ARATA CORPORATION

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Fiscal year ending March 2026

Financial results presentation materials

May 14, 2026

ARATA CORPORATION

Net sales : Record highs for the 11th consecutive year, exceeding net sales of JPY1 trillion
Profits : The growth in SG&A ratio outpaced the gross profit margin, resulting in year-on-year declines across all profit levels

Net sales

JPY1.0047 trillion

YoY 101.9%

- Strong performance in the H&B and pet categories
- Improvement of product unit price
- Strong sales of exclusive and preferential distribution items

Operating profit

JPY13.2 billion

YoY 88.1%

- Decline in gross profit margin
  →Increase in center fee and rebates
- Increase in SG&A expenses

Ordinary profit

JPY13.5 billion

YoY 86.7%

- Increase in interest expense due to a rise in interest rates

Profit attributable to owners of parent

JPY10.1 billion

YoY 97.8%

- Gain on sales of property, plant and equipment approx. JPY600 million
- Gain on sales of investment securities approx. JPY900 million

EBITDA

JPY18.0 billion

YoY 91.5%

- Depreciation approx. JPY4.8 billion (YoY 102.0%)

ROE

8.4%

Year-on-year ▲0.8p

- Inflationary cost increases

We recognize that we are entering a major turning point due to changes in the environment.
Under the new medium-term management plan, we will return to the essence of the wholesale business and strengthen our offensive and defensive structure to improve profits.

FY26/3 Results Summary

ARATA CORPORATION

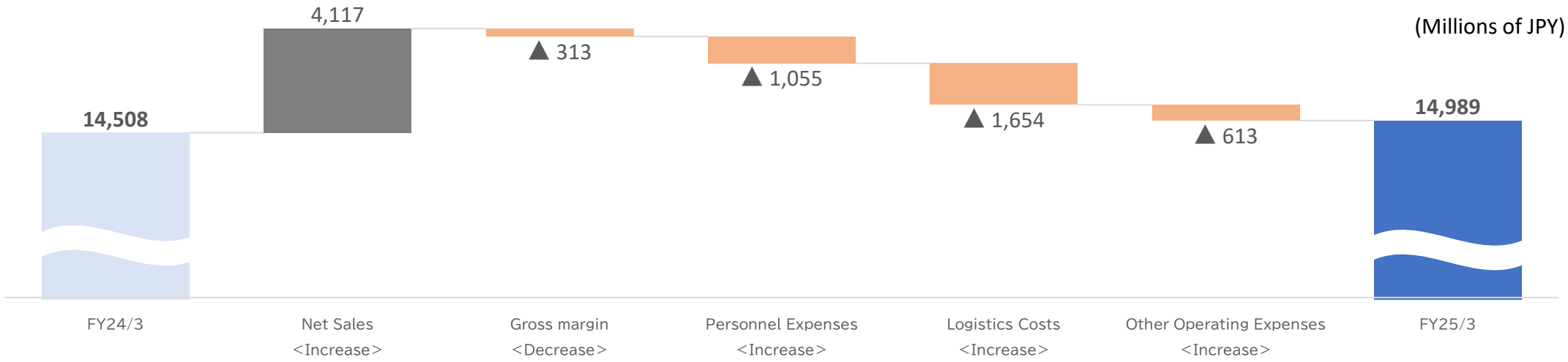
(Millions of JPY)	FY25/3 Results	FY26/3 Results	FY26/3 Planning	Versus forecast	YoY change	
				Rate (%)	Changes	Rate (%)
Net sales	986,212	**1,004,749**	1,006,000	99.9	+18,536	101.9
Gross profit	96,221 (9.8)	**97,330 (9.7)**	-	-	+1,108 (▲0.1p)	101.2
SG&A expenses	81,232 (8.2)	**84,123 (8.4)**	-	-	+2,890 (+0.2p)	103.6
Operating profit	14,989 (1.5)	**13,207 (1.3)**	12,600 (1.3)	104.8	▲1,782 (▲0.2p)	88.1
Ordinary profit	15,617 (1.6)	**13,534 (1.3)**	13,000 (1.3)	104.1	▲2,083 (▲0.3p)	86.7
Profit attributable to owners of the Parent	10,358 (1.1)	**10,130 (1.0)**	9,900 (1.0)	102.3	▲227 (▲0.1p)	97.8
EBITDA	19,757 (2.0)	**18,069 (1.8)**	-	-	▲1,688 (▲0.2p)	91.5
ROE	9.2%	**8.4%**	10%	▲1.6p	▲0.8p	-

