

Digital transformation consulting/development specializing in construction and plant industries

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[5354 Arent Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jun.2021	722	-	165	-	45	-	-19	-	-4.2	96.8	0.0
Jun.2022	1,011	40.2	243	46.6	14	-67.4	-48	-	-9.4	75.4	0.0
Jun.2023 f	1,868	84.6	523	115.2	286	19.4x	204	-	37.1	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending June 2023 are the company's forecasts.

It conducted 1-to 40 stock split on November 18, 2022. Per share indicies are adjusted retroactively.

Construction Industry Specialists in Digital Transformation Consulting and Development

Arent provides digital transformation consulting, system development, and product sales. In terms of industry, the company specializes in construction and plant engineering. The most distinctive feature of its business is that the solutions created are commercialized jointly with client companies and then sold to other firms in the client company's industry.

The company's operations are classified into the following three segments. The product co-creation segment is the key generator of net sales and profits for the company.

Product Co-Creation Segment

This segment performs consulting and system development for construction and plant engineering industry companies in support of their digital transformation implementation. Despite the segment itself being small in size, it also includes the net sales and profits of VestOne, a consolidated subsidiary established as a collaborative venture with Nisshinbo Holdings.

Arent's development is based on agile development methodology. As the process moves forward, the development grows in scale and stability, and projects accumulate. There were 15 projects as of the end of December 2022.

Co-Creation Product Sales Segment

The company jointly commercializes solutions created in the product co-creation segment with client companies and sells them externally. At present, this includes the business of PlantStream, a joint venture in which Chiyoda Corporation and the company each have an interest of 50%.

The company has been involved in a project since August 2018 to resolve the piping design issues Chiyoda Corporation had been facing. In July 2020 it founded a joint venture company to enable the external sale of the developed products.

In-House Product Segment

Unlike the co-creation product sales segment, where products are developed jointly with client companies, this segment sells licenses for software developed in-house— primarily to construction industry clients.

Financial Statements

Statement of income	Fiscal Year	Jun.2021		Jun.2022		Six months to Dec.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		722	100.0	1,011	100.0	851	100.0
Cost of sales		361	50.0	509	50.4	372	43.8
Gross profit		360	50.0	501	49.6	478	56.2
Selling, general and administrative expenses		195	27.0	258	25.6	176	20.8
Operating profit		165	23.0	243	24.0	301	35.5
Non-operating income		6	-	14	-	1	-
Non-operating expenses		126	-	242	-	134	-
Ordinary profit		45	6.3	14	1.5	168	19.8
Profit before income taxes		45	6.3	14	1.5	74	8.8
Profit attributable to owners of parent		-19	-2.7	-48	-4.7	75	8.9

Balance sheet	Fiscal Year	Jun.2021		Jun.2022		Dec.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,405	64.5	2,243	73.3	2,044	65.5
Cash and deposits		1,222	56.1	1,931	63.1	1,720	55.1
Accounts receivable-trade		137	6.3	272	8.9	266	8.5
Inventories		12	0.6	6	0.2	22	0.7
Non-current assets		773	35.5	818	26.7	1,078	34.5
Property, plant and equipment		6	0.3	9	0.3	12	0.4
Intangible assets		11	0.5	24	0.8	48	1.5
Investments and other assets		754	34.7	784	25.6	1,018	32.6
Total assets		2,178	100.0	3,062	100.0	3,123	100.0
Current liabilities		655	30.1	626	20.5	697	22.3
Accounts payable		-	-	-	-	-	-
Non-current liabilities		680	31.3	445	14.5	360	11.5
Net assets		841	38.6	1,990	65.0	2,065	66.1
Owners' equity		829	38.1	1,981	64.7	2,065	65.9

Statement of cash flows	Fiscal Year	Jun.2021	Jun.2022	Six months to Dec.2022
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		239	170	364
Depreciation		6	8	6
Cash flows from investing activities		-971	-368	-428
Cash flows from financing activities		1,009	906	-147
Dividends paid		-	-	-
Net increase in cash and cash equivalents		277	709	-210
Cash and cash equivalents		1,222	1,931	1,720

Note: Non-consolidated

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

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