



## Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2024

November 7, 2023

Stock Exchange Listings : Tokyo Stock Exchange

Company name : JMS Co., Ltd. (URL <https://www.jms.cc/>)  
 Securities code : 7702  
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 Quarterly statement filing date (as planned) : November 13, 2023 Dividend payable date (as planned) : December 8, 2023  
 Supplemental material of quarterly results : Yes  
 Convening briefing of quarterly results : Yes

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

### 1. Consolidated Financial Highlights for the Interim Period Ended September 2023 (From April 1, 2023 to September 30, 2023)

#### (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	%
Six months ended September 30, 2023	31,248	4.2	(320)	—	(135)	—	(258)	—
Six months ended September 30, 2022	29,975	6.0	(44)	—	56	(91.8)	(68)	—

(Note) Comprehensive income : Six months ended September 30, 2023 : 1,884 million yen [(18.7)%] ,  
 Six months ended September 30, 2022 : 2,317 million yen [202.4%] .

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	(10.58)		—	
Six months ended September 30, 2022	(2.80)		—	

#### (2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As at September 30, 2023	81,213	40,408	49.5
As at March 31, 2023	74,407	38,700	51.8

(Note) Owner's equity: September 30, 2023: 40,235 million yen, March 31, 2023: 38,530 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, 2023	—	8.50	—	8.50	17.00
Year ending March 31, 2024	—	8.50	—	—	—
Year ending March 31, 2024 (forecast)	—	—	—	8.50	17.00

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

### 3. Consolidated Forecast for the Year Ending March 2024 (From April 1, 2023 to March 31, 2024)

(%: 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
Year ending March 31, 2024	64,500	1.2	100	(86.2)	400	(31.8)	100	(64.4)	4.08

(Note) Correction of financial forecast from the most recent financial forecast. : Yes

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 second 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 second quarter, in the domestic market, sales of Closed Drug Mixing/Infusion Systems which are being promoted as a focus business, Infusion Sets with Needles Access Port and Blood Bags with Leukocyte Reduction Filter showed steady performance. On the other hand, sales decreased on Nutrition Sets, Medical Gloves and Hemodialysis Machines. In overseas markets, although the situation varies depending on the country and region, sales of Apheresis Kits and Blood Bags which are the mainstay products as well as Hemodialysis Machines for China increased, and an increase in yen equivalent value resulting from yen depreciation boosted sales.

As a result of the above, JMS recorded consolidated net sales for the second quarter of 31,248 million yen, up by 4.2% / 1,272 million yen (year-over-year). Despite the effect of sales increase, the impact of soaring prices of raw material and electricity costs as well as the increase in labor costs in preparation for the recovery in demand resulted in an operating loss of 320 million yen (operating loss of 44 million yen in the same period of the previous year). Recording of equity in earnings of affiliates and foreign exchange gains resulted in an ordinary loss of 135 million yen (ordinary profit of 56 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 258 million yen (the loss attributable to owners of parent totaled 68 million yen in the same period of the previous year).

Business performance by geographical segment.

##### (i) Japan

Despite Sales of Closed Drug Mixing/Infusion Systems, Infusion Sets with Needles Access Port and Hemodialysis Machines for China showed steady performance, decreased sales of Hemodialysis Machines, Medical Gloves and Nutrition Sets for domestic market and AV Fistula Needles for Europe due to customers' inventory adjustments, resulted in net sales of 20,784 million yen, down by 2.7% (year-over-year). The impact of sales decrease and increase of research and development expenses and selling expenses resulted in segment loss of 101 million yen (loss of 89 million yen in the same period of the previous year).

##### (ii) Singapore

Sales increase of Apheresis Kits and Blood Bags for Asia and Africa on a recovery trend of stagnation of overseas demand as well as increase in the yen equivalent from yen depreciation resulted in net sales of 11,008 million yen, up by 4.7% (year-over-year). Despite the effect of increased sales, the impact of raw materials costs and increased labor costs in preparation for the recovery in demand, resulted in segment loss of 194 million yen (profit of 216 million yen in the same period of the previous year).

##### (iii) China

Although demand remained on an expansionary trend due to market growth, sales of AV Fistula Needles decreased due to a temporary decline in the number of dialysis patients following the spread of COVID-19 as well as Hemodialysis Blood Tubing Sets resulted in net sales of 1,859 million yen, down by 1.0% (year-over-year). The impact of soaring prices of raw materials, increased labor costs and general and administrative expenses, resulted in segment loss of 22 million yen (profit of 56 million yen in the same period of the previous year).

