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On **June 12, 2020**, MEDINET Co., Ltd. announced a revision to its FY09/20 earnings forecast.

Full-year company forecasts

FY09/20 forecasts (JPYmn)	FY09/19			FY09/20		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
Sales	502	557	1,059	506	307	813
YoY	-7.6%	22.3%	6.1%	0.9%	-45.0%	-23.2%
Cost of sales	324	334	659	276		
Gross profit	177	223	400	230		
YoY	-12.4%	74.8%	21.3%	29.8%		
GPM	35.3%	40.1%	37.8%	45.4%		
SG&A expenses	743	666	1,409	603		
YoY	-64.9%	-27.3%	-53.5%	-18.9%		
SG&A ratio	148.1%	119.4%	133.0%	119.1%		
Operating profit	-566	-442	-1,008	-373	-502	-875
YoY	-	-	-	-	-	-
OPM	-	-	-	-	-	-
Recurring profit	-578	-417	-995	-360	-493	-853
YoY	-	-	-	-	-	-
RPM	-	-	-	-	-	-
Net income	-499	-296	-795	-363	-495	-858
YoY	-	-	-	-	-	-

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: "YoY" figures indicate the rate of year-on-year changes.

Note: The company moved to unconsolidated accounting beginning in FY09/19 following the merger with two consolidated subsidiaries. YoY figures for FY09/19 are comparison with consolidated results including these two subsidiaries.

Results and forecasts by segment

(JPYmn)	FY09/19	FY09/20
	Act.	FY Est.
Sales	1,059	813
YoY	6.1%	-23.2%
Contract Cell Manufacturing Business	1,050	813
YoY	5.6%	-22.6%
Regenerative Medicinal Product Business	9	-
YoY	132.0%	-
Operating profit	-1,008	-875
YoY	-	-
Contract Cell Manufacturing Business	89	
YoY	-	
Regenerative Medicinal Product Business	-411	
YoY	-	
Adjustments	-686	

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: "YoY" figures indicate the rate of year-on-year changes.

Previously, MEDINET had forecast FY09/20 sales of JPY1.1bn (+2.9% YoY), operating loss of JPY1.1bn (JPY1.0bn loss in FY09/19), recurring loss of JPY1.1bn (JPY995mn loss), and net loss of JPY1.1bn (JPY795mn loss).

On June 12, 2020, the company announced a revision to its FY09/20 earnings forecast. It now forecasts sales of JPY813mn (-23.2% YoY), operating loss of JPY875mn (JPY1.0bn loss in FY09/19), recurring loss of JPY853mn (JPY995mn loss), and net loss of JPY858mn (JPY795mn loss).

Versus previous forecast, the company reduced sales forecast by JPY277mn, but scaled back forecast for losses, narrowing the projected operating loss by JPY231mn, recurring loss by JPY246mn, and net loss by JPY220mn.

Reasons for revision

The company reduced sales forecast to reflect lower-than-projected sales as the spread of COVID-19 depressed visits to partner medical institutions by foreign visitors to Japan thereby reducing the number of cell processing units. It remains unclear when visits to these medical institutions by foreign visitors will recover. However, MEDINET expects a recovery in the number of

patients in Japan following the lifting of the state of emergency, and projects the number of cell processing units for FY09/20 to be about 30% lower than initially forecast. Accordingly, the company revised down its full-year sales forecast by JPY277mn (-25.4%) to JPY813mn.

Despite a decline in profit due to lower sales, MEDINET lifted profit forecast to reflect ongoing business restructuring efforts that have streamlined cost of sales and SG&A expenses. In addition, booking of R&D spending has been delayed as the spread of COVID-19 has led to the temporary suspension or stalling of R&D activities. The company narrowed its operating loss forecast by JPY231mn to JPY875mn, recurring loss forecast by JPY246mn to JPY853mn, and net loss forecast by JPY220mn to JPY858mn.

This note is the most recent addition to the [full report](#).

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