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ARATA Corporation

Q3 of Fiscal Year Ending March 2025 Financial Results





■ Q3 FY03/2025 Highlights

- Sales growth in the H&B and Pet categories
- Sales growth due to expansion of new transactions
- Improve Gross profit by expanding H&B categories
- Increase in SG&A expenses due to increase in Logistics and Personnel expenses



In Q3 FY03/2025

**Net sales, Operating income and Ordinary income
all reached highs**

**Steady growth in sales, the cornerstone of growth
Profitability Improves in the Q3**



■ Consolidated Statements of Income

(Millions of JPY)	Q3 FY03/2024	Q3 FY03/2025	YoY change		Planning	Progress rate
	Results	Results	Change	Rate (%)		Rate (%)
Net sales	719,119	754,500	35,381	104.9	969,000	77.9
Gross profit	70,589	74,454	3,864	105.5	-	-
SG&A expenses	58,161	61,354	3,192	105.5	-	-
Operating income	12,428	13,100	671	105.4	16,300	80.4
Ordinary income	12,999	13,777	778	106.0	16,600	83.0
Profit attributable to owners of parent Quarterly Net profit	8,736	9,398	661	107.6	11,000	85.4



■ Q3 FY03/2025 Factors

Net sales: Record highs achieved for the 10th consecutive year

Net Sales : JPY754.5 billion YoY: +JPY35.381 billion 104.9%

Q3 FY03/2025 Cumulative Net sales YoY 104.9%

- 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
- Sales expansion due to inbound demand

Steady growth in sales, the cornerstone of growth

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



■ Q3 FY03/2025 Factors

Ordinary income: Record highs achieved

Ordinary income: JPY13.777 billion YoY: +JPY778 million 106.0%

Gross profit : JPY74.454 billion YoY: +JPY3.864 billion 105.5%

Gross margin: 9.87% YoY +0.05 points

- Strong sales of exclusive cosmetics and other products/Improvement in unit prices (104.2% YoY)

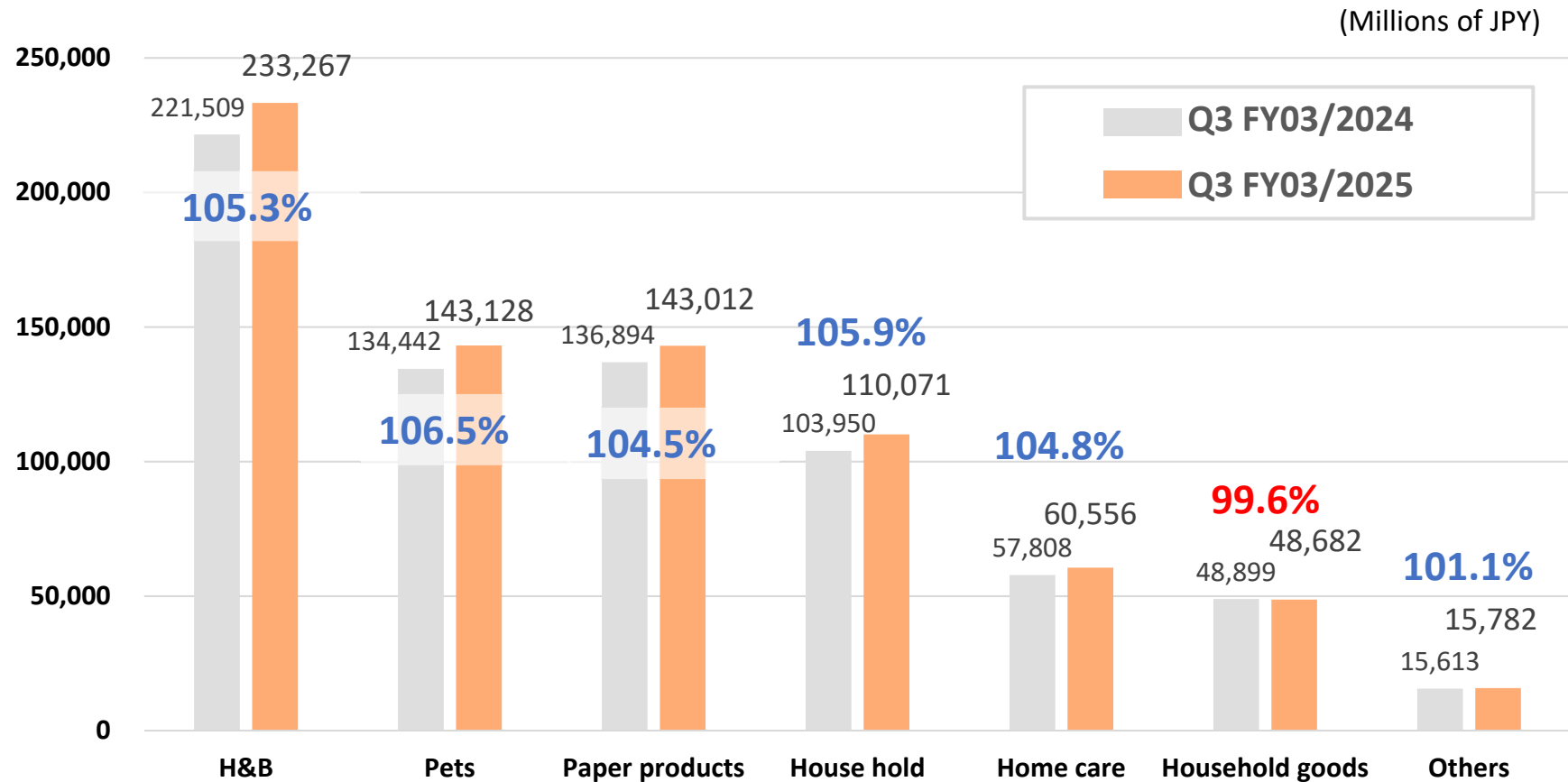
SG&A expenses: JPY61.354 billion YoY: +JPY3.192 billion 105.5%

