

Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2021



November 6, 2020

Stock Exchange Listings : Tokyo 1st Section

Company name	: JMS Co., Ltd.	(URL http://www.jms.cc/)
Securities code	: 7702	
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Quarterly statement filing date (as planned)	: November 13, 2020	Dividend payable date (as planned) : December 10, 2020
Supplemental material of quarterly results	: None	
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 September 2020 (From April 1, 2020 to September 30, 2020)

(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, 2020	27,900	(2.8)	1,046	28.0	1,127	17.9	1,060	66.3
Six months ended September 30, 2019	28,718	1.0	817	66.6	956	61.1	637	49.5

(Note) Comprehensive income : Six months ended September 30, 2020 : 1,143 million yen [—%], Six months ended September 30, 2019 : 41 million yen [(88.9)%].

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended September 30, 2020	43.46	—	—	—
Six months ended September 30, 2019	26.14	—	—	—

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As at September 30, 2020	67,504	33,423	49.3
As at March 31, 2020	66,567	32,470	48.6

(Note) Owner's equity : September 30, 2020 : 33,287 million yen, March 31, 2020 : 32,336 million yen.

2. Dividends

	Dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	8.00	—	9.00	17.00
Year ending March 31, 2021	—	8.50			
Year ending March 31, 2021 (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 2021 (From April 1, 2020 to March 31, 2021)

(%: 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, 2021	59,500	1.6	2,000	(13.6)	2,200	(17.7)	1,600	(19.1)	65.62

(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 financial results for the second quarter

(1) Overview of consolidated financial results

JMS strives to enhance product development, production and sales as well as 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 has set up Business Unit (BU) type organization, and set three Business Units, 'Hospital Products BU' mainly handles infusion and enteral nutrition, 'Surgical & Therapy BU' mainly handles Dialysis and Cardiovascular, and 'Blood Management & Cell Therapy BU' mainly handles Blood Transfusion.

JMS recorded consolidated net sales for the second quarter of 27,900 million yen, down by 2.8% / 818 million yen (year-over-year). Despite the influence of decreased sales and the increase in R&D expense, the operating profit totaled 1,046 million yen in this period, up by 28.0% (year-over-year), due to the influence of the decreased selling cost. The addition of share of profit of entities accounted for using equity method and foreign exchange losses resulted in an ordinary profit of 1,127million yen, up by 17.9% (year-over-year). As a result of adding and subtracting subsidy income of extraordinary income and income taxes, the profit attributable to owners of parent of 1,060 million yen, up by 66.3% (year-over-year).

Business performance by geographical segment.

Japan

Increased sales of Closed Drug Mixing/Infusion System "NEO SHIELD" were offset by decreased sales of Infusion Sets, reducing net sales to 19,457 million yen, down by 4.7% (year-over-year). Despite the decreased selling cost, the influence of decreased sales and the increase in R&D expense, resulted in a profit of 544 million yen, down by 18.1% (year-over-year), for this geographical segment.

Singapore

Increased sales of Blood bags for East Asia market raised net sales to 10,214million yen, up by 4.0% (year-over-year). Despite the influence of increased sales, the influence of foreign exchange losses resulted in a profit of 525 million yen, down by 14.2% (year-over-year), for this geographical segment.

China

Increased sales of Infusion Transfusion Related Products for the Japan market induced net sales to 1,342 million yen, up by 2.3% (year-over-year). The influence of increased sales and improved sales cost ratio resulted in the black of 127 million yen , improved by 129 million yen (year-over-year), for this geographical segment.

Philippines

Increased sales of Apheresis kits for the North America market raised net sales to 1,349 million yen, up by 2.0% (year-over-year). The influence of increased sales resulted in the black of 2 million yen , improved by 21 million yen (year-over-year), for this geographical segment.

Germany

Despite the increased sales of AV Fistula Needle net sales reduced to 1,530 million yen, down by 2.0% (year-over-year), due to influence of foreign currency translation. The decrease in selling expenses resulted in profit of 119 million yen, up by 10.3% (year-over-year), for this geographical segment.

