



Presentation Material
1H FY2024(April 1st, 2023 to September 30th, 2023)

ARTNATURE INC.
TSE Standard Market : 7823

Overview of 1H FY2024 Results & Financial Forecast

1H FY2024 results: Sales and income down YoY (Profits progressed mostly as planned)

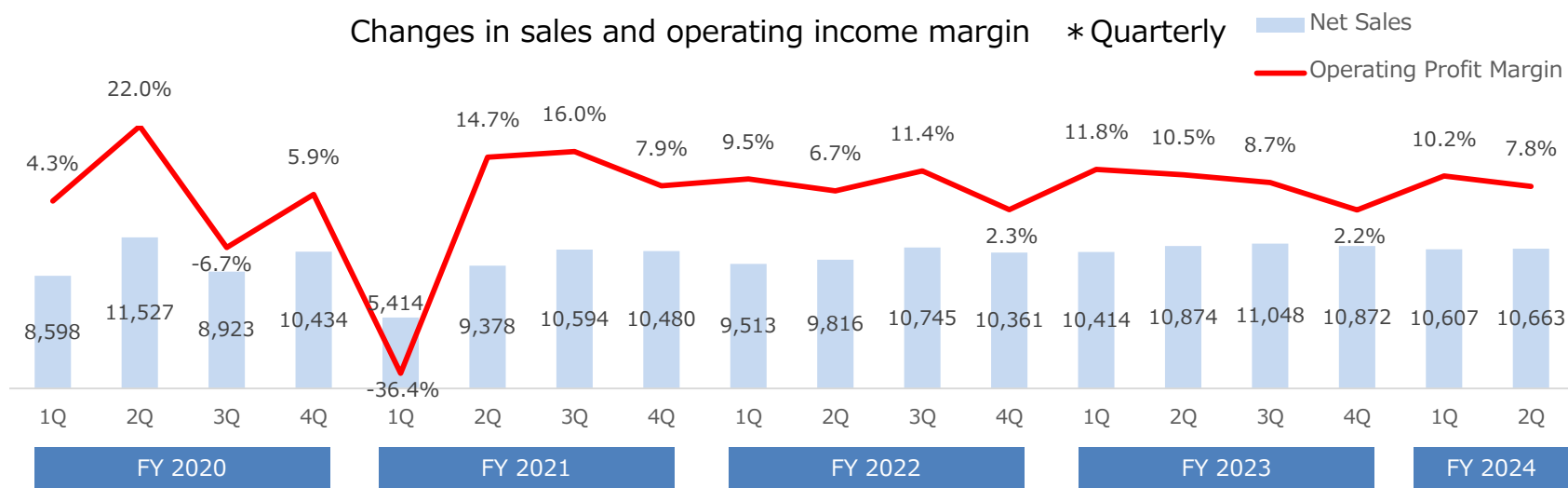
1H FY 2024 Financial Results

	1H FY2023 (Results)	1H FY2024 (Results)	YoY Change	Year-end (Plan)	Plan Progress rate
Net Sales	21,288	21,270	(0.1%)	44,763	47.5%
Men's Business	11,556	11,494	(0.5%)	23,384	49.2%
Ladies' Business	8,833	9,059	+2.6%	19,584	46.3%
Others	898	716	(20.3%)	1,794	39.9%
Operating Income	2,372	1,914	(19.3%)	3,744	51.1%

(¥ million)

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

Changes in sales and operating income margin * Quarterly



Progress Toward Achievement of FY2024 Consolidated Financial Plan

Operating income and other income items exceeded 50% progress toward the achievement of the plan.

(¥ Million)

	1H FY2024 (Results)	FY2024 (Plan)	Plan Progress rate
Net Sales	21,270	44,763	47.5%
Men's Business	11,494	23,384	49.2%
Ladies' Business	9,059	19,584	46.3%
Others	716	1,794	39.9%
Cost of Sales	6,986	14,660	47.7%
Gross profit	14,284	30,102	47.5%
SG&A Expenses	12,370	26,358	46.9%
Operating Income	1,914	3,744	51.1%
Ordinary Income	1,963	3,821	51.4%
Net Income	1,208	2,140	56.5%

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

- Struggling new (first-time) sales of custom-made wigs, but strong sales of ready-made wigs
- No progress in acquiring business in new fields

Sustainability Promotion

- Aiming to build a sustainable society
Climate change: Declaration of support for the TCFD recommendations
Respect for human rights: Establishment of a basic policy on human rights
Human capital: Improvement of employee working conditions
- Announcement of establishment of a new factory in Bangladesh to support sustainable production

Dialogue with the Market

- Transition from the Prime Market to the Standard Market
- New disclosure of capital costs
- Announcement of new dividend policy and revision of dividend forecast

Struggling new sales of custom-made wigs for both men and ladies

Factor 1

The reclassification of COVID-19 as a class V infectious disease resulted in a resurgence of individual consumption, such as travel and dining out, which had been previously restrained. This shift in consumer priorities impacted new wig sales (while sales to existing customers remained strong).

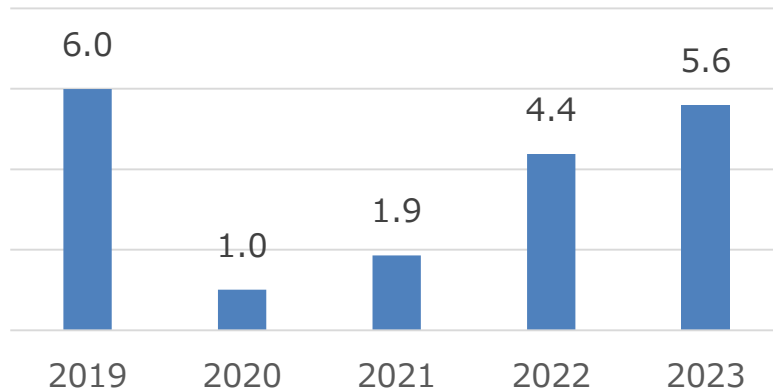
*Additional factor: The initial excitement and demand for Feelin, a custom-made wig for ladies, subsided.

Factor 2

There was a lack of innovation in sales promotion and other strategies targeting the main target group, middle-aged and elderly individuals.

