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ARATA Corporation

Q2 of Fiscal Year Ending March 2026 Financial Results

ARATA CORPORATION

Q2 FT03/2026 results

■ Q2 FY03/2026 Highlights

Q2 FY03/2026

11 consecutive years of record-high Net sales

- ✓ Sales growth in the H&B and Pets categories
- ✓ Sales growth in the drugstore and discount store sector
- ✓ Increased transactions with retailers that began business with us the previous year
- ✓ Q1 and August slump due to climatic factors

Net sales reached record highs for 11 consecutive years and fell short of the interim plan.

- ✓ Q1 and August slump due to climatic factors
- ✓ Decline in gross profit margin
- ✓ Increase in personnel costs, logistics costs, etc.

Profit at each stage fell short of the previous year's results and the interim plan for the current period.

Continue to expand Net sales, which are the cornerstone of growth.
Although Q2 is recovering, profit at each stage falls below the previous year's level.

Full-year ordinary profit forecast revised from JPY18 billion to JPY16 billion.

Increase in sales and profits from the previous year, and sow seeds for the next Medium-Term Management Plan.

■ Consolidated Statements of Income

(Millions of JPY)	Q2 FY03/2025 Results	Q2 FY03/2026 Results	YoY change Change	YoY change Rate (%)	Q2 FY03/2026 Planning	Vs. planning Rate (%)
Net sales	491,522	**503,299**	11,776	102.4	**515,000**	97.7
Gross profit	48,641	**49,412**	771	101.6	**-**	-
SG&A expenses	40,467	**42,029**	1,562	103.9	**-**	-
Operating income	8,174	**7,383**	▲791	90.3	**8,900**	83.0
Ordinary income	8,569	**7,549**	▲1,020	88.1	**9,120**	82.8
Profit attributable to owners of parent Interim Net income	5,808	**5,043**	▲765	86.8	**5,930**	85.0

■ Consolidated Statements of Income (Accounting period)

(Millions of JPY)	Q1			Q2		
	FY03/2025	FY03/2026	YoY change Rate (%)	FY03/2025	FY03/2026	YoY change Rate (%)
Net sales	245,604	251,192	102.3	245,918	252,106	102.5
Gross profit	24,726	24,909	100.7	23,914	24,503	102.5
SG&A expenses	20,016	20,843	104.1	20,450	21,186	103.6
Operating income	4,710	4,065	**86.3**	3,463	3,317	**95.8**
Ordinary income	5,057	4,152	**82.1**	3,512	3,396	**96.7**
Profit attributable to owners of parent quarterly Net income	3,438	2,792	**81.2**	2,370	2,250	**94.9**

■ Q2 FY03/2026 Factors

Net sales: Record highs achieved for the 11th consecutive year
Shortfall of interim target

