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ARATA Corporation

Q2 of Fiscal Year Ending March 2025 Financial Results





Q2 FY03/2025 results



■ Q2 FY03/2025 Highlights

Q2 FY03/2025

Record-high Net sales and Ordinary income

Point

**Sales growth
in the H&B and Pet categories**

**Improve Gross profit
by expanding H&B categories**



Achieve Net sales targets

Increases in SG&A expenses



**Not achieve
Operating income and
Ordinary income targets**

Steady growth in sales, the cornerstone of growth



■ Consolidated Statements of Income

(Millions of yen)	Q2 FY03/2024 Results	Q2 FY03/2025 Results	YoY change		Q2 FY03/2025 Planning	Progress rate Rate (%)
			Change	Rate (%)		
Net sales	471,388	491,522	20,134	104.3	488,000	100.7
Gross profit	46,181	48,641	2,459	105.3	-	-
SG&A expenses	38,208	40,467	2,258	105.9	-	-
Operating income	7,973	8,174	200	102.5	8,650	94.5
Ordinary income	8,424	8,569	145	101.7	8,750	97.9
Profit attributable to owners of parent Net income	5,687	5,808	121	102.1	5,800	100.1



■ Q2 FY03/2025 Overview and Factors

Net sales: Record highs achieved for the 10th consecutive year
Achieved plan for 2Q FY03/2025

Net Sales : JPY491.522 billion YoY: +JPY20.134 billion 104.3%

Q2 FY03/2025 Cumulative Net Sales YoY **104.3%**

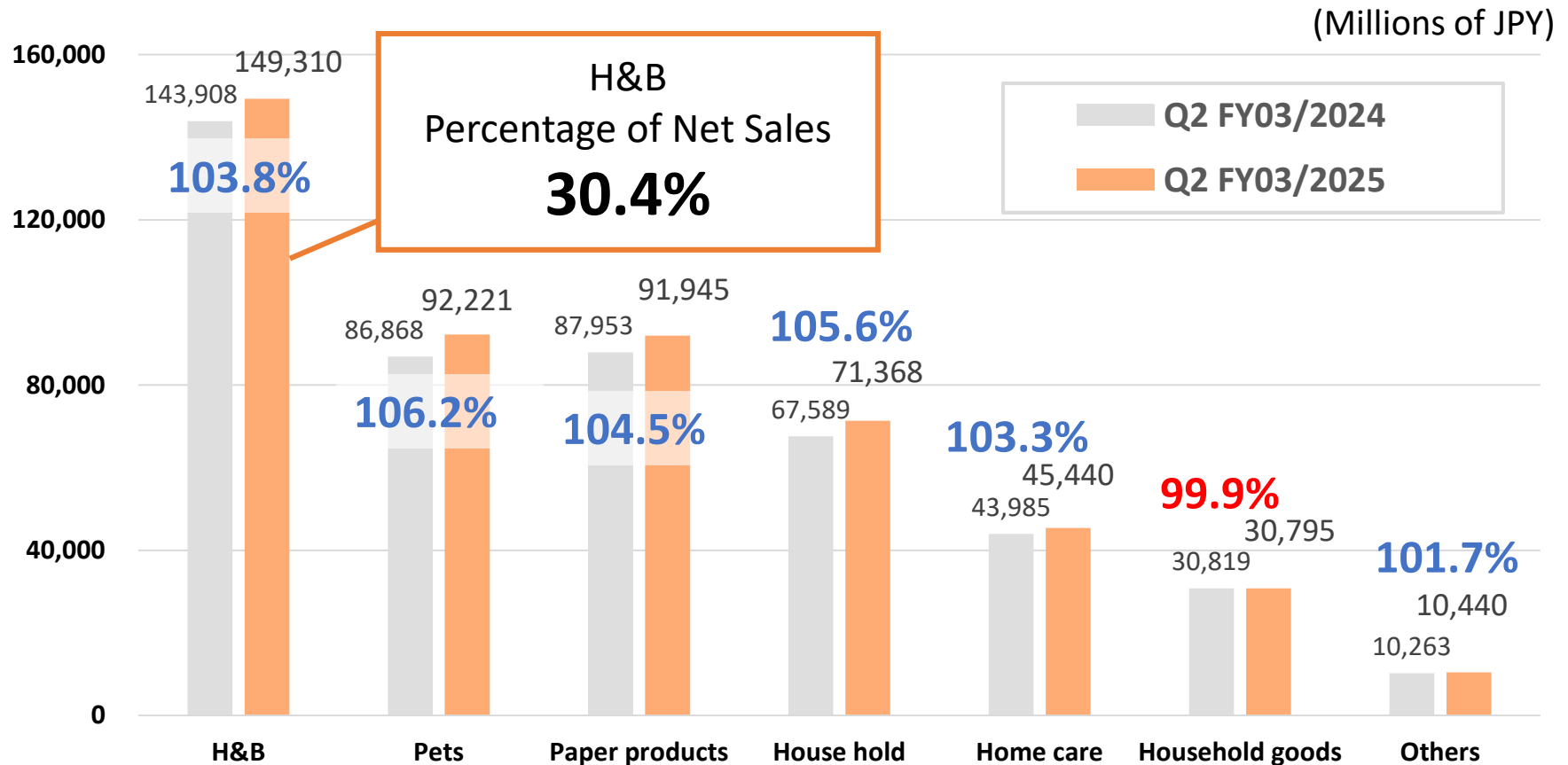
- Success of existing focus categories (H&B and pets)
- Expand sales of exclusive and preferential distribution items
- Improvement of product unit price
- Increase in sales of high-volume products and high value-added products
- Increase in sales of basic cosmetics and makeup cosmetics due to an increase in outing opportunities
- Commencement of business with new retailers

