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ARATA INTEGRATED REPORT 2023

***Realize
your dreams.
Change
your daily lives.***



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ARATA INTEGRATED REPORT 2023

Corporate Message

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.

A large number of wholesalers from across the country joined together to form ARATA in 2002.

The way we live is changing dramatically. ARATA's mission is to be a company which not only delivers products that meet the needs of these changing times, but also realizes people's dream of "living a comfortable life forever."

With our steadfast management philosophy of "continuing to serve the world" firmly in mind, we will continue to deliver ARATA value— making 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 business activities, financial information, and nonfinancial information critical to explaining the growth strategies in the mediumterm 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)



Organizations Covered

ARATA CORPORATION and Group companies

Period Covered by This Report

April 1, 2022–March 31, 2023

The report includes some activities in fiscal year ending March 2024.

Forward-Looking Statements

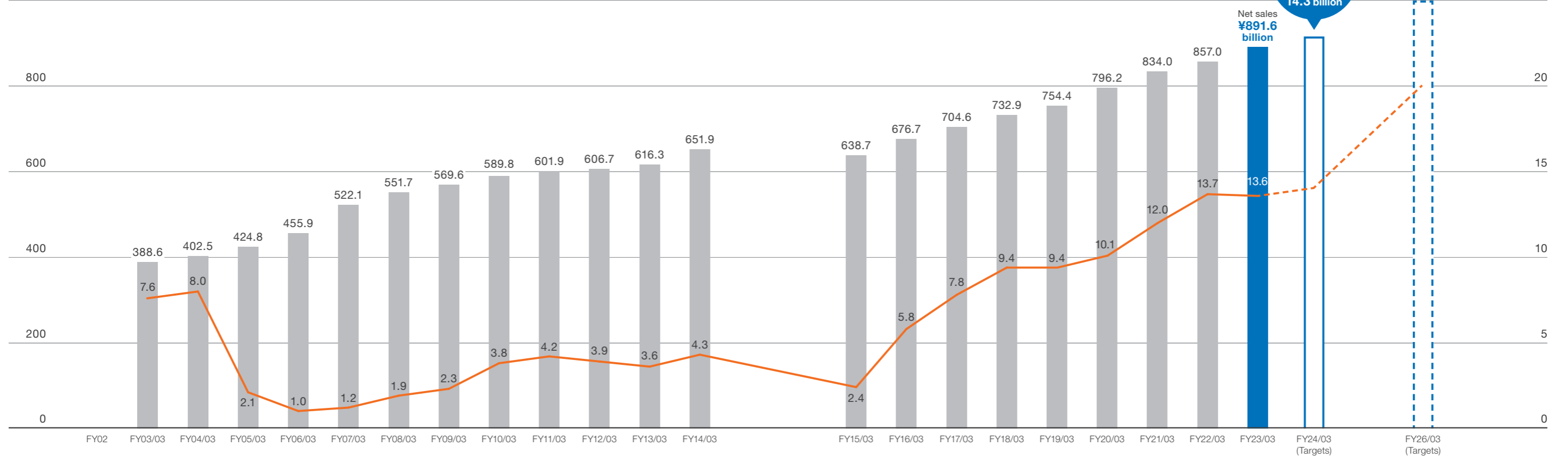
This report contains forward-looking statements about future plans, strategies and operating performance forecasts. These statements were based on reliable information available at the time. As such, these statements include risks and uncertainties, and ARATA CORPORATION bears no responsibility for the accuracy or completeness of these statements. Please note that actual results may differ substantially from the Company's outlook.

History of Value Creation

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.

