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ARATA Corporation

Fiscal Year Ending March 2025 Financial Results

ARATA CORPORATION

FY03/2025 Results

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■ FY03/2025 Highlights

In FY03/2025

Record highs for all sales and profits

However, profits fell short of the target

Downward revision of Ordinary income plan for FY03/2026 to JPY18 billion due to a review of strategy with a view to 2026 and beyond

Aiming to Achieve the Target of Ordinary income of JPY20 billion for FY03/2027

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■ Consolidated Statements of Income

Record highs for all sales and profits

(Millions of JPY)	FY03/2024 Results	FY03/2025 Results	Planning	Versus forecast		YoY change	
				Change	Rate (%)	Change	Rate (%)
Net sales	944,149	**986,212**	969,000	17,212	101.8	42,063	104.5
Gross profit	92,418	**96,221**	-	-	-	3,803	104.1
SG&A expenses	77,909	**81,232**	-	-	-	3,322	104.3
Operating income	14,508	**14,989**	16,300	▲1,310	92.0	480	103.3
Ordinary income	15,341	**15,617**	16,600	▲982	94.1	275	101.8
Net income attributable to owners of the parent	10,322	**10,358**	11,000	▲641	94.2	36	100.4

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■ FY03/2025 Factors

Net sales: Record highs for the 10th consecutive year

Net sales: JPY986.212 billion　　YoY: +JPY42.063 billion　　104.5%

FY03/2025 Cumulative　Net sales YoY 104.5%

- Success of existing focus categories (H&B and pets)
- Expand sales of exclusive and preferential distribution items
- Improvement of product unit price

→Increase in sales of high-volume products and high value-added products

- Increase in sales of cosmetics, mainly makeup products and skincare products
- Commencement of business with new retailers
- Sales expansion due to inbound demand

Steady growth in sales, the cornerstone of growth

Further Expansion through Medium-Term Management Plan 2026 Strategy

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■ FY03/2025 Factors

Ordinary income: Record highs for the 2nd consecutive year

Ordinary income: JPY15.617 billion YoY: +JPY275 million 101.8%

Gross profit: JPY96.221 billion YoY: +JPY3.803 billion 104.1%

Gross margin: 9.76% YoY ▲0.03 points

- Strong sales of exclusive cosmetics and other products/Improvement in unit prices (103.9% YoY)
- Inventory write-downs due to implementation of structural reforms in the manufacturing function

SG&A expenses: JPY81.232 billion YoY: +JPY3.322 billion 104.3%

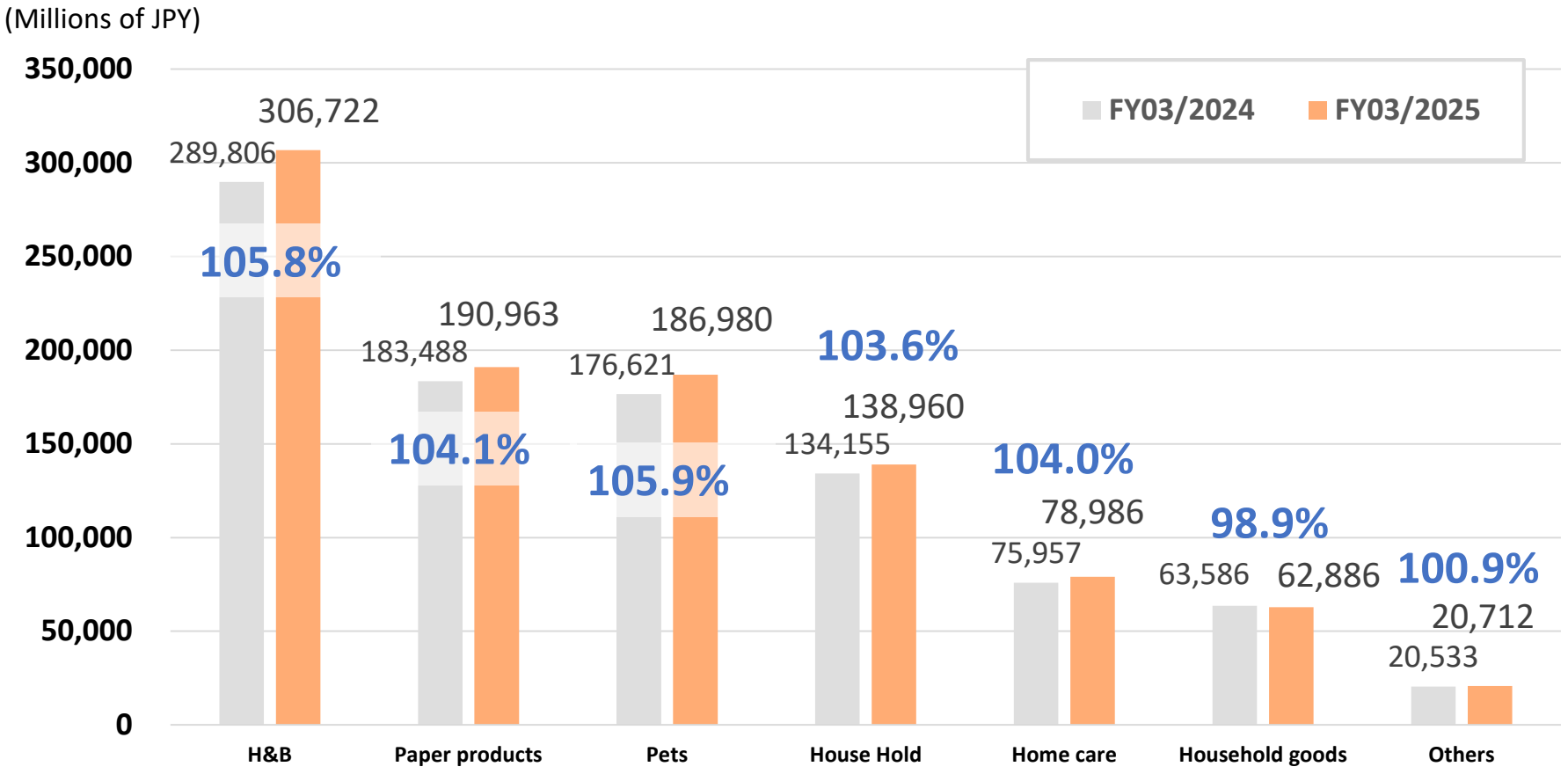
SG&A ratio: 8.24% YoY improve 0.01 points

