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Medium-Term Management Plan 2030

Positioning of the Medium-Term Management Plan 2030

Roadmap

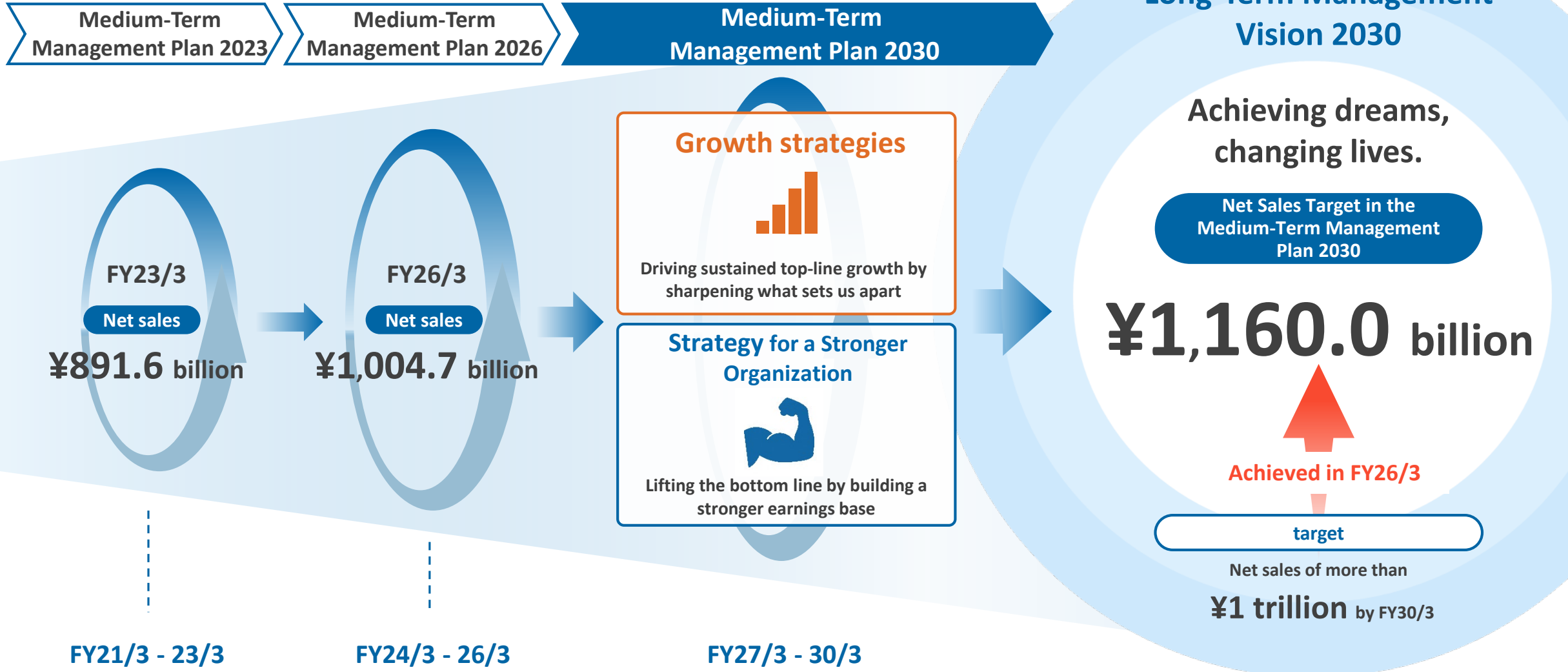


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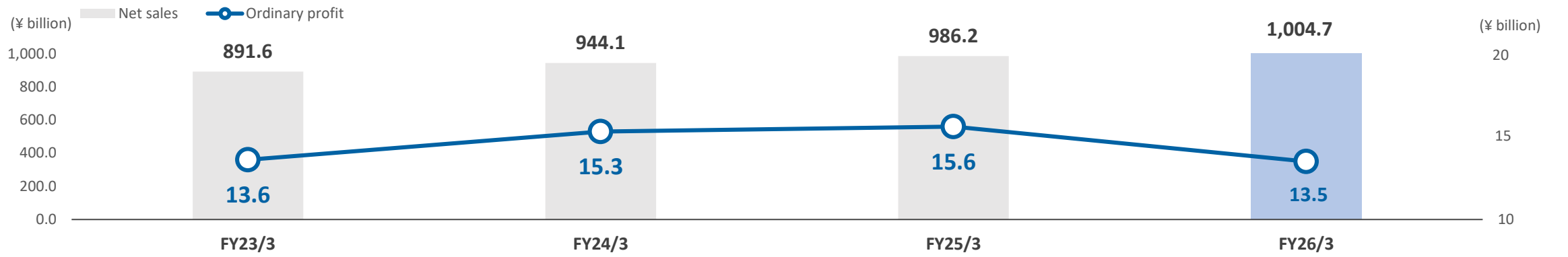
1 Looking Back at the Medium-Term Management Plan 2026 and Pinpointing Key Issues

Looking Back at the Medium-Term Management Plan 2026 (Quantitative Evaluation)







Net sales fell slightly short of the ¥1,006.0 billion target
Ordinary profit came in on plan at the revised target of ¥13.0 billion
That said, challenges remain around controlling costs amid inflationary pressures and improving return on capital

	FY23/3 Results	Medium-Term Management Plan 2026 Targets	FY26/3 Results	Three-Year Change	CAGR (2023-2026)
Net sales	¥891.6 billion	¥1,006.0 billion	¥1,004.7 billion	+¥113.1 billion	4.06%
Ordinary profit	¥13.6 billion	¥13.0 billion (*Initial plan: ¥20.0 billion)	¥13.5 billion	(¥0.1 billion)	—
ROE	8.3%	10% level	8.4%	+0.1p	—
Dividend payout ratio	28.2%	30%	37.0%	+8.8p	—



*The ordinary profit target in the Medium-Term Management Plan 2026 was revised downward at the Q3 FY26/3 financial results briefing.

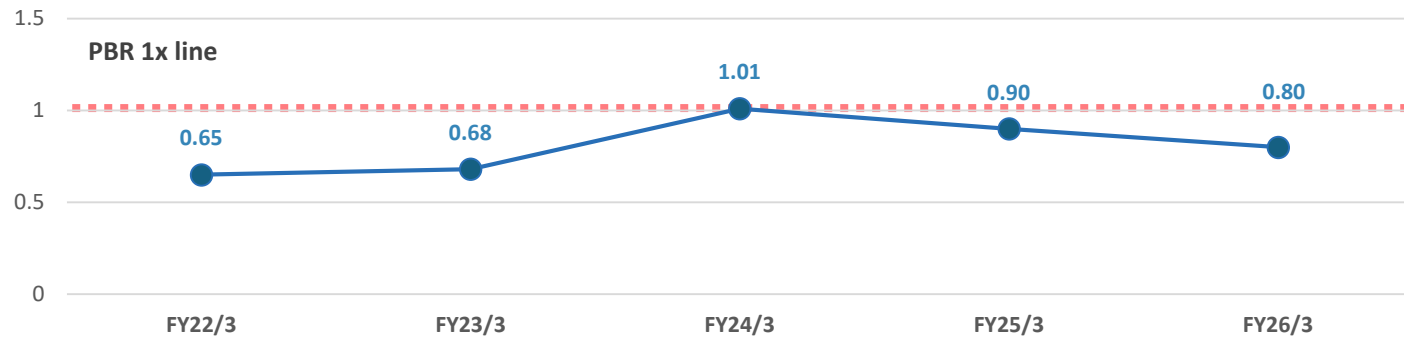
Looking Back at the Medium-Term Management Plan 2026 (Qualitative Evaluation)

