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ARATA Corporation

Q1 of Fiscal Year Ending March 2026 Financial Results





■ Q1 FY03/2026 Highlights

Q1 FY03/2026

Net Sales Mark 11th Consecutive Record High, While Profits Decline Year-on-Year.

Sales of summer products (insecticides, laundry detergents, etc.) were delayed in Q1 due to temperatures lower than last year in April-May

- Decrease in gross profit margin/Increase in SG&A ratio due to inability to absorb SG&A increase



Toward the Achievement of Year-End Targets

- Sales of summer products are showing signs of recovery since June
- Further expansion of exclusive and preferential distribution items
- Promoting Efforts to Improve Logistics Efficiency
 - Sales and profits expected to improve from Q2 onwards
- In H2 FY03/2026, expand sales by expanding in-store share and achieve the effects of IT Medium-Term Management Plan
 - Aim to achieve year-end targets



■ Consolidated Statements of Income

(Millions of JPY)	Q1 FY03/2025 Results	Q1 FY03/2026 Results	YoY change		Planning	Progress rate
			Change	Rate (%)		rate (%)
Net sales	245,604	251,192	5,587	102.3	1,000,000	25.1
Gross profit	24,726	24,909	182	100.7	-	-
SG&A expenses	20,016	20,843	827	104.1	-	-
Operating income	4,710	4,065	▲ 644	86.3	17,280	23.5
Ordinary income	5,057	4,152	▲ 904	82.1	18,000	23.1
Profit attributable to owners of parent Quarterly Net profit	3,438	2,792	▲ 645	81.2	11,700	23.9



■ Q1 FY03/2026 Factors

Net sales: Record highs achieved for the 11th consecutive year

Net Sales : JPY251.192 billion YoY: +JPY5.587 billion 102.3%

Q1 FY03/2026 Cumulative Net sales YoY **102.3%**

- 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 large-volume products and high value-added products
- Increase in sales of cosmetics, mainly skincare products
- Sales expansion due to inbound demand
- Delay in sales of summer products due to temperatures lower than last year in April-May

Although the Medium-Term Management Plan 2026 Strategy proceeded smoothly, sales growth slowed due to weather factors.



■ Q1 FY03/2026 Factors

Ordinary income: JPY4.152 billion YoY: JPY904 million ▲ 82.1%

Gross profit : JPY24.909 billion YoY: +JPY182 million 100.7%

Gross margin: 9.92% YoY ▲ 0.15 points

+Factors: Strong sales of exclusive basic cosmetics, etc./Improvement in unit prices

-Factors: Delay in sales of summer products with high gross margins

Increase in transactions with companies generating logistics center fees.