- Increase in personnel costs due to human capital investment
  - Increase in the number of employees due to personnel plans for the future
  - To improve the treatment of permanent and part-time employees
- Higher-than-expected freight rates due to the impact of the 2024 problem
- Increase in expenses due to implementation of structural reforms in the manufacturing function

Net income attributable to owners of the parent: JPY10.358 billion YoY: +JPY36 million 100.4%

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■ Net Sales by Category (YoY)

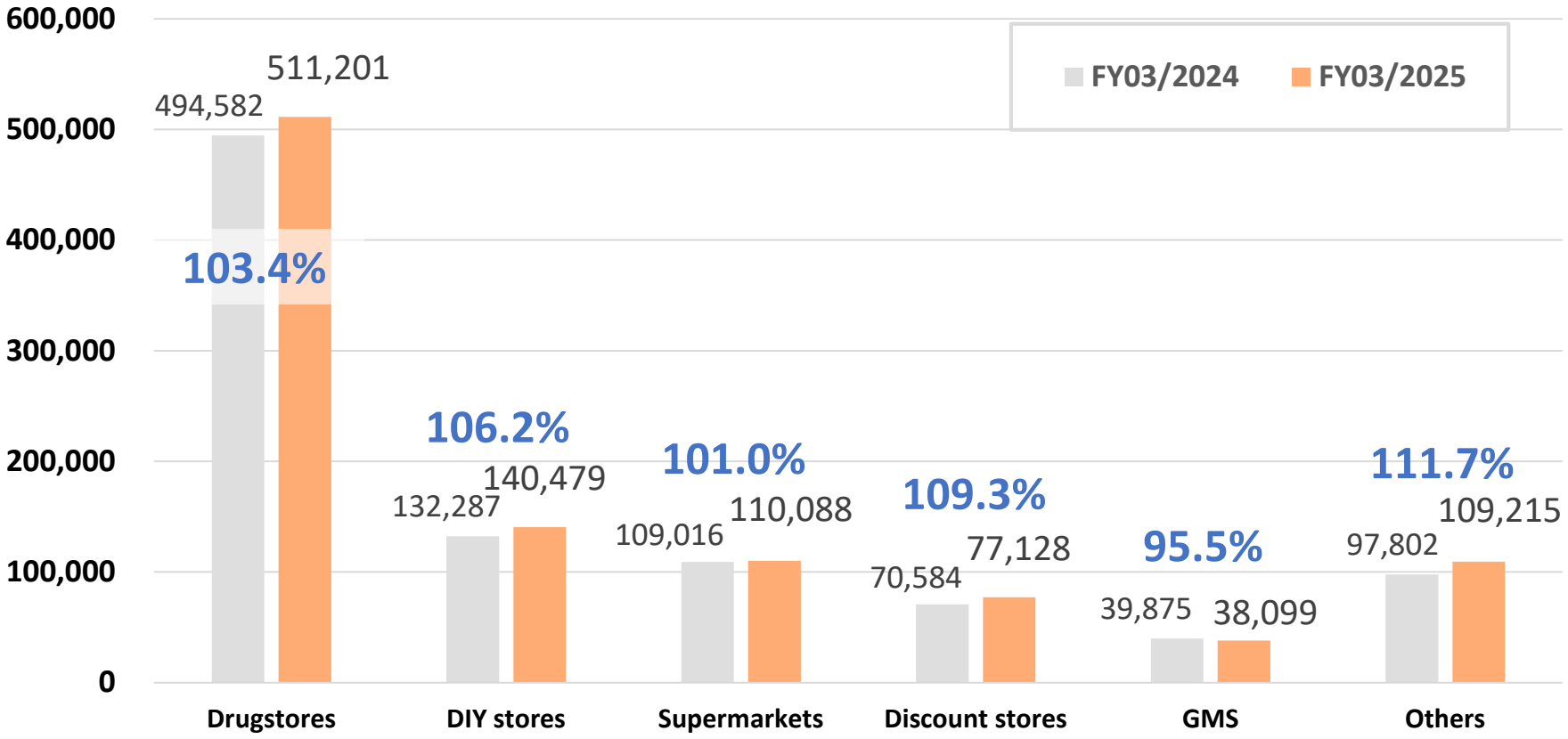


- H&B: Increase in sales of cosmetics, mainly makeup products and skincare products
- Pets: Improved unit prices and Increase in sales of high value-added foods due to the aging of pets

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■ Net Sales by Business Category (YoY)

(Millions of JPY)



