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# **ARATA Corporation**

## **Fiscal Year Ending March 2025 Financial Results**





# **FY03/2025 Results**



## ■ 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**



## ■ Consolidated Statements of Income Record highs for all sales and profits

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



## ■ 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**



## ■ 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**

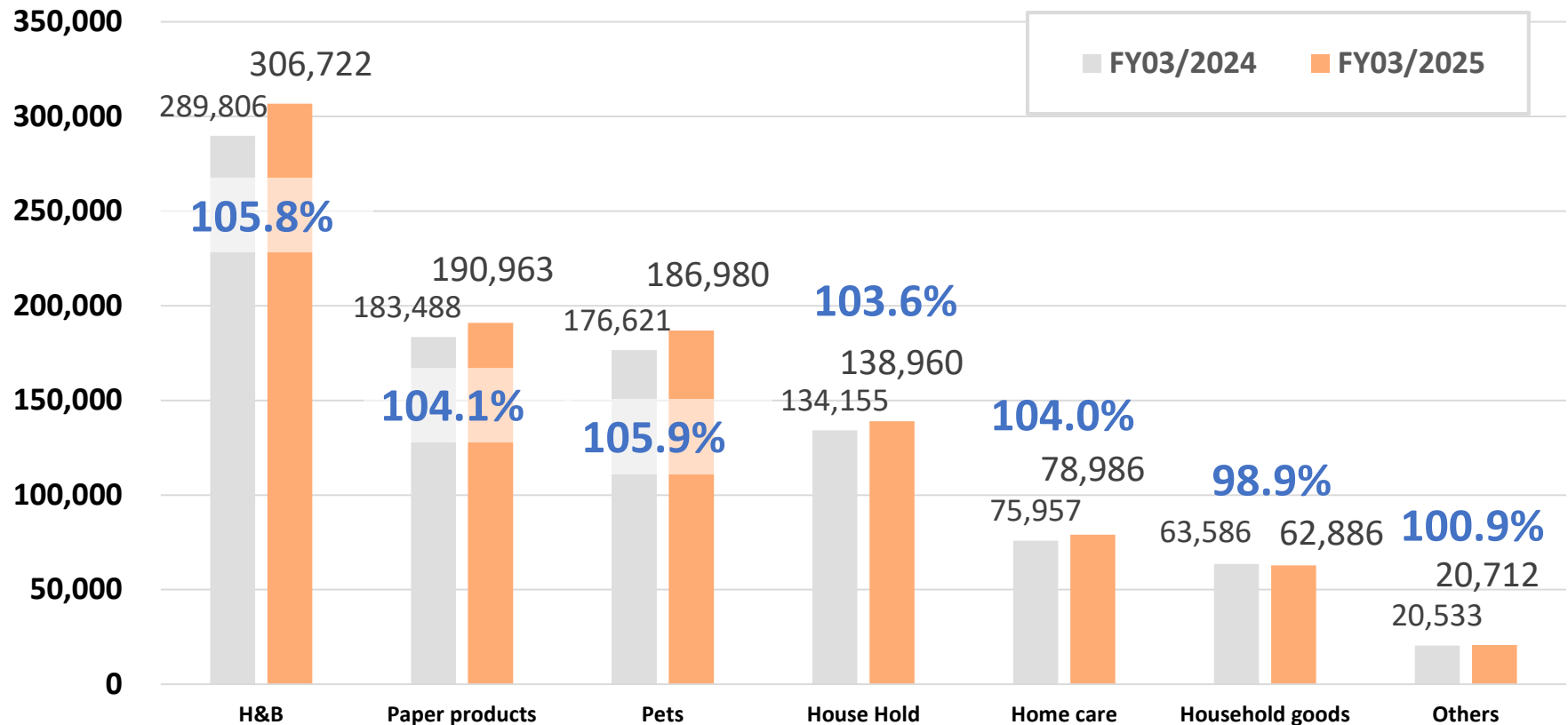
- Increase in personnel costs due to human capital investment
  - Increase in the number of employees due to personnel plans for the future
  - To improve the treatment of permanent and part-time employees
- Higher-than-expected freight rates due to the impact of the 2024 problem
- Increase in expenses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



## ■ Net Sales by Category (YoY)

(Millions of JPY)

