

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 6, 2024

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: February 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(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	%
Nine months ended December 31, 2023	719,119	5.9	12,428	23.1	12,999	20.5	8,736	20.8
Nine months ended December 31, 2022	678,996	4.0	10,097	(5.2)	10,785	(4.9)	7,233	(5.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	255.84		250.45	
Nine months ended December 31, 2022	211.80		200.99	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	336,793	108,070	32.1	3,187.00
As of March 31, 2023	290,857	102,066	35.1	2,988.51

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, 2023	–	68.00	–	68.00	136.00
Year ending March 31, 2024	–	83.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	51.00	–

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	928,000	4.1	14,900	16.3	15,700	14.8	10,500	27.7	307.27

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(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: 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 December 31, 2023	36,057,424 shares	As of March 31, 2023	36,055,280 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	2,153,026 shares	As of March 31, 2023	1,902,334 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	34,147,095 shares	Nine months ended December 31, 2022	34,153,129 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	23,886	21,700
Notes and accounts receivable - trade	114,690	144,427
Merchandise	40,135	55,105
Accounts receivable - other	33,259	36,786
Other	5,902	5,605
Allowance for doubtful accounts	(192)	(201)
Total current assets	217,681	263,424
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,351	20,458
Land	21,022	21,313
Other, net	9,081	8,857
Total property, plant and equipment	51,455	50,629
Intangible assets	5,010	5,535
Investments and other assets		
Investment securities	11,557	12,369
Deferred tax assets	1,055	453
Retirement benefit asset	1,241	1,486
Other	2,907	2,948
Allowance for doubtful accounts	(51)	(54)
Total investments and other assets	16,710	17,204
Total non-current assets	73,176	73,369
Total assets	290,857	336,793

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	99,383	137,730
Short-term borrowings	18,869	19,707
Current portion of bonds payable	6,000	–
Income taxes payable	2,651	1,809
Provision for bonuses	1,721	792
Other	30,134	31,661
Total current liabilities	158,760	191,700
Non-current liabilities		
Bonds payable	–	5,000
Long-term borrowings	11,696	13,858
Deferred tax liabilities	37	45
Retirement benefit liability	8,394	8,439
Other	9,902	9,678
Total non-current liabilities	30,030	37,021
Total liabilities	188,791	228,722
Net assets		
Shareholders' equity		
Share capital	8,568	8,572
Capital surplus	27,872	27,876
Retained earnings	65,812	71,918
Treasury shares	(3,475)	(4,303)
Total shareholders' equity	98,779	104,064
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,865	4,443
Foreign currency translation adjustment	(9)	0
Remeasurements of defined benefit plans	(568)	(454)
Total accumulated other comprehensive income	3,287	3,988
Non-controlling interests	–	17
Total net assets	102,066	108,070
Total liabilities and net assets	290,857	336,793

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	678,996	719,119
Cost of sales	613,260	648,529
Gross profit	65,736	70,589
Selling, general and administrative expenses	55,638	58,161
Operating profit	10,097	12,428
Non-operating income		
Interest income	3	3
Dividend income	181	194
Outsourcing service income	133	119
Reversal of allowance for doubtful accounts	1	0
Other	635	715
Total non-operating income	955	1,032
Non-operating expenses		
Interest expenses	129	207
Share of loss of entities accounted for using equity method	13	90
Loss on sale of trade receivables	115	113
Other	9	49
Total non-operating expenses	268	461
Ordinary profit	10,785	12,999
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on sale of investment securities	–	56
Total extraordinary income	–	56
Extraordinary losses		
Loss on sale of non-current assets	–	57
Loss on retirement of non-current assets	1	21
Loss on valuation of investment securities	5	–
Total extraordinary losses	6	78
Profit before income taxes	10,778	12,977
Income taxes - current	3,185	3,903
Income taxes - deferred	354	317
Total income taxes	3,540	4,221
Profit	7,238	8,756
Profit attributable to non-controlling interests	4	19
Profit attributable to owners of parent	7,233	8,736

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	7,238	8,756
Other comprehensive income		
Valuation difference on available-for-sale securities	333	577
Foreign currency translation adjustment	46	7
Remeasurements of defined benefit plans, net of tax	47	113
Total other comprehensive income	428	699
Comprehensive income	7,667	9,455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,662	9,437
Comprehensive income attributable to non-controlling interests	4	17