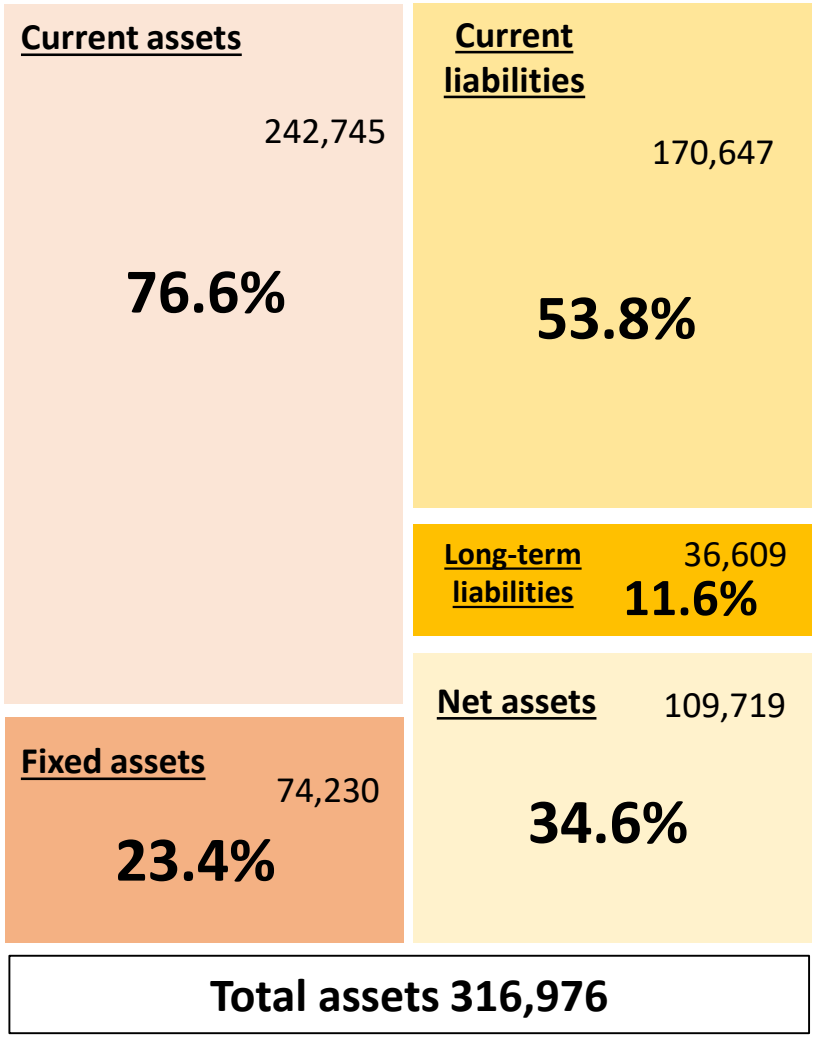
- Inbound demand: Drugstores, Discount stores
- Newly opened store and new transactions: Drugstores, DIY stores , Others

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■ Consolidated Balance Sheets

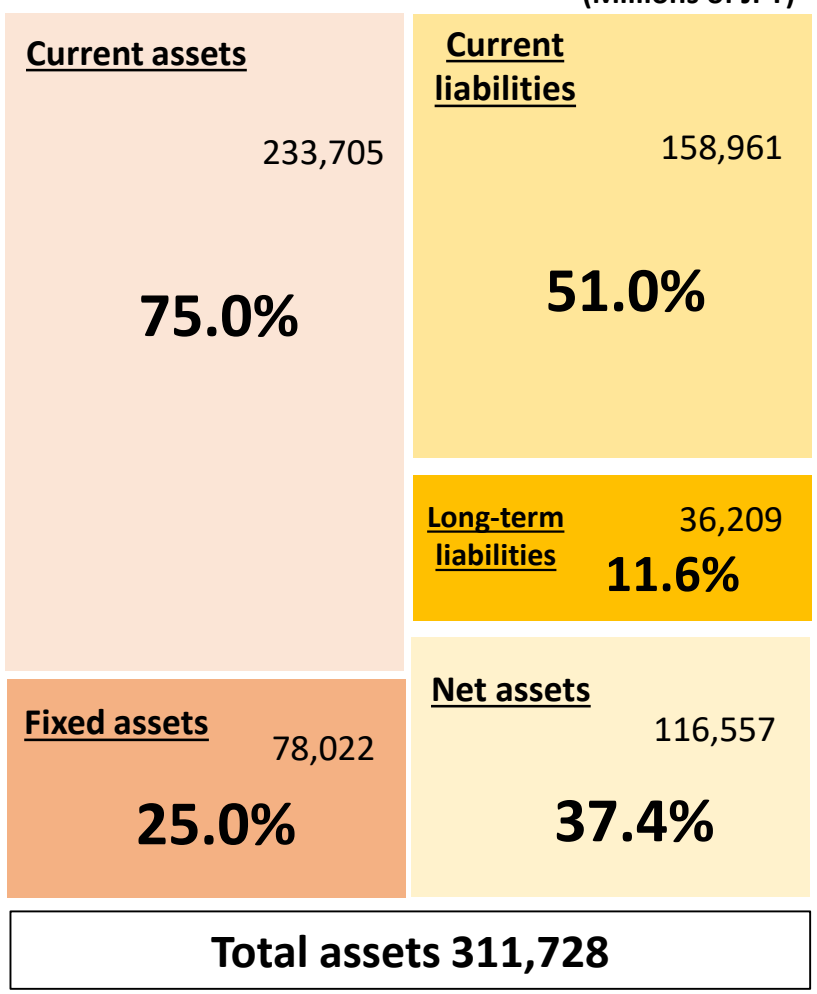
FY03/2024

(Millions of JPY)



