



Financial Results

ARTNATURE INC.

3rd Quarter Of Fiscal 2025 : Performance Highlights (Consolidated results)



Sales increased and income decreased in the third quarter compared with the same period of the previous year

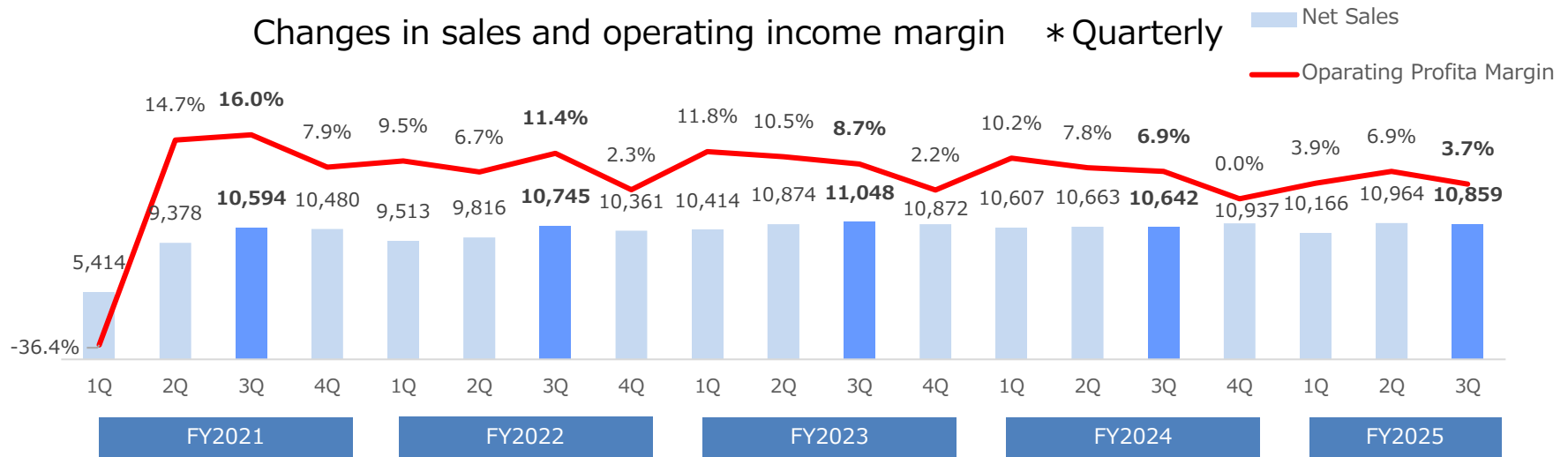
3rd Quarter Of Fiscal 2025 Financial Results

(¥ million)

	1-3Q FY2024 (Results)	1-3Q FY2025 (Results)	YoY Change	Initial plan	Progress rate (Initial Plan)
Net Sales	31,913	31,990	+0.2%	45,001	71.1%
Men's Business	17,222	17,297	+0.4%	23,235	74.4%
Ladies' Business	13,619	13,634	+0.1%	20,154	67.7%
Others	1,071	1,058	(1.2%)	1,612	65.6%
Operating Income	2,652	1,551	(41.5%)	2,911	53.3%

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

Changes in sales and operating income margin * Quarterly



3rd Quarter Of Fiscal 2025 : Financial Highlights



YoY increase in revenue failed to offset increases in cost of sales and SG&A expenses

(¥ million)

	1-3Q FY2024(Results)		1-3Q FY2025(Results)		YoY Change	Major Factors on YoY Change
	April 1st,2023 to December 31st,2023	Composition ratio	April 1st,2024 to December 31st,2024	Composition ratio		
Net Sales	31,913	-	31,990	-	+0.2%	Net Sales Men's Business Up 0.4% Ladies' Business Up 0.1%
Men's Business	17,222	54.0%	17,297	54.1%	+0.4%	
Ladies' Business	13,619	42.7%	13,634	42.6%	+0.1%	
Others	1,071	3.4%	1,058	3.3%	(1.2%)	
Cost of Sales	10,458	32.8%	10,877	34.0%	+4.0%	Cost of Sales Ratio 32.8% → 34.0% Product Cost UP 0.8Pt HR UP 0.4Pt
Gross Profit	21,454	67.2%	21,113	66.0%	(1.6%)	
SG&A Expenses	18,802	58.9%	19,562	61.2%	+4.0%	SG&A Expenses Ratio 58.9% → 61.2% Ad Spending Up 0.5Pt HR Up 0.2Pt Others Up 1.5Pt
Ad Spending	4,361	13.7%	4,529	14.2%	+3.9%	
HR	4,814	15.1%	4,889	15.3%	+1.6%	
Operating Income	2,652	8.3%	1,551	4.8%	(41.5%)	
Ordinary Income	2,713	8.5%	1,595	5.0%	(41.2%)	
Net Income	2,002	6.3%	887	2.8%	(55.7%)	

