



Corporate Report
2020
Year ended March 31, 2020

Deliver with
WOW!



GLOBAL SUPPLIER OF FOAMED PRODUCTS

JSP is a market leader in the engineered foamed products industry and has been pioneering foamed products since its founding in 1962. We develop products that take full advantage of the potential of foamed products for virtually every field of industry, where they contribute to developing industry and enriching people's lives around the world.



Automotive

JSP technologies offer a wide range of performance benefits to automobile manufacturers, from enhancing collision safety performance to reducing vehicle weight and improving fuel efficiency. JSP supplies leading automakers with automotive components that take full advantage of the unique capabilities of high-performance foamed products, highlighted by our revolutionary lightweight and shock-absorbent ARPRO (Expanded Poly Propylene) material.



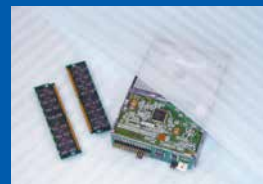
Construction

JSP insulation materials contribute to creating comfortable home living environments by providing exceptional insulation performance for heat and cold retention and water shedding. Our core expanded polystyrene product MIRAFOAM is widely used in homes, apartment and office buildings, and other large structures and by commercial operators with refrigerated warehouses.



Civil engineering

JSP products help ensure the safety of social infrastructure as key components in road construction, soft-ground stabilization, landslide prevention, and other civil engineering applications. Our STYRODIA BLOCK products combining expandable polystyrene and lightweight mortar wall surfacing materials enable fast and easy wall construction. The blocks, which are lightweight, easy to work with, and highly resistant to corrosion, make the most of the unique characteristics of foamed materials to provide new value in the civil engineering field.



Packaging

JSP develops and provides packaging solutions for safe transport of items ranging from household electronics to precision equipment and fragile items. Our MIRAMAT series of low-density expanded polyethylene products provides exceptional cost and performance advantages from its combination of extreme versatility, high durability, and reusability. These attributes have made MIRAMAT a leading packaging material in the distribution field, particularly for use as long-lasting and reliable cushioning for items requiring extended shipping and storage periods.



Food packaging

JSP food packaging materials play an integral role in food safety. Our STYRENE PAPER expanded polystyrene sheet is used as insulation in hot and cold containers to preserve the freshness of fish, meat, and vegetables during transport. We are constantly developing products offering both high performance and convenience to meet the evolving lifestyle needs and food preferences.

CORPORATE PHILOSOPHY

Creatively and Actively Contribute to Society

We have cultivated our business activities in line with our deep respect for the natural environment and design each of our products from the earliest R&D stages to have minimal impact on the environment.

JSP is creating new value for customers worldwide through engineered foamed products utilizing our leading capabilities developing products that "break the mold" of existing concepts, proposing products and materials that meet current and future market needs, and supplying customers from a worldwide network of production bases.

MANAGEMENT PHILOSOPHY

Deliver with WOW!

- Inspire customers and consumers
- Deliver satisfaction to shareholders and the community
- Be excited about our work

CONTENTS

About JSP	01
Value Creation Stories	
Our history	03
Our value creation process	05
Operational Review	
The year in brief	07
Our Strategy	
Message from the president	09
ESG Initiatives	
Environmental and social activities in Japan in 2019	13
Corporate governance	19
Financial Statements	
Consolidated balance sheets	23
Consolidated statements of income	25
Consolidated statements of changes in net assets	26
Consolidated statements of cash flows	27
Stock information	28
Global network	29
Corporate data	30

Editorial Policy

This report has been compiled so as to provide our shareholders, investors and other stakeholders with an understanding of the process toward achievement of JSP's medium to long-term vision. In addition to the financial information detailed in our previous annual reports, including our business results and management plans, from this fiscal year we are also publishing non-financial information, including our medium to long-term business strategy and ESG (environmental, social and governance) data.

Report Period

April 1, 2019 – March 31, 2020
(partially includes activities carried out from April 2020)

Forward-Looking Statements

This annual review includes forward-looking statements related to JSP Corporation's plans, strategies, and business results. These statements represent judgments of JSP based on information available at the time of writing. As such, these statements are subject to risks and uncertainties. Please understand that actual performance may differ from these forward-looking statements.

Our history

We have been using our foaming technologies to contribute to society since 1962. Below is a timeline of our growth.

Establishment Period 1962–1982

JSP was founded in 1962 as a specialized manufacturer of foamed materials. From its original polystyrene paper products, JSP expanded its technologies from polystyrene paper products to including the groundbreaking MI-RAMAT, the world's first expanded polyethylene sheet, and ARPRO, the world's first expanded polypropylene beads. The further additions of MIRABOARD and MIRAFOAM rounded out the core products in JSP's current lineup.



Japan Styrene Paper Hiratsuka plant started operations in 1963

Growth Period 1985–2003

JSP launched its global expansion with shipments of ARPRO first to the United States and then to Europe and Asia. As business steadily expanded, the Company entered an extended growth phase and was listed on the Second Section of the Tokyo Stock Exchange. The 2003 integration of Mitsubishi Chemical Foam Plastic and the addition of the expandable polystyrene (EPS) business established the Company's technology and management foundation as a specialized maker of foamed products.



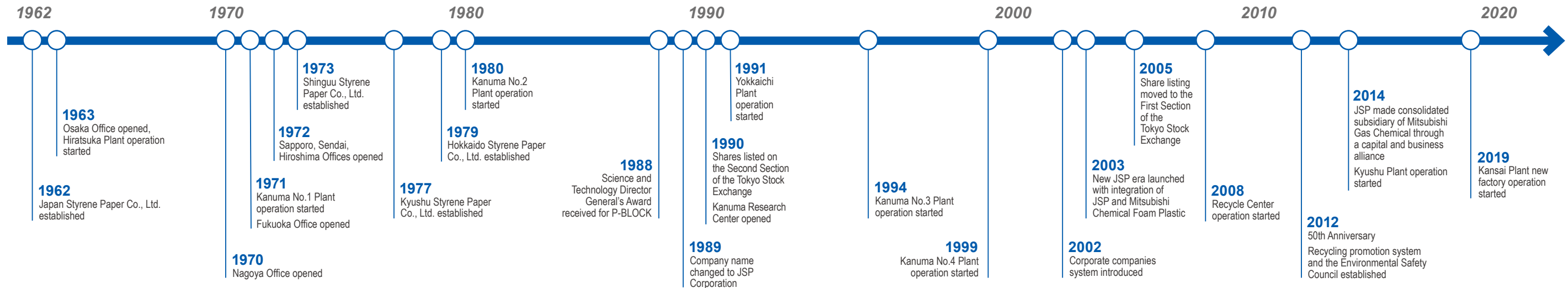
Business grew as ARPRO became widely used in automotive interiors

Expansion Period 2004–2020

The steady business growth pushed sales above ¥100 billion, and JSP shares were moved to the First Section of the Tokyo Stock Exchange. As use of ARPRO as an automotive material rapidly increased, the Company began actively expanding its worldwide network of manufacturing facilities, and vastly broadened its global product range with the launch of operations in Brazil. At the same time, manufacturing facilities in Japan were completely overhauled to fortify the Company's competitive advantage. JSP is also constructing recycling centers and reducing the environmental footprint of its operations to do its part to preserve the environment.



Kansai Plant new factory built to produce energy efficient MIRAFOAM



What was happening in society

1973
First Oil Shock

1979
Second Oil Shock
1980
Iran-Iraq War

1991
Japan Economic Bubble Ends
Gulf War

2008
Financial Crisis

2015
The UN adopts the Sustainable Development Goals
The Paris Agreement adopted at COP21

2020
COVID-19 Pandemic

Our value creation process

JSP's mission is to use its business to contribute to society by providing value in the form of preserving resources and energy and increasing convenience in social activities. Management aims to fulfill that mission by becoming a "true global corporation" creating value for society.

INPUTS

Financial foundation

Total assets: ¥128,445 million
 Net assets: ¥84,646 million

Human resources foundation

Number of employees
 • Parent company: 775
 • Group-wide: 3,154

Energy resources

2,278 tons of waste products incinerated and recycled to produce 19,221 tons of steam power*

*Data for fiscal 2017

Foamed Products

Corporate Philosophy

Creatively and Actively
 Contribute to Society

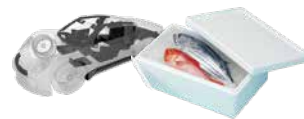
Management Philosophy

Deliver with
WOW!

