

# Financial Results for the Fiscal Year Ended March 31, 2021



May 12, 2021

Stock Exchange Listings : Tokyo 1st Section

Company name : JMS Co., Ltd. (URL <http://www.jms.cc/>)  
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 Date of general shareholders' meeting (as planned) : Jun 23, 2021  
 Annual securities report filing date (as planned) : Jun 24, 2021 Dividend payable date (as planned) : Jun 24, 2021  
 Supplemental material of annual results : None  
 Convening briefing of annual results : None

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

## 1. Consolidated Financial Highlights for the Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

### (1) Consolidated Financial 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	%
Year ended March 31, 2021	57,578	(1.7)	2,127	(8.1)	2,013	(24.6)	1,736	(12.2)
Year ended March 31, 2020	58,569	0.9	2,314	58.2	2,672	75.8	1,977	70.5

(Note) Comprehensive income : Year ended March 31, 2021: 2,910 million yen [207.9%], Year ended March 31 2020: 945 million yen [29.9%].

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Year ended March 31, 2021	71.13	—	5.2	3.0	3.7
Year ended March 31, 2020	81.12	—	6.2	4.0	4.0

(Note) Equity in earnings of affiliates : Year ended March 31, 2021: 174 million yen, Year ended March 31, 2020: 308 million yen.

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As at March 31, 2021	69,085	34,993	50.4	1,426.75
As at March 31, 2020	66,567	32,470	48.6	1,326.12

(Note) Owner's equity : As at March 31, 2021: 34,841 million yen, As at March 31, 2020: 32,336 million yen.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	3,739	(3,251)	(535)	6,222
Year ended March 31, 2020	3,565	(3,340)	(1,187)	6,008

## 2. Dividends

	Dividends per share					Total dividend paid	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	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	414	21.0	1.3
Year ended March 31, 2021	—	8.50	—	8.50	17.00	415	23.9	1.2
Year ending March 31, 2022 (forecast)	—	8.50	—	8.50	17.00	—	24.4	—

## 3. Consolidated Forecast for the Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(%: 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, 2021	29,100	4.3	950	(9.2)	1,050	(6.9)	750	(29.3)	30.71
Year ending March 31, 2022	58,600	1.8	2,100	(1.3)	2,300	14.2	1,700	(2.1)	69.61

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 performance

##### (1) Overview of business performance of this fiscal year

In regard to the business environment surrounding the JMS Group, due to the combination factors such as refraining from doctor visits and postponing non-essential surgeries and procedures by the impact of COVID-19, the demand of medical devices handled by the JMS Group is generally decreasing with the exception of infection control-related devices. However, the demand for such medical devices is expected to recover gradually as responses to COVID-19 progress such as vaccination. Mid-and-long term demand for medical devices in overseas is estimated to grow because of stable growth in Europe and the U.S. and building medical infrastructure with economic growth in emerging countries including China. In Japan, the demand for some medical devices will be deceleration of growth, because capital investment will be reduced by integrating medical facilities. However, we are required to take necessary actions to high-performance therapeutic instruments and digital health as the aging society continues to grow, therefore demand for such medical devices is expected to expand.

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.

As a result of the abovementioned operations, JMS recorded consolidated net sales of 57,578 million yen in this period, down by 1.7% / 990 million yen (year-over-year), due to a decrease in number of outpatients and consumption. Despite the decrease in sales expenses due to refrain from activities, the operating profit totaled 2,127 million yen in this period, down by 8.1% (year-over-year), due to increase in unit purchase prices of products in addition to the impact of the lower sales. The influence of decreased share of profit of entities accounted for using equity method and foreign exchange losses, resulted in an ordinary profit of 2,013million yen, down by 24.6% (year-over-year).

As a result of adding and subtracting extraordinary items and income taxes, the profit attributable to owners of parent totaled 1,736 million yen, down by 12.2% (year-over-year).

##### Business performance by geographical segment

###### (i) Japan

Increased sales of Hemodialysis Machines for China market and Closed Drug Mixing/Infusion System “NEO SHIELD” were offset by decreased sales of Infusion Sets, reducing net sales to 40,853 million yen, down by 1.1% (year-over-year). Despite the decreased selling cost, the influence of decreased sales and the increase in unit price of goods purchased resulted in a profit of 1,167 million yen, down by 5.8% (year-over-year), for this geographical segment.

###### (ii) Singapore

Decreased sales of AV Fistula Needle and Apheresis kits for North America market reduced net sales to 19,783 million yen, down by 3.8% (year-over-year). The influence of decreased sales and foreign exchange losses resulted in a profit of 696 million yen, down by 54.0% (year-over-year), for this geographical segment.