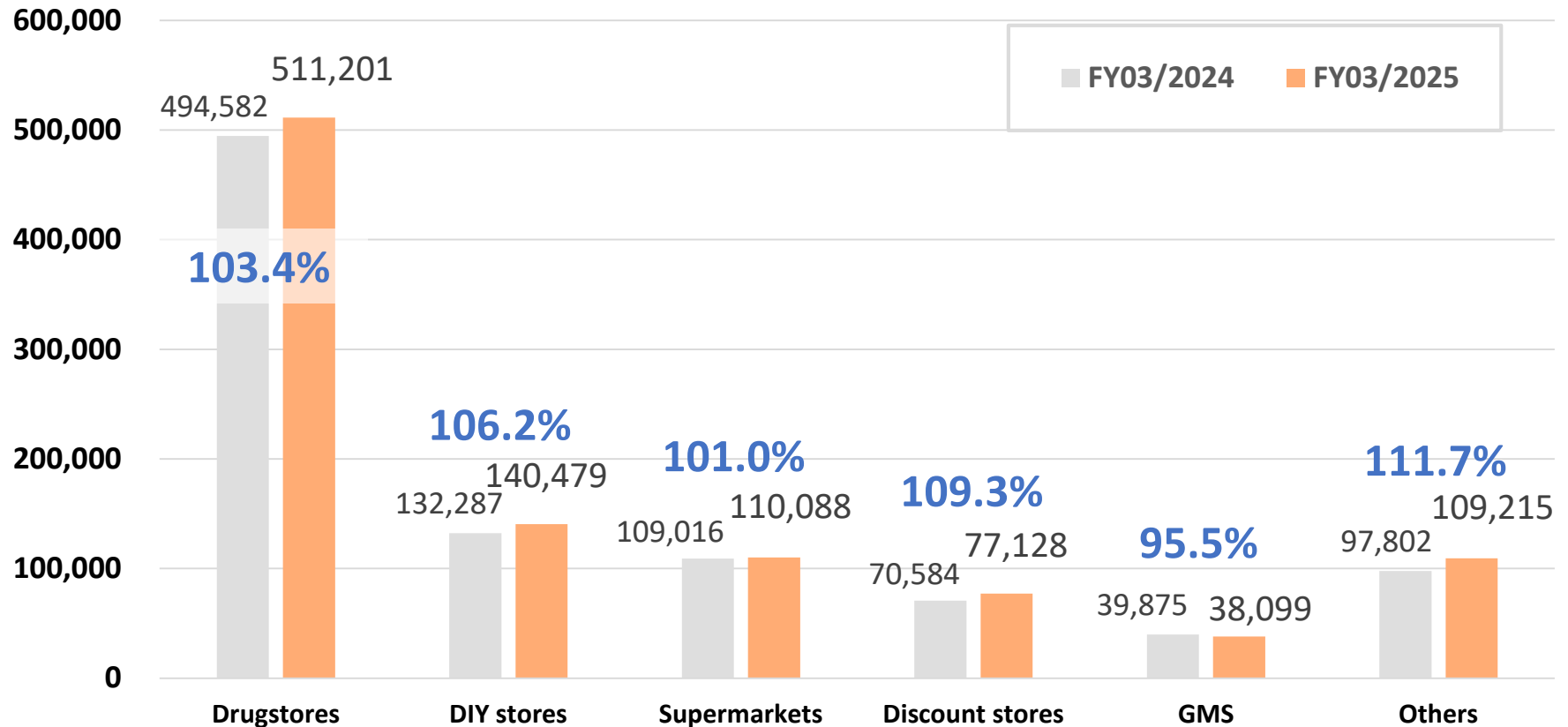


- H&B: Increase in sales of cosmetics, mainly makeup products and skincare products
- Pets: Improved unit prices and Increase in sales of high value-added foods due to the aging of pets



## ■ Net Sales by Business Category (YoY)

(Millions of JPY)