BUSINESS MODEL

Business Domains

Bead Business



Extrusion Business



Global Supply System

Long-Term Vision 2027

Key Elements

Fortify and expand existing businesses



Expand the business domain



Fortify the management base



Responsible Care Policy



Environmental protection



Chemical and product safety



Safety and disaster preparation



Logistics safety



Occupational health and safety



Community dialogue

Corporate Governance

OUTPUT

For our shareholders

• Dividend per share: ¥25.0
 • Dividend payout ratio: 69.7%

For our communities

• Decrease in waste landfill discharge: 84%*

*Versus fiscal 2014

OUTCOMES



Contributing to Comfortable Living Environments



Advancing Technological Innovation



Contributing to Industrial Vitality



Enhancing Food Safety



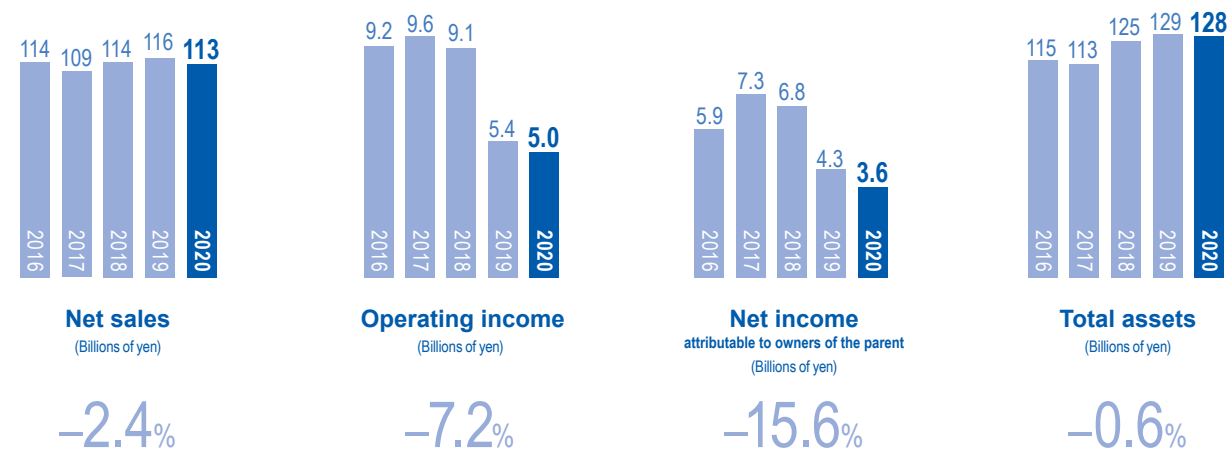
Reducing Environmental Burden

The year in brief

JSP Corporation and Consolidated Subsidiaries—Year ended March 31, 2020

	Millions of yen					Thousands of U.S. dollars ¹
	2020	2019	2018	2017	2016	2020
For the Year:						
Net sales	¥113,375	¥116,133	¥114,284	¥109,048	¥114,904	\$1,041,762
Operating income	5,083	5,479	9,105	9,612	9,278	46,705
Ordinary income	5,210	5,835	9,217	10,033	9,101	47,872
Income before income taxes	4,811	6,047	9,488	10,013	8,752	44,206
Net income attributable to owners of the parent	3,638	4,309	6,853	7,301	5,914	33,428
At Year-End:						
Total assets	128,445	129,229	125,728	113,151	115,136	1,180,235
Total net assets	84,646	84,141	84,105	76,778	72,497	777,781
Shareholders' equity	81,375	80,239	79,524	72,532	67,890	747,725
Per Share Information						
	Yen					U.S. dollars ¹
Net income ²	¥ 122.07	¥ 144.57	¥ 229.91	¥ 244.94	¥ 198.40	\$ 1.12
Cash dividends	50.00	50.00	50.00	50.00	40.00	0.45
Total net assets	2,729.87	2,691.76	2,667.72	2,433.10	2,277.32	25.08

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83=U.S.\$1.
2. Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.

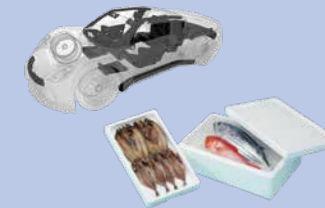


Sales were impacted by sluggish demand in the automobile markets in North and South America, Europe and Asia, the U.S.-China trade friction, and weak demand in other sectors. Overall sales in Japan fell before previous-year levels due to the COVID-19 pandemic in the second half of the fiscal year.

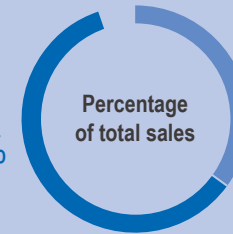
Operating income declined year on year despite price revisions to offset higher shipping costs amid diminished demand and higher fixed costs associated with constructing production systems geared to new demand.

The extraordinary loss was mainly due to the revised business plan of a U.S. subsidiary for electron beam cross-linked expanded polyethylene sheet and impairment of a portion of the related fixed assets.

Bead Business



Bead Business
59.7%



Sales declined from reduced demand in some fields and product price revisions. Profits were flat year on year as solid sales of high value-added products and cost cuts offset higher fixed costs from constructing production systems geared to new demand.

Amounts in millions of yen	2020	2019	YoY
Net sales	¥67,771	¥68,449	-1.0%
Operating income	3,783	3,782	+0.0%

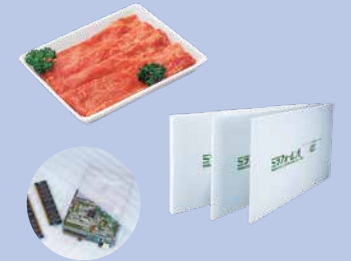
Expanded polypropylene

Sales volume remained at the level of the previous fiscal year as increased use in automotive parts and expanded applications offset the impact from deteriorating market conditions in the automobile and other industries. Sales revenue declined largely due to price revisions.

Expandable polystyrene

Sales increased for expandable bead products, centered on STYRODIA expandable polystyrene, and functional products, but declined overall on reduced sales to the marine and agricultural industries.

Extrusion Business



Extrusion Business
35.1%

Sales declined as strong sales of high value-added products were more than offset by the deteriorating market conditions and weak demand in some industries. Profits also decreased from the reduced sales and higher fixed costs from constructing production systems for high value-added products.

Amounts in millions of yen	2020	2019	YoY
Net sales	¥39,795	¥41,388	-3.8%
Operating income	2,293	2,468	-7.1%

Food packaging/containers

Overall sales declined on lower sales of daily consumable products, centered on STYRENE PAPER expanded polystyrene sheets for food containers, and reduced sales in the food tray segment and for MIRABOARD used in advertising displays.

Industrial packaging materials

Overall sales declined on reduced sales of industrial packaging materials and industrial materials, which centers on MIRAMAT expanded polyethylene sheet used in flat panel displays. Sales also decreased for general-purpose items in sales of high value-added products to China and South Korea.

Home and building insulation materials and civil engineering materials

Sales increased on strong demand for MIRAFOAM expanded polystyrene extruded board and other construction and civil engineering materials. Solid construction industry demand for high-performance thermal insulation and pre-cut products fueled demand amid slow new home construction starts.

Message from the president



Yukio Sakai
President,
Representative Director

Response to the coronavirus pandemic

First, I would like to express our deepest sympathy to everyone affected by the coronavirus and extend our heartfelt condolences to the families and friends of those who have suffered.

The Japanese government responded to the COVID-19 pandemic by issuing an emergency declaration in April and requiring companies to reduce opportunities for contact among people. The JSP Group implemented measures to enable our operations to continue while providing a safe work environment for our employees. Measures to control the spread of the virus included initiating telework and staggered work hours, avoiding the Three Cs of closed-in spaces, crowds, and close contact, and promoting thorough hand washing and disinfection.

We also took steps to ensure our global supply chain continued operating smoothly by staying in close touch with our production bases through remote meetings. Although supply-chain disruption was a distinct risk, our prior efforts to decentralize our production bases, use multiple supply and delivery companies, and secure ample inventory levels gave us a solid footing for weathering the risk. Nevertheless, the speed that supply and demand contracted worldwide was completely unanticipated, and we frankly were taken aback at the scale

of the impact. We have made significant progress fortifying our structure against fluctuations in the external environment, but the impact from the pandemic has made us keenly aware that we need to do more.

Following this experience, we are fully reviewing our supply chain and will lower our break-even point to make the Company more resilient to a sharp drop in demand by reducing fixed costs and improving productivity, such as by integrating IT into our factory operations. As always, enhancing the value in our products will be paramount. We will focus even more intently on reforming our product portfolio by inserting high-performance products to replace general-purpose products and products with diminished market value.

Fiscal 2020 performance and fiscal 2021 outlook

In the harsh business environment, sales and profits ended up below our initial plan for fiscal 2020. The U.S.–China trade friction eroded sales of protective materials for flat panel display, and strikes at major automobile manufacturers in the U.S. and other countries impacted sales of automotive components. In Japan, the rapid spread of COVID-19 just before the start of the fiscal year disrupted supply chains.

We expect the coronavirus pandemic to continue suppress-

ing demand in the first half of fiscal 2021. However, we expect to gradually establish a business recovery track in the second half supported by economic stimulus measures in various countries, improving supply channel functions, and a return of demand from the automobile and other industries.

At this point, the outlook for the global economy remains highly uncertain, and an unexpectedly prolonged impact from the pandemic could again hold our earnings performance below our plan. No matter the external circumstances, we will implement the cost cuts and portfolio reform mentioned above to minimize any potential earnings decline and to position ourselves to quickly regain a growth trajectory when demand returns.

