



Presentation Material
1H FY2025(April 1st, 2024 to September 30th, 2024)

ARTNATURE INC.
TSE Standard Market : 7823

Overview of 1H FY2025 Results & Financial Forecast

1H FY2025 : Highlights

Second quarter results showed a year-on-year decline in both sales and profits.

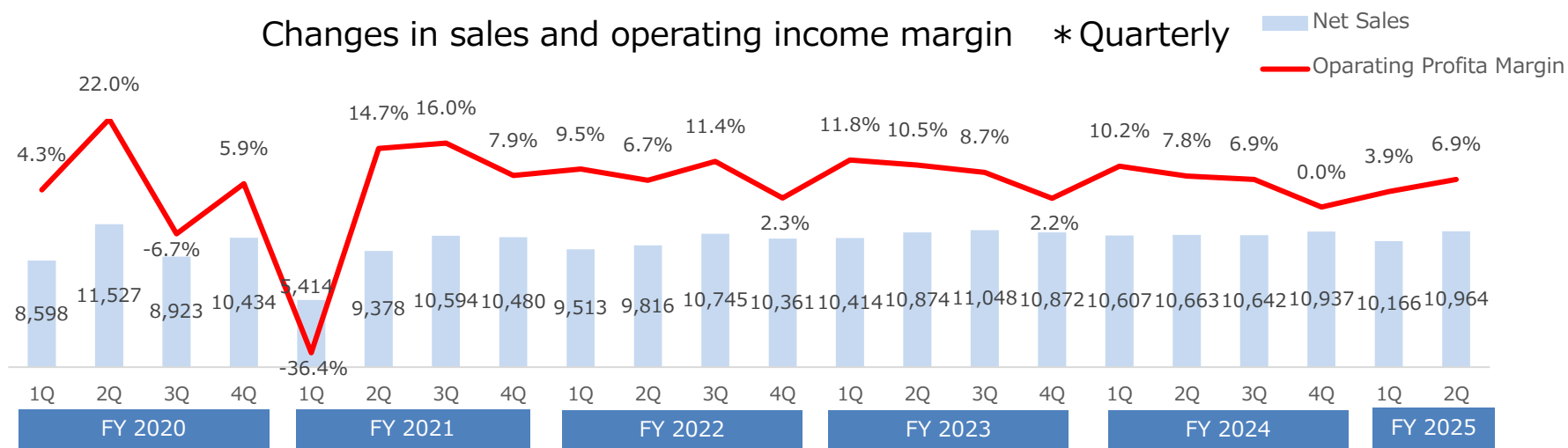
1H FY 2025 Financial Results

(¥ million)

	1H FY2024 (Results)	1H FY2025 (Results)	YoY Change	Year-end (Plan)	Plan Progress rate
Net Sales	21,270	21,131	(0.7%)	45,001	47.0%
Men's Business	11,494	11,480	(0.1%)	23,235	49.4%
Ladies' Business	9,059	8,923	(1.5%)	20,154	44.3%
Others	716	726	+1.5%	1,612	45.1%
Operating Income	1,914	1,146	(40.1%)	2,911	39.4%

※Ladies' Business including JULLIA OLGIER, NAO-ART CO.,LTD

Changes in sales and operating income margin * Quarterly



Progress of medium-term management plan

Aim to expand business performance and market share in the hair business industry in order to propel “ARTNATURE, pioneer of the next generation” to the next stage.

Key Themes

Value Creation

- **Establish a position as a market leader in the domestic hair business industry**
- **Acquire and expand business in new areas**

Sustainability Promotion

- **Create a sustainable society**
Promote compliance with the Corporate Governance Code (climate change, respect for human rights, human capital)
Implement SDG initiatives
- **Achieve sustainable growth in corporate value**
Improve labor productivity/production stability/administrative efficiency

Dialogue with the Market

- **Consider new information disclosure**
- **Consider additional shareholder return policy (dividend increase, shareholder benefits, etc.)**

progress

Value Creation

- New (first-time) sales were lower than projected. There were signs of a recovery in the men’s business.
- Sales of ready-made wigs remained strong.
- No progress in acquiring business in new fields

Sustainability Promotion

- Initiatives for a sustainable society
Established measures for the TCFD recommendations and developed a multi-stakeholder policy Expanded sustainability information
- Promoted digital transformation to achieve the sustainable growth of corporate value
(Value creation utilizing AI and other cutting-edge technologies, as well as our data)

Dialogue with the Market

- No initiatives since the establishment of the new dividend policy in the previous fiscal year
- Continued to calculate the cost of capital, which we started to disclose in the previous fiscal year

There were signs of a recovery of new (first-time) sales in the men's business.

Factor 1 in the recovery of new sales

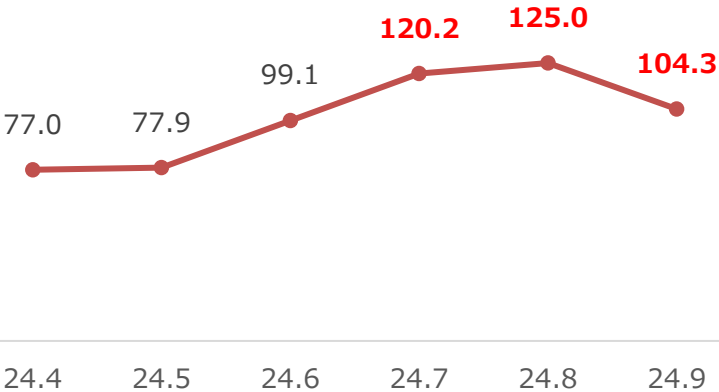
We introduced a new actor in our advertising and implemented a promotion strategy targeting young people, resulting in an increase in responses from potential customers.

Factor 2 in the recovery of new sales

We strengthened issue-specific training for individual salespeople, leading to year-on-year increases in their contract success rate and sales.

Changes in major-product sales (year on year)

There were signs of a recovery of new sales in the men's business.



1H Topics

Actively implemented our promotion strategy.



We struggled, particularly in the generation of new sales of custom-made wigs in the ladies' business.

Factor 1 in the struggle in new sales

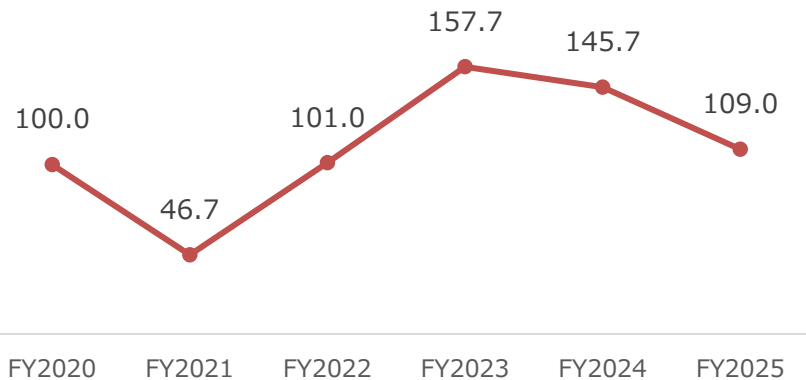
We launch new custom-made wigs annually. In the first half of this year, we did not produce a hit product like Feelin, which was launched in September 2021.

