Presentation Material
1H FY2026(April 1st, 2025 to September 30th, 2025)

ARTNATURE INC.
TSE Standard Market : 7823

Overview of 1H FY2026 Results
&
Financial Forecast

1H FY2026 : Highlights

Second-quarter performance saw both sales and profits increase compared to the same period last year.

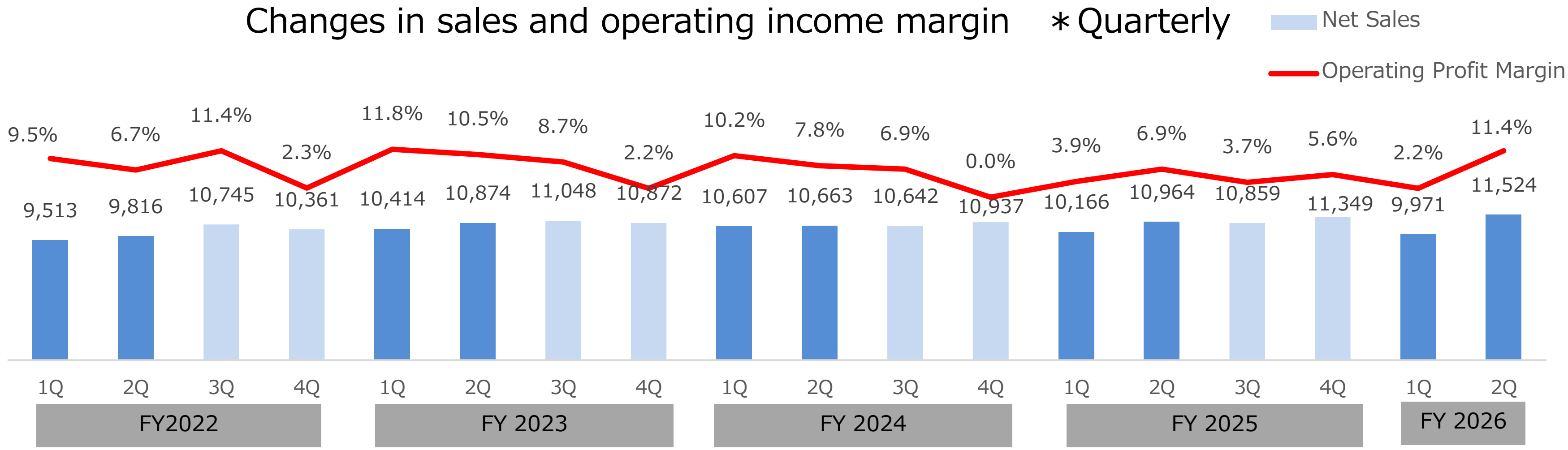
1H　FY 2026　Financial Results

(¥ million)

	1H FY2025 (Results)	1H FY2026 (Results)	YoY Change	Year-end (Plan)	Plan Progress rate
Net Sales	21,131	21,485	+1.7%	47,623	45.1%
Men's Business	11,480	11,570	+0.8%	23,495	49.2%
Ladies' Business	8,923	9,204	+3.1%	20,869	44.1%
Others	726	710	(2.2%)	3,258	21.8%
Operating Income	1,146	1,382	+20.5%	2,778	49.7%

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

Changes in sales and operating income margin　＊Quarterly



Progress of medium-term management plan

Progress on Key Themes of the Medium-Term Management Plan

ARTNATURE

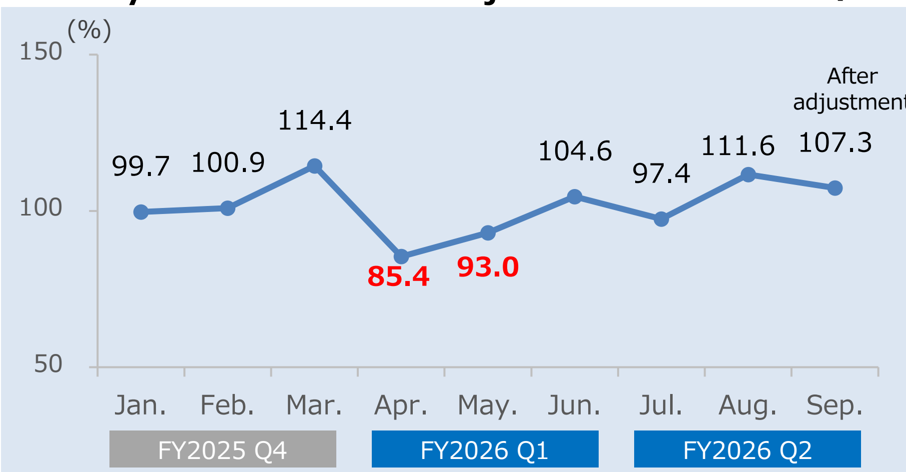
Aim to expand business performance and market share in the hair business industry in order to propel “ARTNATURE, pioneer of the next generation” to the next stage.

Key Themes	progress
Value Creation	
■ **Establish a position as a market leader in the domestic hair business industry** ■ **Acquire and expand business in new areas**	➢ **Deliveries of custom-made wigs progressed in and after the second quarter, resulting in the year-on-year growth of sales for both men and ladies** ➢ **No progress in acquiring business in new fields**
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	➢ **Initiatives for a sustainable society Expanded the disclosure of sustainability information, including measures aligned with the TCFD recommendations** ➢ **Initiatives to achieve the sustainable growth of corporate value New factory in Bangladesh scheduled to be completed in November 2025**
Dialogue with the Market	
■ **Consider new information disclosure** ■ **Consider additional shareholder return policy (dividend increase, shareholder benefits, etc.)**	➢ **Introduced a shareholder benefit program as a new initiative** ➢ **Proactive IR activities continued for individual investors**

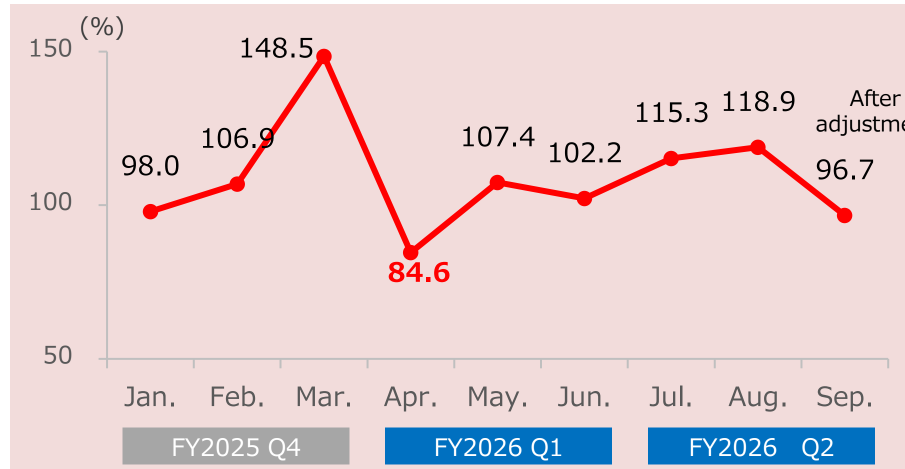
Value Creation (1) (Delivery delays)

Deliveries of custom-made wigs, which had been delayed, progressed steadily month by month, securing year-on-year growth in sales for both men's and ladies' wigs.

