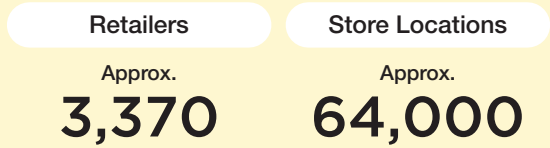
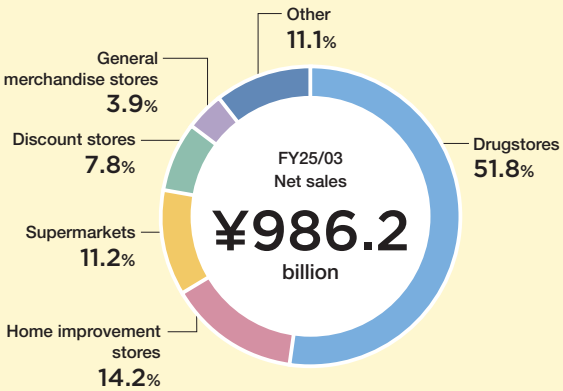


Sales

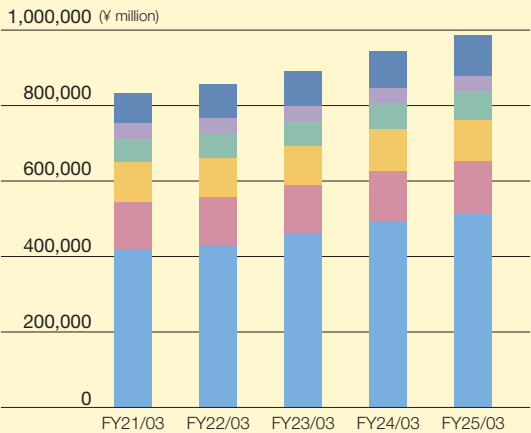
Part of everyday life thanks to transactions with approx. 3,370 retailers (nearly 64,000 store locations) across Japan



Breakdown of Net Sales by Business Format



Net Sales by Business Format



Strengths of the Sales Division

Human resources who get things done to support ARATA's core domestic wholesale business

ARATA does business with nearly 3,370 retailers across different formats and makes proposals that leverage the characteristics of each format and region to create productive sales floors in an effort to expand business even further.



Creating sales through social media

ARATA established the Social Media Promotion Section in January 2024 to address the growing influence of social media on the market. ARATA currently runs three accounts. Design and content have been revamped around the theme of making everyday life better and are tailored to the target audience. ARATA also proactively collaborates with manufacturers and participates in external events, allowing for a wide range of proposals only a wholesale trading company can offer. We will bolster sales floor proposals to tie in with social media to create even greater integration between online and offline promotions as we strive to offer new value to customers.

X (formerly Twitter)

@ARATA_lifestyle
All Segments

Instagram

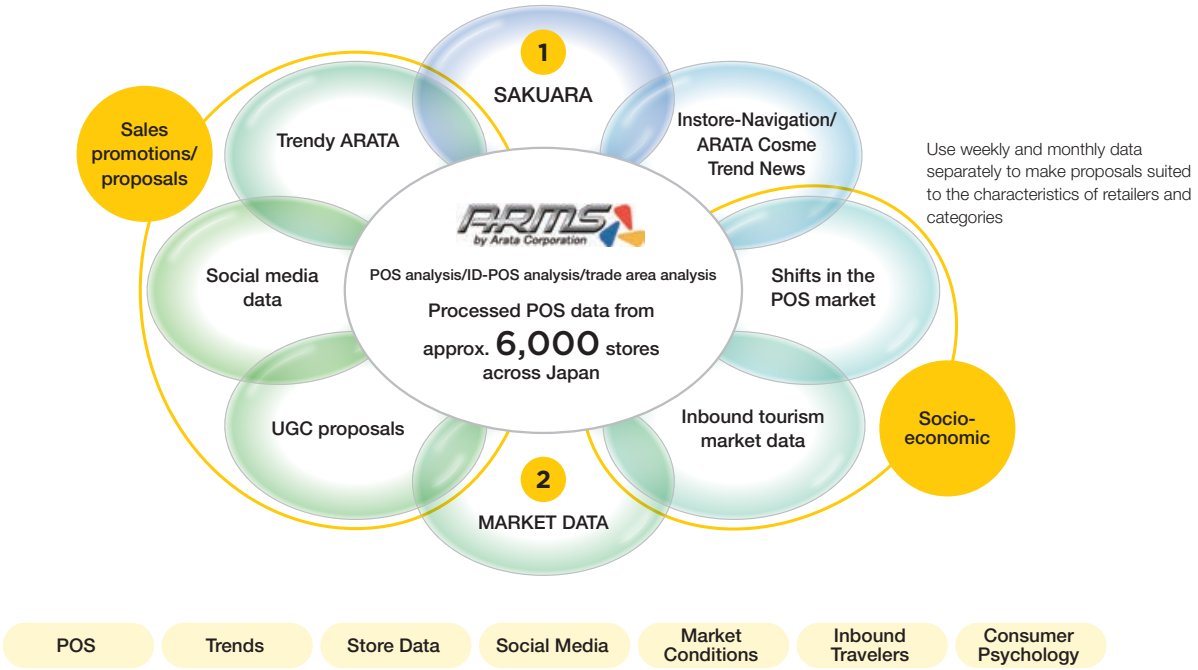
@arata_media_jp
Daily Necessities & Home Goods

@hibiplus_arata
Latest Info on Cosmetics

The powerful “arms” behind sales proposals at ARATA

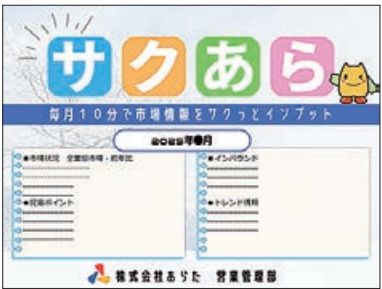
ARATA makes multifaceted proposals using its proprietary analysis tool ARMS to help boost retailer sales. ARMS covers everything from POS analysis by segment, retail format, and brand to ID-POS analysis by gender and age group based on processed POS data from nearly 6,000 store locations

nationwide. The quantitative data from ARMS and qualitative data from features such as Instore-Navigation, in which ARATA Sales compiles raw data on products actually selling at stores, are utilized in a multifaceted way to make proposals tailored to the characteristics of individual retailers.



1 SAKUARA for fast input in just 10 minutes a month

A proprietary analytical materials that allow users to understand market trends in just 10 minutes a month. These materials center on ARMS, compiling shifts in the POS market, data on inbound tourism market, seasonal product sales trends, market conditions by business format, POS sales trends at duty-free registers, proposals for sales approaches, topics trending on social media, predictions based on past posts, and sales tips.



