



April 30, 2021

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)
Full-year Results for the Fiscal Year Ended March 31, 2021

[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 Annual General Meeting of Shareholders: June 29, 2021

Scheduled date of payment of dividend: June 10, 2021

Scheduled date of filing of Annual Securities Report: June 29, 2021

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

Note: The original disclosure in Japanese was released on April 30, 2021 at 15:00 (GMT +9).

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

1. Full-year Results (April 1, 2020 to March 31, 2021) for the Fiscal Year Ended March 31, 2021

(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	%
Fiscal year ended Mar. 31, 2021	102,668	(9.4)	5,185	2.0	5,519	5.9	3,017	(17.1)
Fiscal year ended Mar. 31, 2020	113,375	(2.4)	5,083	(7.2)	5,210	(10.7)	3,638	(15.6)

Note: Comprehensive income: Fiscal year ended Mar. 31, 2021: 2,594 million yen (up 23.7%)
 Fiscal year ended Mar. 31, 2020: 2,097 million yen (up 22.6%)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	101.22	-	3.7	4.3	5.1
Fiscal year ended Mar. 31, 2020	122.07	-	4.5	4.0	4.5

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2021: 9 million yen
 Fiscal year ended Mar. 31, 2020: 10 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	129,053	85,561	63.9	2,767.26
As of Mar. 31, 2020	128,445	84,646	63.4	2,729.87

Reference: Shareholders' equity: As of Mar. 31, 2021: 82,488 million yen As of Mar. 31, 2020: 81,375 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2021	12,211	(5,174)	(2,266)	12,278
Fiscal year ended Mar. 31, 2020	11,484	(12,406)	(358)	7,584

2. Dividends

	Annual dividends per share					Total amounts of dividends	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2020	-	25.00	-	25.00	50.00	1,490	41.0	1.8
Fiscal year ended Mar. 31, 2021	-	25.00	-	25.00	50.00	1,490	49.4	1.8
Fiscal year ending Mar. 31, 2022 (forecasts)	-	25.00	-	25.00	50.00		43.8	

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2022

(April 1, 2021 to March 31, 2022)

(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	%	
First half	55,000	-	2,400	-	2,500	-	1,600	-	Yen 53.68
Full year	113,000	-	5,000	-	5,200	-	3,400	-	114.06

Note: As JSP is applying the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the forecast for consolidated business performance is the amount after the application of this accounting standard, etc., and percentages for year-on-year changes are not stated.

* 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) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period including treasury shares

As of Mar. 31, 2021: 31,413,473 shares As of Mar. 31, 2020: 31,413,473 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2021: 1,604,702 shares As of Mar. 31, 2020: 1,604,292 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021: 29,808,992 shares Fiscal year ended Mar. 31, 2020: 29,809,194 shares

Reference: Overview of Non-consolidated Operating Performance

Full-year Results (April 1, 2020 to March 31, 2021) for the Fiscal Year Ended March 31, 2021

(1) Non-consolidated business performance

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	54,257	(7.1)	1,631	(8.2)	2,688	(17.5)	2,122	(0.7)
Fiscal year ended Mar. 31, 2020	58,424	(3.0)	1,777	6.3	3,259	(3.9)	2,137	(28.5)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	71.21	-
Fiscal year ended Mar. 31, 2020	71.71	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	87,550	53,184	60.7	1,784.18
As of Mar. 31, 2020	86,343	52,296	60.6	1,754.36

Reference: Shareholders' equity: As of Mar. 31, 2021: 53,184 million yen As of Mar. 31, 2020: 52,296 million yen

* The current financial report is not subject to audits 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. Overview of Results of Operations, (4) Outlook" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended on March 31, 2021, the global economy plummeted due to the worldwide spread of the COVID-19 pandemic. Production and personal consumption showed signs of recovery as restrictions on economic and social activities were lifted. However, the economic outlook is uncertain because of the effects of another wave of infections. The Japanese economy also slowed rapidly due to global economic restrictions and the declaration of a State of Emergency by the Japanese government. After the State of Emergency ended, exports and production began to recover but personal consumption is still sluggish due to the effects of another wave of infections.

In Japan's foamed products industry, demand increased in the food packaging and a few other sectors as more people stayed home for safety. However, the business environment was extremely challenging in the fisheries, industrial and construction sectors, as demand fell due to restrictions on economic activities.

Under these circumstances, JSP focused on creating new sources of demand and developing and selling products with substantial added value, rationalizing production systems for existing products while at the same time taking measures to prevent COVID-19 infections.

Although the performance of JSP has been recovering, sales were lower than one year earlier because of the downturn in demand caused by restrictions on global economic activity. Operating profit increased from the previous year as sales of products with substantial added value were higher and fixed expenses declined due to rationalization of production systems and other factors. The extraordinary loss was mainly due to the loss on dissolution of subsidiaries following the withdrawal from the electron beam cross-linked expanded polyethylene sheet business and from the loss related to the money transfer fraud at a European consolidated subsidiary.