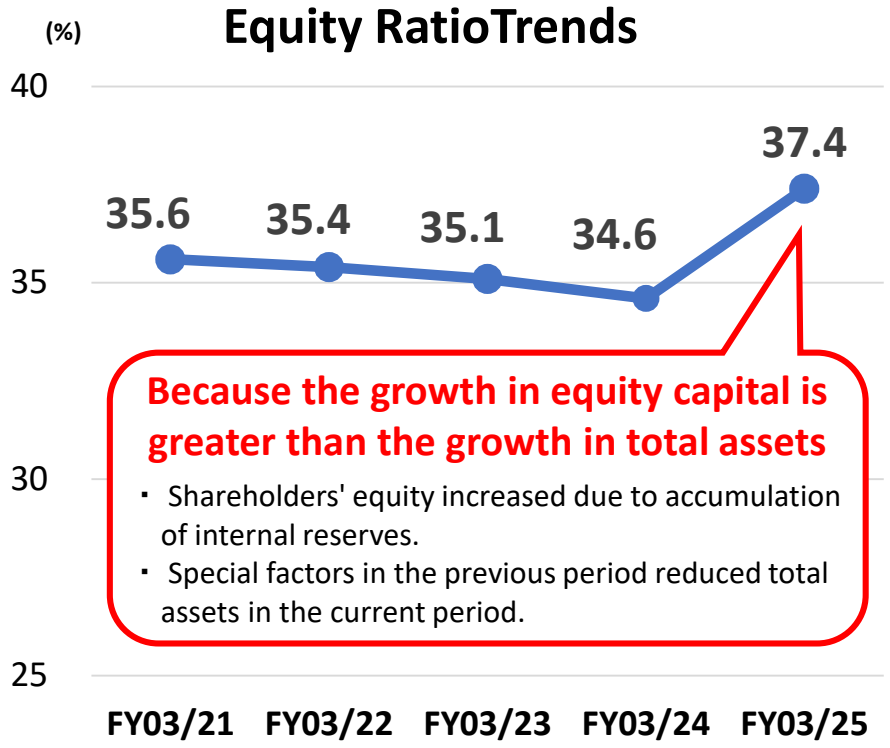
FY03/2025

(Millions of JPY)



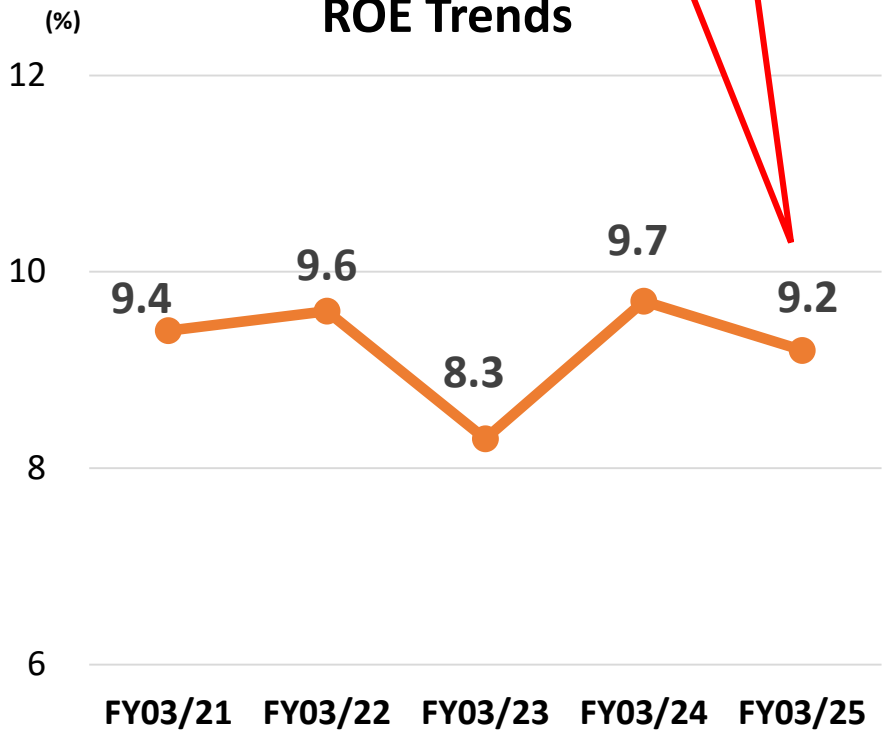
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■ Ratio of net worth and ROE



Because the growth in equity capital is greater than the growth in total assets

- Shareholders' equity increased due to accumulation of internal reserves.
- Special factors in the previous period reduced total assets in the current period.