Progress with the Deeper & Higher 2020 medium-term business plan

Fiscal 2021 is the final year of our Deeper & Higher 2020 medium-term business plan, which is the first step toward fulfilling our long-term Vision 2027. Although we got off to a tough start, we steadily executed our three basic policy to promote our differentiation and growth strategies and to fortify the management base. We are now positioned to move ahead to our second medium-term business plan.

Promoting the Differentiation Strategy means identifying our customers' true needs and offering products that will make them say, "Wow!" Although difficult to quantify, the customer satisfaction surveys that we use to obtain a concrete image of

We continue to steadfastly advance our growth strategy even under the uncertain outlook.

DEEPER & HIGHER 2020

▶ Medium-Term Vision *Deeper & Higher*

▶ Basic Policy



Promote the Differentiation Strategy

- Further cultivate existing business and uncover advantages
- Pursue true customer needs by being closer to users
- Link marketing activities with customer needs



Promote the Growth Strategy

- Concentrate management resources into four growth engines
- Drive sustainable growth with a fine balance between being aggressive and defensive



Fortify the Management Base

- Foster involvement of all employees through human resource development
- Foster a corporate culture based on health and safety and environmental preservation
- Strengthen corporate governance

I am proud of the contributions JSP is making to benefit society.

customer expectations and level of trust are showing a growing appreciation of our efforts to uncover customer needs. I believe this shows that we are gradually establishing JSP as a company that listens, which is the brand image we are aiming for.

Promoting the Growth Strategy primarily involves expanding our business domain, which we have aggressively pursued in the past two years by investing in increasing production capacity in the three areas we have set as the engines for business growth: automotive components, building and home insulation materials, and flat panel display protective materials. The investment programs are nearly complete, and we are positioned to grow as demand returns. New business domains is our fourth growth engine. We are starting to see promising developments in those areas.

We cannot rely exclusively on growth engines to become a company that is resilient to external conditions. Establishing steady growth requires a balanced approach of offensive and defensive measures, which means also focusing on fortifying safety measures and improving the productivity of our existing businesses.

Fortifying the Management Base will primarily entail strengthening our human resources, which is a key element to establishing sustaining growth. Products themselves may grow old and lose their value over

time, but people who create new products and product functions are always valuable. We will continue actively investing to cultivate our human resources and create comfortable workplaces. Our efforts at workstyle reform include examining more extensive use of telework, which has become an important part of our steps to prevent the spread of the coronavirus. We are also countering the declining numbers of highly skilled veteran professionals at our manufacturing sites by creating new systems for them to pass down their expertise to younger workers.

At the same time, we will continue to enhance our corporate governance, health and safety, and environmental preservation activities, which are areas of ongoing importance for management.

ESG measures and contributing to sustainability

In recent years, society has been increasingly evaluating companies from the perspectives of environmental, social, and governance (ESG) and how a company contributes to solutions for social issues through its main business.

I am proud of the contributions JSP is making to benefit society. JSP exploits the unique characteristics of plastic to provide the superior products that society needs, while also developing manufacturing



We remain fully committed to our vision to “Deliver with WOW!” to establish sustaining growth and raise our corporate value.

processes that use less energy and fewer resources.

Plastic pollution in the oceans caused by improper handling of plastic waste has become a serious problem, and we are directing abundant resources to finding a solution. I do not believe that abandoning the use of all plastic is the answer. Plastic originally gained widespread for its durability and because it is lighter than metal and consumes less energy over its useful lifetime. There are already well-established recycling systems for plastic automobile parts, construction materials, and in many other industries. The area where the recycling structure is less developed and consistent is for product packaging, plastic bags, and other items that are closer and more visible to consumers. In short, I believe the problem is not with the plastic itself, but in how we handle and process the plastic after we benefit from its usefulness.

Based on this understanding, the JSP Group is actively working to reduce and effectively use the plastic waste generated in our production processes. We are also an eager participant in the Japanese Ministry of the Environment’s “Plastic Smart”

action plan, where we are sharing our 3R (reduce, reuse, recycle) to help other companies across Japan use plastic efficiently. We have also started looking beyond the currently pressing issue of plastic pollution and exploring ways to use bio-based raw materials.

To our shareholders and investors

Countries around the world are fighting to end to the spread of COVID-19. While we are all learning to live with the coronavirus in midst, we also must look forward to how the world will be after the pandemic. Our world will not be the same, and could be a vastly different place.

While the current conditions preclude any certainty in the future outlook for business conditions, we remain fully committed to our vision to “Deliver with WOW!” to establish sustaining growth and raise our corporate value. I am determined to forge ahead through the current challenges and lead the JSP Group until we can again share the prosperity of business growth with our stakeholders.

Environmental and social activities in Japan in 2019

JSP's Responsible Care Management

The JSP Group promotes responsible care activities as an aspect of fulfilling its Corporate Philosophy.

Responsible Care Policy

JSP is an internationally competitive firm dedicated to safety and protecting the environment and conducts business activities that fulfill the expectations and earn the trust of all stakeholders.

Safety Policy

Safe and stable operations are the foundation of business activities, and JSP is constantly implementing measures to prevent accidents and disasters. We comply with all laws, regulations, and standards related to employee health and safety, accident prevention, and product safety. We also are always improving our health and safety management and accident prevention system, and conducting companywide activities for health and safety and accident prevention.

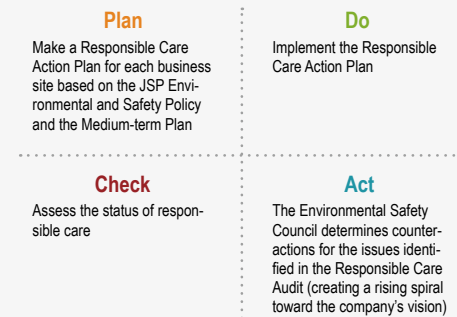
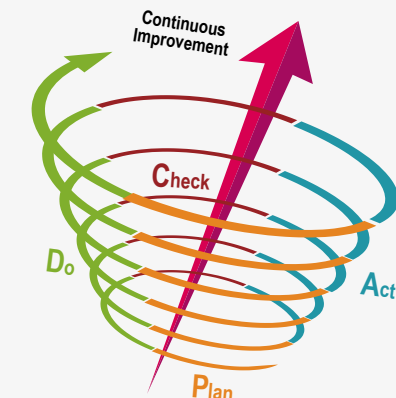
Environmental Policy

JSP's business activities are designed to protect the environment and our products are environmentally friendly. We comply with all laws, regulations, and standards related to environmental protection. We continually update our environmental management systems and seek to improve our environmental performance.



The Rising Spiral of Responsible Care Activities

We apply the PDCA cycle to the six categories at the foundation of our responsible care activities: environmental protection, safety and disaster preparation, occupational health and safety, chemical and product safety, logistics safety, and community dialogue. The first step is to create the Medium-term Plan for responsible care activities and to produce individual Responsible Care Action Plans for each workplace consisting of a plan (P) and actions (D) that will drive them toward fulfilling their objectives. The next step is conducting a Responsible Care Audit to check (C) the status of the actions and evaluate the progress made toward reaching the objective. Management examines the results of the Responsible Care Audit and convenes an Environmental Safety Conference to review the steps being taken and outline new actions (A) for improvement that will further advance the rising spiral toward our objectives.



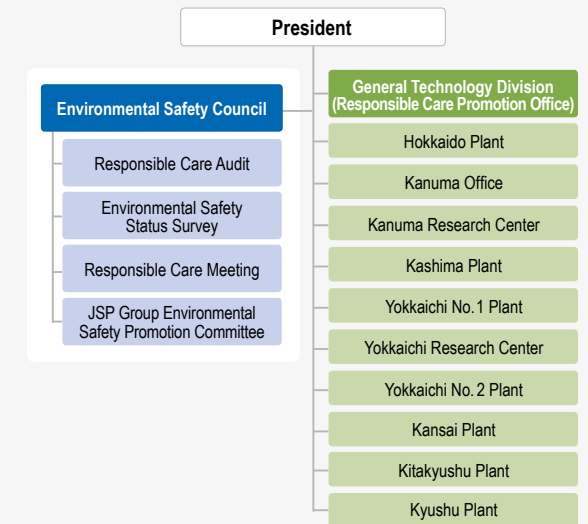
Responsible Care Audits

The person in charge of environment and safety and members of the relevant department conduct annual Responsible Care Audits at the business sites to assess based on standardized criteria if the PDCA cycle is being carried out properly. In fiscal 2019, on-site audits were conducted at 12 business sites, including research laboratories. Using predetermined checklists created for the specific activity being carried out at each business site, auditors verified the status of management documents and legal compliance, observed the worksite, and discussed areas of concern and priorities specific to each site.

Structure for Responsible Care

JSP Corporation's structure for responsible care is organized with the Environmental Safety Council as the highest decision-making body for quality assurance issues. Chaired by the president, the committee deliberates and decides corporate policies related to responsible care and conducts responsible care audits, which it uses to update internal regulations and to set targets for internal initiatives and the company's medium and long-term plans.