Factor 2 in the struggle in new sales

Sales promotions and other initiatives targeting the main target group, middle-aged and elderly individuals, did not result in an improvement in responses from potential customers.

Trend in New Sales of Custom-made Wigs in the First Half

The growth of new sales has been sluggish since FY2023.



(Source) New sales of custom-made wigs in the Company's ladies' business. Sales in the first half of FY2019 (prior to the COVID-19 pandemic) are set to 100, and growth rates from that period in each fiscal year are shown.

1H Topics

Implemented various initiatives targeting middle-aged and elderly individuals.



Both new sales and repeat sales were strong in the ladies' ready-made wigs business.

Main factor in strong new sales

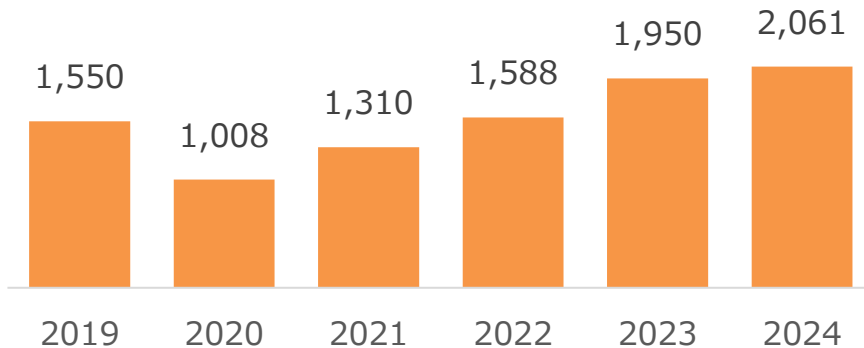
With the increase in sales and the number of visitors to the commercial facilities where we have our stores, the number of trial fittings for ready-made wigs also increased.

Main factor in strong repeat sales

We implemented initiatives to strengthen the repeat sales system in the ladies' ready-made wig business (increasing staff motivation, enhancing sales skills, and improving in-store operations).

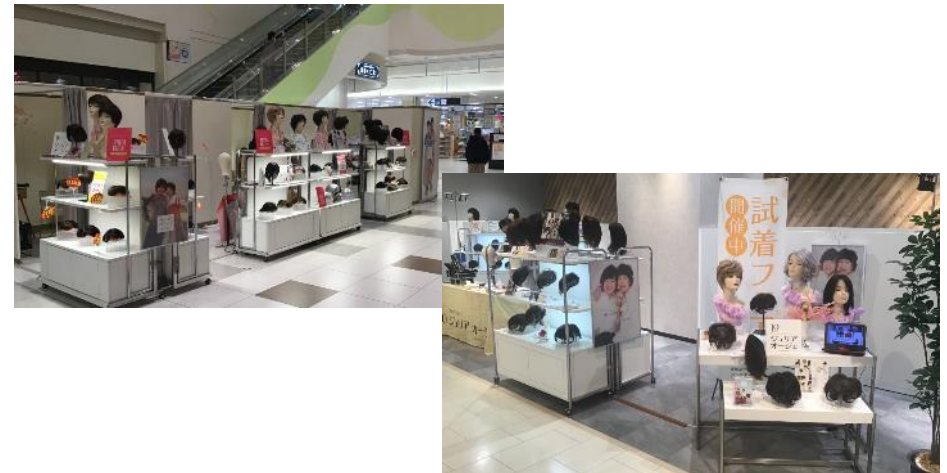
Apr-Sep Period Jullia Olger Sales Trends

Jullia Olger sales remained strong. (million yen)



Apr-Sep Period Topics

We collaborated with commercial facilities to hold events.



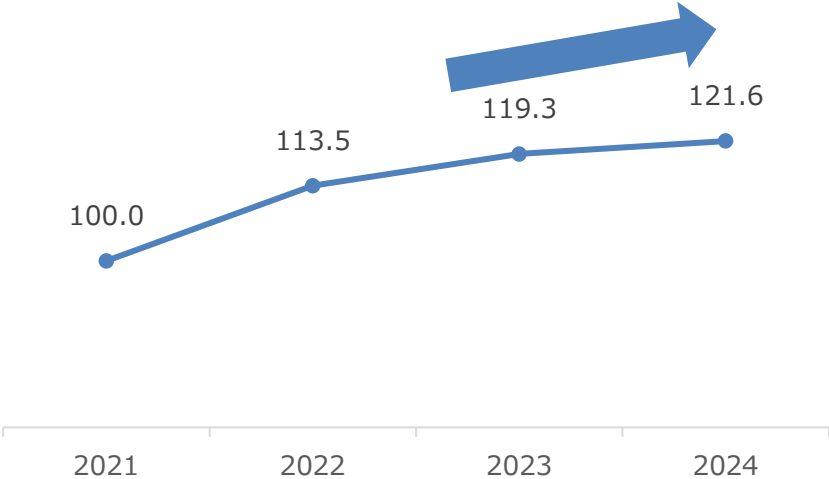
Value Creation (4) (Review of the Ladies' Business as a Whole)



Sales in the ladies' business as a whole grew slowly, but the number of sales increased from the previous year. The wig user base has been steadily expanding.

Trend in New Sales of Ladies' Wigs in the First Half

The total number of wigs sold is trending upward, driven by strong new Jullia Olger sales.



(Source) New sales of custom-made wigs and New Jullia Olger sales. Sales in the first half of FY2021 are set to 100, and growth rates in the past three years are shown.

Hybrid store development

Actively developing hybrid stores that handle both custom-made and ready-made wigs



Sustainability Promotion (1) (Sustainable Sales and Management System)

We are implementing offensive and defensive strategies to promote digital transformation and achieve the sustainable growth of corporate value.



Initiatives to promote digital transformation and achieve the sustainable growth of corporate value

Offensive DX

- (i) Value creation utilizing AI and other cutting-edge technologies, as well as our data
- (ii) Digitization of peripheral operations

Defensive DX

- (iii) Responding to the aging of systems and the growing complexity of systems

We aim to create new value by combining high-performance AI and AR and our data.



【HAIR no heya】

A one-stop website that uses high-performance AI to cater to the needs of customers who have concerns or have questions about their hair. These customers include individuals who are beginning to worry about their hair as well as those seeking immediate solutions to their issues.