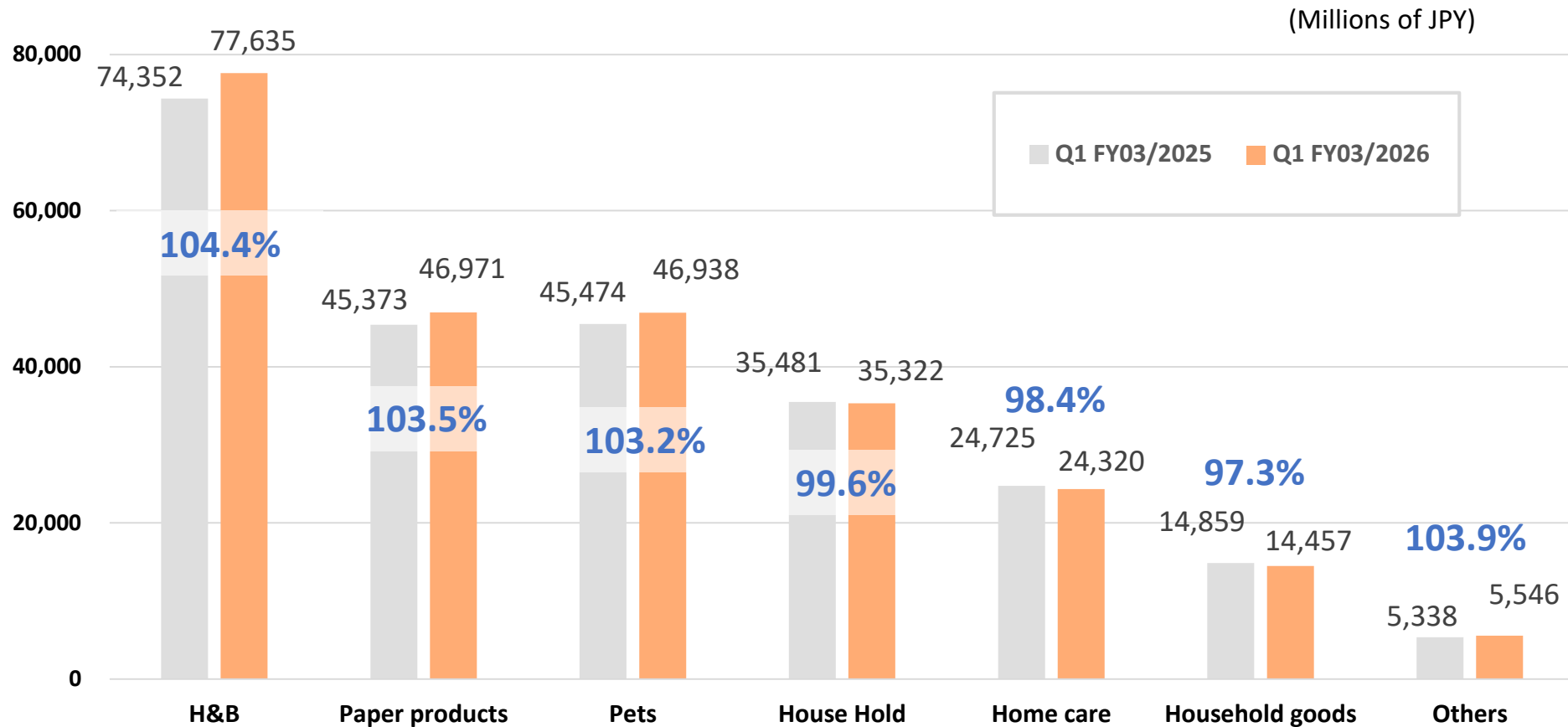
SG&A expenses: JPY20.843 billion YoY: +JPY827 million 104.1%

SG&A ratio: 8.30% YoY +0.15 points

- Higher fares due to the impact of the 2024 problem
- Increase in logistics costs due to increase in sales volume
- Increase in personnel costs due to human capital investment
 - To improve the treatment of permanent and part-time employees
- Delay in sales of summer products impacted the increase in SG&A ratio.