Monthly Sales Trends for Major Men's Products (YoY)



Monthly Sales Trends for Major Ladies' Products (YoY)



Background behind delivery delays and recovery

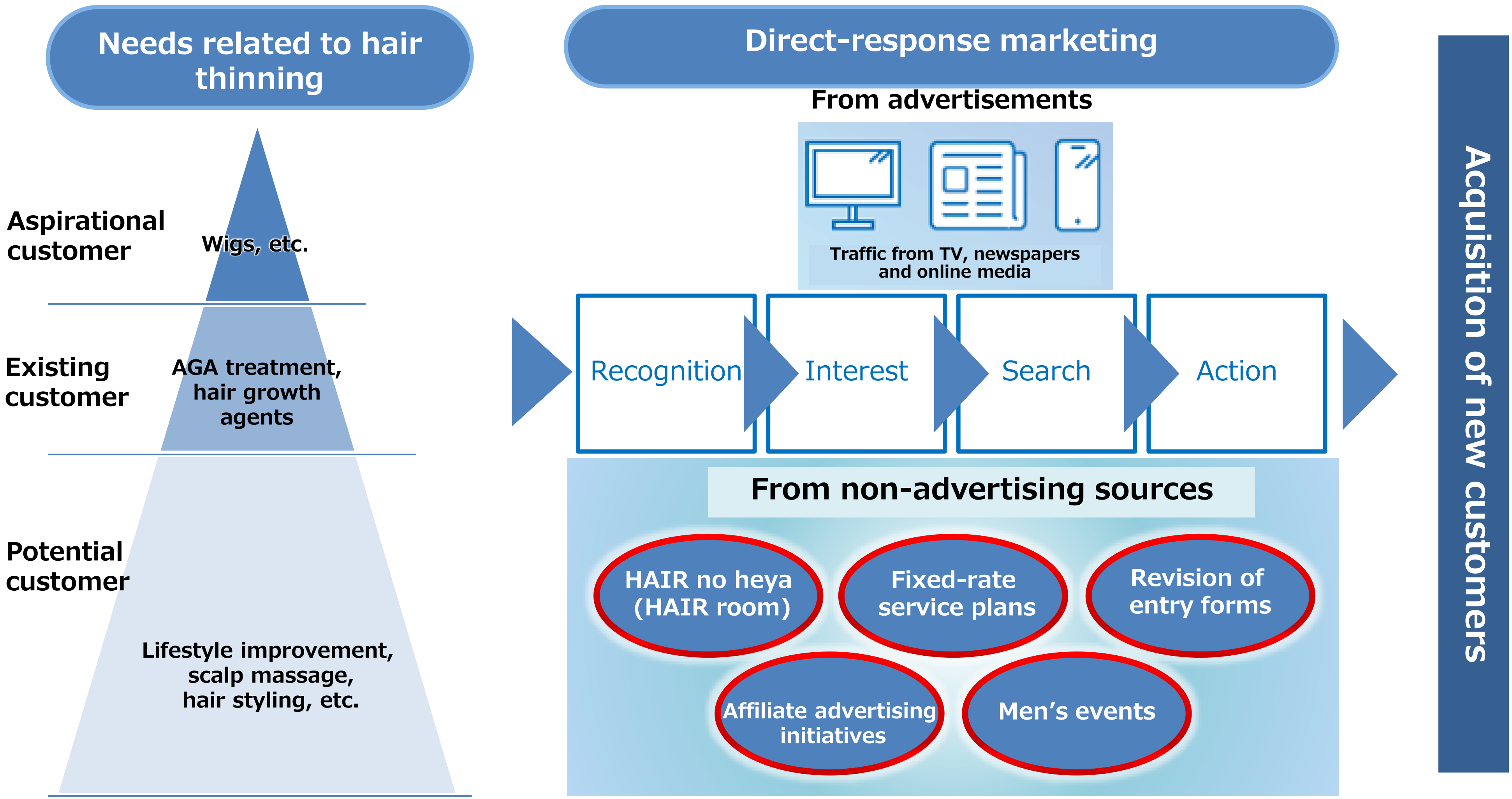
A typhoon in November 2024 temporarily lowered the operating rate at the factory in the Philippines

➡This led to extended production lead times which caused a year-on-year decline in deliveries in the first quarter of the current fiscal year. Subsequently, operations returned to normal and deliveries progressed smoothly. Production capacity has now stabilized at a level that exceeds that of the previous year

At normal times	Order received	Mold making	Wig production	Inspection	Delivery
January–March 2025 (delivery delays)	Order received	Mold making	**Wig production (extended lead time)**	Inspection	Delivery

Value Creation (2) (Review of the Men's Business)

We are pursuing various initiatives to address the needs of customers concerned about hair thinning.



ARTNATURE

Introducing some of our initiatives addressing the needs of customers concerned about hair thinning.

Affiliate advertising initiatives

Distributed videos targeting social media users (on Meta's platforms such as Instagram and Facebook)

Produced video content tailored to social media users. Personalized delivery areas and other settings to make the content more relevant to each viewer.