Trying on wigs using an AI hairstyle simulation tool

Purchasing wigs on an e-commerce site



【AI hairstyle simulation】

A smartphone e-commerce website that enables visitors to virtually try on wigs for different hairstyles using the AI and AR technologies of Perfect Corp. for free, anytime and anywhere

Sustainability Promotion (3) (Digitization to Change Ways of Working)

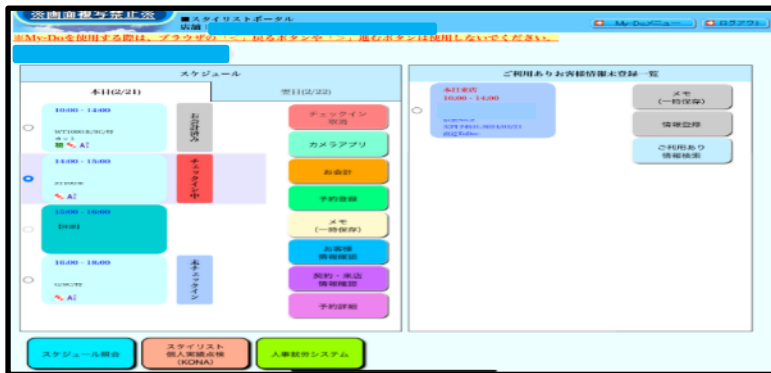
We aim to enhance user-friendliness for both customers and employees by proactively digitalizing operations related to customer interactions.



【Customer app】

We created a two-way digital channel for communicating with customers and introduced a dedicated app to enhance convenience.

The initial features include store information and reservation inquiries.



【Stylist portal】

We have created a user-friendly portal screen dedicated to stylists. This screen consolidates all the connections between stylists' work, from the customer's arrival until departure, and various related systems.

We focused on improving the communication of investor relations information to individual investors.

Progress on the Implementation of Initiatives Related to Engaging with the Market

Initiatives	Implementation status
Consideration of additional shareholder return measures	No initiatives since the establishment of the new dividend policy last year
Consider new information disclosure	Continued to calculate the cost of capital, which we started to disclose in the previous fiscal year
Others	Held regular online events for individual investors



FY2025 Plan etc.

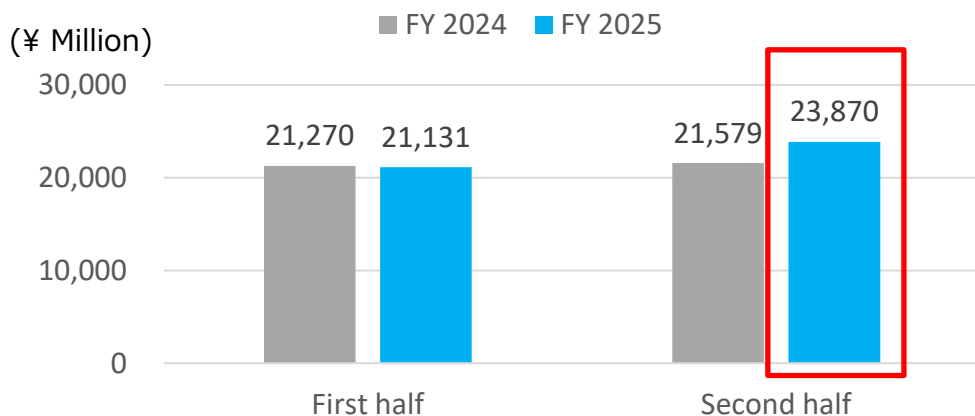
FY2025 : Full-year Consolidated Business Performance Forecasts^①

Aim to increase sales and profits in FY2025, mainly by expanding business for women.

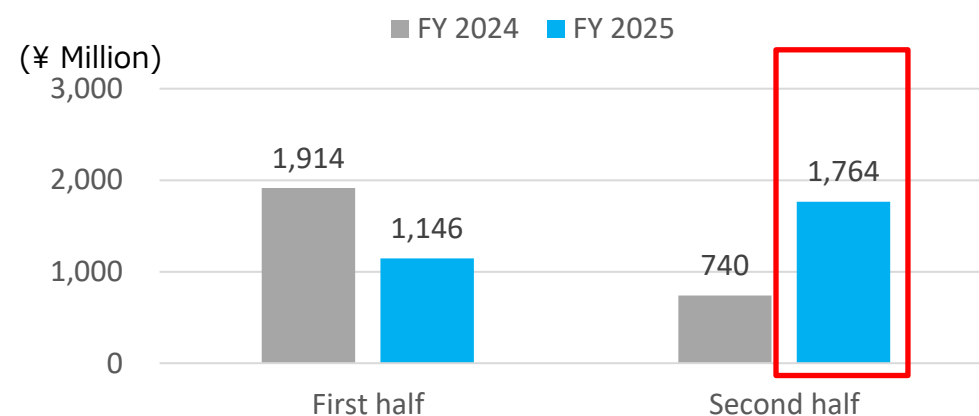
(¥ Million)

	FY2024 Results	FY2025 Plan	YoY Change
Net Sales	42,850	45,001	+5.0%
Men's Business	22,814	23,235	+1.8%
Ladies' Business	18,446	20,154	+9.3%
Others	1,589	1,612	+1.5%
Cost of Sales	14,134	15,114	+6.9%
Gross Profit	28,715	29,887	+4.1%
SG&A Expenses	26,060	26,976	+3.5%
Ad Spending	6,220	6,663	+7.1%
HR	6,468	6,823	+5.5%
Operating Income	2,654	2,911	+9.7%
Ordinary Income	2,724	2,949	+8.3%
Net Income	1,462	1,509	+3.2%
Depreciation	1,045	1,277	+22.2%
CAPEX	2,089	3,975	+90.3%

Net Sales



Operating income



Initiatives in the second half

[Net sales]

- Launching new products to focus on in each business in the second half and develop new promotions
- Aiming to enhance new sales performance in the ladies' business, which was poor in the first half, by developing new sales channels and strengthening collaboration between businesses

Initiatives in the second half

[Expenses]

- Continuing to curb various expenses, while continuing to invest in systems to drive digital transformation and concentrate management resources in growth areas
- Improving cost efficiency by updating systems, etc. and keeping total costs within the annual plan

Achieve the targets for the FY2025, with the goal of reaching the initial targets for the final year of the plan.

Key Indicators (Performance Plan)	Previous Mid-term Management Plan			This medium-term plan		
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Net sales	35.8Billion yen	40.4Billion yen	43.2Billion yen	42.8Billion yen	45.0Billion yen	52.3Billion yen
Compound annual growth rate	Men's business 1.3% Ladies' business 3.5% Ladies' ready-made wigs business 5.1%			Men's business 1.5% (+0.2 Pt) Ladies' business 5.4% (+1.9 Pt) Ladies' ready-made wig business 12.7% (+7.6 Pt)		
Ordinary Income Ratio	5.6%	7.5%	8.2%	6.4%	6.6%	10.0%
ROE	3.3%	4.9%	7.5%	5.6%	5.7%	10.3%
Cost of Capital	6.4%	4.3%	5.2%	3.6%		

Aim to return profits to shareholders as planned in accordance with the new dividend policy set in FY2024.

