

# Financial Results for the Fiscal Year Ended March 31, 2019



May 10, 2019  
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) : June 25, 2019  
 Annual securities report filing date (as planned) : June 26, 2019 Dividend payable date (as planned) : June 26, 2019  
 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, 2019 (From April 1, 2018 to March 31, 2019)

(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, 2019	58,059	2.7	1,462	154.9	1,520	85.3	1,160	83.8
Year ended March 31, 2018	56,520	1.7	573	(48.1)	820	(43.5)	631	(46.6)

(Note) Comprehensive income : Year ended March 31, 2019: 727 million yen [(17.3%)], Year ended March 31, 2018: 880 million yen [37.5%].

	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, 2019	47.59	—	3.7	2.3	2.5
Year ended March 31, 2018	25.91	—	2.0	1.2	1.0

(Note) Equity in earnings of affiliates : Year ended March 31, 2019: 341 million yen, Year ended March 31, 2018: 323 million yen.

We have conducted a share consolidation of common stock of JMS Co., Ltd. ("the Company") pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017. Accordingly, the "Basic earnings per share" has been calculated assuming that such share consolidation has been conducted at the beginning of the previous fiscal

## (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, 2019	67,320	31,900	47.2	1,303.08
As at March 31, 2018	67,304	31,549	46.7	1,289.55

(Note) Owner's equity : As at March 31, 2019: 31,765 million yen, As at March 31, 2018: 31,422 million yen.

1. We have conducted a share consolidation of common stock of the Company pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017. Accordingly, the "Net assets per share" has been calculated assuming that such share consolidation has been conducted at the beginning of the previous fiscal year.

2. The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28, February 16, 2018), etc. from the beginning of the first quarter of consolidated financial statements. The figure as of the previous fiscal year is based on retroactive application.

## (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, 2019	4,353	(3,074)	(1,229)	7,216
Year ended March 31, 2018	2,666	(3,203)	1,420	7,220

## 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, 2018	—	4.00	—	8.00	—	389	61.8	1.3
Year ended March 31, 2019	—	8.00	—	8.00	16.00	390	33.6	1.2
Year ending March 31, 2020 (forecast)	—	8.00	—	8.00	16.00	—	27.9	—

(Note) We have conducted a share consolidation of common stock of the Company pursuant to which two (2) shares were consolidated into one (1) share effective as of October 1, 2017. Please note that such share consolidation is taken into consideration in determining the amount of the year-end cash dividend per share for the fiscal year ended March 31, 2018 mentioned above and the total annual dividend amount is indicated as "—".

## 3. Consolidated Forecast for the Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(%: change from the same previous period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to		Basic earnings per
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year ending September 30, 2019	29,600	4.1	750	52.8	850	43.1	600	40.7	24.61
Year ending March 31, 2020	60,000	3.3	1,800	23.1	2,000	31.6	1,400	20.7	57.43

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, United States and Europe are creating new demand for new medical devices with a new technology such as IoT and/or AI etc., that is invented together with the expansion of aging society and increasing chronic diseases. The medical infrastructure is progressed and expanded, in China and emerging countries such as ASEAN, and the medical device market keeps steadily growing with improving the medical treatment level in such markets. The acceleration of the medical devices demand with this circumstances in United States & Europe and emerging countries, leads to expansion of global market.

In Japan, medical device market continuously shows stable increase, expanding around the therapeutic instruments with the expansion of aging society. On the other hand, the government continues the healthcare policy to restrain medical expenditures, and this fiscal year, both medical treatment fee and nursing care fee, were revised once in six years.

In the given environment, 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 strives to enhance product development, production and sales with its three Business Units, 'Hospital Products BU' mainly handling infusion and enteral nutrition, 'Surgical & Therapy BU' mainly handling Dialysis and Cardiovascular, and 'Blood Management & Cell Therapy BU' mainly handling Blood Transfusion.

As a result of the abovementioned operations, JMS recorded consolidated net sales of 58,059 million yen in this period, up by 2.7% / 1,538 million yen (year-over-year).

The operating profit totaled 1,462 million yen in this period, up by 154.9% (year-over-year), due to the influence of sales increase as well as the decreased selling cost and the influence of foreign currency exchange. The addition of share of profit of entities accounted for using equity method and the loss on abandonment of inventories resulted in an ordinary profit of 1,520 million yen, up by 85.3% (year-over-year). Adding the extraordinary items and the income taxes resulted in the profit attributable to owners of parent of 1,160 million yen, up by 83.8% (year-over-year).