SG&A ratio: 8.13% YoY +0.04 points

- Increase in logistics costs due to response to the 2024 problem of Logistics
 - Increase in personnel expenses for employees
(increase in personnel expenses for part-time employees, etc.)
- ⇔ Decrease in personnel expense ratio by improving warehouse and operational productivity through the implementation of IT Medium-Term Management Plan measures



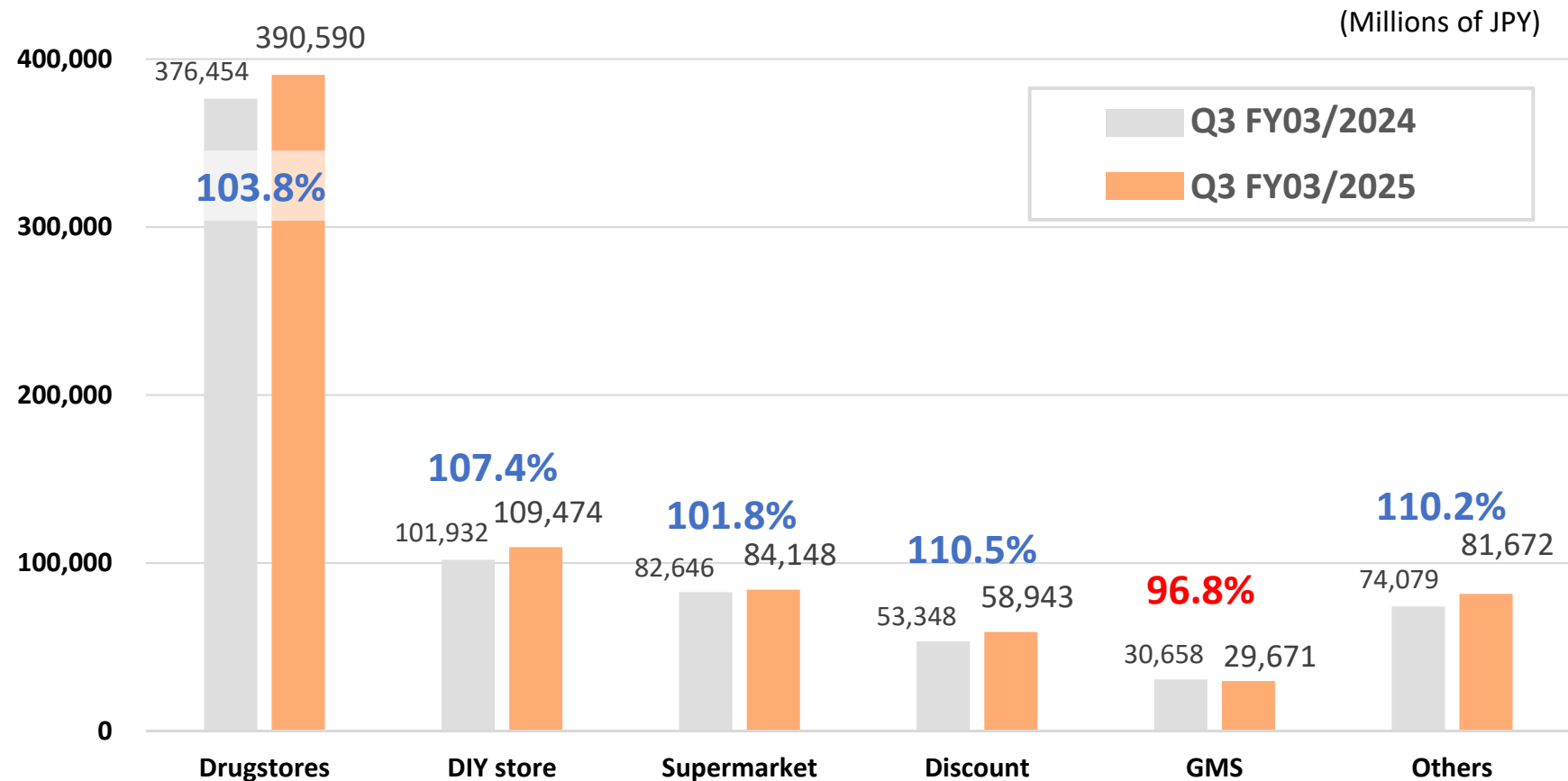