2 MARKET DATA to support proposals

It includes market data for each segment. ARMS data from nearly 6,000 stores, SOO from nearly 1,300 stores, and ID-POS from nearly 7 million people are analyzed. It is updated twice a year (January and June) to help make shelving allocation proposals.



Creating New Value in Wholesale Through Data Sharing

As a wholesaler, ARATA serves as an intermediary between manufacturers and retailers, allowing us to identify successes and failures across the industry as well as changes in the market and consumers. We offer clients SAKUARA, which combines these insights with our proprietary market data tool ARMS. In today's world of high uncertainty, data is a powerful weapon.

Sharing data lets us share cases of success and opportunities with clients as well as share cases of failures at times to help avoid risk, thus helping to revitalize the market. Our mission is to create new value in wholesale through SAKUARA.

Kosuke Tozuka
Operating Officer, Sales Promotion Section,
Sales Management Division,
Sales & Sales Planning Department



Initiatives by the Sales Division

Starting new dealings with convenience stores

As consumer lifestyles diversify and places to purchase daily necessities grow, we began dealing with convenience stores in 2024 as a new sales channel. This is an important step toward simultaneously developing new customers, growing business, and increasing brand value. Going forward, we will optimize our product range to match the customer base of convenience stores and make strategic proposals to maximize brand value.

Uncovering latent demand and creating value amid a shrinking population

We are working to grow our market by uncovering latent demand in the daily necessities market and analyzing purchase rates for each subsegment. Meanwhile, as the population declines, we plan to achieve sustainable growth by researching sales approaches and potential meticulously and working to create new value for the future.

Reducing returns by making seasonal products year-round staples

In recent years, prolonged heat waves and mild winters have led to longer periods of demand for seasonal products such as sunscreen and insect repellents. In response to these environmental changes, we have been proposing that retailers make seasonal products year-round staples to create sales floors that meet consumer demand. For retailers, this lightens the workload involved in processing returns and reduces transportation and waste as well. To streamline the entire supply chain, we will reduce returns by expanding new approaches to year-round staples as a wholesaler at the core of the supply chain and achieving collaboration among manufacturers, distributors, and retailers.



Special Feature

ARATA Collection 2025 Held at Area Branches



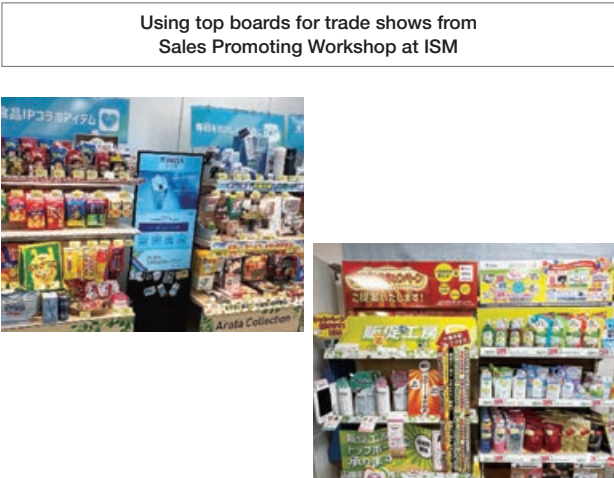
From events in Tokyo to events at area branches

In March 2024, we hosted ARATA Collection 2024 in Tokyo as a general trade show for the entire Company, which was attended by many of our clients. Based on this experience, we decided to host the event at area branches nationwide in 2025 to address diverse regional needs. Each area branch set its own theme based on regional characteristics and market trends, then planned and hosted its own trade show.

A major feature of these area branch trade shows is that they feature a proposal structure that brings together sales knowledge accumulated on the ground at area branches nationwide with the latest market trends and product knowledge from merchandisers at each area branch. By fusing meticulous service rooted in the community with broad insights cultivated on a nationwide scale to make proposals from deeper, more diverse perspectives, we have developed a unique strength.

Visual appeal through Sales Promoting Workshop

For the individual trade shows, we focused on visual appeal and consistency. Leveraging the expertise of Sales Promoting Workshop, a tool operated by the Group company ISM CORPORATION, we created original promotional items (product boards and POP displays) with a consistent look designed for use on sales floors. Going forward, we will leverage this nationwide network to the fullest and provide optimal solutions tailored to each region's characteristics in order to build strong partnerships with clients and work together toward sustainable development.



Overview of Spring/Summer 2025 Events

From January to March 2025, we proposed ways to sell new spring and summer products in combination with existing products.



In-Store Support from ISM CORPORATION

ISM is an in-store marketing company established as an ARATA Group subsidiary in 2007 that provides in-store sales promotion solutions leveraging insights, expertise, and accumulated data in the distribution industry.

Field Solutions

In-store support for over 5,000 retail stores nationwide, with a robust track record of 120,000 calls annually.

SP Solutions

In-depth store knowledge to plan and create sales promotion tools and initiatives that meet the needs of both retailers and manufacturers.

Physical + Digital Sales Promotion Solutions

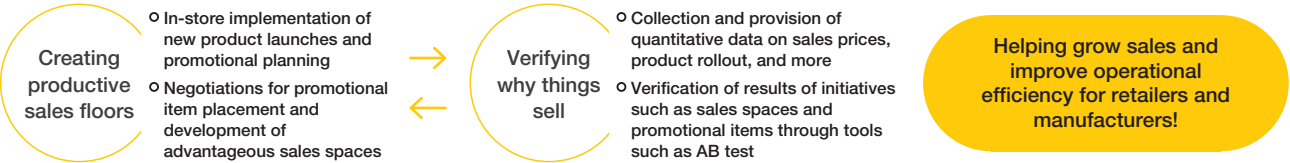
Physical + digital customer acquisition and purchase support at stores using mass media and online media.

Regularly scheduled visits by designated representatives are paid to designated stores to provide in-store follow-up and sales floor maintenance. This contributes to increased sales, reduction of lost opportunities, and fewer returns by strengthening execution at stores. Leveraging in-store management and research systems also allows for timely reporting on sales floor conditions and sharing of quantitative data through sales floor analysis to quickly detect product trends and help create better sales floor proposals.

Regular support staff
3,600 members a month

Spot support staff
Approx. **3,000 members**

Collaboration between retailers, manufacturers, and ARATA



In-store promotions

We plan and produce effective promotional tools and measures for retailers, manufacturers, and consumers based on our thorough knowledge of stores. We also serve as a one-stop shop for planning original campaigns that lead to in-store purchases, in-store implementation, and measuring effectiveness, contributing to increased sales. From individual manufacturer campaigns to joint manufacturer campaigns that only a wholesale trading company group could do, we run a wide variety of campaigns.