Steady growth in sales, the cornerstone of growth

**Further Expansion through
Medium-Term Management Plan 2026 Strategy**



■ Sales by Category (YoY)

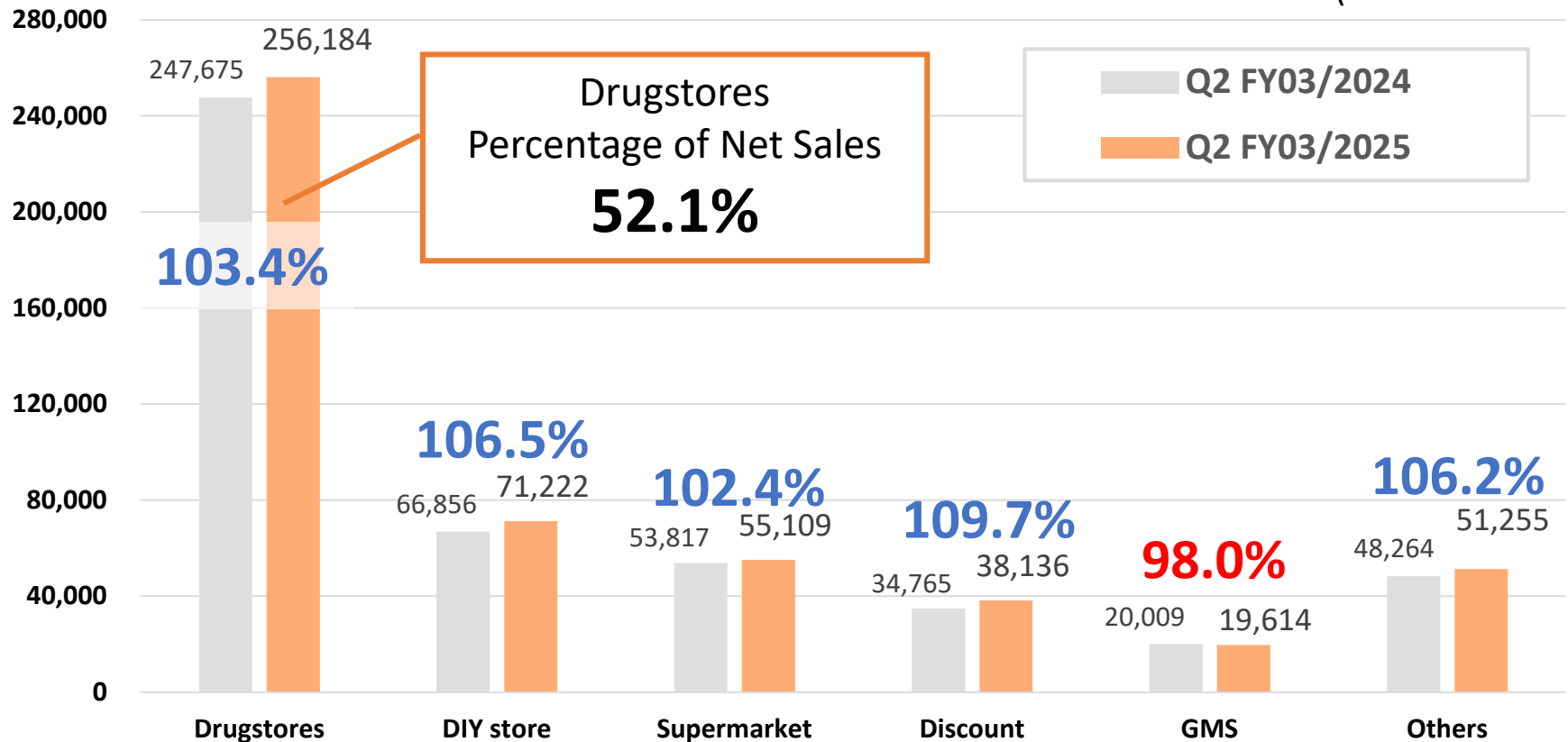


- H&B: Increase in sales of makeup cosmetics due to an increase in outing opportunities
- Pets: Strong performance, including higher unit prices and high value-added food due to the aging of pets



■ Net Sales by Business Category (YoY)

(Millions of JPY)



- Drugstore: Increase sales due to business expansion and strategic expansion of H&B and pets



■ Q2 FY03/2025 Overview and Factors

Ordinary income: Record highs achieved

Not achieved plan for 2Q FY03/2025

Ordinary income: JPY8.569 billion YoY: +JPY145 million 101.7%

Gross profit : JPY48.641 billion YoY: +JPY2.459 billion 105.3%

Gross margin: 9.90% YoY +0.10 points

- Strong sales of exclusive cosmetics and other products/Improvement in unit prices (104.6% YoY)

SG&A expenses: JPY40.467 billion YoY: +JPY2.258 billion 105.9%

SG&A ratio: 8.23% YoY +0.12 points

- Increase in logistics costs due to response to the 2024 issue of Logistics
- Increase in personnel expenses for employees
(increase in personnel expenses for part-time employees, etc.)
- Increase in sales promotion expenses due to upfront investment for development of own brand



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

(Millions of JPY)	Q1			Q2		
