



## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025

[J-GAAP]

January 30, 2025

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  
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 Scheduled date of the start of dividends distribution: —  
 Supplementary documents for this summary of financial statements: Yes  
 Financial results explanatory meeting: None

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

### 1. Consolidated results for the first nine months ended December 31, 2024 (April 1, 2024 – December 31, 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	%
Nine months ended December 31, 2024	31,990	0.2	1,551	(41.5)	1,595	(41.2)	887	(55.7)
December 31, 2023	31,913	(1.3)	2,652	(20.6)	2,713	(17.2)	2,002	(0.7)

Note: Comprehensive income: Nine months ended December 31, 2024: ¥861 million (-60.2%)  
 Nine months ended December 31, 2023: ¥2,165 million (6.5%)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2024	27.27	26.87
December 31, 2023	61.61	60.80

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	49,325	26,882	53.8	815.66
March 31, 2024	49,851	26,870	53.3	817.17

(Reference) Equity capital: As of December 31, 2024: ¥26,554 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
Year ended March 31, 2024	Yen	Yen	Yen	Yen	Yen
Year ending March 31, 2025	—	14.00	—	14.00	28.00
Year ending March 31, 2025 (forecast)	—	14.00	—	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	43,354	1.2	2,044	(23.0)	2,067	(24.1)	976	(33.2)	30.01

Note: Revisions to most recently announced results forecasts: Yes

For the revision to the results forecast, see the Notice Regarding the Revision of the Financial Forecast for the Fiscal Year Ending March 31, 2025 announced on January 30, 2025.

Notes:

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

(2) Application of specific accounting methods for preparing the quarterly 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. Quarterly consolidated financial statements and related notes, (3) Notes on quarterly consolidated financial statements (Changes in accounting policies)” on page 8.

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

- |  |                   |                                     |                   |
|--|-------------------|-------------------------------------|-------------------|
| 1) Number of shares issued and outstanding (including treasury shares) |                   |                                     |                   |
| As of December 31, 2024  | 34,393,200 shares | As of March 31, 2024                | 34,393,200 shares |
| 2) Number of treasury shares   |                   |                                     |                   |
| As of December 31, 2024  | 1,837,740 shares  | As of March 31, 2024                | 1,863,139 shares  |
| 3) Average number of shares issued and outstanding in each period      |                   |                                     |                   |
| Nine months ended December 31, 2024                                    | 32,542,730 shares | Nine months ended December 31, 2023 | 32,506,360 shares |

\* **A review of the attached quarterly consolidated financial statements by certified public accountants or auditing firms: None**

\* **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

#### Operating results for the first nine months of fiscal 2025

During the first nine 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.

As a result, consolidated net sales in the first nine months under review increased 0.2% year on year, to ¥31,990 million, chiefly due to solid sales to repeat customers in both the men's and ladies' businesses and an increase in sales of ladies' ready-made wigs, although the Group struggled to attract new customers in the ladies' business. However, operating income, ordinary income, and net income attributable to owners of the parent company stood at ¥1,551 million (down 41.5% year on year), ¥1,595 million (down 41.2% year on year), and ¥887 million (down 55.7% year on year), respectively. This mainly reflected exchange rates, a rise in personnel expenses, and increases in the cost of sales and sales expenses and general and administrative expenses primarily due to rising prices, although net sales rose slightly year on year.

Business results by segment are as follows.

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

Sales in the men's business rose 0.4% year on year, to ¥17,297 million, reflecting effective advertising targeted at new customers and customer retention programs designed for repeat customers.

#### **Ladies' business**

Sales in the ladies' business declined 3.3% year on year, to ¥9,289 million, due to a fall in sales to new customers as the Group faced a challenge of attracting new customers. This offset a rise in sales to repeat customers, which was chiefly attributable to an increase in the number of customers visiting the Company's stores.

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

Sales in the ladies' ready-made wigs business rose 8.3% year on year, to ¥4,345 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

Assets, liabilities and net assets

#### **(Assets)**

As of the end of the third quarter, total assets were ¥49,325 million, a decrease of ¥525 million compared with the end of the previous fiscal year. Current assets decreased ¥1,684 million, mainly due to a fall in cash and deposits, while non-current assets increased ¥1,158 million.

#### **(Liabilities)**

As of the end of the third quarter, liabilities totaled ¥22,443 million, a decrease of ¥537 million compared with the end of the previous fiscal year. This was largely due to a decrease of ¥710 million in current liabilities chiefly due to decreases in accounts payable-other, income taxes payable and provision for bonuses.

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

As of the end of the third quarter, net assets were ¥26,882 million, an increase of ¥12 million compared with the end of the previous fiscal year. This increase was chiefly due to increased share acquisition rights, while retained earnings decreased.

(3) Qualitative information on consolidated financial forecasts

The Company revised its consolidated financial forecasts for the fiscal year ending March 31, 2025 on January 30, 2025. For details of the revision, see the Notice Regarding the Revision of the Financial Forecast for the Fiscal Year Ending March 31, 2025 announced on January 30, 2025.