##### Business performance by geographical segment

Due to the revision in the segment classification from this fiscal year, the fiscal year (accumulated) comparison and analysis has been restated in accordance with these segment changes.

##### (i) Japan

Increased sales of New Hemodialysis Machine "GC-X01" and Dysphagia related products raised net sales to 41,659 million yen, up by 1.1% (year-over-year). Despite the influence of loss on abandonment of inventories, the decrease in selling costs resulted in profit of 808 million yen, up by 1.5% (year-over-year), for this geographical segment.

##### (ii) Singapore

Increased sales of Apheresis kits for North America market raised net sales to 20,043 million yen, up by 5.6% (year-over-year). The influence of sales increase as well as the influence of foreign currency exchange resulted in profit of 1,076 million yen, up by 64.0% (year-over-year), for this geographical segment.

##### (iii) China

Decreased sales of Infusion Sets for Japan market due to production transfer to the plant in Philippines reduced net sales to 3,215 million yen, down by 10.3% (year-over-year). The influence of sales decrease and the decrease of labor cost and other expenses resulted in profit of 29 million yen, up by 8.0% (year-over-year), for this geographical segment.

##### (iv) Philippines

Increased sales of Infusion Sets for Japan market raised net sales to 1,810 million yen, up by 165.4% (year-over-year). The influence of increased sales reduced loss to 414 million yen, improved by 215 million yen (year-over-year), for this geographical segment.

(v) Germany

Increased sales of hemodialysis kits raised net sales to 3,115 million yen, up by 2.2% (year-over-year). The influence of increase sales of higher-margin products resulted in profit of 295 million yen, up by 54.4% (year-over-year), for this geographical segment.

The remaining geographical segment recorded net sales of 4,852 million yen, up by 2.8% (year-over-year), and net profit of 165 million yen, up by 40.7% (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 67,320 million yen, up by 16 million yen from the end of the previous fiscal year. The details of assets, liabilities and net assets are as shown below.

(Assets)

Current assets increased to 37,748 million yen, up by 151 million yen from the end of the previous fiscal year, mainly due to the increase of inventories.

Non-current assets decreased to 29,571 million yen, down by 135 million yen from the end of the previous fiscal year, mainly due to the decrease of investment securities.

(Liabilities)

Current liabilities increased to 22,663 million yen, up by 1,181 million yen from the end of the previous fiscal year, mainly due to the increase of current portion of long-term loans payable.

Non-current liabilities decreased to 12,756 million yen, down by 1,515 million yen from the end of the previous fiscal year, mainly due to the decrease of long-term loans payable.

(Net assets)

Net assets increased to 319 million yen, up by 350 million yen from the end of the previous fiscal year, mainly due to the increase of retained earnings.

Note that the capital adequacy ratio increased by 0.5 percentage points to 47.2%.

(3) Overview of the cash flows

As of the end of this period, cash and cash equivalents amounted to 7,216 million yen, down by 4 million yen from the end of the previous fiscal year. Cash flows from various activities during the fiscal year are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was 4,353 million yen, up by 1,687 million yen from the preceding fiscal year, mainly due to the decrease (increase) in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was 3,074 million yen, down by 128 million yen from the preceding fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities was 1,229 million yen, up by 2,649 million yen from the preceding fiscal year, mainly due to the balance difference of loan payable.

(4) Overview of consolidated business forecast

In Japan demand for new medical devices and services is to be created, driven innovative medical devices with new technology such as IoT and/or AI, etc., in the expanding aging society. On the other hand, in overseas, especially in China, ASEAN as emerging countries, there seems to expand the demand for medical devices by increasing needs for medical care and business opportunities with improving medical infrastructure.

Amidst this environment, to contribute to a healthy and better life by serving as a bridge between those who need medical care and those who provide it, our corporate group will work on developing products that can contribute to “Medical safety and efficiency” and “Improving Quality of Life” as well as will promote our group Mid-term Management Plan “GAIN 2020” in order to certainly increase our profitability by capturing the environmental changes as business opportunity and responding flexibly to the changes.

## &lt; Consolidated business forecast &gt;

(Unit: million yen)

	Result of last fiscal year ended Mar. 2019	Forecast of current fiscal year ending Mar. 2020	Changes from same previous period
Net sales	58,059	60,000	3.3%
Operating profit	1,462	1,800	23.1%
Ordinary profit	1,520	2,000	31.6%
Profit attributable to owners of parent	1,160	1,400	20.7%

Exchange rate for the forecast: 1USD=110yen, 1EUR=125yen, 1SGD=82.5yen.

