



Taking Action from a Medium- to Long-Term Perspective to Achieve Sustainable Growth and Higher Corporate Value

Seiichi Kachiya

Representative Director and President

On Becoming President

A New Leadership Structure Launched to Achieve Long-Term Management Vision 2030

I was appointed Representative Director and President on April 1, 2025. Honestly, I was unsure at first whether I had the capacity to fulfill this role, but with the encouragement of Senior Advisor Hatanaka, who told me that the role of president is the most rewarding and meaningful job one can undertake, I made up my mind and accepted the position. After assuming the presidency, I experienced many hectic days leading up to the General Shareholders meeting. Even afterward, I found myself constantly addressing all manner of internal and external matters, leaving virtually no time to rest. My experience thus far has proven to be an invaluable asset in my new position, especially during my tenure as President of the Capital Area Branch, when I took proactive measures to address a variety of issues despite challenging circumstances. I believe it was this stance that led to my appointment as president.

This transition in leadership came as we entered the final fiscal year of the Medium-Term Management Plan, and I found myself in full agreement with former president Suzaki's view that it would be better if the new president were to formulate and execute the next plan. Executing a plan that I played a central role in creating will allow me to implement it with an even deeper sense of understanding and responsibility. Going forward, I will carefully assess our current progress and revise our strategy as needed to achieve the Long-Term Management Vision 2030, which we established five years ago. For the next Medium-Term Management Plan, which will commence in the fiscal year ending March 31, 2027, ARATA will move forward as a united effort so that this four-year period ties directly to achieving this vision.

Looking Back on FY25/03

Record High Net Sales for the Tenth Consecutive Year
Record High Ordinary Profit for the Second Consecutive Year

In the fiscal year ended March 31, 2025, ARATA made steady progress, with record high net sales for the tenth consecutive year and record high ordinary profit for the second consecutive year. While sales volume has remained flat in recent years, stronger sales of high-value-added products and the impact of price increases due to inflation

have led to higher unit prices. However, we have sensed a weakening of this trend since the second half of the fiscal year. Cost-push inflation also continued, with our business partners experiencing significant increases in human resource and logistics costs. This has led to higher demands from our business partners, creating an even harsher business environment.

Under these circumstances, we decided to focus on taking action from a medium- to long-term perspective, believing that a short-term perspective would lead us in the wrong direction. An example of this is the inventory write-down recorded in our role as a manufacturer. While this represents a short-term loss, we view it as a positive restructuring for medium- to long-term growth.

Excluding short-term and temporary factors, we saw only minor deviations from the plan and were able to achieve solid results for the most part. This was a year in which we built a solid foundation for achieving the major milestone of ¥1 trillion in net sales for the fiscal year ending March 31, 2026.

Outlook and Initiatives for FY26/03

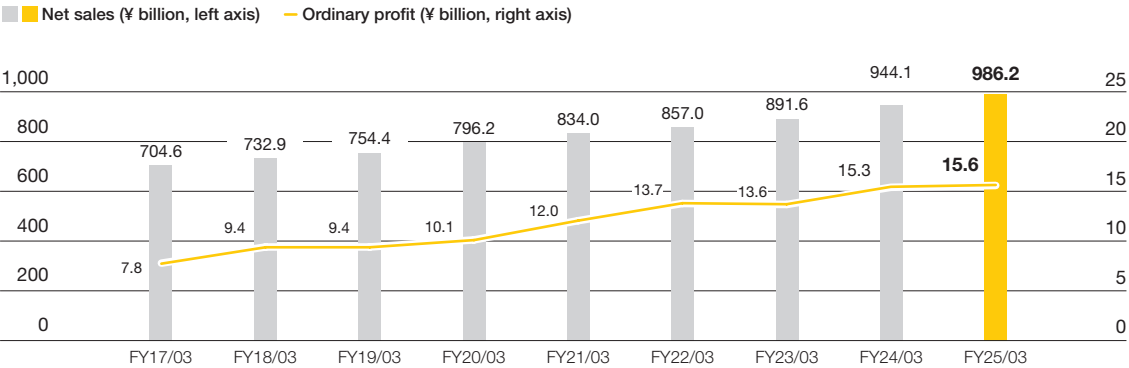
Stronger Earning Power Vital to Achieving ¥1 Trillion in Net Sales

We expect to achieve net sales of ¥1 trillion in the fiscal year ending March 31, 2026, ahead of schedule of our original target of 2030 set in our Long-Term Management Vision. In terms of profit, however, we continue to face harsh conditions. The increases in unit price that have upheld our performance have been petering out, and we also face demands to meet the increasingly sophisticated and stringent requirements of our major business partners as they expand in scale.

Under these circumstances, it is easy to chase short-term profits, but we are still holding on our medium- to long-term management perspective. One example is our investment in human capital. We began investing in human capital early on, increasing employee salaries by approximately 20% over the past three years, and we will invest further in the fiscal year ending March 31, 2026. Combined with social changes such as substantial minimum wage increases, costs increase in the short term, creating what could be considered a very challenging situation.

By viewing this from a medium- to long-term perspective, we can interpret this not as a cost but as an investment that will help us secure outstanding full- and part-time employees for the future. I believe we can control the pressing issue of rising costs by implementing measures to

Net Sales and Ordinary Profit (Consolidated)



absorb costs through improved productivity.

Looking back over our progress in the Medium-Term Management Plan 2026, our ESG initiatives, particularly the creation of better working environments through higher salary levels, have yielded solid results. At the same time, we must establish even stronger earning power to achieve sustainable growth as a company. We must now focus on further refining our strength in sales, particularly our highly regarded role in retail support, while continuing to grow our exclusive and preferential distribution items, which have been recent drivers of growth.

We will also explore new growth areas in anticipation of a shrinking Japanese market while nurturing our core domestic wholesale business. Specifically, this means expanding our product segments, strengthening our role as a manufacturer, and promoting international business. While our international business has not yet reached the profit stage, we will continue to build its foundation during the fiscal year ending March 31, 2026 to generate results during the next Medium-Term Management Plan.

Creating the Next Medium-Term Management Plan

Aiming for Further Growth Through Transformation and New Endeavors

Preparations are already underway for the next Medium-Term Management Plan, which will commence in the fiscal year ending March 31, 2027. While I cannot share details at this time, I want it to make a strong impression that “ARATA is changing.”

We will identify our vision and create an environment where all employees can approach their work with shared aspirations and goals. To achieve this, we will communicate with diverse demographics, including junior employees, then formulate a vision that reflects employee input and work toward its adoption, promotion, and achievement.

In terms of performance, we aim to accelerate growth even further based on backcasting from our Long-Term Management Vision 2030. We anticipate further industry restructuring among retailers, which we expect will have a severe impact on the Company as we respond to the upsizing of retailers. To address this, a response policy will be shared through Management Meetings, where the heads

of executive departments come together to discuss initiatives, as well as through the Board of Directors, the Company’s highest decision-making body, and based on this, appropriate measures including monitoring will be put in place.

We will also focus on resolving logistics issues. We have begun joint delivery with competitors, clearly distinguishing between areas of competition and cooperation to promote initiatives aimed at streamlining. By considering collaboration with a wide range of partners, including those from different industries, we will work to reduce waste and improve efficiency. We will also promote streamlining with retailers and manufacturers, with ARATA playing a central role in driving optimization across the supply chain. Through these initiatives, our response to the changing market environment will be swift and agile while achieving both sustainable growth and increased corporate value.

Sustainability (ESG)

Stronger Cybersecurity Measures and Group Governance

ARATA has produced steady results in the areas of Environment (E), Social (S), and Governance (G). I have served as ESG Committee Chair since April 2025 and can see that our sustainability initiatives have recently begun to bear fruit, with a certain level of environmental infrastructure now in place. Specific achievements include improved CDP ratings, Kurumin Certification, KENKO Investment for Health Certification, and inclusion in international ESG investment indices such as MSCI and FTSE. These achievements contribute to higher credibility among investors and help establish a good social reputation, which I believe are important elements in enhancing corporate value.

In addition to maintaining and improving existing certifications and ratings, we will strengthen cybersecurity measures as a new priority issue going forward. With the introduction of the corporate rating system by the Ministry of Economy, Trade and Industry, we anticipate that advanced security levels will be required as a condition for continued business relationships, and as such will identify our target rating level and work to develop appropriate systems.

In terms of governance, creating a stronger structure is a



challenge that must be taken on not just by ARATA but by the entire Group. While we have made progress in improving the diversity and independence of the Board of Directors, such as increasing the ratio of female directors and outside directors, we will build a consistent governance structure that includes all Group companies. Through these initiatives, we will build solid trust from society and achieve sustainable corporate value growth.

Shareholder Returns

Maintaining a Dividend Payout Ratio of 30% or Higher for Stable/Increased Dividends

ARATA will focus on maintaining a P/B ratio above 1 as an indicator of corporate value as we strive to increase performance. Dividend returns to shareholders have increased for ten consecutive fiscal years. While we plan a variety of growth investments going forward, our current policy is to maintain a dividend payout ratio of 30% or higher. For the fiscal year ending March 31, 2026, we forecast an interim dividend of ¥56 and a year-end dividend of ¥56 for annual dividends of ¥112, an increase of ¥10.0 from the previous fiscal year.