Key Strategies of the Medium-Term Management Plan 2026		Evaluation	
Growth strategies	Expand the H&B and pet categories	 Made progress on strategy, but net sales target was missed	<ul style="list-style-type: none"> Over three years, H&B grew 13.2% and the pet category grew 19.8% Net sales composition of exclusive and preferential distribution items: 7.8% Expanded our sales channels by opening new accounts with convenience store chains and other retailers Strategic Alliance with True Data Inc. Enhancing Sales Proposals Hit the ¥1 trillion net sales mark in the Long-Term Management Vision 2030
	Expand exclusive and preferential distribution items to increase originality		
	Acquire new deals		
Stronger foundation	Implement measures in the IT Medium-Term Management Plan to streamline operations and increase logistics productivity	 Profitability issues have surfaced	<ul style="list-style-type: none"> IT Medium-Term Management Plan implemented; however, realizing cost synergies is taking longer than expected While we have driven efficiency through joint delivery and other initiatives, cost pressures have also emerged in the form of higher personnel and Logistics cost Improvement of employee salary levels through personnel system revisions
	Transformation to human capital management: Rolled out the new personnel system in April 2023		
Financial strategies	Grow cash flow by expanding sales, improving profitability, and accelerating asset turnover	 Made progress on capital policy and shareholder returns, but the ROE target was missed	<ul style="list-style-type: none"> Acquired MAP Holdings Co., Ltd. as a wholly owned subsidiary in preparation for the Medium-Term Management Plan 2030 Keep raising dividends as part of our shareholder returns Carry out share and shareholder initiatives in FY24/3: a share buyback and a stock split
	Active investments in business growth and building foundations		
	Take nimble action to create shareholder value		
Sustainability	Reduce CO2 in collaboration with business partners as a central player in the supply chain	 Progress that exceeded targets	<ul style="list-style-type: none"> CDP response: FY2023 C rating → FY2024 B rating GHG emissions: hit the target level in FY25/3 Received Eruboshi 2-Star, Kurumin, and KENKO Investment for Health Certification Independent outside directors now make up more than half of the Board of Directors
	Strengthen the corporate governance structure		

Our Approach to Management Mindful of the Capital Costs and Share Price

Improving ROE through cost control and balance sheet management

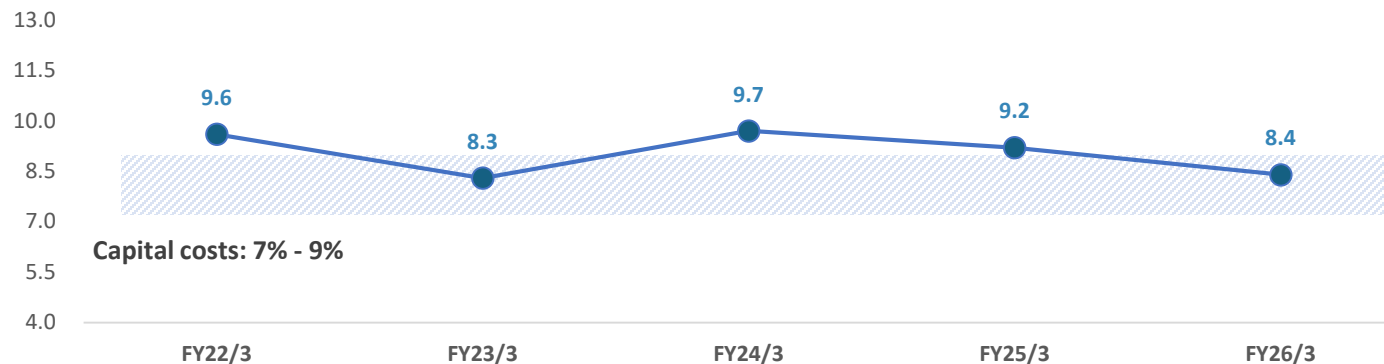
PBR Over Time (times)



● PBR sits below 1

- Challenges in capital efficiency
- Delayed realization of returns on investments made from a medium-to-long-term perspective

ROE Over Time (%)



● ROE has trended downward since FY25/3

- Profitability issues have surfaced in some businesses
- We have been slow to roll out SG&A control measures to offset inflation-driven cost increases
- Challenges in balance sheet management

Key Issues from the Medium-Term Management Plan 2026

Issues

- Sales growth has slowed as consumer behavior shifts
- Gross profit margin has narrowed as the distribution landscape shifts
- Profitability issues have surfaced in some businesses
- Profitability has slipped on higher center fees and other factors
- Controlling costs against inflationary pressures
- Completed IT Medium-Term Management Plan rollout, but yet to realize planned cost synergies
- Falling capital efficiency
- Balance sheet management
- Investment amounts climbing on the back of rising prices
- Strengthening cybersecurity
- Strengthening governance across the Group
- Tying ESG initiatives more tightly to corporate value through better evaluation and disclosure

How We Will Respond

- ✓ Sharpen what sets us apart
- ✓ Improve profitability
- ✓ Improve productivity
- ✓ Rein in SG&A expenses
- ✓ Deliver returns on capital that exceed capital costs
- ✓ Manage the balance sheet with returns on capital in mind
- ✓ Initiatives to lift corporate value over the medium- to long-term

2 Medium-Term Management Plan 2030

2-1. Background to the Medium-Term Management Plan 2030

Background to the Medium-Term Management Plan 2030

Rapid changes in the external environment

Rising costs from inflation

Restructuring and consolidation in the retail industry

Structural changes in consumer sentiment

Falling birth rate, aging population, and accelerating population decline

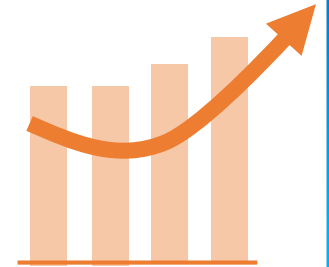
Dramatic advances in DX

More complex laws and regulations

Rising geopolitical risks

Background to the Medium-Term Management Plan 2030

- To respond to rapid shifts in the external environment, the Medium-Term Management Plan 2030 is positioned as a strategic investment phase for shaping and driving strategies that lift corporate value over the medium- to long-term.
- In the first half of the Medium-Term Management Plan 2030, cost increases from growth investments are expected to weigh on earnings, with profit at each stage temporarily under pressure compared with FY26/3.
- That said, by building a stronger foundation in the wholesale business, we will rein in cost increases and generate profits in the second half of the Medium-Term Management Plan 2030, putting earnings back on a growth track and setting the stage for further expansion beyond 2030.



Management Indicators We Prioritize

ROE

Maximize capital efficiency with the cost of shareholders' equity in mind

ROIC

Set investment discipline with WACC in mind, with the maximizing capital efficiency

