

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 6, 2023

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 10, 2023
 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, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	678,996	4.0	10,097	(5.2)	10,785	(4.9)	7,233	(5.1)
Nine months ended December 31, 2021	652,880	–	10,654	–	11,338	–	7,620	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	423.61		401.97	
Nine months ended December 31, 2021	446.29		423.49	

(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, 2022	320,180	101,556	31.7	5,946.44
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 nine months ended December 31, 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 December 31, 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 December 31, 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)

Nine months ended December 31, 2022	17,076,565 shares	Nine months ended December 31, 2021	17,075,923 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	20,472	24,076
Notes and accounts receivable - trade	107,359	135,970
Merchandise	35,976	48,859
Accounts receivable - other	29,392	32,524
Other	5,756	5,935
Allowance for doubtful accounts	(163)	(164)
Total current assets	198,793	247,201
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,655	21,193
Land	20,751	21,016
Other, net	8,519	8,276
Total property, plant and equipment	50,925	50,486
Intangible assets	4,387	4,739
Investments and other assets		
Investment securities	12,135	12,837
Deferred tax assets	1,119	642
Retirement benefit asset	1,122	1,419
Other	2,885	2,905
Allowance for doubtful accounts	(53)	(52)
Total investments and other assets	17,209	17,752
Total non-current assets	72,522	72,979
Total assets	271,315	320,180

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	93,714	127,529
Short-term borrowings	19,147	27,708
Current portion of bonds payable	–	6,000
Income taxes payable	2,650	1,095
Provision for bonuses	1,696	799
Other	27,072	30,175
Total current liabilities	144,281	193,309
Non-current liabilities		
Bonds payable	6,000	–
Long-term borrowings	10,869	11,368
Deferred tax liabilities	16	39
Retirement benefit liability	8,148	8,267
Other	5,827	5,639
Total non-current liabilities	30,861	25,314
Total liabilities	175,143	218,623
Net assets		
Shareholders' equity		
Share capital	8,568	8,568
Capital surplus	27,882	27,882
Retained earnings	59,871	64,822
Treasury shares	(3,474)	(3,475)
Total shareholders' equity	92,848	97,799
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,693	4,027
Foreign currency translation adjustment	(17)	29
Remeasurements of defined benefit plans	(359)	(311)
Total accumulated other comprehensive income	3,316	3,744
Non-controlling interests	7	12
Total net assets	96,172	101,556
Total liabilities and net assets	271,315	320,180

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, 2021	Nine months ended December 31, 2022
Net sales	652,880	678,996
Cost of sales	588,558	613,260
Gross profit	64,321	65,736
Selling, general and administrative expenses	53,666	55,638
Operating profit	10,654	10,097
Non-operating income		
Interest income	3	3
Dividend income	159	181
Outsourcing service income	219	133
Reversal of allowance for doubtful accounts	0	1
Other	586	635
Total non-operating income	969	955
Non-operating expenses		
Interest expenses	127	129
Loss on sale of trade receivables	118	115
Other	39	22
Total non-operating expenses	285	268
Ordinary profit	11,338	10,785
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	7	1
Impairment losses	208	–
Loss on valuation of investment securities	–	5
Extra payments for early retirements	72	–
Retirement benefits for directors (and other officers)	1	–
Total extraordinary losses	300	6
Profit before income taxes	11,216	10,778
Income taxes - current	3,354	3,185
Income taxes - deferred	242	354
Total income taxes	3,596	3,540
Profit	7,620	7,238
Profit (loss) attributable to non-controlling interests	(0)	4
Profit attributable to owners of parent	7,620	7,233

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	7,620	7,238
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,148)	333
Foreign currency translation adjustment	16	46
Remeasurements of defined benefit plans, net of tax	30	47
Total other comprehensive income	(1,102)	428
Comprehensive income	6,517	7,667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,519	7,662
Comprehensive income attributable to non-controlling interests	(1)	4