

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 11, 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 of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 27, 2023
 Scheduled date to commence dividend payments: June 9, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	891,600	4.0	12,812	0.5	13,680	(0.5)	8,223	(8.7)
Year ended March 31, 2022	857,087	–	12,743	–	13,745	–	9,009	–

	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, 2023	481.57	456.97	8.3	4.9	1.4
Year ended March 31, 2022	527.63	500.68	9.6	5.2	1.5

(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, 2023	290,857	102,066	35.1	5,977.02
As of March 31, 2022	271,315	96,172	35.4	5,631.37

(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, 2023	10,969	(4,281)	(3,311)	22,771
Year ended March 31, 2022	6,545	(7,205)	(911)	19,354

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, 2022	–	58.00	–	63.00	121.00	2,107	22.9	2.2
Year ended March 31, 2023	–	68.00	–	68.00	136.00	2,369	28.2	2.3
Year ending March 31, 2024 (Forecast)	–	83.00	–	83.00	166.00		30.2	

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
Six months ending September 30, 2023	460,000	3.3	6,800	6.8	7,100	2.7	4,700	1.1	275.23
Full year	916,000	2.7	13,700	6.9	14,300	4.5	9,400	14.3	550.46

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	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 March 31, 2023	951,167 shares	As of March 31, 2022	950,947 shares
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Average number of shares during the period

Year ended March 31, 2023	17,076,546 shares	Year ended March 31, 2022	17,076,113 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,472	23,886
Notes and accounts receivable - trade	107,359	114,690
Merchandise	35,976	40,135
Accounts receivable - other	29,392	33,259
Other	5,756	5,902
Allowance for doubtful accounts	(163)	(192)
Total current assets	198,793	217,681
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,340	52,568
Accumulated depreciation	(29,685)	(31,216)
Buildings and structures, net	21,655	21,351
Vehicles	42	54
Accumulated depreciation	(36)	(35)
Vehicles, net	6	18
Tools, furniture and fixtures	17,584	17,889
Accumulated depreciation	(14,161)	(14,959)
Tools, furniture and fixtures, net	3,422	2,930
Land	20,751	21,022
Leased assets	10,148	13,403
Accumulated depreciation	(7,498)	(7,351)
Leased assets, net	2,650	6,051
Construction in progress	2,440	80
Total property, plant and equipment	50,925	51,455
Intangible assets		
Software	3,255	2,947
Leased assets	40	30
Other	1,092	2,032
Total intangible assets	4,387	5,010
Investments and other assets		
Investment securities	12,135	11,557
Distressed receivables	32	30
Guarantee deposits	158	158
Deferred tax assets	1,119	1,055
Retirement benefit asset	1,122	1,241
Other	2,693	2,718
Allowance for doubtful accounts	(53)	(51)
Total investments and other assets	17,209	16,710
Total non-current assets	72,522	73,176
Total assets	271,315	290,857

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	93,714	99,383
Short-term borrowings	19,147	18,869
Current portion of bonds payable	–	6,000
Accounts payable - other	17,605	20,326
Accrued expenses	2,012	2,052
Lease liabilities	740	958
Income taxes payable	2,650	2,651
Provision for bonuses	1,696	1,721
Other	6,712	6,797
Total current liabilities	144,281	158,760
Non-current liabilities		
Bonds payable	6,000	–
Long-term borrowings	10,869	11,696
Lease liabilities	2,397	5,757
Retirement benefit liability	8,148	8,394
Asset retirement obligations	1,336	1,716
Deferred tax liabilities	16	37
Other	2,093	2,429
Total non-current liabilities	30,861	30,030
Total liabilities	175,143	188,791
Net assets		
Shareholders' equity		
Share capital	8,568	8,568
Capital surplus	27,882	27,872
Retained earnings	59,871	65,812
Treasury shares	(3,474)	(3,475)
Total shareholders' equity	92,848	98,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,693	3,865
Foreign currency translation adjustment	(17)	(9)
Remeasurements of defined benefit plans	(359)	(568)
Total accumulated other comprehensive income	3,316	3,287
Non-controlling interests	7	–
Total net assets	96,172	102,066
Total liabilities and net assets	271,315	290,857