Our Mission & Purpose at ARATA

Supporting Essential Infrastructure by Going from an Intermediary to the Core of the Supply Chain

Our business carries the important social mission of supporting the vital infrastructure of daily life. Through the ARATA BCP, we have identified the direction the Company should take even during a natural disaster or other emergency.

We have also established ARATA Disaster Prevention Week and ARATA Disaster Prevention Day and hold annual discussions on how the Company and its employees should respond during a disaster in order to support social infrastructure while putting the safety of employees and their families first.

The way the Company and its employees have worked together in past disasters to ensure business continuity while securing safety reflects the results of these efforts and symbolizes our corporate culture. We will continue to pass down this strength. We also aim to evolve from an intermediary to the core of the supply chain, a presence that spearheads overall optimization while collaborating with partners both upstream and downstream.

Areas that require transformation include fostering a spirit of taking on bold challenges for new businesses and initiatives, as well as improving the speed of decision-making and execution. We will also focus on improving operational efficiency and creating value through the active use of AI and DX, establishing a framework that can respond swiftly to the rapidly changing business environment.

While upholding our management philosophy of “continuing to serve the world” as a universal value, we will drive transformation through decisive action and achieve sustainable growth as an industry leader.

Message to the Reader

Becoming a Next-Generation Wholesaler That Continues to Serve the World

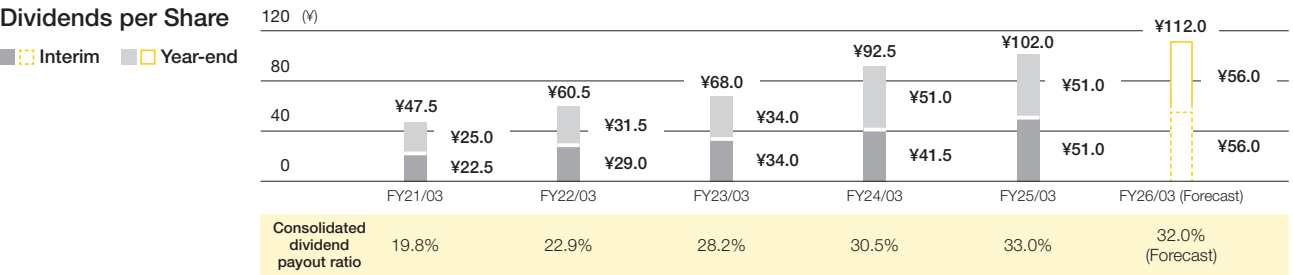
We have achieved steady growth over the past 23 years. Even as we face an increasingly uncertain and challenging business environment ahead, I hope to grow our core domestic wholesale business even further while taking on challenges in new business areas. We aim to transcend the framework of a wholesaler for daily necessities, cosmetics, and pet supplies, refine the added value provided by our distinctive role, and become a next-generation wholesaler that provides the world best. Our goal is to increase not only our quantitative, financial corporate value but also our qualitative, non-financial corporate value to grow as a company that employees take pride in. I ask all of our stakeholders for your continued guidance and support.

Dividend Policy

ARATA considers continuous enhancement of corporate value and shareholder returns to be key management priorities and has paid dividends based on comprehensive consideration of our performance, financial state, future business development, and more

under a basic policy of providing stable, continuous dividends. We will maintain a dividend payout ratio of 30% or higher while providing stable or increased dividends going forward.

Dividends per Share



On January 1, 2024, the Company conducted a two-for-one split of its common shares, and the figures for the interim dividends for the fiscal year ended March 31, 2024 and earlier have been converted to equivalent figures after the stock split.



Message

Aiming to Achieve Our Long-Term Vision and Further Increase Corporate Value Under a New Leadership Structure

Hiroaki Suzuki, Chairman of the Board of Directors

8 Years of Challenges and Finding New Paths

I was appointed president in April 2017. At the time, ARATA had been around for 15 years, 13 since it was fully integrated. Both the first and second presidents were owners of former companies that had been integrated, and so I expected the same for the third president. Which is why I was astonished when I, a long-term employee, was appointed. In analyzing our current state and forecasting the future after my appointment as president, I realized that we would eventually reach our limits if we simply continued with our wholesale business in Japan, and I developed a sense of crisis. The major factors behind this are the decline in consumer and working populations as well as major consolidations among domestic retailers.

That is why I searched for new paths in two areas of business. The first is international expansion. While we have expanded into China, Thailand, and Vietnam, the idea of “the superiority of Japanese products” that we initially envisioned has changed rapidly in recent years. What customers in these countries want are products with good functionality, usability, and design at prices they find reasonable. We are currently implementing measures to meet these needs. The second is our role as a manufacturer. Conventional wholesaling has focused solely on procuring from manufacturers and delivering to retailers, thus operating as a business with low inventory risk. However, this alone bears no prospects for sustainable growth, which is why we began developing our own products. This has allowed us to secure profits without being caught up in price competition with other wholesalers. Developing and selling our own products requires new capabilities in merchandising and

more, and while we faced issues with inventory management and other areas in the fiscal year ended March 31, 2025, these experiences have helped us steadily accumulate expertise. These two areas of business have steadily progressed according to plan, and we will continue developing them through greater growth investment.

3 Themes I Have Focused on as President

There are three major themes I have focused on as president.

The first is “standardization.” When I first became president, there was room to improve the overall profitability of the Company which was partially caused by our delay in standardization. Although we had steadily grown the scale of our business over the past ten years since our establishment, individual area branches still retained the characteristics of their former companies. When discussing earnings, differences in background and position led to different interpretations, resulting in people talking past each other even though we used the same accounting terminology. To overcome this situation, I introduced a system for evaluating profitability using the same standards, methods, and language Company-wide, then extracting and improving on issues. The steady performance of ARATA in recent years can be attributed to operational improvements achieved through standardization.

The second is “consolidation.” Product overlap was another issue. Pet supplies overlapped with the Group company JAPPELL, so we transferred all pet supplies to JAPPELL. Cosmetics overlapped with Fashion ARATA, so we integrated its business into the main company. This has

served as the foundation for current growth and profitability in our Pets and Health & Beauty segments.

The third is “the creation of a long-term vision.” Three-year medium-term management plans had limitations for fundamental transformation, such as growth investment and business portfolio development, so we formulated the Long-Term Management Vision 2030. Envisioning where we want to be in ten years and backcasting from there to position our medium-term plans gives employees a sense of conviction in taking on lofty targets.

Management with a ten-year outlook requires the resolve to anticipate unexpected events. In fact, the COVID-19 pandemic occurred while we were creating Long-Term Management Vision 2030, and while demand from inbound tourism shrank, demand for healthcare products and pet supplies increased. Changes to the environment and the times have both positive and negative aspects. It is vital to be agile in response to change while identifying positive aspects and leaning into these without changing our vision for the next ten years. If we maintain this stance going forward, we will achieve our long-term vision, even if it involves some course corrections.

Presidential Transition for the Next Medium-Term Management Plan

This presidential transition was not based on the nomination of the former president, as in the past, but was instead carried out as part of a succession plan by the Board of Directors and the Nomination & Remuneration Committee. Over several years, in cooperation with outside directors, countless interviews and discussions were held with candidates for next-generation executives, which were comprehensively assessed inside and outside the Company, resulting in the appointment of President Kochiya. Although there is still one year left in the Medium-Term Management Plan and Long-Term Management Vision 2030 has reached its midpoint, the reason for this transition is that I believe a new president should formulate the next medium-term plan (2027–2030) based on his/her own policies and accountability as well as spearhead execution of the Long-Term Management Vision 2030.

I look forward to seeing President Kochiya demonstrate strong leadership to further increase ARATA's corporate value. Increasing corporate value requires stronger earning power in addition to growth for both the Company and its employees. During my eight years as president, I focused on building the foundation for the Company. ARATA now has solid footing and is ready to chart an even steeper growth curve, so I hope President Kochiya will leverage his strengths and take an aggressive approach to achieve further growth.