Excluding the temporary impact of structural reforms of the manufacturer function

9.7~9.8%

Improve financial soundness and ensure profitability

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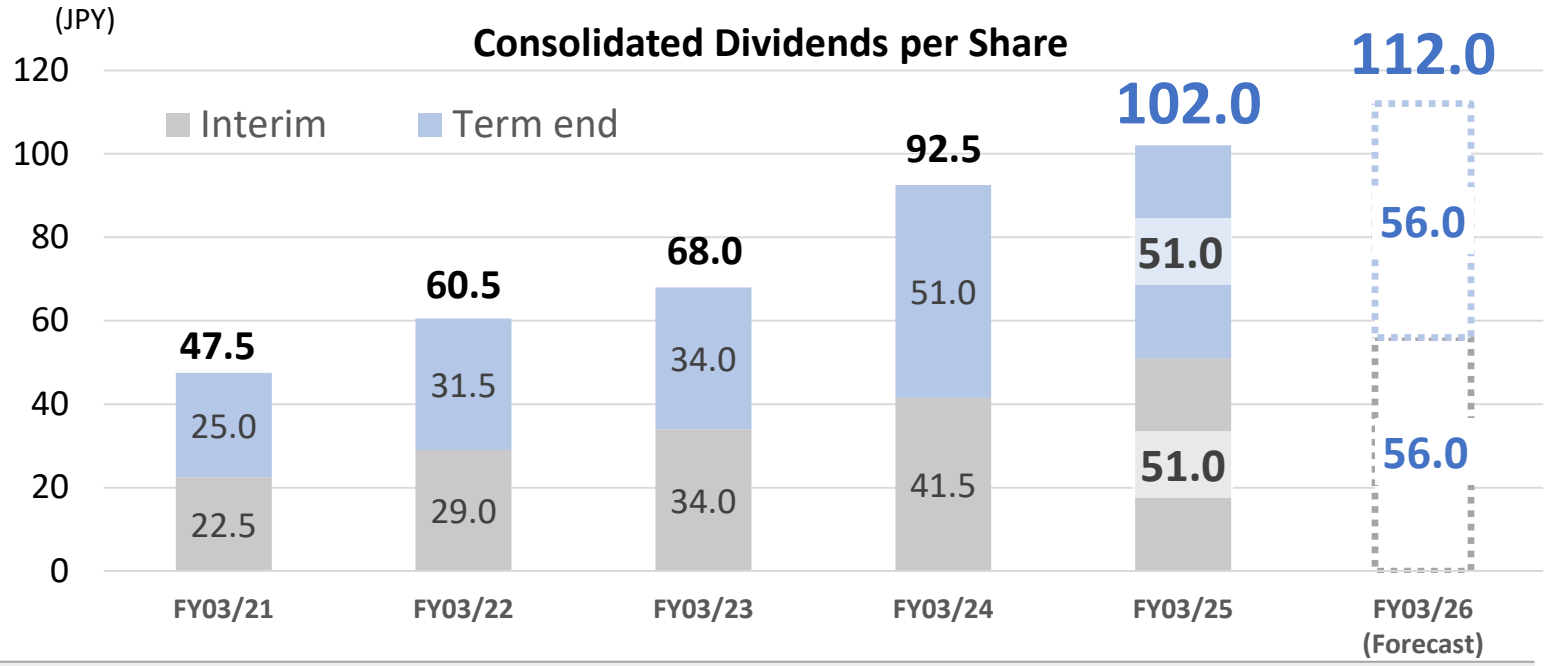
■ Shareholder Returns

Dividend policy: Aim for stable dividends and dividend increases while keeping in mind the dividend payout ratio of 30%

FY03/2025: Interim JPY51, Term end JPY51, Total JPY102 (YoY +JPY9.5)

10th consecutive year of dividend increases

FY03/2026 forecast: Interim JPY56, Term end JPY56, Total JPY112 (YoY +JPY10)



	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26 (Forecast)
Consolidated dividend payout ratio	19.8%	22.9%	28.2%	30.5%	33.0%	32.0%

※On January 1, 2024, our common stock was split into 2:1. Figures prior to that date are converted to the post-split amount.

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Progress of
Medium-Term Management Plan 2026

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Progress of Medium-Term Management Plan 2026

Medium-Term Management Plan 2026 Strategy	FY03/2025 Results
Growth Strategy - Expansion of H&B and pet categories - Strengthening Uniqueness by Expanding Monopoly and preferred distribution products - Acquisition of new transactions	▪ Expand sales of exclusive and preferential distribution items ▪ Started new transactions with convenience store ▪ Started new transactions with other business Categories
Strengthen foundation - Improve operational efficiency and logistics productivity by implementing IT Medium-Term Management Plan - Transformation into Human Capital Management: New personnel system implemented in April 2023	▪ Improve employee salary levels by revising the salary system ▪ Conducted dialogue with logistics companies in response to the 2024 problem
Sustainability - Collaborate with suppliers to reduce CO2 as the core of the supply chain - Strengthen the governance structure	▪ CDP response: C rating (previous period) → B rating(current period) ▪ Acquisition of the “Kurumin” certification ▪ Certified as a “2025 Health and Productivity Management Excellent Corporation”

Deviations and delays from the plan

- Implemented structural reforms by reviewing growth strategies in the manufacturer function
- Proactive recruitment and system review as a future-oriented personnel strategy
- Delay in implementation of various IT medium-term plan measures and higher-than-expected freight rates

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■ Deviations and delays from the plan①:
Review of growth strategy of manufacturer function

Promoting Manufacturing function with the Aim of Expanding Domains Other than Wholesale Business as part of the Medium-Term Management Plan 2026 strategy

Implemented structural reforms (brand consolidation) by reviewing strategies with an eye to the future

Temporary impact of restructuring of manufacturing function: JPY880 million (gross profit + SG&A)

Consolidated Statements of Income * Excluding the temporary impact

(Millions of JPY)	FY03/2025 Results	FY03/2025 Excluding the temporary impact	Planning	Results vs. plan		Excluding the temporary impact vs. plan	
				Change	Rate (%)	Change	Rate (%)
Net sales	986,212	**986,212**	969,000	17,212	101.8	17,212	101.8
Operating income	14,989	**15,869**	16,300	▲1,310	92.0	▲430	97.4
Ordinary income	15,617	**16,497**	16,600	▲982	94.1	▲102	99.4
Net income attributable to owners of the parent	10,358	**11,239**	11,000	▲641	94.2	239	102.2

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■ Deviations and delays from the plan②:
Higher than expected personnel cost increase

- Early implementation of improvement in employee salary levels as a means of strengthening human capital investment
  - —In terms of salaries per regular employee compared to the FY03/2022
    FY03/2025: Approximately 20%UP　　FY03/2026: 27%UP schedule
- Increase in personnel expenses for part-time employees (including increase in hourly wages and short-term employment)

Leading to lower turnover and active recruitment, HR strategy is on track

■ Deviations and delays from the plan③ :
Higher than expected logistics cost increase

- Continuous increase in fares due to response to the 2024 problem, etc.