Top board (In-store promotional items)

Poster



International Steady Expansion into Asian Markets Through a Network That Connects China, Thailand, Vietnam, and Japan

Our international business currently operates in China, Thailand, and Vietnam. Since applying the Japanese wholesale business style as-is in markets with different business practices is extremely difficult, we have worked to develop these businesses in a way suited to the circumstances of each country. While this involves overcoming such challenges as

differences in language and culture as well as complexities in logistics, we will strive toward dynamic business development as a key element of our growth strategy in the Long-Term Management Vision 2030 through advances in technology, marketing strategies to improve customer experience, and the creation of new business models to mutually connect these three countries and Japan.

Global Expansion Leveraging Group Synergy

We are working to collect and share data on neighboring nations from our three international bases to expand business in the Asian and ASEAN markets. We are also building stronger collaboration with the Group company JAPPELL as an approach to the pet market, which has attracted growing attention in Asian countries in recent years.

2012 China (Shanghai) Kairaotai (Shanghai) Trading Co., Ltd.
China (Hong Kong) JAPPELL (HONG KONG) CO., LIMITED

2013 Thailand (Bangkok) ARATA (THAILAND) CO., LTD.

2015 Thailand (Bangkok) SIAM ARATA CO., LTD.

2020 Vietnam (Ho Chi Minh City) ARATA VIETNAM COMPANY LIMITED

2024 China (Guangzhou) XIN LE HUA (GUANGZHOU) INTERNATIONAL TRADING CO., LTD.

China

In January 2024, we established XIN LE HUA (GUANGZHOU) INTERNATIONAL TRADING CO., LTD., viewing China as a priority market with its 1.4 billion population and increasing quality of life. Establishing a local subsidiary has allowed us to adapt to the rapidly changing market and local business practices. We are also strengthening our network with manufacturers and clients within China. Harnessing the merchandising capabilities we have cultivated in Japan, we will expand new businesses both online and offline.



Vietnam

In 2020, we established ARATA VIETNAM COMPANY LIMITED in Vietnam, a country that has good relations with Japan and the fastest growing economy in the ASEAN region, where major growth is expected in the future. This company conducts business negotiations with Japanese manufacturers and local retailers for sales activities tied closely to the local market.



Thailand

ARATA (THAILAND) CO., LTD. operates as the importer, while SIAM ARATA CO., LTD. operates as the seller. Thailand is a market where Japanese products are very popular representing a huge opportunity. These companies are working to expand segments and products they carry while increasing our preferential distribution items. New sales channels in Thailand have also opened up, which will be crucial for implementing our ASEAN strategy.

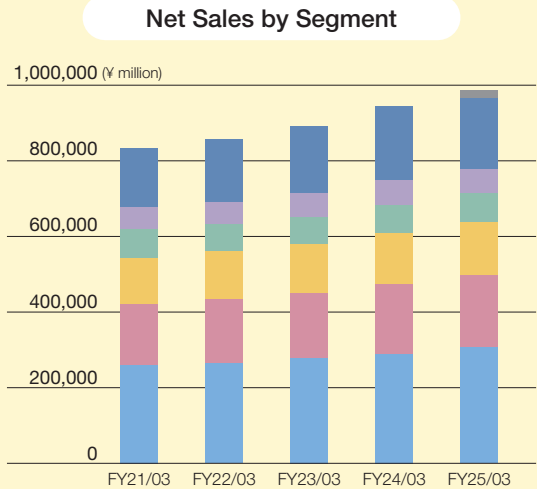
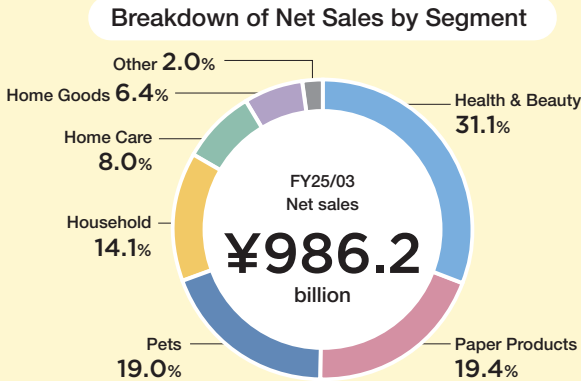
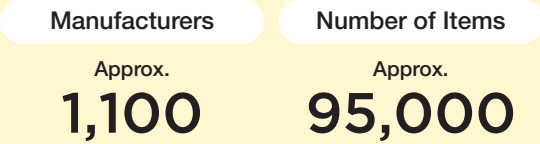
Exports from Japan

The International Business Department deals in the export business to Asia and the world. This department is working to expand sales channels while increasing knowledge about the circumstances, laws, and regulations that differ from country to country. The international e-commerce business, which sells products across borders, is also driving growth in the overall international e-commerce market thanks to population growth in Asia and rising smartphone usage rates. In building an organizational structure that can respond quickly to changes in the environment and customer needs in the rapidly changing international business landscape, we are working to raise the bar for international business overall.



Products

Procuring products to make life more comfortable
Creating new demand



Note: As of the fiscal year ended March 31, 2025, Pets and Other are disclosed separately.

Strength of the Product Merchandising Division

Products carried

Our strengths lie in our dealing not only with major manufacturers but also with manufacturers that offer unique products as well as our compelling product assortment of exclusive and preferential distribution items and products developed in-house. We also possess a large share of supplies for the Paper Products, Home Goods, and Pets segments. This balanced segment composition lets us respond flexibly to major shifts in demand, such as those that occurred during the COVID-19 pandemic.

Management of high-precision product master data

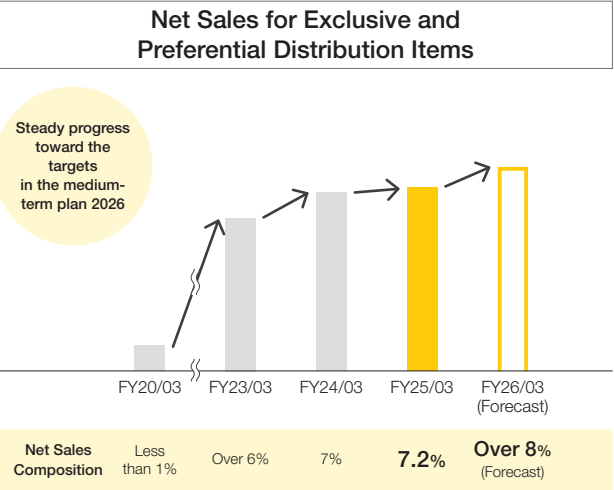
Accurate management of product data for nearly 95,000 items serves as the foundation of our role in distribution. Our systems manage not only basic data such as pricing but also items for managing compliance in the Subcontract Act for a system that lets us check legal compliance.

Planning and development

Over 300 sales plans are proposed each year by our head office alone. Our rapid in-store implementation through collaboration with the Sales & Sales Planning Department and area branches as well as our steady sales results have earned support from retailers.

