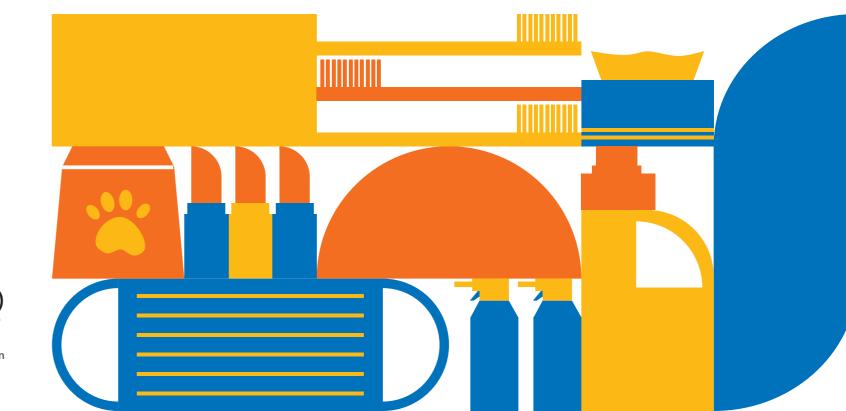


INTEGRATED REPORT 2021











Realize your dreams. Change your daily lives.

ARATA CORPORATION is one of Japan's largest wholesale trading companies in the cosmetics and daily goods categories.

Formed through the consolidation of a number of wholesalers from across Japan into one entity, ARATA is now, thanks to your support, celebrating the 20th anniversary of its founding.

Today, when the way we live is changing dramatically,
ARATA's mission is to be a company which not only makes available the
products which meet the need of these changing times but also realizes
people's dream of "living a comfortable life forever."

Keeping in mind our steadfast management philosophy "Continue to serve the world," we will deliver ARATA value, which makes everyday life richer and more comfortable.



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Editorial Policy

In the fiscal year ended March 2018, the ARATA Group issued an inaugural integrated report, aiming to communicate to shareholders, investors, and all other stakeholders in an easy-to-understand manner the management strategies targeting an increase in corporate value. This report presents information that is highly important to the Group, including the Group's

important to the Group, including the Group's business activities, financial information, and nonfinancial information critical to explaining the growth strategies in the medium-term management plan, both compactly and based on integrated considerations.

The Group will revise the content of this report every year in the hope of enhancing it as a tool to facilitate dialogue with all stakeholders.

Reference Guideline

Guidance for Collaborative Value Creation (Ministry of Economy, Trade, and Industry)



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Organizations Covered

ARATA CORPORATION and Group companies

Period Covered by This Report

April 1, 2020–March 31, 2021 The report includes some activities in fiscal year ending March 2022.

Forward-Looking Statements

This report contains forward-looking statements about future plans, strategies and operating performance forecasts.

These statements were based on reliable information available at the time. As such, these statements include risks and uncertainties, and ARATA CORPORATION bears no responsibility for the accuracy or completeness of these statements. Please note that actual results may differ substantially from the Company's outlook.



Twenty Years of Progress

In April 2022, ARATA will celebrate the 20th anniversary of its founding. ARATA was formed by consolidating the long histories and traditions of a number of powerful wholesalers from across Japan into a single entity. Since then, we have implemented mergers to expand our area of coverage, established subsidiaries to strengthen our products categories and boost our capabilities, listed our shares on the Tokyo Stock Exchange, and expanded our operations overseas.

Going forward, we will continue making progress, aiming to be a company

which contributes to the daily lives of consumers in Japan and

the rest of Asia and which continues to serve the world.



2013 2012 Established ARATA (THAILAND) CO.,LTD. in Bangkok, Thailand Listed on the First Section of the Tokyo Stock Exchange

> Established ARATA (Shanghai) Trading Co., Ltd. in Shanghai, China as a subsidiary

Established JAPELL (HONG KONG) CO., LIMITED in Hong Kong, China

2020 Established ARATA VIETNAM COMPANY LIMITED in Ho Chi Minh City Vietnam Established SIAM ARATA CO.,LTD. in joint venture with Saha Group Co., Ltd. in Bangkok, Thailand ARATA(THAILAND)CO.,LTD. & SIAM ARATA CO.,LTD.