■ Sales by Category (YoY)



- H&B: Increase in sales of basic cosmetics and makeup cosmetics due to an increase in outing opportunities
- Pets: Improved unit prices and Increase in sales of high value-added foods due to the aging of pets



■ Net Sales by Business Category (YoY)



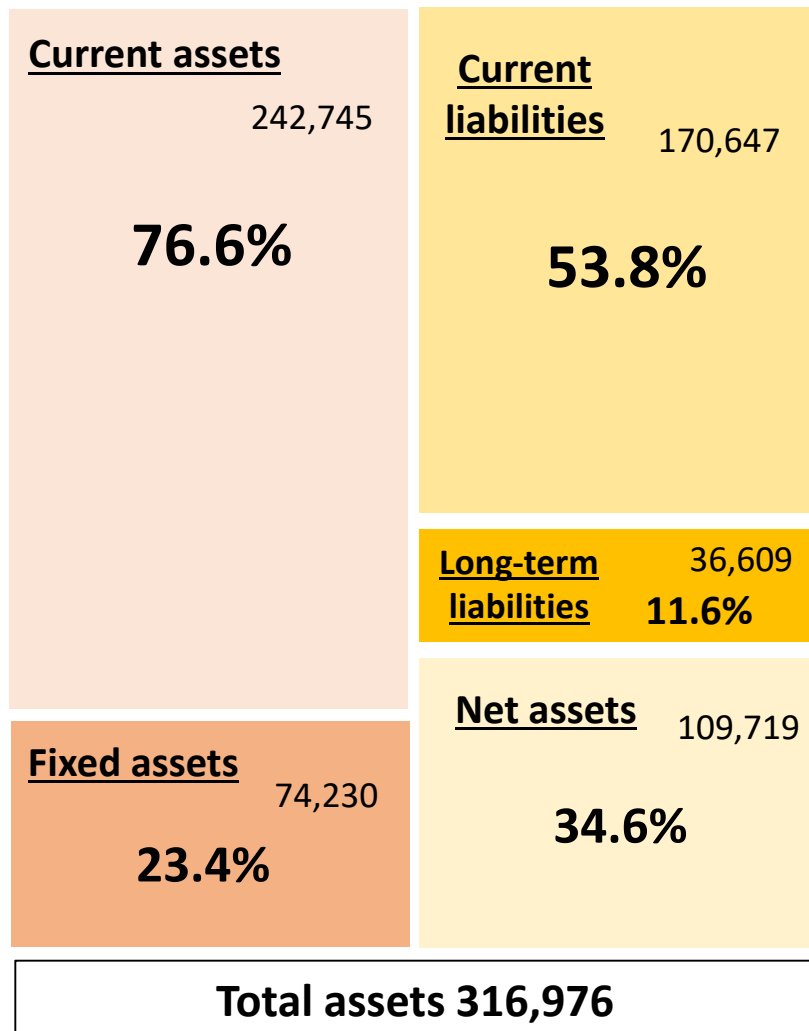
- Inbound demand: Drugstores, Discount stores
- Newly opened store and new transactions: Drugstores, DIY stores , Others