## 5. Consolidated Financial Statements

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

(Millions of yen)

	<u>As at March 31,</u> <u>2018</u>	<u>As at March 31,</u> <u>2019</u>
Assets		
Current assets		
Cash and deposits	7,162	7,081
Notes and accounts receivable - trade	16,452	15,846
Securities	71	149
Merchandise and finished goods	7,438	7,777
Work in process	2,331	2,433
Raw materials and supplies	3,409	3,624
Other	761	867
Allowance for doubtful accounts	(29)	(32)
Total current assets	37,597	37,748
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,729	20,910
Accumulated depreciation	(12,076)	(12,497)
Buildings and structures, net	8,652	8,413
Machinery, equipment and vehicles	28,758	29,696
Accumulated depreciation	(21,020)	(22,052)
Machinery, equipment and vehicles, net	7,738	7,643
Tools, furniture and fixtures	11,744	11,335
Accumulated depreciation	(9,328)	(9,026)
Tools, furniture and fixtures, net	2,415	2,308
Land	2,667	2,656
Leased assets	753	782
Accumulated depreciation	(62)	(168)
Leased assets, net	691	613
Construction in progress	1,159	1,777
Total property, plant and equipment	23,324	23,413
Intangible assets	438	503
Investments and other assets		
Investment securities	3,875	3,706
Deferred tax assets	571	689
Other	1,509	1,269
Allowance for doubtful accounts	(12)	(11)
Total investments and other assets	5,943	5,654
Total non-current assets	29,707	29,571
Total assets	67,304	67,320

## Consolidated Balance Sheet

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>As at March 31,</u> <u>2018</u>	<u>As at March 31,</u> <u>2019</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,609	8,808
Short-term loans payable	4,110	4,220
Current portion of long-term loans payable	2,926	3,483
Lease obligations	126	133
Accounts payable - other	3,240	3,255
Income taxes payable	198	379
Provision for bonuses	1,041	1,075
Asset retirement obligations	135	—
Other	1,094	1,307
Total current liabilities	21,481	22,663
Non-current liabilities		
Long-term loans payable	11,959	10,626
Lease obligations	582	462
Deferred tax liabilities	348	252
Provision for retirement benefits for directors (and other officers)	103	106
Retirement benefit liability	751	775
Asset retirement obligations	106	141
Other	419	392
Total non-current liabilities	14,272	12,756
Total liabilities	35,754	35,420
Net assets		
Shareholders' equity		
Capital stock	7,411	7,411
Capital surplus	10,362	10,362
Retained earnings	13,554	14,323
Treasury shares	(283)	(276)
Total shareholders' equity	31,044	31,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	551	297
Foreign currency translation adjustment	(173)	(353)
Total accumulated other comprehensive income	378	(56)
Non-controlling interests	127	135
Total net assets	31,549	31,900
Total liabilities and net assets	67,304	67,320

## **Consolidated statements of income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2018</u>	<u>Year ended March 31,</u> <u>2019</u>
Net sales	56,520	58,059
Cost of sales	42,238	43,240
Gross profit	14,282	14,818
Selling, general and administrative expenses	13,708	13,355
Operating profit	573	1,462
Non-operating income		
Interest income	15	15
Dividend income	33	39
Share of profit of entities accounted for using equity method	323	341
Subsidy income	45	23
Other	129	128
Total non-operating income	547	548
Non-operating expenses		
Interest expenses	128	185
Foreign exchange losses	130	157
Loss on abandonment of inventories	—	112
Other	42	34
Total non-operating expenses	300	490
Ordinary profit	820	1,520
Extraordinary income		
Gain on sales of non-current assets	21	7
Gain on sales of investment securities	—	9
Settlement received	—	60
Total extraordinary income	21	77
Extraordinary losses		
Loss on sales of non-current assets	6	1
Impairment loss	44	—
Loss on valuation of investment securities	—	53
Loss on abandonment of non-current assets	50	62
Total extraordinary losses	101	116
Profit before income taxes	740	1,480
Income taxes - current	345	446
Income taxes - deferred	(234)	(127)
Total income taxes	111	318
Profit	629	1,162
Profit (loss) attributable to non-controlling interests	(2)	2
Profit attributable to owners of parent	631	1,160