<p>Basic policy</p>	<p>Based on a consolidated payout ratio of 40% or higher, we will strive to increase dividends in line with consolidated performance (increase in increments of 1 yen), with the current annual dividend of 28 yen as the minimum limit. However, <u>until we achieve an ROE of over 10%, the consolidated payout ratio will be set to 50% or higher.</u> If consolidated net income fluctuates significantly, we may adjust the dividends to account for these fluctuations.</p>					
<p>Key Indicators (Shareholder Returns)</p>	<p>Previous Mid-term Management Plan</p>			<p>This medium-term plan</p>		
	<p>FY2021</p>	<p>FY2022</p>	<p>FY2023</p>	<p>FY2024</p>	<p>FY2025</p>	<p>FY2026</p>
<p>Net income per share</p>	<p>25.99yen</p>	<p>37.51yen</p>	<p>58.00yen</p>	<p>44.99yen</p>	<p>46.41yen</p>	<p>91.04yen</p>
<p>ROE</p>	<p>3.3%</p>	<p>4.9%</p>	<p>7.5%</p>	<p>5.6%</p>	<p>5.7%</p>	<p>10.3%</p>
<p>Dividend per share</p>	<p>28yen</p>	<p>28yen</p>	<p>28yen</p>	<p>28yen</p>	<p>28yen</p>	<p>28yen or more</p>
<p>Dividend payout ratio</p>	<p>107.7%</p>	<p>74.7%</p>	<p>48.3%</p>	<p>62.2%</p>	<p>60.3%</p>	<p>40% or more</p>

**Financial Results 1H FY 2025
&
Financial Forecast FY 2025**

1H FY2025 : Financial Highlights

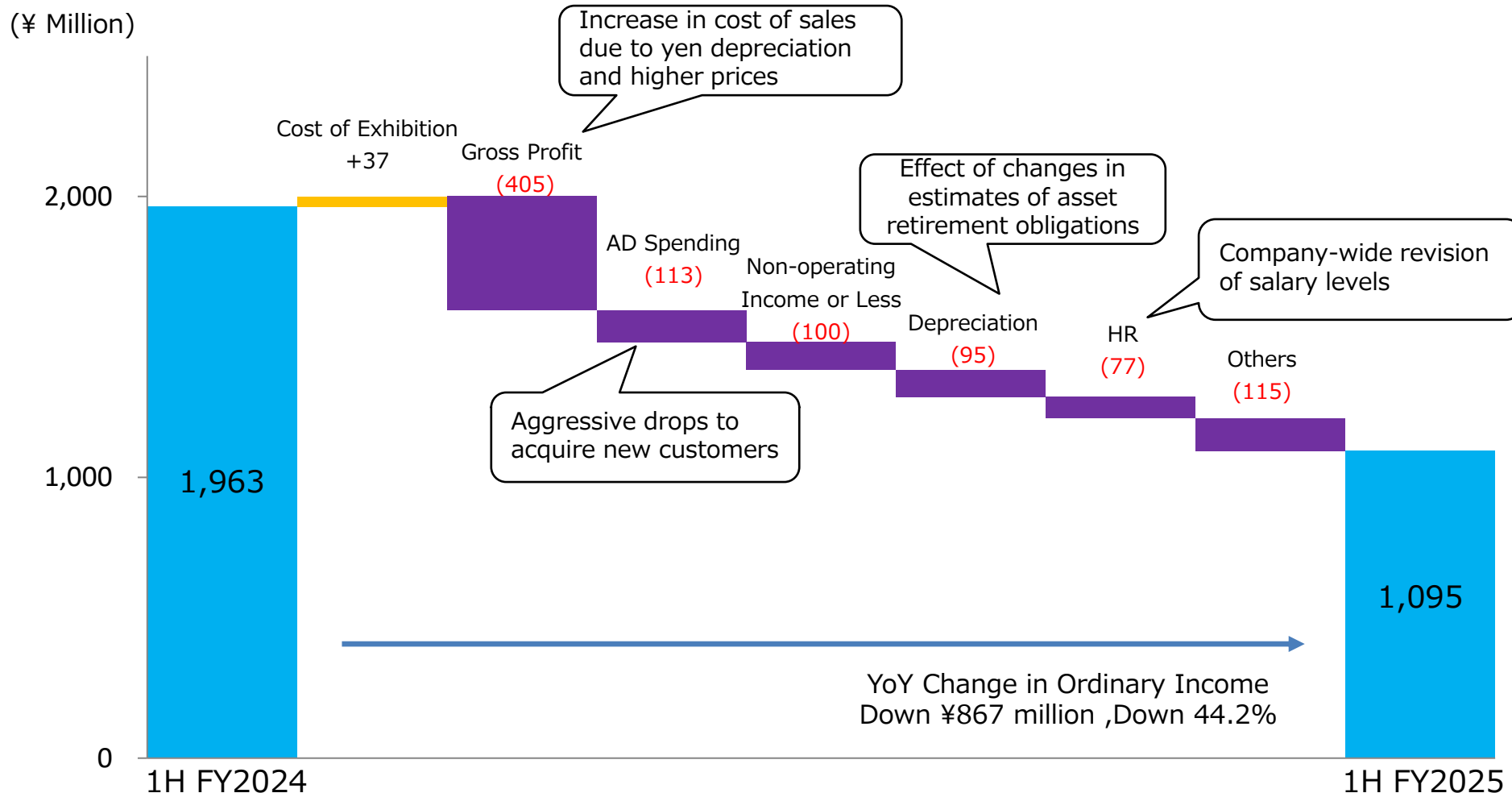
Interim results were slightly behind plan, with lower sales and profits YoY.