*Figures in parentheses are percentages of sales.
*Targets announced on February 10, 2026

FY26/3 Factors for Changes in Operating profit

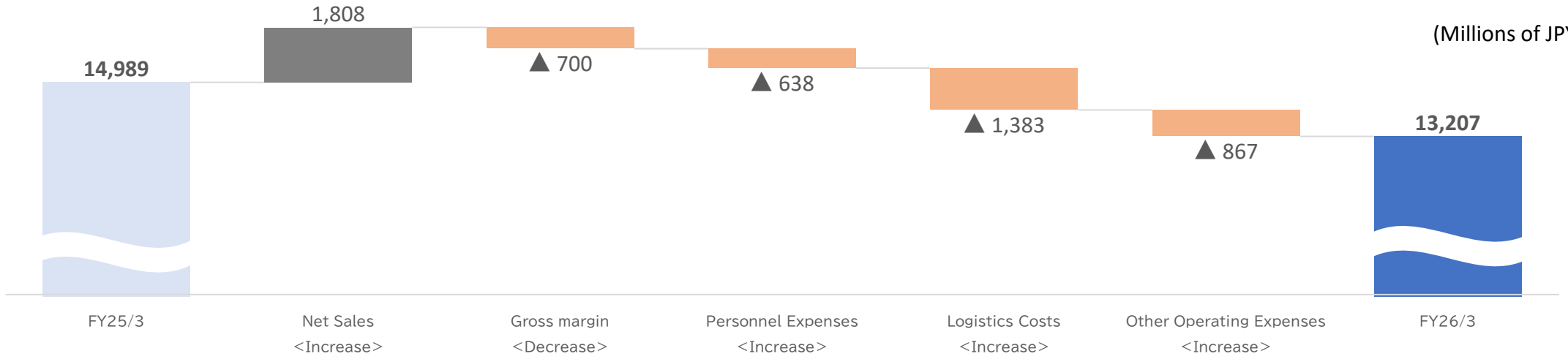
FY25/3 (Cumulative)

(Millions of JPY)

