

Translation

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

November 7, 2022

Company name: ARATA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 2733 URL <https://www.arata-gr.jp/>
 Representative: Representative Director and President Hiroaki Suzuki
 Executive Officer,
 Inquiries: General Manager of Legal & Nobutaka Tsuchiya TEL 03-5635-2800
 PR/IR & ESG Department
 Scheduled date to file Quarterly Securities Report: November 9, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 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	445,220	3.7	6,366	(10.3)	6,913	(8.6)	4,651	(10.8)
Six months ended September 30, 2021	429,493	–	7,101	–	7,564	–	5,214	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	272.37		258.46	
Six months ended September 30, 2021	305.37		289.77	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	284,342	99,975	35.2	5,853.94
As of March 31, 2022	271,315	96,172	35.4	5,631.37

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	–	58.00	–	63.00	121.00
Year ending March 31, 2023	–	68.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	68.00	136.00

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	870,000	1.5	13,300	4.4	14,000	1.9	9,500	5.4	556.33

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: No
- (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, 2022	18,027,640 shares	As of March 31, 2022	18,027,640 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	951,147 shares	As of March 31, 2022	950,947 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	17,076,601 shares	Six months ended September 30, 2021	17,075,537 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	20,472	19,282
Notes and accounts receivable - trade	107,359	114,723
Merchandise	35,976	37,837
Accounts receivable - other	29,392	33,136
Other	5,756	6,016
Allowance for doubtful accounts	(163)	(162)
Total current assets	198,793	210,833
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,655	21,545
Land	20,751	21,016
Other, net	8,519	8,555
Total property, plant and equipment	50,925	51,117
Intangible assets	4,387	4,635
Investments and other assets		
Investment securities	12,135	12,636
Deferred tax assets	1,119	1,081
Retirement benefit asset	1,122	1,321
Other	2,885	2,768
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	17,209	17,755
Total non-current assets	72,522	73,508
Total assets	271,315	284,342

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	93,714	97,298
Short-term borrowings	19,147	24,124
Current portion of bonds payable	–	6,000
Income taxes payable	2,650	2,622
Provision for bonuses	1,696	1,736
Other	27,072	28,466
Total current liabilities	144,281	160,248
Non-current liabilities		
Bonds payable	6,000	–
Long-term borrowings	10,869	10,212
Deferred tax liabilities	16	35
Retirement benefit liability	8,148	8,209
Other	5,827	5,660
Total non-current liabilities	30,861	24,118
Total liabilities	175,143	184,366
Net assets		
Shareholders' equity		
Share capital	8,568	8,568
Capital surplus	27,882	27,882
Retained earnings	59,871	63,424
Treasury shares	(3,474)	(3,475)
Total shareholders' equity	92,848	96,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,693	3,892
Foreign currency translation adjustment	(17)	(1)
Remeasurements of defined benefit plans	(359)	(327)
Total accumulated other comprehensive income	3,316	3,563
Non-controlling interests	7	10
Total net assets	96,172	99,975
Total liabilities and net assets	271,315	284,342

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	429,493	445,220
Cost of sales	386,995	402,155
Gross profit	42,498	43,065
Selling, general and administrative expenses	35,396	36,698
Operating profit	7,101	6,366
Non-operating income		
Interest income	2	2
Dividend income	105	114
Outsourcing service income	145	89
Reversal of allowance for doubtful accounts	0	1
Foreign exchange gains	–	140
Other	407	375
Total non-operating income	661	723
Non-operating expenses		
Interest expenses	84	85
Loss on sale of trade receivables	78	75
Other	35	15
Total non-operating expenses	198	176
Ordinary profit	7,564	6,913
Extraordinary income		
Gain on sale of non-current assets	178	–
Total extraordinary income	178	–
Extraordinary losses		
Loss on sale of non-current assets	10	–
Loss on retirement of non-current assets	4	0
Loss on valuation of investment securities	–	0
Extra payments for early retirements	72	–
Retirement benefits for directors (and other officers)	1	–
Total extraordinary losses	89	0
Profit before income taxes	7,653	6,912
Income taxes - current	2,483	2,291
Income taxes - deferred	(43)	(32)
Total income taxes	2,439	2,258
Profit	5,214	4,654
Profit (loss) attributable to non-controlling interests	(0)	2
Profit attributable to owners of parent	5,214	4,651

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	5,214	4,654
Other comprehensive income		
Valuation difference on available-for-sale securities	(328)	199
Foreign currency translation adjustment	38	15
Remeasurements of defined benefit plans, net of tax	25	31
Total other comprehensive income	(265)	246
Comprehensive income	4,948	4,900
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,949	4,897
Comprehensive income attributable to non-controlling interests	(1)	3

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	7,653	6,912
Depreciation	2,243	2,264
Amortization of goodwill	–	0
Increase (decrease) in provision for bonuses	(27)	40
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in retirement benefit liability	(27)	56
Interest and dividend income	(107)	(116)
Interest expenses	84	85
Foreign exchange losses (gains)	31	(81)
Loss (gain) on sale of non-current assets	(168)	–
Loss on retirement of non-current assets	4	0
Loss (gain) on valuation of investment securities	–	0
Extra payments for early retirements	72	–
Retirement benefits for directors (and other officers)	1	–
Decrease (increase) in trade receivables	(7,423)	(7,082)
Decrease (increase) in inventories	(3,132)	(1,727)
Increase (decrease) in trade payables	4,223	4,022
Decrease (increase) in other assets	(4,820)	(4,099)
Increase (decrease) in other liabilities	1,037	668
Other, net	(956)	513
Subtotal	(1,312)	1,457
Interest and dividends received	109	119
Interest paid	(83)	(85)
Income taxes paid	(2,646)	(2,268)
Net cash provided by (used in) operating activities	(3,933)	(778)
Cash flows from investing activities		
Payments into time deposits	(430)	(632)
Proceeds from withdrawal of time deposits	163	580
Purchase of property, plant and equipment	(1,550)	(1,826)
Proceeds from sale of property, plant and equipment	335	–
Purchase of intangible assets	(713)	(1,034)
Purchase of investment securities	(1,023)	(245)
Loan advances	(6)	(7)
Proceeds from collection of loans receivable	15	20
Purchase of shares of subsidiaries and associates	(184)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(38)
Other, net	32	102
Net cash provided by (used in) investing activities	(3,361)	(3,080)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,797	5,198
Proceeds from long-term borrowings	1,750	1,950
Repayments of long-term borrowings	(3,329)	(3,108)
Redemption of bonds	(2)	–
Purchase of treasury shares	(0)	(0)
Dividends paid	(871)	(1,097)
Repayments of lease liabilities	(392)	(379)
Net cash provided by (used in) financing activities	5,951	2,562
Effect of exchange rate change on cash and cash equivalents	(20)	54
Net increase (decrease) in cash and cash equivalents	(1,364)	(1,241)
Cash and cash equivalents at beginning of period	20,888	19,354
Cash and cash equivalents at end of period	19,524	18,112