(¥ Million)

	1H FY2024 (Results)	1H FY2025 (Results)	1H FY2025 (Full Year Plan)	Major Factors behind YoY Change
Net Sales	21,270	21,131	45,001	Net Sales : (0.7%) Men's Business : (0.1%) Ladies' Business : (1.5%)
Men's Business	11,494	11,480	23,235	
Ladies' Business	9,059	8,923	20,154	
Others	716	726	1,612	
Cost of Sales	6,986	7,251	15,114	Cost of Sales Ratio : +1.5Pt Product Cost : +0.9Pt HR : +0.7Pt
Gross Profit	14,284	13,879	29,887	
SG&A Expenses	12,370	12,732	26,976	SG&A Expenses : +2.1Pt Ad Spending : +0.6Pt HR : +0.4Pt Others : +1.0Pt
Ad Spending	2,913	3,027	6,663	
HR	3,206	3,284	6,823	
Operating Income	1,914	1,146	2,911	CAPEX Store facilities : ¥307million System related : ¥302million
Ordinary Income	1,963	1,095	2,949	
Net Income	1,208	621	1,509	
Depreciation	417	513	1,277	
CAPEX	697	739	3,975	

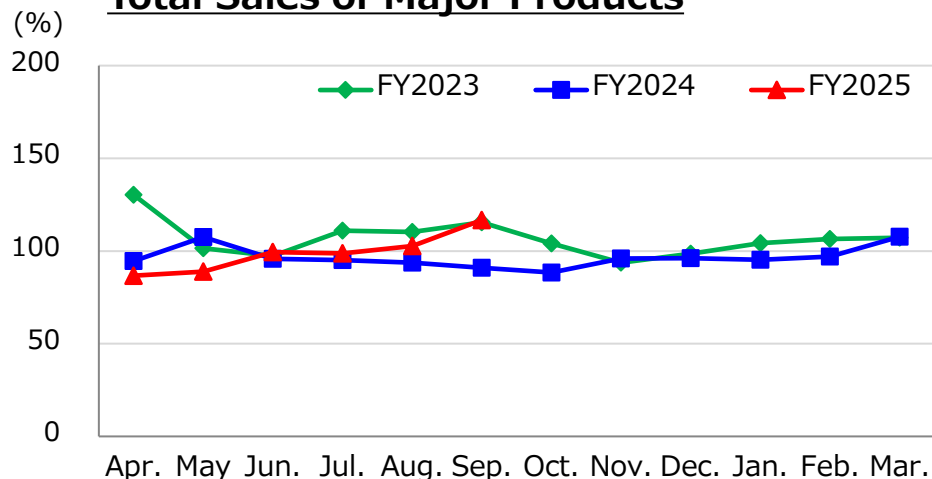
1H FY2025 : Analysis of SG&A Expenses

Net sales were almost on par with the previous year, but income declined due to an increase in cost of sales and various expenses.



Sales of major products were mostly unchanged for men, but declined for women.

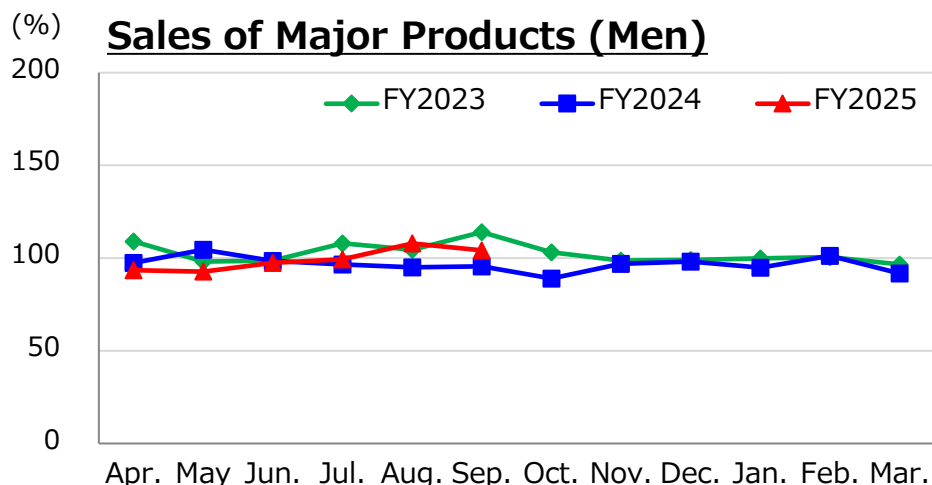
Total Sales of Major Products



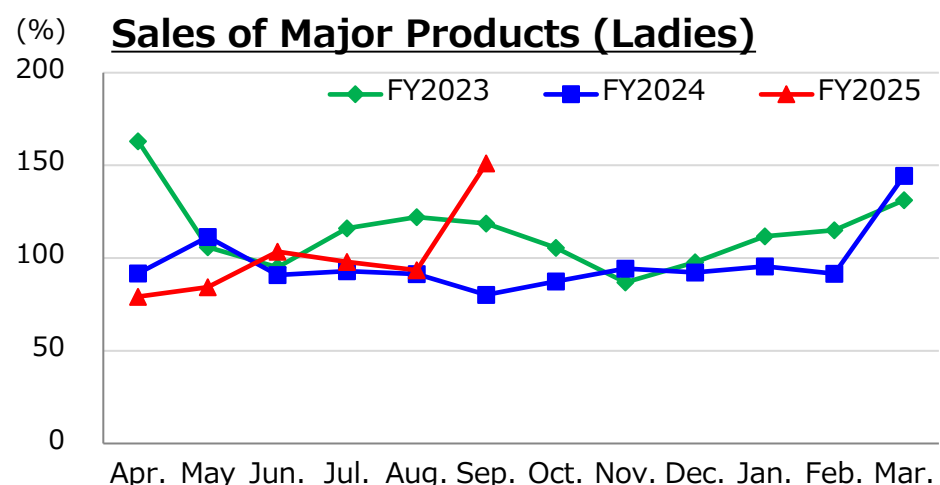
Total Sales of Major Products (Half-year)

	Total (%)	Men (%)	Ladies (%)
1H FY2023	110.8	105.5	120.0
1H FY2024	96.1	97.7	93.6
1H FY2025	98.4	99.4	96.8

Sales of Major Products (Men)



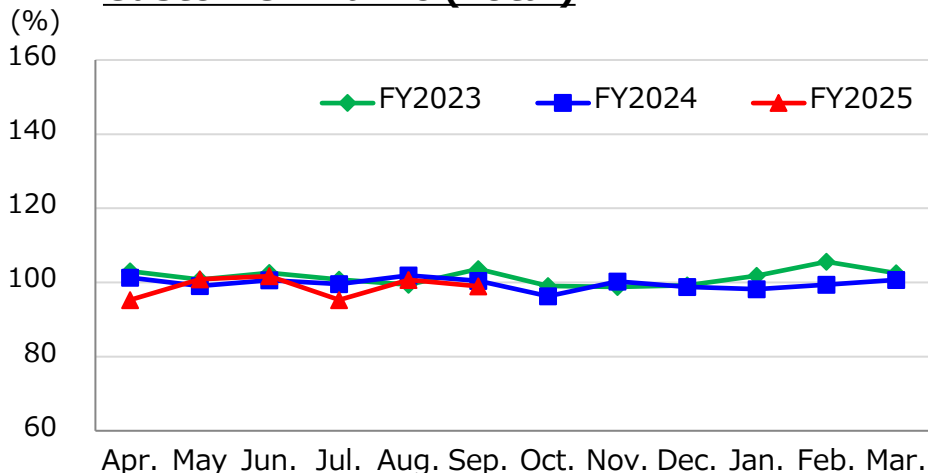
Sales of Major Products (Ladies)



Monthly Trend: Customer Traffic (YoY base, accumulated)

Number of male customers continues to decline, while female customers remain almost unchanged.