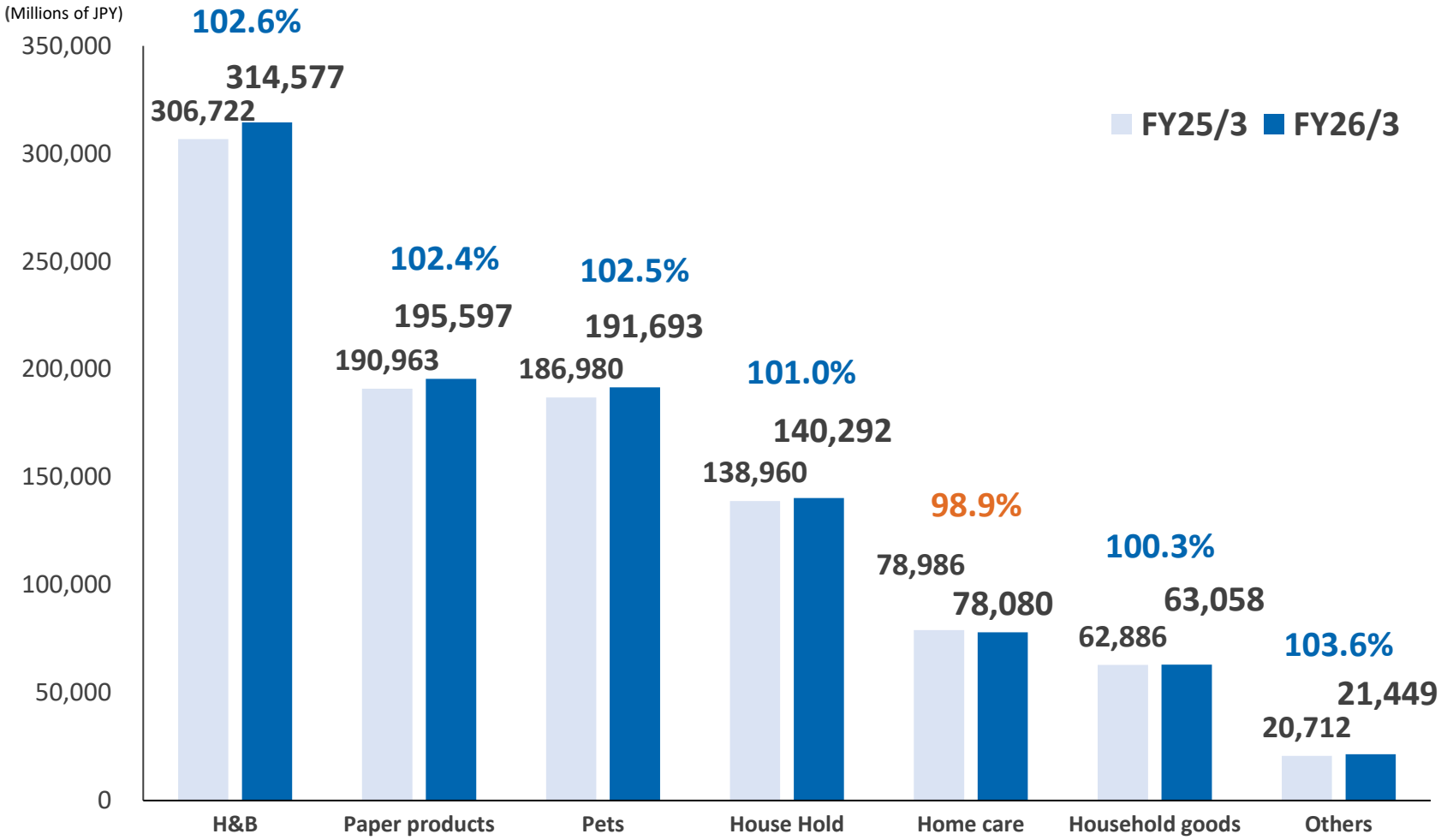


FY26/3 (Cumulative)

(Millions of JPY)



Net Sales by Category (YoY)



H&B

・Success of strategic category enhancement
・Among exclusive and preferential distribution items, hair care sales were strong.