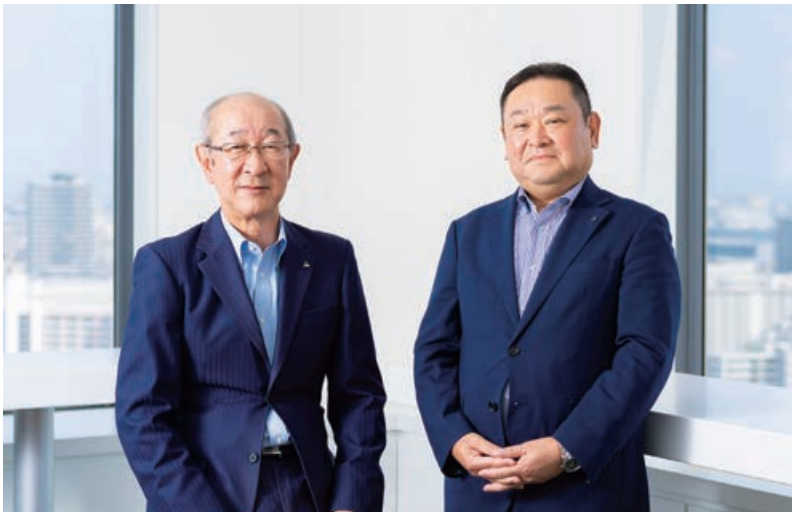
My Role as Chairperson of the Board of Directors and Chair of the Nomination & Remuneration Committee

I will continue to support the growth of the Company in my role as Chairperson of the Board of Directors and Chair of the Nomination & Remuneration Committee. Former-chairperson Hatanaka, my predecessor and now Senior Advisor, established the Nomination & Remuneration Committee, discovered candidates for next-generation executives, and implemented roundtable discussions, group discussions, and panel discussions to incorporate a wide

range of ideas and lay the foundation for our current governance structure. I will work to further enhance the Board of Directors and the Nomination & Remuneration Committee while keeping a close eye on internal and external changes. What I would like to focus on in particular is discovering and developing not only new top-level executives but also mid-level human resources. In addition to our existing systems, I am considering introducing new methods that help candidates themselves become aware of their growth. Now that I have stepped away from execution, it is difficult to measure results quantitatively as I did before, but I will work to strengthen governance and otherwise continue working on initiatives to essentially increase corporate value. Another important task I must take on is evaluating the effectiveness of the executive team led by President Kochiya in achieving the Long-Term Management Vision 2030 from an objective standpoint. Sometimes what is needed is not a push forward but a course correction, so I hope to serve as a brake when necessary in providing advice.

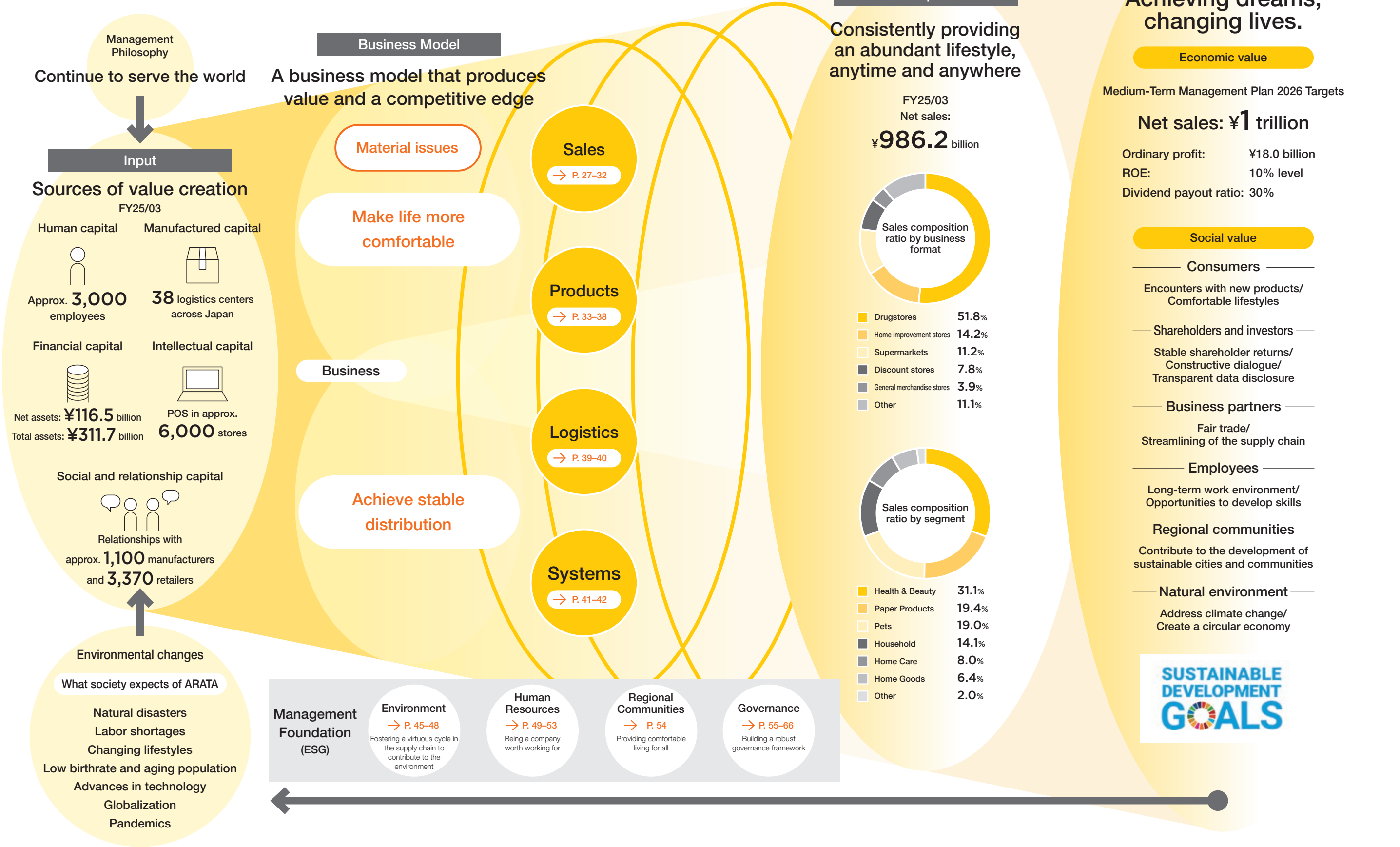
“Continuing to Serve the World” Together with Stakeholders

For these past eight years, I have managed the Company as the chief executive officer. I am deeply aware that our current achievements are only possible thanks to the support and cooperation of many stakeholders, including manufacturers, retailers, business partners, and partner companies. In particular, the ARATA of today, pursuing transformation to achieve Long-Term Management Vision 2030, is supported by the power of each and every employee who has embraced our vision and aided in its execution. Under the new leadership structure, we will further increase corporate value, promote sustainable growth, and strengthen our earning power. The executive side will create plans and work to achieve them, while the supervisory side will work to strengthen governance to support these efforts. In this way, we will enact our management philosophy of “continuing to serve the world” and contribute to all of our stakeholders. I will provide my full support as Chairman and ask all our stakeholders for your continued support.



Value Creation Process

ARATA aims to achieve sustainable corporate growth by conducting business activities based on material issues and creating economic and social value to grow alongside stakeholders.

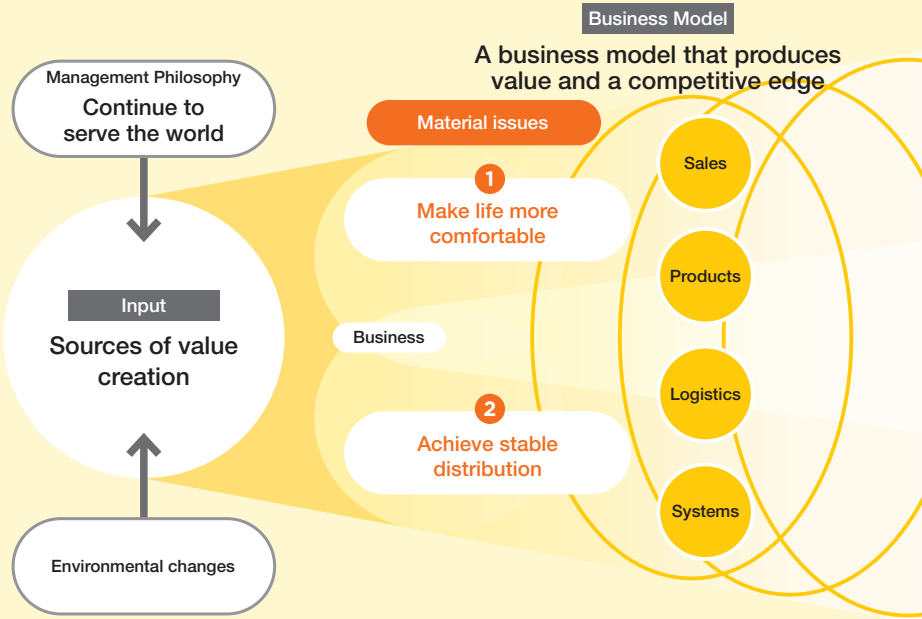


Strengths Produced by Our Sources of Value Creation

A business model that produces value and a competitive edge for a company that continues to serve the world

ARATA provides abundant living to consumers by serving as a bridge for distribution between countless manufacturers and retailers. To fulfill our mission of “continuing to serve the world” through our business activities, ARATA leverages its strengths and cooperation between departments to create all kinds of added value that go beyond merely delivering products.

In order to keep providing the world with new value based on this unchanging spirit despite major social changes, ARATA will, as a company that carries products intrinsic to daily life, work as one to make life more comfortable and achieve stable distribution anytime, anywhere by leveraging our extensive experience, profound insight, and solid capital to its fullest.



