Arara (4015-TSE Mothers) -----

Providing cashless services and other sales promotion solutions for corporate customers

This report is an English translation of part of the report issued on November 24, 2020. For inquiries concerning the report, please contract info@stock-r.org

[4015 Arara Sector : Information & Communication]

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Aug. 2019	1,042	1.4	105	58.3x	111	8.5x	114	-	20.2	48.7	0.0
Aug. 2020	1,201	15.2	136	29.3	142	27.1	143	25.4	25.3	74.0	0.0
Aug. 2021	f 1,472	22.6	263	92.2	246	73.8	222	54.3	36.8	-	0.0

Note: Non-consolidated basis. Fifures for the fiscal year ending August 2021 are the company's forecast.

It conducted 1-to-100 stock split on September 2,2020. Par share indicies are adjusted retoroactively.

Providing sales promotion solutions

Arara's businesses are categorized into the four businesses of cashless service business, messaging service business, data security service business and other business (figure 1). The cashless service business and messaging service business play central roles in sales promotion solutions, and the two businesses account for over 80% of net sales.

Figure1: Segment Information

	Net s	ales	Segment profit			
FY ended August 2020	Amount (million yen)			Profit margin (%)		
Cashless service	488	40.6	50	10.3		
Messaging service	528	44.0	144	27.3		
Data security service	137	11.4	-9	-		
Other	46	3.9	-47	-		
Total	1,201	100.0	136	11.4		

Source: Prepared by Stock Research Center based on the notifiable prospectus

Cashless Service Business

The company provides customer companies operating retail stores, restaurants and other stores with in-house electronic money and point systems that end users use. Other than electronic money and point functions, it also provides sales promotion functions including messaging services which send mails based on accumulated customer information. This business moved into the black in fiscal year ended August 2019 and has started to contribute to profit on a full scale in the fiscal year ended August 2020.

Messaging Service Business

Mainly for the purpose of sales promotion, this business provides services to send mass e-mails.

Data Security Service Business and Other Business

The data security service business provides services for customer companies to manage personal information they hold by themselves in an appropriate manner. In addition, the company develops services related to augmented reality (AR) as its other business.

Newly Listed Company Introduction Report

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Figure2: Financial Statements

Statement of income	ear Aug. 2	2018	Aug. 2019		Aug. 2020	
Statement of income	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales	1,027	100.0	1,042	100.0	1,201	100.0
Cost of sales	457	44.5	395	3709.0	427	35.6
Gross profit	570	55.5	647	62.1	773	64.4
Selling, general and administrative expenses	s 568	55.3	541	51.9	636	53.0
Operating profit	1	0.2	105	10.2	136	11.4
Non-operating income	13	-	8	-	8	-
Non-operating expenses	1	-	2	-	3	-
Ordinary profit	13	1.3	111	10.7	142	11.8
Profit before income taxes	-112	-11.0	99	9.6	141	11.8
Profit	-113	-11.0	114	11.0	143	12.0

Balance sheet	Fiscal Year	al Year Aug. 2018		Aug. 2019		July 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		313	72.8	383	69.0	844	80.0
Cash and deposits		212	49.3	252	45.4	700	66.4
Accounts receivable - trade		89	20.7	116	21.1	133	12.7
Inventories		-	-	4	0.8	0	0.1
Non-current assets		117	27.2	172	31.0	210	20.0
Property, plant and equipment		33	7.9	26	4.8	22	2.1
Intangible assets		58	1.6	77	14.0	102	9.7
Investments and other assets		24	5.8	68	12.3	85	8.1
Total assets		430	100.0	555	100.0	1,054	100.0
Current liabilities		244	56.7	272	49.1	634	60.1
Accounts payable - trade		23	5.5	30	5.4	21	2.0
Non-current liabilities		24	5.7	6	1.1	-	-
Net assets		161	37.6	276	49.8	420	39.9
Owners' equity		161	37.6	276	49.8	420	39.9

Statement of each flows Fiscal Year	Aug. 2018	Aug. 2019	Aug. 2020
Statement of cash flows	(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities	90	145	416
Depreciation	45	26	27
Cash flows from investing activities	-50	-63	-42
Cash flows from financing activities	-36	-42	74
Dividends paid	-	-	-
Net increase in cash and cash equivalents	3	39	448
Cash and cash equivalents	212	252	700

Note:Non-consolidated basis

Source: Prepared by Stock Research Center based on the notifiable prospectus.

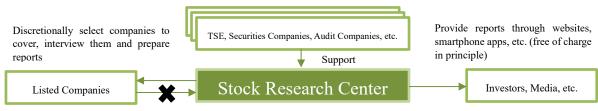
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