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ARATA Corporation

Q3 of Fiscal Year Ending March 2023 Financial Results





■ Q3 FY2022 Highlights

Market Environment

Due to the deregulation of conduct, including national travel subsidy program
Increased flow of people

Due to an increase in the number of people recovering at home
Increased demand for Corona-related products

Due to the rise in crude oil prices
Product price increases
Soaring utility costs

Increased consumer awareness of the need to protect their lives



Business Results

Due to the aggressive expansion of business and the success of our focus categories
Record high net sales

In terms of profits
Compared to Q1 · Q2
Improved in Q3



■ Consolidated Statements of Income

(Millions of yen)	Q3 FY2021 results	Q3 FY2022 results	YoY change		Planning	Progress rate
	Actual	Actual	Change	Rate (%)		Rate (%)
Net sales	652,880	678,996	26,115	104.0	870,000	78.0
Gross profit	64,321	65,736	1,414	102.2	-	-
SG&A expenses	53,666	55,638	1,971	103.7	-	-
Operating income	10,654	10,097	▲ 557	94.8	13,300	75.9
Ordinary income	11,338	10,785	▲ 553	95.1	14,000	77.0
Profit attributable to owners of parent Quarterly Net Income	7,620	7,233	▲ 387	94.9	9,500	76.1



■ Q3 FY2022 factors

Record-high sales

Net Sales : JPY678.996 billion YoY: +JPY26.115 billion 104.0%

Q3 FY2021 Cumulative

Net sales YoY 102.3%

Q3 FY2022 Cumulative

Net sales YoY 104.0%



- Strengthen collaboration and collaboration with retailers and manufacturers to expand instore share
- Responding to rising demand for cosmetics and other products due to an increase in flow of people
- Success of existing focus categories (H&B and pets)

**Continued sales growth due to strategic measures
to expand transactions and increased demand**



■ Q3 FY2022 factors

Contribute to profit by controlling the SG&A expense ratio through improved productivity

Ordinary income: JPY10.785 billion YoY: JPY553 million ▲ 95.1%

Gross profit : JPY65.736 billion YoY: +JPY1.414 billion 102.2%

Gross margin: 9.68%, ▲ 0.17 Points YoY

- Temporary impact of strategic measures to expand transactions
- Increase in trading by companies with distribution center fee