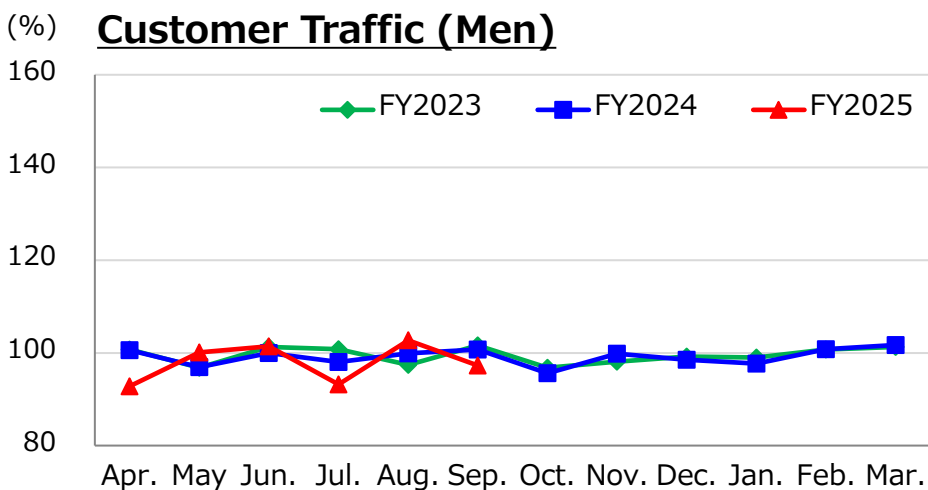
Customer Traffic (Total)



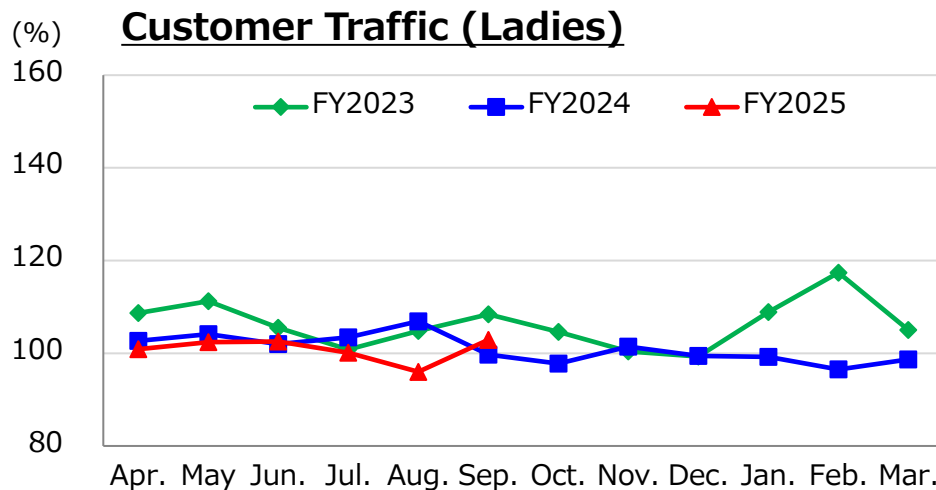
The number of customer traffic (Half-year)

	Total	Men	Ladies
1H FY2023	101.7	99.7	106.5
1H FY2024	100.5	99.4	103.1
1H FY2025	98.8	97.8	100.8

Customer Traffic (Men)



Customer Traffic (Ladies)



1H FY2025 : Breakdown of Sales by Product & Services (Non-consolidated Basis)

New sales fell sharply below the previous year's level, but repeat sales and sales of ready-made wigs were strong.

(¥ million)

Net Sales		1H FY2024	1H FY2025	YoY Change	
Custom-made Wigs	New Customers	2,343	1,862	(480)	(20.5%)
	Repeat Business	9,054	9,066	+11	+0.1%
	Total	11,397	10,928	(469)	(4.1%)
Hair Addition Products	New Customers	357	368	+11	+3.2%
	Repeat Business	1,525	1,552	+27	+1.8%
	Total	1,882	1,921	+38	+2.1%
Hair Growth Services	New Customers	23	16	(6)	(28.8%)
	Repeat Business	519	508	(11)	(2.2%)
	Total	543	525	(17)	(3.3%)
Styling Services		3,523	3,634	+111	+3.2%
JULLIA OLGER		1,950	2,061	+110	+5.7%
Others		1,221	1,233	+11	+0.9%
All Products & Sevices	New Customers	2,723	2,247	(476)	(17.5%)
	Repeat Business	15,385	15,547	+162	+1.1%
	JULLIA OLGER	1,950	2,061	+110	+5.7%
	Others	460	447	(12)	(2.8%)
	Total	20,520	20,304	(215)	(1.1%)

※Repeat business of all products including part of styling services and others.

1H FY2025 : Breakdown of Sales by Product & Services in Men's Business (Non-consolidated Basis)

Although there were some unevenness in new/repeat sales and sales by product, sales were almost in line with the plan.

(¥ million)

Net Sales		1H FY2024	1H FY2025	YoY Change	
Custom-made Wigs	New Customers	370	355	(15)	(4.1%)
	Repeat Business	6,517	6,495	(21)	(0.3%)
	Total	6,888	6,851	(36)	(0.5%)
Hair Addition Products	New Customers	330	336	+5	+1.7%
	Repeat Business	1,035	1,040	+4	+0.4%
	Total	1,366	1,376	+9	+0.7%
Hair Growth Services	New Customers	20	14	(6)	(30.5%)
	Repeat Business	265	248	(16)	(6.3%)
	Total	285	262	(22)	(8.0%)
Styling Services		2,416	2,439	+23	+1.0%
Others		537	550	+12	+2.3%
All Products & Services	New Customers	721	705	(15)	(2.2%)
	Repeat Business	10,773	10,774	+1	+0.0%
	Total	11,494	11,480	(13)	(0.1%)

※Repeat business of all products including part of styling services and others.

We will execute a strategy of differentiation and promote appealing products that our competitors do not offer.

	Initiatives in the second half of the year
Products Advertising	<ul style="list-style-type: none"> - Develop and introduce new appealing products that our competitors do not offer. - Actively implement our promotion strategy. - Enhance 「HAIR no heya」 to increase demand from individuals who have or may have thinning hair.
Others	<ul style="list-style-type: none"> - Introduce new tools aimed at enhancing customer satisfaction. - Create new ways to attract customers other than the direct-response marketing. (such as holding events for men) to create responses.



