

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2023



August 5, 2022

Stock Exchange Listings : Prime Market of Tokyo

Company name : JMS Co., Ltd. (URL <https://www.jms.cc/>)
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 Quarterly statement filing date (as planned) : August 10, 2022 Dividend payable date (as planned) : —
 Supplemental material of quarterly results : Yes
 Convening briefing of quarterly results : None

(Note: Amounts below are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Interim Period Ended June 2022 (From April 1, 2022 to June 30, 2022)

(1) Consolidated operating results

(%: change from the same previous period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	14,281	3.5	(104)	—	(78)	—	(36)	—
Three months ended June 30, 2021	13,797	1.6	436	(30.8)	478	(30.3)	365	(44.5)

(Note) Comprehensive income : Three months ended June 30, 2022 : 1,527 million yen (215.3%) ,
 Three months ended June 30, 2021 : 484 million yen (41.4%) .

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	(1.51)		—	
Three months ended June 30, 2021	14.98		—	

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As at June 30, 2022	73,311	38,418	52.2
As at March 31, 2022	71,971	37,093	51.4

(Note) Owner's equity: June 30, 2022: 38,287 million yen, March 31, 2022: 36,959 million yen.

2. Dividends

	Dividend per share				
	1st quarter	2nd quarter	3rd quarter	Fiscal Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	8.50	—	8.50	17.00
Year ending March 31, 2023	—	—	—	—	—
Year ending March 31, 2023 (forecast)	—	8.50	—	8.50	17.00

(Note) Correction of dividend forecast from the most recent dividend forecast: None

3. Consolidated Forecast for the Year Ending March 2023 (From April 1, 2022 to March 31, 2023)

(%: change from the same previous period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year ending September 30, 2022	29,100	2.9	400	(34.9)	400	(41.5)	250	(49.7)	10.23
Year ending March 31, 2023	60,000	3.1	1,200	22.4	1,200	6.5	900	8.9	36.84

(Note) Correction of financial forecast from the most recent financial forecast. : None

The aforementioned projections are based on the information currently available, and may contain some uncertainties.
 The final results might be significantly different from the aforementioned projections due to changes in business conditions.

4. Overview of business results for the first quarter

(1) Overview of consolidated business results

JMS strives to improve the quality of corporate management and the corporate value, in order 'To be a bridge for the people who give and seek medical care, and to bring a smile to people by contributing to a healthy and better life' under our Founding Spirit of 'For People's Precious Life'. JMS focused on four fields of business activities such as infusion & enteral nutrition, dialysis, cardiovascular and blood transfusion and promotes product development, production and sales.

During the consolidated cumulative first quarter, in the domestic market, the acute blood purification business and Hemodialysis Machines showed steady performance although production adjustments were implemented for some products due to difficulties in procuring semiconductors. In overseas markets, sales decreased due to the continued stagnation of demand for Apheresis Kits, and production adjustments of Hemodialysis Machines, etc. as difficulties in procuring semiconductors. Meanwhile, although the situation varies depending on the country and region, sales of Blood Bags increased while sales of AV Fistula Needle were also strong because there were signs of recovery from the impact of COVID-19.

As a result of the above, JMS recorded consolidated net sales for the first quarter of 14,281 million yen, up by 3.5% / 483 million yen (year-over-year), due in part to an increase in yen equivalent value resulting from yen depreciation.

Despite the effect of sales increase, the impact of soaring prices of raw material, ocean freight rates, and electricity costs in worldwide resulted in an operating loss of 104 million yen (operating income of 436 million yen in the same period of the previous year). Recording of foreign exchange gains and other factors resulted in an ordinary loss of 78 million yen (ordinary profit of 478 million yen in the same period of the previous year).

As a result of adding and subtracting income taxes, the loss attributable to owners of parent totaled 36 million yen (the profit attributable to owners of parent totaled 365 million yen in the same period of the previous year).