	FY03/2024	FY03/2025	YoY change Rate (%)	FY03/2024	FY03/2025	YoY change Rate (%)
Net sales	235,239	245,604	104.4	236,148	245,918	104.1
Gross profit	23,221	24,726	106.5	22,960	23,914	104.2
SG&A expenses	18,873	20,016	106.1	19,334	20,450	105.8
Operating income	4,347	4,710	108.3	3,626	3,463	95.5
Ordinary income	4,669	5,057	108.3	3,754	3,512	93.5
Profit attributable to owners of parent Interim (quarterly) Net profit	3,190	3,438	107.8	2,497	2,370	94.9



■ Factors for Failure to Achieve Profit Plan and Measures in H2 FY03/2025

(Millions of yen)	Q2 FY03/2024 Results	Q2 FY03/2025 Results	YoY change	
			Change	Rate (%)
SG&A expenses	38,208	40,467	2,258	105.9
- Logistics cost	12,555	13,522	966	107.7
- Personnel expenses	16,753	17,453	699	104.2

Increase in Logistics costs

Cause

- Increase in freight and storage fees due to response to the 2024 issue of Logistics
- Temporary increase due to a change in the treatment of accounting items

Measures in H2

- Efforts to improve loading efficiency
- Efforts to Streamline Delivery

Increase in Personnel expenses

- Delay in implementation of IT Mid-term Management Plan measures to achieve efficiency targets → Increase in personnel expenses for part-time workers
- Increase in number of employees due to decrease in turnover rate, future personnel strategy, investment in human resources → Increase in personnel expenses