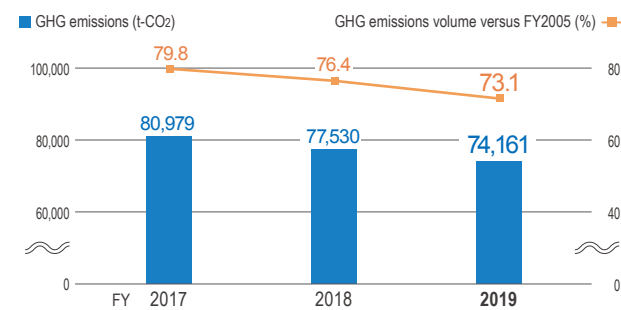
JSP and JSP Group companies share information to enhance their responsible care activities through Environmental Safety Group Leader Meetings at all JSP business sites and through the Group's Environmental Safety Promotion Council and Environmental Safety Status Surveys.





ENVIRONMENTAL PROTECTION

Greenhouse gas (GHG) emissions

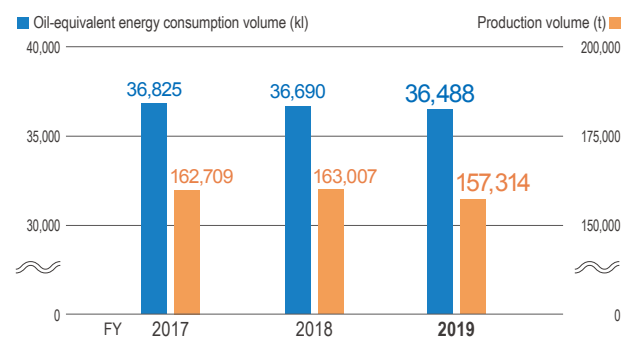


Reducing Greenhouse Gas Emissions

The JSP Group reduced its greenhouse gas emissions by 3.3% (3,369 tons CO₂) in fiscal 2019 from the previous year, and has lowered emissions by roughly 26.9% since fiscal 2005. Key factors in the reduction were the 0.6% (202kl) decrease in energy consumption for the year and the efficient power generation from fossil fuels by electric power companies. In addition, the Kanuma No. 2 Plant completed the installation of solar power generation equipment during the year and is planning a major shift to clean energy.

Our foam materials also help reduce greenhouse gas emissions in unseen ways, such as by improving automobile fuel efficiency and home cooling and heating efficiency when used as a heat insulation material.

Oil-equivalent energy consumption volume



Reducing Energy Consumption

In fiscal 2019, energy consumption per production unit compared to the previous fiscal year deteriorated to 101.2%. As such, we did not achieve our goal to improve from the previous fiscal year. We also did not fulfill our target to increase the average unit by 1% or more, as the average change in consumption per unit over the past five years rose to 99.8%. We plan to aggressively apply the PDCA cycle at all of our operating sites in fiscal 2020 while also bringing the solar power system at the Kanuma No. 2 Plant fully on line.

* The contribution rate method measures energy use per unit for each product line and calculates it as a percentage of the Company's overall energy consumption per unit. The percentage is then compared to the same line's percentage in the previous fiscal year.

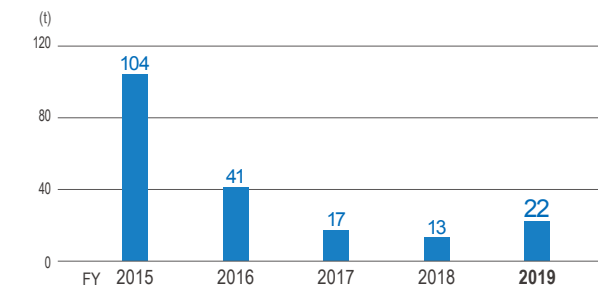
Reducing Water Consumption

The production processes at our manufacturing sites have water recirculation systems that fully reuse water. In fiscal 2019, we increased the number of plants with roof sprinkler systems used to cool the buildings during periods of severe heat; however, we were able to decrease the total amount of water used compared to the previous fiscal year by implementing various water conservation measures.

Reducing Landfill Waste Volume

The Company systematically implemented measures to rescue waste produced at its business sites to fulfill the fiscal 2019 target of the medium-term plan for responsible care to keep waste delivered to landfill sites below the volume of fiscal 2017. Our widespread efforts to reduce waste helped us successfully minimize waste production, even though China halted imports of waste plastics during the year.

Volume of company waste delivered to landfills



CHEMICAL AND PRODUCT SAFETY

Chemical Substance Risk Assessment

JSP's medium-term plan for responsible care for fiscal 2018 to fiscal 2020 sets a standard to steadily implement risk assessment of chemical substances, and the company is accordingly routinely conducting assessing the risk associated with the chemical substances it uses.

At the Kyushu Plant, we have adopted the chemical substance risk assessment method promoted by the Japan Industrial Safety & Health Association (JISHA)*. The JISHA method is a simple but detailed test of risk that can be conducted right at the worksite.

*The JISHA method is a control banding method, a further developed and improved version of the web system of the Ministry of Health, Labour and Welfare. The JISHA method is a qualitative and simple method of determining risk using a matrix of a substance's chemical and physical properties, the volume handled, working time, and the working environment.

Products Safety Management

RoHS compliance

JSP complies with the European Union Directive on the Restriction of Hazardous Substances (RoHS 2) by regularly performing testing at JIS Q 17025-certified* inspection laboratories for our products and disclosing the results upon customer request.

* JIS Q 17025 certification is general requirements for the competence of testing and calibration laboratories.

Safety data sheets based on GHS

As required by law, we provide safety information for applicable products through safety data sheets (SDSs). Although not required by law, we also provide SDS for our other products based on the international rules of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS).





SAFETY AND DISASTER PREPARATION

Prevention of Factory Fire Due to Static Electricity

Static electricity is a common part of everyday lives, but the sparks that it can make have the potential to start a fire if they come in contact with a flammable substance.

Preventing static electric sparks is essential in our plants because the manufacturing processes for foam

plastic products can easily generate static electricity and because some of our products contain flammable gases in their foaming agents. Our manufacturing sites are fully equipped with grounding wires and use static eliminators and mist humidification to reduce the electrostatic charge in our products and prevent potential ignition.

LOGISTICS SAFETY



Achieving a Modal Shift

We are advancing a modal shift away from truck-based logistics to railways and ferries that emit less CO₂ as we seek to realize logistics operations that are environmentally sound, energy efficient, and reliable.

This modal shift will also allow us to maintain safe and stable delivery supply in the event of a natural disaster that disrupts the road system. Roads closed in fiscal 2018 due to infrastructure damage from the heavy rains in western Japan are steadily being restored and reopened in fiscal 2019.



OCCUPATIONAL HEALTH AND SAFETY

Measures for Zero Lost-Time Injuries

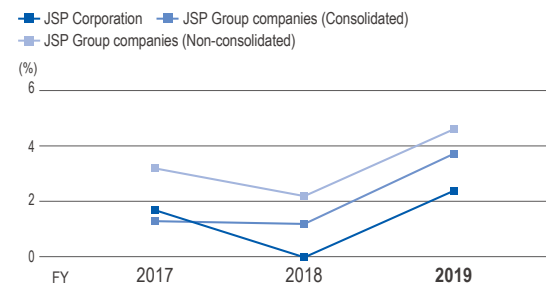
The JSP Group implements measures aimed at achieving zero worker time lost due to injuries. In fiscal 2019, we applied the JSP Group Safety Management Standards and

took additional steps to increase worksite safety; however, the number of industrial accidents increased, including accidents with undetermined causes. We will continue providing comprehensive safety education and practice for workers and fully implementing our fundamental safety measures.

Number of work stoppages



Work stoppage frequency*



* Number of casualties due to work accidents per one million actual working hours



COMMUNITY DIALOGUE

Together with Our Customers

We encourage customer feedback and actively work to increase customer satisfaction. The Company's clear Quality Policy strictly defines quality and designates responsibility and authorization to specific individuals to facilitate quality monitoring and correction. The quality management systems at all of our manufacturing sites are based on international standards and are ISO 9001 certified.

Together with Shareholders and Investors

The JSP Group seeks to provide full information for our stakeholders to understand our operations and management objectives. The Group issues quarterly reports, securities reports, and timely disclosure materials, actively discloses information on its corporate website, and publishes biannual shareholder communications and an annual review along with other materials and information.

We also seek to raise corporate awareness by implementing the most effective media plan for corporate branding by focusing our information, press releases, advertisements, and other communications on industry trade journals and specialized magazines.

Together with Employees

In July 2019, we initiated a flextime system to better accommodate the personal lifestyles of our employees and create a system to help our employees more easily balance their work and private time.

The system has given us a new awareness of how time is used in the workplace as workers are using their time at work more efficiently, the volume of overtime work has decreased, and workers are balancing their work and private time.

We will continue offering a work environment supporting work flexibility for employees.

Together with Suppliers

Procurement of our products is transparent and fair and available to all customers of any nationality, company size, or business experience. We also seek to provide "optimal procurement" by being prepared to acquire alternative materials and ensuring a stable supply while also endeavoring to always offer fair prices based on current market prices

and trends in prices of related materials.

We will continue to deepen our partnerships with our client companies and conduct purchasing activities with the aim of continuing to develop mutual corporate activities.

