



July 30, 2019

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
First Quarter Results for the Fiscal Year Ending March 31, 2020

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

URL: <https://www.jsp.com>

Code Number: **7942**

Representative: Yukio Sakai, President, Representative Director

Contact person: Yasushi Komori,

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Scheduled date of filing of Quarterly Report:

August 7, 2019

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 30, 2019 at 15:00 (GMT +9).

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

1. First Quarter Results (April 1, 2019 to June 30, 2019) for the Fiscal Year Ending March 31, 2020

(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, 2019	27,731	(1.2)	985	(24.1)	1,012	(28.1)	814	(26.1)
Three months ended Jun. 30, 2018	28,081	1.8	1,297	(41.7)	1,408	(38.1)	1,102	(35.4)

Note: Comprehensive income: Three months ended Jun. 30, 2019: 755 million yen (-%)
 Three months ended Jun. 30, 2018: (793) million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	27.33	-
Three months ended Jun. 30, 2018	36.98	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2019	129,995	84,151	61.8	2,694.55
As of Mar. 31, 2019	129,229	84,141	62.1	2,691.76

Reference: Shareholders' equity: As of Jun. 30, 2019: 80,322 million yen As of Mar. 31, 2019: 80,239 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, 2019	-	25.00	-	25.00	50.00
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (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, 2020

(April 1, 2019 to March 31, 2020)

(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	59,000	2.7	3,500	24.9	3,600	20.0	2,760	17.4	92.59
Full year	119,400	2.8	7,200	31.4	7,400	26.8	5,430	26.0	182.16

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 2019:	31,413,473 shares	As of Mar. 31, 2019:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	1,604,292 shares	As of Mar. 31, 2019:	1,604,195 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	29,809,233 shares	Three months ended Jun. 30, 2018:	29,809,900 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 the Company. 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 current fiscal year, although there were concerns about the US-China trade war, the U.S. economy remained stable due to firm consumer spending and other factors. In Europe, the employment statistics continued to improve, but economic growth slowed due to factors such as weakness in exports. In Asia, economic growth was sluggish due to the impact of the US-China trade war and other issues. In Japan, the economy recovered moderately due to a continued recovery in consumer spending as the employment picture improved, but there was a strong sense of stagnation as a result of the slowdown in external demand and other factors.

In Japan's foamed plastic industry, raw materials costs remained stable, but the business environment was severe due to weak demand in the food packaging, fisheries and agricultural sectors, combined with rising transportation costs.

Sales in the first quarter were lower than in the same period of the previous fiscal year especially as demand from some sectors was sluggish. Operating profit also decreased, despite product price revisions in response to rising raw material and cargo transportation costs, due to factors including the impact of sluggish demand and an increase in fixed expenses associated with the construction of a production system intended for new demand.

Net sales in the first quarter were 27,731 million yen, down 1.2% from the same period of the previous fiscal year. Operating profit decreased 24.1% to 985 million yen, ordinary profit decreased 28.1% to 1,012 million yen and profit attributable to owners of parent decreased 26.1% to 814 million yen.

Results by business segment were as follows.

Extrusion Business

The sales volume of STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products decreased chiefly due to lower sales of materials used for food trays and of MIRABOARD™, a material used for advertising displays.

Sales of industrial packaging products were unchanged from the same period of the previous fiscal year mainly because of strong sales of value-added products although the sales volume of general-purpose products was lower. MIRAMAT® (expanded polyethylene sheet), which is used for industrial packaging materials and flat panel displays, accounts for most sales in this category.

Sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials were about the same as in the first quarter of the previous fiscal year. The main reason was higher sales of high-performance thermal insulation products and parts pre-cut for fabrication in the building construction market and lower sales of materials used for civil engineering applications.

Overall, segment sales decreased because of lower sales in some sectors despite higher sales of value-added products. Earnings increased due to higher sales of value-added products and price revisions to reflect the higher cost of raw materials and cargo transportation.

As a result, extrusion segment sales decreased 0.5% to 9,619 million yen and operating profit increased 9.0% to 451 million yen.

Bead Business

ARPRO®/P-BLOCK™ (expanded polypropylene), which is manufactured and sold worldwide, is used in a diverse array of applications. Major uses 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. Sales of ARPRO®/P-BLOCK™ and other high-performance products decreased due to lower demand, while there was some degree of expansion in the range of new automotive parts and various other applications in which they are used. In Japan, sales of materials used in automotive parts remained strong. In North America, there were weak sales of materials used in automotive parts, flat cushioning materials, cushioning and packaging materials for returnable containers and other products. In South America, sales to the new agriculture sectors were steady, but overall sales remained largely unchanged from the same period in the previous fiscal year. In Europe, sales were strong despite slowing economic growth. In Asia, there was a downturn in sales due in part to a negative impact from the US-China

trade war.

Sales of expandable polystyrene bead products, chiefly STYRODIA®, decreased due to lower demand in fisheries and agricultural sectors.

Sales of FOAMCORE™ (a hybrid molded product), which is used as a material for prefabricated bathroom unit ceilings and marine floats, increased mainly due to revisions of product prices.

Overall, segment sales decreased due to the lower demand in some sectors. Earnings also decreased because of an increase in fixed expenses associated with the construction of a production system intended for new demand and other factors.

As a result, bead segment sales decreased 1.0% to 16,692 million yen and operating profit decreased 25.2% to 782 million yen.

Other

In general packaging materials, sales in Japan decreased as sales in the automotive parts and other market sectors decreased. In China, the receipt of packaging material orders for all types of components resulted in higher sales.

As a result, sales in the other segment decreased 8.2% to 1,419 million yen and operating profit decreased 61.2% to 19 million yen.

(2) Financial Position

Total assets as of June 30, 2019 were 129,995 million yen, up 765 million yen from March 31, 2019. Current assets decreased 2,151 million yen to 64,679 million yen mainly due to a 1,070 million yen decrease in cash and deposits. Non-current assets increased 2,916 million yen to 65,316 million yen mainly due to a 2,340 million yen increase in in other, net under property, plant and equipment resulting from an increase in construction in progress.

Total liabilities as of June 30, 2019 were 45,844 million yen, up 755 million yen from March 31, 2019. Current liabilities increased 1,097 million yen to 35,441 million yen mainly due to a 1,568 million yen increase in short-term loans payable. Non-current liabilities decreased 342 million yen to 10,402 million yen mainly due to a 744 million yen decrease in long-term loans payable.

As a result, net assets totaled 84,151 million yen and the shareholders' equity ratio decreased 0.3 percentage points to 61.8%.

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

Net cash provided by operating activities totaled 2,027 million yen, an increase of 485 million yen from the same period of the previous fiscal year. Inflows included 1,006 million yen from profit before income taxes, 1,534 million yen from depreciation and 833 million yen from a decrease in inventories. Outflows included a decrease of 1,116 million yen in notes and accounts payable-trade and income taxes paid of 441 million yen.

Net cash used in investing activities totaled 2,358 million yen, an increase of 228 million yen from the same period of the previous fiscal year. This included an outflow of 2,416 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 499 million yen, an increase of 12 million yen from the same period of the previous fiscal year. Inflows included 1,557 million yen from a net increase in short-term loans payable. Outflows included 1,090 million yen for the repayment of long-term loans payable and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 8,190 million yen as of June 30, 2019, down 892 million yen from March 31, 2019.

(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, 2020, which was disclosed in the Summary of Financial Statement for the Fiscal Year Ended March 31, 2019 dated April 26, 2019.

** 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.*