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

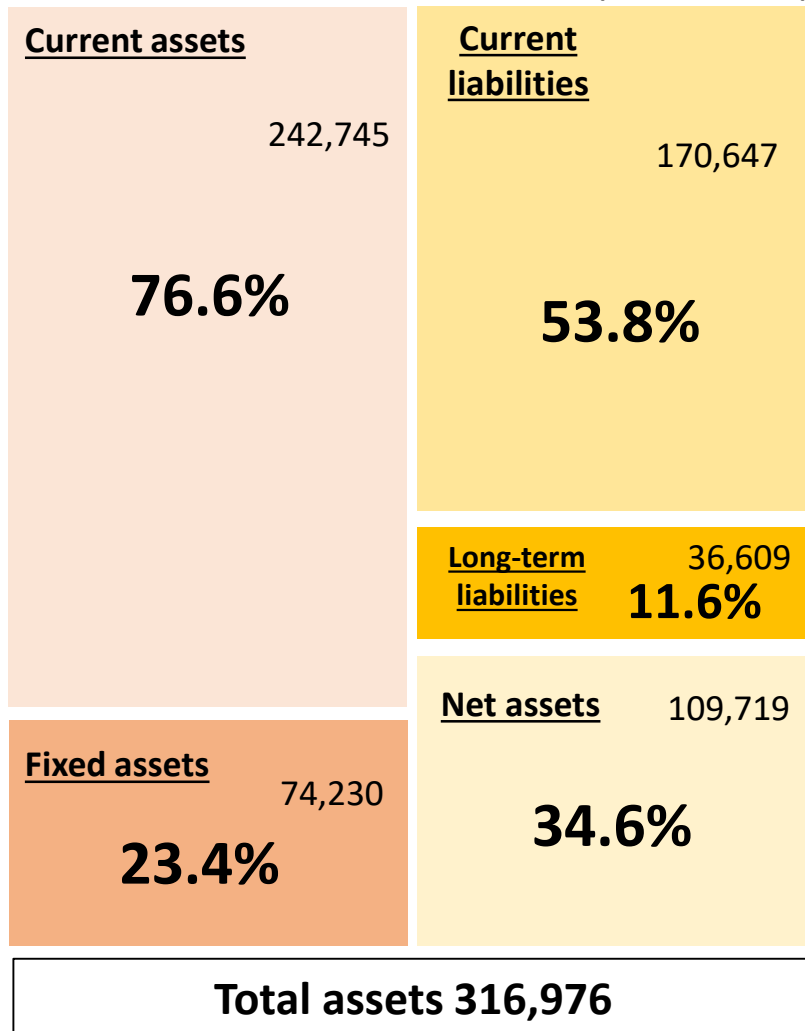




## ■ Consolidated Balance Sheets

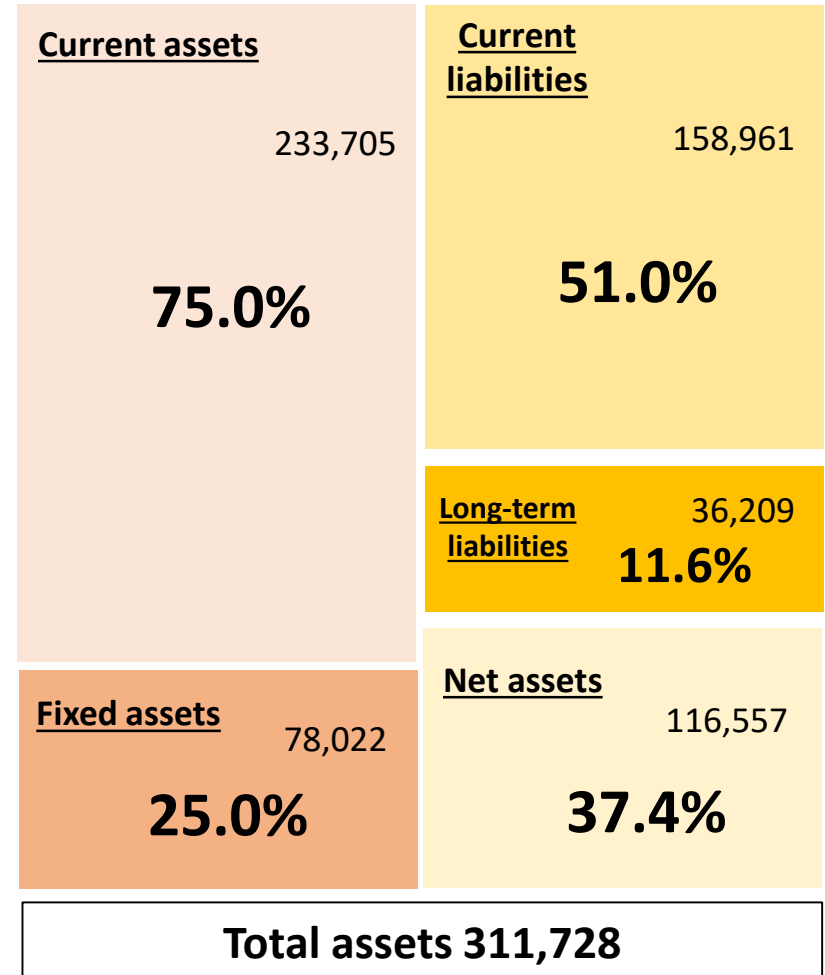
FY03/2024

(Millions of JPY)