As a manufacturer of medical devices, we are committed to making further contributions to settling COVID-19 as soon as possible by providing a stable supply of products to meet the market demands.

Business performance by geographical segment.

(i) Japan

Although production adjustments were implemented for some products due to difficulties in procuring semiconductors, steady performance of the acute blood purification business and Hemodialysis Machines for the domestic market resulted in net sales of 10,077 million yen, up by 0.9% (year-over-year). The impact of soaring prices of raw material, ocean freight rates and electricity costs, and the increase in selling expenses associated with the gradual resumption of sales activities resulted in segment loss of 175 million yen (profit of 534 million yen in the same period of the previous year).

(ii) Singapore

Despite the continued stagnation of demand for Apheresis kits due to the impact of COVID-19, increased sales of blood bags to Egypt and Indonesia as well as transfusion sets for Africa resulted in net sales of 4,577 million yen, up by 9.9% (year-on-year). Although there was the impact of soaring prices of raw material and ocean freight rates, recording of foreign exchange gains resulted in a profit of 57 million yen, up by 64.8% (year-over-year), for this geographical segment.

(iii) China

Increased sales of materials to affiliated companies and Acute Blood Purification Tubing Sets for the China market raised net sales to 940 million yen, up by 10.8% (year-over-year). Increased raw material costs and labor costs, resulted in a profit to 38 million yen, down by 9.4% (year-over-year), for this geographical segment.

(iv) Philippines

Due to unfavorable foreign exchange rates movement in sales to Japan, net sales were 773 million yen, down by 6.7% (year-over-year). Soaring raw material and electricity costs resulted in segment profit of 59 million yen, down by 52.8% (year-over-year).

(v) Germany

Due to increased sales of AV Fistula Needles and Dialysis therapy chairs, net sales were 879 million yen, up by 17.7% (year-over-year). Increased ocean freight costs were absorbed by the effect of higher sales, resulted in a profit of 37 million yen, up by 16.9 % (year-over-year), for this geographical segment.

The remaining geographical segments recorded net sales of 1,249 million yen, up by 20.7% (year-over-year), and loss of 18 million yen (profit of 36 million yen in the same period of the previous year).

(2) Overview of the financial condition

Total assets as of the end of this first quarter totaled 73,311 million yen, up by 1,340 million yen from the end of the previous consolidated fiscal year. The details of assets, liabilities and net assets are as shown below.

(Assets)

Current assets increased to 40,249 million yen, up by 206 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in raw materials and supplies. Non-current assets increased to 33,062 million yen, up by 1,133 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of plant and equipment.

(Liabilities)

Current liabilities increased to 23,682 million yen, up by 834 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of Short-term loans payable. Non-current liabilities decreased to 11,211 million yen, down by 818 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease of long-term loans payable.

(Net assets)

Net assets increased to 38,418 million yen, up by 1,325 million yen from the end of the previous consolidated fiscal year, mainly due to changes in Foreign currency translation adjustments. Note that the capital adequacy ratio increased by 0.8 percentage points to 52.2%.

(3) Overview of consolidated business forecast

Consolidated business forecast for the first half and ending of March 31, 2023 released on May 12, 2022 has not been revised, as the overall business environment remained unclear.

5. Consolidated Financial Statements

Consolidated Balance Sheet
JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>As at March 31,</u> <u>2022</u>	<u>As at June 30,</u> <u>2022</u>
Assets		
Current assets		
Cash and deposits	6,605	6,199
Notes and accounts receivable - trade	16,077	15,596
Securities	208	112
Merchandise and finished goods	8,815	9,050
Work in process	2,848	3,145
Raw materials and supplies	4,870	5,387
Other	646	784
Allowance for doubtful accounts	(29)	(27)
Total current assets	<u>40,042</u>	<u>40,249</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,621	8,846
Machinery, equipment and vehicles, net	8,246	8,393
Other, net	8,592	9,217
Total property, plant and equipment	<u>25,460</u>	<u>26,457</u>
Intangible assets		
Goodwill	134	131
Other	900	862
Total intangible assets	<u>1,035</u>	<u>993</u>
Investments and other assets		
Investments and other assets	5,519	5,701
Allowance for doubtful accounts	(86)	(89)
Total investments and other assets	<u>5,432</u>	<u>5,611</u>
Total non-current assets	<u>31,928</u>	<u>33,062</u>
Total assets	<u>71,971</u>	<u>73,311</u>

