

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 12, 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
 senior officer,
 Inquiries: Head of Corporate Governance Headquarters Nobutaka Tsuchiya TEL 03-5635-2800
 Scheduled date to file Semi-annual Securities Report: November 14, 2024
 Scheduled date to commence dividend payments: December 5, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	491,522	4.3	8,174	2.5	8,569	1.7	5,808	2.1
Six months ended September 30, 2023	471,388	5.9	7,973	25.2	8,424	21.8	5,687	22.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	173.20	—
Six months ended September 30, 2023	166.43	161.22

(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, 2024	308,904	112,679	36.5	3,368.56
As of March 31, 2024	316,976	109,719	34.6	3,252.26

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, 2024	—	83.00	—	51.00	—
Year ending March 31, 2025	—	51.00			
Year ending March 31, 2025 (Forecast)			—	51.00	102.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	969,000	2.6	16,300	12.3	16,600	8.2	11,000	6.6	322.91

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual 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, 2024	36,057,424 shares	As of March 31, 2024	36,057,424 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	2,615,472 shares	As of March 31, 2024	2,325,948 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, 2024	33,537,559 shares	Six months ended September 30, 2023	34,171,637 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	27,923	23,057
Notes and accounts receivable - trade	133,316	124,270
Merchandise	44,168	46,600
Accounts receivable - other	31,715	34,751
Other	5,820	6,590
Allowance for doubtful accounts	(198)	(195)
Total current assets	242,745	235,074
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,298	20,038
Land	21,503	21,870
Other, net	8,559	7,943
Total property, plant and equipment	50,361	49,852
Intangible assets	5,606	5,556
Investments and other assets		
Investment securities	12,875	12,789
Deferred tax assets	640	653
Retirement benefit asset	1,868	2,038
Other	2,932	2,996
Allowance for doubtful accounts	(53)	(56)
Total investments and other assets	18,262	18,420
Total non-current assets	74,230	73,829
Total assets	316,976	308,904

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	120,748	107,181
Short-term borrowings	13,740	17,894
Current portion of bonds payable	—	200
Income taxes payable	3,084	3,186
Provision for bonuses	1,850	2,015
Other	31,224	30,393
Total current liabilities	170,647	160,871
Non-current liabilities		
Bonds payable	5,000	5,800
Long-term borrowings	13,730	11,856
Deferred tax liabilities	49	48
Retirement benefit liability	8,432	8,446
Other	9,396	9,201
Total non-current liabilities	36,609	35,353
Total liabilities	207,257	196,224
Net assets		
Shareholders' equity		
Share capital	8,572	8,572
Capital surplus	27,876	27,937
Retained earnings	73,504	77,559
Treasury shares	(4,863)	(6,041)
Total shareholders' equity	105,089	108,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,880	4,778
Foreign currency translation adjustment	(44)	11
Remeasurements of defined benefit plans	(221)	(166)
Total accumulated other comprehensive income	4,614	4,623
Non-controlling interests	15	28
Total net assets	109,719	112,679
Total liabilities and net assets	316,976	308,904

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, 2023	Six months ended September 30, 2024
Net sales	471,388	491,522
Cost of sales	425,206	442,881
Gross profit	46,181	48,641
Selling, general and administrative expenses	38,208	40,467
Operating profit	7,973	8,174
Non-operating income		
Interest income	2	2
Dividend income	124	130
Outsourcing service income	72	87
Reversal of allowance for doubtful accounts	0	3
Foreign exchange gains	114	—
Other	456	509
Total non-operating income	769	734
Non-operating expenses		
Interest expenses	132	190
Share of loss of entities accounted for using equity method	68	5
Loss on sale of trade receivables	75	104
Other	43	37
Total non-operating expenses	319	338
Ordinary profit	8,424	8,569
Extraordinary income		
Gain on sale of non-current assets	0	28
Gain on sale of investment securities	46	—
Total extraordinary income	46	28
Extraordinary losses		
Loss on sale of non-current assets	57	1
Loss on retirement of non-current assets	15	3
Total extraordinary losses	72	5
Profit before income taxes	8,397	8,593
Income taxes - current	2,833	2,786
Income taxes - deferred	(139)	(13)
Total income taxes	2,693	2,773
Profit	5,703	5,819
Profit attributable to non-controlling interests	16	11
Profit attributable to owners of parent	5,687	5,808

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	5,703	5,819
Other comprehensive income		
Valuation difference on available-for-sale securities	591	(102)
Foreign currency translation adjustment	(10)	56
Remeasurements of defined benefit plans, net of tax	75	55
Total other comprehensive income	657	9
Comprehensive income	6,360	5,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,346	5,818
Comprehensive income attributable to non-controlling interests	14	11

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	8,397	8,593
Depreciation	2,235	2,341
Share-based payment expenses	—	39
Increase (decrease) in provision for bonuses	328	164
Increase (decrease) in allowance for doubtful accounts	5	0
Increase (decrease) in retirement benefit liability	6	30
Interest and dividend income	(126)	(132)
Interest expenses	132	190
Foreign exchange losses (gains)	(82)	4
Share of loss (profit) of entities accounted for using equity method	68	5
Loss (gain) on sale of non-current assets	57	(26)
Loss on retirement of non-current assets	15	3
Loss (gain) on sale of investment securities	(46)	—
Decrease (increase) in trade receivables	(20,396)	9,066
Decrease (increase) in inventories	(3,930)	(2,414)
Increase (decrease) in trade payables	23,082	(13,630)
Decrease (increase) in other assets	(2,805)	(3,378)
Increase (decrease) in other liabilities	1,197	(302)
Other, net	276	(635)
Subtotal	8,414	(80)
Interest and dividends received	125	132
Interest paid	(130)	(191)
Income taxes paid	(2,305)	(2,636)
Net cash provided by (used in) operating activities	6,103	(2,775)
Cash flows from investing activities		
Payments into time deposits	(413)	(404)
Proceeds from withdrawal of time deposits	583	372
Purchase of property, plant and equipment	(2,380)	(1,030)
Payments for retirement of property, plant and equipment	(5)	(10)
Proceeds from sale of property, plant and equipment	30	9
Purchase of intangible assets	(865)	(721)
Purchase of investment securities	(67)	(70)
Proceeds from sale of investment securities	88	1
Loan advances	(3)	(8)
Proceeds from collection of loans receivable	15	16
Other, net	27	51
Net cash provided by (used in) investing activities	(2,990)	(1,793)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,900)	4,032
Proceeds from long-term borrowings	900	1,480
Repayments of long-term borrowings	(2,776)	(3,231)
Proceeds from issuance of bonds	4,972	982
Redemption of bonds	(5,993)	—
Purchase of treasury shares	(1)	(1,391)
Dividends paid	(1,182)	(1,753)
Repayments of lease liabilities	(504)	(470)
Net cash provided by (used in) financing activities	(8,486)	(353)
Effect of exchange rate change on cash and cash equivalents	48	23
Net increase (decrease) in cash and cash equivalents	(5,325)	(4,898)
Cash and cash equivalents at beginning of period	22,771	27,016
Cash and cash equivalents at end of period	17,445	22,117