- Maintain and implement IT medium-term Management plan measures
- Measures to improve in-house productivity using AI

Improve the SG&A ratio in H2 FY03/2025



■H2 FY03/2025 measures

Measures to Improve Sales and Gross Profit

- Aim to expand the composition ratio of focus categories (H&B and pets)
 - Commencement of transactions with new retailers and expansion of existing transactions
 - Enhance product lineup by developing new brands such as Asian cosmetics
 - Strengthen originality by expanding exclusive and preferential distribution items
- Expanded to include categories other than cosmetics and hair care



Promote both sales and gross profit growth and improvement of SG&A ratio

FY03/2025 Targets

Operating income
JPY16.3 billion

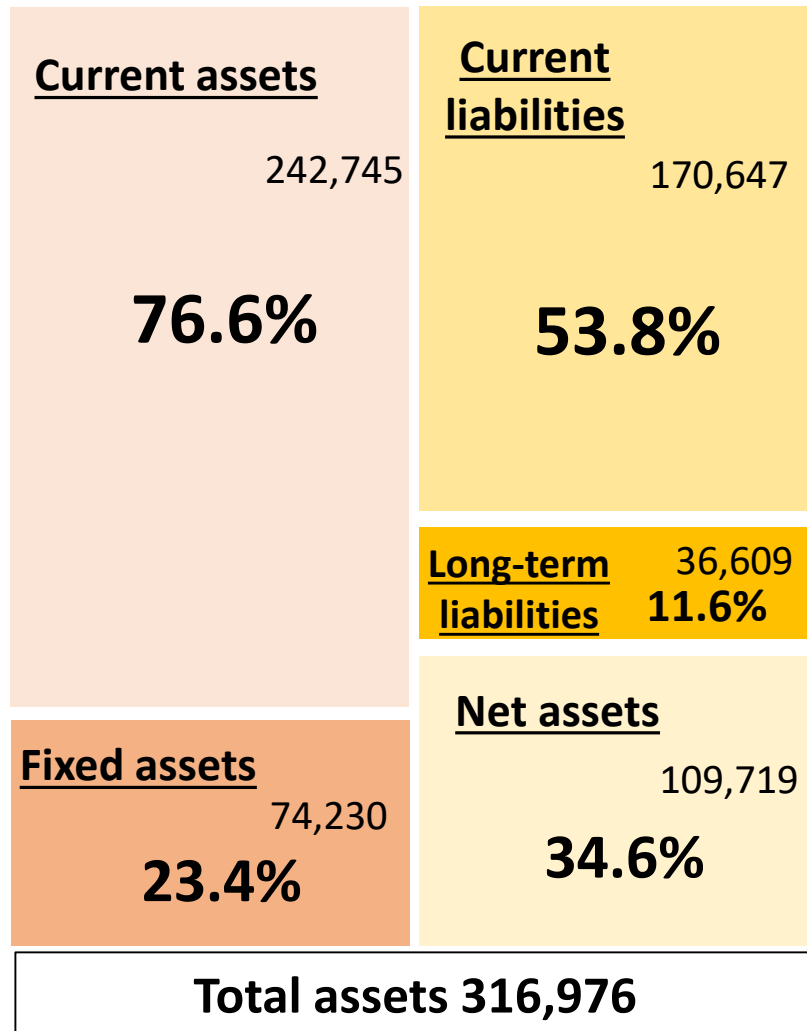
Ordinary income
JPY16.6 billion



■ Consolidated Balance Sheets

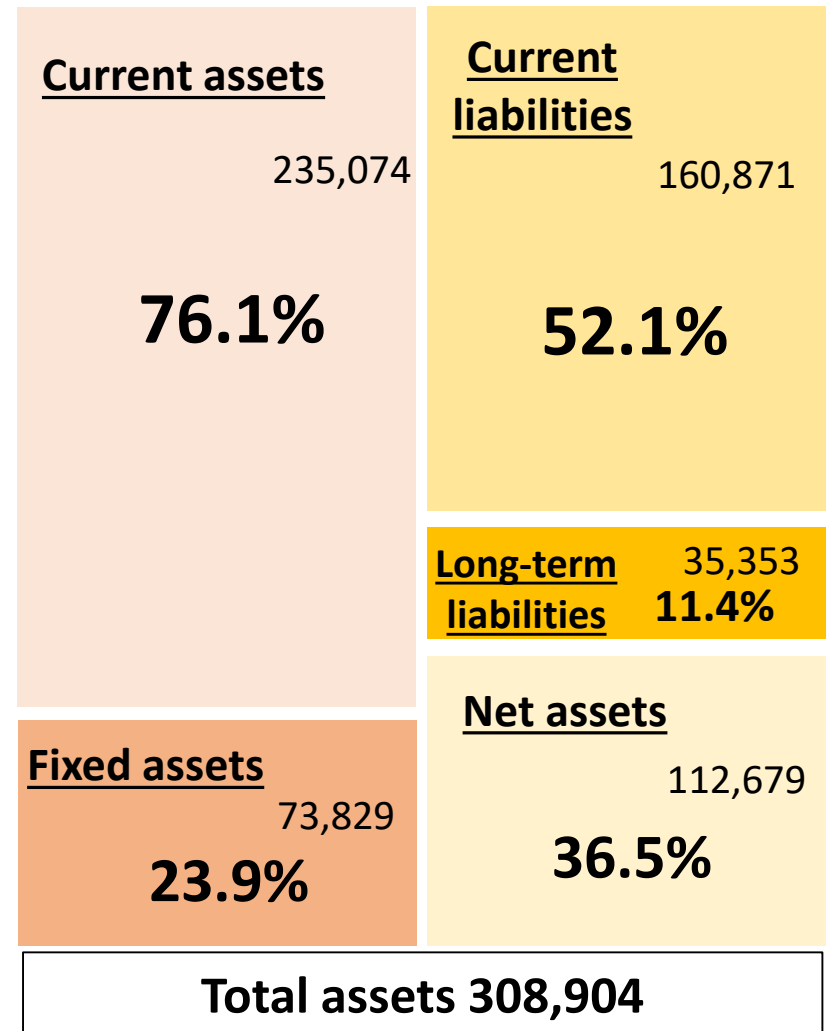
FY03/2024

(Millions of JPY)



Q2 FY03/2025

(Millions of JPY)





Progress of Medium-Term Management Plan 2026

■ Medium-Term Management Plan 2026 measures: Growth Strategy (Strengthen Categories)