Together with Communities

JSP Group companies conduct activities at each of their business sites to contribute to their local communities. The Kanuma Office in Tochigi Prefecture has conducted blood drives in its community for many years. The office responded to the reports that the COVID-19 pandemic was reducing blood reserves by conducting three blood drives in fiscal 2019, during which 133 employees donated blood. The Kansai Plant in Hyogo Prefecture signed a disaster prevention agreement with the city of Tatsuno to use its new plant as a temporary shelter and supply insulation materials and food containers produced at the plant to the community in the event of a disaster. Subsidiary JSP Molding participates in community educational program offering tours of environmentally friendly companies to local elementary schoolchildren. In fiscal 2019, schoolchildren visited the Tochigi Plant No. 1 and learned about its environmentally friendly products.



Elementary schoolchildren taking our tour.

Corporate governance

As of July 6, 2020

Basic Policy on Corporate Governance

JSP places top priority on realizing sustained business growth and enhancing corporate value following our corporate philosophy to “creatively and actively contribute to society” and with the objective of fulfilling our promise to be an internationally competitive company that emphasizes safety and environmental awareness. We aim for the management of our Company to earn the trust of and fulfill the expectations of all stakeholders. We believe that effectively functioning corporate governance and constant effort to maintain and improve management efficiency, transparency, and soundness are essential to fulfilling this objective.

Basic Policy

1. The Company has adopted the Company with a Board of Company Auditors framework in which the Board of Directors makes decisions on important issues for the Company and seeks to provide an environment enabling management to make sound decisions to carry out the decisions of the Board of Directors.
2. The Company respects the rights and viewpoints of all stake-

holders and seeks to maintain appropriate and cooperative relations.

3. The Company provides appropriate information disclosure and seeks to ensure transparency for all stakeholders.
4. As a Company with a Board of Company Auditors, the Company appoints independent outside directors and auditors to monitor the Company’s management activities and ensure sound management practices.
5. The Company engages in constructive dialogue with shareholders.

Corporate Governance Structure

1. Status of Business Execution

As stipulated in the Articles of Incorporation, the Company maintains a Board of Directors and Board of Auditors comprising up to 16 directors. The Company maintains a structure of 10 directors, including two outside directors. The Board of Directors meets, in principle, on a monthly basis to deliberate and make decisions on items as stipulated by law and internal company regulations and on items important to the management of the

Company and to supervise the execution of business activities. The Management Meetings serve as a supplementary function to the Board of Directors. The meetings, attended by the representative director, managing executives, and personnel in higher positions, are held, in principle, on a monthly basis to conduct preliminary discussions on important management issues. The Company additionally uses an executive director structure as a system for executing business operations. The Directors Meeting maintains a structure of 19 directors, comprising directors and executive officers. It meets, in principle, twice a month to deliberate on items important to the management of the Company and to achieve efficient execution of business.

Regarding the compliance structure, the Risk and Compliance Committee, chaired by the Director, Executive Officer, and General Manager of the General & Personnel Affairs Division, meets, in principle, on a monthly basis. The Committee manages compliance and risk across the JSP Group and provides support for management decisions to ensure that the Board of Directors assumes appropriate levels of risk.

2. Status of Audits

(1) Audits by auditors

The Board of Auditors comprises four auditors, including two outside auditors. The four auditors carry out audits of the Company’s business operations informed by the input from the highly knowledgeable about financial and accounting operations and have abundant experience in various aspects of the accounting process, including as auditors in the chemicals industry.

The auditors and outside auditors attend meetings of the Board of Directors and important company meetings and hold monthly auditor meetings in which they conduct discussions with managers in charge of specific operations to supplement and guide their detailed audits of the legality and appropriateness of the business operations and the financial standing of the companies in the JSP Group. The auditors also regularly and when deemed necessary solicit the advice of accounting auditors regarding specific accounting issues.

With regard to matters related to internal audits, as described above, reports are received from the Audit Group as appropriate concerning the results of these audits, and opinions are exchanged in order to strengthen mutual cooperation.

(2) Internal audits

The Internal Audit Department comprises five auditors conducting regular audits of the Company and group companies and seeks to enhance the effectiveness of internal controls. In addition to the functions of the Internal Audit Group, the company assigns a Process Owner to each business division to strengthen the monitoring of each business process.

The Internal Audit Department also conducts internal audits in line with the internal audit plan for each year and reports

the results to each auditor with the aim of facilitating dialogue and further strengthening mutual collaboration.

(3) Auditing of accounts

In accordance with the Financial Instruments and Exchange Act and the Companies Act, the Company has contracted with Deloitte Touche Tohmatsu LLC to perform accounting audits. The Company does not have an interest in the auditing corporation or the executive members of the auditing organization.

Evaluation of the Effectiveness of the Board of Directors

The Company issues questionnaires to directors on an annual basis and uses the questionnaires as a basis for assessing the effectiveness of the Board of Directors. The Board of Directors analyzes and evaluates the results of the questionnaires and incorporates the views of the independent outside directors and outside auditors.

To evaluate the Board of Directors’ effectiveness in fiscal 2019, questionnaires were distributed to all of the directors and auditors covering the following items, and the results were discussed at a Board of Directors meeting.

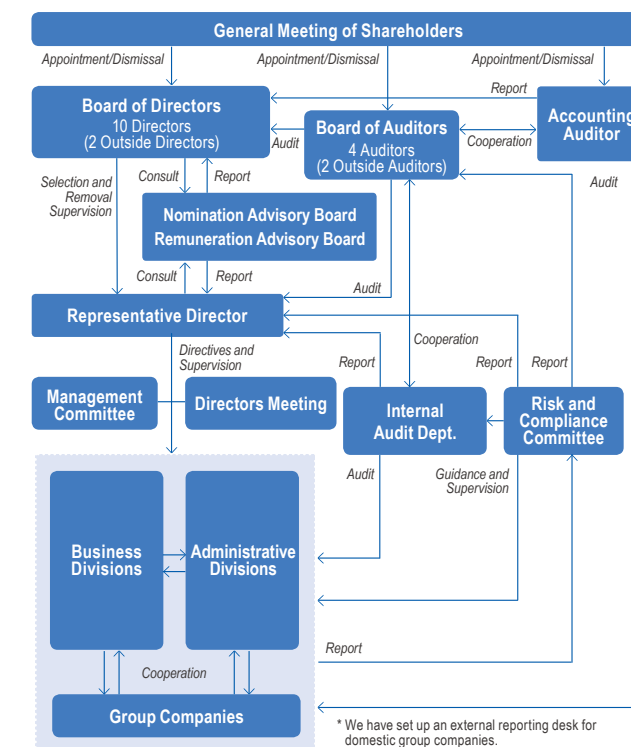
1. Matters concerning the effectiveness of the Board of Directors overall
2. Matters concerning the composition of the Board of Directors
3. Matters concerning the administrative performance of the Board of Directors
4. Matters concerning deliberations by the Board of Directors
5. Matters concerning support for directors and auditors
6. Risk management
7. Performance monitoring
8. Evaluations and compensation for management
9. Dialogues with shareholders and others

For this evaluation of the effectiveness of the Board of Directors, we again requested an external organization to collect, compile, and analyze the questionnaires in order to obtain unrestrained opinions and to ensure objective analysis.

Based on the results of the questionnaire and discussion at the Board of Directors meeting, the Board was deemed largely effective. We are continuing to take steps to respond to issues raised in the fiscal 2018 questionnaire, including the need to use non-financial information in the monitoring of earnings performance and to hold constructive dialogue with shareholders. Issued identified in fiscal 2019 were the appropriateness of discussions about corporate strategy and other matters, a need to reverify indicators used to monitor earnings performance, and the governance status of overseas subsidiaries.

We will continue to improve the effectiveness of the

Corporate governance structure



Outline of the corporate governance structure

Organizational structure

Company with auditors

Directors

- Number of Directors stipulated in the Articles of Incorporation: **16**
- Term of office stipulated in the Articles of Incorporation: **1 year**
- Chair of the Board of Directors: **President**
- Number of Directors: **10**
- Number of Outside Directors: **2**

Auditors

- Number of Auditors stipulated in the Articles of Incorporation: **4**
- Number of Auditors: **4**
- Number of Outside Auditors: **2**

Number of Independent Executive Officers: 4

- Outside Directors: **2**
- Outside Auditors: **2**

Board of Directors through continuous efforts on the issues that emerged.

Director and Auditor Remuneration

Remuneration for Directors (excluding non-executive directors) is configured as base compensation and reserve-type remuneration to be paid upon retirement.

Base compensation comprises fixed compensation, short-term performance-linked compensation, and executive shareholder association-contributed compensation. Fixed compensation and executive shareholder association contributed compensation, which form part of base compensation, are defined according to job position and responsibility.

Compensation for non-executive directors and auditors comprises base compensation in the form of fixed compensation. With regard to short-term performance-linked compensation, which forms part of base compensation, a performance ratio is calculated for the applicable period in relation to the reference values of the target indicators specified by the Board of Directors (consolidated sales, consolidated operating income, consolidated operating margin, consolidated net income attributable to owners of parent). A coefficient defined in accordance with the performance ratio is reduced by 1, corresponding to fixed compensation, and this is applied to fixed compensation. The resulting amount is reduced by the amount of shareholder association-contributed compensation for each job position to determine the amount of short-term performance-linked compensation.