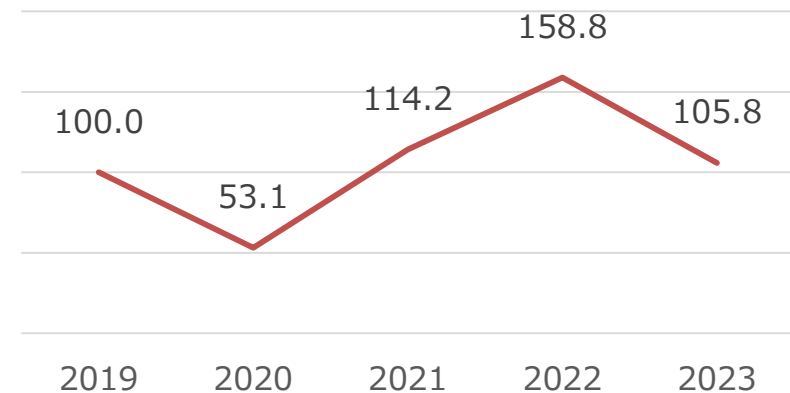
Apr-Sep Period Trends in Domestic Travel Spending

Recovered to the pre-pandemic level (trillions of yen)



Apr-Sep Period Trends in the Number of New Inquiries to the Company Made by Ladies

Remained at nearly the same level compared to the pre-pandemic reaction level (set at 100%) (%)



(Source) Data estimated by the Company based on the Travel and Tourism Consumption Trend Survey by the Japan Tourism Agency.

Strong sales of ready-made wigs for ladies (Jullia Olger)

Factor 1

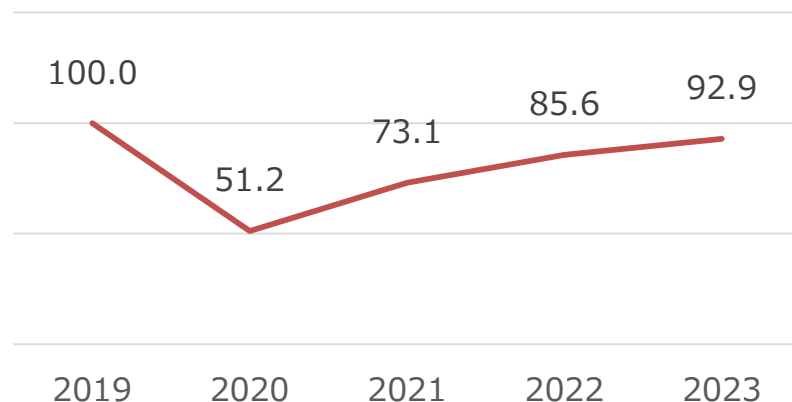
With the increase in sales and the number of visitors to the commercial facilities where we have our stores, the number of trial fittings for ready-made wigs also increased.

Factor 2

We have strengthened the repeat sales system in the Ladies' ready-made wig business. Increased staff motivation, enhanced sales skills, improvement of in-store operations

Apr-Jun Period Commercial Facility Sales Growth Rate

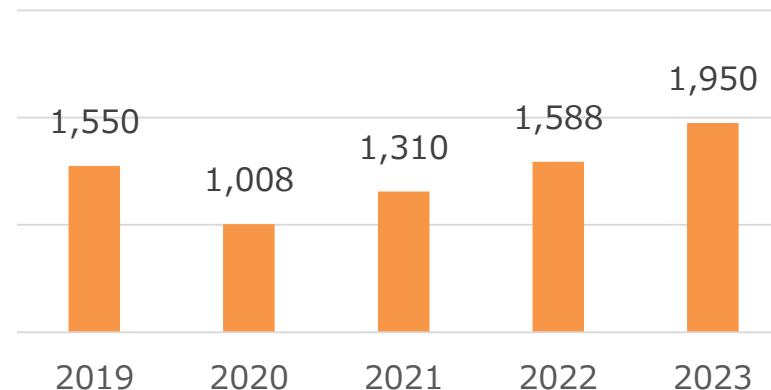
Recovered nearly to the pre-pandemic level (set at 100%) (%)



(Source) Data estimated by the Company based on the Shopping Center Sales Statistics Survey by the Japan Council of Shopping Centers

Apr-Sep Period Jullia Olger Sales Trends

Recent results exceeded the pre-pandemic level (millions of yen)



Establishment of a basic policy on human rights and improvement of working conditions to realize a sustainable society

Corporate Governance Initiatives

We have taken the following actions to address issues related to sustainability, focusing on climate change, respect for human rights, and human capital.

Climate Change

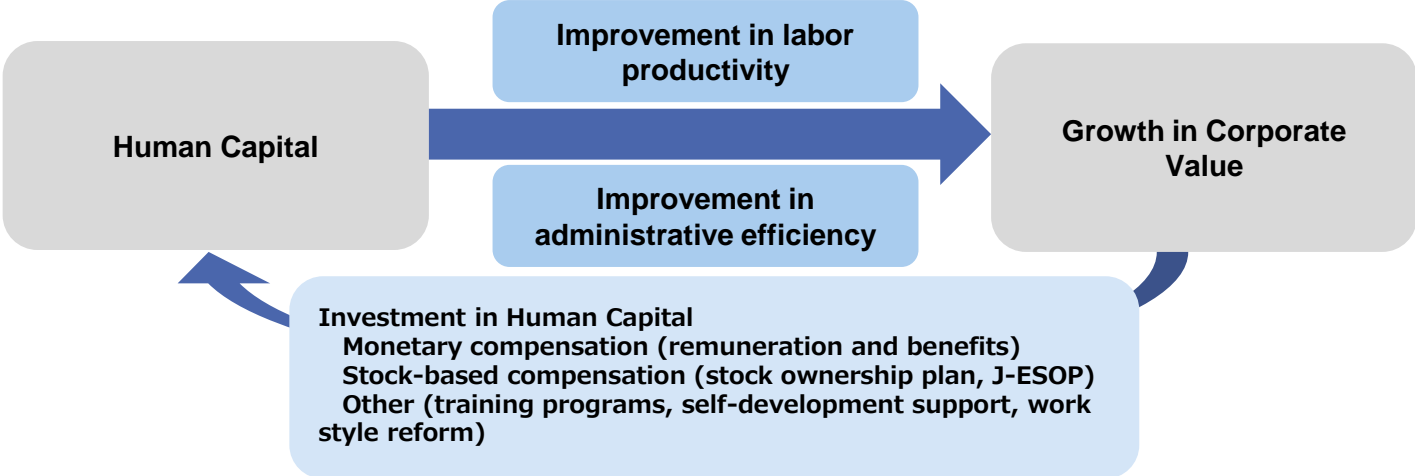
Endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).(May 2023)

Respect for Human Rights

Established the ARTNATURE Group Human Rights Policy.(April 2023)

Human Capital

Improved compensation (base salary increases) for all employees to reflect rising prices (effective from July 2023).
Initiated a global talent development program to nurture key talented people for our international operations (since April 2023).