Net sales : JPY503.299 billion　　YoY: +JPY11.776 billion　102.4%

Q2 FY03/2026 Cumulative　Net sales YoY **102.4%**

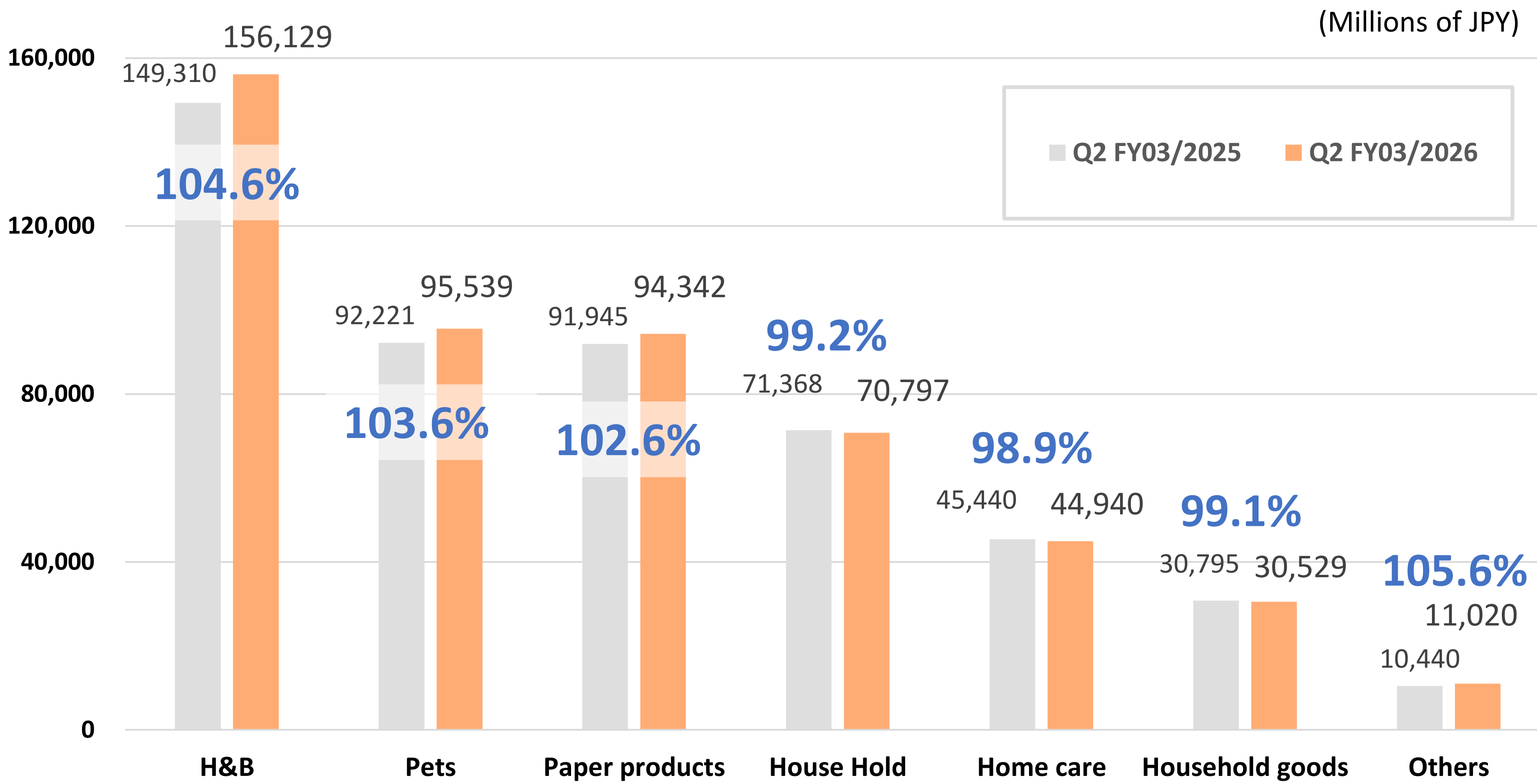
- Sales growth in the existing focus categories (H&B and pets)
- Increase in growth rate of drugstore and discountstore sectors
- Increased transactions with retailers that began business with us the previous year
- Expand sales of exclusive and preferential distribution items
- Improve unit prices

→ Increase in sales of large-volume products and high value-added products

- Q1 performance was poor, and August results fell below the previous year due to the impact of the extreme heat.

