



# Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2025 [J-GAAP]

October 30, 2024

Name of listed company: ARTNATURE INC. Listed on: Tokyo Stock Exchange  
 Securities code: 7823 URL: <https://www.artnature.co.jp/english/index.html>  
 Representative: Yoshikata Igarashi, Chairman and President  
 Contact: Hiroaki Inoue, General Manager, Finance & Accounting Division Senior Corporate Officer TEL: +81-3-3379-3334  
 Scheduled date of filing the semi-annual financial report: November 14, 2024  
 Scheduled date of the start of dividends distribution: December 2, 2024  
 Supplementary documents for this summary of financial statements: Yes  
 Financial results explanatory meeting: Yes (for institutional investors and analysts)

(Figures shown are rounded down to the nearest million yen.)

## 1. Consolidated results for the first six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)

### (1) Consolidated operating results

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	21,131	(0.7)	1,146	(40.1)	1,095	(44.2)	621	(48.6)
September 30, 2023	21,270	(0.1)	1,914	(19.3)	1,963	(17.3)	1,208	(17.4)

Note: Comprehensive income: Six months ended September 30, 2024: ¥608 million (-53.1%)  
 Six months ended September 30, 2023: ¥1,296 million (-12.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2024	19.10	18.83
September 30, 2023	37.19	36.71

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	49,283	27,084	54.3	821.88
March 31, 2024	49,851	26,870	53.3	817.17

(Reference) Equity capital: As of September 30, 2024: ¥26,755 million As of March 31, 2024: ¥26,582 million

## 2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	14.00	—	14.00	28.00
Year ending March 31, 2025	—	14.00	—	—	—
Year ending March 31, 2025 (forecast)	—	—	—	14.00	28.00

Note: Revisions to dividend forecasts published most recently: None

## 3. Consolidated financial forecast for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	45,001	5.0	2,911	9.7	2,949	8.3	1,509	3.2	46.41

Note: Revisions to most recently announced results forecasts: None

Notes:

(1) Significant changes to subsidiaries during the period: None

(2) Application of specific accounting methods for preparing the semi-annual consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of revisions

- |  |      |
|--|------|
| 1) Changes in accounting policies due to revision of accounting standards, etc.: | Yes  |
| 2) Changes in accounting policies other than 1):                                 | None |
| 3) Changes in accounting estimates:  | None |
| 4) Restatement of revisions:   | None |

Note: For details, please refer to “2. Semi-annual consolidated financial statements and related notes, (4) Notes on semi-annual consolidated financial statements (Changes in accounting policies)” on page 9.

(4) Number of outstanding shares (common stock):

- |  |                   |                                     |                   |
|--|-------------------|-------------------------------------|-------------------|
| 1) Number of shares issued and outstanding (including treasury shares) |                   |                                     |                   |
| As of September 30, 2024   | 34,393,200 shares | As of March 31, 2024                | 34,393,200 shares |
| 2) Number of treasury shares   |                   |                                     |                   |
| As of September 30, 2024   | 1,838,640 shares  | As of March 31, 2024                | 1,863,139 shares  |
| 3) Average number of shares issued and outstanding in each period      |                   |                                     |                   |
| Six months ended September 30, 2024                                    | 32,536,600 shares | Six months ended September 30, 2023 | 32,495,457 shares |

\* **This semi-annual kessan tanshin document is outside the scope of audit procedures conducted by certified public accountants or the independent auditor.**

\* **Explanation of the appropriate use of financial results forecasts; other important items**

(Cautionary statement regarding forward-looking statements, etc.)

Forward-looking statements in this document, including forecasts, are based on information available at the time of disclosure and on certain assumptions deemed reasonable by the Company. Actual results may differ materially from forward-looking statements due to a number of factors. For more information about these assumptions and other conditions that form the basis of these forecasts, please see page 3 of the supplementary materials, “1. Analysis of operating results and financial position, (3) Qualitative information on consolidated financial forecasts.”

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## 1. Analysis of operating results and financial position

### (1) Analysis of operating results

During the first six months of the consolidated fiscal year under review, the Japanese economy staged a moderate recovery, given a rebound in consumer spending due to the increase in the number of people going out and improved employment and income resulting from the normalization of social activities. However, the future of the economy remained uncertain, chiefly due to exchange rate fluctuations, surges in raw material prices, and concern about a potential decline in consumer sentiment caused by price hikes.