1 Make life more comfortable

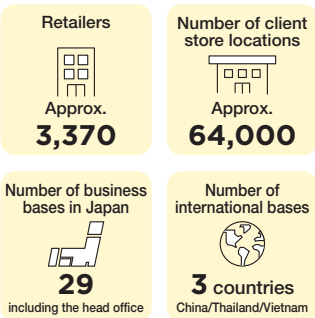
Sales

Part of everyday life thanks to transactions with approx. **3,370 retailers** (nearly 64,000 store locations) across Japan

→ P. 27–32

ARATA, which has approximately 1,000 sales employees nationwide, makes product proposals to offer consumers abundant living. The Company boasts the highest number of transactions with retailers in the industry and leverages the wealth of experience and data cultivated through these relationships to provide high-quality data to retailers. ARATA combines quantitative data obtained from different business formats and regions with qualitative data collected by sales employees at sales floors across Japan to propose “productive sales floors.” Collaboration between Group companies also allows us to provide extensive in-store support for sales promotions, planning, production, and more.

ARATA is focusing on international business as a future growth strategy and has expanded its operations to three countries overseas. We will work proactively to make this a pillar of our growth in the future.



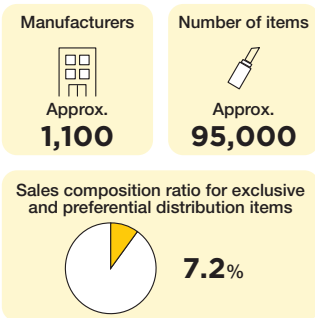
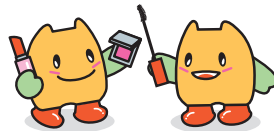
Products

Procuring products to make life more comfortable
Creating new demand

→ P. 33–38

ARATA plays a vital role in identifying products consumers can purchase with peace of mind, creating new value in the market as a wholesaler with extensive data capacity that deals in a wide range of products.

Under our medium-term plan 2026, we are working to expand exclusive and preferential distribution items by partnering with a variety of manufacturers that possess outstanding products, leveraging our nationwide sales network to make proposals to retailers. Furthermore, we have established Group companies with manufacturing capacity to serve as a new pillar of revenue following our wholesale business. We will work to grow these areas even further through product development that leverages the data we have accumulated as a wholesaler.



2 Achieve stable distribution

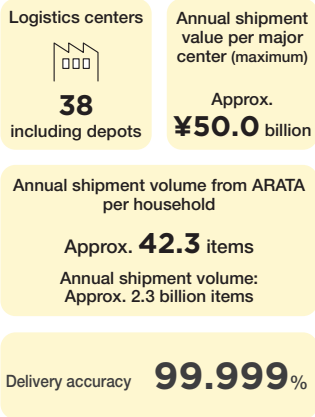
Logistics

A nationwide logistics network that includes 12 major logistics centers to streamline the entire supply chain

→ P. 39–40

ARATA plays a vital role in delivering products throughout Japan through stable, accurate distribution. With the upsizing and diversification of retailers in recent years, we must build more advanced and efficient logistics systems in our role as a wholesaler as well. We have installed a variety of logistics equipment (material handling) and promote streamlining to deliver the necessary products without error. In addition to reinforcing equipment at our bases, we have created logistics that remain uninterrupted even during emergencies through risk distribution that leverages our nationwide logistics network and alternative distribution under our BCP.

We also work in collaboration with our business partners and competitors to address social issues such as the 2024 Logistics Problem as well as environmental issues. ARATA leverages its presence and scale in the distribution industry to promote efficiency and optimization across the entire supply chain as a company that serves as a central player in logistics.



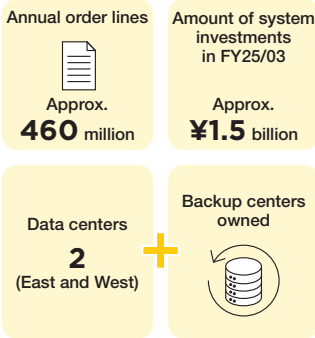
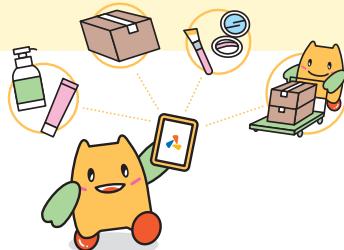
Systems

System features to support stable logistics and DX to address environmental change

→ P. 41–42

For ARATA, which handles logistics between countless manufacturers and retailers, systems that accurately connect data from business partners to deliver products in a reliable manner are the lifeline of our business activities. With the massive accumulation of data and diverse communications taking place at ARATA, a robust system infrastructure is vital. That is why, under the medium-term plan 2026, we are working to reinforce our infrastructure based on the IT Medium-Term Management Plan. By streamlining operations in each department, we aim to boost competitiveness and establish a foundation for sustainable growth.

We are also working to utilize AI and promote DX to grow the Company even further as retailers continue to upsize and diversify. Furthermore, we proactively implement internal training to boost IT skills and information literacy among employees, working to increase Company-wide information security awareness and strengthen our response capacity.

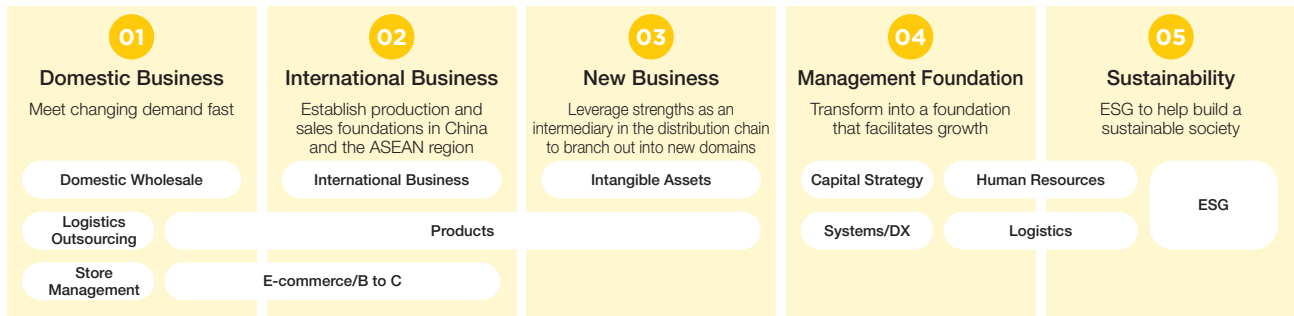
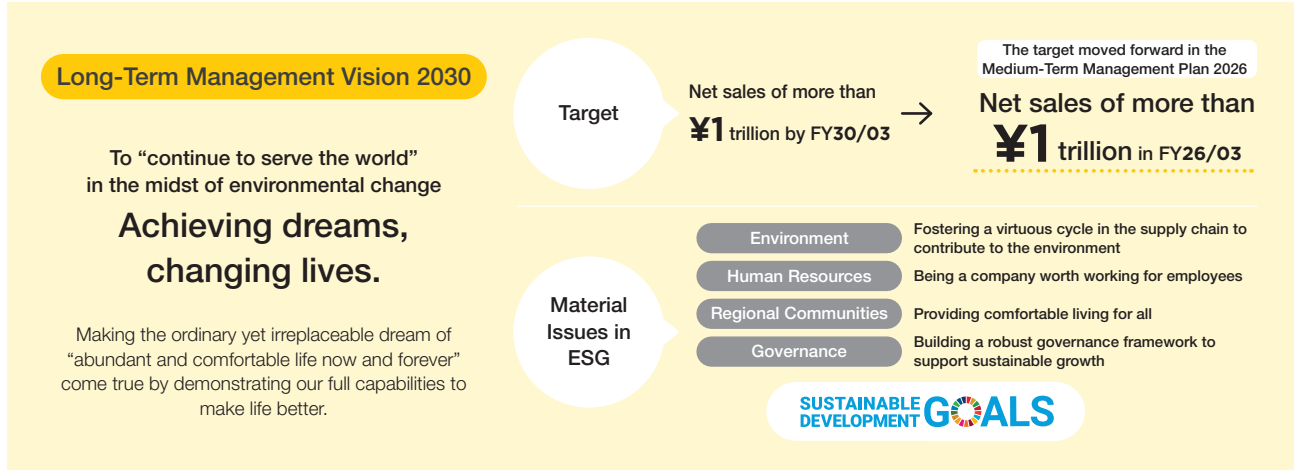