The remaining geographical segments recorded net sales of 1,978 million yen, down by 20.7% (year-over-year), and profit of 55 million yen, down by 3.0% (year-over-year).

The above-mentioned figures do not include consumption tax, etc.

(2) Overview of the financial condition

(i) Assets, Liabilities, Net assets

Total assets as of the end of this second quarter totaled 67,504 million yen, up by 936 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 38,093 million yen, up by 1,005 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of merchandise and finished goods. Non-current assets decreased to 29,410 million yen, down by 68 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities decreased to 20,533 million yen, down by 1,361 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease of Short-term loans payable. Non-current liabilities increased to 13,546 million yen, up by 1,345 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 33,423 million yen, up by 952 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of retained earnings by the profit attributable to owners of parent. Note that the capital adequacy ratio increased by 0.7 percentage points to 49.3%.

(ii) Overview of the Cash flows

As of the consolidated cumulative second quarter, cash and cash equivalents amounted to 6,809 million yen, up by 2,207 million yen from the end of the previous consolidated fiscal year. Cash flows from various activities are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,678 million yen, up by 20 million yen (year-over-year).

(Cash flows from investing activities)

Net cash used in investing activities was 1,406 million yen, down by 161 million yen (year-over-year), mainly due to the decrease of purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 516 million yen, up by 3,043 million yen (year-over-year), mainly due to the balance difference of loan payable.

(3) Overview of consolidated business forecast

Consolidated business forecast for the fiscal year ending March 31, 2021 release on May 22, 2020 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> 2020	<u>As at September 30,</u> 2020
Assets		
Current assets		
Cash and deposits	5,765	6,588
Notes and accounts receivable - trade	15,683	14,892
Securities	254	260
Merchandise and finished goods	7,735	8,751
Work in process	2,787	2,771
Raw materials and supplies	3,928	4,045
Other	962	813
Allowance for doubtful accounts	(29)	(29)
Total current assets	37,088	38,093
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,358	8,225
Machinery, equipment and vehicles, net	7,807	7,566
Other, net	7,805	7,807
Total property, plant and equipment	23,970	23,599
Intangible assets	538	551
Investments and other assets		
Investments and other assets, gross	4,980	5,270
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	4,969	5,259
Total non-current assets	29,479	29,410
Total assets	66,567	67,504

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

(Millions of yen)

	<u>As at March 31,</u> <u>2020</u>	<u>As at September 30,</u> <u>2020</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,446	7,746
Short-term borrowings	4,189	3,050
Current portion of long-term borrowings	3,402	3,970
Income taxes payable	571	430
Provision for bonuses	1,060	1,082
Other	4,224	4,253
Total current liabilities	21,895	20,533
Non-current liabilities		
Long-term borrowings	9,986	11,374
Provision for retirement benefits for directors (and other officers)	116	114
Retirement benefit liability	731	787
Asset retirement obligations	134	137
Other	1,232	1,131
Total non-current liabilities	12,201	13,546
Total liabilities	34,096	34,080
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,362	10,362
Retained earnings	15,932	16,772
Treasury shares	(270)	(242)
Total shareholders' equity	33,435	34,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	280
Foreign currency translation adjustment	(1,302)	(1,297)
Total accumulated other comprehensive income	(1,098)	(1,016)
Non-controlling interests	133	136
Total net assets	32,470	33,423
Total liabilities and net assets	66,567	67,504