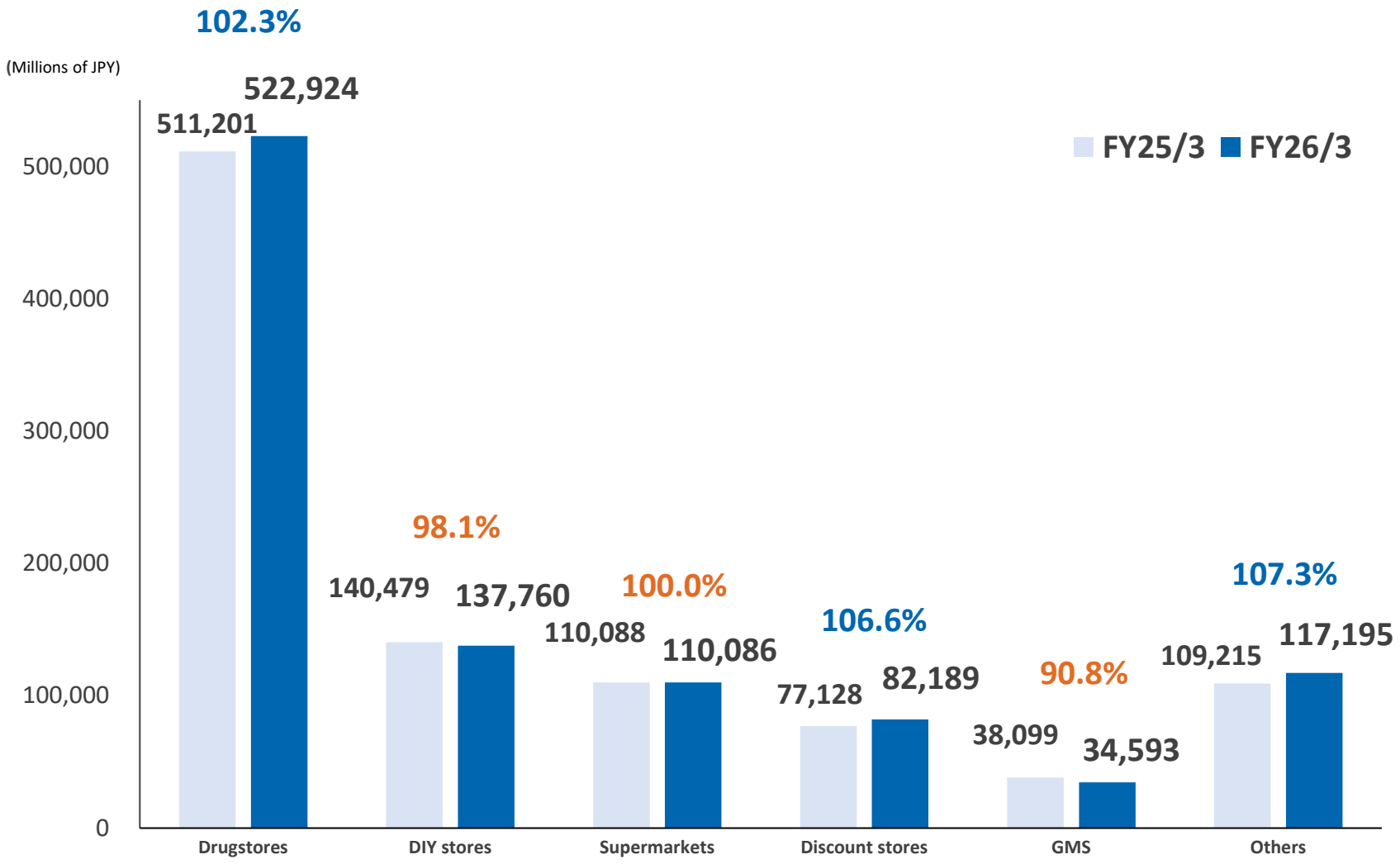
Paper products

・Expansion of in-store share
・March due to heightened geopolitical risk Hypothetical demand

Pets

・Commencement of new transactions and expansion of in-store share

Net Sales by Business Category (YoY)



