

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2022



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Stock Exchange Listings : Tokyo 1st Section

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 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 June 2021 (From April 1, 2021 to June 30, 2021)

(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, 2021	13,797	1.6	436	(30.8)	478	(30.3)	365	(44.5)
Three months ended June 30, 2020	13,579	0.6	630	586.6	685	265.9	659	—

(Note) Comprehensive income : Three months ended June 30, 2021 : 484 million yen [(41.4)%], Three months ended June 30, 2020 : 826 million yen [—%].

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	14.98	—
Three months ended June 30, 2020	27.05	—

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As at June 30, 2021	69,141	35,269	50.8
As at March 31, 2021	69,085	34,993	50.4

(Note) Owner's equity : June 30, 2021 : 35,120 million yen, March 31, 2021 : 34,841 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, 2021	—	8.50	—	8.50	17.00
Year ending March 31, 2022	—	—	—	—	—
Year ending March 31, 2022 (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 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	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	—

(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 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'. In terms of business activities, we develop, manufacture, and sell products in four main areas: infusion and enteral nutrition, Dialysis, Cardiovascular and Blood Transfusion.

JMS recorded consolidated net sales for the first quarter of 13,797 million yen, up by 1.6% / 218 million yen (year-over-year), against a backdrop of recovering trend in refraining from doctor visits and postponing non-essential surgeries and procedures due to the spread of COVID-19.

Despite the influence of sales increase, the operating profit totaled 436 million yen in this period, down by 30.8% (year-over-year), due to the increase in selling expenses associated with the gradual resumption of sales activities and the increase in R&D expenses. The addition of share of profit of entities accounted for using equity method resulted in an ordinary profit of 478 million yen, down by 30.3% (year-over-year). As a result of adding and subtracting income taxes, the profit attributable to owners of parent totaled 365 million yen, down by 44.5% (year-over-year).

The application of the accounting standard for revenue recognition, etc. decreased net sales, gross profit, selling, general and administrative expenses by 60 million yen respectively in the first quarter, but there is no impact on operating profit, ordinary profit and Profit before income taxes.

Business performance by geographical segment.

(i) Japan

In addition to the increased sales of Medical Gloves and Hemodialysis Machines, increased sales of Blood Purification Tubing Sets by transferring of blood purification business raised net sales to 9,990 million yen, up by 6.7% (year-over-year). Despite the influence of increased sales, the increase in selling expenses associated with the gradual resumption of sales activities and the increase in R&D expenses resulted in a profit of 534 million yen, down by 3.1% (year-over-year), for this geographical segment.

The application of the accounting standard for revenue recognition, etc. decreased net sales by 60 million yen in the first quarter, but there is no impact on segment profit.

(ii) Singapore

Decreased sales of Apheresis kits and AV Fistula Needle for North America market reduced net sales to 4,164 million yen, down by 19.2% (year-over-year). Despite the decreased labor costs and selling cost, the influence of decreased sales resulted in a profit of 34 million yen, down by 87.5% (year-over-year), for this geographical segment.

(iii) China

Increased sales of AV Fistula Needle and Blood Purification Tubing Sets for the Japan market raised net sales to 848 million yen, up by 44.5% (year-over-year). Despite the increase of labor cost, the influence of increase sales resulted in a profit of 42 million yen, up by 94.7% (year-over-year), for this geographical segment.

(iv) Philippines

Due to a temporary suspension of production activities under the influence of COVID-19, decreased sales of Infusion Set for the Japan market raised net sales to 829 million yen, up by 68.4% (year-over-year). The influence of sales increase resulted in the profit of 126 million yen, improved by 175 million yen (year-over-year), for this geographical segment.

(v) Germany

Decreased sales of AV Fistula Needle reduced net sales to 747 million yen, down by 6.1% (year-over-year). The influence of sales decrease resulted in profit of 32 million yen, down by 55.3% (year-over-year), for this geographical segment.

The remaining geographical segments recorded net sales of 1,034 million yen, up by 9.2% (year-over-year), and profit of 36 million yen, up by 154.9% (year-over-year).

(2) Overview of the financial condition

Total assets as of the end of this first quarter totaled 69,141 million yen, up by 56million 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 decreased to 38,760 million yen, down by 222 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease of notes and accounts receivable trade. Non-current assets increased to 30,381 million yen, up by 279 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of goodwill.