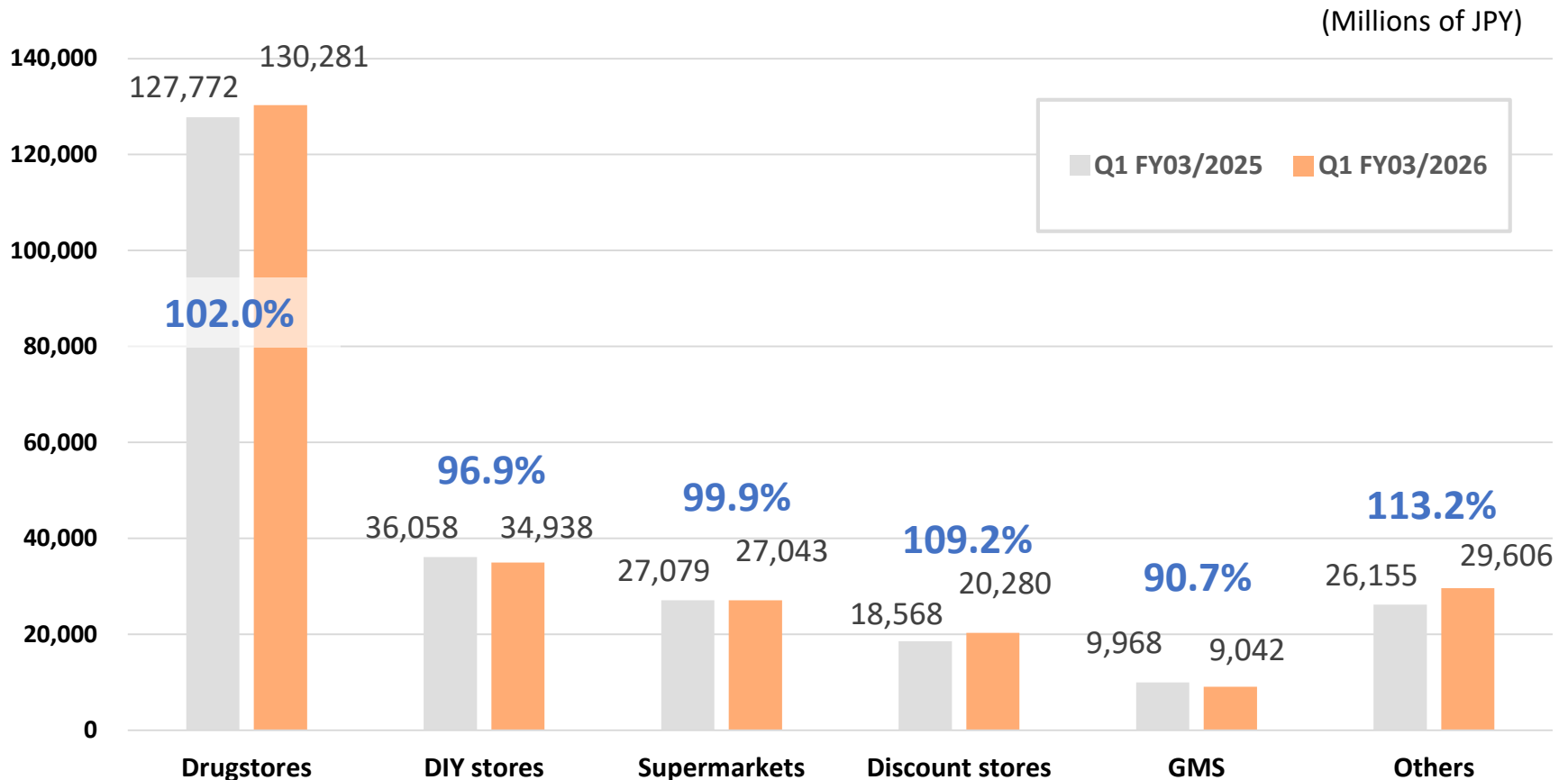
■ Net Sales by Category (YoY)



- H&B: Increase in sales of cosmetics, mainly skincare products
- Home Care: Delay in sales of summer merchandise due to temperatures lower than last year in April-May



■ Net Sales by Business Category (YoY)



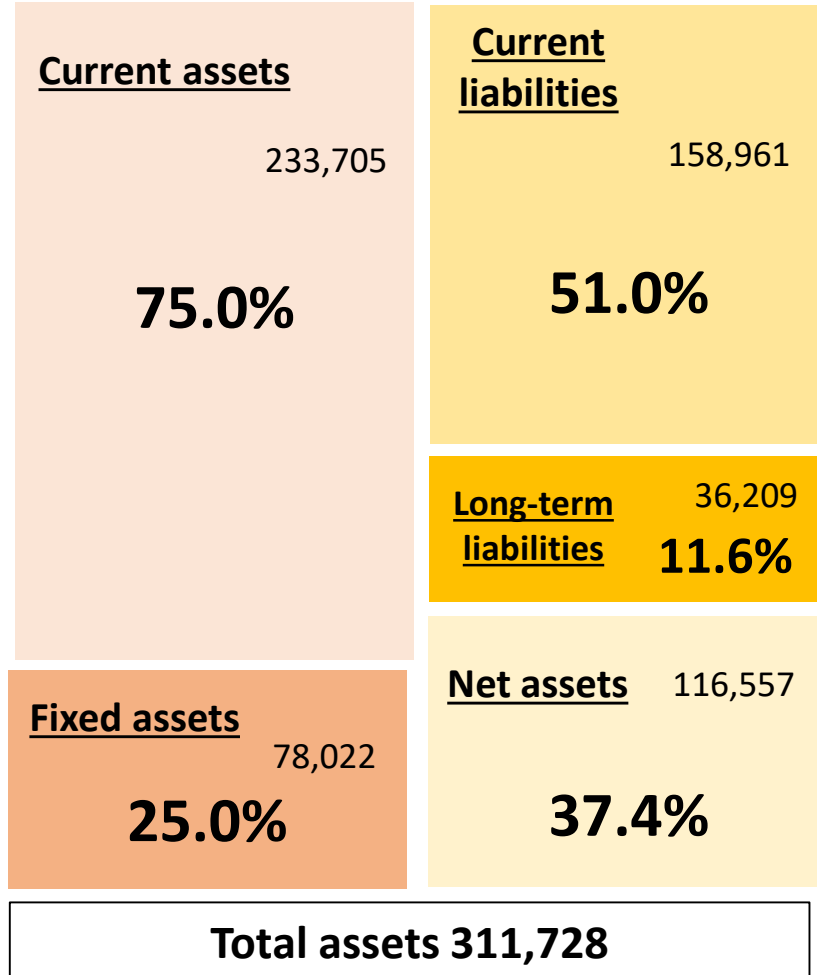
- Inbound demand: Drugstores, discount stores
- New transactions: Others (convenience stores)