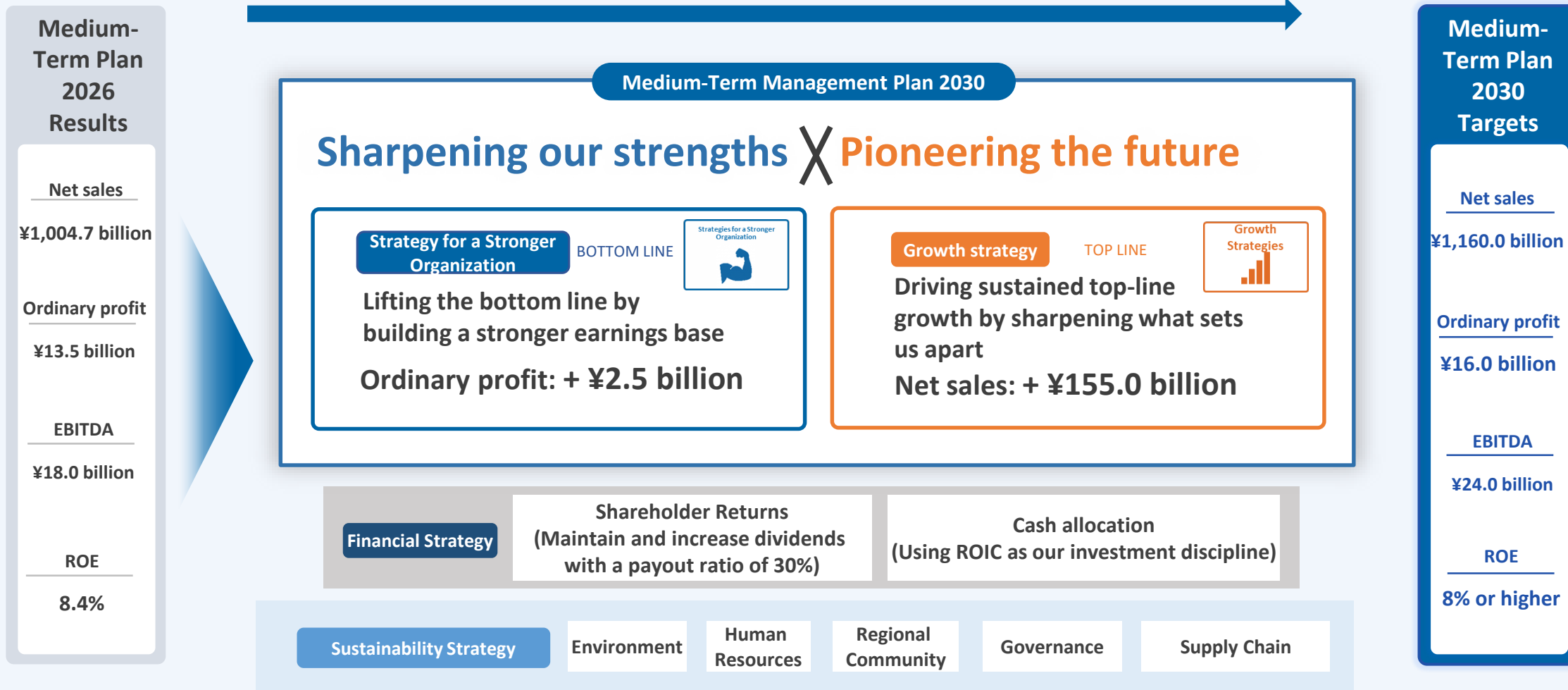
EBITDA

Served as key metrics to assess profitability and cash flow generation

2-2. Overview of the Medium-Term Management Plan 2030

Medium-Term Management Plan 2030 Overview

Shoot for our targets through a stronger organization and growth strategies



Medium-Term Management Plan 2030 at a Glance

Medium-Term Management Plan 2030

Quantitative Targets

<u>Net sales</u>	<u>Ordinary profit</u>	<u>EBITDA</u>	<u>ROE</u>
¥1,160.0 billion	¥16.0 billion	¥24.0 billion	8% or higher

Business Strategy

Growth strategies

Driving sustained top-line growth by sharpening what sets us apart

- ① Driving in-store share growth by strengthening our unique value proposition: Deepen retail support functions (proprietary analysis, proposals, and in-store deployment through our strategic partnership with True Data Inc.)
- ② Establishing new growth drivers: Create synergies through M&A of product development and cosmetics wholesale functions (msh Inc. Polite Inc.)
- ③ Strengthening the functions that support sales growth: Invest in highly productive logistics centers

Strategy for a Stronger Organization

Lifting the bottom line by building a stronger earnings base

- ① Measures to improve gross profit margin: Expand exclusive and preferential distribution items
- ② Measures to control the SG&A expense ratio: Contain personnel expenses (IT, DX, productivity gains, new material handling equipment), contain logistics costs (corporate-level logistics efficiency), contain property expenses (reviewing contract warehouses), and pursue other measures (using ASN)
- ③ Improving the profitability of Group companies: Contain the SG&A expense ratio through closer Group coordination and restructuring Group businesses

Financial Strategy

- ① Flexible Shareholder returns mindful of capital costs: Maintain and increase dividends with a payout ratio of 30%
- ② Investment discipline and management based on ROIC, with EBITDA used as an indicator of profitability and cash generation

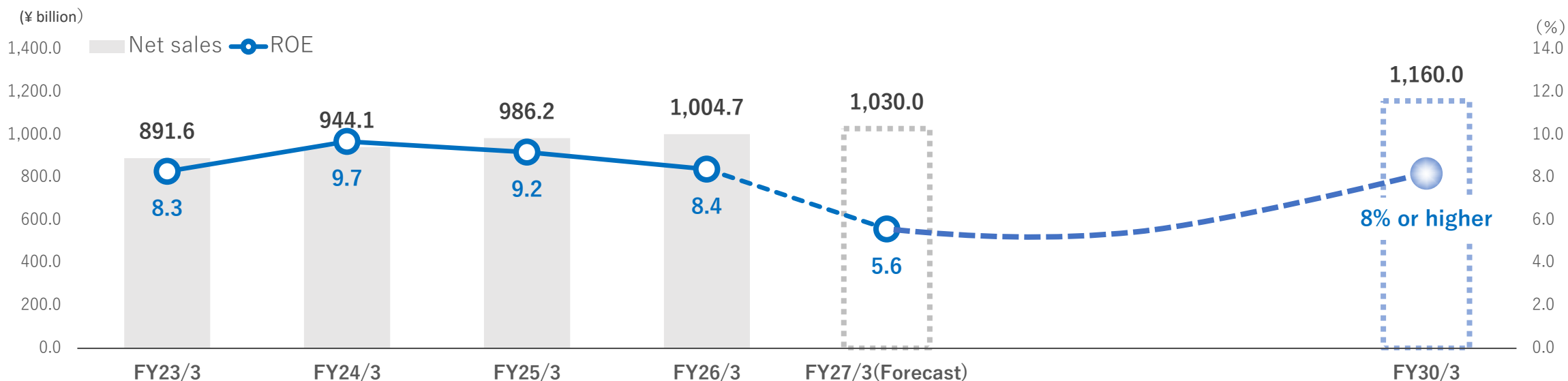
Sustainability Strategy

Driving corporate value by strengthening sustainability
(Environment, Human Resources, Regional Community, Governance, Supply Chain)

Medium-Term Management Plan 2030 Quantitative Targets

Treat improved capital efficiency as a priority and deliver ROE of 8% or higher and growth in ordinary profit

	FY26/3 Results	Medium-Term Management Plan 2030 Targets	Four-Year Change	CAGR (26/3 - 30/3)
Net sales	¥1,004.7 billion	¥1,160.0 billion	+¥155.2 billion	3.66%
Ordinary profit	¥13.5 billion	¥16.0 billion	+¥2.4 billion	—
EBITDA	¥18.0 billion	¥24.0 billion	+¥5.9 billion	—
ROE	8.4%	8% or higher	—	—



2-3. Business Strategy

Medium-Term Management Plan 2030 Business Strategy

Based on the theme of “sharpening our strengths and pioneering the future,” we will drive top-line growth and build a stronger earnings base

Growth Strategies

Driving sustained top-line growth by sharpening what sets us apart

1 Driving in-store share growth by strengthening our unique value proposition

Deepen retail support functions (proprietary analysis, proposals, and in-store deployment through our strategic partnership with True Data Inc.)

2 Establish new growth drivers

Create synergies through M&A of product development and cosmetics wholesale functions (msh Inc., Polite Inc.)