##### (iv) Philippines

Increased sales of Blood Bags and Apheresis Kits for Asia resulted in net sales of 1,889 million yen, up by 13.2% (year-over-year). Despite the effect of sales increase, the soaring of raw material and electricity cost as well as labor costs in preparation for the recovery in demand on Blood Bags resulted in segment loss of 36 million yen (profit of 45 million yen in the same period of the previous year).

##### (v) Germany

Due to increased sales of AV Fistula Needles and Blood Bags for Europe, net sales were 2,024 million yen, up

by 8.2% (year-over-year). The effect of increased sales resulted in segment profit of 243 million yen, up by 241.5% (year-over-year), for this geographical segment.

(vi) Others

Due to decreased sales of AV Fistula Needles and Scalp Vein Needles for North America and other factors, net sales amounted to 1,880 million yen, down by 25.6% (year-over-year), with a loss of 41 million yen (loss of 47 million yen in the same period of the previous year).

(2) Overview of the financial condition

(i) Situation of Assets, Liabilities and Net assets

Total assets as of the end of this second quarter totaled 81,213 million yen, up by 6,805 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 47,850 million yen, up by 5,587 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in cash and deposits. Non-current assets increased to 33,362 million yen, up by 1,217 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of Property, plant and equipment.

(Liabilities)

Current liabilities increased to 25,077 million yen, up by 2,640 million yen from the end of the previous consolidated fiscal year, mainly due to increases in current portion of long-term loans payable. Non-current liabilities increased to 15,727 million yen, up by 2,457 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of long-term loans payable.

(Net assets)

Net assets increased to 40,408 million yen, up by 1,707 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 decreased by 2.3 percentage points to 49.5%.

(ii) Overview of the cash flows

As of the consolidated cumulative second quarter, cash and cash equivalents amounted to 9,874 million yen, up by 3,603 million yen from the same period of the previous year. Cash flows from various activities are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was 407 million yen, up by 173 million yen (year-over-year), mainly due to increase of other current liabilities.

(Cash flows from investing activities)

Net cash used in investing activities was 1,456 million yen, down by 639 million yen (year-over-year), mainly due to decrease of expenditures for purchases of Property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 4,377 million yen, up by 3,360 million yen (year-over-year), mainly due to the balance difference of loan payable.

(3) Overview of consolidated business forecast

We reviewed the consolidated results forecasts for the fiscal year ending March 31, 2024 announced in the Consolidate Financial Summary of the Fiscal Year Ended March 2023, which was announced on May 12, 2023. For more details, please refer to the "Notice Regarding Difference Between Forecasts and Actual Results of the First Half of the Fiscal Year Ending March 31, 2024 and Revision of Full-Year Forecasts".

The forecasted statements are based on information currently available and certain assumptions that we regard as reasonable. Actual operating results may differ substantially due to a number of factors.

## 5. Consolidated Financial Statements

**Consolidated Balance Sheet**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>As at March 31,</u> <u>2023</u>	<u>As at September 30,</u> <u>2023</u>
Assets		
Current assets		
Cash and deposits	6,329	9,878
Notes and accounts receivable - trade	17,197	17,495
Merchandise and finished goods	9,158	10,035
Work in process	3,096	3,722
Raw materials and supplies	5,503	5,992
Other	1,008	757
Allowance for doubtful accounts	(30)	(30)
Total current assets	<u>42,263</u>	<u>47,850</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,219	9,552
Machinery, equipment and vehicles, net	8,756	9,313
Other, net	8,032	8,042
Total property, plant and equipment	<u>26,008</u>	<u>26,908</u>
Intangible assets		
Goodwill	119	112
Other	728	662
Total intangible assets	<u>847</u>	<u>774</u>
Investments and other assets		
Investments and other assets	5,372	5,771
Allowance for doubtful accounts	(84)	(91)
Total investments and other assets	<u>5,287</u>	<u>5,679</u>
Total non-current assets	<u>32,144</u>	<u>33,362</u>
Total assets	<u>74,407</u>	<u>81,213</u>

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

(Millions of yen)

	<u>As at March 31,</u> <u>2023</u>	<u>As at September 30,</u> <u>2023</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,699	8,217
Short-term borrowings	4,002	2,965
Current portion of long-term borrowings	3,916	7,664
Income taxes payable	141	184
Provision for bonuses	1,111	1,161
Other	4,566	4,883
Total current liabilities	22,437	25,077
Non-current liabilities		
Long-term borrowings	11,599	13,875
Provision for retirement benefits for directors (and other officers)	151	167
Retirement benefit liability	500	535
Asset retirement obligations	189	312
Other	828	837
Total non-current liabilities	13,270	15,727
Total liabilities	35,707	40,805
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,351	10,351
Retained earnings	17,514	17,041
Treasury shares	(219)	(194)
Total shareholders' equity	35,057	34,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	362	636
Foreign currency translation adjustment	3,110	4,988
Total accumulated other comprehensive income	3,473	5,625
Non-controlling interests	169	172
Total net assets	38,700	40,408
Total liabilities and net assets	74,407	81,213