3rd Quarter Of Fiscal 2025 : Financial Highlights (October 1st , 2024 to December 31st , 2024)



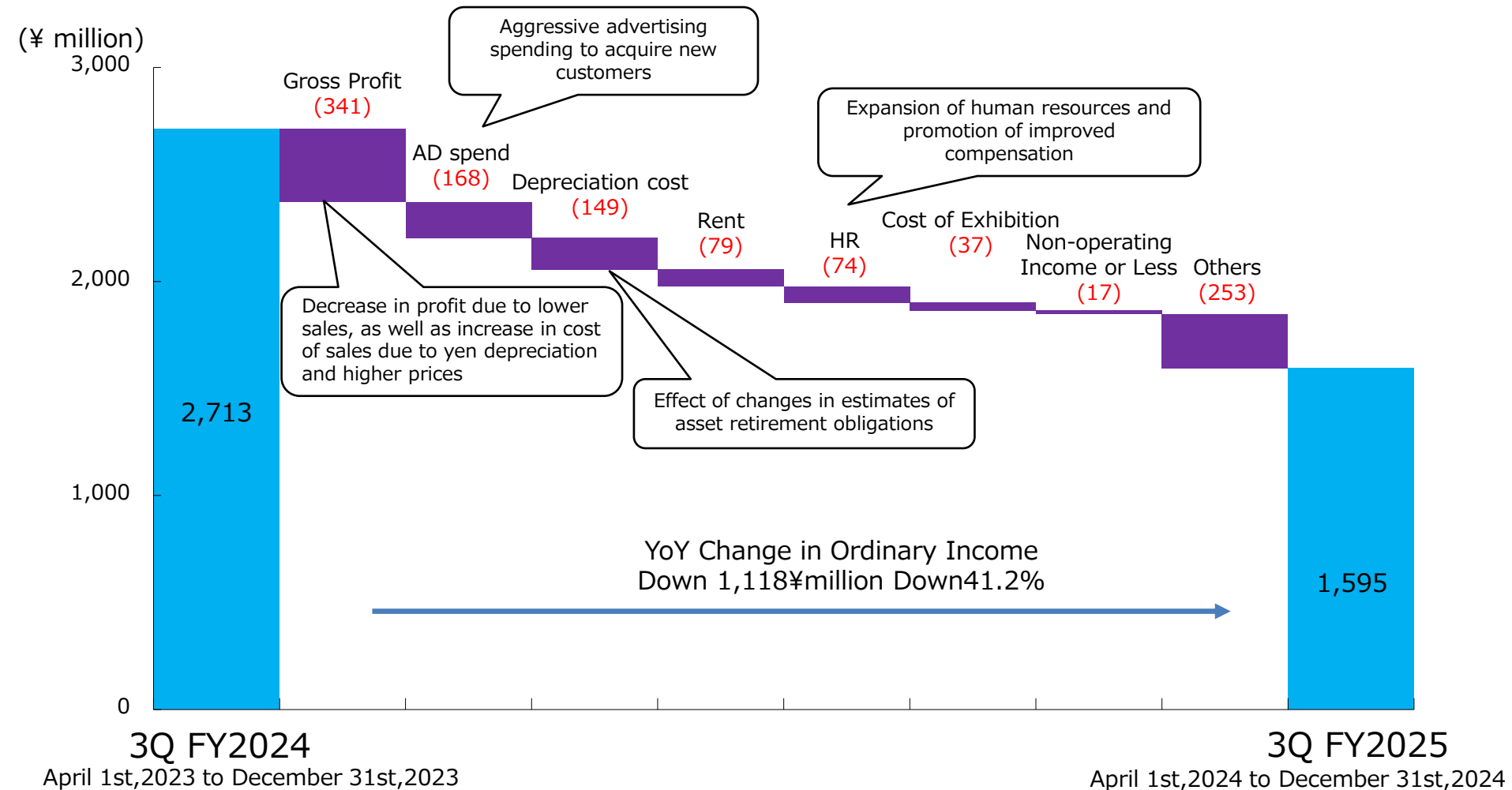
Increase in advertising and other SG&A expenses led to increase in revenue, but profit declined due to higher costs

