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ARATA Corporation

Q1 of Fiscal Year Ending March 2026 Financial Results





■ Q1 FY03/2026 Highlights

Q1 FY03/2026

Net Sales Mark 11th Consecutive Record High, While Profits Decline Year-on-Year.

Sales of summer products (insecticides, laundry detergents, etc.) were delayed in Q1 due to temperatures lower than last year in April-May

► Decrease in gross profit margin/Increase in SG&A ratio due to inability to absorb SG&A increase



Toward the Achievement of Year-End Targets

- Sales of summer products are showing signs of recovery since June
- Further expansion of exclusive and preferential distribution items
- Promoting Efforts to Improve Logistics Efficiency
 - Sales and profits expected to improve from Q2 onwards
- In H2 FY03/2026, expand sales by expanding in-store share and achieve the effects of IT Medium-Term Management Plan
 - Aim to achieve year-end targets



■ Consolidated Statements of Income

(Millions of JPY)	Q1 FY03/2025 Results	Q1 FY03/2026 Results	YoY change		Planning	Progress rate rate (%)
			Change	Rate (%)		
Net sales	245,604	251,192	5,587	102.3	1,000,000	25.1
Gross profit	24,726	24,909	182	100.7	-	-
SG&A expenses	20,016	20,843	827	104.1	-	-
Operating income	4,710	4,065	▲644	86.3	17,280	23.5
Ordinary income	5,057	4,152	▲904	82.1	18,000	23.1
Profit attributable to owners of parent Quarterly Net profit	3,438	2,792	▲645	81.2	11,700	23.9



■ Q1 FY03/2026 Factors

Net sales: Record highs achieved for the 11th consecutive year

Net Sales : JPY251.192 billion YoY: +JPY5.587 billion 102.3%

Q1 FY03/2026 Cumulative Net sales YoY 102.3%

- Success of existing focus categories (H&B and pets)
- Expand sales of exclusive and preferential distribution items
- Improvement of product unit price
→ Increase in sales of large-volume products and high value-added products
- Increase in sales of cosmetics, mainly skincare products
- Sales expansion due to inbound demand
- Delay in sales of summer products due to temperatures lower than last year in April-May

Although the Medium-Term Management Plan 2026 Strategy proceeded smoothly, sales growth slowed due to weather factors.



■ Q1 FY03/2026 Factors

Ordinary income: JPY4.152 billion YoY: JPY904 million ▲ 82.1%

Gross profit : JPY24.909 billion YoY: +JPY182 million 100.7%

Gross margin: 9.92% YoY ▲ 0.15 points

+Factors: Strong sales of exclusive basic cosmetics, etc./Improvement in unit prices

-Factors: Delay in sales of summer products with high gross margins

Increase in transactions with companies generating logistics center fees.