**Consolidated statements of income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2022</u>	<u>Six months ended</u> <u>September 30, 2023</u>
Net sales	29,975	31,248
Cost of sales	23,132	24,466
Gross profit	6,842	6,781
Selling, general and administrative expenses	6,887	7,102
Operating loss	(44)	(320)
Non-operating income		
Interest income	7	5
Dividend income	27	25
Share of profit of entities accounted for using equity method	—	104
Foreign exchange gains	98	43
Other	97	124
Total non-operating income	231	302
Non-operating expenses		
Interest expenses	79	96
Share of loss of entities accounted for using equity method	42	—
Other	7	21
Total non-operating expenses	130	117
Ordinary profit (loss)	56	(135)
Extraordinary income		
Gain on sale of non-current assets	6	1
Gain on sale of investment securities	57	—
Total extraordinary income	63	1
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on abandonment of non-current assets	15	6
Total extraordinary losses	15	7
Profit (loss) before income taxes	104	(140)
Income taxes - current	152	139
Income taxes - deferred	40	(13)
Total income taxes	193	126
Loss	(88)	(267)
Loss attributable to non-controlling interests	(20)	(8)
Loss attributable to owners of parent	(68)	(258)

**Consolidated statements of comprehensive income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2022</u>	<u>Six months ended</u> <u>September 30, 2023</u>
Loss	(88)	(267)
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	273
Foreign currency translation adjustment	2,433	1,878
Total other comprehensive income	<u>2,406</u>	<u>2,152</u>
Comprehensive income	<u>2,317</u>	<u>1,884</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,338	1,881
Comprehensive income attributable to non-controlling interests	(20)	3

**Consolidated statements of cash flows**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2022</u>	<u>Six months ended</u> <u>September 30, 2023</u>
Cash flows from operating activities		
Profit (loss) before income taxes	104	(140)
Depreciation	1,791	1,820
Amortization of goodwill	9	7
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for retirement benefits for directors (and other office	(1)	(1)
Increase (decrease) in retirement benefit liability	(1)	(6)
Interest and dividend income	(35)	(30)
Interest expenses	79	96
Foreign exchange losses (gains)	(99)	(64)
Share of loss (profit) of entities accounted for using equity method	42	(104)
Loss (gain) on sale of non-current assets	(6)	(0)
Loss on abandonment of non-current assets	15	6
Loss (gain) on sale of investment securities	(57)	—
Decrease (increase) in trade receivables	147	71
Decrease (increase) in inventories	(538)	(1,281)
Increase (decrease) in trade payables	(705)	(581)
Increase (decrease) in accrued consumption taxes	(53)	117
Decrease (increase) in other current assets	(116)	243
Increase (decrease) in other current liabilities	(113)	416
Other, net	11	(11)
Subtotal	<u>470</u>	<u>554</u>
Interest and dividends received	35	30
Interest paid	(80)	(79)
Income taxes paid	(192)	(98)
Net cash provided by (used in) operating activities	<u>233</u>	<u>407</u>
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(1,985)	(1,368)
Proceeds from sale of property, plant and equipment	6	6
Purchase of intangible assets	(36)	(28)
Payments for acquisition of businesses	(10)	(46)
Purchase of investment securities	(40)	—
Proceeds from sale of investment securities	96	—
Other, net	(126)	(20)
Net cash provided by (used in) investing activities	<u>(2,095)</u>	<u>(1,456)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	6,301	6,096
Repayments of short-term borrowings	(7,783)	(7,240)
Proceeds from long-term borrowings	5,350	7,255
Repayments of long-term borrowings	(2,521)	(1,408)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	—
Dividends paid	(207)	(207)
Repayments of lease liabilities	(122)	(118)
Net cash provided by (used in) financing activities	<u>1,016</u>	<u>4,377</u>
Effect of exchange rate change on cash and cash equivalents	304	220
Net increase (decrease) in cash and cash equivalents	<u>(540)</u>	<u>3,548</u>
Cash and cash equivalents at beginning of period	<u>6,810</u>	<u>6,325</u>
Cash and cash equivalents at end of period	<u>6,270</u>	<u>9,874</u>