Drugstores

- Increase due to inbound demand
- Expansion of in-store share

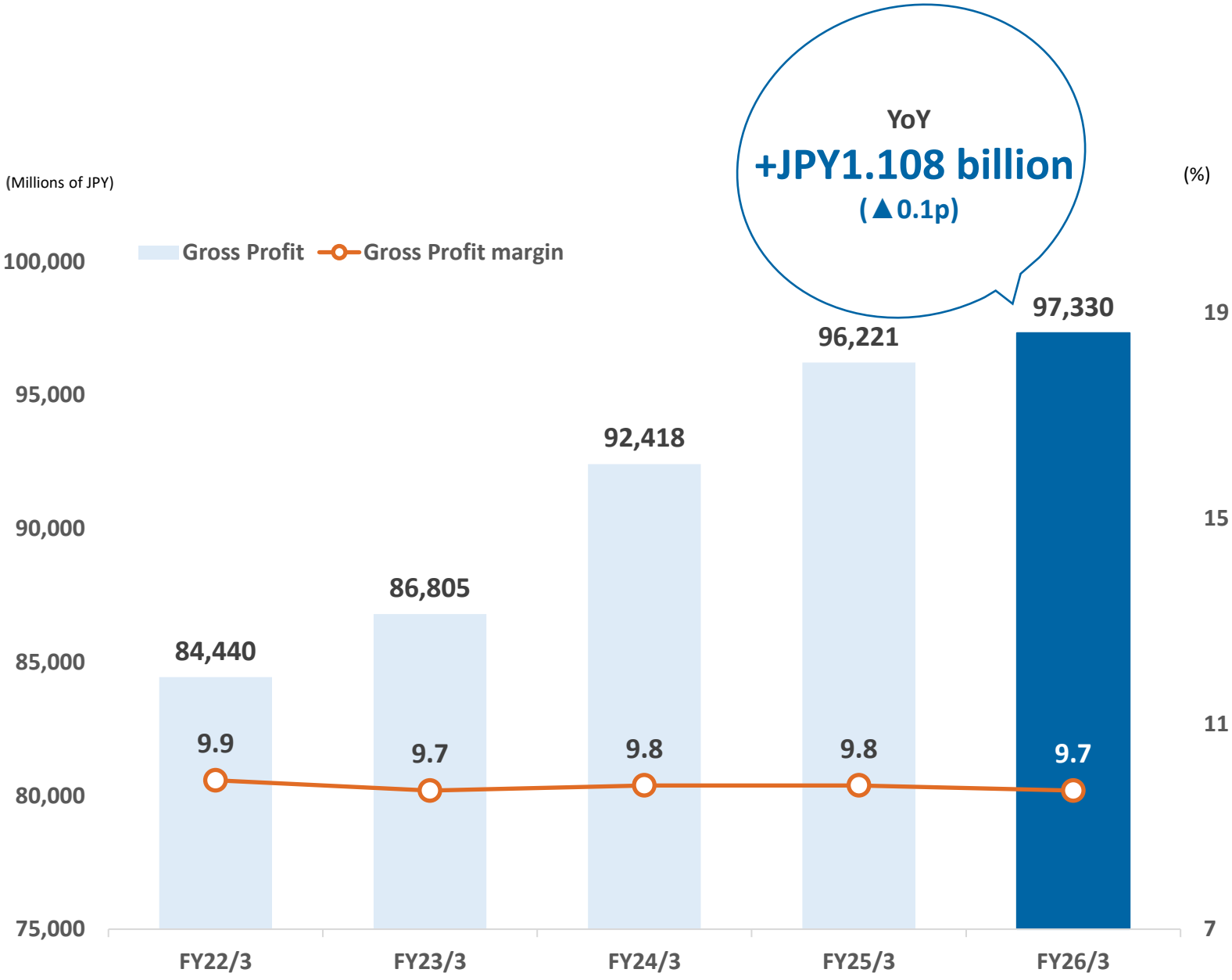
Discount Stores

- Increase due to inbound demand
- Expansion of in-store share
- Changes in Consumption Behavior due to Increased Price Sensitivity

Others

- Impact of the increase in the H1 attributable to business category that commenced new transactions from the 2H of the previous year
- Growth in pet-category EC

FY26/3 Gross Profit



Point

Steady progress in product strategy, but gross profit margin declined due to an increase in center fees, etc.