3 Strengthen the functions that support sales growth

Invest in highly productive logistics centers

Strategies for a Stronger Organization

Lifting the bottom line by building a stronger earnings base

1 Measures to improve gross profit margin

Expand exclusive and preferential distribution items

2 Measures to control the SG&A expense ratio

Contain personnel expenses (IT, DX, productivity gains, new material handling equipment)
 Contain logistics costs (corporate-level logistics efficiency)
 Contain property expenses (review contract warehouses)
 Other (using ASN)

3 Improving the profitability of Group companies

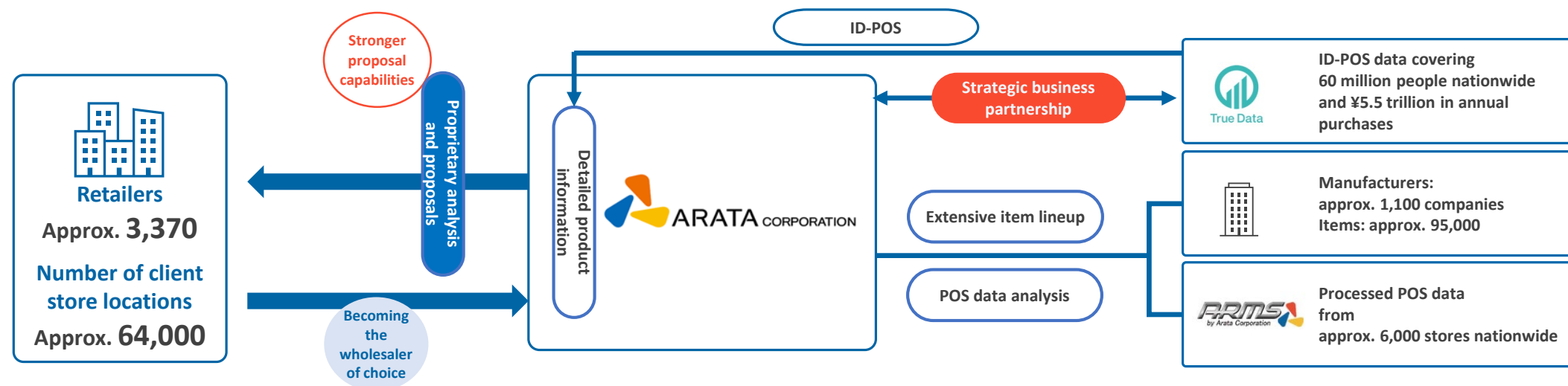
Contain the SG&A expense ratio through closer Group coordination
 Restructure Group businesses



Medium-Term Management Plan 2030 Growth Strategies ①: Driving in-store share growth by strengthening our unique value proposition

Deepen retail support functions

- Proprietary analysis and proposals only we can deliver, drawing on the largest ID-POS data in Japan held by True Data Inc. , our strategic partner
 - Customized proposals tailored to each store's characteristics, reflecting retailer's regional traits and consumer needs (sales floor proposals, reduction in returns)
- Analysis powered by our detailed product information, drawn from one of the largest product lineups handled in Japan
 - Discover and propose exclusive and preferential distribution items
- Support retailers by leveraging the capabilities of our Group companies
 - Help retailers turn plans into results on the shelf
- Propose everything from product selection through market analysis to optimal sales floor deployment and in-store sales promotion measures, including retail media
 - Sales activities that build the in-store hooks that drive purchases





Medium-Term Management Plan 2030 Growth Strategies ②: Establishing New Growth Drivers

Create synergies through M&A of product development and cosmetics wholesale functions

● msh Inc.

- Plans and sells a wide range of beauty products including point makeup, base makeup, skincare, and body care products
- Draws on its product development and brand strengths, combined with ARATA's proposal, analysis, sales, and logistics capabilities, to unlock the full potential of brand value

● Polite Inc.

- A wholesaler dealing primarily in cosmetics and beauty accessories, with variety stores as its core sales channel
- Combines ARATA's proposal, analysis, sales, and logistics capabilities to strengthen sales in the cosmetics category and improve logistics efficiency

Stronger marketing capabilities

Stronger product capabilities

Stronger sales capabilities



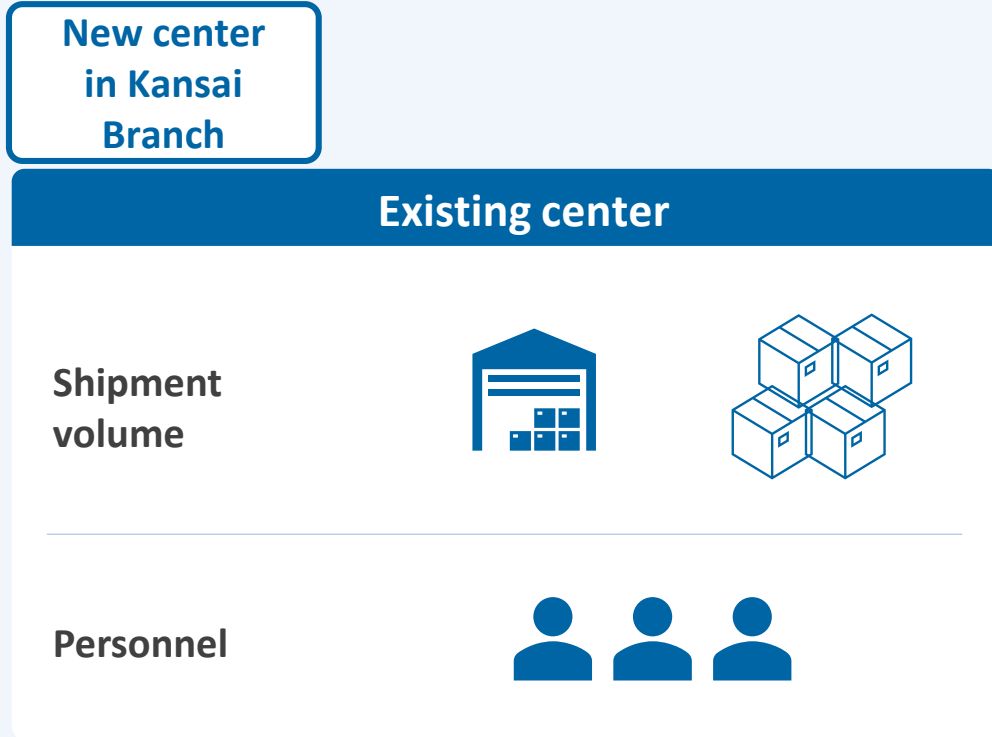
Seek new growth drivers

Cosmetics category net sales (vs. FY26/3)
Up ¥20.0 billion
plus α (M&A synergies)

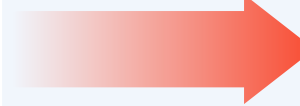


Medium-Term Management Plan 2030 Growth Strategies ③: Strengthening the Functions That Support Sales Growth

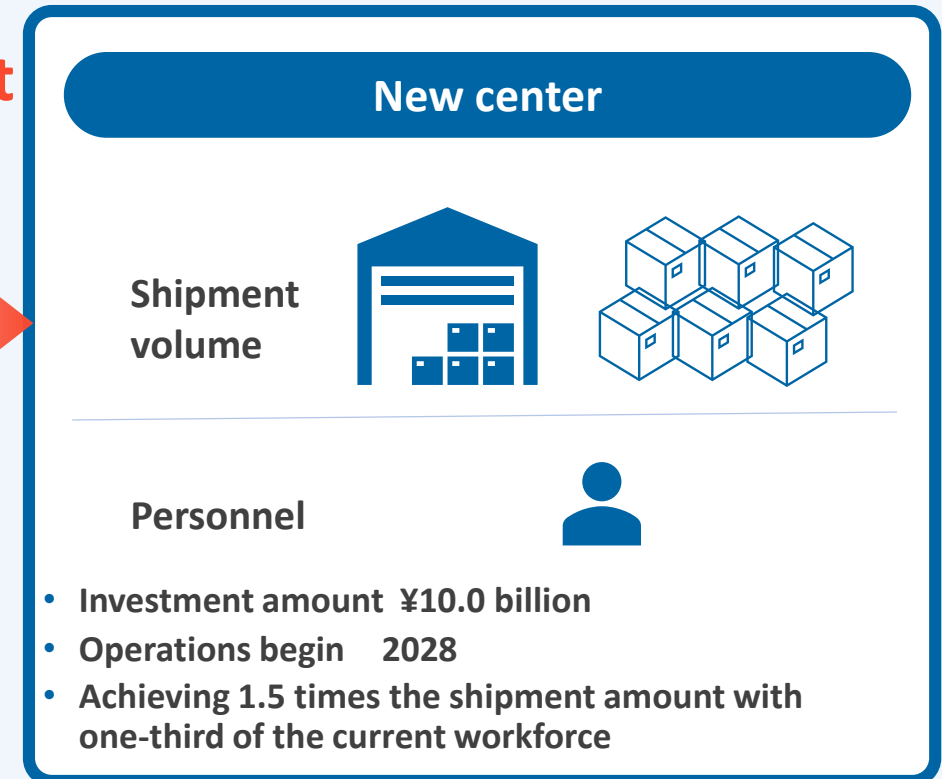
Invest in highly productive logistics centers



Shipment volume
x1.5



Personnel
One-third



**New center
in Capital Area
Branch**



While the timing of land acquisition and the start of operations are undecided, candidate sites have been identified and acquisition prospects are in place to support the continually expanding logistics needs of the Greater Tokyo Area.



