

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



November 5, 2021

Stock Exchange Listings : Tokyo 1st Section

Company name	: JMS Co., Ltd.	(URL <a href="https://www.jms.cc/">https://www.jms.cc/</a> )
Securities code	: 7702	
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Quarterly statement filing date (as planned)	: November 12, 2021	Dividend payable date (as planned) : December 10, 2021
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 2021 (From April 1, 2021 to September 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	%
Six months ended September 30, 2021	28,275	1.3	614	(41.2)	683	(39.4)	497	(53.1)
Six months ended September 30, 2020	27,900	(2.8)	1,046	28.0	1,127	17.9	1,060	66.3

(Note) Comprehensive income : Six months ended September 30, 2021 : 766 million yen [(33.0)%], Six months ended September 30, 2020 : 1,143 million yen [—%].

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	20.37	—
Six months ended September 30, 2020	43.46	—

### (2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As at September 30, 2021	69,312	35,556	51.1
As at March 31, 2021	69,085	34,993	50.4

(Note) Owner's equity : September 30, 2021 : 35,416 million yen, March 31, 2021 : 34,841 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, 2021	—	8.50	—	8.50	17.00
Year ending March 31, 2022	—	8.50			
Year ending March 31, 2022 (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 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
Year ending March 31, 2022	58,000	0.7	1,200	(43.6)	1,200	(40.4)	900	(48.2)	36.84

(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 second quarter, our sales in the domestic market increased against a backdrop of recovering trend in refraining from doctor visits and postponing non-essential surgeries and procedures. While vaccinations are proceeding as the countermeasure against COVID-19, JMS began to supply syringes for COVID-19 vaccine. This syringe has a low dead space compared to conventional ones enables to extract medicines such as vaccines from a vial efficiently. In overseas markets, the sales of AV fistula needle expanded due to increased numbers of dialysis patients and gaining market share in China and Europe, but mainly the sales of products for blood transfusion decreased by the effect of decreasing blood collection in the blood business with restrictions on outings due to the ongoing COVID-19 situation. As a result of the above, JMS recorded consolidated net sales for the second quarter of 28,275 million yen, up by 1.3% / 375 million yen (year-over-year). Despite the influence of the sales increase, operating profit totaled 614 million yen in this period, down by 41.2% (year-over-year), due to the impact of higher cost of sales ratio caused by the appreciation of local currencies and increased cost of raw material at overseas production bases, as well as the increase in selling expenses associated with the gradual resumption of sales activities. The decrease in foreign exchange losses, despite a decrease in equity in earnings of affiliates resulted in an ordinary profit of 683 million yen, down by 39.4% (year-over-year). Because subsidy income of extraordinary income was recorded in the same quarter of the previous fiscal year, the profit attributable to owners of parent totaled 497 million yen, down by 53.1% (year-over-year). As a manufacturer of medical devices, we are committed to making further contributions to settling COVID-19 as soon as possible by strengthening our supply system of products to meet market needs.

The application of the accounting standard for revenue recognition, etc. decreased net sales, gross profit, selling, general and administrative expenses by 129 million yen respectively in the second quarter, but there is no impact on Operating income, Ordinary income and Profit before income taxes adjustment quarterly net income.

Business performance by geographical segment.

##### (i) Japan

Due to increased demand for medical consumables against a backdrop of recovering trend in refraining from doctor visits and postponing non-essential surgeries and procedures in medical institutions, capturing new customers for Enteral Nutrition related products under ISO standards and Closed Drug Mixing/Infusion System "NEO SHIELD" resulted in a good way. In addition, sales of COVID-19 related products such as syringes for vaccinations and medical gloves as measures against infections were also favorable. Meanwhile, regarding dialysis machines to China, although we received orders, sales are postponed to the third quarter due to shipment delays resulting from severe weather. The blood purification business we acquired in April 2021 contributes to the expansion in sales although there is a slight delay from the plan due to inventory adjustments at our customers. As a result, net sales were 20,542 million yen up by 5.6% (year-over-year). Despite the increased costs associated with the transferred blood purification business and the impact of the optimizing inventory levels in response to COVID-19, the effect of increased sales resulted in a profit of 587 million yen, up by 7.8%(year-over-year), for this geographical segment. The application of the accounting standard for revenue recognition, etc. decreased net sales by 129 million yen in the second quarter, but there is no impact on segment profit.

##### (ii) Singapore

Sales of the blood business's products, including Apheresis kits and Blood bags, decreased due to the impact of a decline in the number of blood donors caused by refraining from going out and the cancellation of blood donations in groups worldwide due to the ongoing COVID-19 situation. As a result, net sales were 8,365 million

yen, down by 18.1% (year-over-year). Despite the decreased labour costs and selling costs, the influence of decreased sales and the impact of higher cost of sales ratio caused by the appreciation of local currencies resulted in a profit of 26 million yen down by 94.9% (year-over-year), for this geographical segment.