SG&A expenses: JPY20.843 billion YoY: +JPY827 million 104.1%

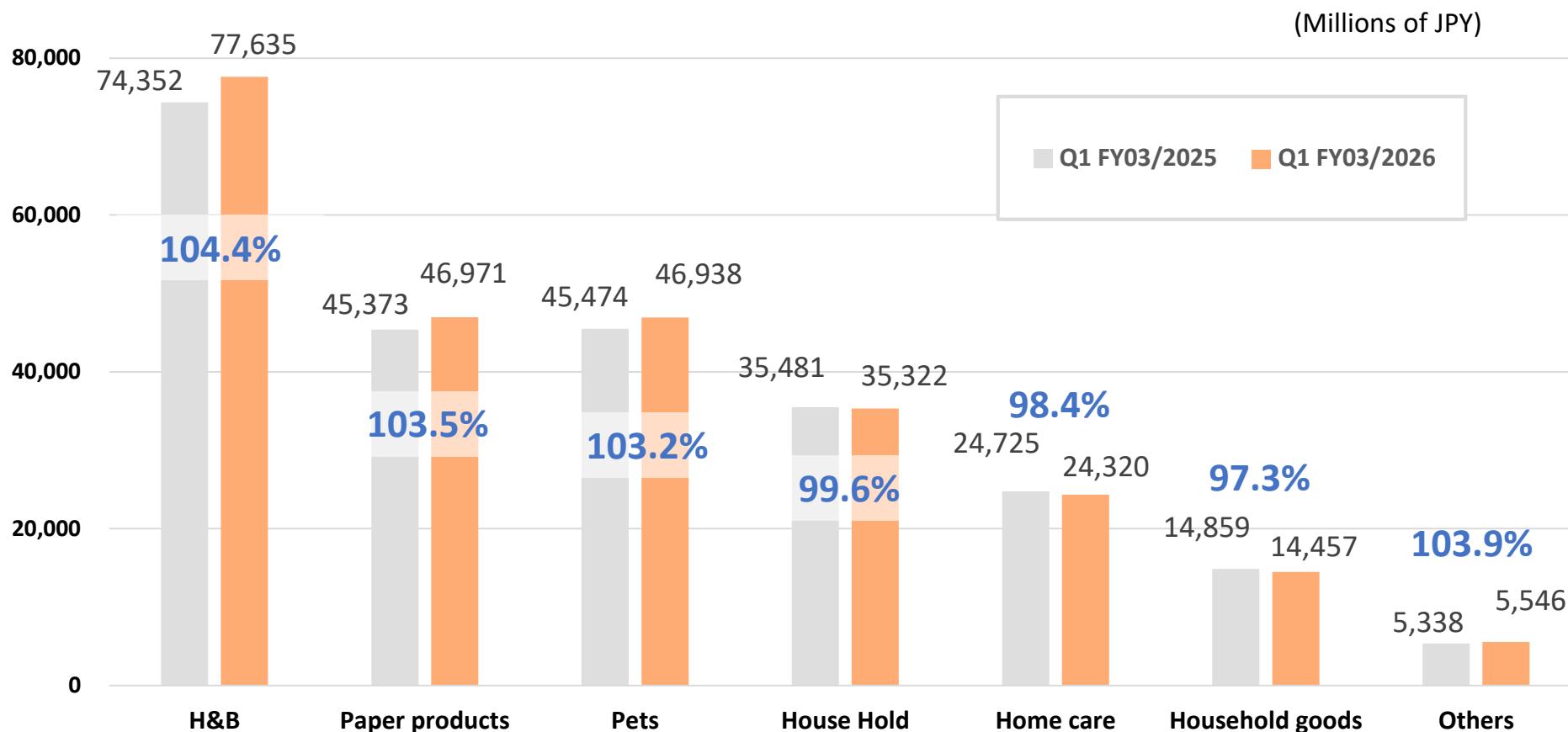
SG&A ratio: 8.30% YoY +0.15 points

- Higher fares due to the impact of the 2024 problem
- Increase in logistics costs due to increase in sales volume
- Increase in personnel costs due to human capital investment
 - To improve the treatment of permanent and part-time employees

► Delay in sales of summer products impacted the increase in SG&A ratio.