Medium-Term Management Plan 2030 Strategies for a Stronger Organization ①: Measures to Improve Gross Profit Margin

Expand exclusive and preferential distribution items

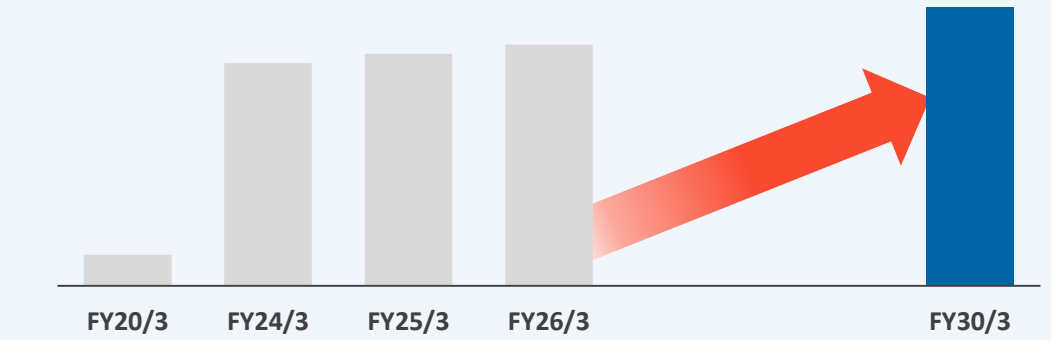
Net sales composition of exclusive and preferential distribution items

FY26/3 Results

7.8%

FY30/3 (Targets)

9%



Net Sales Composition

Less than 1%	7.2%	7.5%	7.8%		9%
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Measures for exclusive and preferential distribution items

① Discover high-value-added, high-margin products

Capitalizing on our vast supplier base and diverse inventory to drive the discovery and proposal of new high-margin products with unique value

② Expand the range of categories

Build on the expertise developed in H&B, stay relevant to consumers' lives, and broaden the categories covered by exclusive and preferential distribution items

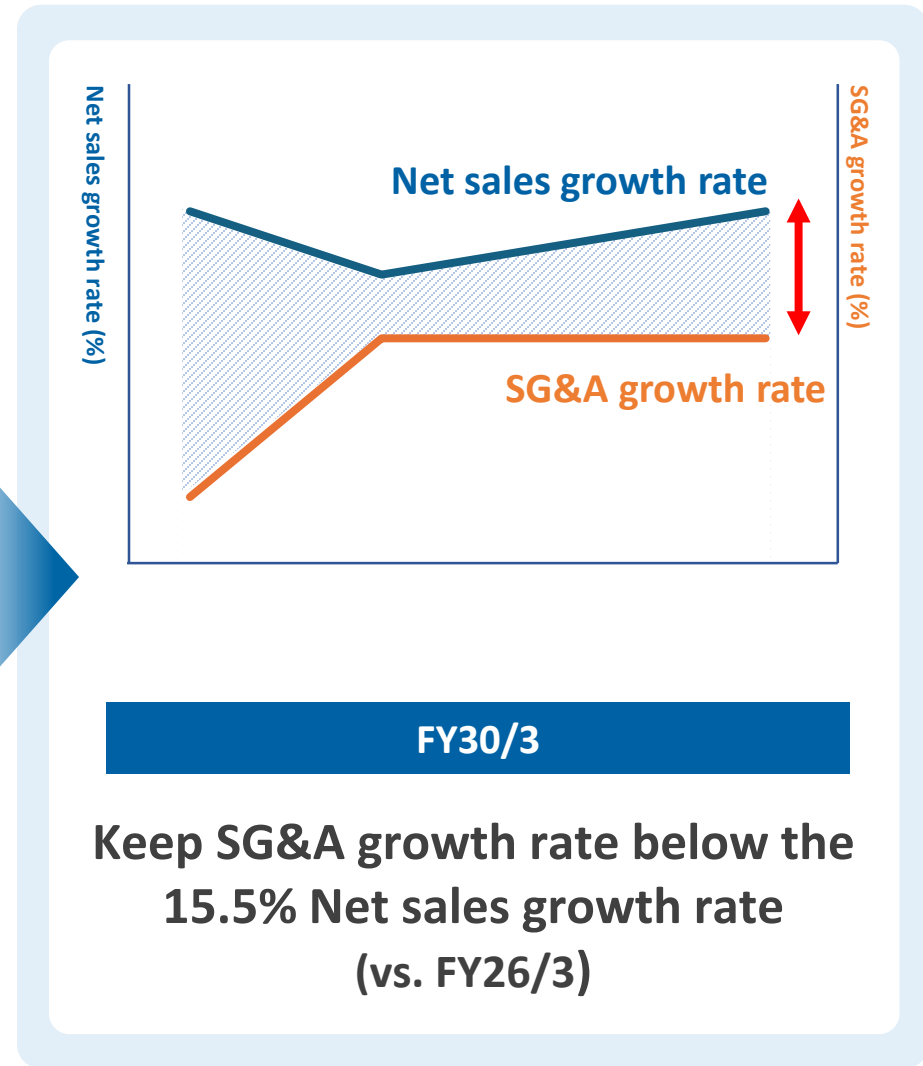
③ Leverage product development capabilities

Bring distinctive products developed by Group companies into the market and grow them into a core source of earnings



Medium-Term Management Plan 2030 Strategies for a Stronger Organization ②: Measures to Control the SG&A Expense Ratio

Measures	
Personnel expense containment	<ul style="list-style-type: none"> ● Advance IT and DX Drive productivity gains across operations through IT and DX, and build measures and structures that translate into lower SG&A expenses ● Build flexible employment arrangements for logistics personnel and lift in-warehouse productivity ● Drive efficiency through new material handling equipment Streamline operations and lift productivity through automation
Logistics cost containment	<ul style="list-style-type: none"> ● Implement SG&A containment measures at the corporate level (center fee companies) Propose transaction structures that drive efficiency for both ARATA and our business partners (Reduce delivery frequency and review delivery routes etc.)
Property cost containment	<ul style="list-style-type: none"> ● Review fixed costs Review contract warehouses through inventory optimization, and other measures
Other	<ul style="list-style-type: none"> ● Streamline inspections using ASN data Reduced truck waiting times and increased warehouse productivity contribute to lower costs, a better environment, and better working conditions for drivers