1H FY2025 : Breakdown of Sales by Product & Services in Ladies' Business (Non-consolidated Basis)

New sales of custom-made wigs struggled, while sales of ready-made wigs were strong.

(¥ million)

Net Sales		1H FY2024	1H FY2025	YoY Change	
Custom-made Wigs	New Customers	1,972	1,506	(465)	(23.6%)
	Repeat Business	2,537	2,570	+33	+1.3%
	Total	4,509	4,076	(432)	(9.6%)
Hair Addition Products	New Customers	26	32	+6	+23.0%
	Repeat Business	489	512	+22	+4.7%
	Total	516	545	+29	+5.6%
Hair Growth Services	New Customers	3	2	(0)	(18.9%)
	Repeat Business	254	259	+5	+2.2%
	Total	257	262	+4	+1.9%
Styling Services		1,106	1,194	+88	+8.0%
Others		2,174	2,296	+122	+5.6%
All Products & Sevices	New Customers	2,002	1,541	(460)	(23.0%)
	Repeat Business	4,611	4,772	+160	+3.5%
	JULLIA OLGER	1,950	2,061	+110	+5.7%
	Others	8,564	8,376	(188)	(2.2%)

※Repeat business of all products including part of styling services and others.

We aim to create an operational structure that adapts to customer needs and further enhance collaboration between ladies' businesses.

		Initiatives in the second half of the year
Ladies' business	Products Advertising	<ul style="list-style-type: none"> - Develop and introduce new products that emphasize product quality. - Implement more effective promotion strategies.
	Others	<ul style="list-style-type: none"> - Develop an operational structure for hybrid stores. - Attract customers using social media. - Create new channels other than direct-response marketing.
Ready-made wigs business		<ul style="list-style-type: none"> - Continue to strengthen the repeat sales system. - Collaborate with commercial facilities to enhance events. - Develop a customer referral system between the ready-made and custom-made wigs businesses.



Aggressive promotion of activities to expand business performance, with plans to increase sales and profits.

(¥ million)

	FY2024		FY2025			
	1H FY2024 (Results)	Year-end (Results)	1H FY2025 (Results)	YoY Change	Year-end (Plan)	YoY Change
Net Sales	21,270	42,850	21,131	(0.7%)	45,001	+5.0%
Men's Business	11,494	22,814	11,480	(0.1%)	23,235	+1.8%
Ladies' Business	9,059	18,446	8,923	(1.5%)	20,154	+9.3%
Others	716	1,589	726	+1.5%	1,612	+1.5%
Cost of Sales	6,986	14,134	7,251	+3.8%	15,114	+6.9%
Gross Profit	14,284	28,715	13,879	(2.8%)	29,887	+4.1%
SG&A Expenses	12,370	26,060	12,732	+2.9%	26,976	+3.5%
Ad Spending	2,913	6,220	3,027	+3.9%	6,663	+7.1%
HR	3,206	6,468	3,284	+2.4%	6,823	+5.5%
Operating Income	1,914	2,654	1,146	(40.1%)	2,911	+9.7%
Ordinary Income	1,963	2,724	1,095	(44.2%)	2,949	+8.3%
Net Income	1,208	1,462	621	(48.6%)	1,509	+3.2%
Depreciation	417	1,045	513	+22.8%	1,277	+22.2%
CAPEX	697	2,089	739	+6.1%	3,975	+90.3%



<https://corp.artnature.co.jp/en/ir.html>

Forward-looking Statements

The forward-looking statements in this document, including forecasts, are based on information available at the time of disclosure and on certain assumptions deemed to be reasonable by the Company. Actual results may differ materially from forward-looking statements due to a number of factors. Amounts shown in this document are displayed numbers truncating the units less than shown. The percentage is rounded off to the first decimal place.

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Reference Material

■ Men's ● Ladies' ▲ Jullia Olger ◆ Other

New Products

- March 22 Launch of HAIR UNION, a hair addition product
- March 31 Launch of STYLIA, a new custom-made wig brand
- ▲ April 30 Launch of Touch de Beaute plus, a non-pinning wig from Jullia Olger (available through an online shop)
- May 1 Launch of ARTSera LINE, a wig for men
- ◆ June 12 Launch of LABOMO Hair Grow Minoxil 5 Neo, a hair growth stimulant for men
- July 18 Launch of an Artnature fixed-rate hair addition system for men aged 39 or lower
- ▲ July 31 Launch of Touch de ChouChou, a compact, non-pinning wig (available through an online shop)

Store Openings/Renovations

- ● April 19 Renovation of ARTNATURE Asahikawa and Ladies ARTNATURE Asahikawa Salon
- May 17 Renovation of Ladies ARTNATURE Kakogawa Salon
- ▲ July 26 Opening of Ladies ARTNATURE Daimaru Kyoto Salon
- ▲ August 5 Opening of Ladies Artnature Wig Consultation Service, a pop-up store

Others

- ◆ June 10 Group company NAO-ART's launch of AI Hairstyle Simulation, a wig try-on system using generative AI
- July 31 Opening of 「HAIR no heya」 a general website that responds to inquiries about hair from men using high-performance AI

FY2025 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2023 (Results)	FY2024 (Results)	FY2025 (Plan)	YoY Change	
Custom-made Wigs	New customers	5,168	4,427	-	-	-
	Repeat Business	17,895	17,731	-	-	-
	Total	23,063	22,159	22,564	+406	+1.8%
Hair Addition Products	New Customers	1,077	732	-	-	-
	Repeat Business	3,092	3,103	-	-	-
	Total	4,169	3,836	4,101	+266	+6.9%
Hair Growth Services	New Customers	61	44	-	-	-
	Repeat Business	1,072	1,041	-	-	-
	Total	1,133	1,085	1,136	+50	+4.6%
Styling Services		6,406	7,001	7,223	+223	+3.2%
JULLIA OLGIER		3,982	4,467	5,271	+803	+18.0%
Others		2,834	2,508	2,701	+193	+7.7%
All Products & Sevices	New Customers	6,307	5,204	-	-	-
	Repeat Business	29,953	30,397	-	-	-
	JULLIA OLGIER	3,982	4,467	-	-	-
	Others	1,347	989	-	-	-
	Total	41,590	41,059	42,999	+1,940	+4.7%

※Repeat business of all products including part of styling services and others.