Freight Ratio to Net Sales　FY03/2024: 1.95%　　FY03/2025: 1.99%

Improve logistics productivity in warehouses and improve efficiency throughout the supply chain

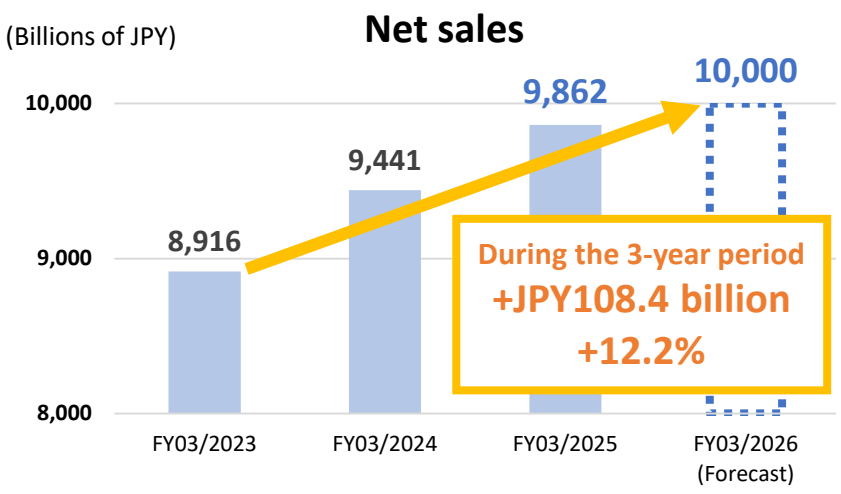
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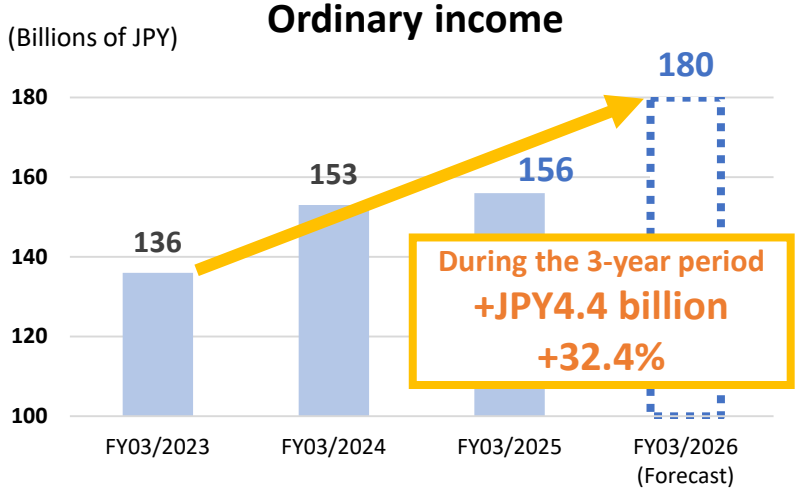
■ Downward revision of consolidated earnings forecast for the FY03/2026

(Millions of JPY)	FY03/2026 Initial forecast	FY03/2026 Revised forecast	Change
Net sales	1,000,000	1,000,000	±0
Operating income	-	17,280	-
Ordinary income	20,000	18,000	▲2,000
Profit attributable to owners of parent	-	11,700	-