FY03/2025

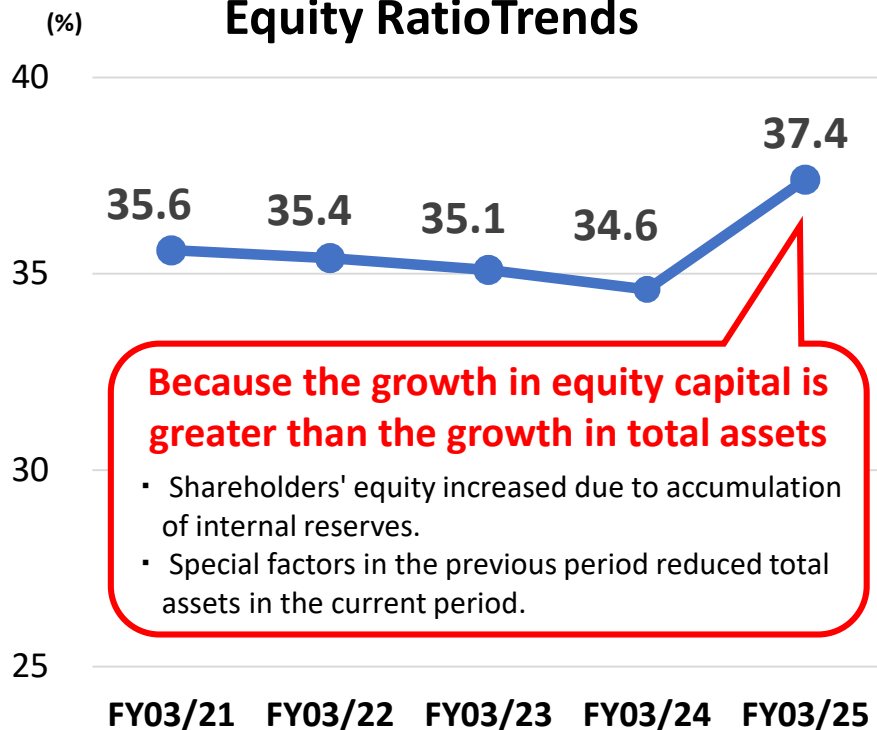
(Millions of JPY)





## ■ Ratio of net worth and ROE

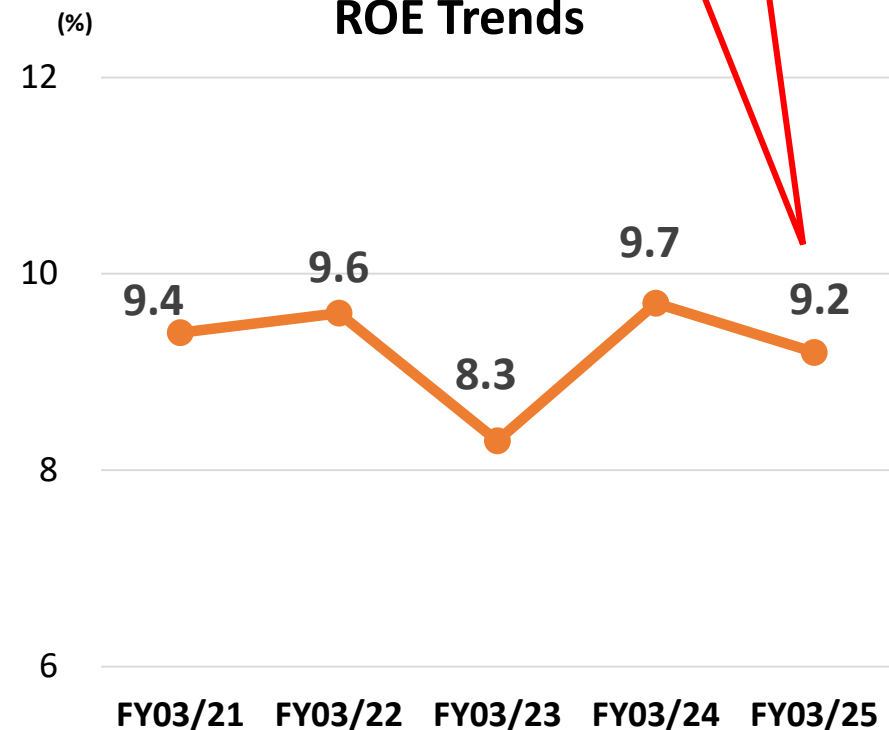
### Equity Ratio Trends



Excluding the temporary impact of structural reforms of the manufacturer function

