

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2022
(Based on Japanese GAAP)**

May 12, 2022

Company name: Japan Animal Referral Medical Center (JARMeC)
 Stock exchange listing: Tokyo
 Stock code: 6039 URL <https://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 of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 24, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	2,979	4.6	439	8.3	438	6.7	286	0.6
Year ended March 31, 2021	2,847	4.2	405	(5.8)	410	(8.9)	285	(8.8)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	120.95	118.00	11.8	6.8	14.7
Year ended March 31, 2021	120.73	116.98	12.8	7.0	14.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	6,966	2,509	36.0	1,078.80
As of March 31, 2021	5,844	2,336	40.0	981.33

(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, 2022	557	(1,425)	722	968
Year ended March 31, 2021	504	(69)	(469)	1,114

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	0.00	0.00	–	0.0	–
Year ended March 31, 2022	–	0.00	–	0.00	0.00	–	0.0	–
Year ending March 31, 2023 (Forecast)	–	0.00	–	0.00	0.00		0.0	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	3,860	29.6	535	21.8	540	22.9	365	27.2	156.88

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	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 March 31, 2022	109,616 shares	As of March 31, 2021	55,577 shares
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Average number of shares during the period

Year ended March 31, 2022	2,372,225 shares	Year ended March 31, 2021	2,362,200 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,214,671	1,068,595
Accounts receivable - trade	148,872	–
Notes and accounts receivable - trade, and contract assets	–	228,993
Merchandise	59,709	119,070
Raw materials and supplies	3,495	9,760
Other	40,631	121,148
Allowance for doubtful accounts	(9,492)	(7,790)
Total current assets	1,457,888	1,539,777
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,376,353	2,497,361
Accumulated depreciation	(882,639)	(965,558)
Buildings and structures, net	1,493,714	1,531,803
Vehicles	7,410	19,910
Accumulated depreciation	(3,819)	(13,582)
Vehicles, net	3,590	6,328
Tools, furniture and fixtures	1,744,977	2,177,381
Accumulated depreciation	(1,313,627)	(1,541,616)
Tools, furniture and fixtures, net	431,349	635,765
Land	2,228,267	2,248,337
Construction in progress	41,981	285,341
Total property, plant and equipment	4,198,904	4,707,576
Intangible assets		
Goodwill	–	489,732
Other	13,965	26,362
Total intangible assets	13,965	516,094
Investments and other assets		
Deferred tax assets	38,880	45,793
Other	134,477	157,669
Total investments and other assets	173,358	203,462
Total non-current assets	4,386,228	5,427,132
Total assets	5,844,116	6,966,910

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	48,183	65,642
Current portion of long-term borrowings	548,811	546,376
Income taxes payable	60,462	88,562
Provision for bonuses	67,423	79,335
Other	189,879	185,796
Total current liabilities	914,760	965,713
Non-current liabilities		
Long-term borrowings	2,525,529	3,375,581
Retirement benefit liability	23,650	27,100
Deferred tax liabilities	–	25,008
Asset retirement obligations	41,279	40,501
Other	2,709	23,081
Total non-current liabilities	2,593,168	3,491,273
Total liabilities	3,507,928	4,456,987
Net assets		
Shareholders' equity		
Share capital	385,500	385,500
Capital surplus	332,633	315,717
Retained earnings	1,707,852	1,994,792
Treasury shares	(89,798)	(186,086)
Total shareholders' equity	2,336,188	2,509,923
Total net assets	2,336,188	2,509,923
Total liabilities and net assets	5,844,116	6,966,910

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	2,847,833	2,979,011
Cost of sales	1,853,169	1,873,597
Gross profit	994,664	1,105,413
Selling, general and administrative expenses	589,120	666,177
Operating profit	405,543	439,236
Non-operating income		
Rental income from buildings	23,735	23,361
Insurance claim income	1,185	–
Other	5,129	4,965
Total non-operating income	30,051	28,327
Non-operating expenses		
Interest expenses	13,732	12,385
Financing expenses	4,048	11,831
Loss on retirement of non-current assets	5,449	1,019
Commission expenses	638	3,617
Other	762	202
Total non-operating expenses	24,630	29,056
Ordinary profit	410,963	438,507
Extraordinary income		
Gain on sale of non-current assets	1,032	394
Gain on reversal of asset retirement obligations	–	10,032
Total extraordinary income	1,032	10,427
Extraordinary losses		
Office Transfer related Expenses	–	25,350
Total extraordinary losses	–	25,350
Profit before income taxes	411,995	423,583
Income taxes - current	112,152	130,044
Income taxes - deferred	14,652	6,600
Total income taxes	126,804	136,644
Profit	285,190	286,939
Profit attributable to owners of parent	285,190	286,939