FY2025 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2023 (Results)	FY2024 (Results)	FY2025 (Plan)	YoY Change	
Custom-made Wigs	New customers	746	723	-	-	-
	Repeat Business	13,205	12,962	-	-	-
	Total	13,951	13,685	13,911	+226	+1.7%
Hair Addition Products	New Customers	962	666	-	-	-
	Repeat Business	2,024	2,038	-	-	-
	Total	2,986	2,704	2,848	+144	+5.3%
Hair Growth Services	New Customers	54	37	-	-	-
	Repeat Business	550	516	-	-	-
	Total	605	553	627	+74	+13.4%
Styling Services		4,627	4,805	4,822	+16	+0.3%
Others		1,066	1,063	1,025	(37)	(3.6%)
All Products & Services	New Customers	1,763	1,427	-	-	-
	Repeat Business	21,474	21,386	-	-	-
	Total	23,237	22,814	23,235	+420	+1.8%

※Repeat business of all products including part of styling services and others.

FY2025 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2023 (Results)	FY2024 (Results)	FY2025 (Plan)	増減額	
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Custom-made Wigs	New customers	4,421	3,704	-	-	-
	Repeat Business	4,690	4,769	-	-	-
	Total	9,111	8,473	8,653	+180	+2.1%
Hair Addition Products	New Customers	115	65	-	-	-
	Repeat Business	1,067	1,065	-	-	-
	Total	1,182	1,131	1,253	+122	+10.8%
Hair Growth Services	New Customers	7	6	-	-	-
	Repeat Business	521	525	-	-	-
	Total	528	532	508	(23)	(4.5%)
Styling Services		1,779	2,195	2,401	+206	+9.4%
Others		4,403	4,922	5,884	+962	+19.5%
All Products & Sevices	New Customers	4,543	3,777	-	-	-
	Repeat Business	8,479	9,011	-	-	-
	JULLIA OLGER	3,982	4,467	-	-	-
	Others	17,005	17,255	18,701	+1,445	+8.4%

※Repeat business of all products including part of styling services and others.

(¥ Million)

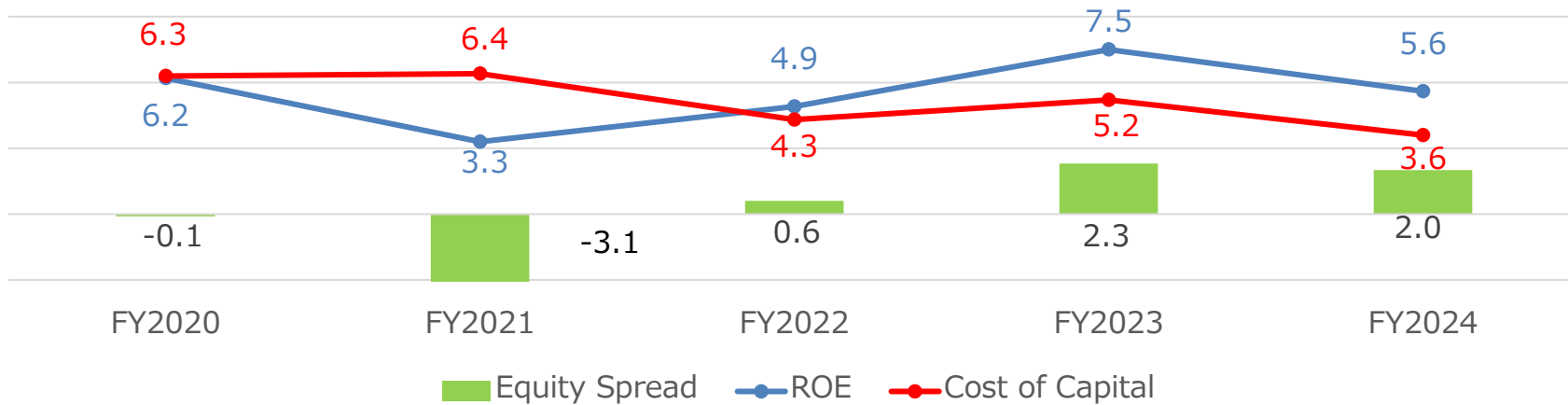
	As of March 31, 2024		As of September 30, 2024		Rate of change	Major Factors behind YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	28,838	57.8%	28,013	56.8%	(2.9%)	Current Assets (825) • Accounts receivable –trade (585) • Cash and deposits (392) • Inventory (57)
Cash and Deposits	19,317	38.8%	18,925	38.4%	(2.0%)	
Total Non-current Assets	21,012	42.2%	21,270	43.2%	+1.2%	
Total Property, Plant and Equipment	9,732	19.5%	9,661	19.6%	(0.7%)	Non-current assets +257 • property, plant and equipment (71) • Intangible assets +221
Total Assets	49,851	100.0%	49,283	100.0%	(1.1%)	
Total Current Liabilities	13,758	27.6%	12,901	26.2%	(6.2%)	Current liabilities (857) • Accounts Payable (1,145) • Accrued income taxes +313 • advance received (73)
Advances Received	6,036	12.1%	5,962	12.1%	(1.2%)	
Total Non-current Liabilities	9,222	18.5%	9,297	18.9%	+0.8%	
Total Liabilities	22,981	46.1%	22,198	45.0%	(3.4%)	Net Assets +214 • Retained earnings +165 (Net income +621) (Cash dividends paid (455))
Total Net Assets	26,870	53.9%	27,084	55.0%	+0.8%	
Retained Earnings	19,831	39.8%	19,997	40.6%	+0.8%	
Total Liabilities and Net Assets	49,851	100.0%	49,283	100.0%	(1.1%)	

(¥ Million)

	As of September 30, 2023	As of September 30, 2024	Cause of Occurrence
Net cash provided by (used in) operating activities	1,272	1,007	Cash flows from operating activities <ul style="list-style-type: none"> • Income before income taxes +1,080 • Depreciation +563 • Income taxes paid (157)
Net cash provided by (used in) investing activities	(850)	(996)	
Free cash flow	422	10	Cash flows from investing activities <ul style="list-style-type: none"> • Purchase of property, plant and equipment (457) • Acquisition of intangible assets (361)
Net cash provided by (used in) financing activities	(461)	(455)	
Cash and cash equivalents at the beginning of period	20,082	19,208	Cash flows from financing activities <ul style="list-style-type: none"> • Cash dividends paid (455)
Cash and cash equivalents at the end of period	20,114	18,780	
Net increase (decrease) in cash and cash equivalents	32	(428)	

The equity spread, the difference between ROE and the cost of capital, became negative at the beginning of the COVID-19 pandemic, but it has since remained positive.

Historical Trends in Cost of Capital and ROE (FY2020-2024, in %)



Calculation of the cost of capital (estimate for FY2024; because the cost of liability is zero, only the cost of shareholders' equity is calculated.)

Cost of shareholders' equity CAPM		Risk-free rate		Risk premium		β Value
3.61%	=	0.73%	+	6.00%	×	0.48%

Cost estimate based on the Capital Asset Pricing Model (CAPM)

Determined based on the yield of 10-year long-term government bonds

Determined based on stock market returns

Determined based on stock price data (relative to TOPIX 180 days)