**9.7~9.8%**

### ROE Trends



**Improve financial soundness and ensure profitability**



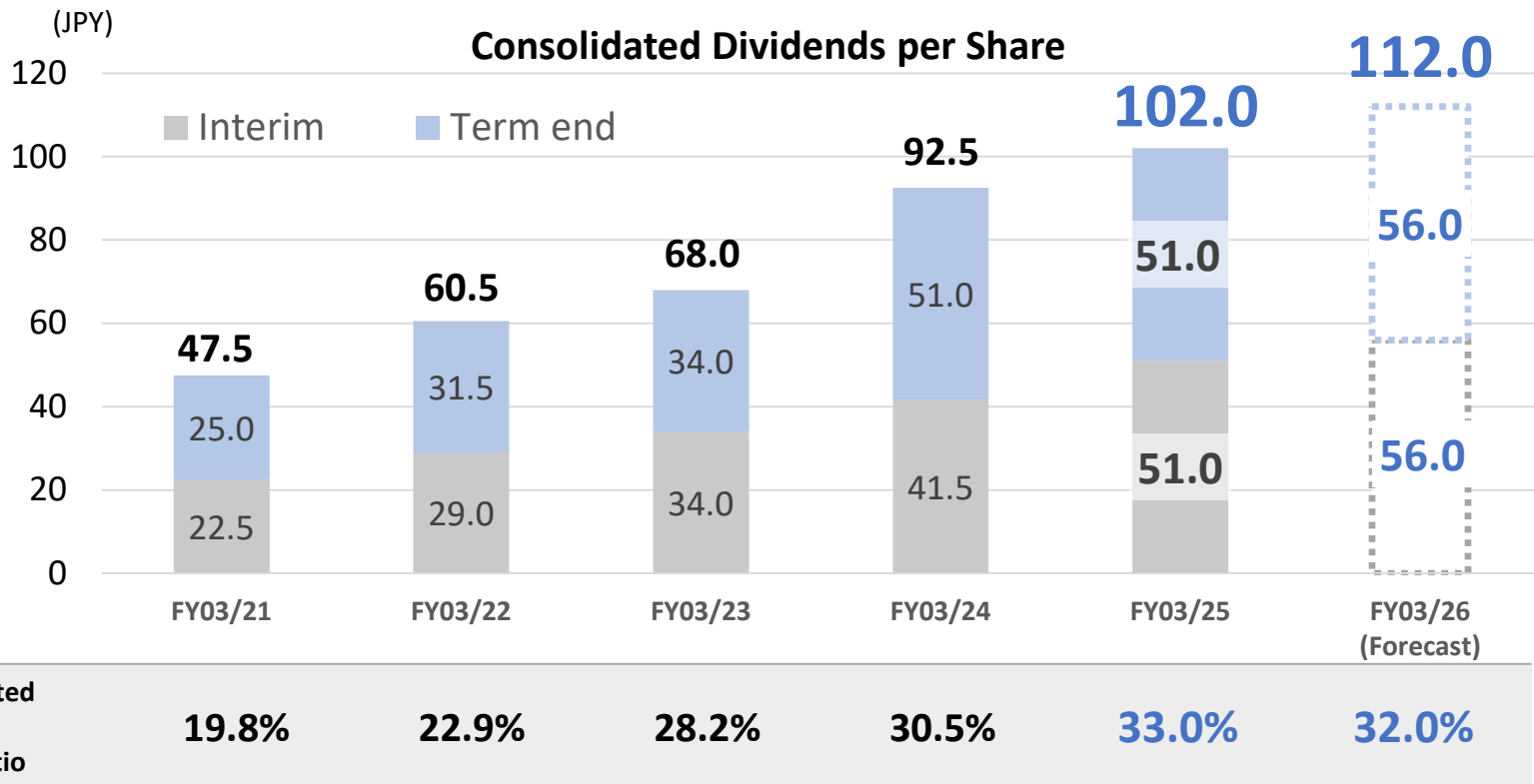
## ■ Shareholder Returns

**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)



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



# **Progress of Medium-Term Management Plan 2026**

# Progress of Medium-Term Management Plan 2026



Medium-Term Management Plan 2026 Strategy	FY03/2025 Results
<b>Growth Strategy</b> <ul style="list-style-type: none"> <li>- Expansion of H&amp;B and pet categories</li> <li>- Strengthening Uniqueness by Expanding Monopoly and preferred distribution products</li> <li>- Acquisition of new transactions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand sales of exclusive and preferential distribution items</li> <li>▪ Started new transactions with convenience store</li> <li>▪ Started new transactions with other business Categories</li> </ul>
<b>Strengthen foundation</b> <ul style="list-style-type: none"> <li>- Improve operational efficiency and logistics productivity by implementing IT Medium-Term Management Plan</li> <li>- Transformation into Human Capital Management: New personnel system implemented in April 2023</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improve employee salary levels by revising the salary system</li> <li>▪ Conducted dialogue with logistics companies in response to the 2024 problem</li> </ul>
<b>Sustainability</b> <ul style="list-style-type: none"> <li>- Collaborate with suppliers to reduce CO2 as the core of the supply chain</li> <li>- Strengthen the governance structure</li> </ul>	<ul style="list-style-type: none"> <li>▪ CDP response: C rating (previous period) → B rating(current period)</li> <li>▪ Acquisition of the “Kurumin” certification</li> <li>▪ Certified as a “2025 Health and Productivity Management Excellent Corporation”</li> </ul>