Against this backdrop, the Group entered the second year of the ARTNATURE Advance Plan, the medium-term management plan. The Group has been leveraging its strengths and tackling a range of issues to enhance its business performances and increase its market share in the haircare industry, while simultaneously promoting its business activities by expanding businesses acquired in new areas with a view to taking a significant leap for the creation of a new ARTNATURE capable of opening up the next phase.

However, semi-annual consolidated net sales declined 0.7% year on year, to ¥21,131 million, chiefly due to the Group's challenges in attaining new customers and the absence of the boost in sales that occurred in the first three months of the previous fiscal year due to the elimination of product delivery delays caused by the COVID-19 pandemic. In terms of profits, operating income and ordinary income stood at ¥1,146 million (down 40.1% year on year) and ¥1,095 million (down 44.2% year on year), respectively, due to the slight decline in net sales and increases in the cost of sales, sales expenses and general and administrative expenses. Similarly, net income attributable to owners of the parent company came to ¥621 million (down 48.6% year on year).

Business results by segment are as follows.

#### **Men's business**

Sales in the men's business fell slightly from the year-ago level to ¥11,480 million yen (down 0.1% year on year). Although the Group implemented customer retention programs and other measures, sales to repeat customers remained flat as the Group struggled to attract new customers in the first three months.

#### **Ladies' business**

Sales in the ladies' business declined 4.5% year on year, to ¥6,314 million due to a fall in sales to new customers as, similar to the men's business, the Group struggled to attract new customers. However, there was a year-on-year increase in sales to repeat customers, which reflected a rise in the number of customers visiting the Company's stores

#### **Ladies' ready-made wigs business**

Sales in the ladies' ready-made wigs business rose 6.7% year on year, to ¥2,608 million, chiefly reflecting effective new store openings and an increase in the number of products sold due to a rise in the number of customers visiting retail facilities in which the Company's stores are located.

### (2) Analysis of financial position

#### 1) Assets, liabilities and net assets

##### **(Assets)**

As of the end of the second quarter, total assets were ¥49,283 million, a decrease of ¥567 million compared with the end of the previous fiscal year. Current assets declined ¥825 million, mainly due to decreases in cash and deposits and accounts receivable – trade, while non-current assets increased ¥257 million, primarily reflecting increases in intangible assets and investments and other assets.

##### **(Liabilities)**

As of the end of the second quarter, liabilities totaled ¥22,198 million, a decrease of ¥782 million compared with the end of the previous fiscal year. This was largely due to a decrease of ¥857 million in current liabilities chiefly due to decreases in accounts payable - other.

##### **(Net assets)**

As of the end of the second quarter, net assets were ¥27,084 million, an increase of ¥214 million compared with the end of the previous fiscal year. This largely reflected an increase in retained earnings.

2) Cash flow position

As of the end of the second quarter, cash and cash equivalents (cash) totaled ¥18,780 million, a decrease of ¥428 million compared with the end of the previous fiscal year. The cash flow position and contributing factors in each section of the statements of cash flows are as follows.

**(Cash flows from operating activities)**

Operating activities provided net cash of ¥1,007 million, compared with ¥1,272 million in the same period a year earlier. Cash inflows, including income before income taxes of ¥1,080 million, depreciation of ¥563 million, and a decrease in notes and accounts receivable-trade of ¥597 million, more than offset cash outflows, including income taxes paid of ¥157 million, and payments for other operating activities of ¥1,280 million.

**(Cash flows from investing activities)**

Investing activities used net cash of ¥996 million, compared with ¥850 million in the same period a year earlier. That mainly reflected purchase of property, plant and equipment of ¥457 million and purchase of intangible assets of ¥361 million.

**(Cash flows from financing activities)**

Financing activities used net cash of ¥455 million, compared with ¥461 million in the same period a year earlier. That mainly reflected cash dividends paid of ¥455 million.

(3) Qualitative information on consolidated financial forecasts

Consolidated financial forecasts for the fiscal year ending March 31, 2025 remain the same as those announced on May 15, 2024.

