

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 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 of ordinary general meeting of shareholders: June 27, 2022  
 Scheduled date to file Securities Report: June 27, 2022  
 Scheduled date to commence dividend payments: June 9, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2022	857,087	–	12,743	–	13,745	–	9,009	–
Year ended March 31, 2021	834,033	4.7	11,521	23.5	12,099	19.5	8,200	14.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	527.63	500.68	9.6	5.2	1.5
Year ended March 31, 2021	480.58	455.99	9.4	4.8	1.4

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	271,315	96,172	35.4	5,631.37
As of March 31, 2021	255,455	91,017	35.6	5,332.81

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	6,545	(7,205)	(911)	19,354
Year ended March 31, 2021	14,071	(5,157)	(5,828)	20,888

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	45.00	–	50.00	95.00	1,654	19.8	1.9
Year ended March 31, 2022	–	58.00	–	63.00	121.00	2,107	22.9	2.2
Year ending March 31, 2023 (Forecast)	–	68.00	–	68.00	136.00		24.4	

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
Six months ending September 30, 2022	440,000	2.4	7,100	(0.0)	7,300	(3.5)	5,000	(4.1)	292.81
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 year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	18,027,640 shares	As of March 31, 2021	18,027,640 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	950,947 shares	As of March 31, 2021	960,142 shares
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Average number of shares during the period

Year ended March 31, 2022	17,076,113 shares	Year ended March 31, 2021	17,063,810 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	21,784	20,472
Notes and accounts receivable - trade	101,872	107,359
Merchandise	31,580	35,976
Accounts receivable - other	26,215	29,392
Other	3,412	5,756
Allowance for doubtful accounts	(165)	(163)
<b>Total current assets</b>	<b>184,700</b>	<b>198,793</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	50,376	51,340
Accumulated depreciation	(29,377)	(29,685)
Buildings and structures, net	20,999	21,655
Vehicles	55	42
Accumulated depreciation	(48)	(36)
Vehicles, net	6	6
Tools, furniture and fixtures	16,834	17,584
Accumulated depreciation	(13,475)	(14,161)
Tools, furniture and fixtures, net	3,359	3,422
Land	21,517	20,751
Leased assets	10,023	10,148
Accumulated depreciation	(6,944)	(7,498)
Leased assets, net	3,078	2,650
Construction in progress	867	2,440
<b>Total property, plant and equipment</b>	<b>49,827</b>	<b>50,925</b>
<b>Intangible assets</b>		
Software	3,151	3,255
Leased assets	42	40
Other	584	1,092
<b>Total intangible assets</b>	<b>3,779</b>	<b>4,387</b>
<b>Investments and other assets</b>		
Investment securities	12,943	12,135
Distressed receivables	35	32
Guarantee deposits	180	158
Deferred tax assets	361	1,119
Retirement benefit asset	1,054	1,122
Other	2,629	2,693
Allowance for doubtful accounts	(56)	(53)
<b>Total investments and other assets</b>	<b>17,147</b>	<b>17,209</b>
<b>Total non-current assets</b>	<b>70,754</b>	<b>72,522</b>