## **Consolidated statements of comprehensive income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2018</u>	<u>Year ended March 31,</u> <u>2019</u>
Profit	629	1,162
Other comprehensive income		
Valuation difference on available-for-sale securities	112	(254)
Foreign currency translation adjustment	138	(180)
Total other comprehensive income	250	(434)
Comprehensive income	880	727
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	882	728
Comprehensive income attributable to non-controlling interests	(2)	(0)

## Consolidated statements of changes in net assets

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,411	10,362	13,313	(282)	30,803
Changes of items during period					
Dividends of surplus			(389)		(389)
Profit attributable to owners of parent			631		631
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	241	(0)	240
Balance at end of current period	7,411	10,362	13,554	(283)	31,044

	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 current period	439	(312)	127	130	31,061
Changes of items during period					
Dividends of surplus					(389)
Profit attributable to owners of parent					631
Purchase of treasury shares					(1)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	112	138	250	(2)	248
Total changes of items during period	112	138	250	(2)	488
Balance at end of current period	551	(173)	378	127	31,549



## Consolidated statements of changes in net assets

Year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,411	10,362	13,554	(283)	31,044
Changes of items during period					
Dividends of surplus			(389)		(389)
Profit attributable to owners of parent			1,160		1,160
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(0)	8	7
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	769	7	776
Balance at end of current period	7,411	10,362	14,323	(276)	31,821

	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 current period	551	(173)	378	127	31,549
Changes of items during period					
Dividends of surplus					(389)
Profit attributable to owners of parent					1,160
Purchase of treasury shares					(0)
Disposal of treasury shares					7
Net changes of items other than shareholders' equity	(254)	(180)	(434)	8	(426)
Total changes of items during period	(254)	(180)	(434)	8	350
Balance at end of current period	297	(353)	(56)	135	31,900

## **Consolidated statements of cash flows**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2018</u>	<u>Year ended March 31,</u> <u>2019</u>
Cash flows from operating activities		
Profit before income taxes	740	1,480
Depreciation	3,059	3,044
Impairment loss	44	—
Increase (decrease) in allowance for doubtful accounts	(37)	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	8
Increase (decrease) in retirement benefit liability	123	33
Interest and dividend income	(49)	(54)
Interest expenses	128	185
Foreign exchange losses (gains)	(54)	(103)
Share of loss (profit) of entities accounted for using equity method	(323)	(341)
Loss (gain) on sales of non-current assets	(14)	(6)
Loss on abandonment of non-current assets	50	62
Loss (gain) on sales of investment securities	—	(9)
Loss (gain) on valuation of investment securities	—	53
Settlement received	—	(60)
Decrease (increase) in notes and accounts receivable - trade	(1,079)	592
Decrease (increase) in inventories	(93)	(669)
Increase (decrease) in notes and accounts payable - trade	(259)	193
Increase (decrease) in accrued consumption taxes	(280)	(57)
Decrease (increase) in other current assets	342	(35)
Increase (decrease) in other current liabilities	635	158
Other, net	(64)	(18)
Subtotal	2,870	4,457
Interest and dividend income received	148	157
Interest expenses paid	(127)	(191)
Proceeds from subsidy income	200	200
Income taxes paid	(424)	(269)
Net cash provided by (used in) operating activities	2,666	4,353
Cash flows from investing activities		
Payments into time deposits	(10)	(12)
Proceeds from withdrawal of time deposits	5	10
Purchase of property, plant and equipment	(2,800)	(2,823)
Proceeds from sales of property, plant and equipment	72	11
Purchase of intangible assets	(136)	(164)
Proceeds from sales of investment securities	—	14
Other, net	(333)	(111)
Net cash provided by (used in) investing activities	(3,203)	(3,074)
Cash flows from financing activities		
Increase in short-term loans payable	16,321	16,210
Decrease in short-term loans payable	(16,201)	(16,100)
Proceeds from long-term loans payable	3,326	2,100
Repayments of long-term loans payable	(1,927)	(2,926)
Proceeds from share issuance to non-controlling shareholders	—	8
Proceeds from sales of treasury shares	0	—
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(390)	(392)
Proceeds from sale and leaseback transactions	353	—
Repayments of lease obligations	(61)	(129)
Net cash provided by (used in) financing activities	1,420	(1,229)
Effect of exchange rate change on cash and cash equivalents	4	(53)
Net increase (decrease) in cash and cash equivalents	887	(4)
Cash and cash equivalents at beginning of period	6,333	7,220
Cash and cash equivalents at end of period	7,220	7,216