(¥ million)

	3Q FY2024(Results)		3Q FY2025(Results)		YoY Change	Major Factors on YoY Change
	October 1st,2023 to December 31st,2023	Composition ratio	October 1st,2024 to December 31st,2024	Composition ratio		
Net Sales	10,642	-	10,859	-	+2.0%	Net Sales Men's Business Up 1.6% Ladies' Business Up 3.3%
Men's Business	5,727	53.8%	5,816	53.6%	+1.6%	
Ladies' Business	4,560	42.8%	4,711	43.4%	+3.3%	
Others	355	3.3%	331	3.1%	(6.6%)	
Cost of Sales	3,472	32.6%	3,625	33.4%	+4.4%	Cost of Sales Ratio 32.6% → 33.4% Product Cost UP 0.6Pt HR 0.0Pt
Gross Profit	7,170	67.4%	7,234	66.6%	+0.9%	
SG&A Expenses	6,432	60.4%	6,830	62.9%	+6.2%	SG&A Expenses Ratio 60.4% → 62.9% Ad Spending Up 0.2Pt HR Down 0.3Pt Others Up 2.6Pt
Ad Spending	1,447	13.6%	1,502	13.8%	+3.8%	
HR	1,607	15.1%	1,604	14.8%	(0.2%)	
Operating Income	737	6.9%	404	3.7%	(45.2%)	
Ordinary Income	750	7.1%	499	4.6%	(33.4%)	
Net Income	793	7.5%	266	2.5%	(66.5%)	

3rd Quarter Of Fiscal 2024 : Analysis of SG&A Expenses (April 1st,2024 to December 31st,2024)

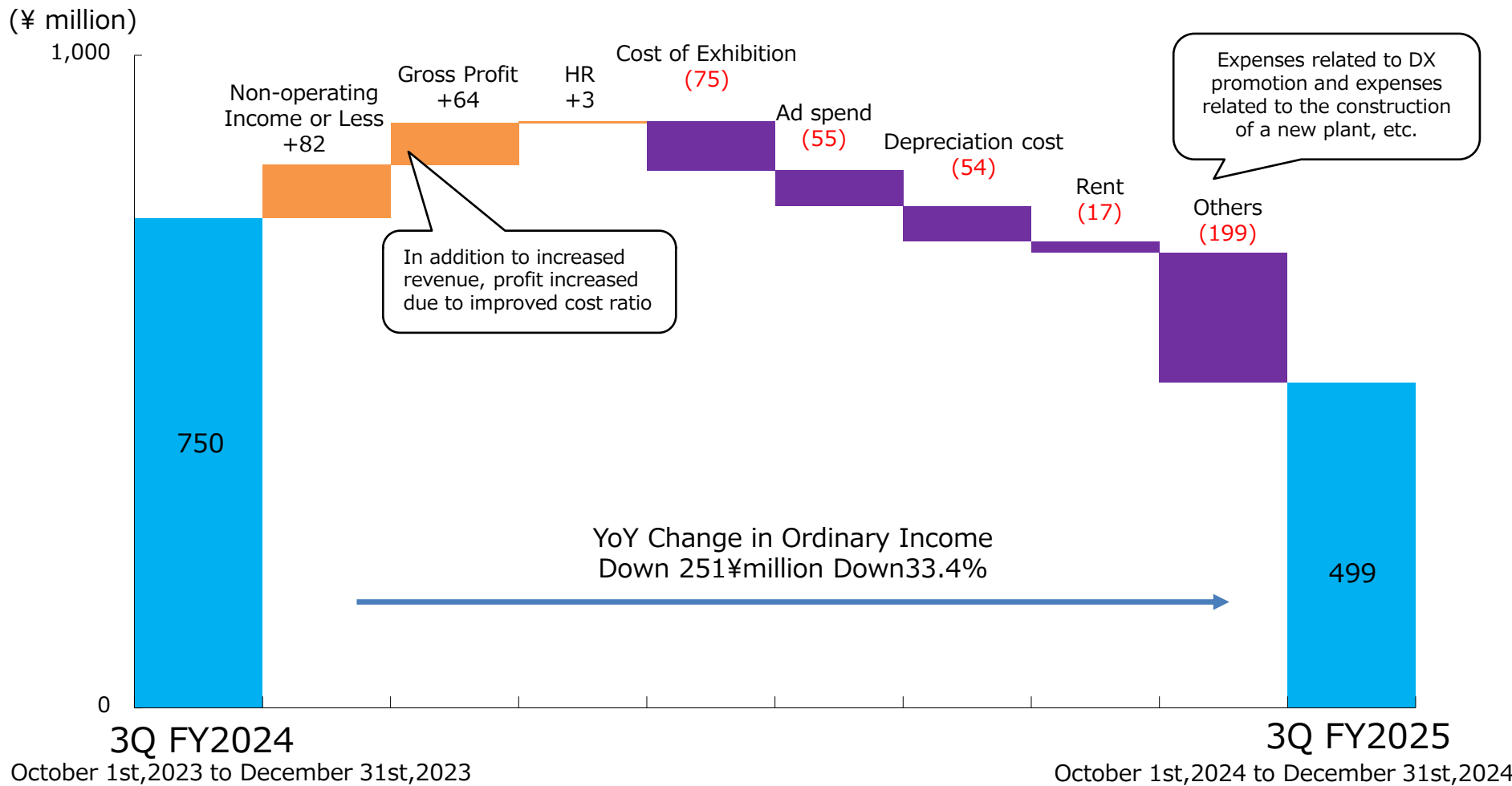
Decrease in gross profit due to lower sales and increase in various expenses including cost of sales



