



October 29, 2019

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**  
**Second 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,

Executive Officer, General Manager, Accounting Department, Finance & Accounting Division

Phone: +81-3-6212-6306

Scheduled date of filing of Quarterly Report:

November 7, 2019

Scheduled date of payment of dividend:

December 4, 2019

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 29, 2019 at 15:00 (GMT +9).

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

**1. Second Quarter Results (April 1, 2019 to September 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	%
Six months ended Sep. 30, 2019	56,308	(2.0)	2,474	(11.7)	2,474	(17.5)	1,917	(18.4)
Six months ended Sep. 30, 2018	57,450	1.1	2,801	(43.7)	2,999	(39.5)	2,350	(34.6)

Note: Comprehensive income: Six months ended Sep. 30, 2019: 548 million yen (up 181.1%)  
Six months ended Sep. 30, 2018: 195 million yen (down 94.9%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2019	64.32	-
Six months ended Sep. 30, 2018	78.86	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2019	127,738	83,944	62.9	2,694.20
As of Mar. 31, 2019	129,229	84,141	62.1	2,691.76

Reference: Shareholders' equity: As of Sep. 30, 2019: 80,311 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	-	25.00			
Fiscal year ending Mar. 31, 2020 (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, 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
Full year	113,700	(2.1)	5,300	(3.3)	5,400	(7.5)	4,200	(2.5)	140.90

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 3 of the attached documents and the press release "Notice of difference between forecast and actual results of operations for the first half of the fiscal year ending March 31, 2020 and revision to the full-year consolidated forecast" announced today. (October 29, 2019, Japanese version only).

**\* 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, 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 Sep. 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

Six months ended Sep. 30, 2019:	29,809,207 shares	Six months ended Sep. 30, 2018:	29,809,837 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 3 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 U.S. economy was supported by low unemployment and consumer spending but manufacturing output and capital expenditures weakened because of the US-China trade war and concerns about slowing global economic growth. In Europe, employment statistics continued to improve, but economic growth slowed due to weak exports and other reasons. 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 the continuation of an upturn 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, the business environment was challenging because of weak demand in the food packaging and fisheries sectors as well as rising transportation costs.

Sales in the first half were lower than in the same period of the previous fiscal year mainly because of sluggish demand in some sectors. Operating profit also decreased despite product price revisions in response to rising cargo transportation costs. Earnings were negatively affected by sluggish demand and an increase in fixed expenses associated with the construction of a production system for new sources of demand.

Net sales in the first half were 56,308 million yen, down 2.0% from the same period of the previous fiscal year. Operating profit decreased 11.7% to 2,474 million yen, ordinary profit decreased 17.5% to 2,474 million yen and profit attributable to owners of parent decreased 18.4% to 1,917 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 decreased mainly because the sales volume of general-purpose products was lower despite strong sales of value-added products. 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 half 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 decreased because of the decline in sales, higher fixed expenses associated with the construction of a production system for manufacturing products with substantial added value and other reasons.

As a result, sales in extrusion business decreased 3.0% to 19,448 million yen and operating profit decreased 11.2% to 1,022 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. The volume of sales was higher than one year earlier because of the use of these products in more types of automotive parts and in various other new applications. However, sales were held down by price revisions and other factors. 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. In Europe, sales were about the same as in the first half of the previous fiscal year despite slowing economic growth. In Asia, sales remained firm despite the negative impact

of the US-China trade war.

Sales of expandable polystyrene bead products, chiefly STYRODIA®, decreased due to lower demand in the 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 the growth in demand.

Overall, segment sales decreased because of lower demand in some market sectors and revisions of product prices. Earnings also decreased because of an increase in fixed expenses associated with the construction of a production system for new sources of demand and other factors.

As a result, sales in bead business decreased 0.9% to 33,987 million yen and operating profit decreased 4.1% to 1,945 million yen.

### **Other**

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

As a result, sales in the other segment decreased 7.6% to 2,872 million yen and operating profit decreased 26.9% to 46 million yen.

### **(2) Financial Position**

Total assets as of September 30, 2019 were 127,738 million yen, down 1,491 million yen from March 31, 2019. Current assets decreased 5,639 million yen to 61,190 million yen mainly due to decreases in cash and deposits of 2,232 million yen, notes and accounts receivable-trade of 1,564 million yen and raw materials and supplies of 742 million yen. Non-current assets increased 4,147 million yen to 66,547 million yen mainly due to increases in machinery, equipment and vehicles of 1,678 million yen and other, net under property, plant and equipment of 2,951 million yen resulting from an increase in construction in progress.