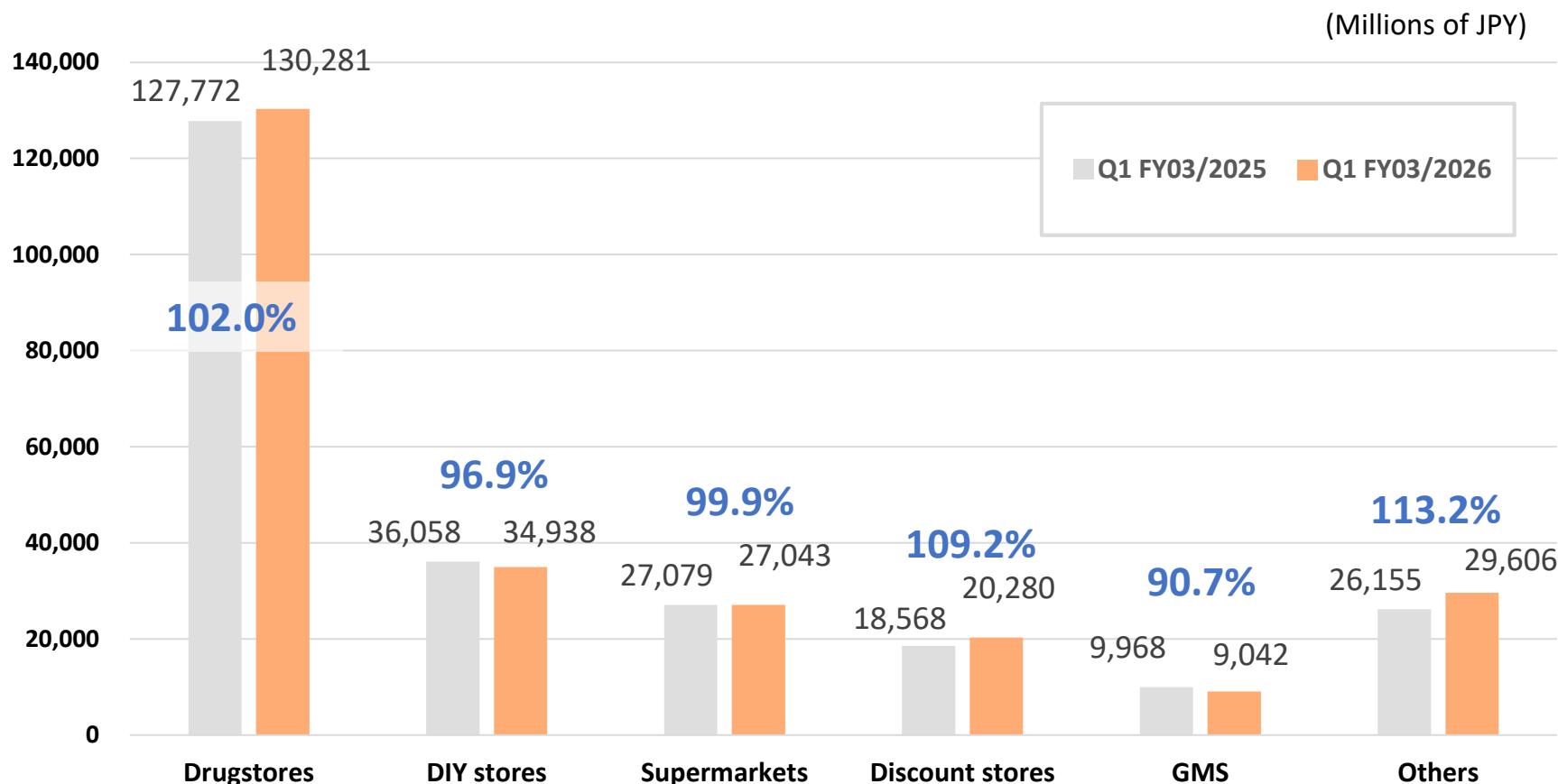
■ Net Sales by Category (YoY)



- H&B: Increase in sales of cosmetics, mainly skincare products
- Home Care: Delay in sales of summer merchandise due to temperatures lower than last year in April-May



■ Net Sales by Business Category (YoY)