<b>Total assets</b>	<b>255,455</b>	<b>271,315</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	89,132	93,714
Short-term borrowings	18,131	19,147
Accounts payable - other	14,183	17,605
Accrued expenses	2,013	2,012
Lease liabilities	729	740
Income taxes payable	3,042	2,650
Provision for bonuses	1,746	1,696
Other	4,776	6,712
<b>Total current liabilities</b>	<b>133,754</b>	<b>144,281</b>
<b>Non-current liabilities</b>		
Bonds payable	6,000	6,000
Long-term borrowings	10,127	10,869
Lease liabilities	2,676	2,397
Retirement benefit liability	8,118	8,148
Asset retirement obligations	1,364	1,336
Deferred tax liabilities	365	16
Other	2,029	2,093
<b>Total non-current liabilities</b>	<b>30,682</b>	<b>30,861</b>
<b>Total liabilities</b>	<b>164,437</b>	<b>175,143</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,568	8,568
Capital surplus	27,887	27,882
Retained earnings	52,945	59,871
Treasury shares	(3,490)	(3,474)
<b>Total shareholders' equity</b>	<b>85,911</b>	<b>92,848</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,257	3,693
Foreign currency translation adjustment	(3)	(17)
Remeasurements of defined benefit plans	(147)	(359)
<b>Total accumulated other comprehensive income</b>	<b>5,105</b>	<b>3,316</b>
<b>Non-controlling interests</b>	<b>—</b>	<b>7</b>
<b>Total net assets</b>	<b>91,017</b>	<b>96,172</b>
<b>Total liabilities and net assets</b>	<b>255,455</b>	<b>271,315</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	834,033	857,087
Cost of sales	748,325	772,646
Gross profit	85,708	84,440
Selling, general and administrative expenses	74,186	71,697
Operating profit	11,521	12,743
Non-operating income		
Interest income	4	4
Dividend income	161	181
Share of profit of entities accounted for using equity method	–	4
Outsourcing service income	294	288
Supporting Income for Operating Activities	109	140
Income from sales of used paper	104	135
Commission income	149	151
Reversal of allowance for doubtful accounts	1	4
Other	214	459
Total non-operating income	1,040	1,369
Non-operating expenses		
Interest expenses	174	169
Sales discounts	81	–
Share of loss of entities accounted for using equity method	2	–
Loss on sale of trade receivables	159	155
Other	45	43
Total non-operating expenses	462	367
Ordinary profit	12,099	13,745
Extraordinary income		
Gain on sale of non-current assets	126	232
Gain on sale of investment securities	104	–
Surrender value of insurance policies	52	–
Other	3	–
Total extraordinary income	287	232
Extraordinary losses		
Loss on sale of non-current assets	82	225
Loss on retirement of non-current assets	67	18
Impairment losses	–	208
Loss on valuation of investment securities	17	9
Loss on disaster	–	181
Extra payments for early retirements	–	72
Retirement benefits for directors (and other officers)	54	1
Total extraordinary losses	222	717
Profit before income taxes	12,164	13,260
Income taxes - current	4,270	4,494
Income taxes - deferred	(299)	(246)
Total income taxes	3,970	4,247
Profit	8,193	9,013
Profit (loss) attributable to non-controlling interests	(7)	3
Profit attributable to owners of parent	8,200	9,009