Exclusive and preferential distribution items

ARATA is focusing on expanding our exclusive and preferential distribution items to increase our uniqueness and boost profitability. Our goal is to increase these items to over 8% of net sales by the fiscal year ending March 31, 2026. This helps differentiate us from other companies and lets us provide new value to customers without resorting to price competition. Going forward, we will achieve sustainable growth by strengthening development and sales of appealing exclusive items that accurately capture market needs, increasing engagement with customers.



Initiatives by the Product Merchandising Division

Making the Health & Beauty segment stronger

We are leveraging our nationwide logistical network to expand the distribution of cosmetics. Asian cosmetic brands not only from Japan but from South Korea and other Asian nations have continued to attract attention. ARATA possesses popular Asian cosmetics as exclusive and preferential distribution items and will continue to expand these offerings while increasing our uniqueness to help revitalize the cosmetics segment overall.

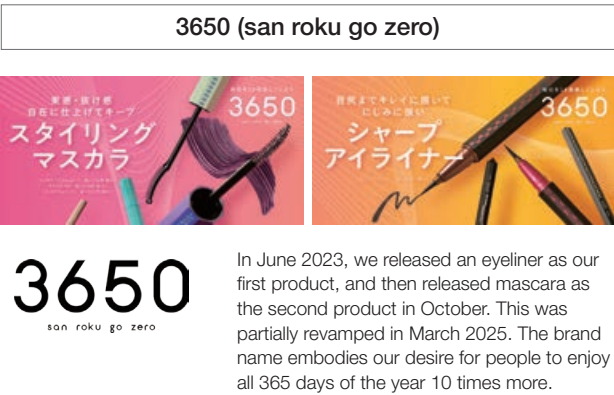
At the JAPAN Drugstore Show, ARATA exhibits annually in a booth specializing in cosmetics to promote new brands and exclusive and preferential distribution items.



Our booth at the 24th JAPAN Drugstore Show

D-Nee Cosmetic for a stronger product range

We established our subsidiary D-Nee Cosmetic Co., Ltd. in October 2021 as a measure to strengthen the cosmetics segment. Leveraging ARATA's nationwide logistical network, we handle everything from brand management, product planning, and manufacturing to advertising strategy, distribution, and sales as a one-stop shop. With "Creating New Value, Enhancing Value." as our mission and comprehensive cosmetics production as our strength, we offer appealing products to consumers that meet today's needs.



Strategic expansion of high-volume, high-value-added products

To address economic conditions and the 2024 Logistics Problem, ARATA is working to strengthen sales of high-volume products such as detergents and other daily necessities to meet consumer needs and streamline logistics. We also aim to ensure profitability in a way less susceptible to price competition and provide new value through strategic expansion of highly distinctive, high-value-added products. Through strategic product policies that adapt to changing market conditions, we aim to achieve sustainable growth.



High-Volume Strategy and Social Responsibility by Addressing Fragrance Pollution

In recent years, consumer awareness of fragrances has changed significantly, with "fragrance pollution"—health problems caused by strong scents—surfacing as a social issue, so that fragrances are now taken into consideration not only for those with chemical sensitivities but in all kinds of settings such as homes with children, medical and nursing care facilities, and schools. To address these social changes and consumer needs, Fabrush offers fragrance-free products as new value rather than eliminating specific

fragrances to help make life more comfortable for those who struggle with scents. We are also addressing the 2024 Logistics Problem by increasing the volume of refill packages to improve transportation efficiency and reduce environmental impact, helping solve these social issues.

Masaru Kuroshima
Operating Manager, Development Section,
Product Development Division,
Product Merchandising Department



Special
Feature

Taking On the Femcare Market— New Options Paving the Way for the Future Through Femcare

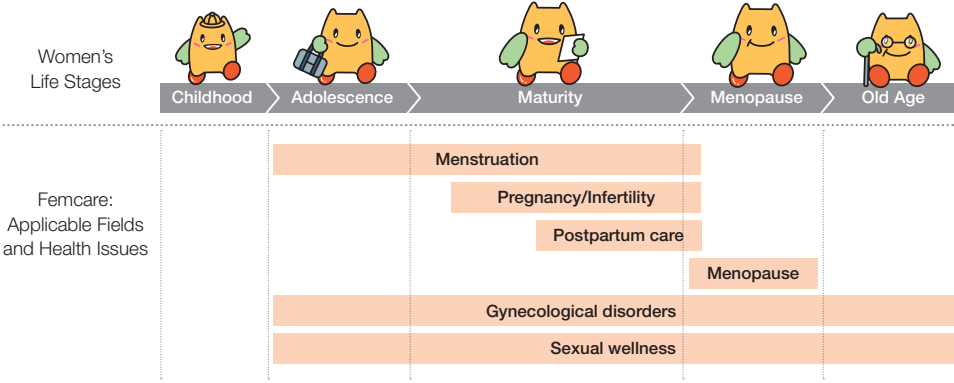


■ What Is Femcare?

Feminine × Care
||
Femcare

A portmanteau of “Feminine” and “Care.” Products and services focused on women’s health and body care.

Note: “Femtech” often refers to approaches that leverage AI and other technologies.



Femcare, which addresses issues unique to women, has drawn significant attention. According to estimates by the Ministry of Economy, Trade and Industry, labor losses and economic losses due to women’s health issues such as menstruation and menopause amount to approximately ¥3.4 trillion annually, which is why products and services that address women’s physical concerns during menstruation, pregnancy, menopause, and all other life stages have gained attention in recent years.

ARATA identified this growing market early on and positioned 2020 as “Year One for Femcare,” actively developing business in this area ever since. To meet latent customer needs, we go beyond conventional frameworks to

fully leverage our strengths as a wholesale trading company that handles a wide range of segments including daily necessities, cosmetics, light apparel, and paper products. Through cross-merchandising combining these diverse products, we offer solutions to address diversifying needs. While shrinking markets due to population decline is a concern, ARATA pursues its business along three axes—improving usage and purchase rates, increasing usage volumes, and raising unit prices—to revitalize and grow the market. Going forward, we will maximize the potential of the femcare market as we aim to both contribute to society and achieve business growth.

■ ARATA's Femcare journey

2020
Year One for Femcare at ARATA

2022
Launched our original intimate care brand MOIDITE

Number of stores
carrying MOIDITE

5,100
stores

7,300
stores

FY2021



“Femcare” added to product strategy. Femcare-related products were collected, and opinions were exchanged.

FY2022



Multiple major internal study sessions and workshops were conducted to promote understanding. Over 500 employees nationwide participated.

FY2023



First exhibition in the Femcare Zone at the 23rd JAPAN Drugstore Show and at other exhibitions such as Femtech Fes.

FY2024



The second consecutive year exhibiting in the Femcare Zone at the 24th JAPAN Drugstore Show. Held seminars and panel discussions.