SG&A expenses: JPY55.638 billion YoY: +JPY1.971 billion 103.7%

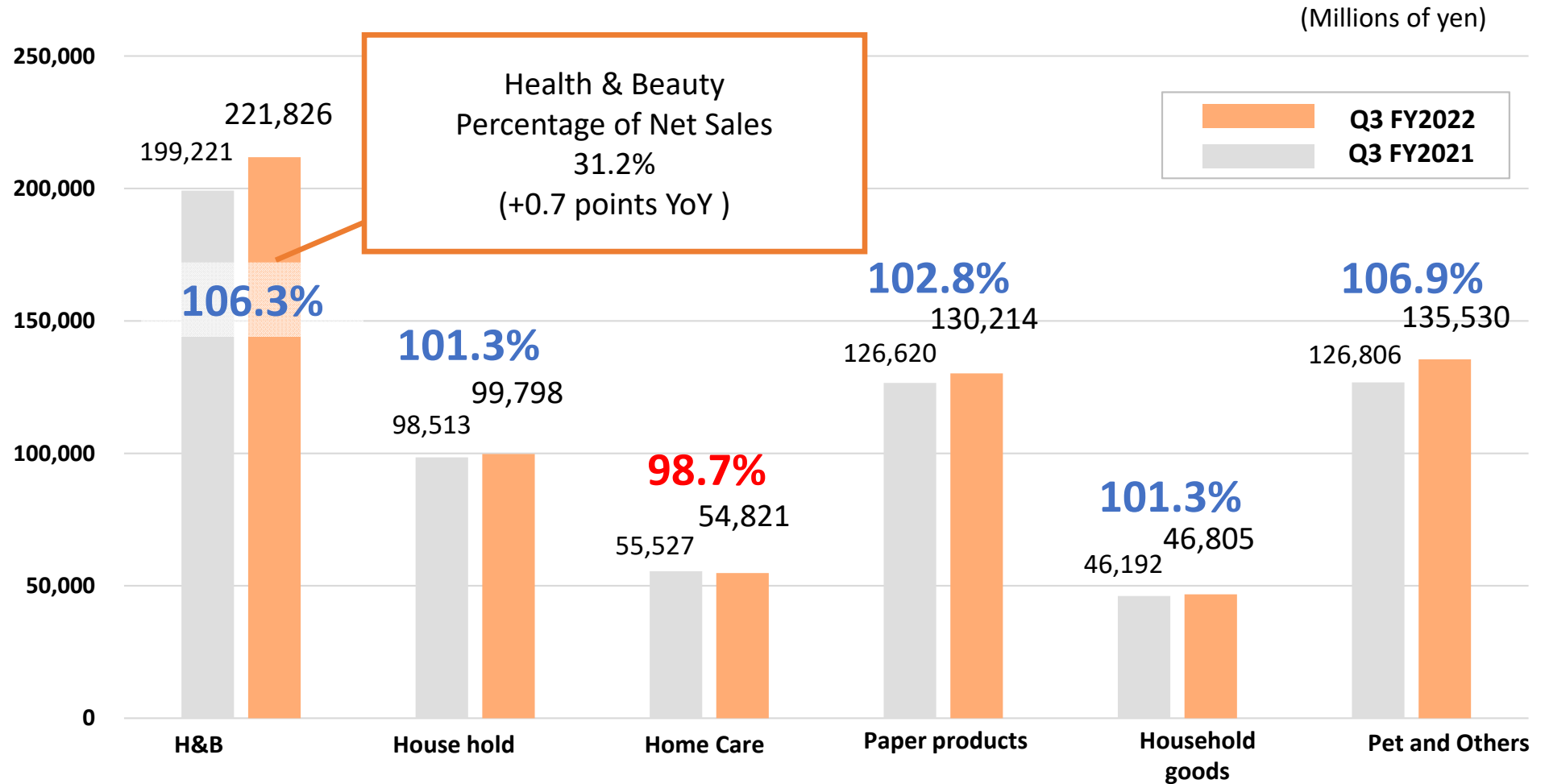
SG&A ratio: 8.19%, improve 0.03 Points YoY

- Increase in logistics and utility costs due to soaring fuel costs
- Increase in logistics costs due to response to the spread of COVID-19
- Curbing personnel expense ratio by optimizing personnel by improving in-house operations and operational productivity

(YoY : Sales 104.0% , Personnel expenses 102.1%)



■ Sales by Category (YoY)

