

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

August 2, 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: August 15, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 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	%
Three months ended June 30, 2022	220,051	2.9	3,429	(3.6)	3,768	(1.0)	2,546	(3.9)
Three months ended June 30, 2021	213,840	–	3,556	–	3,808	–	2,649	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	149.14		141.52	
Three months ended June 30, 2021	155.16		147.22	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	277,182	97,561	35.2	5,712.60
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	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	58.00	–	63.00	121.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	68.00	–	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
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 three months ended June 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 June 30, 2022	18,027,640 shares	As of March 31, 2022	18,027,640 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2022	951,026 shares	As of March 31, 2022	950,947 shares
---------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	17,076,665 shares	Three months ended June 30, 2021	17,074,310 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	20,472	21,388
Notes and accounts receivable - trade	107,359	109,881
Merchandise	35,976	35,183
Accounts receivable - other	29,392	31,344
Other	5,756	6,238
Allowance for doubtful accounts	(163)	(162)
Total current assets	198,793	203,872
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,655	21,904
Land	20,751	21,016
Other, net	8,519	8,783
Total property, plant and equipment	50,925	51,704
Intangible assets	4,387	4,462
Investments and other assets		
Investment securities	12,135	12,201
Deferred tax assets	1,119	928
Retirement benefit asset	1,122	1,222
Other	2,885	2,844
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	17,209	17,143
Total non-current assets	72,522	73,310
Total assets	271,315	277,182

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	93,714	91,833
Short-term borrowings	19,147	25,026
Income taxes payable	2,650	1,131
Provision for bonuses	1,696	879
Other	27,072	30,014
Total current liabilities	144,281	148,885
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	10,869	10,763
Deferred tax liabilities	16	21
Retirement benefit liability	8,148	8,215
Other	5,827	5,735
Total non-current liabilities	30,861	30,736
Total liabilities	175,143	179,621
Net assets		
Shareholders' equity		
Share capital	8,568	8,568
Capital surplus	27,882	27,882
Retained earnings	59,871	61,320
Treasury shares	(3,474)	(3,474)
Total shareholders' equity	92,848	94,297
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,693	3,631
Foreign currency translation adjustment	(17)	(33)
Remeasurements of defined benefit plans	(359)	(343)
Total accumulated other comprehensive income	3,316	3,254
Non-controlling interests	7	9
Total net assets	96,172	97,561
Total liabilities and net assets	271,315	277,182

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	213,840	220,051
Cost of sales	192,666	198,517
Gross profit	21,173	21,534
Selling, general and administrative expenses	17,617	18,104
Operating profit	3,556	3,429
Non-operating income		
Interest income	1	1
Dividend income	72	78
Outsourcing service income	73	42
Reversal of allowance for doubtful accounts	0	0
Foreign exchange gains	–	106
Other	200	192
Total non-operating income	348	421
Non-operating expenses		
Interest expenses	40	41
Loss on sale of trade receivables	36	40
Other	19	0
Total non-operating expenses	96	83
Ordinary profit	3,808	3,768
Extraordinary income		
Gain on sale of non-current assets	177	–
Total extraordinary income	177	–
Extraordinary losses		
Loss on sale of non-current assets	10	–
Loss on retirement of non-current assets	4	–
Loss on valuation of investment securities	–	0
Extra payments for early retirements	72	–
Retirement benefits for directors (and other officers)	1	–
Total extraordinary losses	88	0
Profit before income taxes	3,897	3,767
Income taxes - current	995	996
Income taxes - deferred	252	222
Total income taxes	1,247	1,218
Profit	2,649	2,548
Profit attributable to non-controlling interests	–	1
Profit attributable to owners of parent	2,649	2,546

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	2,649	2,548
Other comprehensive income		
Valuation difference on available-for-sale securities	(624)	(62)
Foreign currency translation adjustment	12	(15)
Remeasurements of defined benefit plans, net of tax	20	15
Total other comprehensive income	(591)	(62)
Comprehensive income	2,058	2,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,058	2,484
Comprehensive income attributable to non-controlling interests	–	1