Management Strategy for Sustainable Growth

Long-Term Management Vision 2030

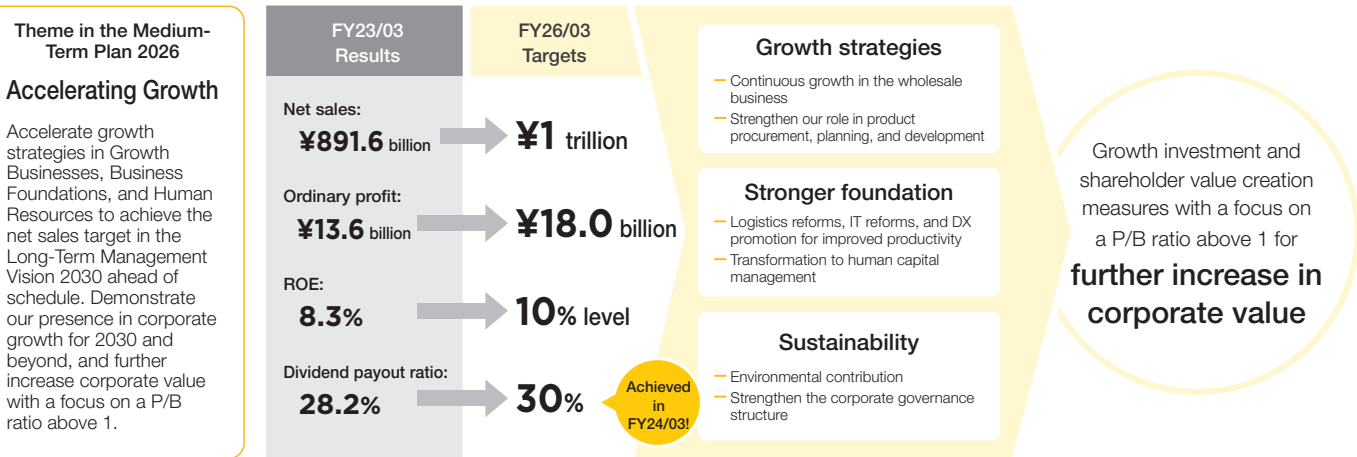
For Sustainable Growth

In the face of dramatic changes in society and the environment, ARATA established the Long-Term Management Vision 2030 in 2020, which takes a long-term perspective in setting out the direction for the next ten years, to identify the fundamentals of management and enable all employees to approach initiatives in a unified manner. We will work to achieve our long-term vision by setting milestones in the form of our Medium-Term Management Plans and striving for further growth.



Medium-Term Management Plan 2026

As Phase 2 for our Long-Term Management Vision 2030, we are promoting the Medium-Term Management Plan 2026, which ends in the fiscal year ending March 31, 2026. We will make these three years a time to fully achieve the initiatives we set in motion during the previous medium-term plan as well as launch new initiatives for further growth as we work to accelerate growth.



Progress of the Medium-Term Management Plan 2026

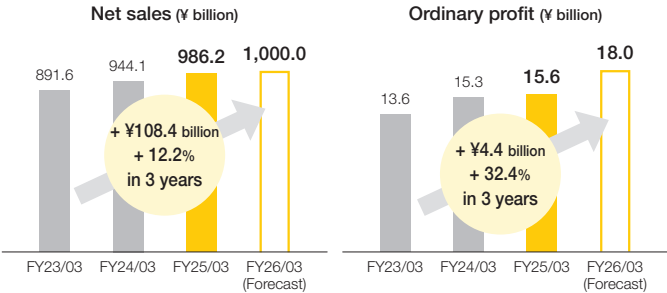
	Strategies in the Medium-Term Plan 2026	FY25/03 Results
Growth strategies	<ul style="list-style-type: none">Expand the Health & Beauty and Pets segmentsExpand exclusive and preferential distribution items to increase originalityAcquire new deals	<ul style="list-style-type: none">Increased sales of exclusive and preferential distribution itemsCommenced new dealings with convenience store operatorsCommenced new dealings with other retail formats
Stronger foundation	<ul style="list-style-type: none">Implement measures in the IT Medium-Term Management Plan to streamline operations and increase logistics productivityTransformation to human capital management: New human resource system implemented in April 2023	<ul style="list-style-type: none">Increased employee salary levels through salary system revisionsConducted dialogue with logistics operators to address the 2024 Logistics Problem
Sustainability	<ul style="list-style-type: none">Reduce CO₂ in collaboration with business partners as a central player in the supply chainStrengthen the corporate governance structure	<ul style="list-style-type: none">CDP response: FY2023 C rating → FY2024 B ratingAcquired Kurumin CertificationAcquired KENKO Investment for Health Certification
Deviations and delays in the plan	<ul style="list-style-type: none">Implemented structural reforms by reviewing our growth strategy in our role as a manufacturerImplemented active recruitment and system revisions as future human resource strategyDelays in implementing initiatives in the IT Medium-Term Management Plan and unexpected freight rate increases	

FY26/03 Consolidated Earnings Forecast Revision (¥ million)

	FY26/03 Initial Forecast	FY26/03 Revised Forecast	Difference
Net sales	1,000,000	1,000,000	±0
Operating profit	-	17,280	-
Ordinary profit	20,000	18,000	(2,000)
Profit attributable to owners of parent	-	11,700	-

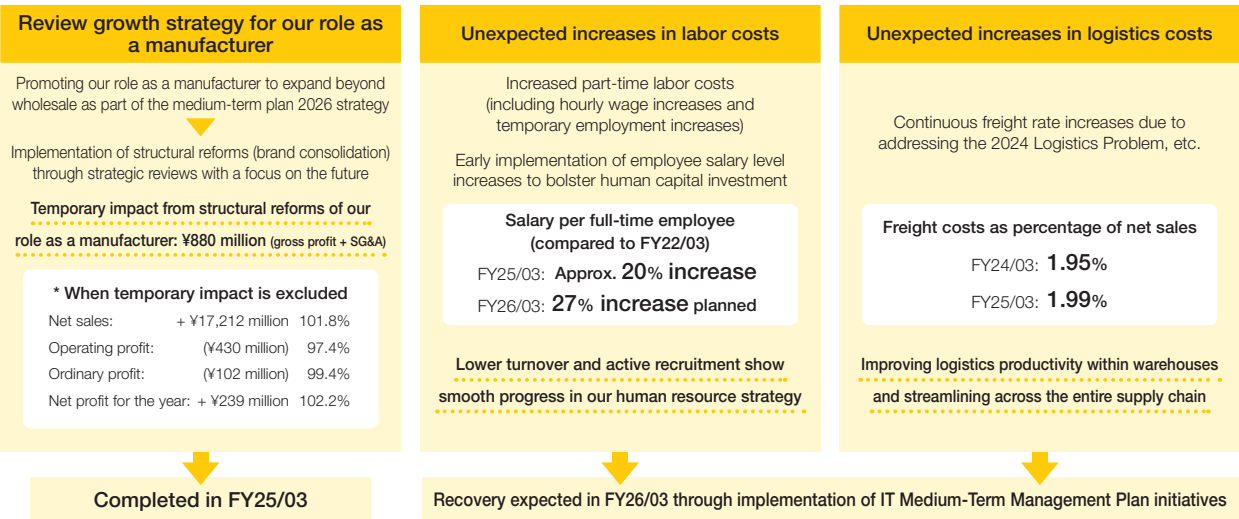
Ordinary profit of ¥20.0 billion expected in FY27/03

Increased Performance over the Three Years of the Medium-Term Plan

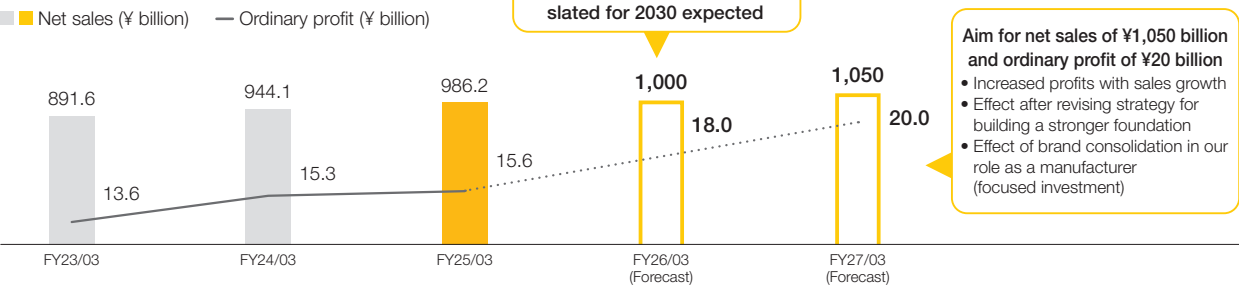


Looking Ahead to the Next Medium-Term Plan

FY25/03 Deviations and Delays in the Medium-Term Plan 2026



Targets for Net Sales and Ordinary Profit



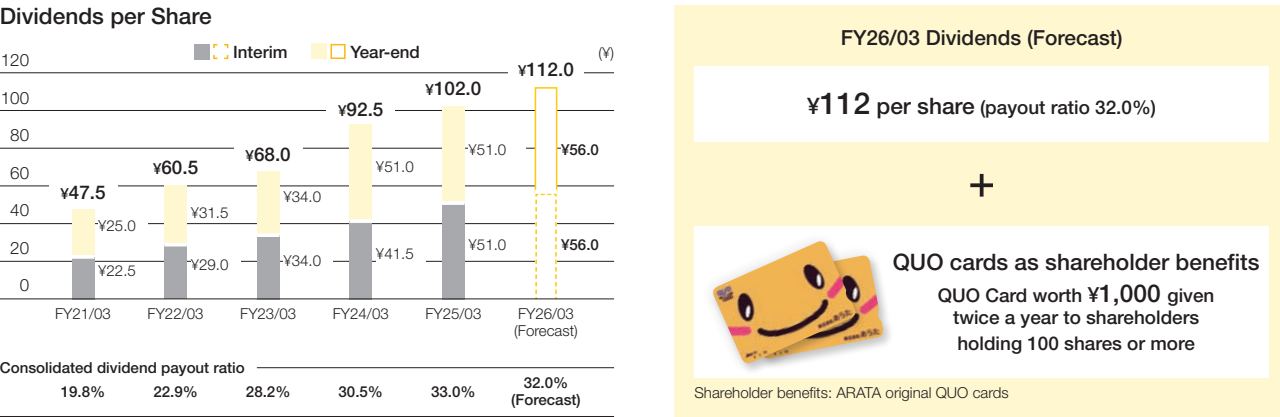
Financial Strategy

Achieving the Long-Term Management Vision 2030 requires promoting a range of growth strategies, strengthening our business foundations, and implementing sustainability strategies. Along with the initiatives in the Medium-Term Management Plan 2026, investments in growth from a long-term perspective are essential for moving forward in a concrete manner. In implementing these growth investments, we are aware of capital costs and aim to invest in growth that reliably leads to the next stage as we create and promote a financial strategy in an effort to improve our corporate value.