■ Consolidated Balance Sheets

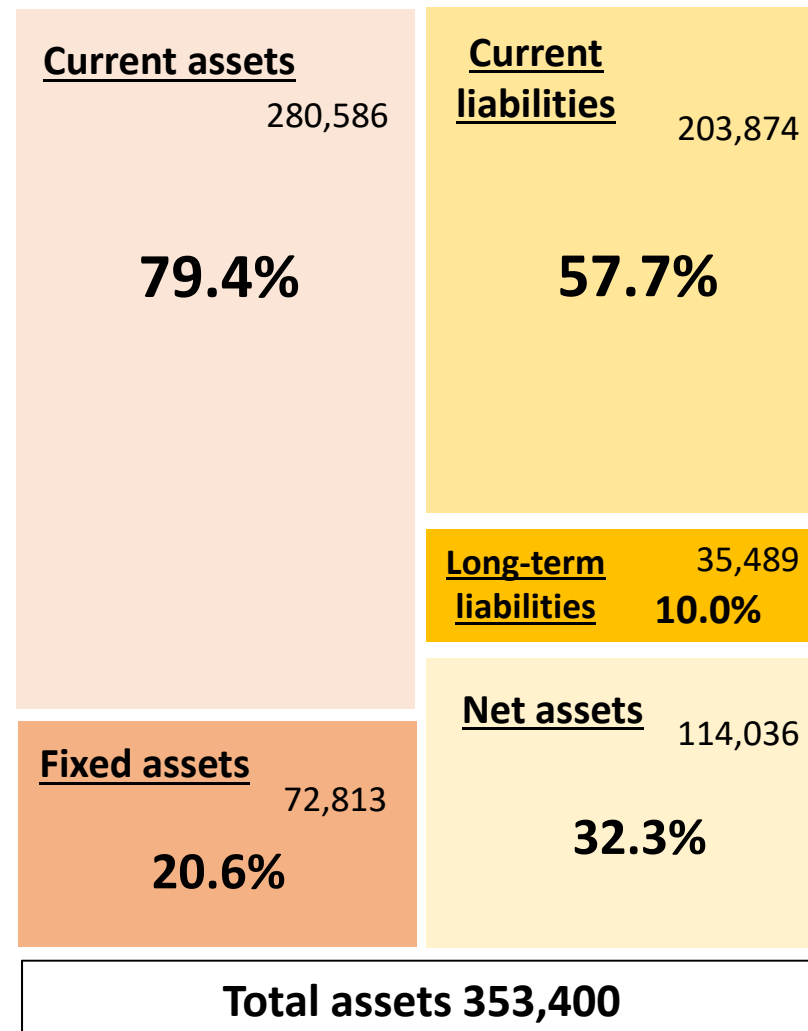
FY03/2024

(Millions of JPY)