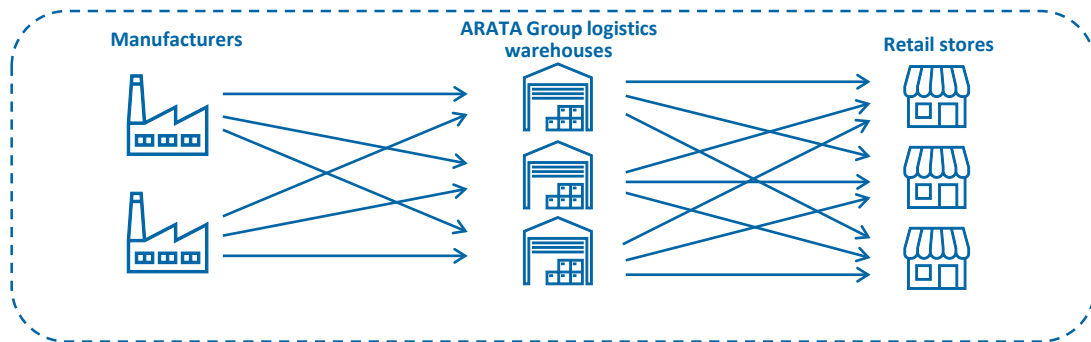


Medium-Term Management Plan 2030 Strategies for a Stronger Organization ③: Improving the Profitability of Group Companies

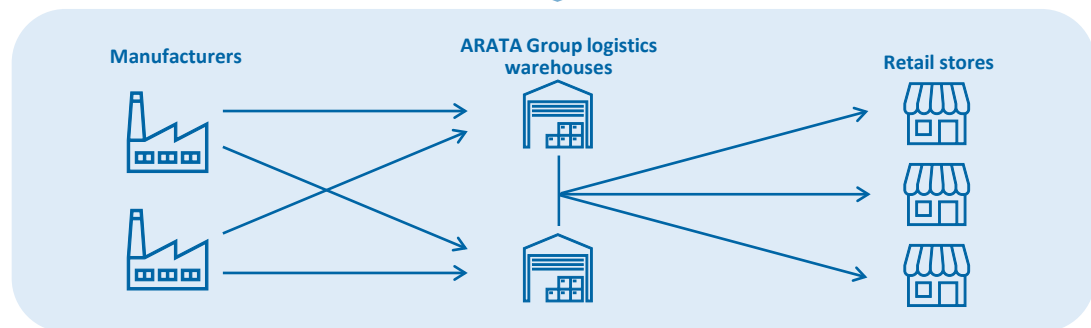
1 Contain the SG&A expense ratio through closer Group coordination

Streamline logistics through joint delivery within the Group, and consolidate logistics warehouses

- SG&A expense ratio impact from consolidation
- Logistics efficiency through joint delivery



Consolidation and joint delivery



2 Restructure Group businesses

Business reassessment

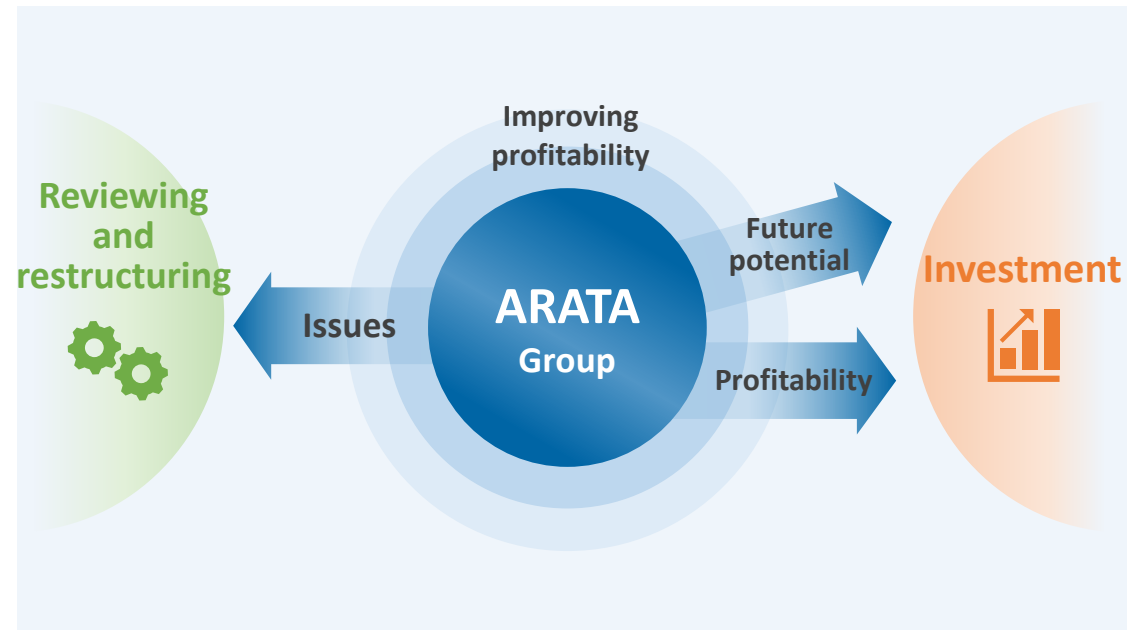
Reassess each company's business based on profitability, future potential, and other factors

Active investment

Consider active investment in businesses with strong potential

Business review and revision

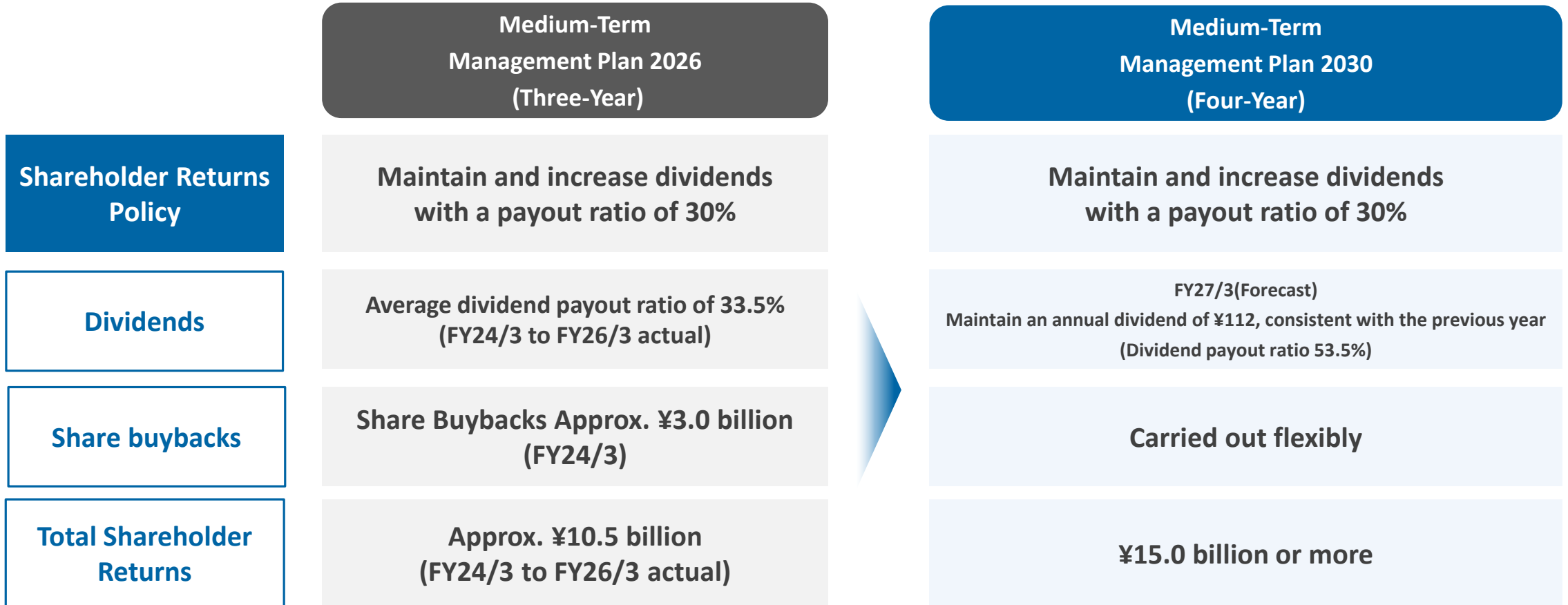
Review strategy and restructure businesses judged to face profitability challenges over the long term