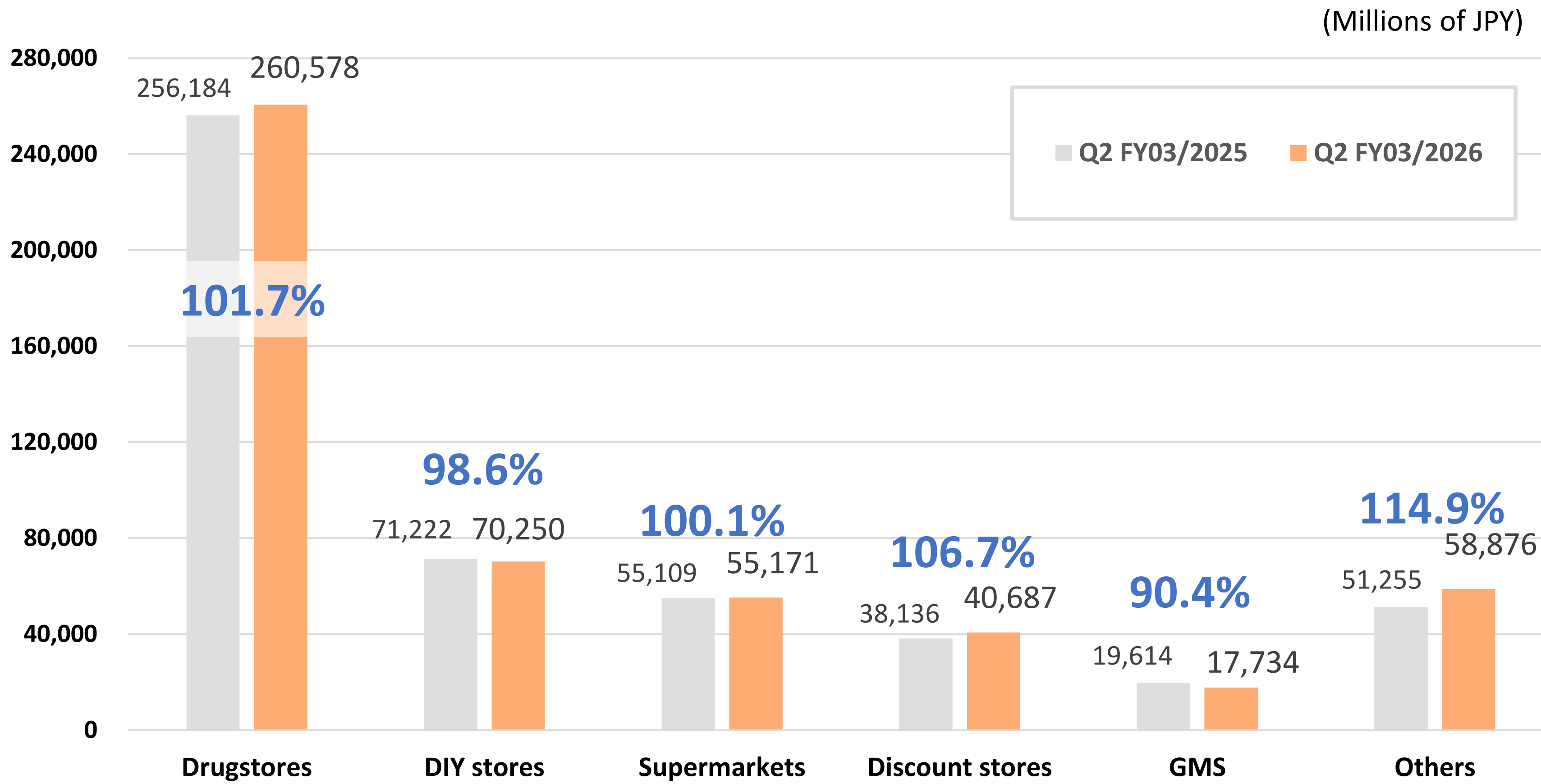
Increase in Net sales, the cornerstone of growth.
Due to poor performance in Q1 and the severe heatwave in August, the interim plan were not met.

■ Net Sales by Category (YoY)



- H&B: Impact of strong performance at drugstores / Increase in transaction volume
- Pets: Impact of strong performance at EC companies / Increase in transaction volume

■ Net Sales by Business Category (YoY)



- Drugstores: Impact of inbound demand / Expansion of in-store share
- Discount stores: Expansion of in-store share
- Others: Impact of New Transaction sectors

■ Q2 FY03/2026 Factors

Ordinary income: Shortfall of interim target

Ordinary income: JPY7.549 billion YoY: ▲JPY1.02 billion 88.1%

Gross profit : JPY49.412 billion YoY: +JPY771 million 101.6%

Gross margin: 9.82% YoY ▲ 0.08 points

- Increase in center fee and rebates

SG&A expenses: JPY42.029 billion YoY: +JPY1.562 billion 103.9%

SG&A ratio: 8.35% YoY +0.12 points

- Increase in logistics costs such as freight and storage fees
- Increase in rent expenses and expenses due to temporary factors
- Increase in personnel expenses for employees (increase in salaries and part-time employees, etc.)

■ FY2026 full-year forecast

Improvement through measures in H2 FY03/2026, but profit targets were revised downward due to shortfall in H1.

(Millions of JPY)	FY03/2025	FY03/2026			
	Results	Initial plan	Full-year forecast	YoY change	Vs. initial plan
Net sales	986,212	1,000,000	**1,006,000**	+19,787	+6,000
Operating income	14,989	17,280	**15,300**	+310	▲1,980
Ordinary income	15,617	18,000	**16,000**	+382	▲2,000
Profit attributable to owners of parent Net income	10,358	11,700	**10,600**	+241	▲1,100

Securing increased sales and profit from the previous fiscal year

Implement H2 measures that will sow the seeds for mid-to-long-term strategies

Final phase of Long-Term Management Vision 2030

Medium-Term Management Plan 2030

Scheduled for announcement in the disclosure of the year-end financial results for the FY03/2026

■ H2 FY03/2026 measures

The challenging environment persists, but implement measures to achieve the revised plan.

