assets increased 6,379 million yen to 74,883 million yen mainly due to increases in notes and accounts receivable-trade of 3,640 million yen, merchandise and finished goods of 1,012 million yen and raw materials and supplies of 1,036 million yen. Non-current assets increased 4,589 million yen to 70,613 million yen mainly due to increases in buildings and structures, net of 1,807 million yen and machinery, equipment and vehicles, net of 1,166 million yen.

Total liabilities as of September 30, 2022 were 48,113 million yen, up 3,817 million yen from March 31, 2022. Current liabilities increased 2,792 million yen to 35,890 million yen mainly due to an increase in short-term borrowings of 2,240 million yen. Non-current liabilities increased 1,024 million yen to 12,222 million yen.

As a result, net assets totaled 97,383 million yen and the shareholders' equity ratio decreased 0.1 percentage points to 63.8%.

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

Net cash provided by operating activities totaled 1,776 million yen, a decrease of 858 million yen from the same period of the previous fiscal year. Inflows included 1,720 million yen from profit before income taxes, 3,492 million yen from depreciation. Outflows included increases in trade receivables of 1,995 million yen, inventories of 996 million yen and income taxes paid of 412 million yen.

Net cash used in investing activities totaled 3,183 million yen, an increase of 383 million yen from the same period of the previous fiscal year. Inflows included 1,638 million yen from a net decrease in time deposits, and outflows included 4,714 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 1,412 million yen, compared with net cash used of 1,570 million yen in the same period of the previous fiscal year. Inflows included proceeds from a net increase in short-term borrowings of 1,938 million yen and proceeds from long-term borrowings of 2,900 million yen. Outflows included 2,290 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 11,846 million yen as of September 30, 2022, up 1,325 million yen from March 31, 2022.

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

There are concerns about an economic downturn in the second half of the fiscal year or afterward because of the high cost of resources and energy due to the Ukraine crisis, fluctuations of the financial and capital markets, and other events. Cost of raw materials is expected to remain high due to the announcement by OPEC Plus of an oil production cuts. In Japan, shortages of semiconductors and other components and supply chain disruptions are likely to decline.

However, the increasingly uncertain outlook because of the combination of a decline of the economy and rising prices is making consumers cautious about spending and having other negative effects.

Extrusion Business

We expect that sales of STYRENPAPER, foamed polystyrene sheet used in food packaging, and other materials for household products will be about the same as in the fiscal year forecast announced on April 28, 2022.

For industrial packaging products, mainly MIRAMAT, foamed polyethylene sheet used for industrial packaging materials and flat panel displays, we expect that flat panel display packaging material sales will be below our forecast because of the negative effects of global inflation on consumer sentiment and the end of special demand due to telework and other factors.

We expect that sales of construction and civil engineering materials, mainly MIRAFORM, extruded board made of foamed polystyrene, will be higher than our forecast. Sales of residential thermal insulation materials are slow because of concerns about a decline in purchases of homes caused by the rising cost of building materials and other reasons. However, we anticipate strong sales in the civil engineering sector.

Overall, although we expect a decrease in the sales volume, we expect sales in this business to increase because of revisions of selling prices of products and we expect earnings to be about the same as in the previous fiscal year forecast.

Bead Business

Although signs of the end of shortages of semiconductors and other components are beginning to appear, sales of ARPRO/P-BLOCK, expanded polypropylene product manufactured and sold worldwide, will probably continue to be affected by reduced levels of production by automakers. In addition, demand is remaining soft in Japan and other Asian countries. As a result, we expect that fiscal year sales of ARPRO/P-BLOCK will be below our previous fiscal year forecast. We anticipate a decrease in earnings because of significant increases in the cost of utilities and logistics in North America and weak demand for JSP products at panel manufacturers in China, Taiwan and other areas.

For beads, mainly STYRODIA expanded polypropylene bead products, we expect that sales will be less than in our previous forecast because of weak demand in the fisheries sector and in other markets. We also anticipate earnings that are below our forecast primarily due to the delayed price revisions of our bead products.

Overall, although we forecast a decrease in the sales volume, we expect an increase in sales because of product price revisions but earnings that are less than in our previous fiscal year forecast.

Other

We forecast sales and earnings that are about the same as in the previous fiscal year forecast.

As result, the consolidated forecast for the fiscal year ending March 31, 2023 was revised as follows.

Revision to Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

	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)	128,000	4,300	4,500	3,100	104.00
Revised forecast (B)	131,000	3,200	3,700	2,700	90.58
Change (B – A)	3,000	(1,100)	(800)	(400)	-
Percentage change (%)	2.3	(25.6)	(17.8)	(12.9)	-
(Reference) Previous fiscal year results (Fiscal year ended Mar. 31, 2022)	114,125	4,589	4,868	2,893	97.06

Assumptions

		Previous forecast	Revised forecast
Dubai crude oil (USD/BL)		110	96
Exchange rates	JPY/USD	120	133
	JPY/EUR	130	140
	JPY/CNY	19.0	20.0

Note: The above forecasts are based on all 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.*