Participated as a supporting company in the FEMTECH SUMMIT hosted by the JAPAN FEMTECH ASSOCIATION.

Creating Tomorrow's Normal Today



ARATA is working to strengthen the femcare segment to create sales floors that make the products that support women at every stage of life more accessible. In Japan, many people struggle with not knowing

Mari libuchi
Operating Manager, Product Planning Section,
Sales Promotion Division, Tohoku Branch

what products to choose, and there is a long trial and error process before results are achieved. However, the fact that those working to promote femcare have gained the literacy needed as women to navigate their lives has been a significant benefit. Going forward, we will explore what consumers want from femcare and aim to be a source not only of products but also of accurate knowledge and information on options.

■ Proposals to support women

In addition to offering solutions for creating sales spaces that resonate with women, we work on the following key issues to raise consumer awareness and support women throughout the value chain.

Product Development

Proposals

Helping Promote the
Femcare Business

Improving Internal Literacy

Through our business activities by offering our products and services, the Group communicates social issues as well as our initiatives. We aim to provide consumers with opportunities to learn about femcare and build a foundation for society as a whole to consider and solve these issues together.

Product
Development

Original Intimate Care Brand
MOIDITE



■ Brand concept

The MOIDITE brand symbol draws from Aphrodite, the Greek goddess of love, beauty, and sexuality. “Aphrodite” was combined with “Moi” (French for “I”) to create the name “MOIDITE.” The name MOIDITE embodies our desire for women to enjoy being women.

■ Femtech-Visionary Award

In recognition of our early efforts to launch a femcare brand and create femcare sales floors, we received the Femtech-Visionary Award in February 2025.

Awards (JAPAN FEMTECH ASSOCIATION)

April 2024	Registered in the 12th Femtech Brand Product & Service Certification	February 2025	Femtech-Visionary Award, ARATA Group
------------	--	---------------	--------------------------------------

Proposals

Exhibited in the Femcare Zone at the 24th JAPAN Drugstore Show
Booth concept: Connection

* “Femtech Expert” certified by the JAPAN FEMTECH ASSOCIATION is a specialist with systematic knowledge of femtech. This certification can be obtained by completing the JAPAN FEMTECH ASSOCIATION Certification Level 2 Certified Femtech Expert Course.

16 brands, including our 4 main brands and new partner brands, were displayed to provide a place to discover new products. Employees with Femtech Expert* certification communicated the importance of femcare to visitors.



■ Proposals for Disaster Preparedness + Femcare at the Drugstore Show

Emergencies create significant stress, making problems more likely to occur. Our booth made proposals on femcare for disaster preparedness, including talks on how stocking the femcare items you are accustomed to using creates peace of mind. The Social Media Promotion Section also communicates the importance of this through coordinated posts on social media.

Helping Promote
the Femcare
Business

Stronger collaboration with partner companies and related organizations to contribute to the development of the industry as a whole



November 15, 2024
Exhibited at OZmall Healthcare event: “My Health Room”

Participants were given explanations on the features of MOIDITE products, which were then sold.



February 19, 2025
Participated as a supporting company in JAPAN FEMTECH SUMMIT 2025

Improving
Internal Literacy

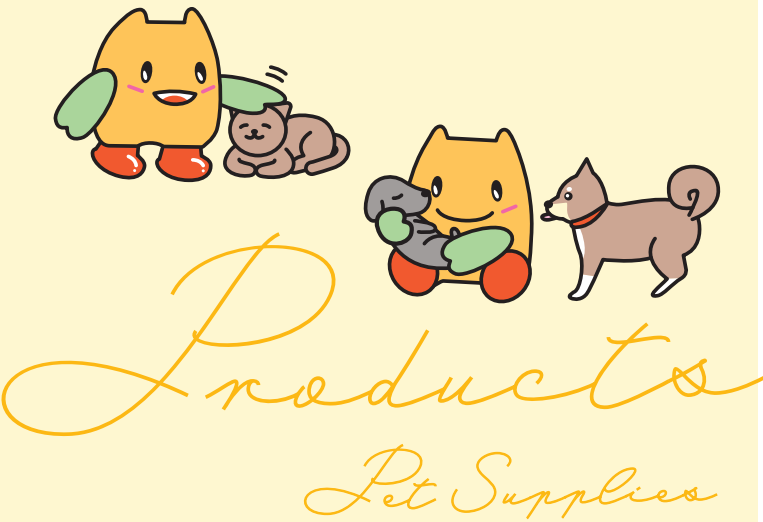
Host virtual menstrual pain seminars
to promote understanding of women’s health issues within the Company



July 15, 2025

As a company that promotes femcare and women’s careers, general managers from each department and approximately 20 managers from divisions with many female employees gathered at our head office to experience menstrual pain and exchange opinions on future work styles.





Support for everything from first encounters to everyday living with the pets that make life brighter

The Pets segment, which is one of our key strengths, was integrated into Japell Co., Ltd., an ARATA Group company, in 2019, and has continued to grow as a result of its expertise. The pet market is expected to grow even further in the future due to longer pet lifespans in recent years and rising health awareness among owners. With over 50 years of history, JAPPELL is the leading comprehensive pet supply trading company in the industry, continuing to grow under the motto of Enriching the Lives of Pets and Humans. Leveraging a nationwide logistical network built across years of experience and specialized knowledge as strengths, JAPPELL plays an important role connecting manufacturers and retailers and ultimately pets and their owners. This allows JAPPELL to provide optimal products to customers and contribute to enriching lives with pets.



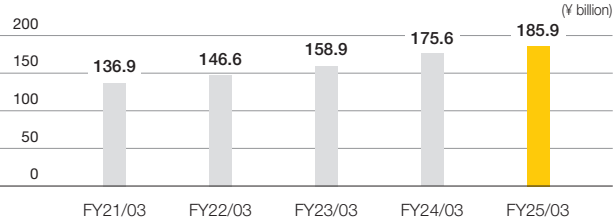
The company name is derived from "Japan Pet Life Library" and reflects the desire to serve as a library for all things related to pets.

JAPPELL's Business

■ Core trading company business

JAPPELL wholesales pet food and other pet supplies as well as items for dogs, cats, and a variety of other animals. JAPPELL has also built an organization capable of responding flexibly to different requests from customers and providing support by leveraging the company's capacity to develop original domestic products, make system-driven analysis and proposals, implement mechanisms to receive and place orders smoothly, establish a logistical network that connects domestic and international bases for swift, prompt action, and more.

Net Sales for JAPPELL (Non-Consolidated)



■ Store business

Our subsidiary Japell Partnership Service Co., Ltd. operates a store development business leveraging the expertise its parent company JAPPELL has cultivated as a comprehensive pet supply trading company. By operating approximately 300 store locations, primarily within other shops, JAPPELL creates opportunities for local customers to access high-quality pet supplies and specialized services close to home.