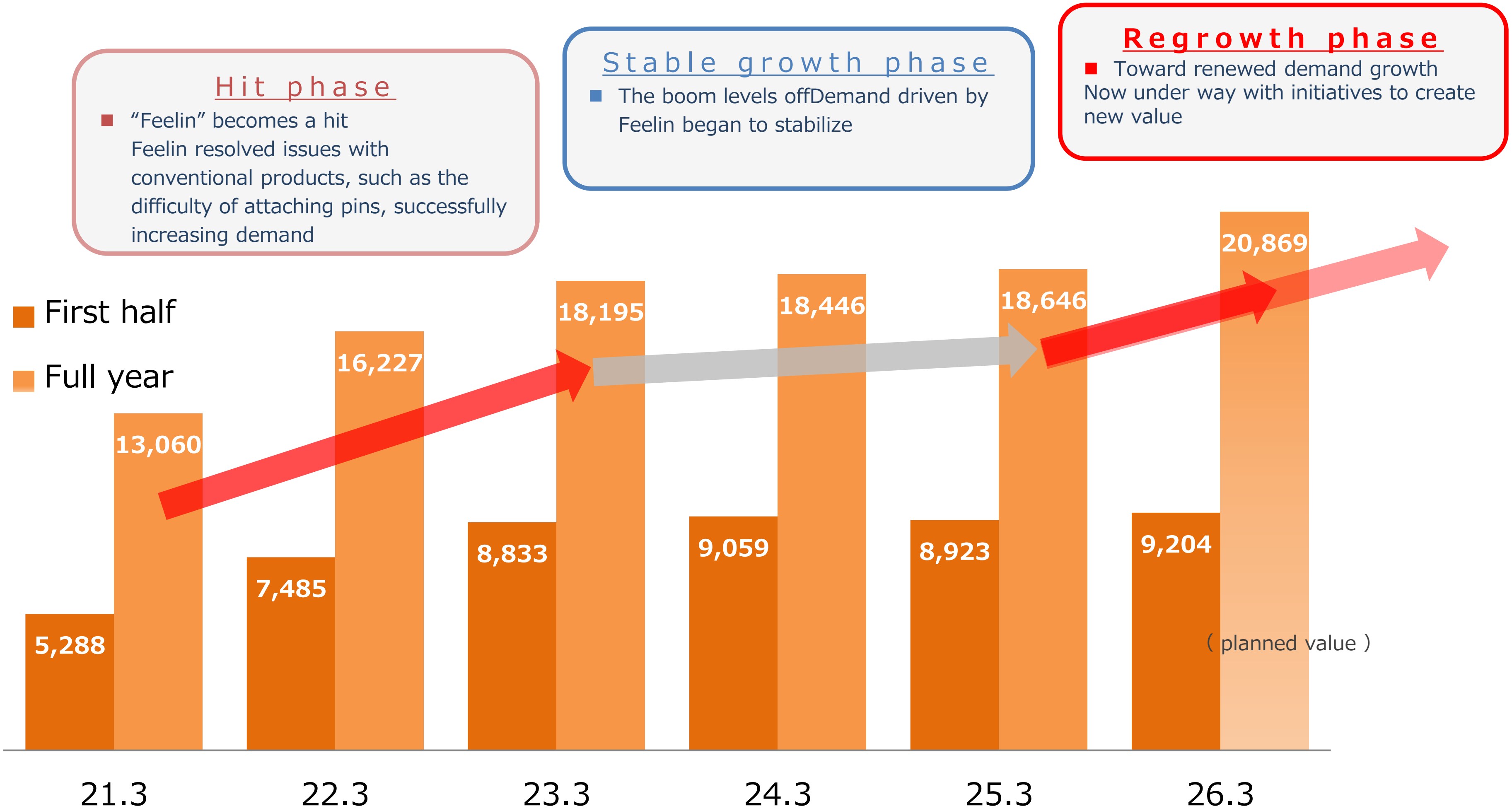
Fixed-rate service plans

Started displaying fixed-rate pricing for selected products on the website—our first attempt to disclose prices for new customers

Disclosed fixed-rate pricing for new customers to reduce psychological barriers, addressing concerns about high initial or ongoing costs, etc.

Sales in the ladies' business as a whole have continued to reach record highs.

Performance Trends for Ladies' Business Overall (¥Million)



We are now implementing initiatives to create new value throughout the ladies’ business.

Ladies’ Business — Topics

Opening of Ladies ARTNATURE's new flagship salon Grand Salon Ginza in September

In response to senior women's growing interest in beauty, Grand Salon Ginza offers a well-being experience for both mind and hair, and it plans to provide exclusive products available only at this location. Featuring exclusive wigs available only at this location and the only Ladies ARTNATURE VIP room.

Ladies’ Ready-Made Wigs Business — Topics

Launch of the Disney Wig Collection in October

Our Group company, NAO-ART Corp., began accepting orders for the Disney Wig Collection (eight styles) inspired by popular Disney heroines through its e-commerce site and Rakuten Ichiba. From elegant updos and braids to signature colors—hairstyles difficult to achieve with one’s own hair—each ready-to-wear wig lets customers enjoy a Disney-inspired look from the day it arrives.

These products are planned and manufactured by Grace Co., Ltd. and distributed by NAO-ART Corp. under a merchandising agreement with The Walt Disney Company (Japan) Ltd.

Sustainability Promotion（Establishment of New Plant）

The new plant in Bangladesh is scheduled to be completed at the end of November 2025. Facilitate the diversification of risk and the stable supply of products by shifting away from concentrated production in the Philippines.

Purposes of establishment

① Enhancing Resilience Through Diversification of Supply Bases
- Preparing for natural disasters and political risks, and securing the workforce, etc. needed to meet the demand associated with economic development

② Ensuring production line capacity for the future expansion of business and increased production
- volume Expansion of the production capacity of custom-made and ready-made wigs

Completion Concept Diagram

Progress of the Medium-Term Management Plan

1 ・FY2024
Establishment of subsidiary

2 ・FY2025
Start of construction, securing and training of personnel

3 ・FY2026
Factory scheduled to be completed (scheduled for operation at the end of November 2025)

Impact on Profit and Loss for the FY2026
・The startup of the plant will have a minimal impact on current fiscal year's results.

ARTNATURE

To express gratitude for the ongoing support of our shareholders, we have decided to introduce a point-based shareholder benefit program.

Eligibility

- Shareholders holding 700 or more shares as of the end of September

Benefit details

- Points granted according to the number of shares held
  (1 point = approx. ¥1)
- redeemable for over 5,000 products, including food items and electronics

Other

- Available for use in the exclusive “ARTNATURE Premium Benefits Club”
- 2025 Points can also be combined with points from other companies’ shareholder benefit programs

  ＊A dedicated “ARTNATURE Premium Benefit Club” website is scheduled to launch on November 7

Number of shares held	Points awarded
700 shares ～ 799 shares	3,000 point
800 shares ～ 899 shares	4,000 point
900 shares ～ 999 shares	5,000 point
1,000 shares ～ 1,999 shares	6,000 point
2,000 shares ～ 2,999 shares	20,000point
3,000 shares or more	30,000point

FY2026 Plan etc.

FY2026 : Full-year Consolidated Business Performance Forecasts①

ARTNATURE

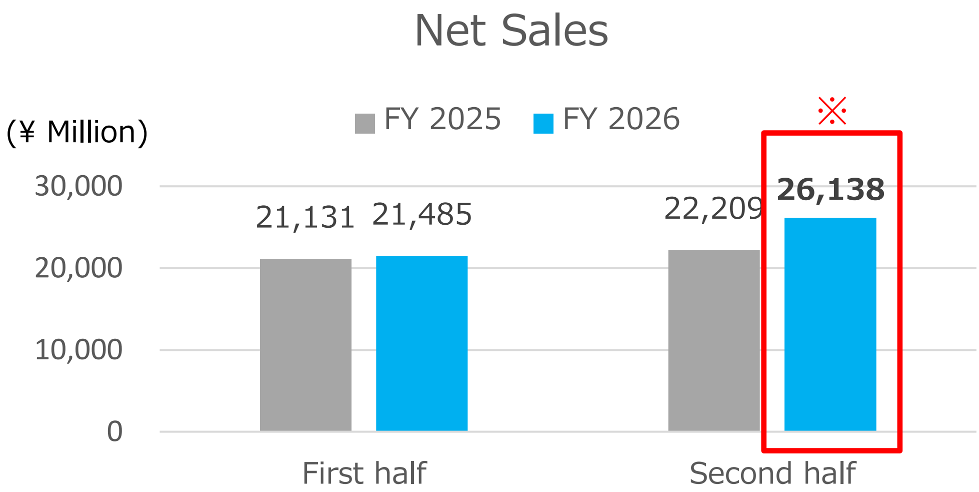
Plan to increase sales and income in FY2026 by expanding the ladies' business and entering new business areas.