(Liabilities)

Current liabilities increased to 23,685 million yen, up by 1,140 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 10,187 million yen, down by 1,359 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 35,269 million yen, up by 275 million yen from the end of the previous consolidated fiscal year, mainly due to a change in foreign currency translation adjustment. Note that the capital adequacy ratio increased by 0.4 percentage points to 50.8%.

(3) Overview of consolidated business forecast

Consolidated business forecast for the fiscal year ending March 31, 2022 released on May 12, 2021 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>2021</u>	<u>As at June 30,</u> <u>2021</u>
Assets		
Current assets		
Cash and deposits	5,968	5,645
Notes and accounts receivable - trade	16,415	15,791
Securities	256	266
Merchandise and finished goods	8,872	9,623
Work in process	2,758	2,859
Raw materials and supplies	4,056	3,966
Other	683	635
Allowance for doubtful accounts	(27)	(27)
Total current assets	38,983	38,760
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,329	8,266
Machinery, equipment and vehicles, net	7,409	7,352
Other, net	8,366	8,525
Total property, plant and equipment	24,105	24,144
Intangible assets		
Goodwill	—	155
Other	692	766
Total intangible assets	692	922
Investments and other assets		
Investments and other assets	5,315	5,326
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	5,304	5,314
Total non-current assets	30,101	30,381
Total assets	69,085	69,141

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

(Millions of yen)

	<u>As at March 31,</u> <u>2021</u>	<u>As at June 30,</u> <u>2021</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,322	8,028
Short-term borrowings	4,304	5,687
Current portion of long-term borrowings	4,109	4,022
Income taxes payable	339	221
Provision for bonuses	1,099	600
Other	4,369	5,126
Total current liabilities	22,545	23,685
Non-current liabilities		
Long-term borrowings	9,336	8,073
Provision for retirement benefits for directors (and other officers)	128	130
Retirement benefit liability	805	777
Asset retirement obligations	148	148
Other	1,127	1,057
Total non-current liabilities	11,546	10,187
Total liabilities	34,091	33,872
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,362	10,362
Retained earnings	17,241	17,399
Treasury shares	(242)	(242)
Total shareholders' equity	34,772	34,930
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	401	335
Foreign currency translation adjustment	(332)	(145)
Total accumulated other comprehensive income	69	189
Non-controlling interests	151	148
Total net assets	34,993	35,269
Total liabilities and net assets	69,085	69,141

Consolidated statements of income

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Three months ended</u> <u>June 30, 2020</u>	<u>Three months ended</u> <u>June 30, 2021</u>
Net sales	13,579	13,797
Cost of sales	9,802	10,103
Gross profit	<u>3,776</u>	<u>3,693</u>
Selling, general and administrative expenses	<u>3,146</u>	<u>3,257</u>
Operating profit	<u>630</u>	<u>436</u>
Non-operating income		
Interest income	2	1
Dividend income	24	25
Share of profit of entities accounted for using equity method	114	36
Subsidy income	2	35
Other	27	28
Total non-operating income	<u>171</u>	<u>127</u>
Non-operating expenses		
Interest expenses	45	41
Foreign exchange losses	57	38
Other	14	5
Total non-operating expenses	<u>117</u>	<u>85</u>
Ordinary profit	<u>685</u>	<u>478</u>
Extraordinary income		
Gain on sale of non-current assets	1	2
Subsidy income	170	—
Total extraordinary income	<u>172</u>	<u>2</u>
Extraordinary losses		
Loss on sale of non-current assets	1	0
Loss on abandonment of non-current assets	0	28
Total extraordinary losses	<u>1</u>	<u>28</u>
Profit before income taxes	<u>856</u>	<u>451</u>
Income taxes - current	128	75
Income taxes - deferred	69	12
Total income taxes	<u>198</u>	<u>87</u>
Profit	<u>658</u>	<u>364</u>
Loss attributable to non-controlling interests	<u>(0)</u>	<u>(1)</u>
Profit attributable to owners of parent	<u>659</u>	<u>365</u>

Consolidated statements of comprehensive income

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Three months ended</u> <u>June 30, 2020</u>	<u>Three months ended</u> <u>June 30, 2021</u>
Profit	658	364
Other comprehensive income		
Valuation difference on available-for-sale securities	47	(66)
Foreign currency translation adjustment	120	186
Total other comprehensive income	<u>168</u>	<u>120</u>
Comprehensive income	<u>826</u>	<u>484</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	826	486
Comprehensive income attributable to non-controlling interests	0	(1)