Announcement of new plant in Bangladesh for the sustainable growth of corporate value (resolved on September 12, 2023)

Purposes of establishment

- 1) Diversification of production risks resulting from concentrated production in the Philippines
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

Overview

Trade name	ARTNATURE BANGLADESH LTD.
Location	Araihazar, Narayanganj District, People's Republic of Bangladesh
Representative	Yoshikata Igarashi, Chairman of the Board, (Chairman and President of ARTNATURE INC.)
Business	Manufacture and sale of wig products, etc.
Capital stock	2,400,000 US dollars
Date of establishment	December 2023 (scheduled)
Shareholding ratio	100% owned by ARTNATURE INC.

Future outlook

The establishment of the subsidiary will have a minimal impact on the current performance of the business.



From a two-plant structure in the Philippines to a three-plant structure

Decision to select a new market segment on September 12, change to the Standard Market on October 20

Progress on Efforts to Fulfill Listing and Maintenance Criteria

Initiatives	Implementation Status
Enhancement of corporate value	Established the ARTNATURE Advance Plan medium-term management plan. Currently proceeding according to the plan.
Improvement in the number of shares outstanding	Decided to postpone the disposal of treasury stock, considering our current cash reserves. Initiated discussions with some of our major shareholders regarding the possibility of selling their holdings on the market.
Consideration of additional shareholder return measures	Established a new dividend policy and revised the dividend forecast for this fiscal year.
Strengthening of dialogue with the market	Disclosing the cost of capital cost as new information, starting with this financial statement. Held regular online events for investors.

Reasons for Deciding to Change from the Prime Market to the Standard Market:

- 1) Due to non-compliance with one of the listing and maintenance criteria, specifically the average daily trading volume, there are concerns about the risk of being delisted.
- 2) We aim to enhance medium- to long-term corporate value while ensuring an environment where all shareholders can trade our company's stock.

Even after the market segment change, we will continue our efforts to comply with the Plan for Compliance with the Listing and Maintenance Criteria of the Prime Market.

FY2024 Plan etc.

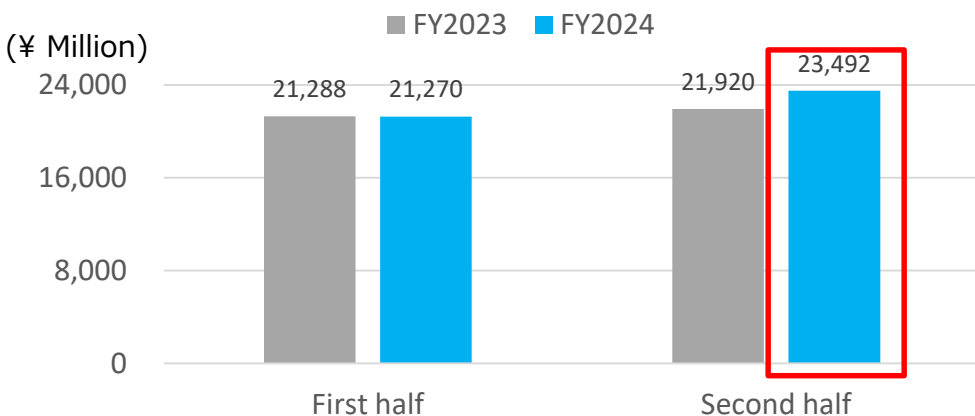
FY2024 : Full-year Consolidated Business Performance Forecasts^①

Aggressively promote activities to expand business performance, aiming to increase sales and profits for three consecutive fiscal years (No revisions to earnings forecasts)

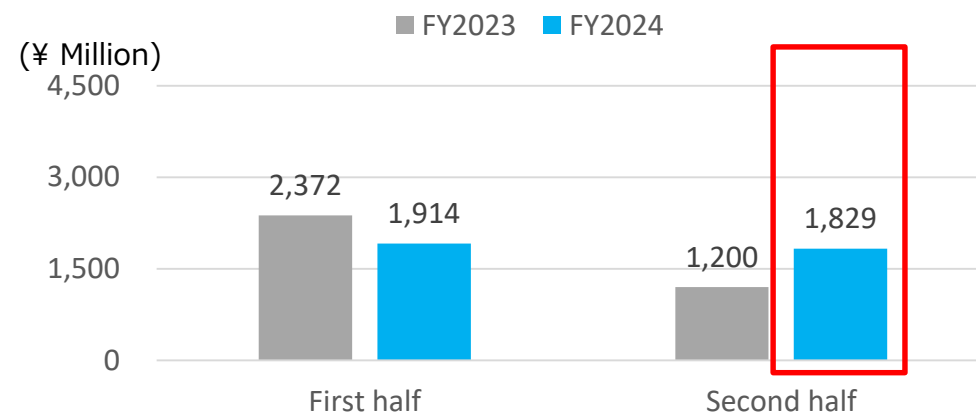
(¥ Million)

	FY2023 Results	FY2024 Plan	YoY Change
Net Sales	43,209	44,763	+3.6%
Men's Business	23,237	23,384	+0.6%
Ladies' Business	18,195	19,584	+7.6%
Others	1,775	1,794	+1.1%
Cost of Sales	14,053	14,660	+4.3%
Gross Profit	29,156	30,102	+3.2%
SG&A Expenses	25,582	26,358	+3.0%
Ad Spending	6,336	6,406	+1.1%
HR	6,113	6,568	+7.4%
Operating Income	3,573	3,744	+4.8%
Ordinary Income	3,534	3,821	+8.1%
Net Income	1,874	2,140	+14.2%
Depreciation	829	893	+7.8%
CAPEX	1,410	3,015	+113.7%

Net Sales



Operating income



Initiatives in the second half

【Net Sales】

- Launch new focus products in the second half for each business and introduce new sales promotions, aiming to recover from the struggling new sales in the first half.
- Capture the replacement demand for Feelin, a custom-made wig for ladies launched in September 2021, and enhance collaboration between ladies' businesses, aiming to expand the Ladies' business in particular.

Initiatives in the second half

【Cost】

- Continue to control expenses in consideration of increased transaction costs and the impact of foreign exchange rates.
- Simultaneously continue to strengthen recruitment, invest in systems and concentrate management resources in the area of staff development.