## 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



## ■ 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



## ■ 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

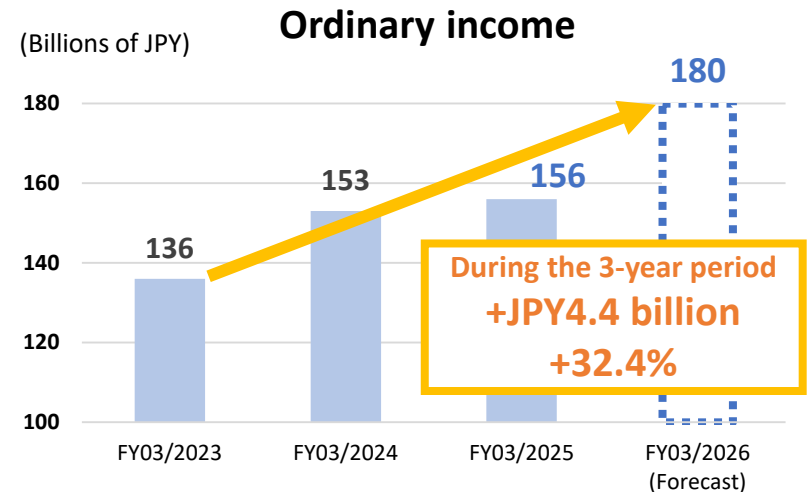
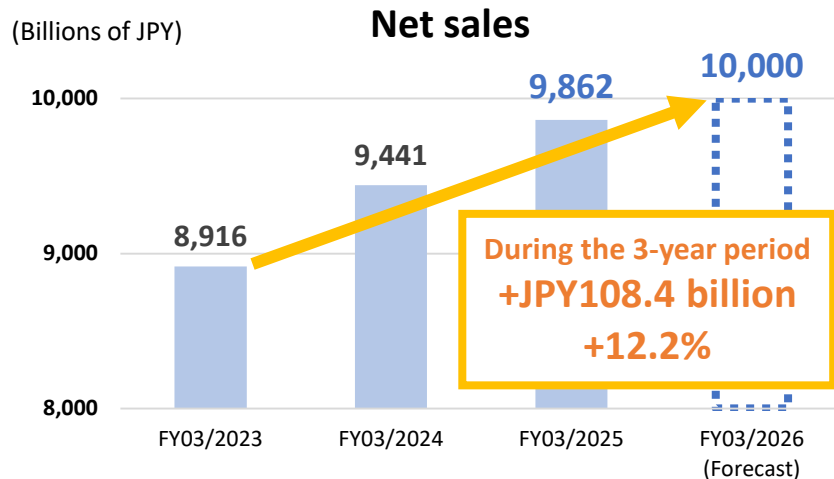


