

# Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2023



November 4, 2022

Stock Exchange Listings : Prime Market of Tokyo

Company name : JMS Co., Ltd. (URL <https://www.jms.cc/>)  
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 Quarterly statement filing date (as planned) : November 14, 2022 Dividend payable date (as planned) : —  
 Supplemental material of quarterly results : Yes  
 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 2022 (From April 1, 2022 to September 30, 2022)

### (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, 2022	29,975	6.0	(44)	—	56	(91.8)	(68)	—
Six months ended September 30, 2021	28,275	1.3	614	(41.2)	683	(39.4)	497	(53.1)

(Note) Comprehensive income : Six months ended September 30, 2022 : 2,317 million yen〔202.4%〕,  
 Six months ended September 30, 2021 : 766 million yen〔(33.0)%〕.

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	(2.80)		—	
Six months ended September 30, 2021	20.37		—	

### (2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As at September 30, 2022	74,692	39,213	52.3
As at March 31, 2022	71,971	37,093	51.4

(Note) Owner's equity: September 30, 2022: 39,100 million yen, March 31, 2022: 36,959 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, 2022	—	8.50	—	8.50	17.00
Year ending March 31, 2023	—	8.50	—	—	—
Year ending March 31, 2023 (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 2023 (From April 1, 2022 to March 31, 2023)

(%: 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, 2023	62,000	6.6	400	(59.2)	400	(64.5)	200	(75.8)	8.18

(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 consolidated cumulative second quarter, in the domestic market, sales of Medical Gloves and Nutrition Sets, etc. decreased despite increased sales of Acute Blood Purification business, and strong sales of Closed Drug Mixing/Infusion System and Cardiopulmonary Blood Tubing Sets. In overseas markets, although the situation varies depending on the country and region, sales of Blood Bags increased while sales of AV Fistula Needle were also strong because there were signs of recovery from the impact of the COVID-19. As a result of the above, JMS recorded consolidated net sales for the second quarter of 29,975 million yen, up by 6.0% / 1,699million yen (year-over-year), due in part to an increase in yen equivalent value resulting from yen depreciation. Despite the effect of sales increase, the impact of soaring prices of raw material, electricity costs, and ocean freight rates, as well as the increase of labor costs and selling expenses associated with the gradual resumption of sales activities resulted in an operating loss of 44 million yen (operating income of 614 million yen in the same period of the previous year).

Recording of foreign exchange gains and dividend income resulted in an ordinary profit of 56 million yen, down by 91.8% (year-over-year). As a result of adding and subtracting gain on sales of investment securities, income taxes, etc., the loss attributable to owners of parent totaled 68 million yen (the profit attributable to owners of parent totaled 497 million yen in the same period of the previous year).

Business performance by geographical segment.

##### (i) Japan

Although production adjustments were implemented for some products due to difficulties in procuring semiconductors, sales related to the Acute Blood Purification business including China market increased, and sales of Closed Drug Mixing/Infusion Systems and Cardiopulmonary Blood Tubing Sets were also strong, resulted in net sales of 21,361 million yen, up by 4.0% (year-over-year). The impact of soaring prices of raw material and electricity costs, and the increase in the yen equivalent of foreign currency-denominated purchase transactions due to yen depreciation and a gradual increase in selling expenses resulted in segment loss of 89 million yen (profit of 587 million yen in the same period of the previous year).

##### (ii) Singapore

In addition to the recovery in sales of Apheresis kits in North America, increased sales of Blood bags, mainly to Taiwan, Pakistan, and Indonesia, resulted in net sales of 10,515 million yen, up by 25.7% (year-over-year). Despite the impact of soaring raw material, electricity costs, and ocean freight rates, the effect of increased sales and recording of foreign exchange gains resulted in a profit of 216 million yen, up by 715.3% (year-over-year), for this geographical segment.

##### (iii) China

Due to strong sales of AV Fistula Needles and Acute Blood Purification Tubing Sets and an increase in the supply of materials to affiliated companies raised net sales to 1,878 million yen, up by 14.5% (year-over-year). Increased raw material costs, labor costs and other costs, resulted in a profit of 56 million yen, down by 17.0% (year-over-year) for this geographical segment.

##### (iv) Philippines

Despite the decrease in sales of AV Fistula Needles for Europe and Infusion Sets for Japan, the increase in sales of Blood bags for Asia and the increase in the yen equivalent from yen depreciation, resulted in net sales of 1,668 million yen, up by 5.6% (year-over-year). Soaring raw material and electricity costs resulted in segment profit of 45 million yen, down by 70.8% (year-over-year).