Aim to reach net sales of more than 50 billion yen and ROE of over 10% in FY2025, the final year of this medium-term 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	44.7billion yen	47.0billion 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%	8.5%	9.7%	10.0%
ROE	3.3%	4.9%	7.5%	8.2%	9.6%	10.3%
Cost of Capital	6.4%	4.3%	5.2%	5.2%		

New dividend policy and revised dividend forecast from FY2024

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	65.92yen	80.08yen	91.04yen
ROE	3.3%	4.9%	7.5%	8.2%	9.6%	10.3%
Dividend per share	28yen	28yen	28yen	33yen ^{※1}	28 yen or more	28 yen or more
Dividend payout ratio	107.7%	74.7%	48.3%	50.6%	50% or more	40% or more

※1 Disclosed on September 12, 2023

**Financial Results 1H FY 2024
&
Financial Forecast FY 2024**

1H FY2024 : Financial Highlights

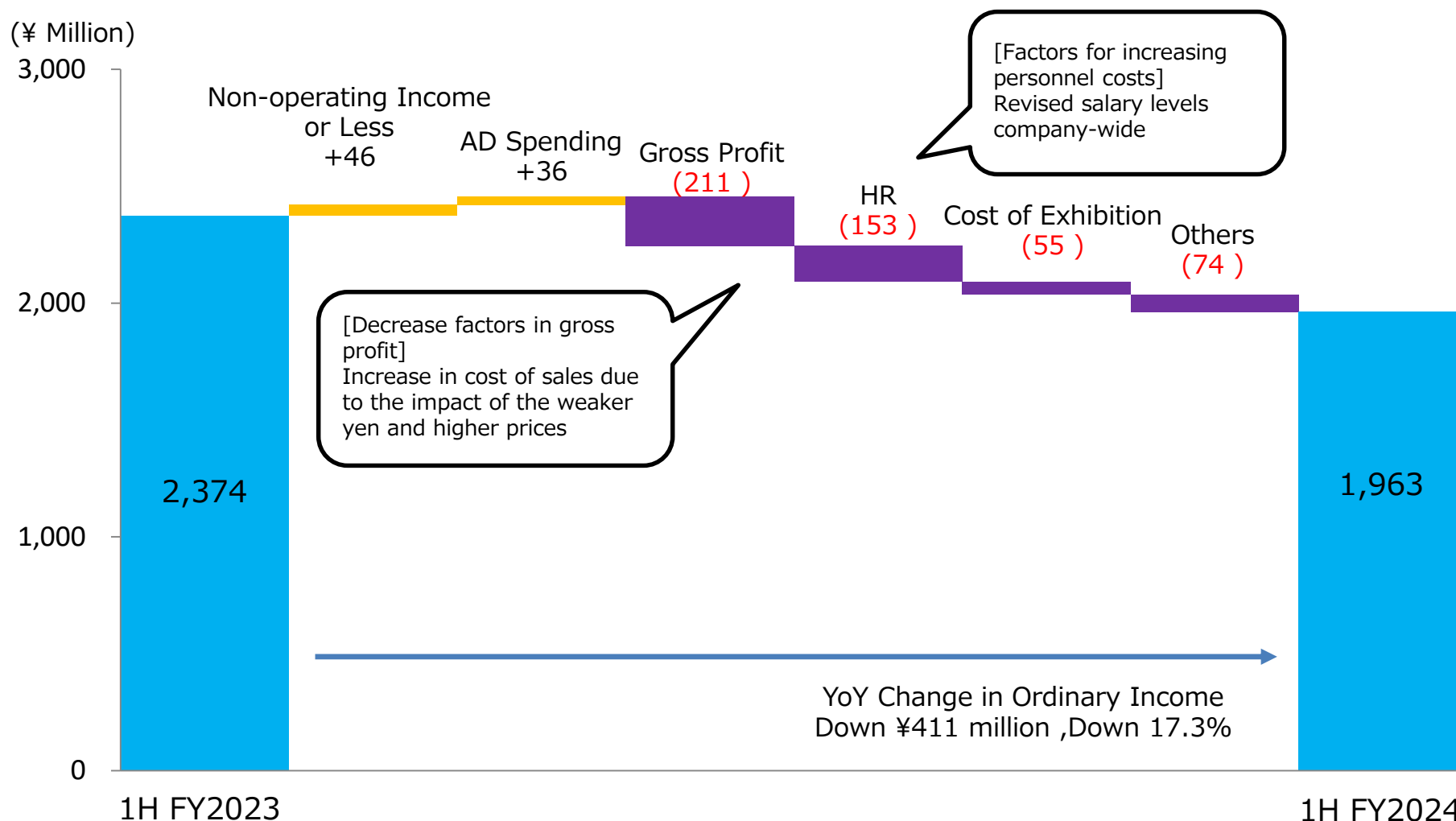
Second quarter results show lower sales and profits compared to the same period last year
(profits generally progressing as planned)

(¥ Million)

	1H FY2023 (Results)	1H FY2024 (Results)	1H FY2024 (Full Year Plan)	Major Factors behind YoY Change
Net Sales	21,288	21,270	44,763	Net Sales : (0.1%) Men's Business : (0.5%) Ladies' Business : +2.6%
Men's Business	11,556	11,494	23,384	
Ladies' Business	8,833	9,059	19,584	
Others	898	716	1,794	
Cost of Sales	6,792	6,986	14,660	Cost of Sales Ratio : +0.9Pt Product Cost : +0.3Pt HR : +0.6Pt
Gross Profit	14,496	14,284	30,102	
SG&A Expenses	12,123	12,370	26,358	SG&A Expenses : +1.3Pt Ad Spending : (0.2Pt) HR : +0.8Pt Others : +0.7Pt
Ad Spending	2,950	2,913	6,406	
HR	3,052	3,206	6,568	
Operating Income	2,372	1,914	3,744	CAPEX Store facilities : ¥361million System related : ¥134million
Ordinary Income	2,374	1,963	3,821	
Net Income	1,463	1,208	2,140	
Depreciation	389	417	893	
CAPEX	697	697	3,015	

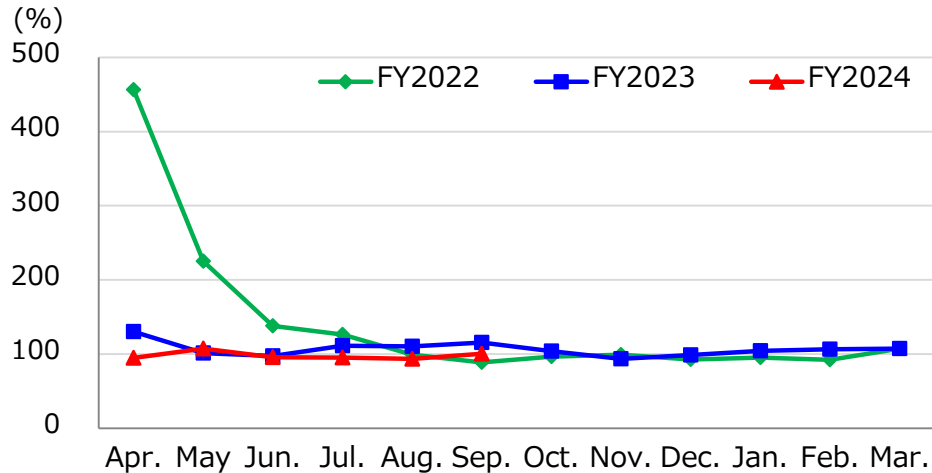
1H FY2024 : Analysis of SG&A Expenses

Sales were almost at the same level as the previous year, but profits decreased due to increases in cost of sales and personnel expenses.