■ E-commerce business

In our e-commerce business, we provide specialized supplies through PETWAGON, an e-commerce site for nearly 25,000 pet grooming salons nationwide. For general pet owners, we run an information app and online store called ANIMAL CAMPUS to provide comprehensive support for enriching the lives of pets and humans for everyone from professionals to general users.



■ International business

We conduct import and export of pet supplies as well as international e-commerce focused on the ASEAN region. In 2024, we further strengthened our business foundation in China and other global markets by transferring Kairaotai (Shanghai) Trading Co., Ltd. from the parent company ARATA to operate as a subsidiary.



Comprehensive Pet Exhibition



JAPPELL held the 2025 Comprehensive Pet Exhibition on March 18 and 19, 2025. With "Healthy Mind and Body Starts with a Happy Life with Pets" as the theme, we created the subtheme "Smiles + Growth" to help make the lives shared by pets and humans even more abundant and joyful amid major changes.

This exhibition featured booths from nearly 200 manufacturers, with the original booths from JAPPELL offering solutions based on 5 themes, including a skincare section focused on dog health and an interactive display where visitors could experience selecting products from a dog's point of view.

Through this exhibition, we contributed significantly to revitalizing the pet industry as a whole and created a venue for generating new value to enrich the lives of pets and humans.

The JAPPELL Booths



Interactive area for selecting products from a dog's point of view



Doggy skin care area

Wanwan Undoukai—A Fun Event for Pets and Their Owners

We hold the Wanwan Undoukai annually to help revitalize the local community and promote health for both pets and their owners. In Aichi Prefecture, this event has been loved by the community for many years, celebrating its 25th installation in 2024. The field day was also held in Kanto for the second time to great success, helping expand its reach.

This event is popular every year not only as a place where dogs and their owners can enjoy exercising together but also as an opportunity to promote healthy lifestyles to the community. It also plays an important role in building stronger community bonds by promoting interaction among dog owners.



Contributing to Society Through ANIMAL CARE HOUSE

Caring for aging pets has become a social issue in recent years. Longer lifespan for pets increases the need for nursing care, while aging, illness, and hospitalization of owners create an even more serious burden regarding pet care.

To help solve these social issues, we operate ANIMAL CARE HOUSE, a home for elderly dogs and cats, as a pet care house business based on our expertise gained from years of involvement in different pet businesses.

At ANIMAL CARE HOUSE, staff with specialized knowledge and experience work with veterinarians to provide meticulous medical care and nursing tailored to the condition of the individual pet as well as a safe and comfortable environment for elderly dogs and cats that need

special care due to old age or illness. This helps beloved furry family members spend their remaining time in peace and dignity, contributing significantly to pet welfare.

It also plays a vital role in creating a better world for both pets and humans by ensuring lifelong care for elderly pets and mitigating the burden on owners.



Providing Every Dog and Cat with the Same Love and Care as Their Owners

Under the philosophy of "providing every dog and cat with the same love and care as their owners," ANIMAL CARE HOUSE works daily to provide an environment where animals can spend their time in peace and comfort. Thanks to this, we are now in our fifth year and have been receiving many inquiries from clients about boarding and facility tours.

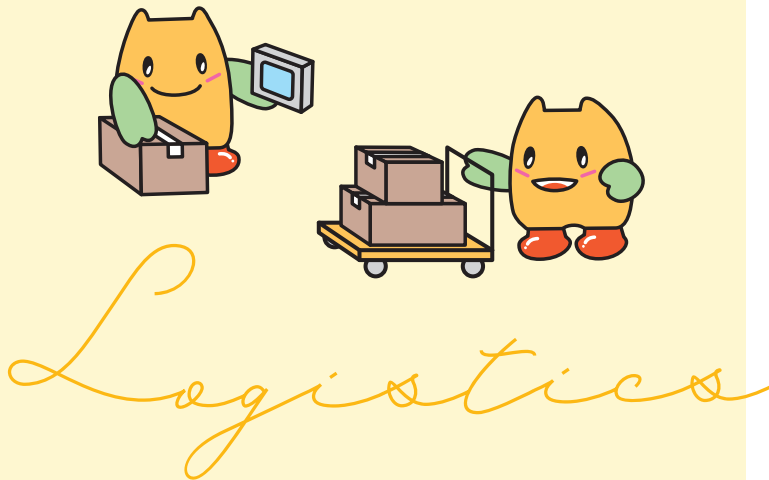
With recent revisions to the Act on Welfare and Management of Animals, standards such as limits on the number of animals that can be housed, housing area per animal, and exercise time have grown increasingly stringent. To address these changes,

ANIMAL CARE HOUSE strictly complies with laws and regulations and strives to create an environment where animals can spend their time in safety and comfort.

Going forward, we will work to communicate the appeal of our facilities, the ideas of each of our employees, and how the elderly cats and dogs here spend their days peacefully to hopefully expand understanding and support for the efforts at ANIMAL CARE HOUSE.

Risa Tatsuki
Assistant Manager,
ANIMAL CARE HOUSE

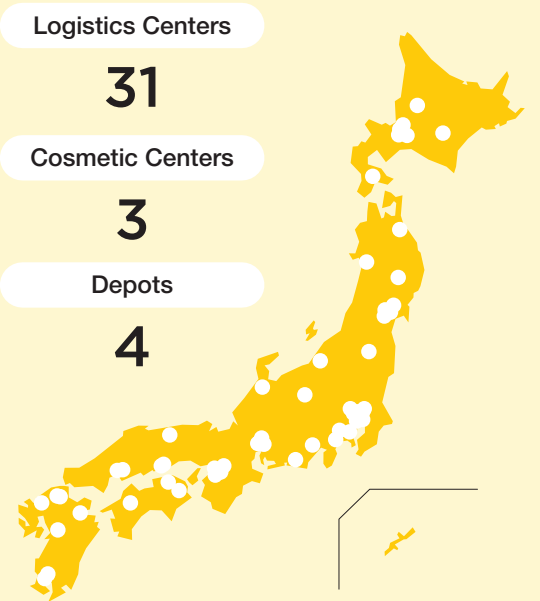




A nationwide logistics network that includes 12 large-scale logistics centers to streamline the entire supply chain

To fulfil the fundamental responsibility as a wholesaler of ensuring stable and accurate delivery of products from as many as 1,100 manufacturers to retailers across Japan, ARATA has established a nationwide network of 31 logistics centers, including 12 large-scale centers with annual shipments of between ¥20 billion and ¥50 billion, 4 depots, 3 cosmetic centers, and more than 100 contract warehouses to flexibly accommodate fluctuations in demand. Our nationwide network of large, mid-sized, and small centers also helps spread risk as part of our BCP. By demonstrating our advanced logistics capabilities as an intermediary in the distribution chain, we aim to streamline and optimize the entire supply chain for greater efficiency and contribute to the creation of a sustainable society.