Ordinary income of JPY20 billion will be achieved in FY03/2027

Earnings growth in 3 years of the Medium-Term Management Plan





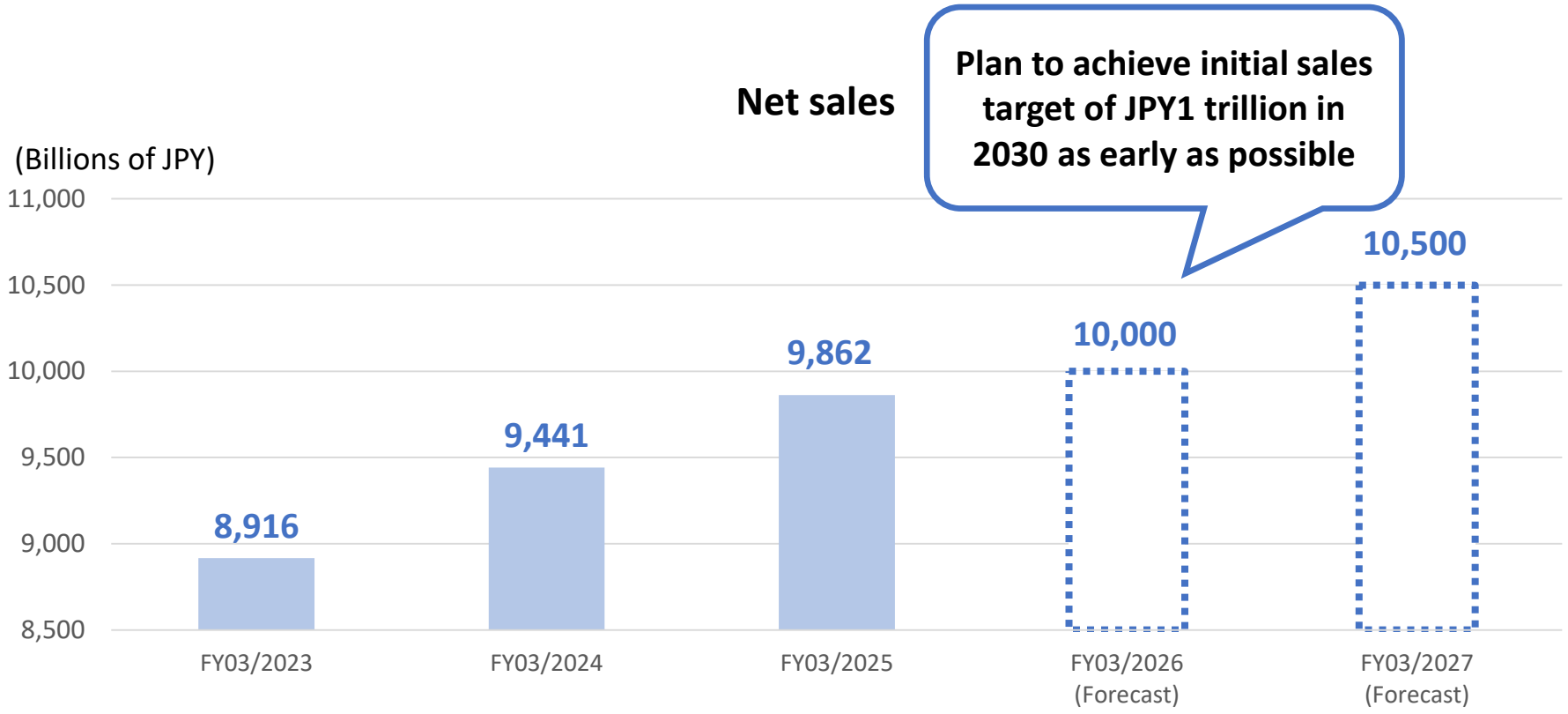
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Looking ahead to the Next Medium-Term Management Plan

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■ Toward Ordinary income of JPY20 billion in 2027: Net Sales

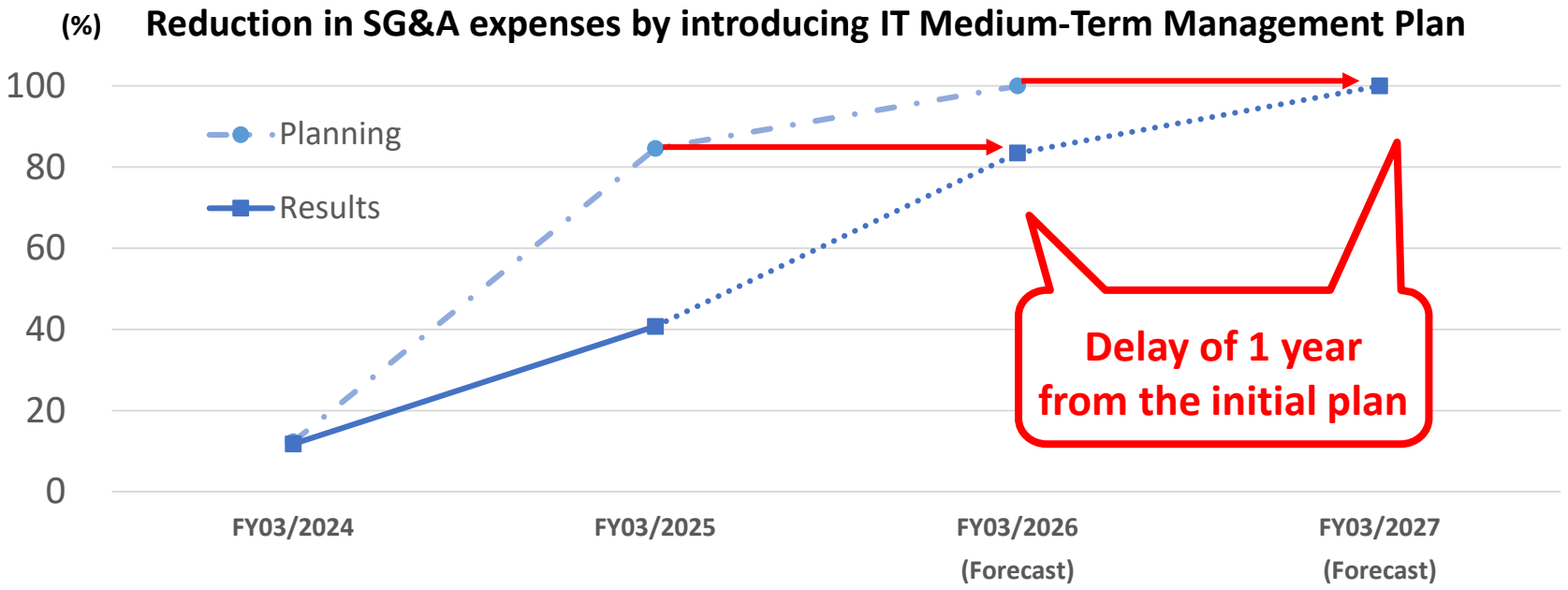
FY03/2025: Strong performance exceeding forecasts
FY03/2026: Early achievement of JPY1 trillion, originally targeted for 2030
FY03/2027: Aiming for JPY1.05 trillion through further sales expansion