**2. Semi-annual consolidated financial statements and related notes**

## (1) Semi-annual consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	19,317	18,925
Accounts receivable – trade	3,108	2,522
Securities	28	31
Merchandise and finished goods	3,361	3,166
Work in process	178	202
Raw materials and supplies	1,648	1,763
Others	1,203	1,411
Allowance for doubtful accounts	(9)	(9)
Total current assets	28,838	28,013
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,635	5,589
Others, net	4,096	4,071
Total property, plant and equipment	9,732	9,661
Intangible assets		
Others	1,280	1,502
Total intangible assets	1,280	1,502
Investments and other assets		
Others	10,581	10,738
Allowance for doubtful accounts	(581)	(631)
Total investments and other assets	9,999	10,106
Total non-current assets	21,012	21,270
<b>Total assets</b>	<b>49,851</b>	<b>49,283</b>

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	292	349
Accounts payable – other	2,641	1,496
Income taxes payable	257	571
Advances received	6,036	5,962
Provision for bonuses	1,060	1,104
Provision for directors' bonuses	135	75
Provision for product warranties	43	45
Others	3,293	3,297
Total current liabilities	13,758	12,901
Non-current liabilities		
Net defined benefit liability	4,194	4,301
Asset retirement obligations	3,196	3,165
Others	1,830	1,830
Total non-current liabilities	9,222	9,297
<b>Total liabilities</b>	<b>22,981</b>	<b>22,198</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,667	3,667
Capital surplus	3,624	3,630
Retained earnings	19,831	19,997
Treasury shares	(1,045)	(1,032)
Total shareholders' equity	26,077	26,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	96
Foreign currency translation adjustment	116	123
Remeasurements of defined benefit plans	296	272
Total accumulated other comprehensive income	505	492
Subscription rights to shares	276	317
Non-controlling interests	11	11
<b>Total net assets</b>	<b>26,870</b>	<b>27,084</b>
<b>Total liabilities and net assets</b>	<b>49,851</b>	<b>49,283</b>

(2) Semi-annual consolidated statements of income and comprehensive income  
(Semi-annual consolidated statement of income)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	21,270	21,131
Cost of sales	6,986	7,251
Gross profit	14,284	13,879
Selling, general and administrative expenses	12,370	12,732
Operating income	1,914	1,146
Non-operating income		
Interest income	24	24
Foreign exchange gains	54	–
Others	22	14
Total non-operating income	101	38
Non-operating expenses		
Foreign exchange losses	–	27
Provision of allowance for doubtful accounts	34	49
Guarantee commission	9	8
Others	8	4
Total non-operating expenses	52	90
Ordinary income	1,963	1,095
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Impairment loss	9	15
Total extraordinary losses	9	15
Income before income taxes	1,953	1,080
Income taxes – current	600	463
Income taxes – deferred	145	(4)
Total income taxes	745	458
Net income	1,208	622
Net income (loss) attributable to non-controlling interests	(0)	0
Net income attributable to owners of the parent company	1,208	621



(Semi-annual consolidated statements of comprehensive income)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	1,208	622
Other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Foreign currency translation adjustment	96	6
Remeasurements of defined benefit plans	(10)	(23)
Total other comprehensive income	87	(13)
Comprehensive income	1,296	608
(Comprehensive income attributable to)		
Owners of the parent company	1,297	608
Non-controlling interests	(1)	0

## (3) Semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes	1,953	1,080
Depreciation	440	563
Impairment loss	9	15
Amortization of goodwill	18	–
Increase (decrease) in allowance for doubtful accounts	34	49
Increase (decrease) in provision for bonuses	(192)	44
Increase (decrease) in provision for directors' bonuses	(70)	(60)
Increase (decrease) in provision for product warranties	1	2
Increase (decrease) in net defined benefit liability	99	72
Interest income	(24)	(24)
Loss on retirement of non-current assets	0	0
Loss (gain) on sales of non-current assets	(0)	(0)
Decrease (increase) in notes and accounts receivable – trade	433	597
Decrease (increase) in inventories	4	100
Increase (decrease) in notes and accounts payable – trade	(16)	50
Increase (decrease) in advances received	(367)	(73)
Others	(210)	(1,280)
Subtotal	2,112	1,137
Interest income received	26	26
Income taxes paid	(866)	(157)
Net cash provided by (used in) operating activities	1,272	1,007
<b>Cash flows from investing activities</b>		
Payments into time deposits	–	(26)
Purchase of property, plant and equipment	(632)	(457)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	(117)	(361)
Long-term loan advances	–	(50)
Collection of long-term loans receivable	0	0
Payments for lease and guarantee deposits	(47)	(38)
Proceeds from collection of lease and guarantee deposits	20	23
Others	(73)	(86)
Net cash provided by (used in) investing activities	(850)	(996)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(10)	–
Cash dividends paid	(451)	(455)
Net cash provided by (used in) financing activities	(461)	(455)
Effect of exchange rate change on cash and cash equivalents	71	16
Net increase (decrease) in cash and cash equivalents	32	(428)
Cash and cash equivalents at beginning of period	20,082	19,208
Cash and cash equivalents at end of period	20,114	18,780

(4) Notes on semi-annual consolidated financial statements

(Notes on the going concern assumption)

There is no related information.