(¥ Million)

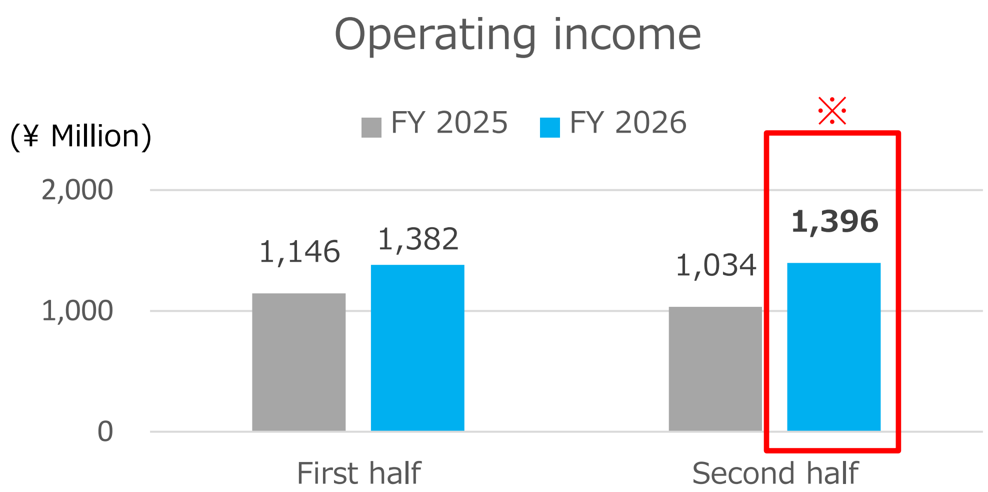
		FY2025 Results	FY2026 Plan	YoY Change
Net Sales		43,340	47,623	+9.9%
	Men's Business	23,167	23,495	+1.4%
	Ladies' Business	18,646	20,869	+11.9%
	Others	1,526	3,258	+113.5%
Cost of Sales		14,646	16,154	+10.3%
Gross Profit		28,694	31,468	+9.7%
SG&A Expenses		26,512	28,690	+8.2%
	Ad Spending	6,188	6,187	(0.0%)
	HR	6,533	6,967	+6.6%
Operating Income		2,181	2,778	+27.4%
Ordinary Income		2,249	2,844	+26.4%
Net Income		821	1,464	+78.2%
Depreciation		1,117	1,503	+34.6%
CAPEX		2,831	2,820	(0.4%)

FY2026 : Full-year Consolidated Business Performance Forecasts②

ARTNATURE



※ Difference between full-year plan and first-half results



※ Difference between full-year plan and first-half results

Initiatives in the second half

[Net sales]

- Launching new products to focus on in the second half and rolling out new promotional activities

- Expanding into new business areas

*The impact of extended delivery times in the first quarter is expected to be resolved during the second half

Initiatives in the second half

[Expenses]

- Continuing to curb various expenses, while continuing to concentrate management resources to the expansion of stores and acquisition of new customers

- Improving productivity by updating systems and optimizing operating expenses based on cost-effectiveness

Numerical Targets（Financial affairs)

ARTNATURE

We aim to steadily achieve the final-year (FY2026) plan and establish the foundation for the next mid-term management 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	43.3Billion yen	47.6Billion yen
Compound annual growth rate	Men's business 1.3% Ladies' business 3.5% Ladies' ready-made wigs business 5.1%			Men's business 0.4% Ladies' business 1.9% Ladies' ready-made wig business 12.7%		
Ordinary Income Ratio	5.6%	7.5%	8.2%	6.4%	5.2%	6.0%
ROE	3.3%	4.9%	7.5%	5.6%	3.1%	5.5%
Cost of Capital	6.4%	4.3%	5.2%	3.6%	4.4%	–

Shareholder Returns

ARTNATURE

Maintain a minimum annual dividend of 28 yen per share and a consolidated payout ratio of 50% or higher until ROE exceeds 10%. After reaching this target, continue to pay stable dividends based on a payout ratio of 40% or higher, flexibly adjusting them according to business performance.

Basic policy	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, **until we achieve an ROE of over 10%, the consolidated payout ratio will be set to 50% or higher**. If consolidated net income fluctuates significantly, we may adjust the dividends to account for these fluctuations.

Key Indicators (Shareholder Returns)	Previous Mid-term Management Plan			This medium-term plan		
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Net income per share	25.99yen	37.51yen	58.00yen	44.99yen	25.25yen	44.99yen
ROE	3.3%	4.9%	7.5%	5.6%	3.1%	5.5%
Dividend per share	28yen	28yen	28yen	28yen	28yen	28yen
Dividend payout ratio	107.7%	74.7%	48.3%	62.2%	110.9%	50% or more

Financial Results 1H FY 2026
&
Financial Forecast FY 2026

1H FY2026 : Financial Highlights

ARTNATURE

Interim results show increased revenue and profit compared to the same period last year, progressing largely as planned.

(¥ Million)

	1H FY2025 (Results)	1H FY2026 (Results)	1H FY2026 (Full Year Plan)
Net Sales	21,131	21,485	47,623
Men's Business	11,480	11,570	23,495
Ladies' Business	8,923	9,204	20,869
Others	726	710	3,258
Cost of Sales	7,251	7,289	16,154
Gross Profit	13,879	14,195	31,468
SG&A Expenses	12,732	12,813	28,690
Ad Spending	3,027	2,782	6,187
	3,284	3,349	6,967
Operating Income	1,146	1,382	2,778
Ordinary Income	1,095	1,464	2,844
Net Income	621	848	1,464
Depreciation	513	594	1,503
CAPEX	739	1,612	2,820

