

# Financial Results for the Fiscal Year Ended March 31, 2020



May 22, 2020  
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 25, 2020  
 Annual securities report filing date (as planned) : Jun 26, 2020 Dividend payable date (as planned) : Jun 26, 2020  
 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, 2020 (From April 1, 2019 to March 31, 2020)

(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, 2020	58,569	0.9	2,314	58.2	2,672	75.8	1,977	70.5
Year ended March 31, 2019	58,059	2.7	1,462	154.9	1,520	85.3	1,160	83.8

(Note) Comprehensive income : Year ended March 31, 2020: 945 million yen [29.9%], Year ended March 31 2019: 727 million yen [(17.3)%].

	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, 2020	81.12	—	6.2	4.0	4.0
Year ended March 31, 2019	47.59	—	3.7	2.3	2.5

(Note) Equity in earnings of affiliates : Year ended March 31, 2020: 308 million yen, Year ended March 31, 2019: 341 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, 2020	66,567	32,470	48.6	1,326.12
As at March 31, 2019	67,320	31,900	47.2	1,303.08

(Note) Owner's equity : As at March 31, 2020: 32,336 million yen, As at March 31, 2019: 31,765 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, 2020	3,565	(3,340)	(1,187)	6,008
Year ended March 31, 2019	4,353	(3,074)	(1,229)	7,216

## 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	Millions of yen	%	%
Year ended March 31, 2019	—	8.00	—	8.00	16.00	390	33.6	1.2
Year ended March 31, 2020	—	8.00	—	9.00	17.00	414	21.0	1.3
Year ending March 31, 2021 (forecast)	—	8.50	—	8.50	17.00		25.9	

## 3. Consolidated Forecast for the Year Ending March 31, 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) At this time, the spread of the Corona Virus Disease 2019 (COVID-19) infection cannot be expected to be contained, but the above forecast has been calculated based on the assumption that it will be contained by the end of this fiscal year.

The forecast for the Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2021 is not disclosed because there are many undetermined factors.

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, while the medical front continues to fight against the Corona Virus Disease 2019 (COVID-19), and to protect medical care, in overseas, with the expansion of aging society and the advancement of medical care, many hospitals in United States and Europe are aggressively introducing new technology. Policies to accelerate digital innovation in healthcare field are implementing continued active introduction of medical devices that utilize advanced technologies such as robotic surgery at clinical sites in United States, also introduction of medical robots that implement new technology and AI is active in Europe.

In emerging countries such as China and Asia, medical device market continues to grow steadily due to the early diagnosis of chronic diseases and rise of the treatment needs.

In Japan, continuously expanding around the therapeutic instruments with the expansion of aging society, the number of acute care hospitals is decreasing due to the functional integration of hospitals, and the medical device market is gradually growing.

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 58,569 million yen in this period, up by 0.9% / 510 million yen (year-over-year).

The operating profit totaled 2,314 million yen in this period, up by 58.2% (year-over-year), due to the influence of sales increase and the decreased sales cost ratio.

Foreign exchange loss and loss on abandonment of inventories were not posted in this period while these losses had been posted in the last period, resulted in an ordinary profit of 2,672 million yen, up by 75.8% (year-over-year).

As a result of adding and subtracting extraordinary items and income taxes, the profit attributable to owners of parent totaled 1,977 million yen, up by 70.5% (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

Decreased sales of Hemodialysis Machines which were offset by the increased sales of Blood bags and Closed Drug Mixing/Infusion System "NEO SHIELD" reduced net sales to 41,302 million yen, down by 0.9% (year-over-year). Decreased selling general and administrative expenses, and increased dividend income from affiliated companies, resulted in a profit of 1,240 million yen, up by 53.5% (year-over-year), for this geographical segment.

###### (ii) Singapore

Increased sales of Apheresis kits for North America market and Blood bags for Middle East market raised net sales to 20,573million yen, up by 2.6% (year-over-year). The influence of sales increase as well as the influence of foreign currency exchange resulted in a profit of 1,514 million yen, up by 40.6% (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 2,744 million yen, down by 14.6% (year-over-year). Despite the decrease of labor cost and other expense, the influence of sales decrease resulted in a profit of 29 million yen, down by 0.2% (year-over-year), for this geographical segment.

###### (iv) Philippines

Increased sales of Infusion Sets for Japan market raised net sales to 2,785 million yen, up by 53.8% (year-over-year). The influence of fixed cost recovery by the sales increase raised profit and moved into the black at 34 million yen, improved by 448 million yen (year-over-year), for this geographical segment.

(v) Germany

Increased sales of Blood bags raised net sales to 3,171 million yen, up by 1.8% (year-over-year). Increased cost of purchase by influence of foreign currency exchange resulted in a profit of 236 million yen, down by 20.0% (year-over-year), for this geographical segment.