##### (v) Germany

Due to increased sales of Dialysis therapy chairs and Dialysis Kits, net sales were 1,870 million yen, up by 7.1% (year-over-year). Increased ocean freight costs were absorbed by the effect of higher sales, resulted in a

profit of 71 million yen, up by 16.4 % (year-over-year), for this geographical segment.

(vi) Others

Due to increased sales of AV Fistula Needles for North America and other factors, the remaining geographical segments recorded net sales of 2,527 million yen, up by 29.8% (year-over-year), and loss of 47 million yen (profit of 19 million yen in the same period of the previous 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 74,692 million yen, up by 2,721 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 41,317 million yen, up by 1,274 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in Goods and Products.

Non-current assets increased to 33,375 million yen, up by 1,446 million yen from the end of the previous fiscal year, mainly due to an increase in Property, plant and equipment, as a result of the implementation of capital investment and the increase in the yen equivalent from yen depreciation.

(Liabilities)

Current liabilities decreased to 19,491 million yen, down by 3,356 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 15,987 million yen, up by 3,957 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 39,213million yen, up by 2,120 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 0.9 percentage points to 52.3%.

(ii) Overview of the cash flows

As of the consolidated cumulative second quarter, cash and cash equivalents amounted to 6,270 million yen, down by 744 million yen from the same period of the previous year. Cash flows from various activities are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was 233 million yen, down by 1,243 million yen (year-over-year), mainly due to changes in accounts receivable.

(Cash flows from investing activities)

Net cash used in investing activities was 2,095 million yen, up by 389 million yen (year-over-year), mainly due to expenditures for purchases of Property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was 1,016 million yen, up by 55 million yen (year-over-year), mainly due to the balance difference of loan payable.

(3) Overview of consolidated business forecast

We reviewed the consolidated results forecasts for the fiscal year ending March 31, 2023 announced in the Consolidate Financial Summary of the Fiscal Year Ended March 2022, which was announced on May 12, 2022. For more details, please refer to the “Notice Regarding Difference Between Forecasts and Actual Results of the First Half of the Fiscal Year Ending March 31, 2023 and Revision of Full-Year Forecasts”.

The forecasted statements are based on information currently available and certain assumptions that we regard as reasonable. Actual operating results may differ substantially due to a number of factors.

## 5. Consolidated Financial Statements

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

(Millions of yen)

	<u>As at March 31,</u> <u>2022</u>	<u>As at September 30,</u> <u>2022</u>
Assets		
Current assets		
Cash and deposits	6,605	6,196
Notes and accounts receivable - trade	16,077	16,316
Securities	208	78
Merchandise and finished goods	8,815	9,494
Work in process	2,848	3,213
Raw materials and supplies	4,870	5,218
Other	646	826
Allowance for doubtful accounts	(29)	(27)
Total current assets	<u>40,042</u>	<u>41,317</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,621	9,406
Machinery, equipment and vehicles, net	8,246	8,769
Other, net	8,592	8,832
Total property, plant and equipment	<u>25,460</u>	<u>27,008</u>
Intangible assets		
Goodwill	134	127
Other	900	828
Total intangible assets	<u>1,035</u>	<u>956</u>
Investments and other assets		
Investments and other assets	5,519	5,497
Allowance for doubtful accounts	(86)	(87)
Total investments and other assets	<u>5,432</u>	<u>5,410</u>
Total non-current assets	<u>31,928</u>	<u>33,375</u>
Total assets	<u>71,971</u>	<u>74,692</u>

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

(Millions of yen)

	<u>As at March 31,</u> <u>2022</u>	<u>As at September 30,</u> <u>2022</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,482	7,903
Short-term borrowings	3,450	1,717
Current portion of long-term borrowings	4,604	4,054
Income taxes payable	229	177
Provision for bonuses	1,097	1,144
Asset retirement obligations	25	—
Other	4,958	4,494
Total current liabilities	<u>22,847</u>	<u>19,491</u>
Non-current liabilities		
Long-term borrowings	10,112	14,069
Provision for retirement benefits for directors (and other officers)	139	149
Retirement benefit liability	653	678
Asset retirement obligations	166	188
Other	958	900
Total non-current liabilities	<u>12,030</u>	<u>15,987</u>
Total liabilities	<u>34,878</u>	<u>35,479</u>
Net assets		
Shareholders' equity		
Share capital	7,411	7,411
Capital surplus	10,351	10,351
Retained earnings	17,652	17,372
Treasury shares	(233)	(219)
Total shareholders' equity	<u>35,182</u>	<u>34,915</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	339	312
Foreign currency translation adjustment	1,437	3,871
Total accumulated other comprehensive income	<u>1,777</u>	<u>4,184</u>
Non-controlling interests	<u>133</u>	<u>113</u>
Total net assets	<u>37,093</u>	<u>39,213</u>
Total liabilities and net assets	<u>71,971</u>	<u>74,692</u>

