

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2021
(Based on Japanese GAAP)**

November 4, 2021

Company name: Japan Animal Referral Medical Center (JARMeC)
 Stock exchange listing: Tokyo
 Stock code: 6039 URL <http://www.jarmec.co.jp>
 Representative: Representative Director and President Hidehiro Hirao
 Executive Director, Finance and Administration Takayuki Ishikawa TEL 044(850)1320
 Inquiries: Administration
 Scheduled date to file Quarterly Securities Report: November 11, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	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	1,437	1.9	182	(7.2)	186	(5.0)	127	(5.5)
Six months ended September 30, 2020	1,410	3.8	196	(10.0)	196	(11.8)	134	(14.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	53.47	52.11
Six months ended September 30, 2020	57.33	55.47

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	5,639	2,464	43.7
As of March 31, 2021	5,844	2,336	40.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	0.00	0.00
Year ending March 31, 2022	–	0.00			
Year ending March 31, 2022 (Forecast)			–	0.00	0.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,930	2.9	410	1.1	420	2.2	290	1.7	121.76

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	2,436,200 shares	As of March 31, 2021	2,436,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	53,116 shares	As of March 31, 2021	55,577 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	2,381,800 shares	Six months ended September 30, 2020	2,350,858 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,214,671	1,083,780
Accounts receivable - trade	148,872	–
Notes and accounts receivable - trade, and contract assets	–	140,340
Merchandise	59,709	59,338
Supplies	3,495	3,382
Other	40,631	45,588
Allowance for doubtful accounts	(9,492)	(8,031)
Total current assets	1,457,888	1,324,398
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,493,714	1,445,931
Land	2,228,267	2,228,267
Other, net	476,921	447,516
Total property, plant and equipment	4,198,904	4,121,715
Intangible assets	13,965	11,651
Investments and other assets	173,358	181,376
Total non-current assets	4,386,228	4,314,743
Total assets	5,844,116	5,639,142
Liabilities		
Current liabilities		
Accounts payable - trade	48,183	40,872
Current portion of long-term borrowings	548,811	524,347
Income taxes payable	60,462	67,892
Provision for bonuses	67,423	70,647
Other	189,879	124,819
Total current liabilities	914,760	828,579
Non-current liabilities		
Long-term borrowings	2,525,529	2,280,988
Retirement benefit liability	23,650	24,400
Asset retirement obligations	41,279	38,160
Other	2,709	2,293
Total non-current liabilities	2,593,168	2,345,841
Total liabilities	3,507,928	3,174,421
Net assets		
Shareholders' equity		
Share capital	385,500	385,500
Capital surplus	332,633	329,843
Retained earnings	1,707,852	1,835,210
Treasury shares	(89,798)	(85,832)
Total shareholders' equity	2,336,188	2,464,721
Total net assets	2,336,188	2,464,721
Total liabilities and net assets	5,844,116	5,639,142

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	1,410,410	1,437,292
Cost of sales	918,893	928,215
Gross profit	491,516	509,077
Selling, general and administrative expenses	294,998	326,788
Operating profit	196,518	182,289
Non-operating income		
Rental income from buildings	12,018	11,680
Other	2,514	1,618
Total non-operating income	14,533	13,298
Non-operating expenses		
Interest expenses	7,014	6,323
Financing expenses	1,923	1,926
Loss on retirement of non-current assets	5,109	590
Other	694	187
Total non-operating expenses	14,742	9,029
Ordinary profit	196,309	186,559
Extraordinary losses		
Office Transfer related Expenses	–	1,500
Total extraordinary losses	–	1,500
Profit before income taxes	196,309	185,059
Income taxes	61,513	57,701
Profit	134,795	127,357
Profit attributable to owners of parent	134,795	127,357

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	134,795	127,357
Comprehensive income	134,795	127,357
Comprehensive income attributable to Comprehensive income attributable to owners of parent	134,795	127,357

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	196,309	185,059
Depreciation	118,466	112,351
Increase (decrease) in allowance for doubtful accounts	(869)	(1,461)
Increase (decrease) in provision for bonuses	11,243	3,223
Increase (decrease) in retirement benefit liability	100	750
Interest expenses	7,014	6,323
Financing Cost	1,873	1,926
Loss on retirement of non-current assets	5,109	590
Decrease (increase) in trade receivables	4,869	8,532
Decrease (increase) in inventories	(4,343)	484
Increase (decrease) in trade payables	(7,973)	(7,310)
Increase (decrease) in accrued consumption taxes	(12,320)	(10,674)
Other, net	6,302	2,907
Subtotal	325,781	302,703
Interest received	1	5
Interest paid	(6,569)	(6,283)
Income taxes paid	(90,557)	(50,944)
Net cash provided by (used in) operating activities	228,656	245,481
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,919)	(88,206)
Payments of leasehold deposits	–	(15,080)
Purchase of insurance funds	(3,490)	(2,982)
Other, net	–	(227)
Net cash provided by (used in) investing activities	(39,409)	(106,496)
Cash flows from financing activities		
Proceeds from long-term borrowings	100,000	–
Repayments of long-term borrowings	(262,741)	(269,005)
Proceeds from issuance of shares	5,250	–
Repayments of lease obligations	(255)	(397)
Purchase of treasury shares	(147,770)	(73)
Proceeds from disposal of treasury shares	–	1,250
Other, net	(1,100)	(1,649)
Net cash provided by (used in) financing activities	(306,617)	(269,876)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(117,370)	(130,891)
Cash and cash equivalents at beginning of period	1,149,278	1,114,671
Cash and cash equivalents at end of period	1,031,907	983,780