Major Factors behind YoY Change

Net Sales : +1.7%
Men's Business : +0.8%
Ladies' Business : +3.1%

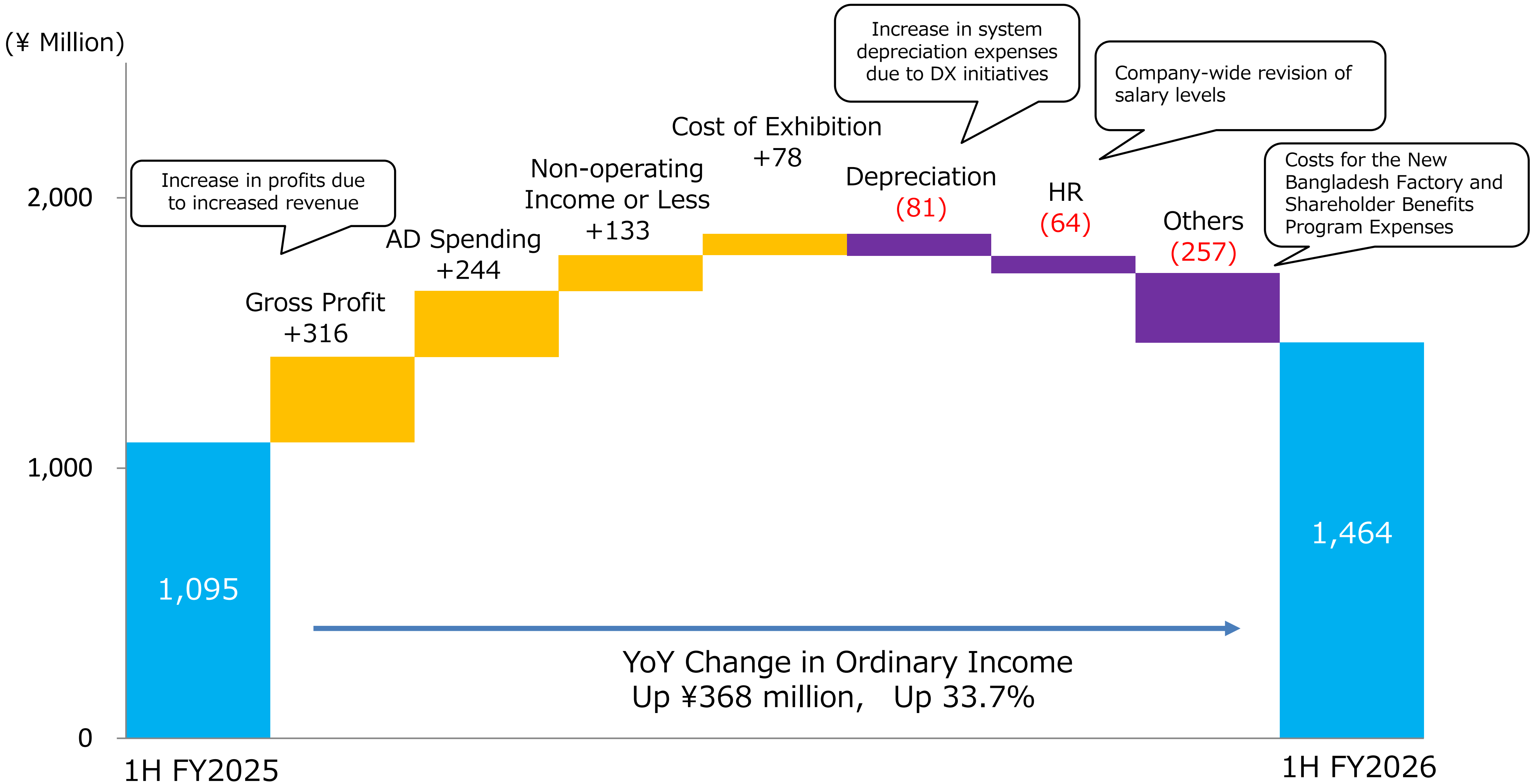
Cost of Sales Ratio
34.3% → 33.9% : (0.4Pt)
Product Cost : (0.4Pt)
HR : (0.1Pt)

SG&A Expenses Ratio
60.3% → 59.6% (0.7Pt)
Ad Spending : (1.4Pt)
HR : +0.1Pt
Others : +0.7Pt

CAPEX
Store facilities : ¥721million
System related : ¥170million
Related to New Factories : ¥521million

1H FY2026 : Analysis of SG&A Expenses

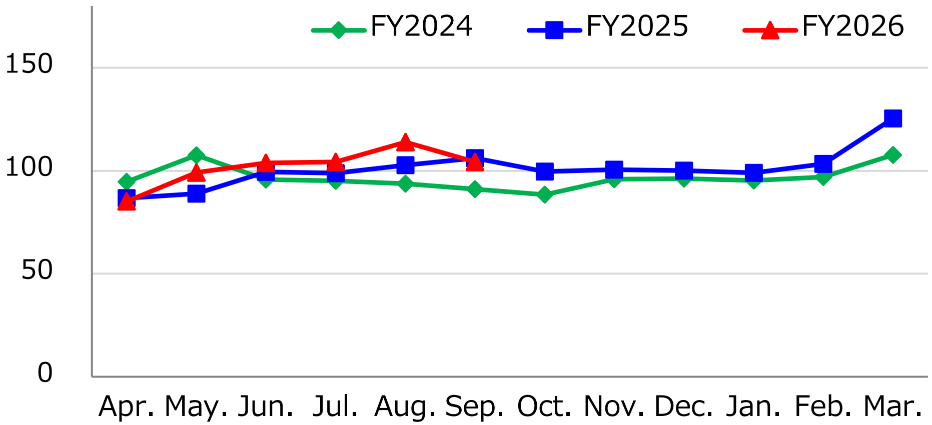
Increased profits due to higher gross profit accompanying increased revenue and reduced advertising and promotional expenses.



Monthly Trend: Sales of Major Products (YoY base)

Sales of major products shifted from a decline for two consecutive periods to an increase for both men and Ladies.

Total Sales of Major Products

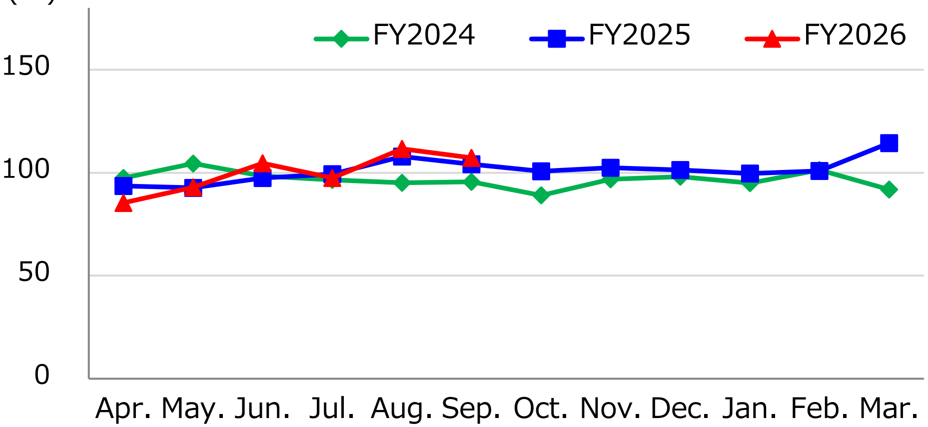


Total Sales of Major Products (Half-year)

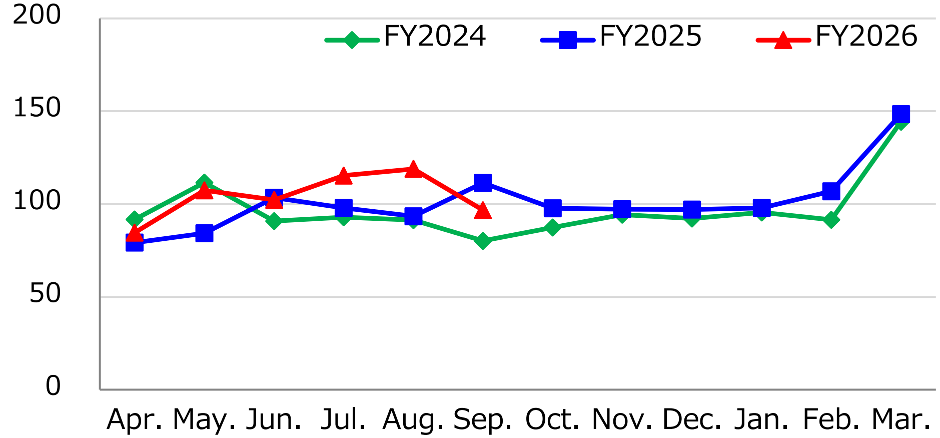
(%)