2-4. Financial Strategy

Flexible shareholder returns mindful of capital costs

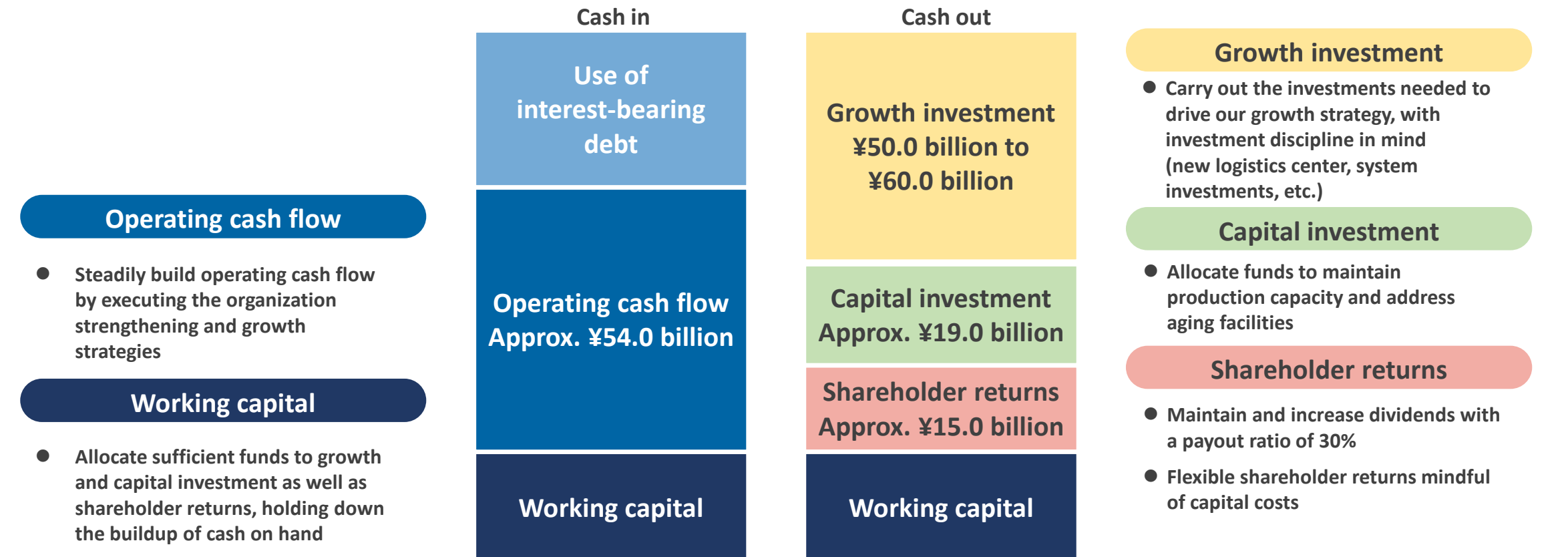
Strategic shareholder returns to drive ROE to 8% or above by the FY30/3



ROIC- and EBITDA-based management

Cash allocation: Investments in business growth and building foundations

Make intensive investments in strengthening the management foundation essential for future growth, including IT and DX, organizational reform, talent development, and logistics infrastructure



2-5. Sustainability Strategy

Linking stronger sustainability to higher corporate value

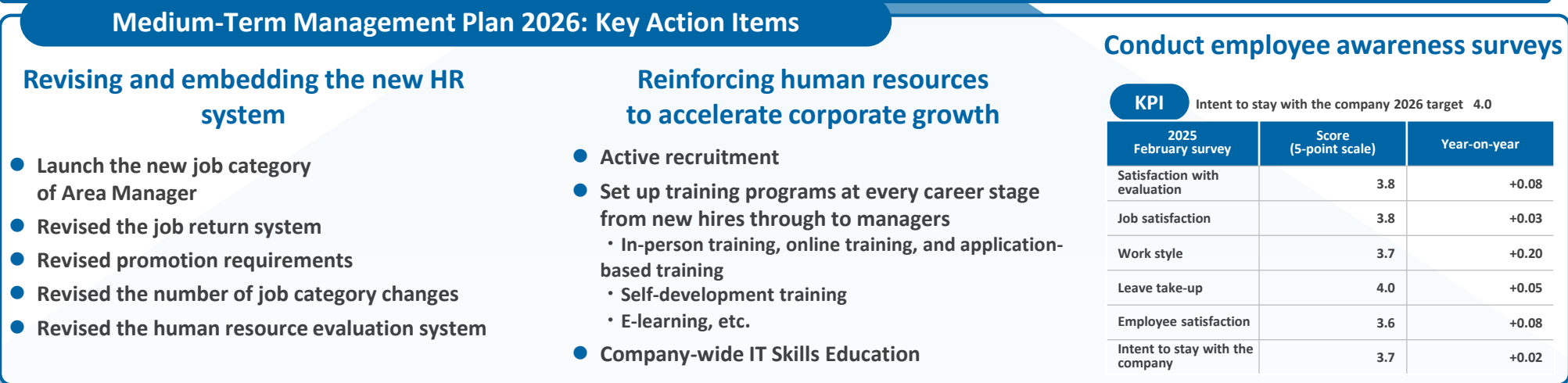
Medium-Term Management Plan 2030

Environment	<ul style="list-style-type: none"> ● Reduce GHG emissions by 50% or more (vs. FY24/3, Scope 1 and 2) ● Calculate Scope 1, 2, and 3 emissions and explore reduction initiatives
Human Resources	<ul style="list-style-type: none"> ● Advance DEI; Ratio of female managers: 5.2% in FY26/3 → 10% in FY30/3 ● Advance human capital management (Revising the HR system, expanding training programs, and creating a supportive work environment)
Regional Community	<ul style="list-style-type: none"> ● Shift from conventional Business Continuity Plans (BCP) to Business Continuity Management (BCM) to ensure stable supply of daily essentials ● Strengthen cybersecurity and IT-BCP
Governance	<ul style="list-style-type: none"> ● Strengthen compliance with the Corporate Governance Code ● Discover and develop talent through the Nomination & Remuneration Committee (executive succession plan) ● Strengthen group governance (compliance and prevention of misconduct)
Supply Chain	<ul style="list-style-type: none"> ● Collaborate with other companies for sustainable growth (joint delivery, etc.)

Advance human capital management

Our Vision

An organization where all employees experience job satisfaction and wish to work for the long term



Aligning growth strategy with workforce planning

Strengthening governance

We are building a transparent management structure through measures such as compliance with the Corporate Governance Code and advancing our succession plan

- ~2023

 - Shifted to a company with an Audit & Supervisory Committee**
 Shifted to a company with an Audit & Supervisory Committee to improve management transparency
 - Voluntary Nomination and Remuneration Committee established**
 Ensuring transparency by having a majority of outside directors
- 2024