Shareholder Returns (Dividend Policy)

In shareholder returns, we have achieved a dividend payout ratio of 30%, the target set forth in the Medium-Term Management Plan 2026, with our dividend policy being to strive for a stable payout ratio of 30% or higher as we maintain and further increase dividends. ARATA paid full-year dividends of ¥102 in the fiscal year ended March 31, 2025, an increase of ¥9.5 from the fiscal year ended March 31, 2024, with the dividends for the fiscal year ending March 31, 2026 forecast at ¥112, a further increase of ¥10, meaning that dividend increases are planned for the 11th year in a row. By improving ROE and providing stable shareholder returns, ARATA will continue to boost its corporate value.

FY25/03 Dividend Payout Ratio of 33.0%. Maintained a Payout Ratio of 30% or Higher, the Target Set Forth in the Medium-Term Management Plan 2026



On January 1, 2024, the Company conducted a two-for-one split of its common shares. Figures for periods before the split have been converted to the figures after the stock split.

Dividend Policy	Maintain and increase dividends with a payout ratio of 30% or higher
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Medium-Term Management Plan 2026

Enhance shareholder returns by investing mainly in business growth and building foundations

The Medium-Term Management Plan 2026, which ends in the fiscal year ending March 31, 2026, is being implemented as follows.

Cash in

Increased operating cash flow through sales growth and improved profitability

¥40.0 billion level

Improved asset turnover

Asset turnover cycle of around 2 days

Approx. ¥5.0 billion

Reduced cross-shareholdings

Less than 10% of net assets

Flexibly procure funds from external sources

Cash allocation

Investments in business growth and building foundations

¥15.0 billion level

Investments in shareholder value creation measures

FY24/03

Dividend payout ratio 30% reached

Investments in business growth and building foundations

- Investments in DX promotion and IT reforms
- Organizational reforms and human resource development to instill the human resource system
- Investment in logistics foundations to support business growth in Japan

Investments in shareholder value creation measures

- Measures for shareholders aimed at optimizing capital composition and increasing liquidity according to market trends

Note: Asset turnover cycle refers to the number of days to turn over accounts receivable, inventory, and accounts payable.

Financial and Management Indicators

Under the Medium-Term Management Plan 2026, ARATA has set ROE as a priority indicator for increasing corporate value. We aim to achieve ROE of 10% in the fiscal year ending March 31, 2026, the final fiscal year of the Medium-Term Management Plan, by not only maintaining financial soundness but also by increasing profitability and capital efficiency.

Credit rating by Japan Credit Rating Agency, Ltd. (JCR)

BBB+

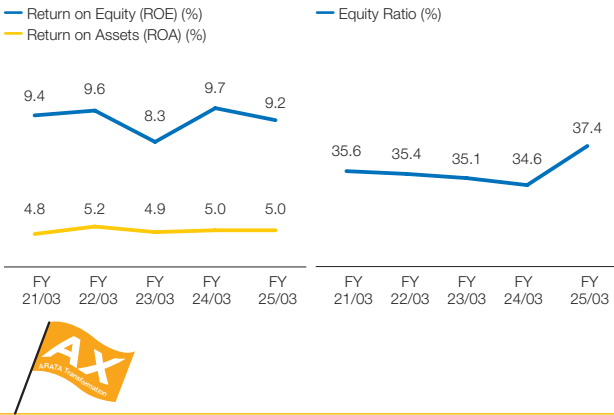
Increased rank as of April 11, 2022

➡

A-

Maintain stable management

Indicators and Assessments

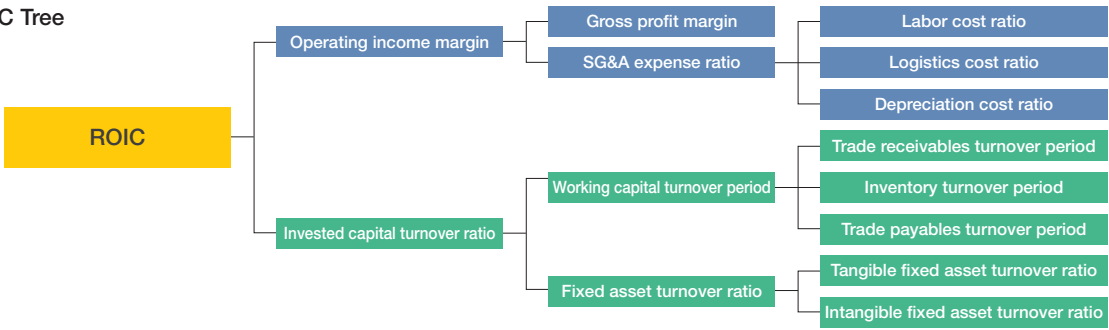


More Advanced Financial Perspectives for the Future

ARATA has worked on ROE as a KPI for measuring improvements in capital productivity. To maximize corporate value, we must accelerate investments not only in foundations but in growth as well, which is why capital productivity indicators for measuring return on investment continue to grow in importance.

Going forward, we will incorporate the concepts of ROIC and EBITDA into processes such as business division assessments, investment reviews, and project management to increase Company-wide awareness of capital costs and return on investment while aiming to achieve financial foundations and investment activities any stakeholder will find easy to understand.

ARATA ROIC Tree



Aim for Sustainable Growth Through Corporate Activities That Go Beyond Stakeholder Expectations While Fulfilling Our Responsibility as Social Infrastructure

To a Growth Strategy

The ARATA Group plays a vital role in the distribution economy for daily necessities and cosmetics and works each day to create more sophisticated operations to fulfill our mission of delivering peace of mind to all consumers. While the external environment shows increasing uncertainty in politics, economics, foreign affairs, and climate change, we believe the ARATA Group is at a juncture where we must pursue steady, grounded management while also identifying risks and proactively investing in growth with the future in mind.

Financial Strategy

In this context, ARATA's challenges lie in maintaining and strengthening the competitive advantages of our existing businesses to improve profitability while also bolstering initiatives in businesses that will contribute to future growth. These efforts require funds of an appropriate amount for foundational investments focused on human capital,

logistics, and digitalization, as well as growth investments for new business development and M&A. The ARATA Group has consistently achieved appropriate procurement and utilization backed by our sound and stable financial foundation. Going forward, we will make bold investments from an even longer-term perspective. To secure the funds necessary for our diversifying investments, we will continue pushing forward with reforms to our transaction foundation (improving CCC and selling cross-shareholdings) while also strengthening our framework to respond appropriately and in a timely manner through diverse procurement methods including loans, bonds, and capital.

Nakaba Nebashi

Senior Executive Officer,
General Manager of Administration Department

Human Resource Strategy

Human Capital Management Reform to Increase Corporate Value

A new human resource system was introduced in April 2023 during Phase 1 of the Medium-Term Management Plan 2026 aimed at achieving the Long-Term Management Vision 2030, “Achieving dreams, changing lives.” In the fiscal year ended March 31, 2025, the second year of the plan, we worked to establish the human resource system while reviewing and enhancing employee benefits and other systems to improve the workplace environment.


Encouraging individual growth and motivation through systematic development and strategic placement of human resources to maximize individual employee performance is essential for corporate growth. We are working to build a foundation for employee ability development and career planning based on reliable data by managing data on performance evaluations, job history, career plans reflecting individual preferences, and more to establish human resource data on which future talent management will be predicated. Training, which serves as the foundation for

human resource development, is conducted by the Training Division within the Personnel Department, which strives daily to create higher levels of training to increase employee expertise and skills.