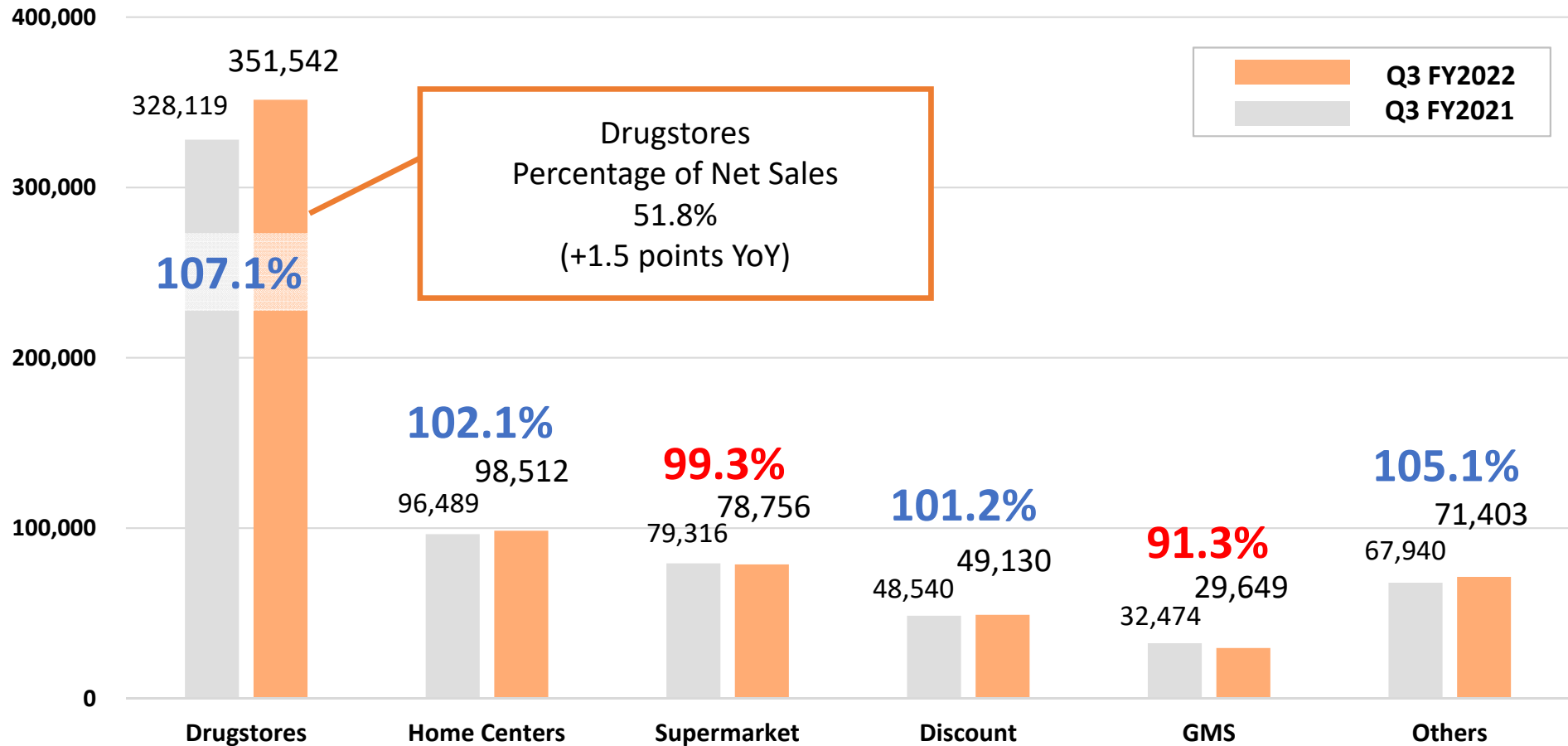


- H&B: Increase in sales of makeup cosmetics due to increased opportunities to go out, continued demand for masks
- Home Care: Sluggish insecticides due to unseasonable weather
- Pets: Increase in number of newly raised pet, Strong of high value-added foods, etc.



■ Sales by Business Category (YoY)

(Millions of yen)