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	285,190	286,939
Comprehensive income	285,190	286,939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	285,190	286,939

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	384,875	340,193	1,422,661	(13,833)	2,133,897	2,133,897
Changes during period						
Issuance of new shares	625	625			1,250	1,250
Profit attributable to owners of parent			285,190		285,190	285,190
Purchase of treasury shares				(147,850)	(147,850)	(147,850)
Disposal of treasury shares		(8,184)		71,884	63,700	63,700
Total changes during period	625	(7,559)	285,190	(75,965)	202,290	202,290
Balance at end of period	385,500	332,633	1,707,852	(89,798)	2,336,188	2,336,188

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	385,500	332,633	1,707,852	(89,798)	2,336,188	2,336,188
Changes during period						
Issuance of new shares						
Profit attributable to owners of parent			286,939		286,939	286,939
Purchase of treasury shares				(120,454)	(120,454)	(120,454)
Disposal of treasury shares		(16,916)		24,166	7,250	7,250
Total changes during period		(16,916)	286,939	(96,287)	173,735	173,735
Balance at end of period	385,500	315,717	1,994,792	(186,086)	2,509,923	2,509,923

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	411,995	423,583
Depreciation	220,033	241,000
Increase (decrease) in allowance for doubtful accounts	(1,709)	(1,846)
Increase (decrease) in provision for bonuses	12,113	(4,588)
Increase (decrease) in retirement benefit liability	3,200	3,450
Interest expenses	13,732	12,385
Financing expenses	4,048	11,831
Insurance claim income	(1,185)	–
Gain on reversal of asset retirement obligations	–	(10,032)
Office Transfer related Expenses	–	25,350
Gain on sale of non-current assets	(1,032)	(394)
Loss on retirement of non-current assets	5,449	1,019
Decrease (increase) in trade receivables	(4,819)	2,528
Decrease (increase) in inventories	(9,913)	15,044
Increase (decrease) in trade payables	(1,811)	(5,034)
Decrease (increase) in consumption taxes refund receivable	–	(14,308)
Increase (decrease) in accrued consumption taxes	(4,083)	(7,489)
Other, net	19,774	7,031
Subtotal	665,793	699,531
Interest and dividends received	20	12
Interest paid	(13,277)	(12,769)
Proceeds from insurance income	3,622	–
Payments of Office Transfer related Expenses	–	(22,181)
Income taxes paid	(151,764)	(107,018)
Net cash provided by (used in) operating activities	504,393	557,574
Cash flows from investing activities		
Payments into time deposits	(100,000)	(100,000)
Proceeds from withdrawal of time deposits	100,000	100,000
Purchase of property, plant and equipment	(65,506)	(601,710)
Proceeds from sale of property, plant and equipment	2,920	394
Purchase of intangible assets	–	(227)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(784,827)
Payments for asset retirement obligations	–	(6,790)
Payments of leasehold deposits	–	(15,410)
Purchase of insurance funds	(7,044)	(19,054)
Other, net	60	1,884
Net cash provided by (used in) investing activities	(69,570)	(1,425,741)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	200,000	1,376,100
Repayments of long-term borrowings	(529,837)	(528,483)
Proceeds from issuance of shares	11,000	–
Repayments of lease liabilities	(218)	(2,119)
Purchase of treasury shares	(147,969)	(120,454)
Proceeds from disposal of treasury shares	–	7,250
Other, net	(2,404)	(10,201)
Net cash provided by (used in) financing activities	(469,428)	722,091
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(34,606)	(146,076)
Cash and cash equivalents at beginning of period	1,149,278	1,114,671
Cash and cash equivalents at end of period	1,114,671	968,595