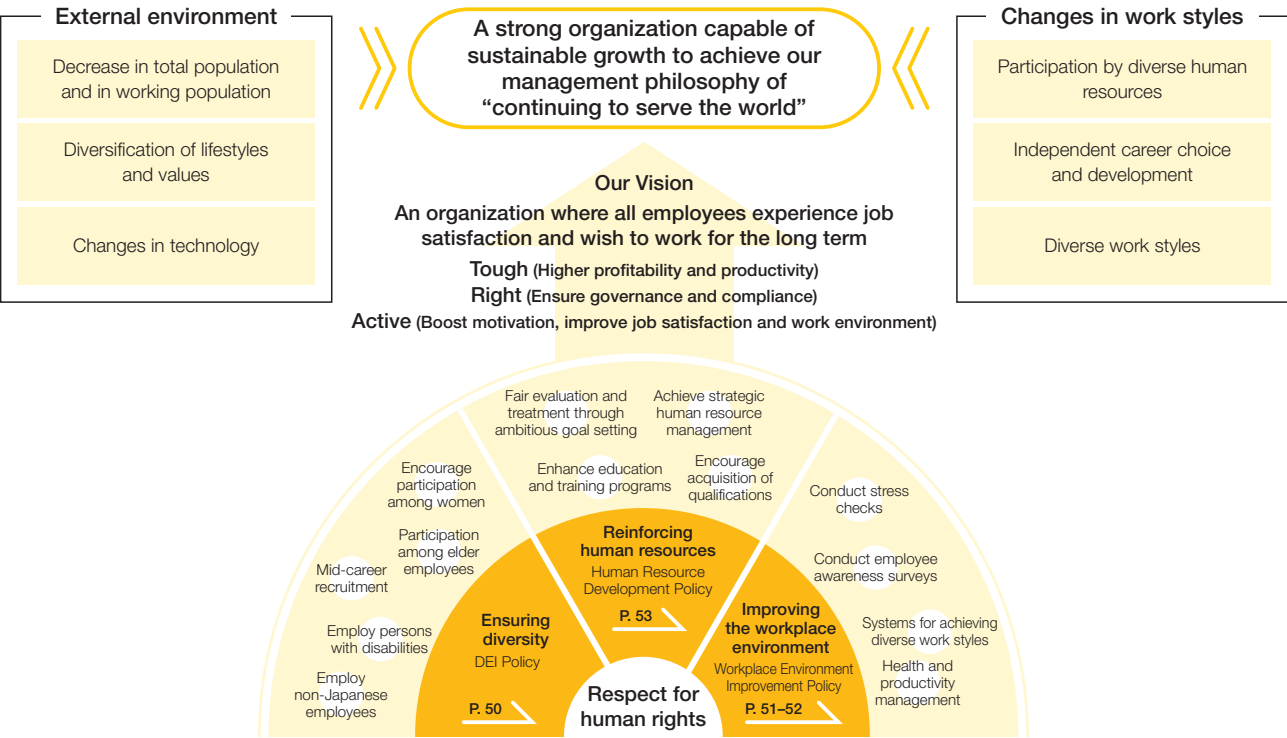
The Company cannot grow without the growth of individual employees. We will strengthen human resource development and improve the workplace environment even further so that our employees can work under the vision of being Tough, Right, and Active as we aim to increase corporate value alongside employee growth.

Hiroyuki Kawano

Executive Officer, General Manager of Personnel Department and Manager of Personnel Division



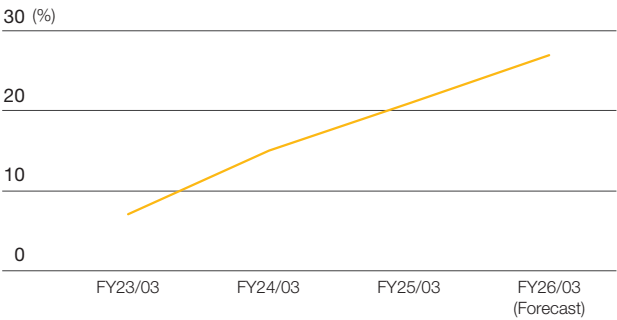
Basic Approach to Human Resources



Establishing and Further Revising the New Human Resource System

Our human resource system was revised in April 2023 to establish and expand new systems, focusing primarily on salary and bonuses. In the fiscal year ended March 31, 2025, we boosted employee engagement even further through comprehensive investment in human capital such as additional salary level revisions, system reforms, and stronger human resource development, thereby building a foundation for sustainable growth for both the Company and its employees.

Salary Level Increase per Full-time Employee (compared to FY22/03)



Major additions and enhancements in the new human resource system

- Launch the new job category of Area Manager**
→ Increased options for promotion to management positions while maintaining assignment to a specific region
- Revised system for elder employees**
→ Created an environment where employees can thrive longer and utilize their extensive knowledge for corporate growth
- Revised job return system (to allow for promotion to full-time employee status)**
→ Offered opportunities to work again utilizing the knowledge and skills cultivated at ARATA
- Revised promotion requirements**
→ Enabled early promotion according to competence, regardless of age
- Revised the number of job category changes**
→ Eased limits on the number of changes to accommodate both career paths and life events
- Revised the human resource evaluation system**
→ Clarified evaluations for behavioral indicators and the level of achievement of personal goals to create clear, fair evaluations

Reinforcing Human Resources to Accelerate Corporate Growth

Proactive recruitment for the future

While we have veteran employees with extensive knowledge and experience thriving at ARATA, we have a relatively small number of junior employees, creating an “inverted pyramid” structure. We recognize that reinforcing and expanding our junior and mid-career employees is essential to solving this issue, which is why we are conducting proactive recruitment. For new graduates, we have them learn the foundations of business for the area they wish to work in, then consider the growth potential of each and every employee to support diverse career paths. For mid-career hires who are able to hit the ground running, we conduct strategic recruitment with a focus on future candidates for executives in an effort to revitalize the organization and acquire diverse knowledge.

P. 51 Human resource data page:
Recruitment status of new graduates and mid-career hires

Stronger training systems

We focus on skills training to improve employees' expert abilities. Specifically, management training from the Logistics Department has been rolled out to other departments in an effort to strengthen leadership across the organization. We have also strengthened evaluator training in an effort to achieve fair human resource evaluations and are working to improve individual evaluator skills and instill evaluation standards.

P. 53 Development and Training of Human Resources:
Main training & development programs



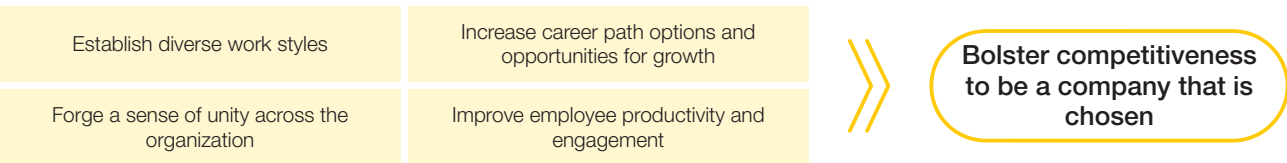
Effects Observed from the Employee Awareness Survey

We conduct an annual employee awareness survey to assess employee attitudes toward their own work, work styles, ARATA's organizational culture, and more using a five-point scale for evaluation. A comment section is provided in addition to the scale for a system where employee feedback

reaches management directly. The response rate for the awareness survey remains high at 97.2%. Scores have risen in key areas related to improved engagement, and our turnover rate is low compared to industry averages.

February 2025 survey	Satisfaction with evaluation	Job satisfaction	Work style	Leave take-up	Employee satisfaction	Intent to stay with the company	KPI
Score (five-point scale)	3.8	3.8	3.7	4.0	3.6	3.7	Intent to stay with the company 2026 target 4.0
Year-on-year	+ 0.08	+ 0.03	+ 0.20	+ 0.05	+ 0.08	+ 0.02	

Keys to Growth



Special Feature

Fostering a Corporate Culture for Accelerating Growth

We have promoted a variety of strategies and institutional reforms to achieve sustainable growth under the theme of Accelerating Growth set forth in the Medium-Term Management Plan 2026. ARATA considers employees to be partners connected through a common purpose, with the Company changing for employee growth and employees growing for the sake of Company growth. We believe this virtuous cycle will lead to further acceleration of growth.

However, to maximize this effect and boost corporate value even further, fostering a corporate culture able to bring out the full capabilities of the organization as a whole—in other words, “an organization where each employee can demonstrate their full potential”—is vital. This special feature showcases our initiatives to foster a corporate culture to support Accelerating Growth based on this philosophy.

Think About the Future of the Company and the Self

Round Table Meetings

ARATA aims to align employees and management to build a stronger organization and is implementing initiatives to instill the medium- to long-term management vision and develop human resources. The Round Table Meeting, an initiative for junior and mid-career employees who will lead the next generation that involves members of the Corporate Strategy Planning Department visiting each area, commenced in 2024, with Phase 2 starting in 2025. This provides an opportunity for deeper understanding of the Company through our medium- to long-term management vision and key initiatives while simultaneously hosting discussions on our vision for the ARATA Group ten years from now. It also serves as a springboard for each employee to think about the future of the Company in a way that feels relevant to them.