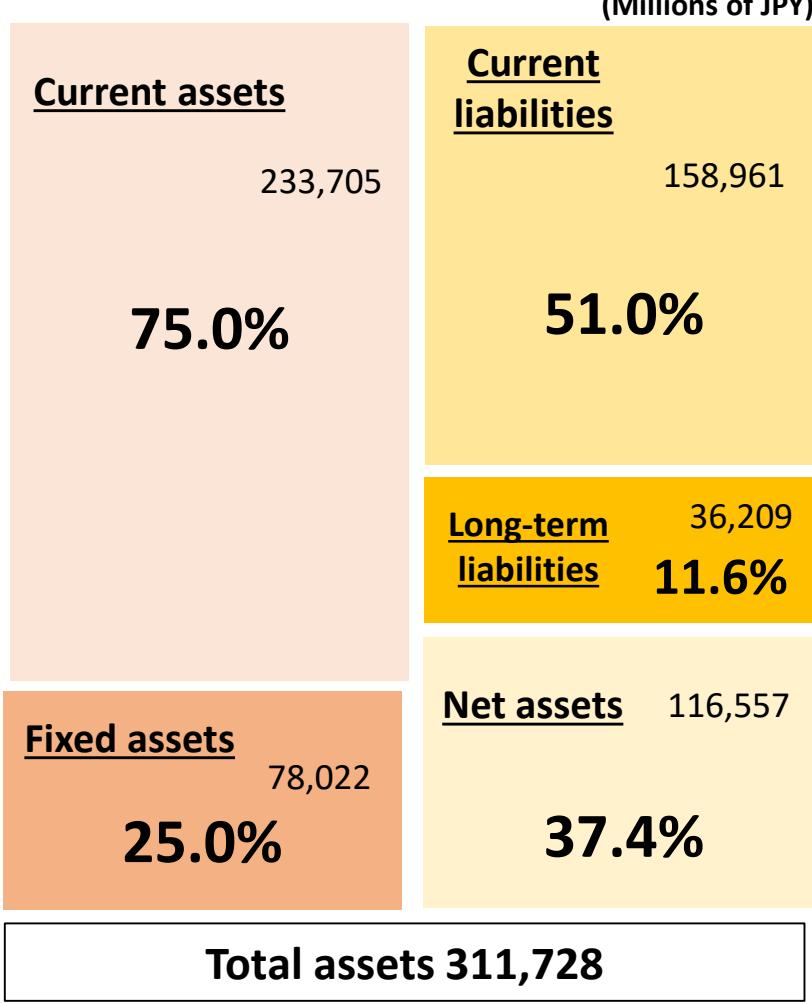


- Inbound demand: Drugstores, discount stores
- New transactions: Others (convenience stores)

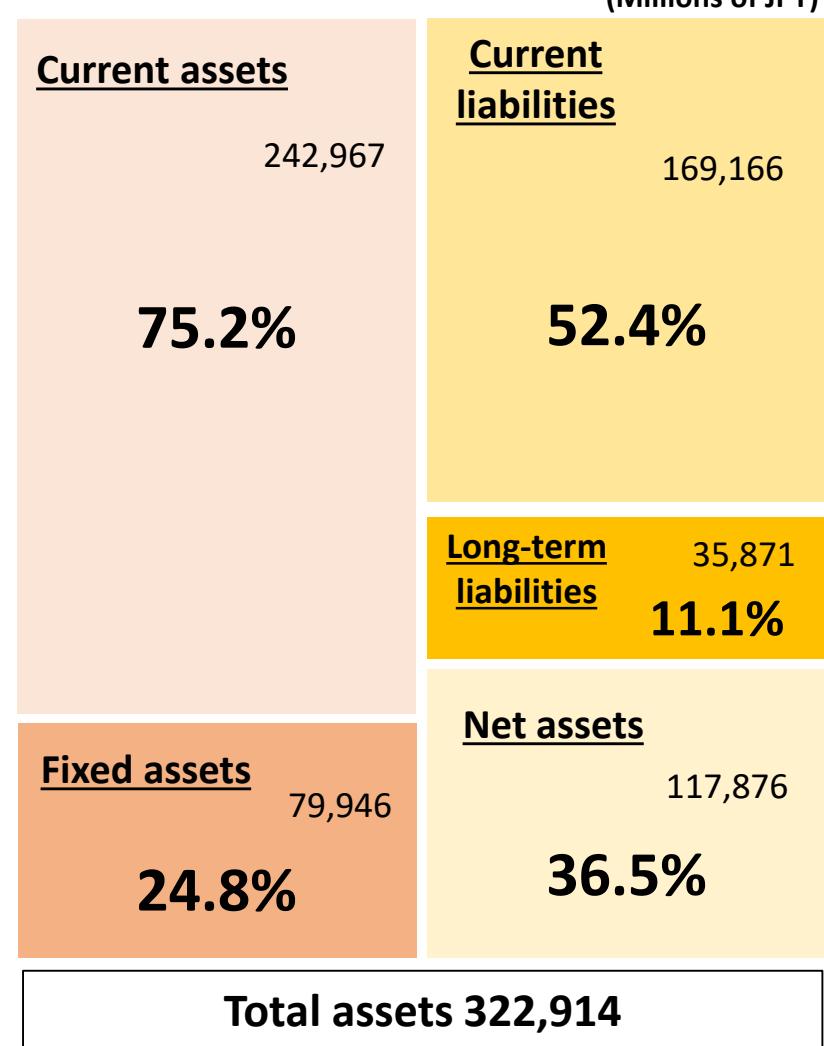


■ Consolidated Balance Sheets

FY03/2025



Q1 FY03/2026





■ Toward the Achievement of Year-End Targets

- Sales of summer products are showing signs of recovery since June.
- Further expansion of exclusive and preferential distribution items
- Promoting Efforts to Improve Logistics Efficiency
 - Streamlining the entire supply chain through joint delivery with other companies
 - Reorganization of logistics network in areas with increased shipments
(Expansion of external warehouses and streamlining of existing centers)
 - Cost reduction through consolidation of logistics centers.