	Total	Men	Ladies
1H FY2024	96.1	97.7	93.6
1H FY2025	98.4	99.4	96.8
1H FY2026	101.9	100.6	104.0

Sales of Major Products (Men)



Sales of Major Products (Ladies)

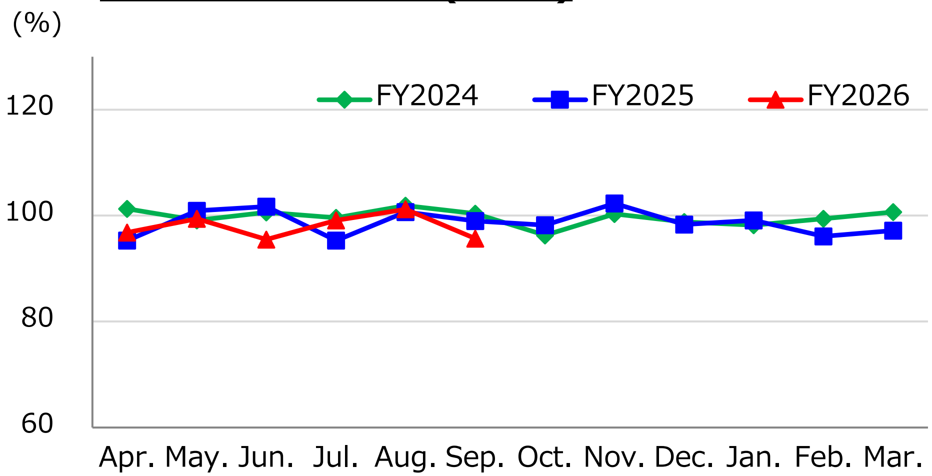


※September figures are after settlement adjustments.

Monthly Trend: Customer Traffic (YoY base, accumulated)

The number of Men's customers visiting stores is gradually declining, while the number of Ladies' customers is decreasing due to changes in their visit frequency.

Customer Traffic (Total)

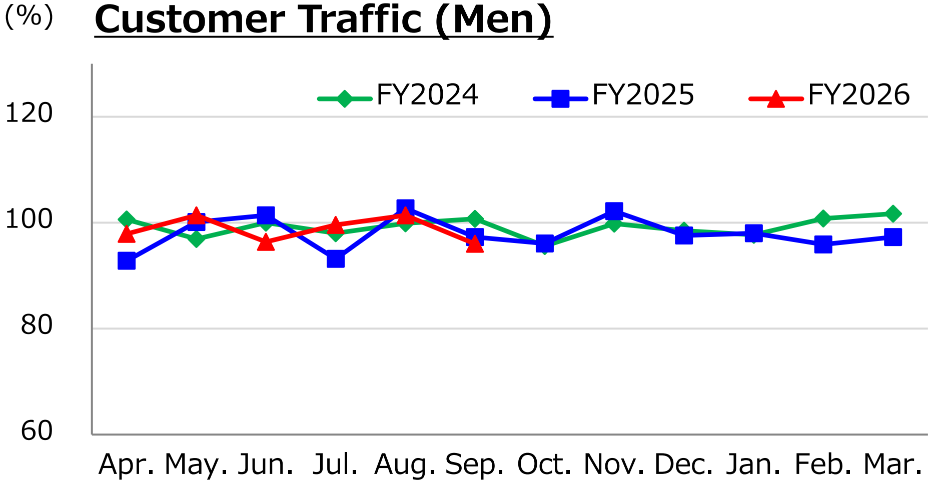


The number of customer traffic (Half-year)

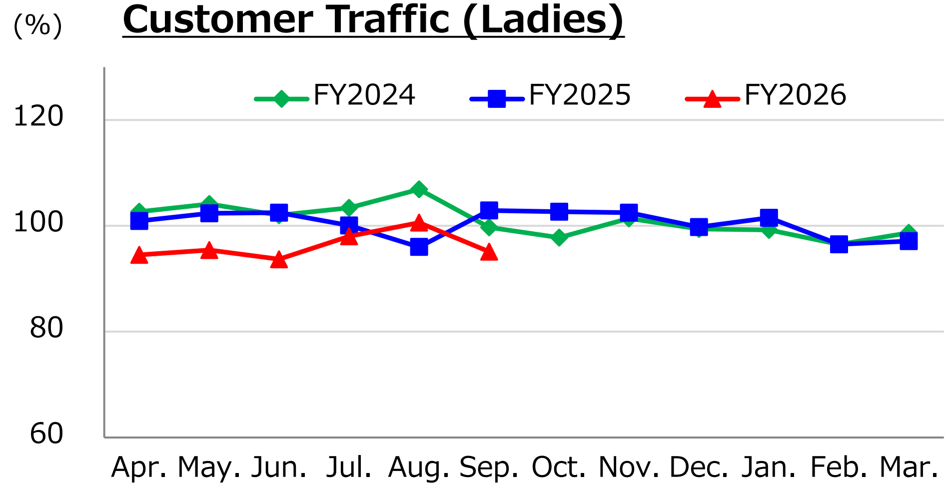
(%)

	Total	Men	Ladies
1H FY2024	100.5	99.4	103.1
1H FY2025	98.8	97.8	100.8
1H FY2026	97.9	98.8	96.1

Customer Traffic (Men)



Customer Traffic (Ladies)



1H FY2026 : Breakdown of Sales by Product & Services (Non-consolidated Basis)

ARTNATURE

New sales remained flat, while repeat sales and ready-made wig sales remained steady.

(¥ million)

Net Sales		1H FY2025	1H FY2026	YoY Change	
Custom-made Wigs	New Customers	1,862	1,759	(102)	(5.5%)
	Repeat Business	9,066	9,269	+203	+2.2%
	Total	10,928	11,029	+101	+0.9%
Hair Addition Products	New Customers	368	468	+99	+27.0%
	Repeat Business	1,552	1,597	+44	+2.9%
	Total	1,921	2,065	+143	+7.5%
Hair Growth Services	New Customers	16	16	(0)	(2.0%)
	Repeat Business	508	513	+4	+0.9%
	Total	525	529	+4	+0.8%
Styling Services		3,634	3,690	+55	+1.5%
JULLIA OLGER		2,061	2,155	+93	+4.5%
Others		1,233	1,209	(23)	(1.9%)
All Products & Sevices	New Customers	2,247	2,244	(3)	(0.2%)
	Repeat Business	15,547	15,852	+304	+2.0%
	JULLIA OLGER	2,061	2,155	+93	+4.5%
	Others	447	427	(19)	(4.4%)
	Total	20,304	20,679	+375	+1.8%

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

1H FY2026 : Breakdown of Sales by Product & Services in Men's Business（Non-consolidated Basis）

ARTNATURE

New sales landed at roughly the same level as the same period last year, while repeat sales remained solid.