Reserve-type remuneration to be paid upon retirement is provided as medium-term performance-linked compensation. A performance achievement ratio is calculated in relation to the fiscal year-end cumulative amount of the applicable indicators during the consolidated medium-term management plan, versus the applicable indicators covering the same period during

the previous consolidated medium-term management plan, and a coefficient determined in accordance with this performance achievement ratio is applied to the base reserve amount for the fiscal year to determine the amount of reserve-type remuneration to be paid upon retirement.

With regard to the amount of remuneration for each director, the Company President drafts a remuneration proposal for the current fiscal year within the limit determined by a resolution passed at the General Meeting of Shareholders, in accordance with the Company's Executive Remuneration Regulations, and in consideration of the business environment, operating conditions, Company earnings, the Company's financial status, and the contribution to be provided by each individual. The remuneration proposal drafted by the President is considered by the Remuneration Advisory Board, which is made up of the representative director and outside directors, and is chaired by a lead outside director. The Remuneration Advisory Board then reports to the President concerning its deliberations on the remuneration proposal. The President, on the authorization of the Board of Directors, determines the remuneration amount for each director.

Remuneration for auditors is set based on negotiations and in consideration of the contribution to be provided by each individual.

Internal Control

Compliance

The Group has established the JSP Group Guidelines for Corporate Behavior and JSP Group Code of Conduct to which the Company and its subsidiaries adhere in compliance with laws, regulations, and social ethics as a premise for corporate activities.

Our Risk Compliance Committee oversees compliance across the JSP Group, and is responsible for matters including the education and training of executives and employees of the JSP Group on compliance.

We have also set up a compliance consultation desk so that JSP Group executives and employees can report any questionable acts that may not be in compliance with laws and regulations. The Risk Compliance Committee reports to the Board of Auditors on the details of any reported situation, which is then investigated. Measures are then taken to prevent a recurrence. It is prohibited to treat a whistleblower unfavorably due to their reporting of noncompliance, and executives and employees of the Group are thoroughly educated to that effect.

Regarding the status of compliance, the auditors of the Company and the Internal Audit Department cooperate to conduct audits.

Director and auditor remuneration totals for fiscal year 2019

Position	Number	Total Remuneration (Millions of yen)
Director	15	247
Of which Outside Director	3	16
Auditor	4	42
Of which Outside Auditor	2	24
Total	19	289

Remuneration amounts and other payments to individual executives are omitted because no individual was paid a total amount exceeding 100 million yen.

Storage and Management of Information Pertaining to the Execution of Duties by Directors

Based on document management regulations, the Company records and preserves information on the execution of duties by directors on documents or electromagnetic media. Directors and auditors can view these at all times, according to document management regulations. In addition, matters regarding which information must be disclosed as stipulated by law or the regulations of stock exchanges, etc., are promptly disclosed based on our information disclosure regulations.

Risk Management System

The Risk and Compliance Committee was established to manage the risks of the JSP Group across the organization. In addition to identifying and analyzing risks, the committee has also established rules related to risk management and strengthened the risk management system.

Regarding unforeseen circumstances such as a fire or other calamity, the department in charge of crisis management is to follow the rules and instructions established for emergency response.

System for the Execution of Duties by Directors

The Company's Board of Directors, in principle, holds monthly meetings and makes decisions on basic management policies, matters stipulated by law, and other important matters related to management. The Company also has a Management Committee composed of the representative director and executive officers that meets to deliberate on important management matters in advance of Board of Directors meetings. We have adopted a system of executive officers and separate business headquarters, and delegate the authority for execution and responsibility for performance to improve the efficiency of business execution. Important individual management tasks related to business execution are, in principle, decided at the Directors Meeting held twice a month.

The Company formulates management plans on a consolidated basis, carries out group business management, and provides guidance for group companies to achieve targets. The group companies are organized under separate business headquarters, and are under the direct supervision of the particular business headquarters to which the business execution belongs.

System to Ensure the Appropriateness of Operations in the Corporate Group

The Company requires group companies to get preliminary approval for important management issues or report them to the Company. Our Internal Audit Department regularly conducts business audits of Group companies

to ensure the appropriateness of operations.

In addition, to ensure autonomy in the management of the Company, we have entered into a basic agreement with our parent company on capital and business alliances, and transactions with the parent company are conducted with terms and conditions equivalent to those between independent parties. In such ways we strive to ensure the appropriateness operations.

Systems for Effective Auditing

■ System relating to the assistance of auditors

Auditors are allowed to request the allocation of employees to assist them in carrying out audits as necessary. Employees who receive instructions from an auditor that are necessary for carrying out an audit shall not take orders from directors or others regarding the instructions. In addition, the Board of Auditors must be consulted with regard to matters related to the transfer, evaluation, or disciplining of assisting employees.

■ System for reporting to auditors

Directors and employees shall report to the Board of Auditors matters that seriously affect the JSP Group, in addition to legal matters and the implementation status of internal audits within the JSP Group.

Auditors attend the Board of Directors' meetings and other important meetings of the Company and group companies and work to gather information on important matters concerning management in the Group.

■ Other systems

The Board of Auditors regularly provides private interview opportunities for business managers and others, and holds regular meetings with the representative director and auditing firms to exchange ideas.

A dedicated budget is allocated every year for expenses arising from the execution of duties by auditors.

Approach and System for Excluding Anti-social Forces

Under the JSP Group Code of Conduct, the Company stipulates that the JSP Group will be resolutely committed to having no association whatsoever with anti-social activities or forces in order to exclude them from the Company's activities.

The General Affairs Department works closely with outside expert agencies such as attorneys and police, collects and manages information, and has developed a system to inform relevant departments as necessary.

Consolidated balance sheets

JSP Corporation and Consolidated Subsidiaries—As of March 31

ASSETS	Millions of yen		Thousands of U.S. dollars*
	2020	2019	2020
Current assets			
Cash and deposits	¥ 13,466	¥ 14,842	\$ 123,735
Notes and accounts receivable—trade	27,484	30,630	252,544
Electronically recorded monetary claims—operating	4,187	4,218	38,476
Short-term investment securities	14	23	130
Merchandise and finished goods	7,163	7,611	65,821
Work in process	984	1,198	9,041
Raw materials and supplies	5,212	5,611	47,897
Accounts receivable—other	584	587	5,368
Other	1,531	2,177	14,069
Allowance for doubtful accounts	(52)	(72)	(479)
Total current assets	60,575	66,830	556,606
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	43,960	43,159	403,934
Accumulated depreciation	(24,630)	(23,361)	(226,318)
Accumulated impairment loss	(11)	(12)	(104)
Buildings and structures, net	19,318	19,785	177,511
Machinery, equipment and vehicles	79,055	74,297	726,411
Accumulated depreciation	(59,546)	(57,406)	(547,151)
Accumulated impairment loss	(244)	(80)	(2,244)
Machinery, equipment and vehicles, net	19,264	16,810	177,014
Land	14,714	14,639	135,201
Lease assets	1,243	16	11,422
Accumulated depreciation	(209)	(7)	(1,923)
Lease assets, net	1,033	8	9,498
Construction in progress	6,586	3,720	60,523
Other	9,705	9,381	89,182
Accumulated depreciation	(8,399)	(8,062)	(77,176)
Accumulated impairment loss	(2)	-	(19)
Other, net	1,304	1,319	11,986
Total property, plant and equipment	62,222	56,284	571,737
Intangible assets	1,370	1,729	12,590
Investments and other assets			
Investment securities	1,460	1,431	13,421
Long-term loans receivable	174	139	1,604
Net defined benefit asset	974	1,174	8,951
Deferred tax assets	744	714	6,844
Other	1,435	1,330	13,186
Allowance for doubtful accounts	(512)	(404)	(4,707)
Total investments and other assets	4,277	4,385	39,301
Total noncurrent assets	67,869	62,399	623,629
Total assets	¥128,445	¥129,229	\$1,180,235

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83=U.S.\$1.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars*
	2020	2019	2020
Current liabilities			
Notes and accounts payable—trade	¥ 8,772	¥ 11,183	\$ 80,609
Electronically recorded obligations—operating	1,983	2,202	18,221
Short-term loans payable	8,494	7,497	78,053
Current portion of long-term loans payable	3,681	3,921	33,830
Lease obligations	199	8	1,828
Accounts payable—other	2,737	2,995	25,149
Income taxes payable	622	544	5,721
Accrued consumption taxes	412	99	3,787
Provision for bonuses	1,321	1,449	12,144
Provision for business structure improvement	-	19	-
Electronically recorded obligations—facilities	157	77	1,448
Accounts payable—facilities	1,268	1,862	11,653
Asset retirement obligation	0	-	4
Other	1,960	2,482	18,017
Total current liabilities	31,611	34,344	290,470
Noncurrent liabilities			
Long-term loans payable	8,642	7,969	79,409
Lease obligations	690	6	6,346
Deferred tax liabilities	982	881	9,028
Provision for directors' retirement benefits	2	13	20
Net defined benefit liability	574	568	5,274
Asset retirement obligations	191	176	1,759
Other	1,103	1,128	10,143
Total noncurrent liabilities	12,186	10,744	111,981
Total liabilities	43,798	45,088	402,452
Net assets			
Shareholders' equity			
Capital stock	10,128	10,128	93,068
Capital surplus	13,405	13,441	123,177
Retained earnings	61,518	59,370	565,271
Treasury stock	(1,387)	(1,386)	(12,745)
Total shareholders' equity	83,665	81,553	768,772
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	268	233	2,469
Foreign currency translation adjustment	(3,255)	(2,505)	(29,912)
Remeasurements of defined benefit plans	696	958	6,398
Total valuation and translation adjustments	(2,290)	(1,313)	(21,043)
Non-controlling interest	3,270	3,901	30,054
Total net assets	84,646	84,141	777,782
Total liabilities and net assets	¥128,445	¥129,229	\$1,180,235

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83=U.S.\$1.