## ■ Downward revision of consolidated earnings forecast for the FY03/2026

(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







# **Looking ahead to the Next Medium-Term Management Plan**

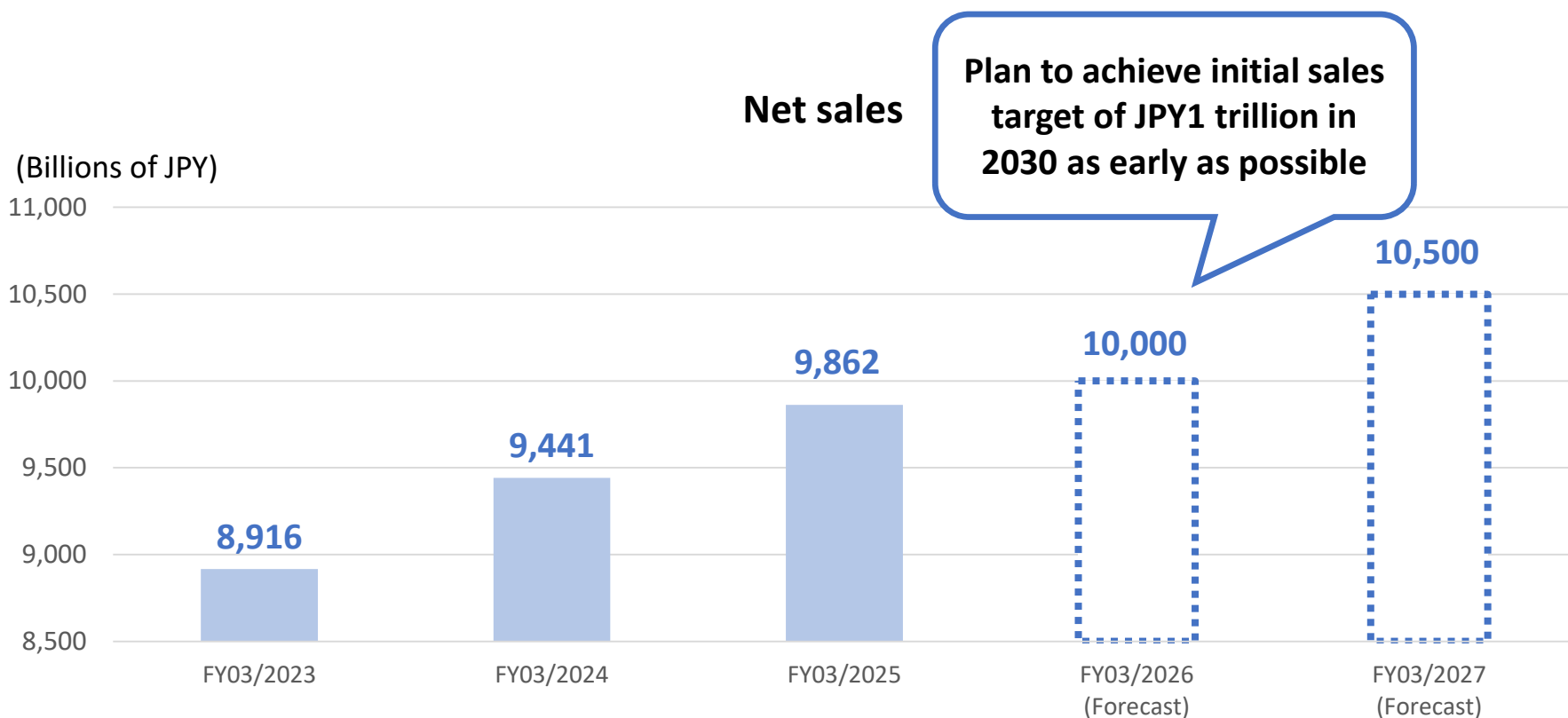


## ■ Toward Ordinary income of JPY20 billion in 2027: Net Sales

**FY03/2025: Strong performance exceeding forecasts**

**FY03/2026: Early achievement of JPY1 trillion, originally targeted for 2030**

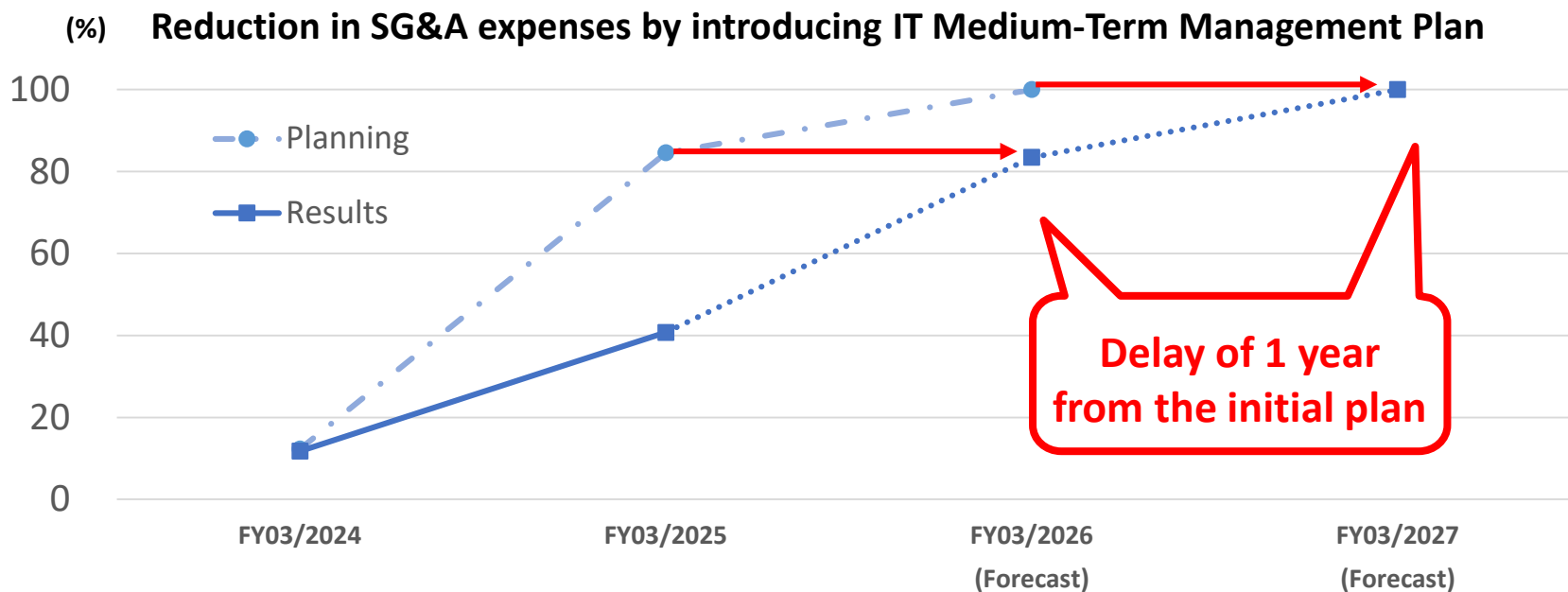
**FY03/2027: Aiming for JPY1.05 trillion through further sales expansion**