Total liabilities as of September 30, 2019 were 43,793 million yen, down 1,294 million yen from March 31, 2019. Current liabilities decreased 2,253 million yen to 32,091 million yen mainly due to a 2,532 million yen decrease in notes and accounts payable-trade. Non-current liabilities increased 958 million yen to 11,702 million yen mainly due to increases in long-term loans payable of 420 million yen and other non-current liabilities of 516 million yen resulting from an increase in lease obligations.

As a result, net assets totaled 83,944 million yen and the shareholders' equity ratio increased 0.8 percentage points to 62.9%.

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

Net cash provided by operating activities totaled 4,520 million yen, an increase of 1,234 million yen from the same period of the previous fiscal year. Inflows included 2,464 million yen from profit before income taxes, 3,136 million yen from depreciation and 1,610 million yen from a decrease in notes and accounts receivable-trade. Outflows included a decrease of 2,578 million yen in notes and accounts payable-trade and income taxes paid of 575 million yen.

Net cash used in investing activities totaled 6,599 million yen, an increase of 1,301 million yen from the same period of the previous fiscal year. This included an outflow of 6,482 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 287 million yen, a decrease of 656 million yen from the same period of the previous fiscal year. Inflows included 1,092 million yen from a net increase in short-term loans payable and 2,400 million yen in proceeds from long-term loans payable. Outflows included 2,175 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 7,065 million yen as of September 30, 2019, down 2,016 million yen from March 31, 2019.

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

In Japan, we expect the sales volume to increase with MIRAFOAM™ (extruded board made of expanded polystyrene), which is a major source of growth, making a big contribution due to the increasing need for high-performance residential thermal insulation materials. In our global business, we forecast an increase in the sales volume of ARPRO®/P-BLOCK™ (expanded polypropylene) as this material is used in more automotive, packaging material and other applications. However, global automobile sales are very likely to decrease as global economic growth slows as the US-China trade war continues. The strike by factory workers at General Motors that began in the middle of September is also expected to reduce demand for JSP products. In Japan, we anticipate declines in the demand for STYRENPAPER™ (expanded polystyrene sheet) and STYRODIA® (expandable polystyrene beads). Based on this outlook, we expect total sales volume in this fiscal year to be less than in the estimate used for the plan that was announced on July 30, 2019 and we forecast a 4.8% decrease in sales in the fiscal year ending in March 2020.

The forecast assumes that the price of crude oil will remain firm. In addition, although the price of polypropylene was high in North America in 2018, we expect the price will decline to the same level as in other regions of the world because of supplies in North America are no longer tight.

The operating profit forecast has been reduced primarily for two reasons. First is the outlook for the sales volume of ARPRO®/P-BLOCK™ in North America and Europe to be lower than previously planned. Second is the outlook for the sales volume in Japan to be lower than planned, chiefly because of lower sales of STYRENPAPER™ and STYRODIA®. The revised fiscal year forecast is as follows.

Revision to Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

	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)	119,400	7,200	7,400	5,430	182.16
Revised forecast (B)	113,700	5,300	5,400	4,200	140.90
Change (B – A)	(5,700)	(1,900)	(2,000)	(1,230)	-
Percentage change (%)	(4.8)	(26.4)	(27.0)	(22.7)	-
(Reference) Previous fiscal year results (Fiscal year ended March 31, 2019)	116,133	5,479	5,835	4,309	144.57

(Assumptions)

	Previous forecast	Revised forecast		
	Full year	First half	Second half	Full year
Dubai crude oil: (USD/BL)	65	64	60	62
Exchange rates: (JPY/USD)	110	110	108	109
Exchange rates: (JPY/EUR)	124	124	119	121
Exchange rates: (JPY/CNY)	16.1	16.2	15.1	15.7

\* Prices of Dubai crude oil are averages for the first half (April to September) and second half (October to March) of the fiscal year ending in March 2020. Exchange rates are averages for the first half (January to June) and second half (July to December) of calendar 2019.

Note: The above forecasts are based on all the 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.