(iii) China

Against the backdrop of an increase in the number of dialysis patients in the Chinese market, sales of AV Fistula Needle used for hemodialysis treatment grew strongly. As for products for the Japanese market, the increase in sales was driven by Blood Purification Tubing Set, which is the product of the transferred business. As a result, net sales were 1,640 million yen, up by 22.3% (year-over-year). Despite the effect of increased sales, due to an increase in labor costs compared to the same quarter of the previous fiscal year when there was a reduction or exemption of social insurance premiums resulted in a profit of 67 million yen, down by 47.0% (year-over-year), for this geographical segment.

(iv) Philippines

In the same quarter of the previous year, productions and shipments were sluggish, due to the impact of implementation of movement and activity restrictions and tightening of regulations by the government as countermeasures against COVID-19. During the second quarter, the sales expanded due to the improvement of this effect and an increase in orders for AV Fistula Needle for Europe. As a result, net sales were 1,580 million yen, up by 17.1% (year-over-year). The influence of the effect of increased sales and reduced expenses, resulted in a profit of 154 million yen, improved by 151 million yen (year-over-year), for this geographical segment.

(v) Germany

Increased market share of AV Fistula Needle resulted in net sales of 1,745 million yen, up by 14.1% (year-over-year). Despite the effect of increased sales, due to an increase in purchase costs caused by soaring marine transportation costs resulted in a profit of 61 million yen, down by 48.7% (year-over-year), for this geographical segment.

The remaining geographical segments recorded net sales of 1,947 million yen, down by 1.6% (year-over-year), and profit of 19 million yen, down by 64.9% (year-over-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 69,312 million yen, up by 227 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 decreased to 38,870 million yen, down by 112 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 30,442 million yen, up by 340 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of goodwill.

(Liabilities)

Current liabilities decreased to 20,135 million yen, down by 2,410 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 13,621 million yen, up by 2,074 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 35,556 million yen, up by 562 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 0.7 percentage points to 51.1%.

(ii) Overview of the cash flows

As of the second quarter, cash and cash equivalents amounted to 7,014 million yen, up by 204 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 1,477 million yen, down by 200 million yen (year-over-year), mainly due to a decrease in income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was 1,706 yen million, up by 299 million yen (year-over-year), mainly due to an increase in expenditures related to the transferred business.

(Cash flows from financing activities)

Net cash provided by financing activities was 961 million yen, up by 445 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, 2022 release on May 12, 2021 has been revised as follows.

#### **Revision of consolidated business forecasts for the FYE Mar. 2022**

(Unit: million yen)

	Previous Forecast (A)	New forecast (B)	Amount changed (B – A)	Results for previous FY ended Mar. 2021
Net sales	58,600	58,000	(600)	57,578
Operating income	2,100	1,200	(900)	2,127
Ordinary income	2,300	1,200	(1,100)	2,013
Profit attributable to owners of parent	1,700	900	(800)	1,736

The net sales was revised below the previous forecast considering decreased sales of the blood business products due to decreased blood collection in overseas markets caused by restrictions on outings under the ongoing COVID-19 situation. The profit was also revised below the previous forecast, despite the promotion of cost reduction, due to the impact of the sales decrease and the addition of factors such as higher cost of raw materials and marine transportation than expected.

The assessment figures described on this forecast are based on available information at this moment, including uncertain data. Actual results may be different from the figures.

## 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 September 30,</u> <u>2021</u>
Assets		
Current assets		
Cash and deposits	5,968	6,787
Notes and accounts receivable - trade	16,415	15,210
Securities	256	230
Merchandise and finished goods	8,872	9,532
Work in process	2,758	2,615
Raw materials and supplies	4,056	3,971
Other	683	552
Allowance for doubtful accounts	(27)	(28)
Total current assets	38,983	38,870
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,329	8,208
Machinery, equipment and vehicles, net	7,409	7,348
Other, net	8,366	8,558
Total property, plant and equipment	24,105	24,116
Intangible assets		
Goodwill	—	142
Other	692	801
Total intangible assets	692	944
Investments and other assets		
Investments and other assets	5,315	5,393
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	5,304	5,381
Total non-current assets	30,101	30,442
Total assets	69,085	69,312

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

(Millions of yen)