3rd Quarter Of Fiscal 2024 : Analysis of SG&A Expenses (October 1st,2024 to December 31st,2024)



Gross profit turned to positive growth, but profit declined as it could not absorb increased costs for acquiring new customers, etc.



3rd Quarter Of Fiscal 2025 : Breakdown of Sales by Segment

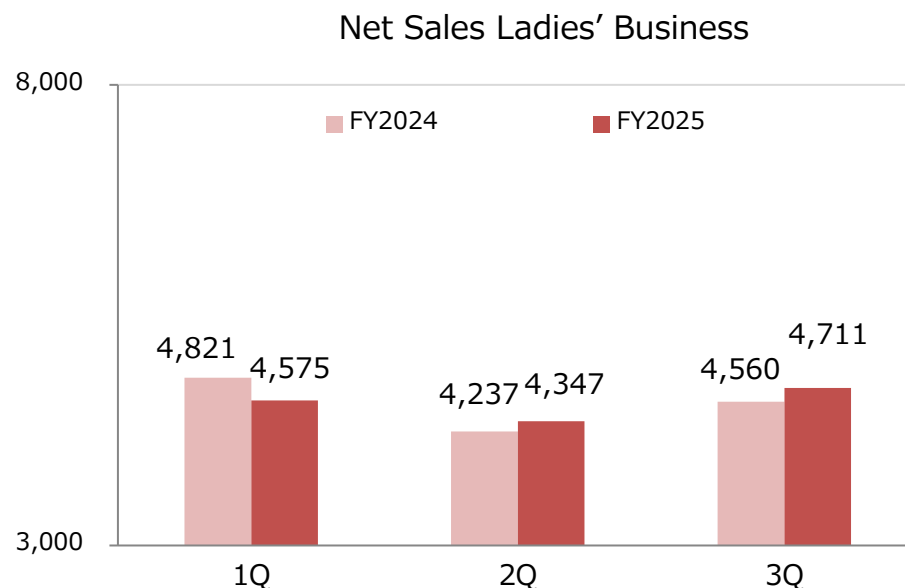
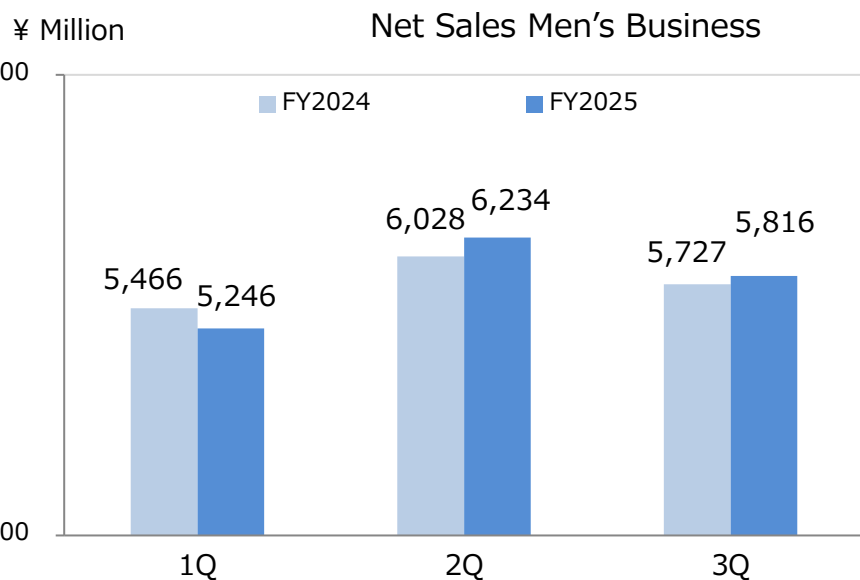