The remaining geographical segments recorded net sales of 5,044 million yen, up by 4.0% (year-over-year), and net profit of 164 million yen, down by 0.5% (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 66,567 million yen, down by 753 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 37,088 million yen, down by 660 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease of cash and deposits by repayment of loans payable. Non-current assets decreased to 29,479 million yen, down by 92 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities decreased to 21,895 million yen, down by 768 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease of notes and accounts payable by the settlement. Non-current liabilities decreased to 12,201 million yen, down by 555 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 32,470 million yen, up by 570 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of retained earnings by posting the profit attributable to owners of parent. Note that the capital adequacy ratio increased by 1.4 percentage points to 48.6%.

(3) Overview of the cash flows

As of the consolidated fiscal year, cash and cash equivalents amounted to 6,008 million yen, down by 1,208 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 3,565 million yen, down by 787 million yen from the preceding fiscal year, mainly due to the decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities was 3,340 million yen, up by 265 million yen from the preceding fiscal year, mainly due to the increase of purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was 1,187 million yen, down by 42 million yen from the preceding fiscal year.

(4) Overview of consolidated business forecast

In terms of the future outlook, there seems to be an increased risk of economic free fall at home and abroad because COVID-19 spreads worldwide and economy slows down.

Amidst this environment, as a long-term vision, our corporate group will pursue the goal of becoming a company that “realizes the creation of new value in anticipation of future medical care, and supporting the improvement of quality of life of people around the world”, and promotes its realization.

At this time, the spread of COVID-19 infection cannot be expected to be contained, but the forecast below has been calculated based on the assumption that it will be contained by the end of this fiscal year.

< Consolidated business forecast >

(Unit: million yen)

	Result of last fiscal year ended Mar. 2020	Forecast of current fiscal year ending Mar. 2021	Changes from same previous period
Net sales	58,569	59,500	1.6%
Operating profit	2,314	2,000	(13.6)%
Ordinary profit	2,672	2,200	(17.7)%
Profit attributable to owners of parent	1,977	1,600	(19.1)%

Exchange rate for the forecast: 1USD=108yen, 1EUR=120yen, 1SGD=78yen.

## 5. Consolidated Financial Statements

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

(Millions of yen)

	<u>As at March 31,</u> 2019	<u>As at March 31,</u> 2020
Assets		
Current assets		
Cash and deposits	7,081	5,765
Notes and accounts receivable - trade	15,846	15,683
Securities	149	254
Merchandise and finished goods	7,777	7,735
Work in process	2,433	2,787
Raw materials and supplies	3,624	3,928
Other	867	962
Allowance for doubtful accounts	(32)	(29)
Total current assets	37,748	37,088
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,910	21,168
Accumulated depreciation	(12,497)	(12,809)
Buildings and structures, net	8,413	8,358
Machinery, equipment and vehicles	29,696	30,435
Accumulated depreciation	(22,052)	(22,628)
Machinery, equipment and vehicles, net	7,643	7,807
Tools, furniture and fixtures	11,335	11,134
Accumulated depreciation	(9,026)	(9,144)
Tools, furniture and fixtures, net	2,308	1,990
Land	2,656	2,598
Leased assets	782	382
Accumulated depreciation	(168)	(165)
Leased assets, net	613	216
Right of use assets	—	1,684
Accumulated depreciation	—	(253)
Right of use assets, net	—	1,431
Construction in progress	1,777	1,567
Total property, plant and equipment	23,413	23,970
Intangible assets	503	538
Investments and other assets		
Investment securities	3,706	3,846
Deferred tax assets	689	726
Other	1,269	407
Allowance for doubtful accounts	(11)	(10)
Total investments and other assets	5,654	4,969
Total non-current assets	29,571	29,479
Total assets	67,320	66,567

## Consolidated Balance Sheet

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>As at March 31,</u> <u>2019</u>	<u>As at March 31,</u> <u>2020</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,808	8,446
Short-term borrowings	4,220	4,189
Current portion of long-term borrowings	3,483	3,402
Lease obligations	133	236
Accounts payable - other	3,255	2,806
Income taxes payable	379	571
Provision for bonuses	1,075	1,060
Other	1,307	1,180
Total current liabilities	22,663	21,895
Non-current liabilities		
Long-term borrowings	10,626	9,986
Lease obligations	462	637
Deferred tax liabilities	252	224
Provision for retirement benefits for directors (and other officers)	106	116
Retirement benefit liability	775	731
Asset retirement obligations	141	134
Other	392	370
Total non-current liabilities	12,756	12,201
Total liabilities	35,420	34,096
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,362	10,362
Retained earnings	14,323	15,932
Treasury shares	(276)	(270)
Total shareholders' equity	31,821	33,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	297	203
Foreign currency translation adjustment	(353)	(1,302)
Total accumulated other comprehensive income	(56)	(1,098)
Non-controlling interests	135	133
Total net assets	31,900	32,470
Total liabilities and net assets	67,320	66,567