Consolidated statements of income

JSP Corporation and Consolidated Subsidiaries—Years ended March 31

	Millions of yen		Thousands of U.S. dollars*
	2020	2019	2020
Net sales	¥113,375	¥116,133	\$1,041,766
Cost of sales	83,208	85,286	764,571
Gross profit	30,167	30,846	277,194
Selling, general and administrative expenses			
Selling expenses	8,290	8,080	76,175
General and administrative expenses	16,793	17,286	154,309
Total selling, general and administrative expenses	25,083	25,366	230,484
Operating income	5,083	5,479	46,710
Non-operating income			
Interest income	212	209	1,954
Dividends income	15	27	140
Rent income	75	75	693
Equity in earnings of affiliates	10	5	93
Other	254	379	2,339
Total non-operating income	568	695	5,221
Non-operating expenses			
Interest expenses	201	148	1,849
Foreign exchange loss	134	95	1,237
Other	105	95	967
Total non-operating expenses	441	340	4,055
Ordinary income	5,210	5,835	47,875
Extraordinary income			
Gain on sales of noncurrent assets	13	29	121
Gain on sales of investment securities	32	411	296
Total extraordinary income	45	440	418
Extraordinary loss			
Loss on sales of noncurrent assets	5	6	47
Loss on retirement of noncurrent assets	50	143	464
Impairment loss	381	-	3,508
Loss on valuation of investment securities	6	78	59
Total extraordinary losses	444	228	4,080
Income before income taxes	4,811	6,047	44,213
Income taxes—current	1,383	1,481	12,712
Income taxes—deferred	173	391	1,591
Total income taxes	1,556	1,872	14,303
Net income	3,255	4,174	29,909
Net income attributable to non-controlling interests	(383)	(134)	(3,525)
Net income attributable to owners of the parent	¥3,638	¥ 4,309	\$33,435

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83=U.S.\$1.

Consolidated statements of changes in net assets

JSP Corporation and Consolidated Subsidiaries—Year ended March 31, 2020

	Millions of yen					Net assets
	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance, beginning of period	¥10,128	¥13,441	¥59,370	(¥1,386)	¥81,553	
Cumulative effects of changes in accounting policies						-
Restated balance, beginning of period	10,128	13,441	59,370	(1,386)	81,553	
Changes of items during the period:						
Dividends from surplus			(1,490)			(1,490)
Net income attributable to owners of the parent			3,638			3,638
Purchase of treasury stock				0		0
Capital increase of consolidated subsidiaries		(35)				(35)
Net changes of items other than shareholders' equity						-
Total changes of items during the period	-	(35)	2,148	0	2,112	
Balance, end of period	¥10,128	¥13,405	¥61,518	(¥1,387)	¥83,665	
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments	Minority interests	Net assets
Balance, beginning of period	¥233	(¥2,505)	¥958	(¥1,313)	¥3,901	¥84,141
Cumulative effects of changes in accounting policies						-
Restated balance, beginning of period	233	(2,505)	958	(1,313)	3,901	84,141
Changes of items during the period:						
Dividends from surplus						(1,490)
Net income attributable to owners of the parent						3,638
Purchase of treasury stock						0
Capital increase of consolidated subsidiaries						(35)
Net changes of items other than shareholders' equity	35	(749)	(261)	(976)	(631)	(1,607)
Total changes of items during the period	35	(749)	(261)	(976)	(631)	504
Balance, end of period	¥268	(¥3,255)	¥696	(¥2,290)	¥3,270	¥84,646
	Thousands of U.S. dollars*					
	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance, beginning of period	\$93,068	\$123,508	\$545,531	(\$12,743)	\$749,364	
Cumulative effects of changes in accounting policies						-
Restated balance, beginning of period	93,068	123,508	545,531	(12,743)	749,364	
Changes of items during the period:						
Dividends from surplus			(13,695)			(13,695)
Net income attributable to owners of the parent			33,435			33,435
Purchase of treasury stock				(2)		(2)
Capital increase of consolidated subsidiaries		(330)				(330)
Net changes of items other than shareholders' equity						-
Total changes of items during the period	-	(330)	19,740	(2)	19,407	
Balance, end of period	\$93,068	\$123,177	\$565,271	(\$12,745)	\$768,772	
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments	Minority interests	Net assets
Balance, beginning of period	\$2,145	(\$23,022)	\$8,804	(\$12,072)	\$35,854	\$773,146
Cumulative effects of changes in accounting policies						-
Restated balance, beginning of period	2,145	(23,022)	8,804	(12,072)	35,854	773,146
Changes of items during the period:						
Dividends from surplus						(13,695)
Net income attributable to owners of the parent						33,435
Purchase of treasury stock						(2)
Capital increase of consolidated subsidiaries						(330)
Net changes of items other than shareholders' equity	324	(6,889)	(2,406)	(8,971)	(5,799)	(14,771)
Total changes of items during the period	324	(6,889)	(2,406)	(8,971)	(5,799)	4,636
Balance, end of period	\$2,469	(\$29,912)	\$6,398	(\$21,043)	\$30,054	\$777,782

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83=U.S.\$1.

Consolidated statements of cash flows

JSP Corporation and Consolidated Subsidiaries—Years ended March 31

	Millions of yen		Thousands of U.S. dollars*
	2020	2019	2020
Net cash provided by (used in) operating activities			
Income before income taxes	¥4,811	¥ 6,047	\$44,213
Depreciation and amortization	6,427	5,601	59,061
Impairment loss	381	-	3,508
Increase (decrease) in allowance for doubtful accounts	94	(32)	868
Increase (decrease) in provision for bonuses	(119)	(18)	(1,099)
Increase (decrease) in net defined benefit liability	(67)	(105)	(620)
Increase (decrease) in provision for directors' retirement benefits	(10)	1	(100)
Loss (gain) on sales and retirement of noncurrent assets	42	120	391
Loss (gain) on sales of investment securities	(32)	(411)	(296)
Loss (gain) on valuation of investment securities	6	78	59
Interest and dividends income	(227)	(236)	(2,094)
Interest expenses	201	148	1,849
Foreign exchange losses (gains)	71	116	660
Equity in (earnings) losses of affiliates	(10)	(5)	(93)
Decrease (increase) in notes and accounts receivable—trade	2,853	(1,075)	26,220
Decrease (increase) in inventories	906	(1,438)	8,333
Increase (decrease) in notes and accounts payable—trade	(2,475)	330	(22,743)
Increase (decrease) in accrued consumption taxes	315	7	2,894
Other, net	(452)	(150)	(4,157)
Subtotal	12,717	8,978	116,854
Interest and dividends income received	230	237	2,114
Interest expenses paid	(204)	(150)	(1,877)
Business structure improvement expenses paid	(2)	-	(26)
Income taxes paid	(1,255)	(1,673)	(11,537)
Net cash provided by (used in) operating activities	11,484	7,391	105,527
Net cash provided by (used in) investing activities			
Purchase of noncurrent assets	(12,200)	(10,896)	(112,109)
Proceeds from sales of noncurrent assets	63	102	581
Payments for retirement of noncurrent assets	(120)	(74)	(1,105)
Purchase of investment securities	(6)	(11)	(62)
Proceeds from sales of investment securities	39	571	358
Net decrease (increase) in time deposits	(230)	51	(2,118)
Other, net	49	(111)	454
Net cash provided by (used in) investing activities	(12,406)	(10,368)	(114,000)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	1,021	1,150	9,386
Proceeds from long-term loans payable	4,600	6,500	42,267
Repayment of long-term loans payable	(4,158)	(4,233)	(38,209)
Purchase of treasury stock	0	(1)	(2)
Cash dividends paid	(1,490)	(1,490)	(13,695)
Dividends paid for non-controlling interests	(182)	(202)	(1,680)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	66	-	606
Other, net	(214)	(14)	(1,966)
Net cash provided by (used in) financing activities	(358)	1,708	(3,293)
Effect of exchange rate change on cash and cash equivalents	(217)	(456)	(1,998)
Net increase (decrease) in cash and cash equivalents	(1,498)	(1,724)	(13,764)
Cash and cash equivalents at beginning of period	9,082	10,807	83,454
Cash and cash equivalents at end of period	¥7,584	¥ 9,082	\$69,689

* U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.83=U.S.\$1.