—The ARATA Logistics Center Network—



Streamlined Logistics Centers

To deliver different types of products with varying logistics needs in a highly efficient manner, ARATA has installed material handling equipment at our logistics centers to help streamline operations. To keep our centers running without any interruptions to supply despite long-term risks such as labor shortages and pandemics like COVID-19, we will continue stepping up our investment in logistics operations, including automation.

In addition to the new center currently being developed, we are working to introduce automated guided vehicles (AGVs) in an effort to increase the logistics productivity of existing centers. Going forward, we will work to introduce these systems at other bases while considering applications for different uses as well.

The material handling equipment at our logistics centers

Automated pallet warehouse
Set high, middle, and low shelves for efficient storage
Automated operations for transport, storage, shipping, and inventory management

AIMAS
Prevents errors in items, quantities, and delivery destinations to achieve ultra-high accuracy with a misdelivery rate of less than 0.001%

Automated collapsible container warehouse
Collapsible containers are temporarily stored once picking is complete, and then these randomly transported containers are sorted by company, store, and route

AI depalletizing robots
Enabling automatic case refills, reducing heavy workload in case handling work, and making night work possible

TOPICS

— Launching collaborative logistics initiatives with PALTAC CORPORATION

ARATA started joint deliveries with PALTAC CORPORATION in the West Kanto area in July 2025 as part of efforts to co-create sustainable distribution infrastructure through collaboration in “non-competitive areas.” This is expected to reduce the number of trucks and drivers needed, improve loading efficiency, cut CO₂ emissions by shortening travel distances, optimize logistics costs, and ease workload at stores by reducing delivery frequency. Going forward, ARATA will expand joint deliveries to other regions and delivery destinations to advance co-creation of sustainable logistics infrastructure across the entire supply chain.

Initiative Schematic

Before

PALTAC (FDC Kanagawa) → Delivery location (Tokyo)

ARATA (Chiba Center) → Delivery location (Tokyo)

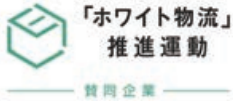
Number of deliveries × 2

After

PALTAC (FDC Kanagawa) → ARATA (Yokohama Center) → Delivery location (Tokyo)

Number of deliveries × 1

Promoting White Logistics to Address the 2024 Logistics Problem



As the impact of the 2024 Logistics Problem grows increasingly apparent, ARATA is working to promote White Logistics, which aims to improve the labor environment and boost productivity in logistics. We were one of the first wholesalers to support the White Logistics promotion campaign advocated by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and

Industry, and the Ministry of Agriculture, Forestry and Fisheries, and are actively implementing a range of initiatives to streamline sustainable supply chain logistics and reduce truck drivers' waiting time and loading and unloading time. These efforts also help reduce environmental impact through fewer delivery vehicles, helping build a sustainable society.

■ Initiatives at ARATA

1

Achieve a proper level of inspection
Streamlined inspection using ASN

Logistics improvements and cooperation
Shift the unit of quantity of orders from lots to pallets and surfaces

Consolidate cargo collection points/delivery destinations
Joint deliveries with other wholesalers

Deliveries outside peak hours
Staggered shipping and delivery times

2

Loading dock booking system
Reduce driver waiting times

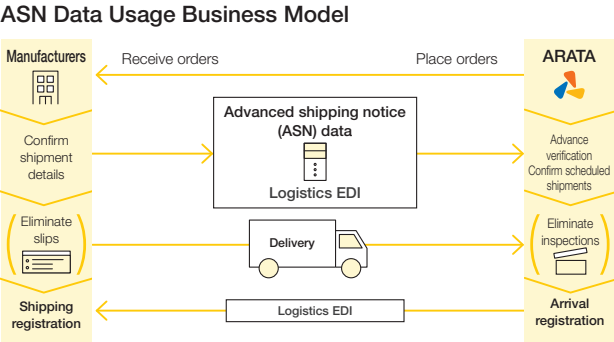
3

Written contracts of carriage

Actively use pallets
Use pallets for goods stacked flat

1 Eliminate inspections using ASN data

Advanced shipping notice (ASN) data has become increasingly important in streamlining the supply chain overall. In response to this trend, ARATA commenced operations of ASN data in collaboration with PLANET, INC. and manufacturers in August 2023. Advance verification of orders and delivery accuracy through ASN data simplifies inspection during receipt of goods. Comparing ASN data obtained in advance with actual incoming product information makes receipt of goods even smoother. This has allowed for paperless digital slips and more, contributing significantly to productivity improvements. We are also proactively expanding the number of manufacturers included to achieve broader streamlining.



Reduced truck waiting times and increased warehouse productivity contribute to lower costs, a better environment, and better working conditions for drivers

2 Loading dock booking system

ARATA began implementing the Telesa-reserve loading dock booking system in 2019. As of August 2025, it is being used at 33 centers. Implementing this system has reduced waiting times by 30% to 70% compared to before. Understanding information on manufacturers, volumes, loading methods, and more in advance also makes it easier to organize work procedures, helping to streamline work planning.



3 Dialogues and contracts to enable sustainable logistics

To build a sustainable and resilient supply chain, ARATA has reviewed and revised its contracts of carriage, emphasizing stronger partnerships with shipping companies. Furthermore, ARATA will host regular dialogues twice a year to build deeper mutual understanding and co-create solutions to shared challenges. This partnership is essential for improving working conditions at shipping companies and achieving stable transportation at ARATA.

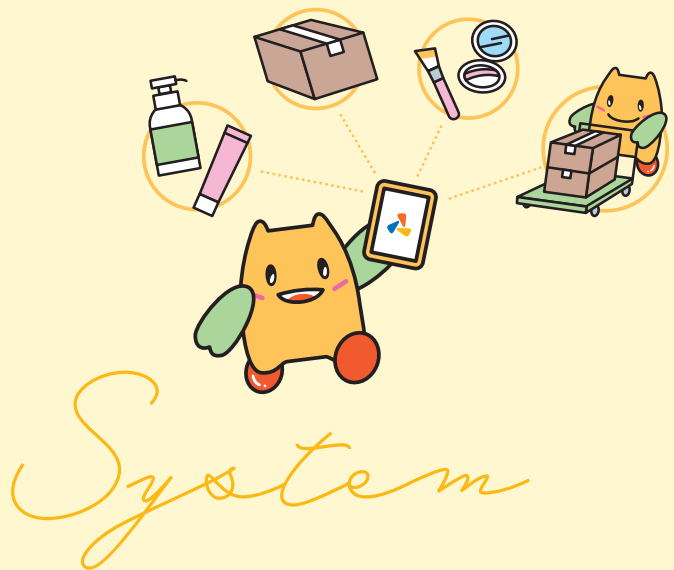
Aiming to Contribute to a Sustainable Logistics Society

One way ARATA is addressing the 2024 Logistics Problem is by working to reduce truck driver waiting times as well as loading and unloading time. These streamlining efforts not only improve working conditions for drivers but also reduce environmental impact through fewer delivery vehicles, which is why ARATA is promoting them as part of its efforts to achieve sustainable logistics. Going forward, ARATA will place even greater focus on streamlining logistics

and achieving a sustainable logistics society by tackling the key challenges of improving response to volume increases around long holidays, further promoting palletization to streamline loading and unloading work, and increasing system integration to optimize the supply chain overall. Through these initiatives, we will help solve social issues.