## ■ 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**



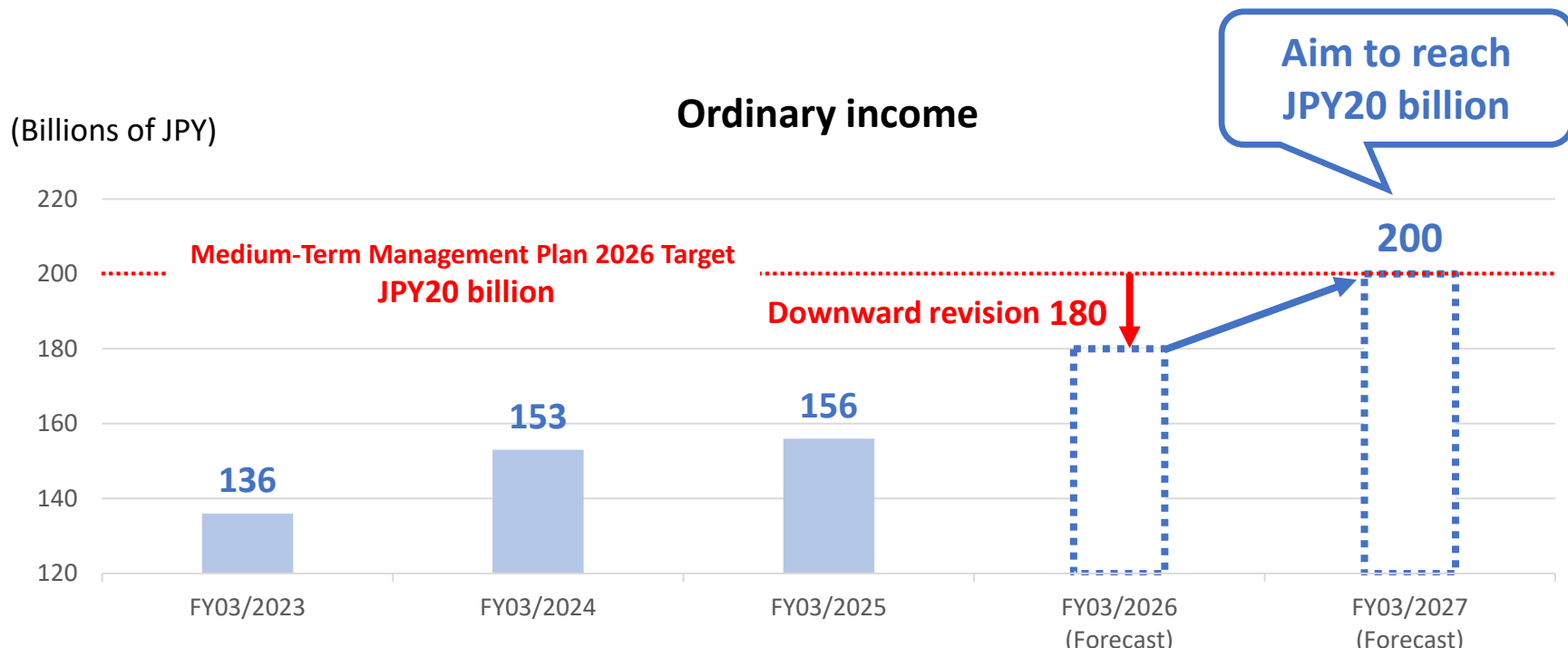
## ■ Toward Ordinary income of JPY20 billion in 2027

**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)





# Topics

## ■ 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





- This material is solely for information purposes and should not be construed as a solicitation. This document (including the performance plan) has been prepared by us based on reliable information currently available, but it involves risks and uncertainties, and we assume no responsibility for its accuracy or completeness.
- You should use it at your own discretion. We assume no responsibility for any losses that may result from making investment decisions based entirely on the forecasts, targets, etc. contained in this document.

**IR inquiry addresses**  
**kouhou-honsya@arata-gr.jp**

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