Participated in the JAPAN Drugstore Show 2024 from August 30 to September 1, 2024

Cosmetic booth



Concept

“Luxurious Pop”

- ✓ Touch-up at the make-up booth
- ✓ Various events such as makeup contests by beauty school students!

Introducing our unique lineup
centered on Asian cosmetics

Fem booth



Concept

"Connection"

- ✓ JAPAN FEMTECH ASSOCIATION x ARATA
Employee Dialogue Events

Propose cross MD unique to
wholesalers with the aim of reforming
the feminine care sales floor

Pet booth



ジャペル株式会社

- ✓ Proposing high-value-added pet foods and
household pet appliances in response to changing
demand

Comprehensive proposals that
leverage the strengths of the pet
wholesale No.1

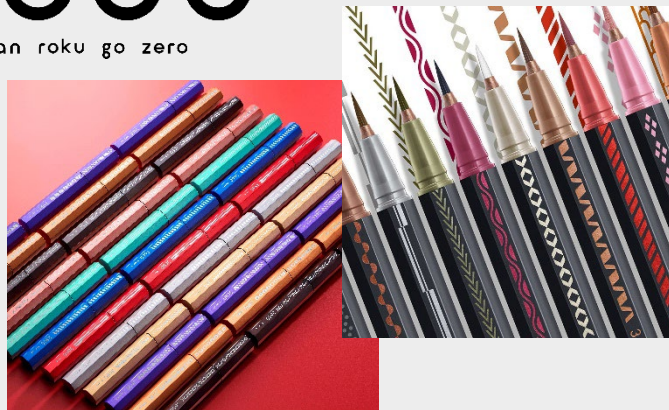
“Creating a Market” with Our Unique Product Proposals

- **Medium-Term Management Plan 2026 measures:**
Growth Strategy (Expansion of exclusive and preferential distribution items)
Strengthen sales promotion of our original cosmetic brand “3650 (san roku go zero)”

✓ Planning collaboration with “GENIC”, a new-generation dancing and vocal group

Broadcast commercials via Web ads and digital signage in convenience stores!