Net sales in the fiscal year were 102,668 million yen, down 9.4% from the previous fiscal year. Operating profit increased 2.0% to 5,185 million yen, ordinary profit increased 5.9% to 5,519 million yen and profit attributable to owners of parent decreased 17.1% to 3,017 million yen.

Results by business segment were as follows.

Extrusion Business

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

Sales were about the same as in the previous fiscal year for industrial packaging products, including MIRAMAT® (expanded polyethylene sheet), which is used for industrial packaging materials and flat panel displays. The main reasons were lower sales in Japan and weak sales of general-purpose products despite higher sales of value-added products in China and South Korea.

Sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials decreased. Materials used for civil engineering applications were strong but sales for fabrication in the building construction market were lower as demand was impacted by the decline in housing starts in Japan.

Although sales in certain sectors benefiting from the COVID-19 pandemic were higher, overall, segment sales decreased due to a downturn in overall demand. Earnings increased mainly because of reduction of fixed expenses by rationalization of production systems.

As a result, sales in extrusion business decreased 5.5% to 37,595 million yen and operating profit increased 12.3% to 2,576 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

volume and sales amount of ARPRO®/P-BLOCK™ and other high-performance products declined because of the blockade of cities due to the spread of the COVID-19 pandemic and the closure of plants at automobile manufacturers. Following the resumption of economic and social activities, sales began to recover as automobile manufacturers restarted production and applications increased in many market sectors. In Japan, sales to the automobile sector were sluggish. There were strong sales of Paver Base (paving stone base material) in North America and of cushioning and packaging materials in Taiwan. In Europe and China, sales in the automobile sector and other categories started to recover toward the end of the fiscal year.

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, decreased mainly due to lower demand.

Overall segment sales declined because of reduced demand in the automobile and other sectors due to restrictions on economic activity in the first half. Earnings were lower due to declines in sales volumes and restrictions on production activities.

As a result, sales in bead business decreased 11.6% to 59,893 million yen and operating profit decreased 6.1% to 3,550 million yen.

Other

Sales of general packaging materials decreased in Japan as sales in the automotive parts transportation and other market sectors decreased. In China, sluggish demand for packaging materials for many types of components resulted in lower sales.

As a result, sales in the other segment decreased 10.8% to 5,179 million yen and operating profit decreased 6.4% to 96 million yen.

(2) Financial Position

Total assets as of March 31, 2021 were 129,053 million yen, up 608 million yen from March 31, 2020.

Current assets increased 1,880 million yen to 62,456 million yen mainly due to an increase in cash and deposits of 3,933 million yen while there were decreases in merchandise and finished goods of 564 million yen and raw materials and supplies of 662 million yen.

Non-current assets decreased 1,272 million yen to 66,597 million yen mainly due to a decrease in machinery, equipment and vehicles, net of 1,344 million yen.

Total liabilities as of March 31, 2021 were 43,492 million yen, down 306 million yen from March 31, 2020.

Current liabilities decreased 335 million yen to 31,275 million yen mainly due to an increase in current portion of long-term borrowings of 490 million yen while there was a decrease in short-term borrowings of 993 million yen.

Non-current liabilities increased 29 million yen to 12,216 million yen.

As a result, net assets totaled 85,561 million yen and the shareholders' equity ratio increased 0.5 percentage points to 63.9%.

(3) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities totaled 12,211 million yen, an increase of 727 million yen from the previous fiscal year. Inflows included 4,197 million yen from profit before income taxes, 6,608 million yen from depreciation and a decrease of 1,111 million yen in inventories. Outflows included a decrease of 549 million yen in trade receivables and income taxes paid of 1,136 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 5,174 million yen, a decrease of 7,231 million yen from the previous

fiscal year. This included an outflow of 5,668 million yen for the purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities totaled 2,266 million yen, an increase of 1,907 million yen from the previous fiscal year. Inflows included proceeds from long-term borrowings of 4,500 million yen. Outflows included 3,969 million yen for the repayment of long-term borrowings, which was mainly allocated from operating cash flows, and cash dividends paid of 1,490 million yen.

As a result, cash and cash equivalents totaled 12,278 million yen as of March 31, 2021, up 4,693 million yen from March 31, 2020.

(4) Outlook

The outlook for the global economy for the fiscal year ending March 2022 is expected to remain uncertain due to a combination of factors such as the spread of the COVID-19 mutant strains and the expectation of economic recovery due to the progress of vaccinations. In addition, the shortage of semiconductor chips has begun to affect automobile production and will also be a factor affecting the outlook. In the United States, the steady progress of vaccination has raised expectations for the transition to a post-corona economy. A V-shaped recovery is expected against the backdrop of economic measures such as infrastructure investment. In Europe, although infections are re-surfing in many countries, production for external demand, driven by exports to the U.S. and China, is strong and on a recovery path. In China, economic activity is quickly heading toward normalization after the COVID-19 pandemic. The Chinese economy is expected to drive recovery in Southeast Asian countries. In Japan, economic activities will likely return to normal from the second half as vaccinations get underway.