Q3 FY03/2025

(Millions of JPY)



Q3 FY03/2025 results



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

(Millions of JPY)	Q1			Q2			Q3		
	FY03/2024	FY03/2025	YoY change Rate (%)	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	247,730	262,978	106.2
Gross profit	23,221 (9.87)	24,726 (10.07)	106.5 (+0.20)	22,960 (9.72)	23,914 (9.72)	104.2 (+0.00)	24,407 (9.85)	25,813 (9.82)	105.8 (▲0.03)
SG&A expenses	18,873 (8.02)	20,016 (8.15)	106.1 (+0.13)	19,334 (8.19)	20,450 (8.32)	105.8 (+0.13)	19,953 (8.05)	20,887 (7.94)	104.7 (▲0.11)
-Logistics costs	6,213 (2.64)	6,716 (2.73)	108.1 (+0.09)	6,341 (2.69)	6,805 (2.77)	107.3 (+0.08)	6,754 (2.73)	7,276 (2.77)	107.7 (+0.04)
-Personnel expenses	8,276 (3.52)	8,633 (3.52)	104.3 (▲0.00)	8,477 (3.59)	8,819 (3.59)	104.0 (▲0.00)	8,381 (3.38)	8,794 (3.34)	104.9 (▲0.04)
Operating income	4,347 (1.85)	4,710 (1.92)	108.3 (+0.07)	3,626 (1.54)	3,463 (1.41)	95.5 (▲0.13)	4,454 (1.80)	4,925 (1.87)	110.6 (+0.07)
Ordinary income	4,669 (1.98)	5,057 (2.06)	108.3 (+0.08)	3,754 (1.59)	3,512 (1.43)	93.5 (▲0.16)	4,575 (1.85)	5,207 (1.98)	113.8 (+0.13)
Profit attributable to owners of parent Quarterly Net profit	3,190 (1.36)	3,438 (1.40)	107.8 (+0.04)	2,497 (1.06)	2,370 (0.96)	94.9 (▲0.10)	3,049 (1.23)	3,589 (1.36)	117.7 (+0.13)

Figures in parentheses indicate percentage of net sales

Key points for Q3 FY03/2025

- Significant increase in Net sales YoY
- Profit margin improved due to the effect of measures to curb SG&A expenses



■ Year-end targets and progress

	Progress of year-end targets			YoY of Cumulative Q3 Results			YoY of year-end targets		
(Millions of JPY)	Cumulative Q3 FY03/2024 Results	FY03/2025 Year-end target	Progress rate (%)	Cumulative Q3 FY03/2024 Results	Cumulative Q3 FY03/2025 Results	YoY change Rate (%)	FY03/2024 Year-end results	FY03/2025 Year-end target	YoY change Rate (%)
Net sales	754,500	969,000	77.9	719,119	754,500	104.9	944,149	969,000	102.6
Operating income	13,100	16,300	80.4	12,428	13,100	105.4	14,508	16,300	112.3
Ordinary income	13,777	16,600	83.0	12,999	13,777	106.0	15,341	16,600	108.2

Both sales and profits are above the standard progress (75%)

Profit target set with growth rate exceeding 3Q results

Toward the Achievement of Year-End Targets

- Net sales expected to achieve the fiscal year-end target by a large margin
- Operating Income and Ordinary Income Set Challenging Targets
→ Earned profit through sales expansion and measures to curb SG&A expenses



■ Q3 FY03/2025 Summary

- Record highs for Net sales, Operating income, and Ordinary income in cumulative Q3
 - Record high for Q3 accounting period
- Steady growth due to sales expansion and profit improvement

Toward the Achievement of Year-End Targets

FY03/2025 Year-end target

Net sales
JPY969 billion

Operating income
JPY16.3 billion

Ordinary income
JPY16.6 billion

- Net sales expected to achieve the fiscal year-end target by a large margin
- Challenging profit plan, but profit margins have been improving since Q3



Aim to increase profit

**through continuous sales expansion and
the implementation of measures to curb SG&A expenses**

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