■ Consolidated Balance Sheets

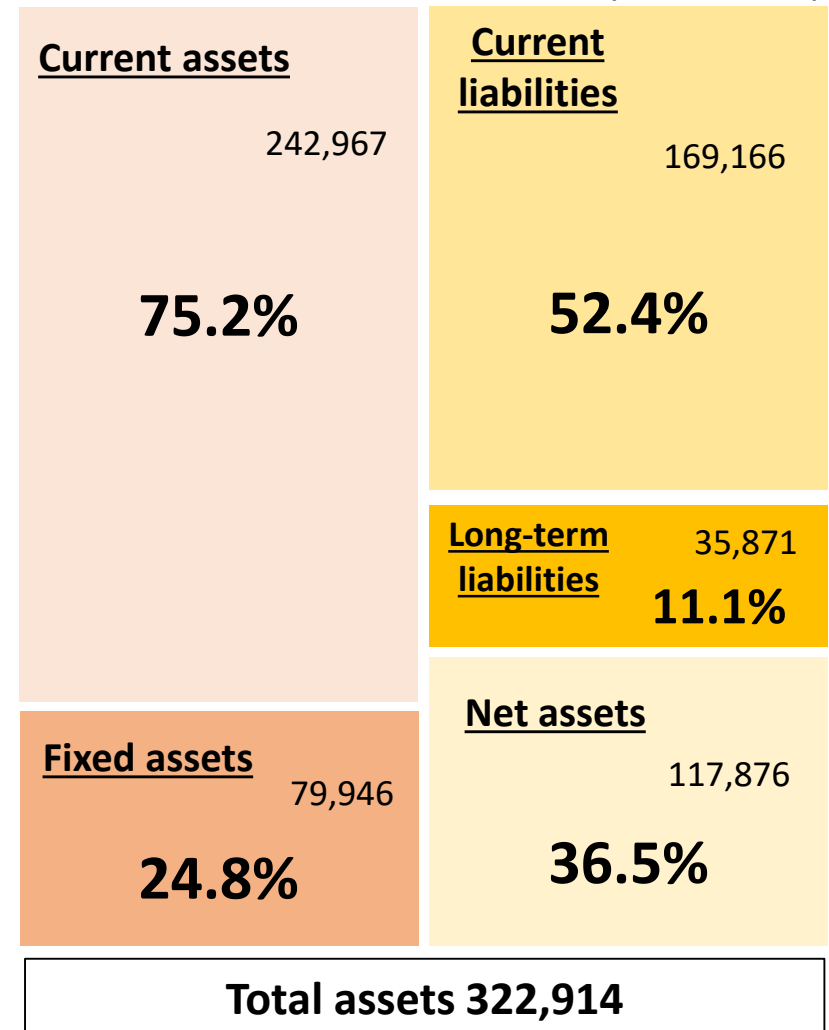
FY03/2025

(Millions of JPY)



Q1 FY03/2026

(Millions of JPY)





■ Toward the Achievement of Year-End Targets

- Sales of summer products are showing signs of recovery since June.
- Further expansion of exclusive and preferential distribution items
- Promoting Efforts to Improve Logistics Efficiency
 - Streamlining the entire supply chain through joint delivery with other companies
 - Reorganization of logistics network in areas with increased shipments
(Expansion of external warehouses and streamlining of existing centers)
 - Cost reduction through consolidation of logistics centers.