Net sales of key products for both men and ladies down YoY

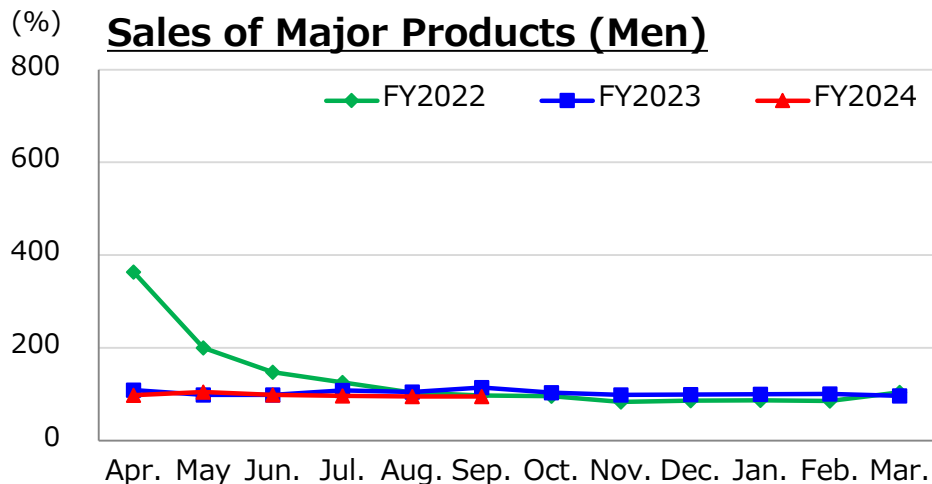
Total Sales of Major Products



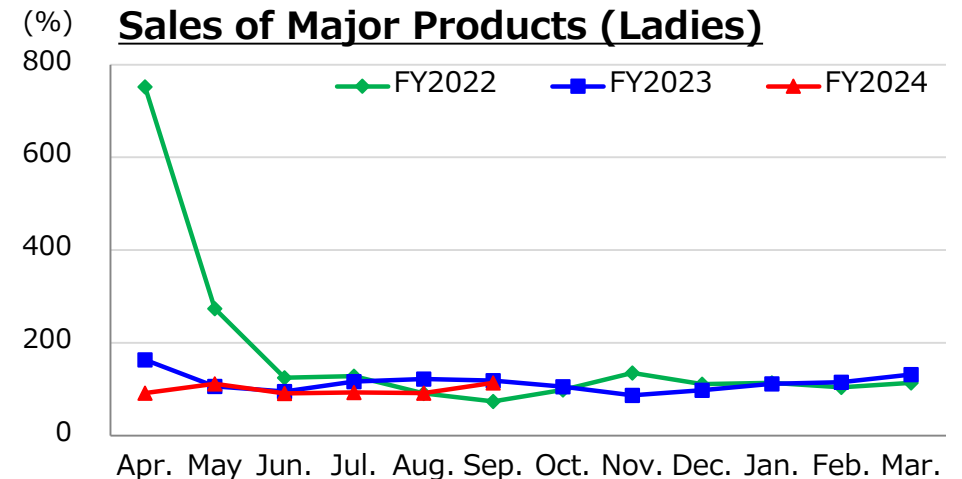
Total Sales of Major Products (Half-year)

	Total (%)	Men (%)	Ladies (%)
1H FY2022	138.6	138.0	139.6
1H FY2023	110.8	105.5	120.0
1H FY2024	97.7	97.6	97.8

Sales of Major Products (Men)

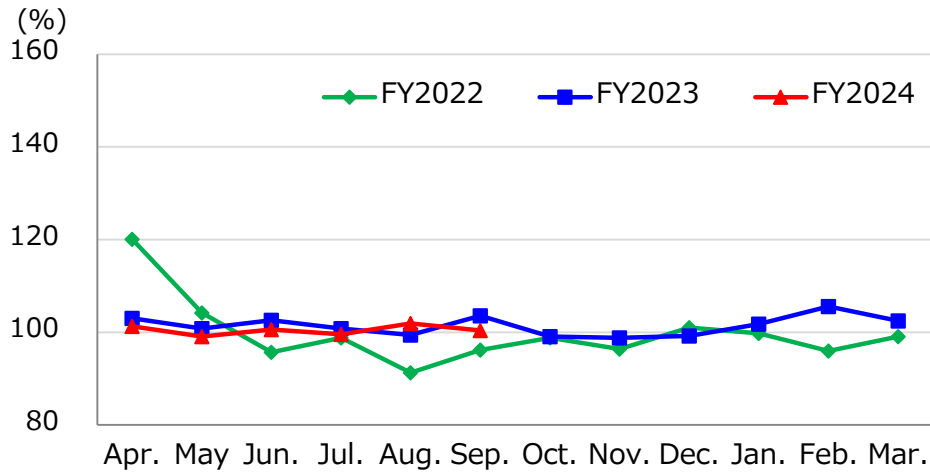


Sales of Major Products (Ladies)



Customer traffic YoY remained roughly the same for men while it increased for ladies

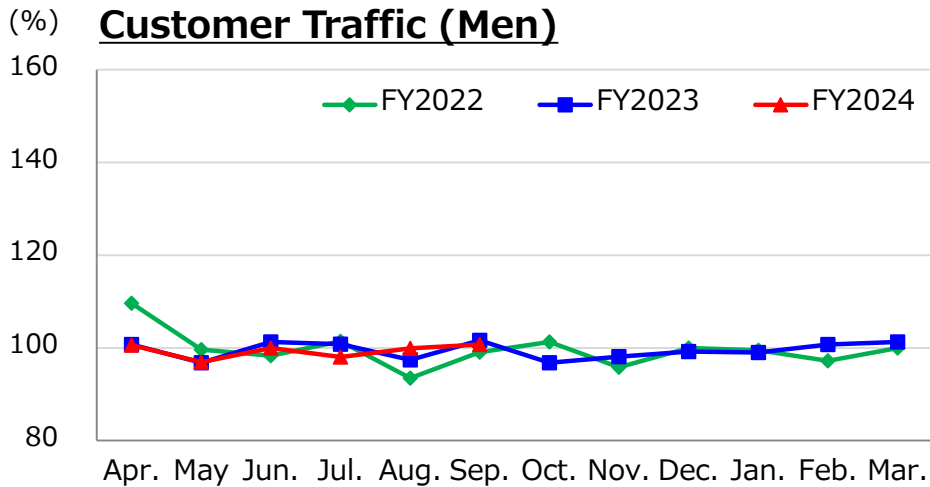
Customer Traffic (Total)