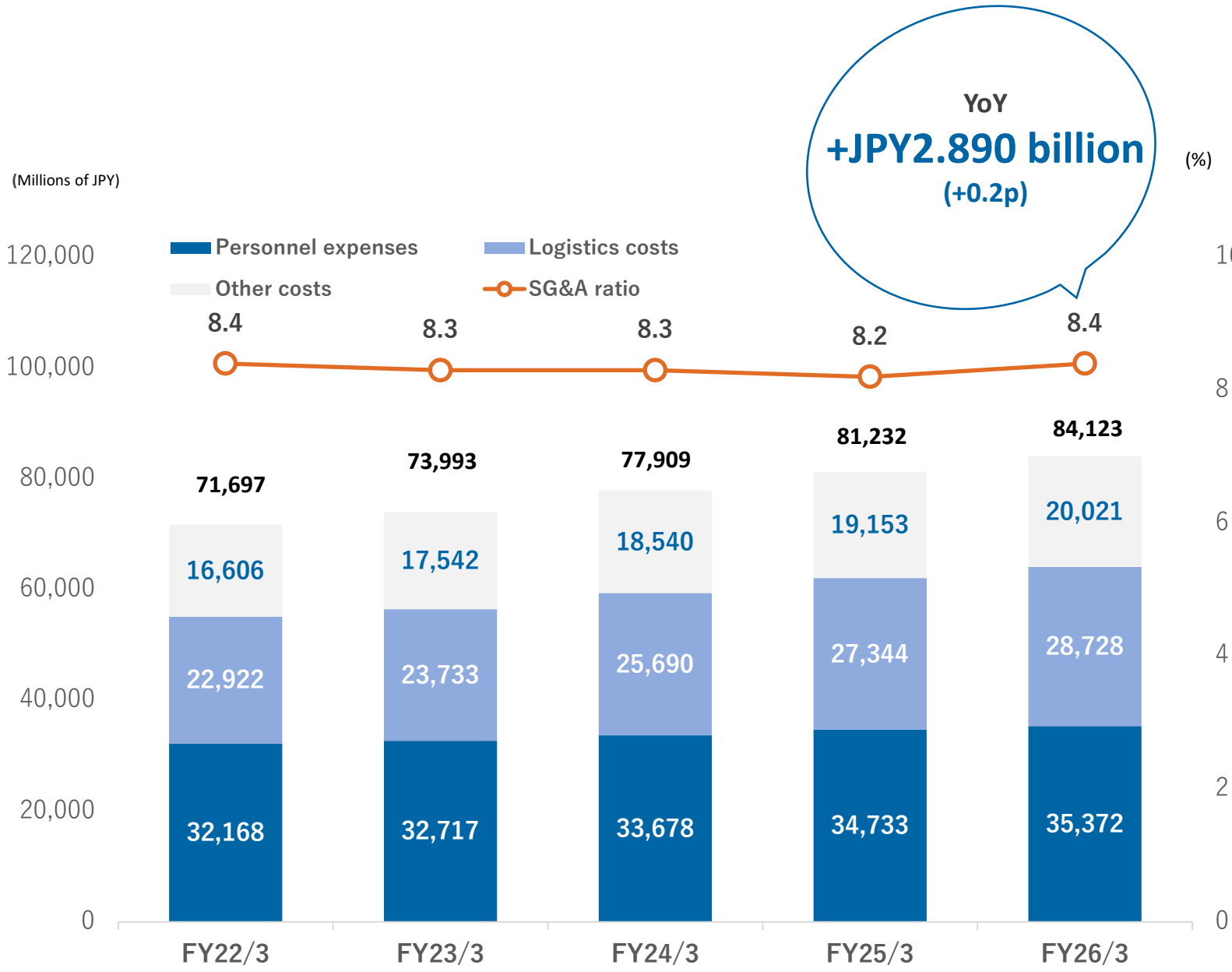
Internal factors

- Increase in gross profit due to increase in sales
- Increase the proportion of sales accounted for by highly profitable cosmetics and exclusive and preferential distribution items

External factors

- Increase in center fee and rebates
- Decrease in gross profit margin due to environmental changes in the distribution industry

FY26/3 SG&A Expenses



Point

Increase in various expenses due to inflation

Internal factors

- IT Medium-Term Plan implemented; however, realizing cost synergies is taking longer than expected
- Increase in employee salaries due to changes in compensation structure
- Temporary increase in expenses due to relocation of Hiroshima Center
- M&A consulting expenses

External factors

- Increase in part-time payroll costs due to higher minimum wages
- Increase in freight and storage fees

FY26/3 Consolidated Balance Sheets

ARATA CORPORATION

FY25/3

(Millions of JPY)

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

Total assets: 311,728

FY26/3

(Millions of JPY)

Current assets	256,312	73.7%
Fixed assets	91,568	26.3%
Current liabilities	178,533	51.3%
Long-term liabilities	45,184	13.0%
Net assets	124,162	35.7%

