

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2022
(Based on Japanese GAAP)**

November 4, 2022

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 10, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	1,915	33.3	293	60.8	295	58.5	197	55.4
Six months ended September 30, 2021	1,437	1.9	182	(7.2)	186	(5.0)	127	(5.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	85.02		83.18	
Six months ended September 30, 2021	53.47		52.11	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2022	7,089		2,708		38.2	
As of March 31, 2022	7,107		2,509		35.3	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	0.00	0.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	0.00	0.00

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	156.79

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: No
- 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, 2022	2,436,200 shares	As of March 31, 2022	2,436,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	107,616 shares	As of March 31, 2022	109,616 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, 2022	2,327,378 shares	Six months ended September 30, 2021	2,381,800 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	1,068,595	1,152,346
Accounts receivable - trade, and contract assets	228,993	246,871
Merchandise	119,070	114,273
Raw materials and supplies	9,760	7,585
Other	121,148	55,580
Allowance for doubtful accounts	(7,790)	(6,480)
Total current assets	1,539,777	1,570,176
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,531,803	1,482,297
Land	2,248,337	2,248,337
Other, net	929,346	955,650
Total property, plant and equipment	4,709,488	4,686,286
Intangible assets		
Goodwill	203,698	193,513
Trademark right	435,464	413,690
Other	26,279	23,410
Total intangible assets	665,442	630,614
Investments and other assets	192,889	202,633
Total non-current assets	5,567,820	5,519,533
Total assets	7,107,598	7,089,710
Liabilities		
Current liabilities		
Accounts payable - trade	65,642	61,071
Current portion of long-term borrowings	546,376	553,723
Income taxes payable	88,562	128,558
Provision for bonuses	79,335	72,317
Other	185,796	152,545
Total current liabilities	965,713	968,216
Non-current liabilities		
Long-term borrowings	3,375,581	3,175,282
Retirement benefit liability	27,100	30,850
Deferred tax liabilities	165,696	145,882
Asset retirement obligations	40,501	40,722
Other	23,081	19,952
Total non-current liabilities	3,631,961	3,412,689
Total liabilities	4,597,674	4,380,906
Net assets		
Shareholders' equity		
Share capital	385,500	385,500
Capital surplus	315,717	313,321
Retained earnings	1,994,792	2,192,673
Treasury shares	(186,086)	(182,691)
Total shareholders' equity	2,509,923	2,708,804
Total net assets	2,509,923	2,708,804
Total liabilities and net assets	7,107,598	7,089,710

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, 2021	Six months ended September 30, 2022
Net sales	1,437,292	1,915,255
Cost of sales	928,215	1,199,778
Gross profit	509,077	715,476
Selling, general and administrative expenses	326,788	422,291
Operating profit	182,289	293,185
Non-operating income		
Rental income from buildings	11,680	11,680
Gain on sale of goods	–	5,203
Other	1,618	5,343
Total non-operating income	13,298	22,227
Non-operating expenses		
Interest expenses	6,323	8,968
Financing expenses	1,926	2,362
Loss on retirement of non-current assets	590	8,203
Other	187	116
Total non-operating expenses	9,029	19,650
Ordinary profit	186,559	295,762
Extraordinary losses		
Office Transfer related Expenses	1,500	–
Total extraordinary losses	1,500	–
Profit before income taxes	185,059	295,762
Income taxes	57,701	97,881
Profit	127,357	197,880
Profit attributable to owners of parent	127,357	197,880

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	127,357	197,880
Comprehensive income	127,357	197,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	127,357	197,880

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	185,059	295,762
Depreciation	112,351	193,666
Amortization of goodwill	–	10,184
Increase (decrease) in allowance for doubtful accounts	(1,461)	(1,310)
Increase (decrease) in provision for bonuses	3,223	(7,018)
Increase (decrease) in retirement benefit liability	750	3,750
Interest expenses	6,323	8,968
Financing Cost	1,926	2,362
Loss on retirement of non-current assets	590	8,203
Decrease (increase) in trade receivables	8,532	(17,905)
Decrease (increase) in inventories	484	6,971
Increase (decrease) in trade payables	(7,310)	(4,542)
Decrease (increase) in consumption taxes refund receivable	–	14,308
Increase (decrease) in accrued consumption taxes	(10,674)	11,634
Other, net	2,907	(2,865)
Subtotal	302,703	522,171
Interest received	5	5
Interest paid	(6,283)	(8,927)
Income taxes refund	–	7,035
Income taxes paid	(50,944)	(79,730)
Net cash provided by (used in) operating activities	245,481	440,554
Cash flows from investing activities		
Purchase of property, plant and equipment	(88,206)	(143,097)
Purchase of intangible assets	(227)	(1,639)
Payments of leasehold deposits	(15,080)	–
Purchase of insurance funds	(2,982)	(15,796)
Other, net	–	871
Net cash provided by (used in) investing activities	(106,496)	(159,662)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	100,000
Repayments of long-term borrowings	(269,005)	(292,952)
Repayments of lease liabilities	(397)	(3,063)
Purchase of treasury shares	(73)	–
Proceeds from disposal of treasury shares	1,250	1,000
Other, net	(1,649)	(2,124)
Net cash provided by (used in) financing activities	(269,876)	(197,141)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(130,891)	83,750
Cash and cash equivalents at beginning of period	1,114,671	968,595
Cash and cash equivalents at end of period	983,780	1,052,346