Stock information

As of March 31, 2020

Listing market First Section of the Tokyo Stock Exchange

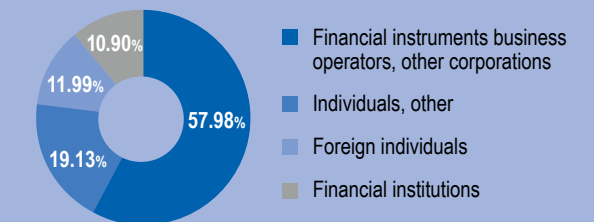
Securities code 7942

Share trading unit 100 shares

Total number of authorized shares 46,000,000

Fiscal year April 1 – March 31

Distribution of shares by shareholder type



Major shareholders

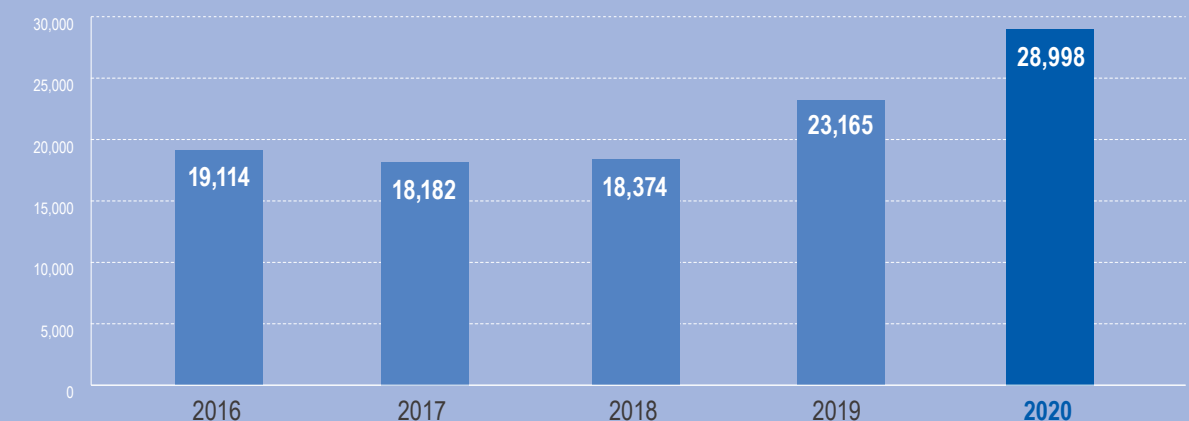
	Shares held (thousands)	Voting right ratio (%)
Mitsubishi Gas Chemical Company, Inc.	16,020	53.74
Japan Trustee Services Bank, Ltd.	2,019	6.77
JSP Client Stock Ownership Plan	1,136	3.81
J.P. MORGAN BANK LUXEMBOURG S.A. 380578	711	2.38
The Master Trust Bank of Japan, Ltd.	677	2.27
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	374	1.25
JP MORGAN CHASE BANK 385166	306	1.02
JSP Employee Stock Ownership Plan	291	0.97
UBS AG LONDON A/C SEGREGATED CLIENT ACCOUNT	257	0.86
Nippon Life Insurance Company	241	0.80

Notes: 1. The above list of major shareholders does not include treasury stock held by the company (1,604,000 shares).

2. The shareholding ratio does not include treasury stock.

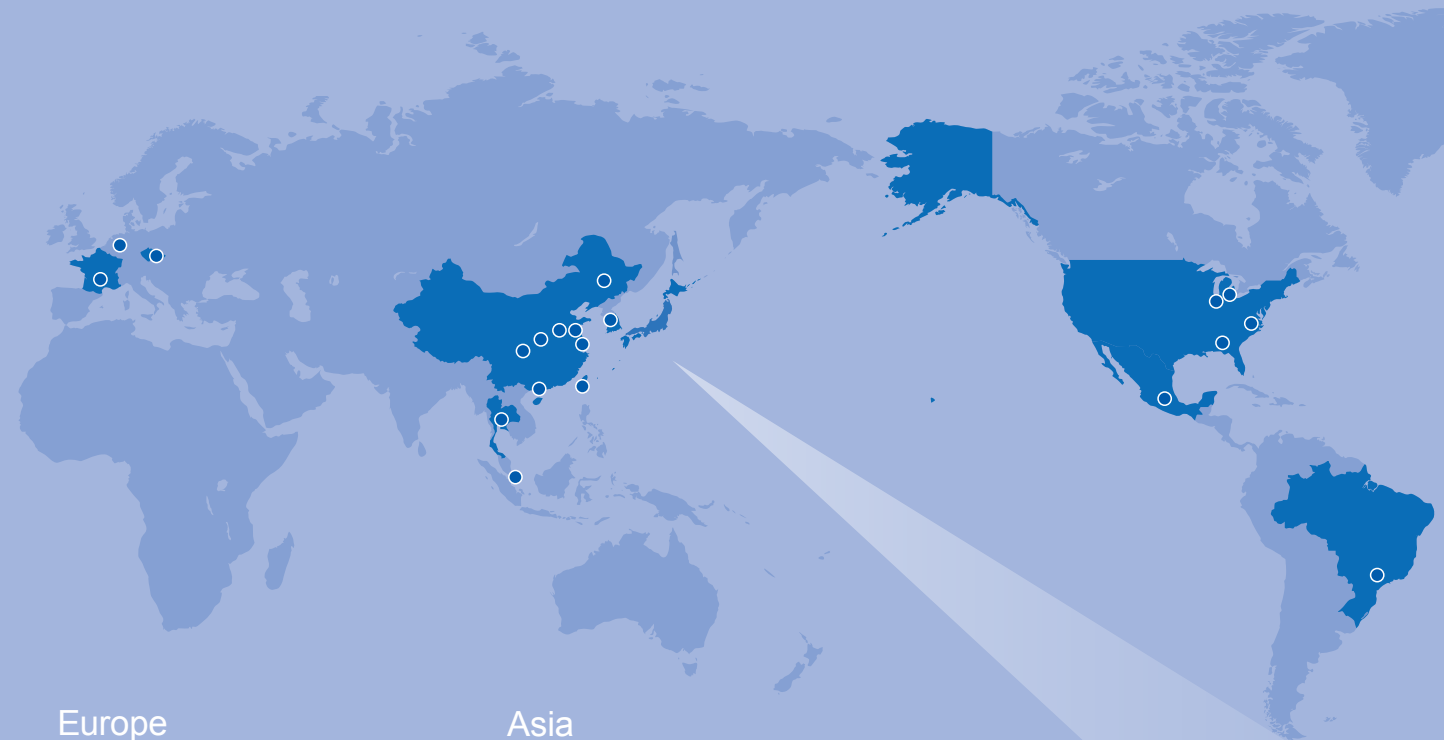
3. Among the above shares held, the number of shares pertaining to trust business is as follows: Japan Trustee Services Bank, Ltd. 2,019,000 shares; The Master Trust Bank of Japan, Ltd. 677,000 shares.

Number of shareholders As of March 31



Global network

As of March 31, 2020



Europe

France

JSP International SARL

Czech

JSP International s.r.o.

Germany

(Innovation Center)

Asia

Korea

KOSPA Corporation

Taiwan

Taiwan JSP Chemical Co., Ltd.

Singapore

JSP Foam Products PTE. Ltd.

Thailand

JSP Foam Products (Thailand) Co., Ltd.

China

JSP Advanced Materials (Wuxi) Co., Ltd.*

JSP Plastics (Shanghai) Co., Ltd.

Kunshan JSP Seihoku Packaging Material Co., Ltd.

JSP Advanced Materials (Dongguan) Co., Ltd.*

JSP Plastics (Wuhan) Co., Ltd.

Japan

- ① Hokkaido
- ② Kanuma
- ③ Kashima
- ④ Tokyo Head Office
- ⑤ Yokkaichi
- ⑥ Kansai
- ⑦ Kitakyushu
- ⑧ Kyushu



North America

U.S.A.

JSP International Group Ltd.

Mexico

JSP International De Mexico S.A.de C.V.

South America

Brazil

JSP Brasil Industria De Plasticos Ltda.

Corporate data

As of March 31, 2020

Head office

Shin Nisseki Bldg., 4-2, 3-chome Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

President, representative director

Yukio Sakai

Founded

January 1962

Paid-in capital

¥10,128.610 million

Number of shareholders

28,998

Stock exchange listing

Tokyo (First Section: 7942)

Fiscal year-end

March 31

Investor relations contact

Public and Investor Relations Department

Tel: +81-3-6212-6302

Number of employees

3,074

Major affiliates

36 in total

Information disclosure



JSP website <https://www.jsp.com>

* As of 2020, JSP Plastics (Wuxi) Co., Ltd. and JSP Plastics (Dongguan) Co., Ltd. have changed their names to JSP Advanced Materials (Wuxi) Co., Ltd. and JSP Advanced Materials (Dongguan) Co., Ltd. respectively.



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