###### (iii) China

Increased sales of Blood Purification Tubing Set and infusion/transfusion related products for the Japan market raised net sales to 3,015 million yen, up by 9.9% (year-over-year). The influence of increased sales due to addition of new products and other factors resulted in a profit of 232 million yen, up by 692.4% (year-over-year), for this geographical segment.

###### (iv) Philippines

Increased sales of Apheresis kits for the North America market raised net sales to 2,922 million yen, up by 4.9% (year-over-year). The influence of expansion of sales and production resulted in a profit of 144 million yen, up by 320.3% (year-over-year), for this geographical segment.

(v) Germany

Decreased sales of Blood bags reduced net sales to 3,140 million yen, down by 1.0% (year-over-year). The influence of foreign exchange losses resulted in a profit of 221 million yen, down by 6.4% (year-over-year), for this geographical segment.

The remaining geographical segments recorded net sales of 4,031 million yen, down by 20.1% (year-over-year), and profit of 210 million yen, up by 28.2% (year-over-year).

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

(2) Overview of the financial condition

Total assets as of the end of this period totaled 69,085 million yen, up by 2,518 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 38,983 million yen, up by 1,895 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of finished goods and merchandise. Non-current assets increased to 30,101 million yen, up by 622 million yen from the end of the previous consolidated fiscal year, mainly due to the increase in investment securities due to market valuation.

(Liabilities)

Current liabilities increased to 22,545 million yen, up by 650 million yen from the end of the previous consolidated fiscal year, mainly due to the increase in current portion of long-term borrowings. Non-current liabilities decreased to 11,546 million yen, down by 654 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease of long-term loans payable by transferring to current liabilities

(Net assets)

Net assets increased to 34,993 million yen, up by 2,522 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 1.8 percentage points to 50.4%.

(3) Overview of the cash flows

As of the consolidated fiscal year, cash and cash equivalents amounted to 6,222 million yen, up by 214 million yen from 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 3,739 million yen, up by 173 million yen from the preceding fiscal year, mainly due to changes in inventories.

(Cash flows from investing activities)

Net cash used in investing activities was 3,251 million yen, down by 89 million yen from the preceding fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities was 535 million yen, down by 651 million yen from the preceding fiscal year, mainly due to the balance of loans payable.

(4) Overview of consolidated business forecast

In terms of the future outlook, as the impact of COVID-19 continued, the risk of deterioration of domestic and global economies still remain and the business environment is expected to change continuously in the future.

Amidst this environment, our corporate group has established a long-term vision of "By creating new value that anticipates the future of medical care, we will become a company that supports further improvement in the health and quality of life of people around the world". Based on the basic policies of "Deepen customer-centric business development" and "Change to improve profitability" set in the Mid-term Management Plan "GAIN-RG 2023", the Group will pursue five initiatives: "Optimization of the business portfolio", "Strengthening the global framework", "Creation of next generation business", "Strengthening the Group's management base", and "Achieving sustainable society".

The forecast of consolidated financial results for the next fiscal year (ending March 2022) is as follows. At this time, it is difficult to predict the timing of the containment of COVID-19, however, the forecast has been calculated based on the business environment will improve as vaccinations and other measures progress but the assumption that a certain impact of COVID-19 will still remain in the subsequent consolidated fiscal years.

< Consolidated business forecast >

(Unit: million yen)

	Result of last fiscal year ended Mar. 2021	Forecast of current fiscal year ending Mar. 2022	Changes from same previous period
Net sales	57,578	58,600	1.8%
Operating profit	2,127	2,100	(1.3)%
Ordinary profit	2,013	2,300	14.2%
Profit attributable to owners of parent	1,736	1,700	(2.1)%

Exchange rate for the forecast: 1USD=108yen, 1EUR=128yen, 1SGD=81yen.