3650
san roku go zero



✓ Pop-up events held at retailers throughout

✓ Opening of stores in external events



2024 October

Opened the first store in an outdoor festival sponsored by “niko and ...”

**Medium-to long-term growth strategy
that goes beyond the framework of wholesalers**

■ New initiatives: Began dealing with convenience store formats

Commencement of transactions with major convenience store operators

Promote Medium-Term Management Plan 2026 strategy
(category strategy, expand exclusive and preferential distribution items)

Implementation of strategic measures to expand new business partners

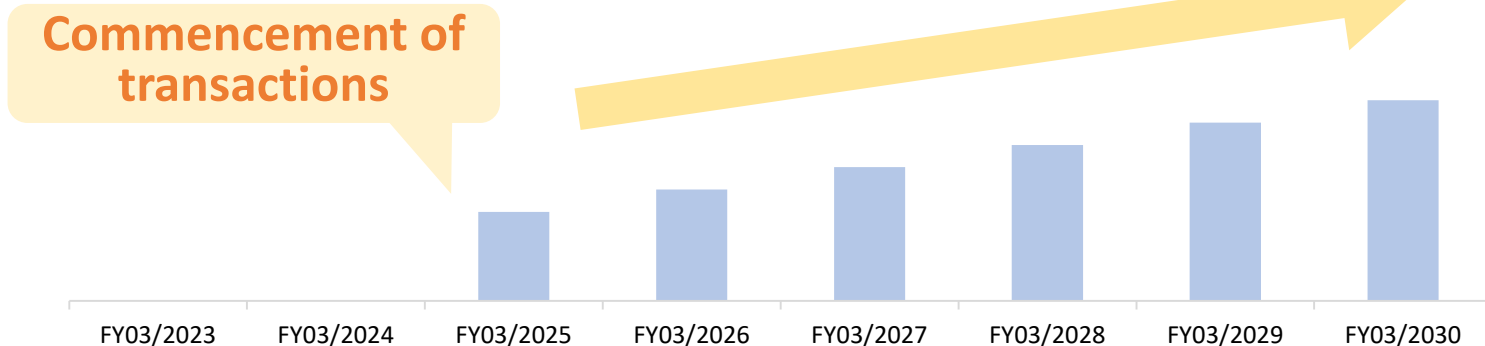


Full-fledged launch in convenience stores in H2 FY03/2025

Providing New Value through Our Unique Proposals Centered on Cosme

Contributing to the Realization of Medium-Term Management Plan 2026 and Long-Term Management Vision 2030

Aim for further expansion





■ Earnings forecast

(Billions of JPY)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent Net Income
FY03/2023 Results	891.6	12.8	13.6	8.2
	105.9%	113.2%	112.1%	125.5%
FY03/2024 Results	944.1	14.5	15.3	10.3
	102.6%	112.3%	108.2%	106.6%
FY03/2025 Forecast	969.0	16.3	16.6	11.0
	103.2%		120.5%	
FY03/2026 Forecast	1,000.0	-	20.0	-