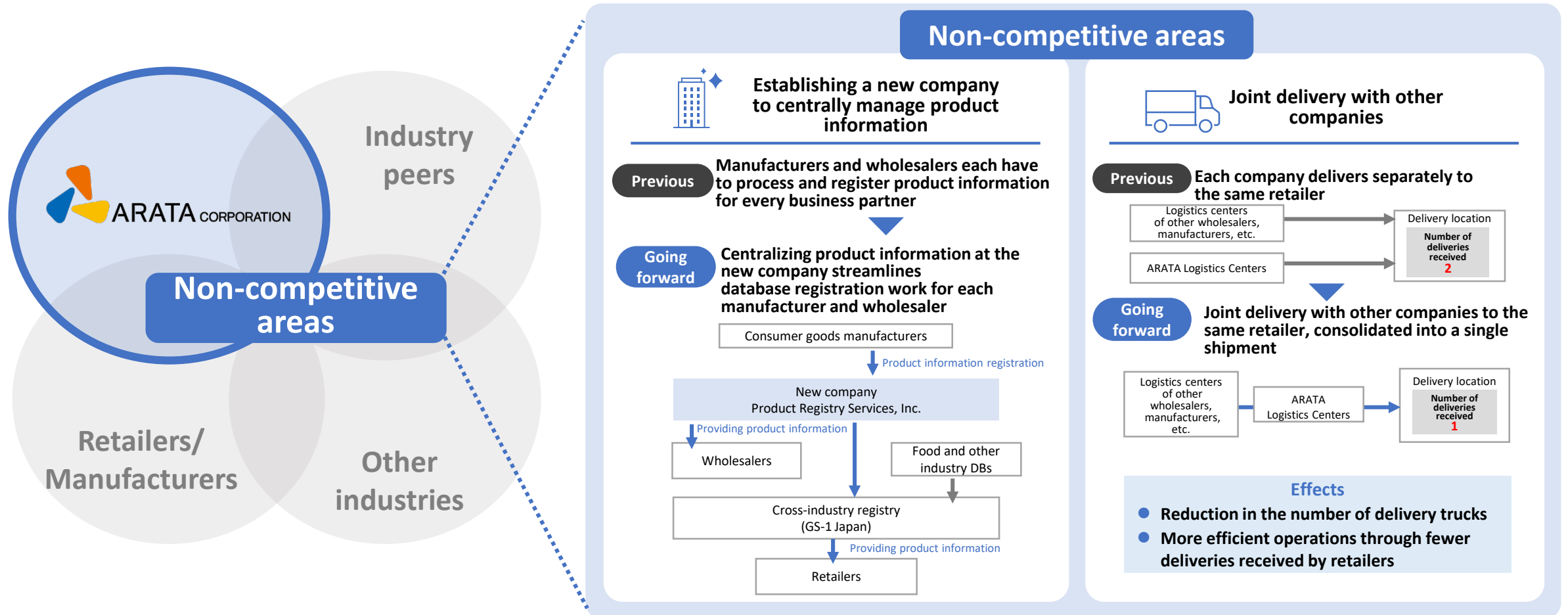
 - Increased the ratio of Independent Outside Directors**
 Increased the ratio of Independent Outside Directors to 46% by reviewing the number of Directors
- 2025

 - Further increased the ratio of Independent Outside Directors**
 Moved to a structure in which 6 of the 11 members are Outside Directors, giving Outside Directors a majority
 - Advanced the succession plan**
 Composed the Nomination & Remuneration Committee entirely of Outside Directors and disclosed our succession plan
 - Increased the ratio of female directors**
 Appointed 3 female directors, raising the ratio of female directors to 27%
- 2026~

 - Strengthen the functioning of the Board of Directors (advance expertise and diversity)**
 - Gradually unwind cross-shareholdings**
 - Discover and develop talent through the Nomination & Remuneration Committee (executive succession plan)**
 - Strengthen group governance (compliance and prevention of misconduct)**

Streamlining of the supply chain

We will drive supply chain efficiency across the entire industry, transcending the boundaries of “competitors” and “business partners” to address inflation-driven cost increases and labor shortages



*The new company, Product Registry Services, Inc. was established in November 2025, with ARATA CORPORATION 30%, PALTAC CORPORATION 30%, and PLANET,INC. 40%.

3 Strategies Looking Beyond the Medium-Term Management Plan 2030

Strategies looking beyond 2030

1 Turn product development capabilities into a growth strategy

- Cultivating in-house product development for high-margin items as a strategic response to wholesale profitability challenges
- Strengthen product development and marketing capabilities
- Create synergies between ARATA CORPORATION, D-Nee Cosmetics Co., Ltd., and msh Inc., to drive a expansion of product development capabilities

2 Accelerate the global rollout of overseas businesses

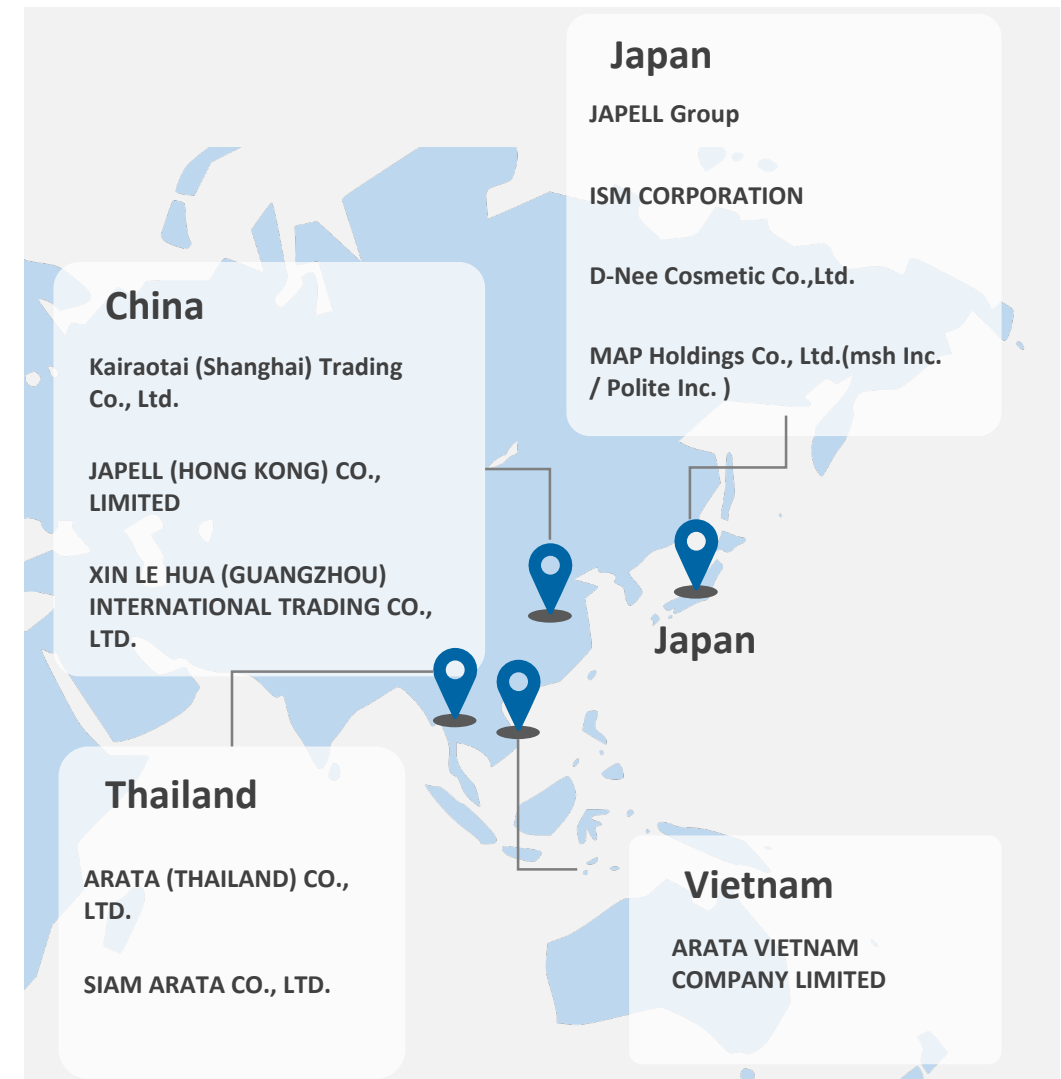
- Expand export business in Asia and ASEAN regions, anchored by local subsidiaries
- Coordinate with Group companies (JAPPELL Group, msh Inc.)
- Develop products tailored to local needs

3 Rebuild the in-store management business

- Expanding into new service domains to differentiate from competitors through cross-group collaboration
- Develop services that meet the challenges facing retailers and manufacturers amid a shrinking workforce

4 Improve safety and efficiency through a complete overhaul of the core systems

- Build strategic information systems and networks that optimize company-wide operations
- Build information infrastructure that can be effectively leveraged across the entire supply chain



Forward-looking statements

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IR inquiries



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