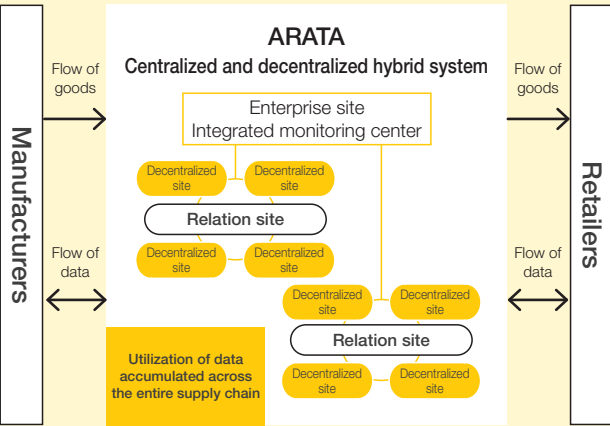
Hiroshi Kubota
Chief Operating Officer, Logistics Planning Division,
Logistics Department





System features to support stable distribution and DX in response to environmental changes

Advanced system capabilities are essential for stable product distribution. ARATA has an open system that provides nationwide coverage through a hybrid centralized-decentralized model built to leverage the best features from each company from prior to the merger. Positioned between retailers and manufacturers, ARATA has accumulated all kinds of data. To establish a data platform that will allow for effective utilization of the data we have accumulated not only in-house but across the entire supply chain, we are working to create a strategic data system and data network that will optimize Company-wide operations based on an accurate understanding of environmental changes gained through feedback from sales, logistics, and other operations.



To maintain a system environment which supports stable logistics even during a major disaster such as an earthquake and flood, we have built large-scale databases at data centers in two locations, one in eastern Japan and one in western Japan. We have also built a separate backup center in case of disaster.

Researching the Latest Technologies and Using Them in Business

■ Use of AI

— Automation of ordering

AI predicts the quantities that will be ordered in the future based on the order data learned from retailers. Based on those predictions, the order management system ALICE automatically calculates order quantities needed to secure the necessary inventory. This improves both accuracy and efficiency in work related to ordering.

— AI-OCR

AI recognizes and learns from invoices and slips, including handwritten ones, and automatically enters them into a database. This helps save labor in back office work.

— Generative AI

We began implementing generative AI in stages in 2023. Using generative AI for work such as document and material creation has significantly reduced work time. The time created through this is devoted to higher value-added work to improve productivity across the organization. ARATA has also built its own generative AI system, minimizing the risk of data leaks while promoting adoption across the entire Company, including the sales, administrative, and logistics departments.

Initiatives to instill and use generative AI within the Company

Gemini・NotebookLM

基本機能と活用例についてご紹介

- 各ツールの特徴
- 起動方法
- GeminixMeet 活用例
 - > Meet会議の議事録メモ自動作成
- NotebookLM 活用例
 - > 資料の内容をチャット・音声概要で理解する

To promote wider adoption of generative AI, ARATA shares use cases and specific methods of use internally to give all employees an opportunity to learn effective usage methods.

— Promote RPA

At ARATA, the IT Innovation DX Promotion Department spearheads efforts to quickly resolve routine tasks and small issues using RPA by placing RPA staff in departments across the Company.

In the fiscal year ended March 31, 2024, this saved nearly 6,500 hours of work time primarily in operational divisions. Going forward, ARATA will roll out RPA to area branches and departments where it has not yet been introduced to achieve further efficiency gains and results.

These efforts not only contribute to productivity improvements but also help cultivate digital talent for the future by increasing the number of people involved in RPA development.

IT Medium-Term Management Plan

ARATA's IT Medium-Term Management Plan provides powerful support for the strategy of a “stronger foundation” outlined in the Medium-Term Management Plan 2026. By achieving higher productivity through the initiatives in the IT

Medium-Term Management Plan, we aim to improve work efficiency across all departments, boost competitiveness across the Company, and establish a foundation for sustainable growth.

Promoting the strategy of a “stronger foundation” in Medium-Term Management Plan 2026 through streamlining and workplace reform across departments

Supporting growth strategy	Management	Adopt BI tools and create a metrics dashboard <ul style="list-style-type: none">Understand state of business in real timeFaster, higher-quality decision-making	➡	Greater competitiveness through faster management decisions
	Human Resources	Update human resource system and digitalize data <ul style="list-style-type: none">Visualize individual skills and career pathsStrategic human resource development planning and execution	➡	Greater organizational capacity through improved talent management
	Systems	Introduce Google Workspace <ul style="list-style-type: none">Create active communicationEstablish a digital foundation for diverse work styles	➡	Greater work efficiency through improved data linking
	Sales	Update and build sales support system <ul style="list-style-type: none">Reduce work time by streamlining and simplifying sales operationsStronger sales proposal efforts	➡	Greater contribution to sales through improved sales productivity
	Products	Streamline ordering using AI <ul style="list-style-type: none">Minimize stockout risk and optimize inventoryStreamline ordering processes	➡	Optimized inventory and improved profitability
	Operations	Build order processing system <ul style="list-style-type: none">Reduce workloadReduce human error	➡	Streamlined operations Improved collaboration with business partners
Improving productivity	Logistics	Utilize ASN and implement data management systems <ul style="list-style-type: none">Use ASN to streamline warehouse operationsUse data management systems to improve logistics productivity	➡	Optimized supply chain Greater cost competitiveness

Achieving DX Through the “Will to Change”

In promoting Google Workspace, we realized that DX goes beyond simply introducing new tools or digitizing operations. We are keenly aware that what matters most is reconsidering our long-established ways of working and cultivating a mindset that embraces change. Of course, it takes time for those accustomed to old methods to adapt to new ways of working, and many challenges still remain. Meanwhile, the number of employees embracing new ways of working continues to grow. We will keep working steadily to increase the number of employees who possess this progressive mindset and generate momentum for transformation across the Company.



Information Security Initiatives

We have established Confidential Information Management Regulations and Information Security Management Regulations as internal regulations to protect important information exchanged with business partners. Regarding consideration and decision-making for countermeasures for

evolving digital risks, the IT Planning Department handles technical aspects such as developing new tools or considering usage of external tools, creating and operating a foundation for data security that allows business and projects to be conducted in a safe, secure, and efficient manner.