The price of crude oil rose on expectations of economy recovery as China stepped up imports of crude oil and vaccinations got underway. Nevertheless, the outlook for a recovery in demand is uncertain as a new wave of COVID-19 infections has spread in India and Europe. Crude oil prices also seem to have peaked. In view of these factors, the price of crude oil is likely to stay in the USD60-65 per barrel range through the fiscal year ending March 2022. The forecast for exchange rates is 108 yen to the dollar, 128 yen to the euro and 16.5 yen to the yuan.

Based on these assumptions and forecasts, our outlook for results by business segment is as follows.

Extrusion Business

For STYRENPAPER™ (expanded polystyrene sheet used in food packaging) and other materials for household products, besides a strong trend toward discontinuing the use of plastic, demand from the convenience store sector is sluggish as more people are refraining from going out. On the other hand, demand for supermarket take-out containers is expected to remain relatively strong. Accordingly, sales are expected to increase.

As demand is expected to remain strong, we forecast an increase in sales of industrial packaging products, including MIRAMAT® (expanded polyethylene sheet), a material used for industrial packaging and flat panel displays.

We forecast an increase in sales of MIRAFOAM™ (extruded board made of expanded polystyrene) and other construction and civil engineering materials on expectations of transition to a post-COVID-19 economy and increased demand for energy-efficient housing.

Overall, we expect sales in this business to increase because of a sales increase. We forecast lower earnings because of the impact of higher cost of raw materials.

Bead Business

Sales of ARPRO®/P-BLOCK™ (expanded polypropylene), which we manufacture and sell around the world, were seriously affected in the fiscal year ended March 2021 as automakers worldwide suspended operations due to the spread of the COVID-19 pandemic. However, we expect higher sales in the fiscal year ending March 2022, despite concerns over semiconductor chip shortages. Price of polypropylene is rising in North America as some petrochemical plants have been shut down due to the cold weather in the southern United States. This came at a time polypropylene demand for durable goods is increasing. Even though we are reviewing our product pricing plans there are concerns about the effect of rising polypropylene prices on earnings.

We forecast no change in the overall sales volume of expandable polystyrene bead products, chiefly STYRODIA®, despite the outlook for a higher demand for bean bag cushions and other functional bead products.

We forecast an increase in sales of FOAMCORE™ (a hybrid molded product), which is used as a material for prefabricated bathroom unit ceilings and marine floats. The main factor driving sales is a recovery in consumer sentiment about purchasing a residence.

Overall, we expect an increase in sales due to the recovery of sales of ARPRO®/P-BLOCK™ and the revision of product prices to offset higher costs of raw material. Earnings are expected to increase due to higher sales and a review of product prices.

Other

We forecast higher sales based on the outlook for recovering demand in Japan and China for general packaging materials and packaging materials for automotive parts.

Sales and earnings forecasts for the fiscal year ending March 31, 2022 are as follows.

As JSP is applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the forecast for consolidated business performance is the amount after the application of this accounting standard, etc., and percentages for year-on-year changes are not stated.

i. Forecast for consolidated business performance in the fiscal year ending March 31, 2022

(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	%
Full year	113,000	-	5,000	-	5,200	-	3,400	-

Assumptions

Exchange rates: JPY108/USD, JPY128/EUR, JPY16.5/CNY

Dubai crude oil: USD60-65/BL

ii. Segment information summary

(Million yen)

	Fiscal year ended March 31, 2021 (Results)		Fiscal year ending March 31, 2022 (Forecast)	
	Net sales	Operating profit	Net sales	Operating profit
Extrusion Business	37,595	2,576	39,200	2,200
Bead Business	59,893	3,550	68,400	3,800
Other	5,179	96	5,400	100
Subtotal	102,668	6,223	113,000	6,100
Adjustments	-	(1,038)	-	(11,00)
Total	102,668	5,185	113,000	5,000

iii. Capital expenditures

The forecast for capital expenditures is 8,200 million yen. Substantial investments will be made to promote automation, labor efficiency and energy conservation for an effective rationalization of production systems. The forecast for depreciation expenses is 6,600 million yen, about the same as the previous fiscal year.

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available. Actual results may differ significantly from these forecasts for a number of factors.

(5) Profit Allocation Policy and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of JSP. Our policy is to make stable dividend payments after taking into consideration all applicable factors, including consolidated performance in each fiscal year and the need to retain earnings for strengthening the base of future business activities.

Retained earnings are used to increase financial soundness, R&D expenditures for new products and technologies, and capital expenditures for new businesses.

As prescribed in Article 459, Paragraph 1 of the Companies Act of Japan, the JSP Articles of Incorporation allow the Board of Directors to approve the payment of dividends from retained earnings. The basic policy is to pay an interim and year-end dividend based on resolutions of the Board of Directors.

For the fiscal year that ended on March 31, 2021 in consideration of results of operations, the operating environment, dividend stability and other items, we plan to pay a dividend of 50 yen per share. Since an interim dividend of 25 yen per share has been paid, this will result in a year-end dividend of 25 yen per share. In the fiscal year ending on March 31, 2022, we plan to pay an interim and year-end dividend of 25 yen per share each, a total of 50 yen.

2. Basic Approach for the Selection of Accounting Standards

We will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors worldwide.

** 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.*