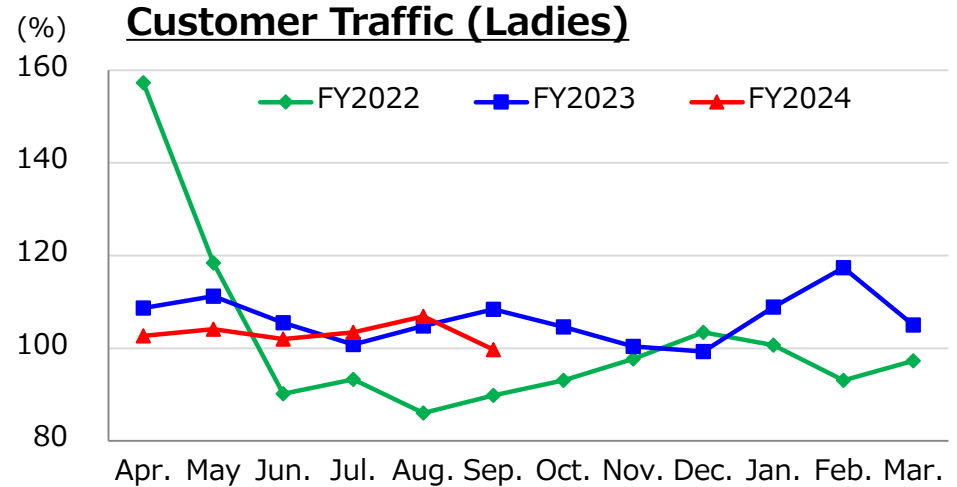
The number of customer traffic (Half-year)

	Total	Men	Ladies
1H FY2022	100.4	100.0	101.1
1H FY2023	101.7	99.7	106.5
1H FY2024	100.5	99.4	103.1

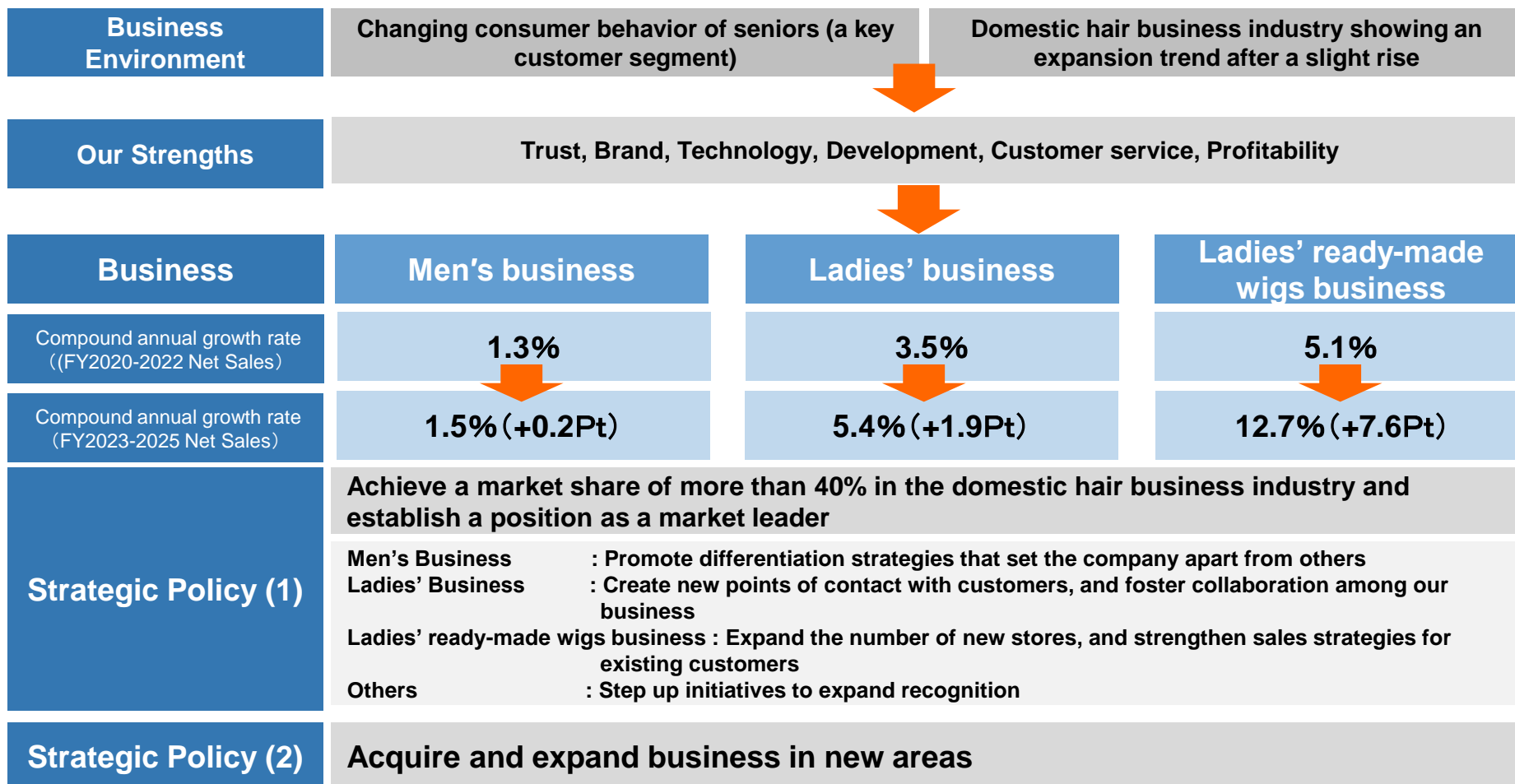
Customer Traffic (Men)



Customer Traffic (Ladies)



Improve business performance and boost market share in the hair business industry, establish a position as the domestic market leader, and acquire and expand business in new areas



1H FY2024 : Breakdown of Sales by Product & Services in Men's Business (Non-consolidated Basis)

New sales of Hair Addition Products are struggling, but repeat sales are strong

(¥ million)

Net Sales		1H FY2023	1H FY2024	YoY Change	
Custom-made Wigs	New Customers	369	370	+1	+0.3%
	Repeat Business	6,519	6,517	(2)	(0.0%)
	Total	6,889	6,888	(1)	(0.0%)
Hair Addition Products	New Customers	489	330	(158)	(32.4%)
	Repeat Business	1,050	1,035	(15)	(1.5%)
	Total	1,540	1,366	(173)	(11.3%)
Hair Growth Services	New Customers	28	20	(8)	(29.5%)
	Repeat Business	284	265	(18)	(6.6%)
	Total	312	285	(27)	(8.7%)
Styling Services		2,287	2,416	+129	+5.6%
Others		526	537	+11	+2.1%
All Products & Services	New Customers	887	721	(165)	(18.7%)
	Repeat Business	10,669	10,773	+103	+1.0%
	Total	11,556	11,494	(61)	(0.5%)

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

We will develop various measures and services centered on improving customer satisfaction and focus on differentiation strategy to increase new sales.