Improve gross profit

- Specific measures to expand sales (focus on expanding in-store share)
- Tackle issues in each category and cultivate growth products
- Measures such as high-value-added products to improve the gross profit margin

FY03/2026 full-year plan

Net sales JPY1.006 trillion

Improve the SG&A ratio

- Controlling logistics costs, such as freight and storage fees by improving loading rates and joint delivery, etc.
- Curbing personnel expenses through streamlining of IT Medium-Term Management Plan and other measures
- Controlling property expenses by reviewing leased warehouses, etc.

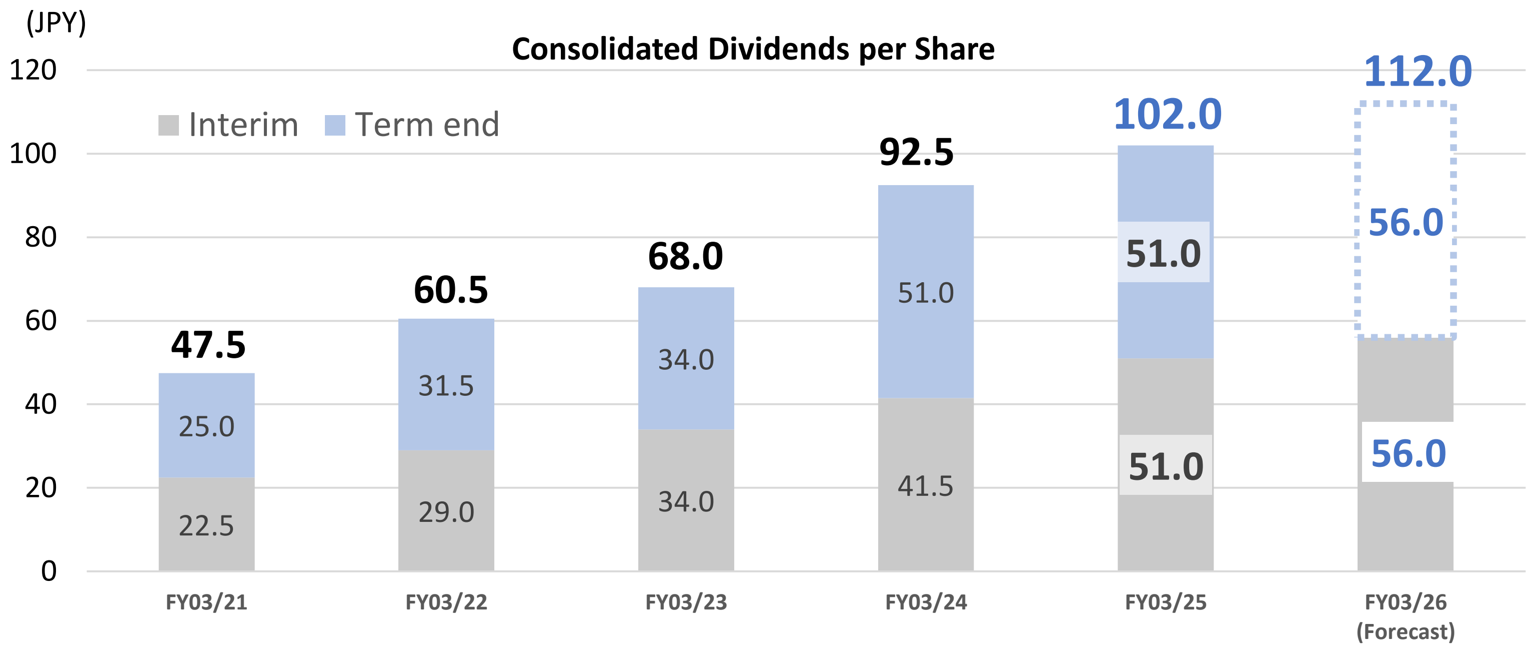
FY03/2026 full-year plan

**Targeting the operating profit margin of 1.52%
recorded at the end of the previous fiscal year**

■ Shareholder Returns

- Dividend policy: Aim for stable dividends and dividend increases while keeping in mind the dividend payout ratio of 30%
- FY03/2025: Interim JPY51, Term end JPY51, Total JPY102 (YoY +JPY9.5)

  10th consecutive year of dividend increases
- FY03/2026 forecast: Interim JPY56 (implemented) , Term end JPY56, Total JPY112 (YoY +JPY10)



	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26 (Forecast)
Consolidated dividend payout ratio	19.8%	22.9%	28.2%	30.5%	33.0%	35.4%

※On January 1, 2024, our common stock was split into 2:1. Figures prior to that date are converted to the post-split amount.