Consolidated statements of income

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2019</u>	<u>Six months ended</u> <u>September 30, 2020</u>
Net sales	28,718	27,900
Cost of sales	21,143	20,414
Gross profit	7,575	7,485
Selling, general and administrative expenses	6,757	6,439
Operating profit	817	1,046
Non-operating income		
Interest income	9	5
Dividend income	23	24
Share of profit of entities accounted for using equity method	142	215
Subsidy income	71	3
Other	61	55
Total non-operating income	307	305
Non-operating expenses		
Interest expenses	99	90
Foreign exchange losses	54	107
Other	14	25
Total non-operating expenses	168	224
Ordinary profit	956	1,127
Extraordinary income		
Gain on sales of non-current assets	2	2
Gain on sales of investment securities	—	1
Subsidy income	—	235
Total extraordinary income	2	238
Extraordinary losses		
Loss on sales of non-current assets	—	1
Loss on abandonment of non-current assets	6	6
Total extraordinary losses	6	7
Profit before income taxes	952	1,359
Income taxes - current	250	237
Income taxes - deferred	63	60
Total income taxes	314	298
Profit	638	1,061
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	637	1,060

Consolidated statements of comprehensive income

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2019</u>	<u>Six months ended</u> <u>September 30, 2020</u>
Profit	638	1,061
Other comprehensive income		
Valuation difference on available-for-sale securities	40	76
Foreign currency translation adjustment	(637)	5
Total other comprehensive income	<u>(596)</u>	<u>82</u>
Comprehensive income	<u>41</u>	<u>1,143</u>
income attributable to		
Comprehensive income attributable to owners of parent	51	1,139
Comprehensive income attributable to non-controlling interests	(9)	3

Consolidated statements of cash flows

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2019</u>	<u>Six months ended</u> <u>September 30, 2020</u>
Cash flows from operating activities		
Profit before income taxes	952	1,359
Depreciation	1,538	1,611
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for retirement benefits for directors (and other officer)	—	(0)
Increase (decrease) in retirement benefit liability	32	30
Interest and dividend income	(33)	(30)
Interest expenses	99	90
Foreign exchange losses (gains)	(5)	32
Share of loss (profit) of entities accounted for using equity method	(142)	(215)
Loss (gain) on sales of non-current assets	(2)	(1)
Loss on abandonment of non-current assets	6	6
Loss (gain) on sales of investment securities	—	(1)
Subsidy income	—	(235)
Decrease (increase) in trade receivables	255	796
Decrease (increase) in inventories	(405)	(1,108)
Increase (decrease) in trade payables	(45)	(711)
Increase (decrease) in accrued consumption taxes	39	2
Decrease (increase) in other current assets	(62)	119
Increase (decrease) in other current liabilities	(478)	73
Other, net	(10)	20
Subtotal	1,740	1,840
Interest and dividends received	33	30
Interest paid	(105)	(89)
Subsidies received	135	253
Settlement package received	60	—
Income taxes paid	(205)	(356)
Net cash provided by (used in) operating activities	1,657	1,678
Cash flows from investing activities		
Payments into time deposits	(27)	(26)
Proceeds from withdrawal of time deposits	1	—
Purchase of property, plant and equipment	(1,453)	(1,233)
Proceeds from sales of property, plant and equipment	22	4
Purchase of intangible assets	(74)	(70)
Purchase of investment securities	—	(45)
Proceeds from sales of investment securities	—	1
Other, net	(36)	(37)
Net cash provided by (used in) investing activities	(1,567)	(1,406)
Cash flows from financing activities		
Proceeds from short-term borrowings	8,292	9,450
Repayments of short-term borrowings	(8,410)	(10,586)
Proceeds from long-term borrowings	—	3,650
Repayments of long-term borrowings	(2,105)	(1,653)
Purchase of treasury shares	(0)	(0)
Dividends paid	(195)	(219)
Dividends paid to non-controlling interests	—	(1)
Repayments of lease obligations	(108)	(123)
Net cash provided by (used in) financing activities	(2,527)	516
Effect of exchange rate change on cash and cash equivalents	(176)	13
Net increase (decrease) in cash and cash equivalents	(2,614)	801
Cash and cash equivalents at beginning of period	7,216	6,008
Cash and cash equivalents at end of period	4,602	6,809