Sales of both men's business and Ladies' business increased year-on-year from the second quarter onward.

(¥ million)

	1-3Q FY2024(Results)	1-3Q FY2025(Results)	YoY Change
Net Sales	31,913	31,990	+0.2%
Men's Business	17,222	17,297	+0.4%
Ladies' Business	13,619	13,634	+0.1%
Others	1,071	1,058	(1.2%)

※Ladies' Business inc. JULLIA ORGER, NAO-ART CO.,LTD



3rd Quarter Of Fiscal 2025 : Breakdown of Net Sales by

Products & Services(Non-consolidated Basis)



Revenues increased due to repeat sales and strong sales of ready-made wigs for women

(¥ million)

		1-3Q FY2024 (Results)	1-3Q FY2025 (Results)	YoY Change	
Custom-made Wigs	New Customers	3,304	2,736	(568)	(17.2%)
	Repeat Business	13,253	13,487	+233	+1.8%
	Total	16,558	16,223	(334)	(2.0%)
Hair Addition Products	New Customers	594	647	+53	+8.9%
	Repeat Business	2,362	2,235	(126)	(5.4%)
	Total	2,956	2,883	(73)	(2.5%)
Hair Growth Services	New Customers	35	25	(9)	(28.3%)
	Repeat Business	784	757	(26)	(3.4%)
	Total	820	783	(36)	(4.5%)
Styling Services		5,332	5,493	+161	+3.0%
JULLIA OLGIER		3,174	3,455	+280	+8.8%
Others		1,834	1,851	+17	+0.9%
All Products & Sevices	New Customers	3,933	3,409	(524)	(13.3%)
	Repeat Business	22,895	23,177	+282	+1.2%
	JULLIA OLGIER	3,174	3,455	+280	+8.8%
	Others	672	648	(24)	(3.6%)
	Total	30,676	30,690	+13	+0.0%

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

3rd Quarter Of Fiscal 2025 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



The recovery trend continued from the second quarter, and both new and repeat sales began to increase.

(¥ million)

		1-3Q FY2024 (Results)	1-3Q FY2025 (Results)	YoY Change	
Custom-made Wigs	New Customers	556	538	(17)	(3.2%)
	Repeat Business	9,678	9,780	+101	+1.1%
	Total	10,235	10,319	+83	+0.8%
Hair Addition Products	New Customers	533	592	+59	+11.1%
	Repeat Business	1,571	1,477	(94)	(6.0%)
	Total	2,105	2,069	(35)	(1.7%)
Hair Growth Services	New Customers	30	21	(8)	(28.3%)
	Repeat Business	393	368	(25)	(6.4%)
	Total	423	390	(33)	(7.9%)
Styling Services		3,643	3,685	+42	+1.2%
Others		814	833	+18	+2.3%
All Products & Services	New Customers	1,119	1,152	+32	+2.9%
	Repeat Business	16,102	16,144	+42	+0.3%
	Total	17,222	17,297	+75	+0.4%

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

3rd Quarter Of Fiscal 2025 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



New sales of custom-made wigs continued to struggle, while sales of ready-made wigs for women were strong

(¥ million)