Sales and profits expected to improve from Q2 onwards

Through sales expansion due to increased in-store share and realization of IT Medium-Term Management Plan effects in the second half,
Aiming to achieve year-end targets



Topics



■ External assessment related to ESG

Actively Promoting Sustainability Initiatives as an Important Management Issue



- First-time achievement of the highest "AAA" rating in MSCI ESG Ratings in June 2025.
- First-time selection as a constituent of the "FTSE Blossom Japan Sector Relative Index" in July 2025.

External Evaluation



FTSE Blossom
Japan Sector
Relative Index



For details, please refer to the press releases released on June 23 and July 16, 2025.

<https://ssl4.eir-parts.net/doc/2733/tdnet/2642052/00.pdf>

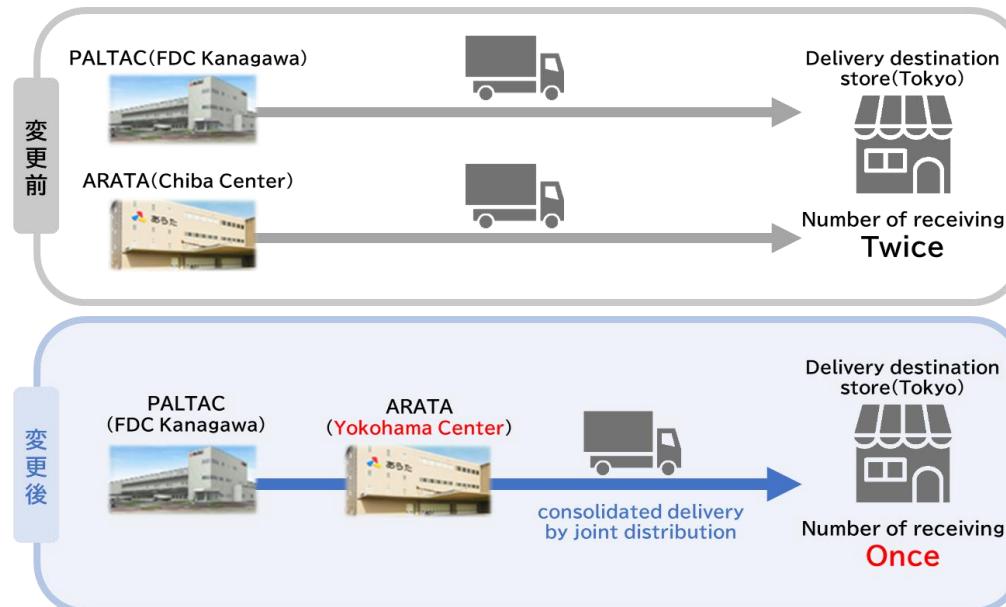
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■ Initiatives for Logistics Efficiency

Two companies in the same industry collaborate to address the intensifying labor shortage in the logistics industry.

July 2025 ARATA x PALTAC begin joint delivery in the West Kanto area.



Anticipated Program Benefits

- **Responding to a shortage of drivers**
Reduction in necessary personnel due to reduction in number of trucks
- **Reducing environmental impact and optimizing logistics costs**
Improvement of loading efficiency, Reduction in mileage
Reducing CO2 emissions and optimizing logistics costs by reducing the number of trucks
- **Efficiency of store operations**
Reducing store workload by reducing the number of deliveries

Promoting Collaboration in Non-Competitive Areas
to Co-Create a Sustainable Distribution Infrastructure

For details, please refer to the press release released on July 2, 2025.

<https://ssl4.eir-parts.net/doc/2733/tdnet/2650456/00.pdf>



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