Net Sales and Ordinary Profit (Consolidated)

(¥billion) ■ Net sales (Left axis) — Ordinary profit (Right axis)
1,000



Medium-Term Management Plan 2026
FY26/03
Net sales ¥1 trillion
Ordinary profit 20.0 billion

ARATA's value creation to address social issues



- 2002** Established ARATA CORPORATION through the merger of Daika K.K., Ito-I Co., Ltd., and Sunvic Co., Ltd.
- 2004** Transitioned to an operating company following the integration of Tokukura Co., Ltd.
- 2005** Made Japell Co., Ltd. into a subsidiary
- 2007** Established ISM CORPORATION
- 2009** Launched first product under ARATA's own private brand "addgood"
- 2010** Concluded a business cooperation agreement with NIPPON ACCESS, INC. and Alfresa Holdings Corporatio



Established ARATA CORPORATION

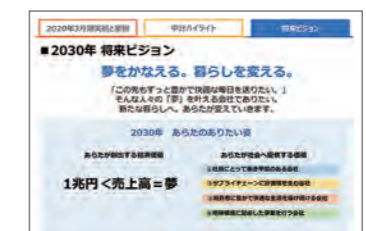
- 2011** Listed on the Second Section of the Tokyo Stock Exchange
- 2012** Listed on the First Section of the Tokyo Stock Exchange



Listed on the First Section of the Tokyo Stock Exchange

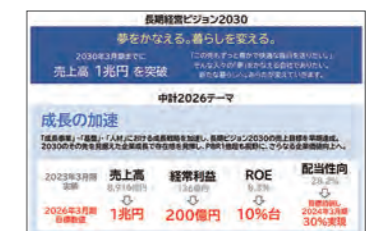
- 2012** Established ARATA (Shanghai) Trading Co., Ltd. in Shanghai, China as a subsidiary
- Established JAPPELL (HONG KONG) CO., LIMITED in Hong Kong, China
- 2013** Established ARATA (THAILAND) CO.,LTD. in Bangkok, Thailand
- 2015** Established SIAM ARATA CO.,LTD. In joint venture with Saha Group Co., Ltd. in Bangkok, Thailand
- 2020** Established ARATA VIETNAM COMPANY LIMITED in Ho Chi Minh City, Vietnam

- 2020** Established Long-Term Management Vision 2030
- 2021** Established D-nee Cosmetic Co., Ltd.



Established Long-Term Management Vision 2030

- 2022** Moved to the Prime Market following the Tokyo Stock Exchange's restructuring of markets
- 2023** Established Medium-Term Management Plan 2026



Established Medium-Term Management Plan 2026

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

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

Pandemic

Increased demand for health supplies

Input

Characteristics and strengths FY23/03

Human capital

Approximately 3,000 employees

Manufacturing capital

42 logistics centers across Japan
Investment amount: ¥5.8 billion

Financial capital

Net assets ¥102.0 billion
Total assets ¥290.8 billion

Intellectual capital

Proposal capabilities based on analysis of POS data from around 8,700 stores

Social relationship capital

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

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

Management Philosophy

Continue to serve the world

Material Issues

Business

Making everyone more comfortable in their everyday life

Sales (P.21-22) E-commerce and Overseas (P.23-24) Products (P.25-28)

Realizing stable distribution

Logistics (P.29-30) System (P.31-32)

Management base ESG

Contributing to environment by creating a positive cycle in the supply chain

Environment (P.35-38)

Enriching everyone's everyday life

Local Communities (P.42)

Being a great place to work

Human Resources (P.39-41)

Building a robust governance framework

Governance (P.47-54)

Sustainable growth driven by value creation cycle

Manufacturers

Purchasing products and information
Approx. 1,200 companies
Approx. 100,000 items

ARATA

Creating added value as a centralized products and information
FY23/03 net sales ¥891.6 billion

Retailers

Providing products, information and sales expertise
Approx. 3,500 companies
Approx. 45,000 stores

Consumers

Output

Products Handled FY2023/03 consolidated net sales

Health & Beauty

¥277.8billion

Paper Products

¥172.6billion

Household Detergents

¥128.9billion

Home Care

¥72.1billion

Household Goods

¥61.4billion

Pet Supplies & Others

¥178.5billion

Outcomes

Economic value

Medium-Term Management Plan 2026 Targets

Net sales ¥1 trillion

Ordinary profit ¥20.0billion

ROE 10% level

Dividend payout ratio 30%

Social value

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