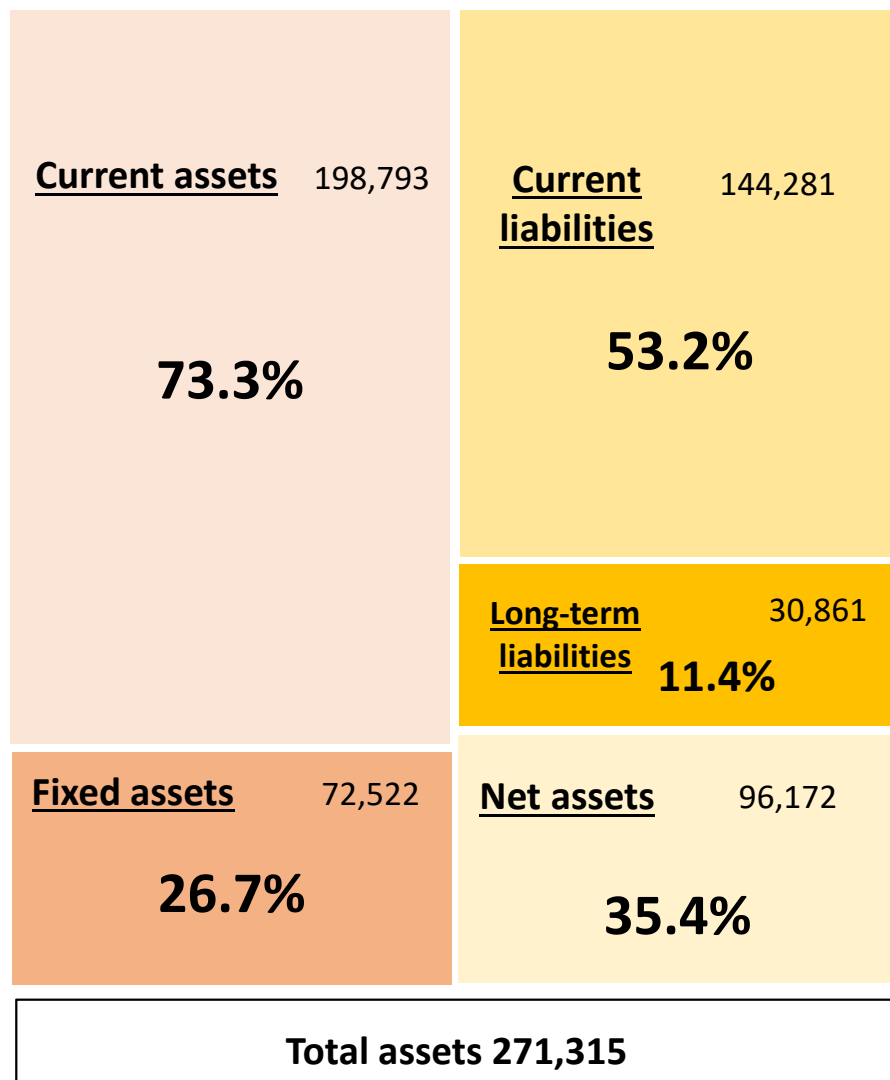
- Drugstore: Increase in sales due to expanded transactions
- Others: Variety stores handled mainly for cosmetics performed well