Accelerating Growth to Achieve Medium-Term Management Plan 2026

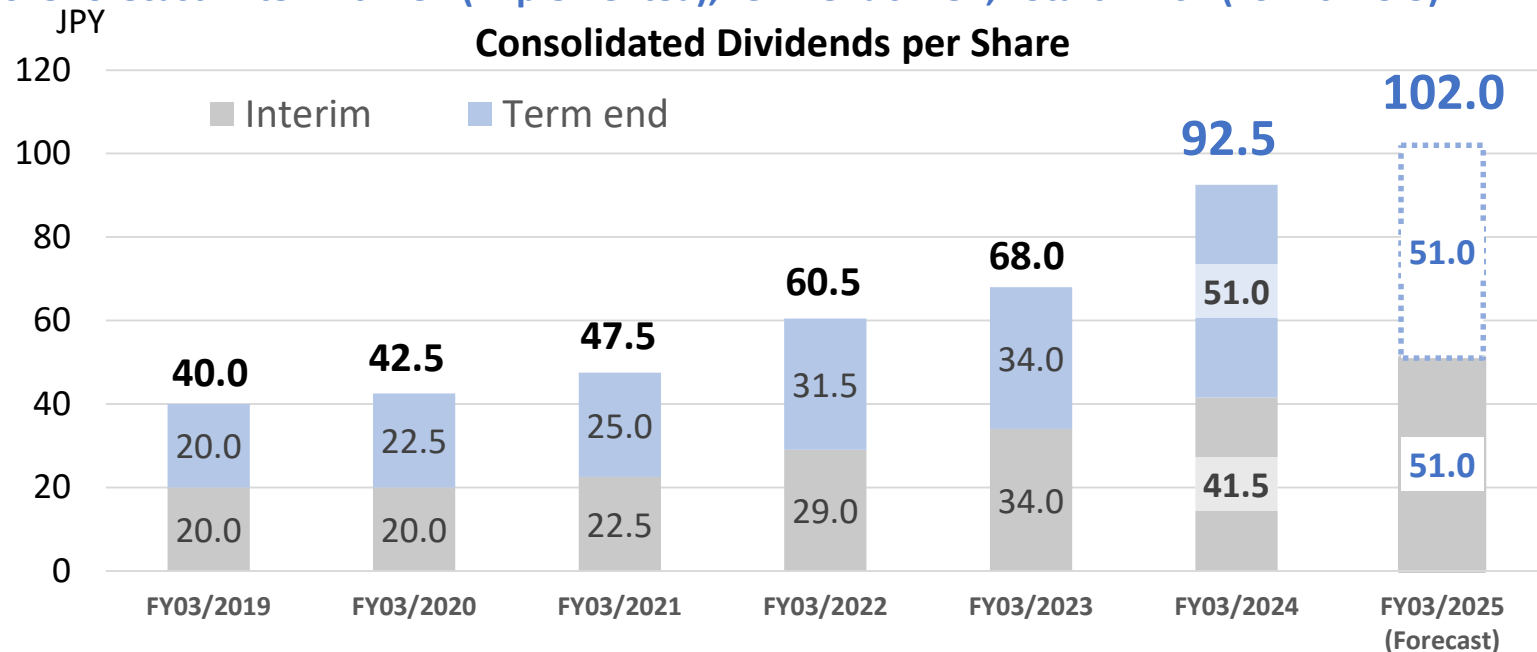


■ Medium-Term Management Plan 2026 measures : Financial Strategy (Return to Shareholders)

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

FY03/2024: Interim JPY41.5, Term end JPY51, Total JPY92.5 (YoY +JPY24.5)
9th consecutive year of dividend increases

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



Consolidated
dividend
payout ratio

20.1%

20.6%

19.8%

22.9%

28.2%

30.5%

31.6%

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



■ Medium-Term Management Plan 2026 measures : Financial Strategy (Stock and Shareholder Strategy)

Acquisition of treasury stock

Acquisition period: November 8, 2023 to November 7, 2024

Total amount of shares to be acquired: Up to JPY3 billion

► Completion of acquisition

Cumulative treasury stock repurchased through November 7, 2024

Total number of shares acquired: 923.8 thousand shares

Total amount of shares acquired: JPY2,999,966.5 thousand

	FY03/2023		FY03/2024		FY03/2025	
	Interim	Term end	Interim	Term end	Interim	Term end
Market capitalization (billion)	JPY74.0	JPY73.1	JPY100.6	JPY118.9	JPY130.8	-
PBR (times)	0.70	0.68	0.89	1.01	1.08	-
Number of Shareholders (persons)	6,335	5,476	5,761	6,545	11,805	-

Market capitalization 1.8 times
Achieved over PBR1 multiple
Number of Shareholders 1.9 times



Topics

■Integrated Report 2024 issued

English version will be published in December 2024



Please refer to the Integrated Report for details of our activities.

Aarata Integrated Report



Search



[Integrated Report Theme]

TAKE ACTION

Introduction to the Strategy and Initiatives for the First Year of the Medium-Term Management Plan 2026 for Various Actions to Expand Growth



Continuously enhance content as a tool for dialogue with stakeholders



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