■ Consolidated Balance Sheets

FY03/2025

(Millions of JPY)

Assets	Amount	Share	Liabilities and net assets	Amount	Share
Current assets	233,705	75.0%	Current liabilities	158,961	51.0%
			Long-term liabilities	36,209	11.6%
Fixed assets	78,022	25.0%	Net assets	116,557	37.4%

Total assets 311,728

Q2 FY03/2026

(Millions of JPY)

Assets	Amount	Share	Liabilities and net assets	Amount	Share
Current assets	246,666	75.2%	Current liabilities	161,392	49.2%
			Long-term liabilities	46,026	14.0%
Fixed assets	81,499	24.8%	Net assets	120,746	36.8%

Total assets 328,165

Topics

■ Establishment of new companies to improve supply chain efficiency

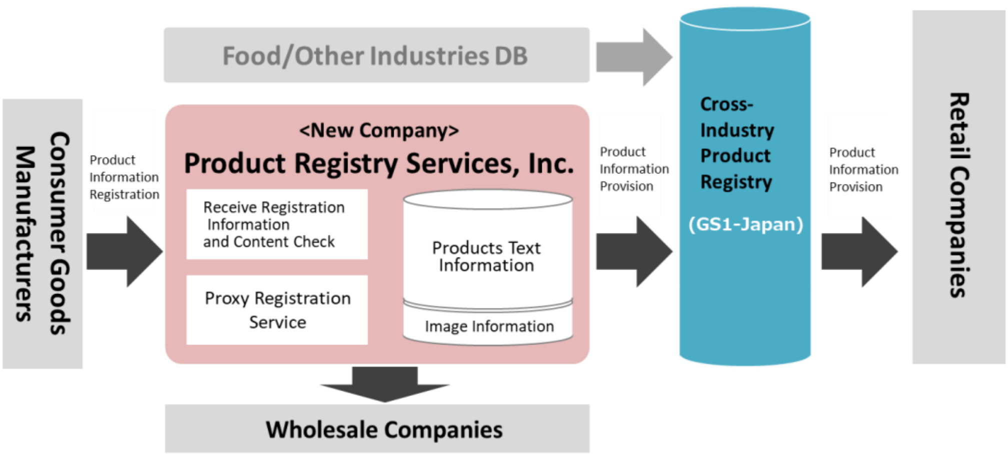
Challenges in the general consumer goods distribution industry

✓ Due to inconsistent operation rules for product information, there is labor for manufacturers and wholesalers to process and register data for each business partner.

✓ Due to ambiguous operating rules for JAN codes, delivery efficiency has worsened and communication costs have increased.

ARATA CORPORATION × PALTAC CORPORATION × PLANET,INC.

Established a new company jointly by the 3 companies for the purpose of unified management of product information



Vision

- All product information in the industry is shared with high freshness and precision
- Utilize by all players in the industry to improve productivity throughout the industry
- Become the foundation for healthy competition and sustainable development of the industry

Aiming for industry-wide development by improving supply chain efficiency through collaboration in non-competitive areas

For details, please refer to the press release released on October 20, 2025. https://ssl4.eir-parts.net/doc/2733/tdnet/2699373/00.pdf

■ Integrated Report 2025 issued

English version will be published in December 2025

Please refer to the Integrated Report for details of our activities.

Arata Integrated Report

Search

[Integrated Report Theme]

AX (Arata Transformation)

This report introduces the year-long effort aimed at "transformation" to innovate operations and organizational structures, rebuild the management foundation, and drive sustainable growth.

Continuously enhance content as a tool for dialogue with stakeholders

Cautionary Statement with Respect to Forward-Looking Statements

- **This material is solely for information purposes and should not be construed as a solicitation. This document (including the performance plan) has been prepared by us based on reliable information currently available, but it involves risks and uncertainties, and we assume no responsibility for its accuracy or completeness.**

- **You should use it at your own discretion. We assume no responsibility for any losses that may result from making investment decisions based entirely on the forecasts, targets, etc. contained in this document.**

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※Please note that we cannot respond to inquiries other than IR.

We are waiting for your questions on financial results and requests for IR interviews.