Feedback from Participants

- I want to share with my coworkers the realization I gained through the meeting, that “it is we ourselves who will create a brighter future.”
- Sharing ideas among participants gave me confidence and served as an opportunity to gain different perspectives.
- Thinking about the future of the Company naturally led me to think about my own future in ten years.
- Through discussions with participants, I felt that ARATA is a company that still has the potential for further growth.
- Ultimately, I want to create a future where everyone involved with the ARATA Group loves the ARATA Group.

Growth for the ARATA Group, Created Through Dialogue

For the ARATA Group to take on long-term goals, we employees must first have confidence that ARATA will grow even more. The Round Table Meeting was launched last year as a first step toward this. This meeting creates the time and space to convey the current state of the ARATA Group, its future vision, and the direction of each department, then discuss the future together. Creating opportunities to view the future of the Company as personally relevant and consider things from different perspectives is what this meeting aims to achieve. We also value frank input from participants on problems with the Company they experience day to day as well as their thoughts on their own future and the Company's. Going forward, we will work to build a stronger organization, where each employee is able to consider the future of the Company and take action.



Sayuri Konishi
Operating Officer, Corporate Strategy Planning Division,
Corporate Strategy Planning Department



Know the Company and Create the Future Together

Strengthen internal communications

With approximately 3,000 employees nationwide, ARATA has developed and grown its community-based business through repeated mergers. However, as we aim for further growth as a nationwide wholesaler, increasing a sense of belonging across the Company and unifying our direction have been challenges. That is why ARATA has positioned

fostering corporate culture as a key management priority and is working to create an environment where, through stronger internal communications, employees possess a deeper understanding of the Company and approach work with a sense of unity.

01 Deep Dive

Internal distribution of press releases

External press releases are conveyed within the Company in a way that is easy to understand so that employees will view them as personally relevant. This is done in an effort to have employees in every department gain a deeper understanding of the latest developments and business strategies at the Company. We also focus on topics from each base and the Group company, issuing approximately 50 newsletters annually.



02 Swift

Launched the internal website ARATA Internal Web Bulletin Board: ARATAN

We revamped our conventional paper-based internal newsletter and began running the ARATA Internal Web Bulletin Board: ARATAN, an internal website, in January 2025. This website enables swift sharing of time sensitive information such as messages from management and PR information from each department and also serves as a communication tool for employee career path information and encouraging collaboration across departments and bases. This creates active two-way communication between the Company and employees, functioning as a more accessible platform for information sharing.



Internal Communications as a Compass for Achieving Long-Term Management Vision 2030

ARATA has offices and logistics centers spanning from Hokkaido to Kyushu and even overseas, with approximately 3,000 employees working across a wide area. To work toward the common goal of achieving the Medium-Term Management Plan 2026 and Long-Term Management Vision 2030, we began operating internal communications in 2024 based on the two pillars “deep dive” and “speed.” Information that leads to the Company transformation and growth is shared not only by management but also by each department and area branch, working together to communicate information when necessary. Going forward, we will scrutinize the content to strengthen internal communications even further so as to boost employee engagement to achieve lofty goals and have all employees work as one to strive toward our Long-Term Management Vision 2030. By sharing the story of our endeavors and growth in a way that resonates, we will foster a culture of autonomous thought and action by each and every employee.



Mina Shibata
Operating Manager, PR/IR Division,
Corporate Governance Department

Promoting DEI for a Workplace Where Individuality Can Shine

The A&J Project

In July 2023, we launched the A (ARATA) & J (JAPPELL) Project with female employees from ARATA and the Group company JAPPELL to promote DEI across the entire ARATA Group. Composed of employees from diverse backgrounds, this project aims to make ARATA a company where all workers can thrive regardless of gender or age under the



concept that “a company where women thrive = a company where all employees thrive.” We also utilize online meetings to hold discussions once a month, make recommendations to management, and connect these to concrete initiatives. This also serves as an opportunity for participating employees to proactively shape their own careers.

Initiative Process

- Project launch
- Discuss issues, reasons, and solutions from multiple angles using spreadsheets
- Map and organize solutions from short-, medium-, and long-term perspectives/Visit both companies to identify best practices
- Promote DEI understanding through games/Interview employees on their opinions
- Meetings with the functional departments aimed at implementation
- Proposals to the Board of Directors and Management Meetings/Implement specific measures
- Continuous monitoring implementation even after the project ends

History of activities

Phase 1

July 2023 to May 2024

Through wide-ranging discussions, we reached the conclusion that what the company needs is not just systems but also corporate culture, which is why we implemented efforts under the theme of “fostering a DEI corporate culture” in Phase 1. As the first step in fostering a DEI corporate culture, we held childcare leave system briefings, childcare leave exchange meetings, and DEI seminars by external lecturers. We also discussed how to create a comfortable work environment, including promoting work from home and remote work, and made proposals to management.



Childcare leave exchange meeting between people taking childcare leave and junior employees



Unconscious bias training

P. 50

Phase 2

July 2024 to May 2025

In Phase 2, sales employees from area branches joined to discuss such issues as regional characteristics and balancing parenting with sales work. Delving deeper into discussions from Phase 1 on fostering a DEI corporate culture, we concluded that fostering a better corporate culture requires that employees envision themselves working in the long term and a stronger sense of unity between employees and the company. We proposed increasing a sense of unity by making career development tangible through encounters with diverse role models and periodic changes in assigned duties as well as by bolstering management and communication skills so that systems are transparent and company policies are shared properly.

Career Book: The People Working at ARATA

We created the Career Book: The People Working at ARATA to showcase how our employees work, regardless of age or gender, which is published on the ARATA Internal Web Bulletin Board: ARATAN. In continuing to showcase the work and personal lives of our diverse employees, we hope to create opportunities for employees to learn about work styles and career perspectives at ARATA as well as consider how to forge their own career path.



DEI Promotion Spreads, Feedback Weaves a Better Culture

The A&J Project, a project aimed at creating a company where diverse employees thrive comprised of female employees from the perspective of women’s advancement, also marked the first such initiative to serve as a forum for dialogue across the Group company, where interaction between employees had previously been limited. As we carried out efforts, discussions evolved into a broader goal of creating a company where not only women but all employees can thrive.

Through our efforts, members gained broader perspectives and new insights by learning about other workplaces and Group companies as well as through discussions from a company-wide perspective. Then through dialogue with management, this project served as a valuable opportunity to listen to employees and reaffirm our corporate culture of open communication.

We will work to make the new initiatives created through the A&J Project serve as a catalyst for creating a better corporate culture.



Sustainability Promotion Division (A&J Project Secretariat)

Revitalization of the Entire Organization Through Support for Employee Growth

The Logistics Department has adopted “foundation strengthening through human resource development” as its theme and develops systematic education and training programs centered on four pillars, supporting the growth of each employee to revitalize the entire organization and improve productivity.

Training for creating a better workplace

ARATA has nearly 10,000 part-time employees and temporary staff nationwide for a massive human resource base that supports our business. We held training for creating a better workplace for employees working at logistics centers who supervise several hundred part-time employees at each center. We provided training on knowledge and skills for better communication with part-time employees, how to prevent harassment, ways to promote mutual understanding, and how to build positive relationships, which also served as an opportunity for logistics employees from different centers to interact. Through training, ARATA employees demonstrate leadership in creating better work environments, allowing

Logistics operations skills training

Management training

Numerical analysis training

Training for creating a better workplace

part-time employees to find satisfaction in their work and approach their duties with peace of mind.



A Step Toward Building a Better Work Environment

At logistics centers, securing human resources with specialized skills and improving productivity are key challenges. That is why we implemented training by experts to promote the creation of an environment where employees better thrive. Across four sessions joined by 179 employees, participants in this training offered a range of opinions on issues such as difficulties in giving adequate criticism due to concerns about harassment, the importance of legal knowledge, the ideal workplace, and raising awareness about one’s own work style, yielding many insights. Through these sessions, I feel we were able to take the first step toward creating an environment where employees have good interpersonal relationships in the workplace and want to keep working for the long term. We will continue to work on improving employee satisfaction through ongoing initiatives.



Makoto Ebana
Operating Officer, Logistics Planning Division, Logistics Department

An Environment That Fosters Free Thinking and Autonomy

To build a workplace environment where each and every employee is able to demonstrate their full potential and work with vitality, we have introduced new initiatives aimed at promoting “open communication in the workplace.” By

fostering flexible thinking unbound by convention, the autonomy to think and act independently, and respect for diversity, we aim to vitalize communication that will lead to new value.

Using the “san” honorific to create open communication in the workplace

We abolished the conventional practice of using titles and introduced the “san” honorific, where everyone addresses each other with “san” regardless of position or seniority. By removing psychological barriers between employees and building relationships of equals, we aim to create open communication in the organization, where anyone can freely express their opinions. We also believe this will help prevent harassment stemming from failure to use honorifics or using nicknames.



Connecting freedom in personal appearance to innovation

Since August 2024, we have been allowing more freedom in personal appearance, significantly relaxing standards for clothing and hairstyle. We hope this will serve as an opportunity for employees to develop flexible thinking while possessing their own ideas and judgment as they actively consider better work styles. In addition to improving employee motivation, we will evolve into an organization that recognizes diverse values and respects one another, leading to innovation.