		1-3Q FY2024 (Results)	1-3Q FY2025 (Results)	YoY Change	
Custom-made Wigs	New Customers	2,747	2,197	(550)	(20.0%)
	Repeat Business	3,575	3,707	+132	+3.7%
	Total	6,322	5,904	(418)	(6.6%)
Hair addition Products	New Customers	61	55	(6)	(10.1%)
	Repeat Business	790	758	(32)	(4.1%)
	Total	851	813	(38)	(4.5%)
Hair Growth Services	New Customers	5	3	(1)	(28.7%)
	Repeat Business	391	389	(1)	(0.4%)
	Total	396	393	(3)	(0.8%)
Styling Services		1,688	1,807	+119	+7.1%
Others		3,521	3,825	+303	+8.6%
All Products & Sevices	New customers	2,814	2,256	(557)	(19.8%)
	Repeat Business	6,792	7,032	+240	+3.5%
	JULLIA OLGER	3,174	3,455	+280	+8.8%
	Total	12,781	12,744	(37)	(0.3%)

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

FY2025 Amendments to the full-year consolidated earnings plan



Revised earnings forecast based on financial results through the third quarter and future trends

(¥ million)

	①Previous Full Year Plan	②Revised Full Year Plan	Fluctuation (②-①)	Percentage change (%)	FY2024 (Results)
Net Sales	45,001	43,354	(1,647)	(3.7%)	42,850
Operating Income	2,911	2,044	(866)	(29.8%)	2,654
Ordinary Income	2,949	2,067	(882)	(29.9%)	2,724
Net Income	1,509	976	(532)	(35.3%)	1,462
Annual dividend per share (¥)	28	28	0	—	28

【Reason for correction】

- Net Sales : Projected to fall short of plan mainly due to struggling new sales in the Ladies' business (Factors such as the failure of various measures such as promotions and sales promotions targeted at the main target to lead to a recovery in the number of responses)
- Operating Income : Projected to fall short of plan due to lower sales (Cost of sales and SG&A expenses are expected to be almost in line with the original plan)
- Dividend : The minimum dividend amount in accordance with the Company's dividend policy

Progress against revised plan is generally on track

(¥ million)

	FY2024 (Results)	1-3Q FY2025 (Results)	FY2025 (Revised Plan)	Progress Rate
Net Sales	42,850	31,990	43,354	73.8%
Men's Business	22,814	17,297	23,103	74.9%
Ladies' Business	18,446	13,634	18,794	72.5%
Others	1,589	1,058	1,456	72.7%
Cost of Sales	14,134	10,877	14,738	73.8%
Gross Profit	28,715	21,113	28,615	73.8%
SG&A Expenses	26,060	19,562	26,570	73.6%
Ad Spending	6,220	4,529	-	-
HR	6,468	4,889	-	-
Operating Income	2,654	1,551	2,044	75.9%
Ordinary Income	2,724	1,595	2,067	77.2%
Net Income	1,462	887	976	90.8%

FY 2025 Progress against consolidated performance plan



(¥ million)

	As of March 31, 2024		As of December 31, 2024		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	28,838	57.8%	27,154	55.1%	(5.8%)	Current assets (1,684) • Cash and deposits (1,743) • Inventory (11) • Accounts receivable –trade +44 Non-current Assets +1,158 • Total Property, Plant and Equipment +475 • Intangible fixed assets : +617 Current Liabilities (710) • Accounts payable-other (909) • Allowance for bonuses (508) • Advances Received +464 Retained earnings (23) • Net income +887 • Cash dividends paid (911)
Cash and Deposits	19,317	38.8%	17,574	35.6%	(9.0%)	
Total Non-current Assets	21,012	42.2%	22,171	44.9%	+5.5%	
Total Property, Plant and Equipment	9,732	19.5%	10,208	20.7%	+4.9%	
Total Assets	49,851	100.0%	49,325	100.0%	(1.1%)	
Total Current Liabilities	13,758	27.6%	13,047	26.5%	(5.2%)	
Advances Received	6,036	12.1%	6,500	13.2%	+7.7%	
Total Non-current Liabilities	9,222	18.5%	9,395	19.0%	+1.9%	
Total Liabilities	22,981	46.1%	22,443	45.5%	(2.3%)	
Total Net Assets	26,870	53.9%	26,882	54.5%	+0.0%	
Retained Earnings	19,831	39.8%	19,807	40.2%	(0.1%)	
Total Liabilities and Net Assets	49,851	100.0%	49,325	100.0%	(1.1%)	



<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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