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	8,193	9,013
Other comprehensive income		
Valuation difference on available-for-sale securities	1,357	(1,563)
Foreign currency translation adjustment	(32)	(13)
Remeasurements of defined benefit plans, net of tax	139	(211)
Total other comprehensive income	1,463	(1,789)
Comprehensive income	9,657	7,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,668	7,220
Comprehensive income attributable to non-controlling interests	(11)	3

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,568	27,887	46,312	(3,517)	79,252
Changes during period					
Dividends of surplus			(1,567)		(1,567)
Profit attributable to owners of parent			8,200		8,200
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				29	29
Net changes in items other than shareholders' equity					
Total changes during period	–	–	6,632	26	6,659
Balance at end of period	8,568	27,887	52,945	(3,490)	85,911

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,900	29	(291)	3,637	11	82,901
Changes during period						
Dividends of surplus						(1,567)
Profit attributable to owners of parent						8,200
Purchase of treasury shares						(2)
Disposal of treasury shares						29
Net changes in items other than shareholders' equity	1,357	(32)	143	1,468	(11)	1,456
Total changes during period	1,357	(32)	143	1,468	(11)	8,116
Balance at end of period	5,257	(3)	(147)	5,105	–	91,017

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,568	27,887	52,945	(3,490)	85,911
Cumulative effects of changes in accounting policies			(203)		(203)
Restated balance	8,568	27,887	52,742	(3,490)	85,708
Changes during period					
Dividends of surplus			(1,881)		(1,881)
Profit attributable to owners of parent			9,009		9,009
Capital increase of consolidated subsidiaries		(4)			(4)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		16	16
Net changes in items other than shareholders' equity					
Total changes during period	–	(4)	7,128	15	7,139
Balance at end of period	8,568	27,882	59,871	(3,474)	92,848

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,257	(3)	(147)	5,105	–	91,017
Cumulative effects of changes in accounting policies						(203)
Restated balance	5,257	(3)	(147)	5,105	–	90,814
Changes during period						
Dividends of surplus						(1,881)
Profit attributable to owners of parent						9,009
Capital increase of consolidated subsidiaries						(4)
Purchase of treasury shares						(0)
Disposal of treasury shares						16
Net changes in items other than shareholders' equity	(1,563)	(13)	(211)	(1,789)	7	(1,781)
Total changes during period	(1,563)	(13)	(211)	(1,789)	7	5,357
Balance at end of period	3,693	(17)	(359)	3,316	7	96,172



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	12,164	13,260
Depreciation	4,290	4,522
Impairment losses	–	208
Amortization of goodwill	7	–
Increase (decrease) in provision for bonuses	230	(50)
Increase (decrease) in allowance for doubtful accounts	155	(5)
Increase (decrease) in retirement benefit liability	372	(23)
Interest and dividend income	(166)	(186)
Interest expenses	174	169
Foreign exchange losses (gains)	(30)	(63)
Share of loss (profit) of entities accounted for using equity method	2	(4)
Loss (gain) on sale of non-current assets	(44)	(6)
Loss on retirement of non-current assets	67	18
Loss (gain) on sale of investment securities	(104)	–
Surrender value of insurance policies	(52)	–
Loss (gain) on valuation of investment securities	17	9
Loss on disaster	–	181
Extra payments for early retirements	–	72
Retirement benefits for directors (and other officers)	54	1
Decrease (increase) in trade receivables	358	(5,889)
Decrease (increase) in inventories	31	(4,022)
Increase (decrease) in trade payables	(645)	4,822
Decrease (increase) in other assets	(629)	(1,251)
Increase (decrease) in other liabilities	587	1,085
Other, net	471	(1,426)
Subtotal	17,311	11,421
Interest and dividends received	169	192
Interest paid	(174)	(169)
Income taxes paid	(3,235)	(4,899)
Net cash provided by (used in) operating activities	14,071	6,545
Cash flows from investing activities		
Payments into time deposits	(911)	(1,130)
Proceeds from withdrawal of time deposits	780	908
Purchase of property, plant and equipment	(4,011)	(4,880)
Payments for retirement of property, plant and equipment	(0)	(23)
Proceeds from sale of property, plant and equipment	295	905
Purchase of intangible assets	(1,322)	(1,596)
Purchase of investment securities	(205)	(1,301)
Proceeds from sale and redemption of investment securities	158	10
Loan advances	(11)	(9)
Proceeds from collection of loans receivable	35	32
Purchase of shares of subsidiaries and associates	(12)	(181)
Proceeds from sale of shares of subsidiaries and associates	76	–
Other, net	(27)	61
Net cash provided by (used in) investing activities	(5,157)	(7,205)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,212)	3,892
Proceeds from long-term borrowings	9,650	4,700
Repayments of long-term borrowings	(10,915)	(6,834)
Redemption of bonds	–	(2)
Purchase of treasury shares	(2)	(0)
Repayments of lease liabilities	(779)	(784)
Dividends paid	(1,569)	(1,881)
Net cash provided by (used in) financing activities	(5,828)	(911)
Effect of exchange rate change on cash and cash equivalents	20	37
Net increase (decrease) in cash and cash equivalents	3,105	(1,533)
Cash and cash equivalents at beginning of period	17,782	20,888
Cash and cash equivalents at end of period	20,888	19,354