



January 31, 2023

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
Third 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:

February 6, 2023

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, 2023 at 15:00 (GMT +9).

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

1. Third Quarter Results (April 1, 2022 to December 31, 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	%
Nine months ended Dec. 31, 2022	99,080	16.4	2,315	(46.1)	2,763	(38.6)	2,109	(35.9)
Nine months ended Dec. 31, 2021	85,128	11.8	4,299	6.4	4,497	8.3	3,290	7.6

Note: Comprehensive income: Nine months ended Dec. 31, 2022: 9,518 million yen (up 73.8%)
 Nine months ended Dec. 31, 2021: 5,476 million yen (up 211.5%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	70.78	-
Nine months ended Dec. 31, 2021	110.38	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2022	150,406	98,259	62.3	3,145.23
As of Mar. 31, 2022	134,527	90,231	63.9	2,884.93

Reference: Shareholders' equity: As of Dec. 31, 2022: 93,753 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: 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 Dec. 31, 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 Dec. 31, 2022:	1,605,228 shares	As of Mar. 31, 2022:	1,605,071 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	29,808,318 shares	Nine months ended Dec. 31, 2021:	29,808,612 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 nine months of the current fiscal year, the global economic recovery slowed due to shortages of semiconductors and other components as a result of the spread of the pandemic, inflation such as 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. Although consumer spending, capital expenditures and other parts of the economy are recovering, the outlook for the economy is uncertain due to inflation linked to rising prices of resources and energy and the yen's rapid depreciation and to restrictions on the supplies of many items.

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

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.

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 nine months were 99,080 million yen, up 16.4% from the same period of the previous fiscal year. Operating profit decreased 46.1% to 2,315 million yen, ordinary profit decreased 38.6% to 2,763 million yen and profit attributable to owners of parent decreased 35.9% to 2,109 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 volume of food trays and of MIRABOARD, a material used for advertising displays, and revisions of prices for these 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. The sales volume of value-added products and general-purpose products decreased.

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

Overall, the sales volume in this segment was about the same as one year earlier but monetary sales were higher because of product price revisions. Earnings decreased due to the impact of soaring raw material prices.

As a result, extrusion business sales increased 8.8% to 32,009 million yen and operating profit decreased 33.6% to 1,597 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 despite the impact of the spread of the pandemic and the Ukraine crisis. Sales volumes increased in Japan, North America, South America, Singapore and South Korea, were unchanged in Europe and China, and decreased in Taiwan.

The sales volume of expandable polystyrene bead products, chiefly STYRODIA, decreased because of lower demand for these products in the fisheries sector. Monetary sales increased mainly due to product price revisions.

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 this segment increased because of higher sales of high-performance products and product price revisions. Earnings decreased due to the higher cost of raw materials.

As a result, sales in bead business increased 22.0% to 62,089 million yen and operating profit decreased 46.9% to 1,326 million yen.

Other

Sales of general packaging materials increased in Japan as sales volume 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 3.8% to 4,982 million yen and operating profit increased 0.9% to 152 million yen.

(2) Financial Position

Total assets as of December 31, 2022 were 150,406 million yen, up 15,879 million yen from March 31, 2022. Current assets increased 9,866 million yen to 78,370 million yen mainly due to increases in notes and accounts receivable-trade of 6,047 million yen, electronically recorded monetary claims-operating of 1,732 million yen and merchandise and finished goods of 1,413 million yen. Non-current assets increased 6,012 million yen to 72,036 million yen mainly due to increases in buildings and structures, net of 1,491 million yen and machinery, equipment and vehicles, net of 1,125 million yen, and a 1,344 million yen increase in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of December 31, 2022 were 52,147 million yen, up 7,851 million yen from March 31, 2022. Current liabilities increased 7,520 million yen to 40,619 million yen mainly due to increases in notes and accounts payable-trade of 2,977 million yen and short-term borrowings of 3,782 million yen. Non-current liabilities increased 330 million yen to 11,527 million yen.

As a result, net assets totaled 98,259 million yen and the shareholders' equity ratio decreased 1.6 percentage points to 62.3%.

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

Net cash provided by operating activities totaled 4,191 million yen, an increase of 497 million yen from the same period of the previous fiscal year. Inflows included 2,685 million yen from profit before income taxes, 5,308 million yen from depreciation and an increase of 2,816 million yen in trade payables. Outflows included increases in trade receivables of 5,570 million yen, inventories of 1,021 million yen and income taxes paid of 802 million yen.

Net cash used in investing activities totaled 5,054 million yen, an increase of 1,373 million yen from the same period of the previous fiscal year. Inflows included 1,289 million yen from a net decrease in time deposits, and outflows included 6,270 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 802 million yen, compared with net cash used of 2,255 million yen in the same period of the previous fiscal year. Inflows included proceeds from a net increase in short-term borrowings of 3,399 million yen and proceeds from long-term borrowings of 2,900 million yen. Outflows included 3,505 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 12,014 million yen as of December 31, 2022, up 1,494 million yen from March 31, 2022.

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

In Japan, shortages of semiconductors and other components and supply chain disruptions are likely to decline in the fiscal year's fourth quarter. 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.

The JSP Group will continue to work on product price revisions to maintain profitability as the cost in Japan of raw

materials, utilities, logistics and many other items continues to climb.

We maintain the consolidated forecasts for the fiscal year ending March 31, 2023, which was disclosed in the Second Quarter Results for the Fiscal Year Ending March 31, 2023 dated October 31, 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.*