**2. Quarterly consolidated financial statements and related notes**

## (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	19,317	17,574
Accounts receivable – trade	3,108	3,152
Securities	28	29
Merchandise and finished goods	3,361	3,141
Work in process	178	188
Raw materials and supplies	1,648	1,848
Others	1,203	1,228
Allowance for doubtful accounts	(9)	(8)
Total current assets	28,838	27,154
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,635	5,690
Others, net	4,096	4,517
Total property, plant and equipment	9,732	10,208
Intangible assets		
Others	1,280	1,897
Total intangible assets	1,280	1,897
Investments and other assets		
Others	10,581	10,696
Allowance for doubtful accounts	(581)	(631)
Total investments and other assets	9,999	10,065
Total non-current assets	21,012	22,171
<b>Total assets</b>	<b>49,851</b>	<b>49,325</b>

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	292	334
Accounts payable – other	2,641	1,731
Income taxes payable	257	123
Advances received	6,036	6,500
Provision for bonuses	1,060	551
Provision for directors' bonuses	135	112
Provision for product warranties	43	43
Others	3,293	3,649
Total current liabilities	13,758	13,047
Non-current liabilities		
Net defined benefit liability	4,194	4,374
Asset retirement obligations	3,196	3,178
Others	1,830	1,841
Total non-current liabilities	9,222	9,395
<b>Total liabilities</b>	<b>22,981</b>	<b>22,443</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,667	3,667
Capital surplus	3,624	3,631
Retained earnings	19,831	19,807
Treasury shares	(1,045)	(1,031)
Total shareholders' equity	26,077	26,074
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	82
Foreign currency translation adjustment	116	136
Remeasurements of defined benefit plans	296	260
Total accumulated other comprehensive income	505	479
Subscription rights to shares	276	317
Non-controlling interests	11	11
<b>Total net assets</b>	<b>26,870</b>	<b>26,882</b>
<b>Total liabilities and net assets</b>	<b>49,851</b>	<b>49,325</b>

(2) Quarterly consolidated statements of income and comprehensive income  
(Quarterly consolidated statements of income)

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	31,913	31,990
Cost of sales	10,458	10,877
Gross profit	21,454	21,113
Selling, general and administrative expenses	18,802	19,562
Operating income	2,652	1,551
Non-operating income		
Interest income	35	35
Foreign exchange gains	54	58
Others	31	23
Total non-operating income	121	117
Non-operating expenses		
Provision of allowance for doubtful accounts	34	49
Guarantee commission	16	15
Others	9	9
Total non-operating expenses	60	74
Ordinary income	2,713	1,595
Extraordinary income		
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	17	35
Loss on liquidation of subsidiaries and associates	54	–
Total extraordinary losses	71	36
Income before income taxes	2,641	1,559
Income taxes – current	694	518
Income taxes – deferred	(55)	152
Total income taxes	639	671
Net income	2,002	888
Net income (loss) attributable to non-controlling interests	(0)	0
Net income attributable to owners of the parent company	2,002	887



(Quarterly consolidated statements of comprehensive income)

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net income	2,002	888
Other comprehensive income		
Valuation difference on available-for-sale securities	42	(9)
Foreign currency translation adjustment	136	18
Remeasurements of defined benefit plans	(15)	(35)
Total other comprehensive income	162	(27)
Comprehensive income	2,165	861
(Comprehensive income attributable to)		
Owners of the parent company	2,166	861
Non-controlling interests	(1)	(0)

(3) Notes on quarterly 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 three 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 quarterly 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 three months under review. This change in accounting policy is applied retroactively, and the change is reflected in the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year. The change in accounting policy has no impact on the quarterly consolidated financial statements or consolidated financial statements for the previous fiscal year.

(Notes to segment information, etc.)

[Segment information]

## I. Nine months ended December 31, 2023

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

(Millions of yen)

	Reportable segment				Others Note 1	Total	Adjustment Note 2	Amount in quarterly consolidated statement of income Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	17,222	9,606	4,012	30,841	1,071	31,913	–	31,913
Intersegment sales and transfers	–	–	–	–	2,018	2,018	(2,018)	–
Total	17,222	9,606	4,012	30,841	3,089	33,931	(2,018)	31,913
Segment income	10,946	6,326	3,262	20,536	1,045	21,581	(126)	21,454

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

2. The adjustment of -¥126 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 quarterly consolidated financial statements.

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

(Millions of yen)

	Amount
Total for reportable segments	20,536
Others Note 1	1,045
Total	21,581
Adjustment Note 2	(126)
Gross profit in the quarterly consolidated statements of income	21,454
Selling, general and administrative expenses	18,802
Operating income in the quarterly consolidated statements of income	2,652

## 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 nine months under review.

(Significant changes in amount of goodwill)

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

## II. Nine months ended December 31, 2024

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

(Millions of yen)

	Reportable segment				Others Note 1	Total	Adjustment Note 2	Amount in quarterly consolidated statement of income Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	17,297	9,289	4,345	30,932	1,058	31,990	–	31,990
Intersegment sales and transfers	–	–	–	–	2,144	2,144	(2,144)	–
Total	17,297	9,289	4,345	30,932	3,203	34,135	(2,144)	31,990
Segment income	10,863	5,865	3,542	20,270	1,003	21,274	(160)	21,113

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

2. The adjustment of -¥160 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 quarterly consolidated financial statements.

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

(Millions of yen)

	Amount
Total for reportable segments	20,270
Others Note 1	1,003
Total	21,274
Adjustment Note 2	(160)
Gross profit in the quarterly consolidated statements of income	21,113
Selling, general and administrative expenses	19,562
Operating income in the quarterly consolidated statements of income	1,551

## 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 nine months under review.

## (Notes to statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first nine months under review. Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the nine-month period under review are as follows:

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	677	831
Amortization of goodwill	27	–