(¥ million)

Net Sales		1H FY2025	1H FY2026	YoY Change	
Custom-made Wigs	New Customers	355	277	(77)	(21.9%)
	Repeat Business	6,495	6,583	+87	+1.3%
	Total	6,851	6,860	+9	+0.1%
Hair Addition Products	New Customers	336	430	+94	+28.1%
	Repeat Business	1,040	1,001	(38)	(3.7%)
	Total	1,376	1,432	+55	+4.0%
Hair Growth Services	New Customers	14	13	(0)	(3.6%)
	Repeat Business	248	238	(10)	(4.0%)
	Total	262	252	(10)	(4.0%)
Styling Services		2,439	2,484	+44	+1.8%
Others		550	540	(9)	(1.8%)
All Products & Sevices	New Customers	705	722	+16	+2.3%
	Repeat Business	10,774	10,848	+73	+0.7%
	Total	11,480	11,570	+89	+0.8%

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

Strategy by Business Segment (Men's Business)

Strengthen marketing efforts targeting customers concerned about hair thinning to drive new sales.

	FY2026 Initiatives in the second half of the year
Products/ Advertising	- Develop and launch high value-added products not offered by competitors - Strengthen marketing efforts through social media and other online platforms.
Others	- Develop measures to improve customer retention - Promote initiatives to increase responses from non-advertising channels (e.g., hosting men's events)

1H FY2026 : Breakdown of Sales by Product & Services in Ladies' Business (Non-consolidated Basis)

ARTNATURE

Repeat sales and steady demand for ready-made wigs drove overall sales growth.

(¥ million)

Net Sales		1H FY2025	1H FY2026	YoY Change	
Custom-made Wigs	New Customers	1,506	1,482	(24)	(1.6%)
	Repeat Business	2,570	2,686	+116	+4.5%
	Total	4,076	4,168	+91	+2.2%
Hair Addition Products	New Customers	32	37	+4	+14.9%
	Repeat Business	512	595	+83	+16.2%
	Total	545	633	+87	+16.1%
Hair Growth Services	New Customers	2	2	+0	+6.1%
	Repeat Business	259	274	+14	+5.7%
	Total	262	277	+15	+5.7%
Styling Services		1,194	1,205	+11	+0.9%
Others		2,296	2,396	+99	+4.3%
All Products & Sevices	New Customers	1,541	1,522	(19)	(1.3%)
	Repeat Business	4,772	5,004	+231	+4.9%
	JULLIA OLGER	2,061	2,155	+93	+4.5%
	Others	8,376	8,681	+305	+3.6%

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

ARTNATURE

Increase new sales by strengthening collaboration across the entire ladies’ business and creating new value.

		FY2026 Initiatives in the second half of the year
Ladies’ business	Products Advertising	- Develop and introduce new appealing products that our competitors do not offer - Leverage online channels to reduce sales promotion costs
	Others	- Strengthen store management focusing on Grand Salon Ginza - Develop sales channels beyond direct-response marketing
Ready-made wigs business		- Strengthen collaboration with businesses for women - Implement initiatives aimed at creating new value

FY2026 : Financial Forecast

ARTNATURE

Actively promote second-half initiatives to achieve increased revenue and profits.

(¥ million)

	FY2025		FY2026			
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Others	726	1,526	710	(2.2%)	3,258	+113.5%
Cost of Sales	7,251	14,646	7,289	+0.5%	16,154	+10.3%
Gross Profit	13,879	28,694	14,195	+2.3%	31,468	+9.7%
SG&A Expenses	12,732	26,512	12,813	+0.6%	28,690	+8.2%
AD Spending	3,027	6,188	2,782	(8.1%)	6,187	(0.0%)
HR	3,284	6,533	3,349	+2.0%	6,967	+6.6%
Operating Income	1,146	2,181	1,382	+20.5%	2,778	+27.4%
Ordinary Income	1,095	2,249	1,464	+33.7%	2,844	+26.4%
Net Income	621	821	848	+36.5%	1,464	+78.2%

Depreciation	513	1,117	594	+15.8%	1,503	+34.6%
CAPEX	739	2,831	1,612	+118.0%	2,820	(0.4%)

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

1H FY2026 Topics

ARTNATURE

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

New Products

- ■ April 25 Launch of REQUA REAL, a wig for men
- ● June 2 Launch of Beauty Up Assist and Beauty Up Platinum Line hair addition products
- ▲ July 31 Launch of Reamore, a new partial wig available through an online shop
- ■ September 25 Launch of ClearMRP5X, a hair addition product
- ● October 1 Launch of JUSME One, a custom-made wig
- ◆ October 9 Launch of wigs inspired by Frozen and Disney Princess characters from NAO-ART Corp., a Group company

Store Openings/Renovations

- ●■ April 11 Relocation and renovation of ARTNATURE Toyohashi and Ladies ARTNATURE Toyohashi Salon
- ●■ April 18 Relocation and renovation of ARTNATURE Kagoshima and Ladies ARTNATURE Kagoshima Salon
- ● June 27 Relocation and renovation of Ladies ARTNATURE Kariya Salon
- ●■ September 13 Relocation and renovation of ARTNATURE Nagaoka and Ladies ARTNATURE Nagaoka
- ●▲ September 25 Opening of Grand Salon Ginza
- ●▲ September 30 Opening of Ladies ARTNATURE Hanshin Umeda Salon
- ▲ October 9 Opening of Jullia Olger Youme Town Takamatsu

Others

- ◆ July 15 Launch of the ARTNATURE Premium Benefit Club, a new shareholder benefit program

FY2026 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

ARTNATURE

(¥ Million)

Net Sales		FY2024 (Results)	FY2025 (Results)	FY2026 (Plan)	YoY Change	
Custom-made Wigs	New customers	4,427	3,865	-	-	-
	Repeat Business	17,731	18,208	-	-	-
	Total	22,159	22,074	22,795	+721	+3.3%
Hair Addition Products	New Customers	732	901	-	-	-
	Repeat Business	3,103	3,015	-	-	-
	Total	3,836	3,917	4,492	+574	+14.7%
Hair Growth Services	New Customers	44	33	-	-	-
	Repeat Business	1,041	1,000	-	-	-
	Total	1,085	1,033	936	(97)	(9.4%)
Styling Services		7,001	7,136	7,220	+83	+1.2%
JULLIA OLGER		4,467	4,791	5,891	+1,100	+23.0%
Others		2,508	2,497	2,767	+269	+10.8%
All Products & Sevices	New Customers	5,204	4,801	-	-	-
	Repeat Business	30,397	30,936	-	-	-
	JULLIA OLGER	4,467	4,791	-	-	-
	Others	989	922	-	-	-
	Total	41,059	41,451	44,104	+2,652	+6.4%