Total assets: 347,880

Main factors

- Current assets +JPY22.606 billion

(+) Cash and deposits : JPY16.28 billion

- Fixed assets +JPY13.545 billion

(+) Goodwill : JPY8.631 billion

- Current liabilities +JPY19.571 billion

(+) Notes and accounts payable – Trade : JPY9.385 billion

Short-term borrowings : JPY9.132 billion

- Long-term liabilities +JPY8.975 billion

(+) Long -term borrowings : JPY9.447 billion

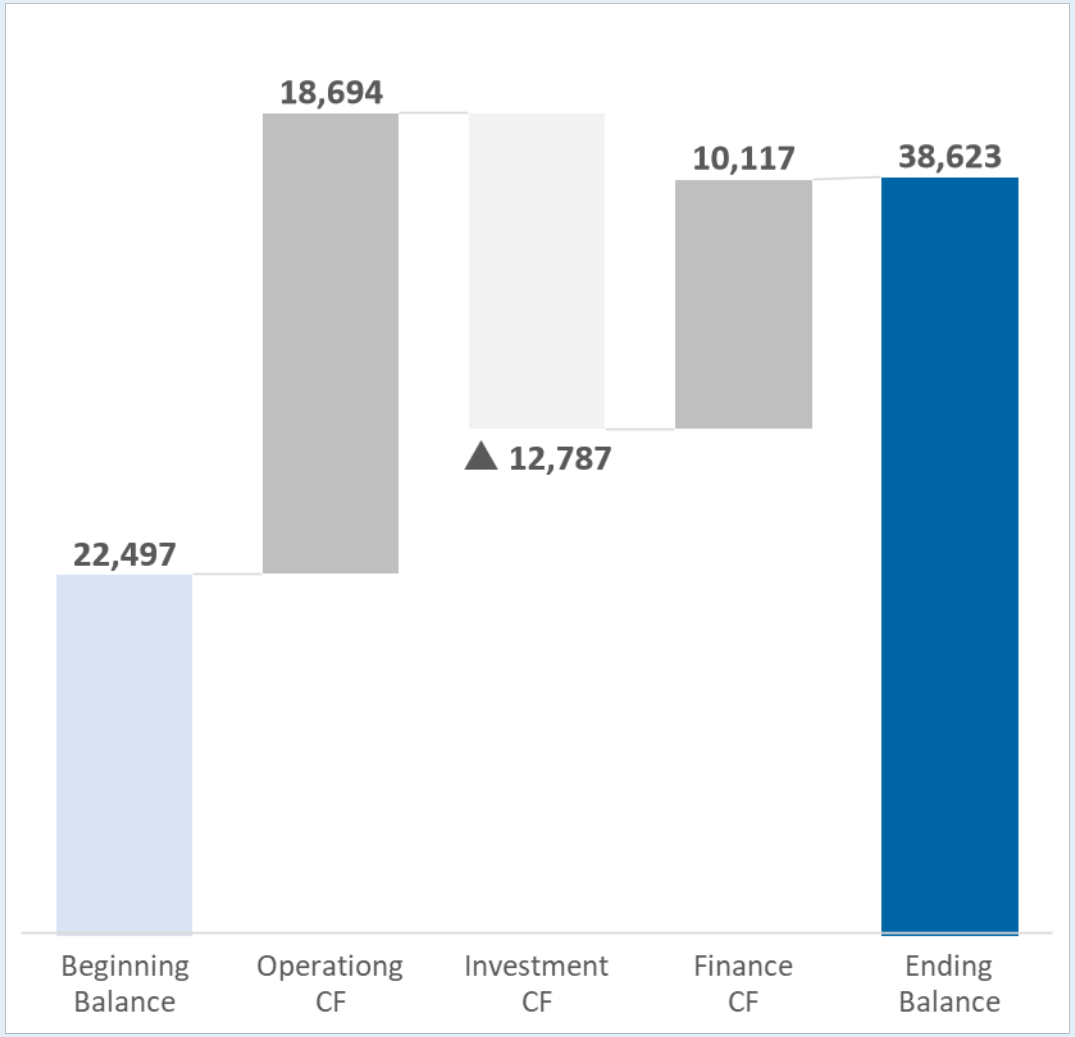
- Net assets +JPY7.605 billion

(+) Retained earnings : JPY6.443 billion

FY26/3 Cash Flow Status

(Millions of JPY)

	FY25/3 Results	FY26/3 Results	Change
Beginning Balance	27,016	22,497	▲4,518
Operating CF	9,775	18,694	+8,919
Investment CF	▲6,363	▲12,787	▲6,424
Finance CF	▲7,977	10,117	+18,094
Ending Balance	22,497	38,623	+16,125
Changes	▲4,518	+16,125	+20,643



FY27/3 Earnings forecast

(Millions of JPY)	FY26/3 Results	FY27/3 Planning	Changes	% Change
Net sales	1,004,749	**1,030,000**	+25,250	102.5%
Operating profit	13,207 (1.3)	**11,000** **(1.1)**	▲2,207 (▲0.2p)	83.3%
Ordinary profit	13,534 (1.3)	**10,500** **(1.0)**	▲3,034 (▲0.3p)	77.6%
Profit attributable to owners of the parent	10,130 (1.0)	**7,000** **(0.7)**	▲3,130 (▲0.3p)	69.1%
EBITDA	18,069 (1.8)	**16,552** **(1.6)**	▲1,517 (▲0.2p)	91.6%
ROE	8.4%	**5.6%**	▲2.8p	-

*Figures in parentheses are percentages of sales.

Point

We are at a major turning point due to shifts in the business environment, and we anticipate temporary challenges during the first half of the New Medium-Term Management Plan.

Factors

- Impact of restructuring and enlargement of retailing
- Uncertainty due to heightened geopolitical risk
- Inflationary cost increases
- Increase in growth investment for the future
- Promoting Growth Strategies and Strategy for a Stronger Organization under the New Medium-Term Management Plan

Future measures are disclosed in the New Medium-Term Management Plan 2030.