(Notes on significant fluctuation in amounts of shareholders' equity)

There is no related information.

(Changes in accounting policies)

The Company has been applying the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Accounting Standard Revised in 2022") since the beginning of the first six months under review.

In response to the revision to the accounting categories for income taxes (taxation on other comprehensive income), the Company follows the transitional provisions set out in the proviso to Paragraph 20-3 of the Accounting Standard Revised in 2022 and the transitional provisions set out in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28 (revised in 2022), October 28, 2022; hereinafter the "Guidance Revised in 2022"). This change to the accounting policy has no impact on the semi-annual consolidated financial statements.

In response to the revised guidance on the deferral of gains/losses on the sale of shares in subsidiary between consolidated companies for tax purposes that are recorded in the consolidated financial statements, the Company has been applying the Guidance Revised in 2022 since the beginning of the first six months under review. This change in accounting policy is applied retroactively, and the change is reflected in the semi-annual consolidated financial statements and consolidated financial statements for the previous fiscal year. The change has no impact on the semi-annual consolidated financial statements or consolidated financial statements for the previous fiscal year.

(Notes to segment information, etc.)

[Segment information]

## I. Six months ended September 30, 2023

## 1. Information regarding sales, income (loss), by reportable segment

(Millions of yen)

	Reportable segment				Others Note 1	Total	Adjustment Note 2	Amount in semi-annual consolidated statement of income Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	11,494	6,613	2,445	20,554	716	21,270	–	21,270
Intersegment sales and transfers	–	–	–	–	1,299	1,299	(1,299)	–
Total	11,494	6,613	2,445	20,554	2,016	22,570	(1,299)	21,270
Segment income	7,272	4,427	2,003	13,703	650	14,353	(68)	14,284

Notes: 1. Others is not a reportable segment and mainly includes manufacturing subsidiaries.

2. The adjustment of -¥68 million in segment income is an elimination of intersegment transactions related to inventories, etc.

3. Segment income has been adjusted to reconcile with the gross profits in the semi-annual consolidated financial statements.

## 2. Adjustments to reconcile total segment income for reportable segments with operating income in the semi-annual consolidated statements of income

(Millions of yen)

	Amount
Total for reportable segments	13,703
Others Note 1	650
Total	14,353
Adjustment Note 2	(68)
Gross profit in the semi-annual consolidated statements of income	14,284
Selling, general and administrative expenses	12,370
Operating income in the semi-annual consolidated statements of income	1,914

## 3. Information on impairment losses on non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

No significant impairment losses on non-current assets were recognized in the first six months under review.

(Significant changes in amount of goodwill)

There were no significant changes in the amount of goodwill in the first six months of the previous fiscal year.

## II. Six months ended September 30, 2024

## 1. Information regarding sales, income (loss), by reportable segment

(Millions of yen)

	Reportable segment				Others Note 1	Total	Adjustment Note 2	Amount in semi-annual consolidated statement of income Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	11,480	6,314	2,608	20,404	726	21,131	–	21,131
Intersegment sales and transfers	–	–	–	–	1,434	1,434	(1,434)	–
Total	11,480	6,314	2,608	20,404	2,161	22,565	(1,434)	21,131
Segment income	7,174	4,024	2,099	13,298	686	13,984	(105)	13,879

Notes: 1. Others is not a reportable segment and mainly includes manufacturing subsidiaries.

2. The adjustment of -¥105 million in segment income is an elimination of intersegment transactions related to inventories, etc.

3. Segment income has been adjusted to reconcile with the gross profits in the semi-annual consolidated financial statements.

## 2. Adjustments to reconcile total segment income for reportable segments with operating income in the semi-annual consolidated statements of income

(Millions of yen)

	Amount
Total for reportable segments	13,298
Others Note 1	686
Total	13,984
Adjustment Note 2	(105)
Gross profit in the semi-annual consolidated statements of income	13,879
Selling, general and administrative expenses	12,732
Operating income in the semi-annual consolidated statements of income	1,146

## 3. Information on impairment losses on non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

No significant impairment losses on non-current assets were recognized in the first six months under review.