## 5. Consolidated Financial Statements

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

(Millions of yen)

	<u>As at March 31,</u> <u>2020</u>	<u>As at March 31,</u> <u>2021</u>
Assets		
Current assets		
Cash and deposits	5,765	5,968
Notes and accounts receivable - trade	15,683	16,415
Securities	254	256
Merchandise and finished goods	7,735	8,872
Work in process	2,787	2,758
Raw materials and supplies	3,928	4,056
Other	962	683
Allowance for doubtful accounts	(29)	(27)
Total current assets	37,088	38,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,168	21,881
Accumulated depreciation	(12,809)	(13,551)
Buildings and structures, net	8,358	8,329
Machinery, equipment and vehicles	30,435	31,601
Accumulated depreciation	(22,628)	(24,192)
Machinery, equipment and vehicles, net	7,807	7,409
Tools, furniture and fixtures	11,134	11,718
Accumulated depreciation	(9,144)	(9,807)
Tools, furniture and fixtures, net	1,990	1,911
Land	2,598	2,604
Leased assets	382	428
Accumulated depreciation	(165)	(205)
Leased assets, net	216	222
Right of use assets	1,684	1,761
Accumulated depreciation	(253)	(435)
Right of use assets, net	1,431	1,325
Construction in progress	1,567	2,302
Total property, plant and equipment	23,970	24,105
Intangible assets	538	692
Investments and other assets		
Investment securities	3,846	4,212
Deferred tax assets	726	658
Other	407	443
Allowance for doubtful accounts	(10)	(11)
Total investments and other assets	4,969	5,304
Total non-current assets	29,479	30,101
Total assets	66,567	69,085

## Consolidated Balance Sheet

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>As at March 31,</u> <u>2020</u>	<u>As at March 31,</u> <u>2021</u>
Liabilities		
Half year ending September 30, 2021		
Year ending March 31, 2022		
Notes and accounts payable - trade	8,446	8,322
Short-term borrowings	4,189	4,304
Current portion of long-term borrowings	3,402	4,109
Lease obligations	236	258
Accounts payable - other	2,806	3,405
Income taxes payable	571	339
Provision for bonuses	1,060	1,099
Other	1,180	706
Total current liabilities	21,895	22,545
Non-current liabilities		
Long-term borrowings	9,986	9,336
Lease obligations	637	495
Deferred tax liabilities	224	230
Provision for retirement benefits for directors (and other officers)	116	128
Retirement benefit liability	731	805
Asset retirement obligations	134	148
Other	370	401
Total non-current liabilities	12,201	11,546
Total liabilities	34,096	34,091
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,362	10,362
Retained earnings	15,932	17,241
Treasury shares	(270)	(242)
Total shareholders' equity	33,435	34,772
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	203	401
Foreign currency translation adjustment	(1,302)	(332)
Total accumulated other comprehensive income	(1,098)	69
Non-controlling interests	133	151
Total net assets	32,470	34,993
Total liabilities and net assets	66,567	69,085

## **Consolidated statements of income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2020</u>	<u>Year ended March 31,</u> <u>2021</u>
Net sales	58,569	57,578
Cost of sales	42,931	42,483
Gross profit	15,638	15,095
Selling, general and administrative expenses	13,323	12,968
Operating profit	2,314	2,127
Non-operating income		
Interest income	17	10
Dividend income	42	43
Share of profit of entities accounted for using equity method	308	174
Subsidy income	79	21
Other	145	127
Total non-operating income	594	376
Non-operating expenses		
Interest expenses	195	176
Foreign exchange losses	—	269
Other	40	43
Total non-operating expenses	236	490
Ordinary profit	2,672	2,013
Extraordinary income		
Gain on sale of non-current assets	69	7
Gain on sale of investment securities	0	1
Subsidy income	—	353
Total extraordinary income	69	362
Extraordinary losses		
Loss on sale of non-current assets	19	1
Loss on abandonment of non-current assets	28	151
Loss on valuation of investment securities	84	—
Retirement benefits for directors (and other officers)	41	—
Total extraordinary losses	174	153
Profit before income taxes	2,567	2,222
Income taxes - current	619	459
Income taxes - deferred	(39)	21
Total income taxes	579	480
Profit	1,987	1,742
Profit attributable to non-controlling interests	10	6
Profit attributable to owners of parent	1,977	1,736

## **Consolidated statements of comprehensive income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2020</u>	<u>Year ended March 31,</u> <u>2021</u>
Profit	1,987	1,742
Other comprehensive income		
Valuation difference on available-for-sale securities	(93)	197
Foreign currency translation adjustment	(949)	970
Total other comprehensive income	<u>(1,042)</u>	<u>1,168</u>
Comprehensive income	<u>945</u>	<u>2,910</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	946	2,891
Comprehensive income attributable to non-controlling interests	(1)	19

## Consolidated statements of changes in net assets

Year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,411	10,362	14,323	(276)	31,821
Cumulative effects of changes in accounting policies			21		21
Restated balance	7,411	10,362	14,344	(276)	31,842
Changes during period					
Dividends of surplus			(390)		(390)
Profit attributable to owners of parent			1,977		1,977
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(0)	6	6
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,587	5	1,593
Balance at end of period	7,411	10,362	15,932	(270)	33,435