Initiatives in the second half of the year	
Advertising	<ul style="list-style-type: none"> - Develop and introduce new products that emphasize product quality. - Launch a new promotion strategy by introducing new actors and actresses in TV advertisements. - Introduce new tools aimed at streamlining business negotiations and enhancing customer satisfaction.
Others	<ul style="list-style-type: none"> - Implement various initiatives through cross-departmental issue-solving projects. - Launch new service plans focused on improving customer satisfaction.



1H FY2024 : Breakdown of Sales by Product & Services in Ladies' Business (Non-consolidated Basis)

New sales of custom-made wigs are struggling, but repeat sales and ready-made wig sales are strong

(¥ million)

Net Sales		1H FY2023	1H FY2024	YoY Change	
Custom-made Wigs	New customers	2,210	1,972	(237)	(10.8%)
	Repeat Business	2,518	2,537	+19	+0.8%
	Total	4,728	4,509	(218)	(4.6%)
Hair Addition Products	New Customers	47	26	(21)	(44.8%)
	Repeat Business	600	489	(110)	(18.4%)
	Total	648	516	(132)	(20.4%)
Hair Growth Services	New Customers	3	3	+0	+7.2%
	Repeat Business	267	254	(13)	(5.0%)
	Total	270	257	(13)	(4.8%)
Styling Services		907	1,106	+198	+21.9%
Others		1,782	2,174	+391	+22.0%
All Products & Services	New customers	2,261	2,002	(258)	(11.5%)
	Repeat business	4,488	4,611	+123	+2.8%
	JULLIA OLGIER	1,588	1,950	+362	+22.8%
	Total	8,337	8,564	+226	+2.7%

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

We aim to strengthen our operational structure to adapt to changing customer needs and further enhance collaboration between ladies' businesses.

		Initiatives in the second half of the year
Ladies' Business	Advertising Products	<ul style="list-style-type: none"> - Develop and introduce new products that emphasize product quality. - Introduce online negotiation tools with the objective of improving customer satisfaction. - Implement a range of measures to align with consumer behaviors following the intense summer period.
	Others	<ul style="list-style-type: none"> - Develop infrastructure for hybrid stores, a key focus of the Company's business. - Enhance operations to meet customer needs. - Capture replacement demand two years after the launch of Feelin.
Ladies' ready-made wigs business		<ul style="list-style-type: none"> - Continue to strengthen the repeat sales system. - Develop a customer referral system between the ready-made and custom-made wigs businesses.



FY2024 : Financial Forecast

Actively promoting activities to expand business results, increasing sales and profits in the second half compared to the same period of the previous year, maintaining the sales and profit increase plan for the third consecutive year

(¥ Million)

	FY2023		FY2024			
	1H FY2023 (Results)	Year-end (Results)	1H FY2024 (Results)	YoY Change	Year-end (Plan)	YoY Change
Net Sales	21,288	43,209	21,270	(0.1%)	44,763	+3.6%
Men's Business	11,556	23,237	11,494	(0.5%)	23,384	+0.6%
Ladies' Business	8,833	18,195	9,059	+2.6%	19,584	+7.6%
Others	898	1,775	716	(20.3%)	1,794	+1.1%
Cost of Sales	6,792	14,053	6,986	+2.8%	14,660	+4.3%
Gross Profit	14,496	29,156	14,284	(1.5%)	30,102	+3.2%
SG&A Expenses	12,123	25,582	12,370	+2.0%	26,358	+3.0%
Ad Spending	2,950	6,336	2,913	(1.2%)	6,406	+1.1%
HR	3,052	6,113	3,206	+5.0%	6,568	+7.4%
Operating Income	2,372	3,573	1,914	(19.3%)	3,744	+4.8%
Ordinary Income	2,374	3,534	1,963	(17.3%)	3,821	+8.1%
Net Income	1,463	1,874	1,208	(17.4%)	2,140	+14.2%
Depreciation	389	829	417	+7.3%	893	+7.8%
CAPEX	697	1,410	697	+0.1%	3,015	+113.7%



<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

New Products

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

- March 17 Launch of MRP Rush, a hair addition product
- ◆ March 21 Launch of Labomo Scalp Aroma Hair Color Treatment Aqua, a gray hair care item
- March 31 Launch of Feelin 4, a custom-made wig
- ◆ June 9 Launch of Care Factor Cool Shampoo and Care Factor Cool Conditioner
- ◆ July 3 Launch of AGA Risk Test Kit for assessing future hair loss risk at home
- September 1 Launch of Feelin Ultra Fit, a custom-made wig
- ▲ September 8 Launch of Touch de Beaute, a non-pinning wig from Jullia Olger
Note: Available exclusively through TV shopping channels
- September 21 Launch of MRP Rush Premium, a hair addition product

Store Openings/Relocations

- ● April 14 Relocation and renovation of ARTNATURE Mizonokuchi and Ladies ARTNATURE Mizonokuchi Salon
- April 21 Relocation and renovation of Ladies ARTNATURE Omiya Salon
- ▲ August 11 Opening of Jullia Olger Aeon Mall Takasaki
- ▲ August 23 Opening of Ladies ARTNATURE Mitsukoshi Nihombashi Salon
- ▲ September 1 Relocation and renovation of Jullia Olger Koshigaya Lake Town
- September 6 Relocation and renovation of Ladies ARTNATURE Sogo Hiroshima Salon
- ▲ September 15 Relocation and renovation of Jullia Olger Aeon Mall Kakamigahara

Others

- ▲ May 19 Celebration of Jullia Olger's 15th Anniversary with a Grand Thank-You Festival
- ● ▲ ◆ August 25 ARTNATURE Festival 2023 in Osaka exhibition showcasing an all-star lineup of high-profile products

FY2024 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	YoY Change	
Custom-made Wigs	New customers	4,378	5,168	-	-	-
	Repeat Business	16,905	17,895	-	-	-
	Total	21,283	23,063	23,334	+271	+1.2%
Hair Addition Products	New Customers	1,283	1,077	-	-	-
	Repeat Business	3,129	3,092	-	-	-
	Total	4,413	4,169	4,354	+185	+4.4%
Hair Growth Services	New Customers	77	61	-	-	-
	Repeat Business	1,141	1,072	-	-	-
	Total	1,218	1,133	1,170	+36	+3.2%
Styling Services		6,134	6,406	6,433	+27	+0.4%
JULLIA OLGGER		3,287	3,982	4,813	+830	+20.9%
Others		2,580	2,834	2,693	(140)	(5.0%)
All Products & Sevices	New Customers	5,739	6,307	-	-	-
	Repeat Business	28,707	29,953	-	-	-
	JULLIA OLGGER	3,287	3,982	-	-	-
	Others	1,183	1,347	-	-	-
	Total	38,917	41,590	42,801	+1,210	+2.9%