**Consolidated statements of income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2021</u>	<u>Six months ended</u> <u>September 30, 2022</u>
Net sales	28,275	29,975
Cost of sales	21,154	23,132
Gross profit	7,121	6,842
Selling, general and administrative expenses	6,506	6,887
Operating profit (loss)	614	(44)
Non-operating income		
Interest income	3	7
Dividend income	25	27
Share of profit of entities accounted for using equity method	68	—
Foreign exchange gains	—	98
Subsidy income	57	19
Other	56	77
Total non-operating income	211	231
Non-operating expenses		
Interest expenses	84	79
Share of loss of entities accounted for using equity method	—	42
Foreign exchange losses	50	—
Other	8	7
Total non-operating expenses	142	130
Ordinary profit	683	56
Extraordinary income		
Gain on sale of non-current assets	2	6
Gain on sale of investment securities	—	57
Total extraordinary income	2	63
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on abandonment of non-current assets	31	15
Total extraordinary losses	31	15
Profit before income taxes	654	104
Income taxes - current	150	152
Income taxes - deferred	13	40
Total income taxes	163	193
Profit (loss)	491	(88)
Loss attributable to non-controlling interests	(6)	(20)
Profit (loss) attributable to owners of parent	497	(68)

**Consolidated statements of comprehensive income**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2021</u>	<u>Six months ended</u> <u>September 30, 2022</u>
Profit (loss)	491	(88)
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	(27)
Foreign currency translation adjustment	305	2,433
Total other comprehensive income	<u>275</u>	<u>2,406</u>
Comprehensive income	<u>766</u>	<u>2,317</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	777	2,338
Comprehensive income attributable to non-controlling interests	(10)	(20)

**Consolidated statements of cash flows**

JMS CO., LTD. and Consolidated Subsidiaries

(Millions of yen)

	<u>Six months ended</u> <u>September 30, 2021</u>	<u>Six months ended</u> <u>September 30, 2022</u>
Cash flows from operating activities		
Profit before income taxes	654	104
Depreciation	1,634	1,791
Amortization of goodwill	7	9
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for retirement benefits for directors (and other office)	(1)	(1)
Increase (decrease) in retirement benefit liability	(85)	(1)
Interest and dividend income	(28)	(35)
Interest expenses	84	79
Foreign exchange losses (gains)	7	(99)
Share of loss (profit) of entities accounted for using equity method	(68)	42
Loss (gain) on sale of non-current assets	(2)	(6)
Loss on abandonment of non-current assets	31	15
Loss (gain) on sale of investment securities	—	(57)
Decrease (increase) in trade receivables	1,212	147
Decrease (increase) in inventories	(307)	(538)
Increase (decrease) in trade payables	(1,340)	(705)
Increase (decrease) in accrued consumption taxes	(0)	(53)
Decrease (increase) in other current assets	141	(116)
Increase (decrease) in other current liabilities	(158)	(113)
Other, net	0	11
Subtotal	<u>1,781</u>	<u>470</u>
Interest and dividends received	28	35
Interest paid	(84)	(80)
Income taxes paid	(248)	(192)
Net cash provided by (used in) operating activities	<u>1,477</u>	<u>233</u>
Cash flows from investing activities		
Payments into time deposits	—	(0)
Purchase of property, plant and equipment	(1,257)	(1,985)
Proceeds from sale of property, plant and equipment	4	6
Purchase of intangible assets	(207)	(36)
Payments for acquisition of businesses	(182)	(10)
Purchase of investment securities	(15)	(40)
Proceeds from sale of investment securities	—	96
Other, net	(48)	(126)
Net cash provided by (used in) investing activities	<u>(1,706)</u>	<u>(2,095)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	9,264	6,301
Repayments of short-term borrowings	(11,182)	(7,783)
Proceeds from long-term borrowings	5,350	5,350
Repayments of long-term borrowings	(2,128)	(2,521)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	—	0
Dividends paid	(207)	(207)
Dividends paid to non-controlling interests	(1)	—
Repayments of lease liabilities	(133)	(122)
Net cash provided by (used in) financing activities	<u>961</u>	<u>1,016</u>
Effect of exchange rate change on cash and cash equivalents	59	304
Net increase (decrease) in cash and cash equivalents	<u>791</u>	<u>(540)</u>
Cash and cash equivalents at beginning of period	<u>6,222</u>	<u>6,810</u>
Cash and cash equivalents at end of period	<u>7,014</u>	<u>6,270</u>