Consolidated Balance Sheet
JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>As at March 31,</u> <u>2022</u>	<u>As at June 30,</u> <u>2022</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,482	8,162
Short-term borrowings	3,450	4,910
Current portion of long-term borrowings	4,604	4,328
Income taxes payable	229	76
Provision for bonuses	1,097	606
Asset retirement obligations	25	25
Other	4,958	5,572
Total current liabilities	<u>22,847</u>	<u>23,682</u>
Non-current liabilities		
Long-term borrowings	10,112	9,260
Provision for retirement benefits for directors (and other officers)	139	145
Retirement benefit liability	653	688
Asset retirement obligations	166	180
Other	958	936
Total non-current liabilities	<u>12,030</u>	<u>11,211</u>
Total liabilities	<u>34,878</u>	<u>34,893</u>
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,351	10,351
Retained earnings	17,652	17,408
Treasury shares	(233)	(233)
Total shareholders' equity	<u>35,182</u>	<u>34,937</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	339	367
Foreign currency translation adjustment	1,437	2,982
Total accumulated other comprehensive income	<u>1,777</u>	<u>3,350</u>
Non-controlling interests	133	130
Total net assets	<u>37,093</u>	<u>38,418</u>
Total liabilities and net assets	<u>71,971</u>	<u>73,311</u>

Consolidated statements of income

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Three months ended</u> <u>June 30, 2021</u>	<u>Three months ended</u> <u>June 30, 2022</u>
Net sales	13,797	14,281
Cost of sales	10,103	10,925
Gross profit	<u>3,693</u>	<u>3,356</u>
Selling, general and administrative expenses	<u>3,257</u>	<u>3,460</u>
Operating profit (loss)	<u>436</u>	<u>(104)</u>
Non-operating income		
Interest income	1	1
Dividend income	25	27
Share of profit of entities accounted for using equity method	36	—
Foreign exchange gains	—	59
Subsidy income	35	2
Other	28	19
Total non-operating income	<u>127</u>	<u>111</u>
Non-operating expenses		
Interest expenses	41	37
Share of loss of entities accounted for using equity method	—	42
Foreign exchange losses	38	—
Other	5	5
Total non-operating expenses	<u>85</u>	<u>85</u>
Ordinary profit (loss)	<u>478</u>	<u>(78)</u>
Extraordinary income		
Gain on sale of non-current assets	2	5
Total extraordinary income	<u>2</u>	<u>5</u>
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on abandonment of non-current assets	28	5
Total extraordinary losses	<u>28</u>	<u>5</u>
Profit (loss) before income taxes	<u>451</u>	<u>(78)</u>
Income taxes - current	75	72
Income taxes - deferred	12	(106)
Total income taxes	<u>87</u>	<u>(33)</u>
Profit (loss)	<u>364</u>	<u>(44)</u>
Loss attributable to non-controlling interests	<u>(1)</u>	<u>(7)</u>
Profit (loss) attributable to owners of parent	<u>365</u>	<u>(36)</u>

Consolidated statements of comprehensive income

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Three months ended</u> <u>June 30, 2021</u>	<u>Three months ended</u> <u>June 30, 2022</u>
Profit (loss)	364	(44)
Other comprehensive income		
Valuation difference on available-for-sale securities	(66)	27
Foreign currency translation adjustment	186	1,544
Total other comprehensive income	<u>120</u>	<u>1,572</u>
Comprehensive income	<u>484</u>	<u>1,527</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	486	1,530
Comprehensive income attributable to non-controlling interests	(1)	(2)