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	857,087	891,600
Cost of sales	772,646	804,794
Gross profit	84,440	86,805
Selling, general and administrative expenses	71,697	73,993
Operating profit	12,743	12,812
Non-operating income		
Interest income	4	4
Dividend income	181	207
Share of profit of entities accounted for using equity method	4	–
Outsourcing service income	288	183
Supporting Income for Operating Activities	140	160
Income from sales of used paper	135	164
Commission income	151	150
Reversal of allowance for doubtful accounts	4	3
Other	459	350
Total non-operating income	1,369	1,226
Non-operating expenses		
Interest expenses	169	170
Share of loss of entities accounted for using equity method	–	17
Loss on sale of trade receivables	155	154
Other	43	16
Total non-operating expenses	367	358
Ordinary profit	13,745	13,680
Extraordinary income		
Gain on sale of non-current assets	232	–
Gain on sale of investment securities	–	3
Gain on sale of shares of subsidiaries and associates	–	160
Total extraordinary income	232	164
Extraordinary losses		
Loss on sale of non-current assets	225	–
Loss on retirement of non-current assets	18	48
Impairment losses	208	52
Loss on valuation of investment securities	9	804
Loss on disaster	181	–
Extra payments for early retirements	72	–
Retirement benefits for directors (and other officers)	1	–
Other	–	8
Total extraordinary losses	717	914
Profit before income taxes	13,260	12,930
Income taxes - current	4,494	4,580
Income taxes - deferred	(246)	122
Total income taxes	4,247	4,703
Profit	9,013	8,227
Profit attributable to non-controlling interests	3	3
Profit attributable to owners of parent	9,009	8,223

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	9,013	8,227
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,563)	171
Foreign currency translation adjustment	(13)	7
Remeasurements of defined benefit plans, net of tax	(211)	(208)
Total other comprehensive income	(1,789)	(29)
Comprehensive income	7,223	8,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,220	8,194
Comprehensive income attributable to non-controlling interests	3	3

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,568	27,882	59,871	(3,474)	92,848
Changes during period					
Dividends of surplus			(2,282)		(2,282)
Profit attributable to owners of parent			8,223		8,223
Purchase of shares of consolidated subsidiaries		(10)			(10)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(10)	5,941	(0)	5,930
Balance at end of period	8,568	27,872	65,812	(3,475)	98,779

	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	3,693	(17)	(359)	3,316	7	96,172
Changes during period						
Dividends of surplus						(2,282)
Profit attributable to owners of parent						8,223
Purchase of shares of consolidated subsidiaries						(10)
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	171	7	(209)	(29)	(7)	(36)
Total changes during period	171	7	(209)	(29)	(7)	5,893
Balance at end of period	3,865	(9)	(568)	3,287	–	102,066

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	13,260	12,930
Depreciation	4,522	4,604
Impairment losses	208	52
Amortization of goodwill	–	0
Increase (decrease) in provision for bonuses	(50)	25
Increase (decrease) in allowance for doubtful accounts	(5)	28
Increase (decrease) in retirement benefit liability	(23)	115
Interest and dividend income	(186)	(212)
Interest expenses	169	170
Foreign exchange losses (gains)	(63)	(61)
Share of loss (profit) of entities accounted for using equity method	(4)	17
Loss (gain) on sale of non-current assets	(6)	–
Loss on retirement of non-current assets	18	48
Loss (gain) on sale of investment securities	–	(3)
Loss (gain) on sale of shares of subsidiaries and associates	–	(160)
Loss (gain) on valuation of investment securities	9	804
Loss on disaster	181	–
Extra payments for early retirements	72	–
Retirement benefits for directors (and other officers)	1	–
Decrease (increase) in trade receivables	(5,889)	(7,054)
Decrease (increase) in inventories	(4,022)	(4,034)
Increase (decrease) in trade payables	4,822	5,710
Decrease (increase) in other assets	(1,251)	817
Increase (decrease) in other liabilities	1,085	1,356
Other, net	(1,426)	345
Subtotal	11,421	15,502
Interest and dividends received	192	218
Interest paid	(169)	(171)
Income taxes paid	(4,899)	(4,579)
Net cash provided by (used in) operating activities	6,545	10,969
Cash flows from investing activities		
Payments into time deposits	(1,130)	(1,348)
Proceeds from withdrawal of time deposits	908	1,351
Purchase of property, plant and equipment	(4,880)	(2,362)
Payments for retirement of property, plant and equipment	(23)	–
Proceeds from sale of property, plant and equipment	905	–
Purchase of intangible assets	(1,596)	(1,973)
Purchase of investment securities	(1,301)	(304)
Proceeds from sale and redemption of investment securities	10	16
Loan advances	(9)	(12)
Proceeds from collection of loans receivable	32	36
Purchase of shares of subsidiaries and associates	(181)	–
Proceeds from sale of shares of subsidiaries and associates	–	419
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(38)
Other, net	61	(64)
Net cash provided by (used in) investing activities	(7,205)	(4,281)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,892	(600)
Proceeds from long-term borrowings	4,700	6,950
Repayments of long-term borrowings	(6,834)	(6,081)
Redemption of bonds	(2)	–
Purchase of treasury shares	(0)	(0)
Repayments of lease liabilities	(784)	(1,275)
Dividends paid	(1,881)	(2,282)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(21)
Net cash provided by (used in) financing activities	(911)	(3,311)
Effect of exchange rate change on cash and cash equivalents	37	39
Net increase (decrease) in cash and cash equivalents	(1,533)	3,416
Cash and cash equivalents at beginning of period	20,888	19,354
Cash and cash equivalents at end of period	19,354	22,771