## **Consolidated statements of income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2019</u>	<u>Year ended March 31,</u> <u>2020</u>
Net sales	58,059	58,569
Cost of sales	43,240	42,931
Gross profit	14,818	15,638
Selling, general and administrative expenses	13,355	13,323
Operating profit	1,462	2,314
Non-operating income		
Interest income	15	17
Dividend income	39	42
Share of profit of entities accounted for using equity method	341	308
Subsidy income	23	79
Other	128	145
Total non-operating income	548	594
Non-operating expenses		
Interest expenses	185	195
Foreign exchange losses	157	—
Loss on abandonment of inventories	112	—
Other	34	40
Total non-operating expenses	490	236
Ordinary profit	1,520	2,672
Extraordinary income		
Gain on sales of non-current assets	7	69
Gain on sales of investment securities	9	0
Settlement received	60	—
Total extraordinary income	77	69
Extraordinary losses		
Loss on sales of non-current assets	1	19
Loss on abandonment of non-current assets	62	28
Loss on valuation of investment securities	53	84
Retirement benefits for directors (and other officers)	—	41
Total extraordinary losses	116	174
Profit before income taxes	1,480	2,567
Income taxes - current	446	619
Income taxes - deferred	(127)	(39)
Total income taxes	318	579
Profit	1,162	1,987
Profit attributable to non-controlling interests	2	10
Profit attributable to owners of parent	1,160	1,977

## **Consolidated statements of comprehensive income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2019</u>	<u>Year ended March 31,</u> <u>2020</u>
Profit	1,162	1,987
Other comprehensive income		
Valuation difference on available-for-sale securities	(254)	(93)
Foreign currency translation adjustment	(180)	(949)
Total other comprehensive income	<u>(434)</u>	<u>(1,042)</u>
Comprehensive income	<u>727</u>	<u>945</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	728	946
Comprehensive income attributable to non-controlling interests	(0)	(1)



## Consolidated statements of changes in net assets

Year ended March 31, 2019

(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	13,554	(283)	31,044
Cumulative effects of changes in accounting policies					—
Restated balance	7,411	10,362	13,554	(283)	31,044
Changes 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 in items other than shareholders' equity					
Total changes during period	—	—	769	7	776
Balance at end of 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 period	551	(173)	378	127	31,549
Cumulative effects of changes in accounting policies					—
Restated balance	551	(173)	378	127	31,549
Changes 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 in items other than shareholders' equity	(254)	(180)	(434)	8	(426)
Total changes during period	(254)	(180)	(434)	8	350
Balance at end of period	297	(353)	(56)	135	31,900

## 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 cash flows

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Year ended March 31,</u> <u>2019</u>	<u>Year ended Marc31,</u> <u>2020</u>
Cash flows from operating activities		
Profit before income taxes	1,480	2,567
Depreciation	3,044	3,160
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for retirement benefits for directors (and other officer)	8	14
Increase (decrease) in retirement benefit liability	33	40
Interest and dividend income	(54)	(60)
Interest expenses	185	195
Foreign exchange losses (gains)	(103)	(24)
Share of loss (profit) of entities accounted for using equity method	(341)	(308)
Loss (gain) on sales of non-current assets	(6)	(49)
Loss on abandonment of non-current assets	62	28
Loss (gain) on sales of investment securities	(9)	(0)
Loss (gain) on valuation of investment securities	53	84
Settlement received	(60)	—
Decrease (increase) in trade receivables	592	231
Decrease (increase) in inventories	(669)	(1,128)
Increase (decrease) in trade payables	193	(262)
Increase (decrease) in accrued consumption taxes	(57)	62
Decrease (increase) in other current assets	(35)	(158)
Increase (decrease) in other current liabilities	158	(546)
Other, net	(18)	29
Subtotal	4,457	3,872
Interest and dividends received	157	153
Interest paid	(191)	(199)
Subsidies received	200	135
Settlement package received	—	60
Income taxes paid	(269)	(456)
Net cash provided by (used in) operating activities	4,353	3,565
Cash flows from investing activities		
Payments into time deposits	(12)	(55)
Proceeds from withdrawal of time deposits	10	56
Purchase of property, plant and equipment	(2,823)	(3,117)
Proceeds from sales of property, plant and equipment	11	139
Purchase of intangible assets	(164)	(185)
Purchase of investment securities	—	(130)
Proceeds from sales of investment securities	14	0
Other, net	(111)	(48)
Net cash provided by (used in) investing activities	(3,074)	(3,340)
Cash flows from financing activities		
Proceeds from short-term borrowings	16,210	16,234
Repayments of short-term borrowings	(16,100)	(16,262)
Proceeds from long-term borrowings	2,100	2,800
Repayments of long-term borrowings	(2,926)	(3,474)
Proceeds from share issuance to non-controlling shareholders	8	—
Purchase of treasury shares	(0)	(0)
Dividends paid	(392)	(390)
Proceeds from sale and leaseback transactions	—	90
Repayments of lease obligations	(129)	(184)
Net cash provided by (used in) financing activities	(1,229)	(1,187)
Effect of exchange rate change on cash and cash equivalents	(53)	(246)
Net increase (decrease) in cash and cash equivalents	(4)	(1,208)
Cash and cash equivalents at beginning of period	7,220	7,216
Cash and cash equivalents at end of period	7,216	6,008