■ Consolidated Balance Sheets

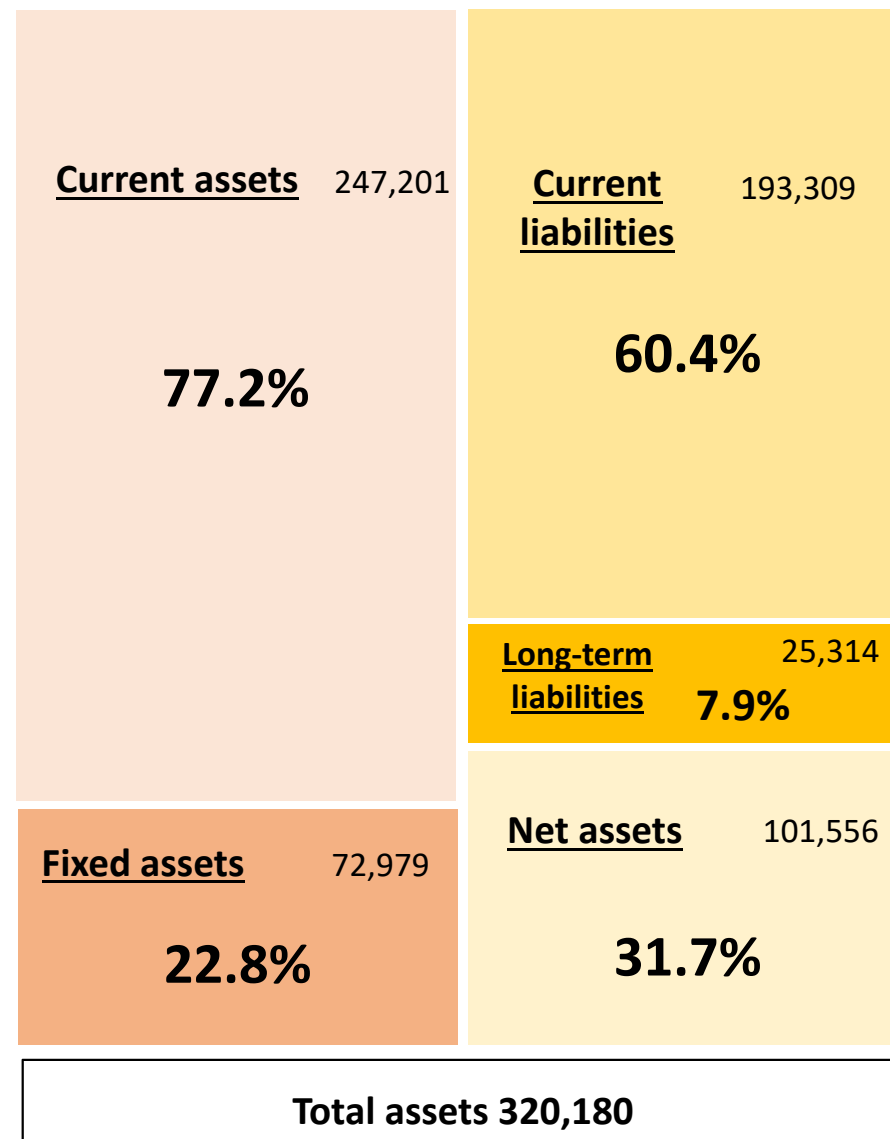
FY2021

(Millions of yen)



Q3 FY2022

(Millions of yen)





■ Consolidated Statements of Income (**Accounting period**)

(Millions of yen)	Q1			Q2			Q3		
	FY2021	FY2022	YoY change rate(%)	FY2021	FY2022	YoY change rate(%)	FY2021	FY2022	YoY change rate(%)
Net sales	213,840	220,051	102.9	215,653	225,169	104.4	223,387	233,776	104.7
Gross profit	21,173	21,534	101.7	21,324	21,531	101.0	21,823	22,671	103.9
SG&A expenses	17,617	18,104	102.8	17,779	18,594	104.6	18,270	18,940	103.7
Operating income	3,556	3,429	96.4	3,545	2,937	82.8	3,553	3,730	105.0
Ordinary income	3,808	3,768	99.0	3,756	3,145	83.7	3,774	3,871	102.6
Profit attributable to owners of parent Quarterly Net Income	2,649	2,546	96.1	2,565	2,104	82.0	2,406	2,582	107.3

Turn positive on YoY basis in the Q3



■ Forecasts for FY2022

(Millions of yen)	Q3 FY2022 results	Year-end forecast	Progress (%)
Net sales	678,996	870,000	78.0
Operating income	10,097	13,300	75.9
Ordinary income	10,785	14,000	77.0
Profit attributable to owners of parent (Quarterly) Net Income	7,233	9,500	76.1

Achieved 75% progress rate as of the end of the Q3

**By continuing to improve profitability and productivity
Expect to achieve year-end targets**



Topics



■ Notice of New Center Operations

March 2023 New establishment and relocation of TSURUHA Kanto Distribution Center

Since 2009, we have operated a special center for TSURUHA Holdings, Inc. in Yachiyo City, Chiba Prefecture. Relocated to a new BTS (build-to-suit) distribution center established by GLP Japan Inc. on the same site.



New Center Concept:

Contributing to SDGs targets

- ① Labor saving by state-of-the-art material handling
To create a comfortable working environment
- ② Reuse of equipment and fixtures at existing centers
- ③ Strengthen BCP
- ④ Use of Renewable Energy

Realization of
laborsaving centers

Manpower
required
Down 15%

shipping capacity
Up 36%



Productivity
1.6 times

For details, see the news release on January 31. <https://ssl4.eir-parts.net/doc/2733/tdnet/2227202/00.pdf>



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