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

FY2026 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2024 (Results)	FY2025 (Results)	FY2026 (Plan)	YoY Change	
Custom-made Wigs	New customers	723	672	-	-	-
	Repeat Business	12,962	13,244	-	-	-
	Total	13,685	13,916	13,951	+34	+0.3%
Hair Addition Products	New Customers	666	829	-	-	-
	Repeat Business	2,038	1,977	-	-	-
	Total	2,704	2,807	3,128	+321	+11.5%
Hair Growth Services	New Customers	37	28	-	-	-
	Repeat Business	516	483	-	-	-
	Total	553	512	450	(61)	(12.0%)
Styling Services		4,805	4,846	4,928	+82	+1.7%
Others		1,063	1,084	1,035	(49)	(4.6%)
All Products & Sevices	New Customers	1,427	1,530	-	-	-
	Repeat Business	21,386	21,636	-	-	-
	Total	22,814	23,167	23,495	+327	+1.4%

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

FY2026 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

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(¥ Million)

Net Sales		FY2024 (Results)	FY2025 (Results)	FY2026 (Results)	YoY Change	
Custom-made Wigs	New customers	3,704	3,193	-	-	-
	Repeat Business	4,769	4,964	-	-	-
	Total	8,473	8,158	8,844	+686	+8.4%
Hair Addition Products	New Customers	65	72	-	-	-
	Repeat Business	1,065	1,038	-	-	-
	Total	1,131	1,110	1,363	+253	+22.8%
Hair Growth Services	New Customers	6	4	-	-	-
	Repeat Business	525	516	-	-	-
	Total	532	521	485	(35)	(6.8%)
Styling Services		2,195	2,290	2,291	+1	+0.1%
Others		4,922	5,281	6,494	+1,213	+23.0%
All Products & Sevices	New Customers	3,777	3,270	-	-	-
	Repeat Business	9,011	9,300	-	-	-
	JULLIA OLGER	4,467	4,791	-	-	-
	Others	17,255	17,361	19,480	+2,118	+12.2%

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

Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2025	Composition ratio	As of September 30, 2025	Composition ratio	Rate of change
Total Current Assets	27,870	56.1%	27,408	54.5%	(1.7%)
Cash and Deposits	18,163	36.6%	18,244	36.3%	+0.4%
Total Non-current Assets	21,808	43.9%	22,839	45.5%	+4.7%
Total Property, Plant and Equipment	9,930	20.0%	10,725	21.3%	+8.0%
Total Assets	49,678	100.0%	50,248	100.0%	+1.1%
Total Current Liabilities	13,510	27.2%	13,580	27.0%	+0.5%
Advances Received	6,169	12.4%	6,186	12.3%	+0.3%
Total Non-current Liabilities	9,113	18.3%	9,279	18.5%	+1.8%
Total Liabilities	22,623	45.5%	22,859	45.5%	+1.0%
Total Net Assets	27,055	54.5%	27,388	54.5%	+1.2%
Retained Earnings	19,742	39.7%	20,134	40.1%	+2.0%
Total Liabilities and Net Assets	49,678	100.0%	50,248	100.0%	+1.1%

Major Factors behind YoY Change

Current Assets (461)
- Cash and deposits +80
- Accounts receivable –trad (480)
- Inventory +30

Non-current assets +1,030
- property, plant and equipment +794
- Intangible assets (16)

Current liabilities +69
- Accounts payable-other (499)
- Accrued income taxes +465
- Advance received +16

Non-current liabilities +166
- Defined Benefit Obligation +109

Net Assets +333
- Retained earnings +392

(Net income +848)

(Cash dividends paid (455))

Consolidated Statements of Cash Flows

(¥ Million)

	As of September 30, 2024	As of September 30, 2025
Net cash provided by (used in) operating activities	1,007	2,222
Net cash provided by (used in) investing activities	(996)	(1,591)
Free cash flow	10	631
Net cash provided by (used in) financing activities	(455)	(455)
Cash and cash equivalents at the beginning of period	19,208	18,025
Cash and cash equivalents at the end of period	18,780	18,141
Net increase (decrease) in cash and cash equivalents	(428)	115

Cause of Occurrence

Cash flows from operating activities +1,207

・Income before income taxes +320
・Allowance for doubtful accounts (50)
・Bonus reserve (43)
・Trade receivables (124)
・Inventory (164)
・Advance payment +90
・Others +1,219

Cash flows from investing activities (595)

・Purchase of property, plant and equipment (796)
・Acquisition of intangible assets +128

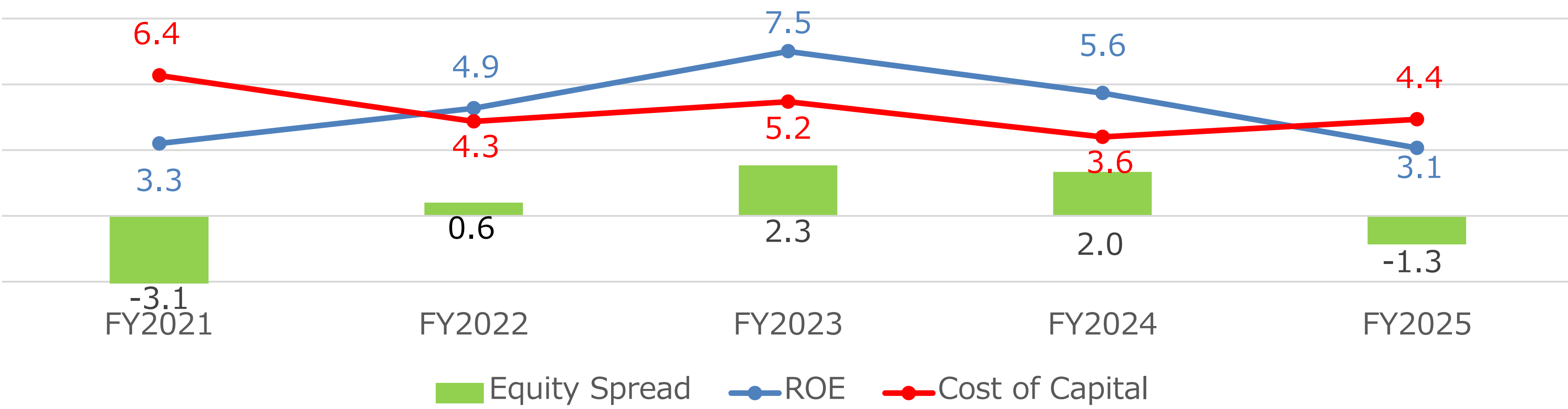
Cash flows from financing activities +0

・Cash dividends paid +0

Cost of Capital

The equity spread, the difference between ROE and the cost of capital, had remained positive since the COVID-19 pandemic but turned negative in FY2025.

Historical Trends in Cost of Capital and ROE (FY2021-2025, in %)



Calculation of the cost of capital (estimate for FY2025; 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
4.43%	=	1.49%	+	6.00%	×	0.49%
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)