Growth in 20 Years					
2002		2021			
Market capitalization	¥19.7 billion	¥88.4 billion	(as of March 31, 2021)		
Stock price	¥1,850	¥4,905	(closing value on March 31, 2021)		
Operating profit	¥1.2 billion	¥11.5 billion	(as of March 31, 2021)		

Transitioned to an operating company following the integration of Tokukura Co., Ltd.



ARATA Logo

2002

Established ARATA CORPORATION

through the merger of Daika K.K., Ito-I Co., Ltd., and Sunvic Co., Ltd.

♣式会社あらた設立発表会

The three wings on our logo represent manufacturers, wholesalers, and retailers. The logo expresses our desire to serve society through optimized distribution, where we "turn the wheels" of supply chain management, to build an extremely low-cost distribution structure that constantly brings satisfaction to consumers.



Origin of Company Name

"ARATA" means "making each day new" in Japanese. It was described in a story in the ancient Chinese book Great Learning, about Tang Wang who engraved words on his wash basin about the importance of striving to make each new day better than the previous day and read these words each morning to admonish himself. This name was chosen in 2001 from among 2,236 employee entries.

Mascot Character: ARATAN

Introduced in 2003, following an open call to employees for design entries Designed to look like the letter "A."



Changes in Net Sales (Consolidated) and Stock Price

2011



^{*} As a result of a change in the number of shares constituting one trading unit (from 1,000 shares to 100 shares) and a reverse stock split (one-for-five) with an effective date of August 1, 2015, the Company's trading unit in trading on the Tokyo Stock Exchange was changed from 1,000 shares to 100 shares from September 27, 2015. Stock price data prior to September 2015 has, therefore, been revised to reflect the effect of the reverse stock split.

03

Value Creation Process

ARATA aims to realize sustainable corporate growth by conducting business activities based on material issues (materiality) and developing alongside stakeholders through the creation of economic and social value.

Environmental changes

Society's expectations of ARATA

Pandemic

Increased demand for health supplies

Natural disasters

Stable distribution Contribution of decarbonization

Labor shortage

Active participation and career advancement of diverse human resources

Changing lifestyles

Supply of products which meet changing demand

Low birthrate and aging population

Population decline Improvement in quality of life Proposal of high value added products

Advances in technology

Response to DX

Globalization

Distribution of Japanese products overseas Distribution of overseas products in Japan

Input

Characteristics and strengths

Human capital

Approximately 3,000 employees

Manufacturing capital

National network 42 logistics centers across Japan

Financial capital

Ability to generate cash flow

Intellectual capital

Ability to make proposals using database of products handled

Social relationship capital

Trust-based relationships with about 1,200 manufacturers and about 3,500 retailers

Value Creating Business Model

Business activities

for making products available anytime, anywhere

ARATA

Creating added value as

a centralized products

and information

FY21/03 net sales

¥834.0 billion

One of Japan's largest wholesale trading companies in the cosmetics and daily goods categories

Management Philosophy

Continue to serve the world

Retailers

Providing products, information and sales expertise

Approx. 3,500

Consumers

Approx. **45,000**

Material Issues

Manufacturers

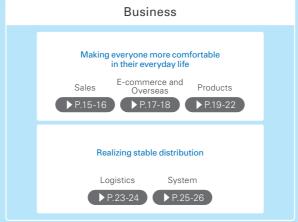
Purchasing products

and information

Approx. **1,200**

companies

Approx. 100,000



Underlying ESG Considerations

Contributing to Being a great place to creating a positive cycle in the supply chain Human Resources ▶ P.28-30 ▶ P.31-33 Enriching everyone's **Building a robust**

everyday life Local Communities ▶ P.34

Governance ▶ P.35-46

Output

Health & Beauty



Home Care



Paper Products



Household Goods



Pet Supplies



Outcomes

Economic value

Medium-Term Management Plan 2023

Targets for FY23/03

Net sales: ¥850.0 billion Operating profit: ¥129.0 billion Ordinary profit: ¥135.0 billion

ROE 9%level

Long-Term Management Vision 2030

Net sales exceeding **¥1 trillion** by FY30/03



Consumers

Encounters with new products Comfortable everyday life

Shareholders and investors Stable shareholder returns

Constructive dialogue Transparent information disclosure

Business partners

Appropriate transactions Improvement in supply chain efficiency

Employees

Work environment where employees can continue working for a long time Provision of opportunities to develop skills

Local Communities

Contribution to development of sustainable cities and communities

Natural environment

Response to climate change Creation of a recycling-oriented society



Sustainable growth driven

by value creation cycle

05