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

FY2024 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	YoY Change	
Custom-made Wigs	New customers	602	746	-	-	-
	Repeat Business	12,712	13,205	-	-	-
	Total	13,315	13,951	13,960	+9	+0.1%
Hair Addition Products	New Customers	1,106	962	-	-	-
	Repeat Business	2,078	2,024	-	-	-
	Total	3,184	2,986	3,023	+37	+1.2%
Hair Growth Services	New Customers	68	54	-	-	-
	Repeat Business	563	550	-	-	-
	Total	631	605	664	+59	+9.9%
Styling Services		4,499	4,627	4,733	+105	+2.3%
Others		1,029	1,066	1,002	(63)	(6.0%)
All Products & Services	New Customers	1,777	1,763	-	-	-
	Repeat Business	20,883	21,474	-	-	-
	Total	22,660	23,237	23,384	+146	+0.6%

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

FY2024 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	YoY Change	
Custom-made Wigs	New customers	3,775	4,421	-	-	-
	Repeat Business	4,192	4,690	-	-	-
	Total	7,968	9,111	9,374	+263	+2.9%
Hair Addition Products	New Customers	177	115	-	-	-
	Repeat Business	1,051	1,067	-	-	-
	Total	1,228	1,182	1,331	+149	+12.6%
Hair Growth Services	New Customers	8	7	-	-	-
	Repeat Business	578	521	-	-	-
	Total	587	528	506	(22)	(4.3%)
Styling Services		1,635	1,779	1,700	(79)	(4.4%)
Others		3,654	4,403	5,351	+948	+21.5%
All Products & Sevices	New Customers	3,962	4,543	5,052	+508	+11.2%
	Repeat Business	7,823	8,479	8,398	(80)	(1.0%)
	JULLIA OLGER	3,287	3,982	4,813	+830	+20.9%
	Others	15,073	17,005	18,264	+1,258	+7.4%

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

(¥ Million)

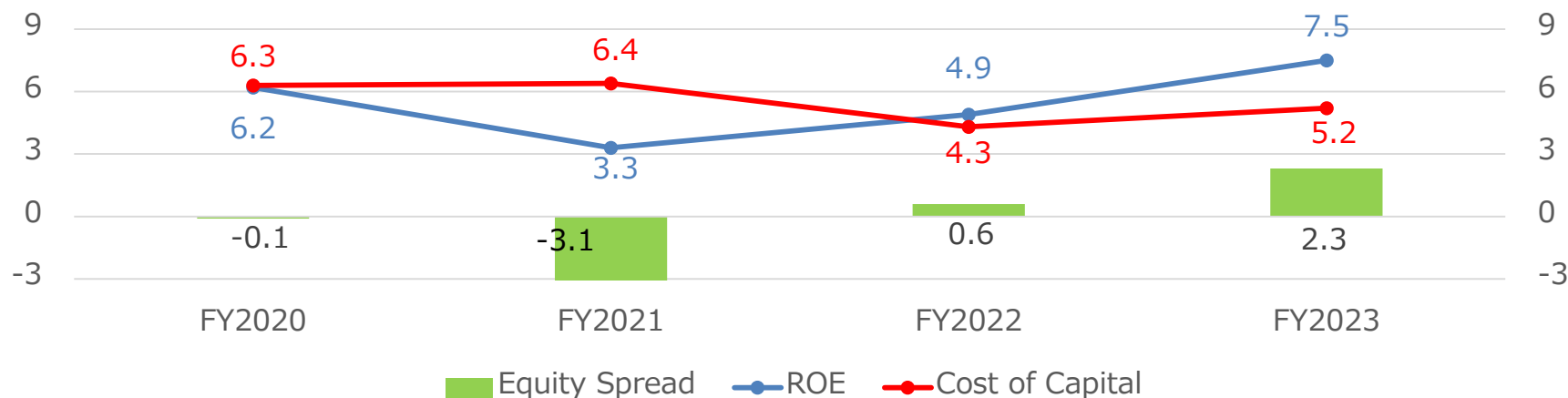
	As of March 31, 2023		As of September 30, 2023		Rate of change	Major Factors behind YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	29,310	61.1%	28,999	60.7%	(1.1%)	Current Assets (311) • Accounts receivable –trade (422) • Cash and deposits +41 • Inventory +42 Non-current assets +142 • property, plant and equipment +108 • Goodwill (18) Current liabilities (1,225) • Contract liabilities (260) • Accrued income taxes (277) • advance received (367) Net Assets +905 • Retained earnings +754 (Net income +1,208) (Cash dividends paid (454))
Cash and Deposits	20,180	42.1%	20,222	42.3%	+0.2%	
Total Non-current Assets	18,645	38.9%	18,788	39.3%	+0.8%	
Total Property, Plant and Equipment	8,795	18.3%	8,904	18.6%	+1.2%	
Total Assets	47,956	100.0%	47,787	100.0%	(0.4%)	
Total Current Liabilities	14,548	30.3%	13,322	27.9%	(8.4%)	
Advances Received	6,184	12.9%	5,817	12.2%	(5.9%)	
Total Non-current Liabilities	7,480	15.6%	7,631	16.0%	+2.0%	
Total Liabilities	22,028	45.9%	20,954	43.8%	(4.9%)	
Total Net Assets	25,927	54.1%	26,832	56.2%	+3.5%	
Retained Earnings	19,278	40.2%	20,032	41.9%	+3.9%	
Total Liabilities and Net Assets	47,956	100.0%	47,787	100.0%	(0.4%)	

(¥ Million)

	As of September 30, 2022	As of September 30, 2023	Cause of Occurrence
Net cash provided by (used in) operating activities	1,476	1,272	Cash flows from operating activities <ul style="list-style-type: none"> • Income before income tax +1,953 • Depreciation +440 • Income taxes paid (866)
Net cash provided by (used in) investing activities	(999)	(850)	
Free cash flow	477	422	
Net cash provided by (used in) financing activities	(459)	(461)	Cash flows from investing activities <ul style="list-style-type: none"> • Purchase of property, plant and equipment (632) • Acquisition of intangible assets (117)
Cash and cash equivalents at the beginning of period	19,452	20,082	Cash flows from financing activities <ul style="list-style-type: none"> • Cash dividends paid (451)
Cash and cash equivalents at the end of period	19,546	20,114	
Net increase (decrease) in cash and cash equivalents	94	32	

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 (FY2020-2023, in %)



Calculation of the cost of capital (estimate for FY2022; 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
5.21%	=	0.41%	+	6.00%	×	0.80%

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)