Sales and profits expected to improve from Q2 onwards

Through sales expansion due to increased in-store share and realization of IT
Medium-Term Management Plan effects in the second half,
Aiming to achieve year-end targets



Topics

■ External assessment related to ESG

Actively Promoting Sustainability Initiatives as an Important Management Issue



- First-time achievement of the highest "AAA" rating in MSCI ESG Ratings in June 2025.
- First-time selection as a constituent of the "FTSE Blossom Japan Sector Relative Index" in July 2025.

External Evaluation



**FTSE Blossom
Japan Sector
Relative Index**

MSCI
ESG RATINGS

CCC B BB BBB A AA **AAA**



For details, please refer to the press releases released on June 23 and July 16, 2025.

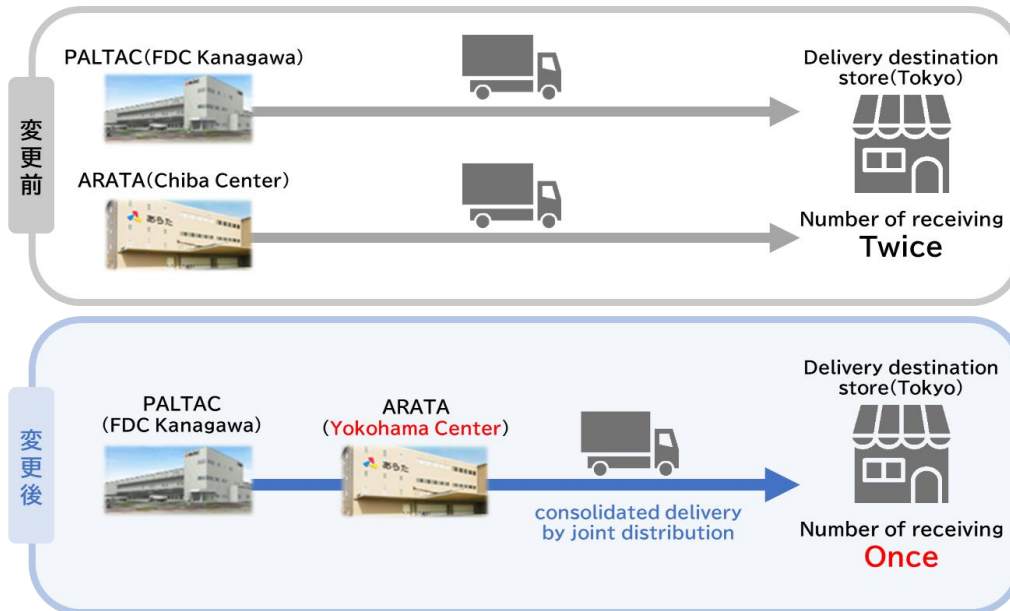
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■ Initiatives for Logistics Efficiency

Two companies in the same industry collaborate to address the intensifying labor shortage in the logistics industry.

July 2025 ARATA x PALTAC begin joint delivery in the West Kanto area.



Anticipated Program Benefits

- **Responding to a shortage of drivers**
Reduction in necessary personnel due to reduction in number of trucks
- **Reducing environmental impact and optimizing logistics costs**
Improvement of loading efficiency, Reduction in mileage
Reducing CO2 emissions and optimizing logistics costs by reducing the number of trucks
- **Efficiency of store operations**
Reducing store workload by reducing the number of deliveries

**Promoting Collaboration in Non-Competitive Areas
to Co-Create a Sustainable Distribution Infrastructure**

For details, please refer to the press release released on July 2, 2025.

<https://ssl4.eir-parts.net/doc/2733/tdnet/2650456/00.pdf>



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