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■ Toward Ordinary income of JPY20 billion in 2027: SG&A expenses

Delayed by 1 year from the initial plan due to a delay in implementation of IT Medium-Term Management Plan



Initial plan for FY03/2025 is scheduled to be achieved in FY03/2026

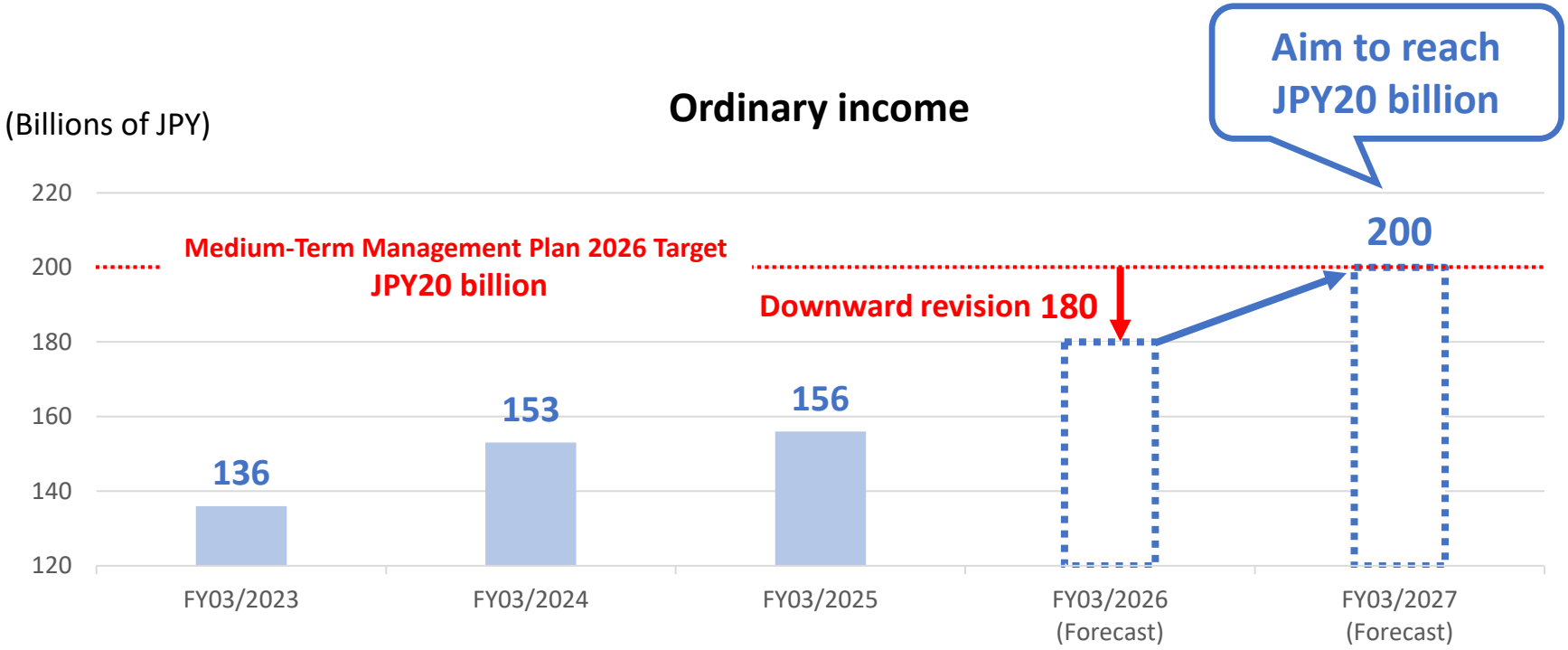
Maximize the benefits of IT Medium-Term Management Plan in FY03/2027

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■ Toward Ordinary income of JPY20 billion in 2027

FY03/2025: Target not achieved due to restructuring and revision of foundation strengthening
FY03/2026: The Medium-Term Management Plan target of JPY20 billion was revised downward to JPY18 billion due to delays in profit acquisition
FY03/2027: Aim to reach JPY20 billion

- Earnings from sales growth
- Effects of the Revision of the Strategy for Strengthening the Foundations
- Effect of brand consolidation in the manufacturer function (concentrated investment)



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Topics

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■ ESG Key Points for FY03/2025

- **CDP response**
  C rating (previous period) → B rating(current period)

- **Acquired “Kurumin” certification on January 31, 2025**
  Certified by the Minister of Health, Labour and Welfare as a child-rearing support company
- **Certified as a “2025 Health and Productivity Management Excellent Corporation (Large Corporation Category)” in March 2025.**
  Certified by the Ministry of Economy, Trade and Industry and the Japan Health Council as corporations practicing particularly good health management

→ **Promoting the creation of a comfortable workplace, including the “Eruboshi 2 Stars” certification acquired in March 2024**

- **At the General Meeting of Shareholders in June 2025, the ratio of female directors is expected to be 27.3% (3 out of 11)**
- **At the General Meeting of Shareholders in June 2025, the ratio of outside directors is expected to be 54.5% (6 out of 11)**

External Evaluation

MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA
2024 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数

S&P/JPX カーボン エフィシェント 指数

CDP Discloser 2024

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門

女性が活躍しています！

2025年認定 くるみん 子育てサポートしています

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We are waiting for your questions on financial results and requests for IR interviews.