	<u>As at March 31,</u> <u>2021</u>	<u>As at September 30,</u> <u>2021</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,322	6,979
Short-term borrowings	4,304	2,391
Current portion of long-term borrowings	4,109	5,051
Income taxes payable	339	239
Provision for bonuses	1,099	1,152
Other	4,369	4,320
Total current liabilities	22,545	20,135
Non-current liabilities		
Long-term borrowings	9,336	11,632
Provision for retirement benefits for directors (and other officers)	128	131
Retirement benefit liability	805	711
Asset retirement obligations	148	149
Other	1,127	995
Total non-current liabilities	11,546	13,621
Total liabilities	34,091	33,756
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,362	10,362
Retained earnings	17,241	17,531
Treasury shares	(242)	(233)
Total shareholders' equity	34,772	35,071
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	401	371
Foreign currency translation adjustment	(332)	(26)
Total accumulated other comprehensive income	69	344
Non-controlling interests	151	139
Total net assets	34,993	35,556
Total liabilities and net assets	69,085	69,312

## **Consolidated statements of income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2020</u>	<u>Six months ended</u> <u>September 30, 2021</u>
Net sales	27,900	28,275
Cost of sales	20,414	21,154
Gross profit	7,485	7,121
Selling, general and administrative expenses	6,439	6,506
Operating profit	1,046	614
Non-operating income		
Interest income	5	3
Dividend income	24	25
Share of profit of entities accounted for using equity method	215	68
Subsidy income	3	57
Other	55	56
Total non-operating income	305	211
Non-operating expenses		
Interest expenses	90	84
Foreign exchange losses	107	50
Other	25	8
Total non-operating expenses	224	142
Ordinary profit	1,127	683
Extraordinary income		
Gain on sale of non-current assets	2	2
Gain on sale of investment securities	1	—
Subsidy income	235	—
Total extraordinary income	238	2
Extraordinary losses		
Loss on sale of non-current assets	1	0
Loss on abandonment of non-current assets	6	31
Total extraordinary losses	7	31
Profit before income taxes	1,359	654
Income taxes - current	237	150
Income taxes - deferred	60	13
Total income taxes	298	163
Profit	1,061	491
Profit (loss) attributable to non-controlling interests	1	(6)
Profit attributable to owners of parent	1,060	497

## **Consolidated statements of comprehensive income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2020</u>	<u>Six months ended</u> <u>September 30, 2021</u>
Profit	1,061	491
Other comprehensive income		
Valuation difference on available-for-sale securities	76	(30)
Foreign currency translation adjustment	5	305
Total other comprehensive income	<u>82</u>	<u>275</u>
Comprehensive income	<u>1,143</u>	<u>766</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,139	777
Comprehensive income attributable to non-controlling interests	3	(10)



## Consolidated statements of cash flows

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2020</u>	<u>Six months ended</u> <u>September 30, 2021</u>
Cash flows from operating activities		
Profit before income taxes	1,359	654
Depreciation	1,611	1,634
Amortization of goodwill	—	7
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for retirement benefits for directors (and other office	(0)	(1)
Increase (decrease) in retirement benefit liability	30	(85)
Interest and dividend income	(30)	(28)
Interest expenses	90	84
Foreign exchange losses (gains)	32	7
Share of loss (profit) of entities accounted for using equity method	(215)	(68)
Loss (gain) on sale of non-current assets	(1)	(2)
Loss on abandonment of non-current assets	6	31
Loss (gain) on sale of investment securities	(1)	—
Subsidy income	(235)	—
Decrease (increase) in trade receivables	796	1,212
Decrease (increase) in inventories	(1,108)	(307)
Increase (decrease) in trade payables	(711)	(1,340)
Increase (decrease) in accrued consumption taxes	2	(0)
Decrease (increase) in other current assets	119	141
Increase (decrease) in other current liabilities	73	(158)
Other, net	20	0
Subtotal	1,840	1,781
Interest and dividends received	30	28
Interest paid	(89)	(84)
Subsidies received	253	—
Income taxes paid	(356)	(248)
Net cash provided by (used in) operating activities	1,678	1,477
Cash flows from investing activities		
Payments into time deposits	(26)	—
Purchase of property, plant and equipment	(1,233)	(1,257)
Proceeds from sale of property, plant and equipment	4	4
Purchase of intangible assets	(70)	(207)
Payments for acquisition of businesses	—	(182)
Purchase of investment securities	(45)	(15)
Proceeds from sale of investment securities	1	—
Other, net	(37)	(48)
Net cash provided by (used in) investing activities	(1,406)	(1,706)
Cash flows from financing activities		
Proceeds from short-term borrowings	9,450	9,264
Repayments of short-term borrowings	(10,586)	(11,182)
Proceeds from long-term borrowings	3,650	5,350
Repayments of long-term borrowings	(1,653)	(2,128)
Purchase of treasury shares	(0)	(0)
Dividends paid	(219)	(207)
Dividends paid to non-controlling interests	(1)	(1)
Repayments of lease obligations	(123)	(133)
Net cash provided by (used in) financing activities	516	961
Effect of exchange rate change on cash and cash equivalents	13	59
Net increase (decrease) in cash and cash equivalents	801	791
Cash and cash equivalents at beginning of period	6,008	6,222
Cash and cash equivalents at end of period	6,809	7,014