Capital Policy & Shareholder Returns

Dividend Policy

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

FY26/3

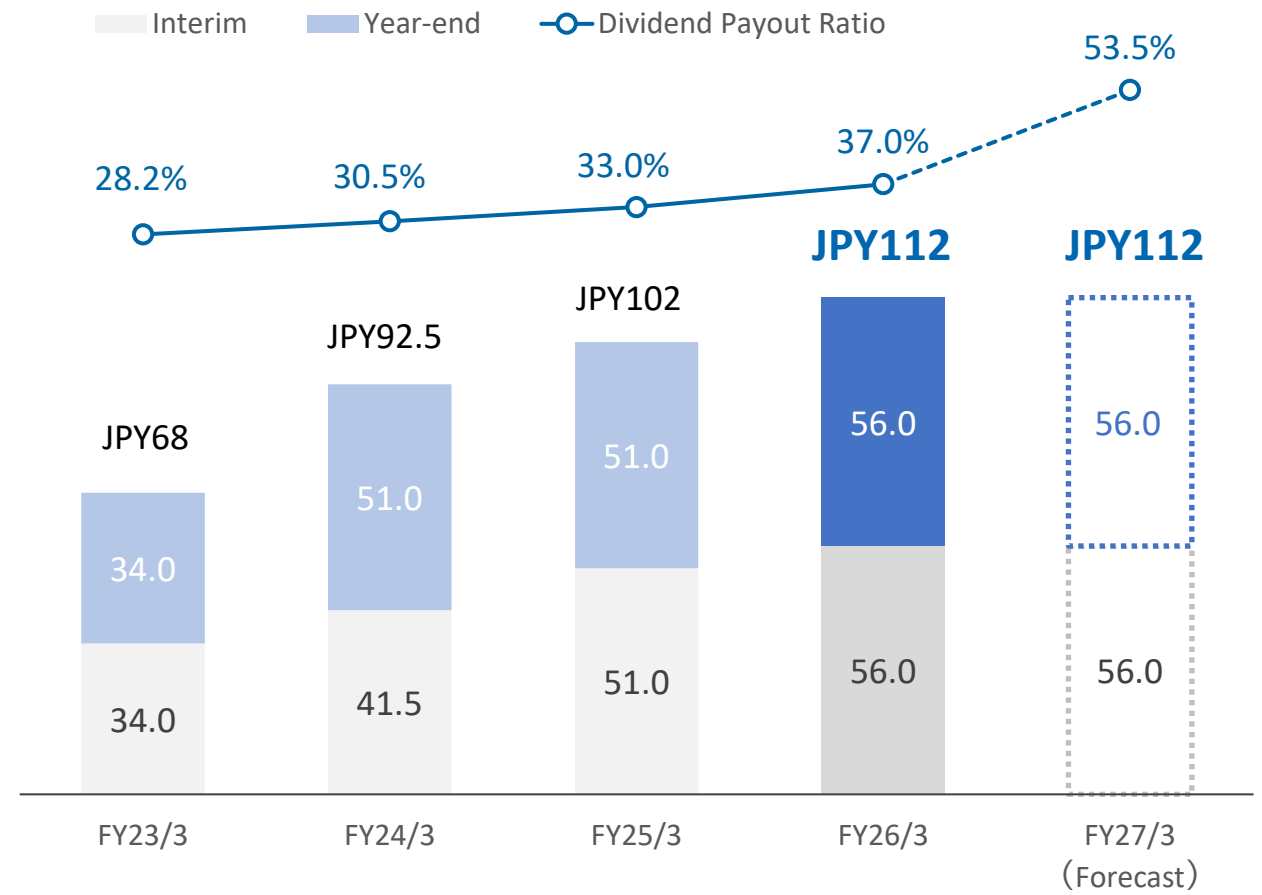
Interim JPY56, Year-end JPY56, Total JPY112 (YoY +JPY10)

11th consecutive year of dividend increases

FY27/3 forecast

Interim JPY56, Year-end JPY56, Total JPY112 (Dividend payout ratio : 53.5%)

Consolidated Dividends per Share (JPY)



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

Forward-looking statements

- **This material is provided for informational purposes only and does not solicit any action. This material (including business plans) was prepared by the company based on reliable information available at the time, and includes risks and uncertainties; ARATA CORPORATION bears no responsibility for its accuracy or completeness.**

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IR inquiries

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We welcome your questions about our financial results and requests for IR meetings.

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