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	297	(353)	(56)	135	31,900
Cumulative effects of changes in accounting policies					21
Restated balance	297	(353)	(56)	135	31,921
Changes during period					
Dividends of surplus					(390)
Profit attributable to owners of parent					1,977
Purchase of treasury shares					(0)
Disposal of treasury shares					6
Net changes in items other than shareholders' equity	(93)	(949)	(1,042)	(1)	(1,044)
Total changes during period	(93)	(949)	(1,042)	(1)	549
Balance at end of period	203	(1,302)	(1,098)	133	32,470

## Consolidated statements of changes in net assets

Year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,411	10,362	15,932	(270)	33,435
Cumulative effects of changes in accounting policies					—
Restated balance	7,411	10,362	15,932	(270)	33,435
Changes during period					
Dividends of surplus			(427)		(427)
Profit attributable to owners of parent			1,736		1,736
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(0)	27	27
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,308	27	1,336
Balance at end of period	7,411	10,362	17,241	(242)	34,772

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	203	(1,302)	(1,098)	133	32,470
Cumulative effects of changes in accounting policies					—
Restated balance	203	(1,302)	(1,098)	133	32,470
Changes during period					
Dividends of surplus					(427)
Profit attributable to owners of parent					1,736
Purchase of treasury shares					(0)
Disposal of treasury shares					27
Net changes in items other than shareholders' equity	197	970	1,168	18	1,186
Total changes during period	197	970	1,168	18	2,522
Balance at end of period	401	(332)	69	151	34,993

## Consolidated statements of cash flows

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2020</u>	<u>Year ended March 31,</u> <u>2021</u>
Cash flows from operating activities		
Profit before income taxes	2,567	2,222
Depreciation	3,160	3,242
Increase (decrease) in allowance for doubtful accounts	(1)	(3)
Increase (decrease) in provision for retirement benefits for directors (and other officer)	14	7
Increase (decrease) in retirement benefit liability	40	(5)
Interest and dividend income	(60)	(53)
Interest expenses	195	176
Foreign exchange losses (gains)	(24)	33
Share of loss (profit) of entities accounted for using equity method	(308)	(174)
Loss (gain) on sale of non-current assets	(49)	(6)
Loss on abandonment of non-current assets	28	151
Loss (gain) on sale of investment securities	(0)	(1)
Loss (gain) on valuation of investment securities	84	—
Subsidy income	—	(353)
Decrease (increase) in trade receivables	231	(529)
Decrease (increase) in inventories	(1,128)	(895)
Increase (decrease) in trade payables	(262)	(222)
Increase (decrease) in accrued consumption taxes	62	47
Decrease (increase) in other current assets	(158)	296
Increase (decrease) in other current liabilities	(546)	248
Other, net	29	(28)
Subtotal	3,872	4,152
Interest and dividends received	153	107
Interest paid	(199)	(176)
Subsidies received	135	353
Settlement package received	60	—
Income taxes paid	(456)	(698)
Net cash provided by (used in) operating activities	3,565	3,739
Cash flows from investing activities		
Payments into time deposits	(55)	(45)
Proceeds from withdrawal of time deposits	56	55
Purchase of property, plant and equipment	(3,117)	(2,988)
Proceeds from sale of property, plant and equipment	139	9
Purchase of intangible assets	(185)	(270)
Purchase of investment securities	(130)	(45)
Proceeds from sale of investment securities	0	1
Proceeds from distributions from investment partnerships	—	56
Other, net	(48)	(24)
Net cash provided by (used in) investing activities	(3,340)	(3,251)
Cash flows from financing activities		
Proceeds from short-term borrowings	16,234	18,262
Repayments of short-term borrowings	(16,262)	(18,152)
Proceeds from long-term borrowings	2,800	3,800
Repayments of long-term borrowings	(3,474)	(3,766)
Purchase of treasury shares	(0)	(0)
Dividends paid	(390)	(427)
Dividends paid to non-controlling interests	—	(1)
Proceeds from sale and leaseback transactions	90	—
Repayments of lease obligations	(184)	(249)
Net cash provided by (used in) financing activities	(1,187)	(535)
Effect of exchange rate change on cash and cash equivalents	(246)	261
Net increase (decrease) in cash and cash equivalents	(1,208)	214
Cash and cash equivalents at beginning of period	7,216	6,008
Cash and cash equivalents at end of period	6,008	6,222