



# Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [J-GAAP]

May 15, 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  
 Contact: Hiroaki Inoue, General Manager, Finance & Accounting Division TEL: +81-3-3379-3334  
 Senior Corporate Officer  
 Scheduled date of the ordinary general meeting of shareholders: June 20, 2025  
 Scheduled date of the start of dividends distribution: June 23, 2025  
 Scheduled date of the filing of the financial report: June 23, 2025  
 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 fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Consolidated operating results (Percentage figures show change 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	%
Year ended March 31, 2025	43,340	1.1	2,181	(17.8)	2,249	(17.4)	821	(43.8)
Year ended March 31, 2024	42,850	(0.8)	2,654	(25.7)	2,724	(22.9)	1,462	(22.0)

Note: Comprehensive income: Year ended March 31, 2025: ¥1,033 million (-42.2%)

Year ended March 31, 2024: ¥1,785 million (-8.4%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	25.25	24.88	3.1	4.5	5.0
Year ended March 31, 2024	44.99	44.40	5.6	5.6	6.2

(Reference) Equity in earnings of affiliates: Year ended March 31, 2025: ¥– million

Year ended March 31, 2024: ¥– million

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	49,678	27,055	53.8	820.93
As of March 31, 2024	49,851	26,870	53.3	817.17

(Reference) Equity capital: As of March 31, 2025: ¥26,726 million

As of March 31, 2024: ¥26,582 million

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	2,580	(2,909)	(911)	18,025
Year ended March 31, 2024	2,137	(2,165)	(919)	19,208

## 2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2024	–	14.00	–	14.00	28.00	910	62.2	3.5
Year ended March 31, 2025	–	14.00	–	14.00	28.00	911	110.9	3.4
Year ending March 31, 2026 (forecast)	–	14.00	–	14.00	28.00		62.2	

## 3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(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	47,623	9.9	2,778	27.4	2,844	26.4	1,464	78.2	44.99

Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Excluded: 1 (Company name: ARTNATURE (SHANGHAI) INC.)

Note: The Company name, which includes simplified Chinese characters, has been presented using Chinese characters commonly used in Japan.

(2) 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: More information is provided on page 13 of the supplementary materials, “4. Consolidated financial statements and related notes, (5) Notes on consolidated financial statements (Changes in accounting policies).”

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

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2025	34,393,200	shares	As of March 31, 2024	34,393,200	shares
2) Number of treasury shares	As of March 31, 2025	1,836,740	shares	As of March 31, 2024	1,863,139	shares
3) Average number of shares issued and outstanding in each period	Year ended March 31, 2025	32,545,964	shares	Year ended March 31, 2024	32,512,200	shares

\* **This kessan tanshin document is outside the scope of the 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, etc., (4) Business forecasts.”

## Contents

<b>1. Analysis of operating results, etc.....</b>	<b>2</b>
(1) Analysis of operating results .....	2
(2) Analysis of financial position.....	2
(3) Analysis of cash flows .....	2
(4) Business forecasts .....	3
(5) Basic policy for the distribution of profits and dividends for fiscal 2025 and fiscal 2026.....	3
<b>2. Management policies.....</b>	<b>4</b>
(1) Basic management policy .....	4
(2) Management indicators and targets.....	4
(3) Medium- and long-term management strategy .....	4
(4) Issues to be resolved .....	4
<b>3. Basic position on the selection of accounting standards.....</b>	<b>5</b>
<b>4. Consolidated financial statements and related notes.....</b>	<b>6</b>
(1) Consolidated balance sheets.....	6
(2) Consolidated statements of income and comprehensive income .....	8
(Consolidated statements of income) .....	8
(Consolidated statements of comprehensive income) .....	9
(3) Consolidated statements of changes in net assets .....	10
(4) Consolidated statements of cash flows.....	12
(5) Notes on consolidated financial statements .....	13
(Notes on the going concern assumption) .....	13
(Changes in accounting policies) .....	13
(Segment information, etc.).....	13
(Per share information) .....	15
(Significant subsequent events).....	15

## 1. Analysis of operating results, etc.

### (1) Analysis of operating results

In fiscal 2025, which ended March 31, 2025, the Japanese economy saw a moderate recovery, reflecting a recovery in consumer spending on the back of improvements in the employment and income environment, as well as an increase in inbound tourist demand. 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 fiscal 2025 increased 1.1% year on year to ¥43,340 million. However, operating income, ordinary income, and net income attributable to owners of the parent company stood at ¥2,181 million (down 17.8% year on year), ¥2,249 million (down 17.4% year on year), and ¥821 million (down 43.8% 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 year on year.

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

Sales in the men's business rose 1.5% year on year, to ¥23,167 million, reflecting effective advertising targeted at new customers and customer retention programs designed for repeat customers.

#### **Ladies' business**

Sales in the ladies' business declined 1.7% year on year, to ¥12,570 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 7.4% year on year, to ¥6,076 million, chiefly reflecting successful sales promotion activities at retail facilities in which the Company's stores are located and strong sales of new products, as well as effective new store openings.

### (2) Analysis of financial position

#### **(Assets)**

As of the fiscal year-end, total assets totaled ¥49,678 million, a decrease of ¥172 million compared with the end of the previous fiscal year. Current assets decreased ¥968 million, mainly due to a fall in cash and deposits, while non-current assets increased ¥796 million, primarily reflecting an increase in other intangible assets.

#### **(Liabilities)**

As of the fiscal year-end, liabilities totaled ¥22,623 million, a decrease of ¥357 million compared with the end of the previous fiscal year. This reflected a decrease of ¥248 million in current liabilities due mainly to a decrease in accounts payable-other, coupled with a ¥108 million decline in non-current liabilities primarily because of a decrease in the net defined benefit liability.

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

As of the fiscal year-end, net assets were ¥27,055 million, an increase of ¥184 million compared with the end of the previous fiscal year. This was largely due to an increase in remeasurements of defined benefit plans, partly offset by a decrease in retained earnings.

### (3) Analysis of cash flows

As of the fiscal year-end, cash and cash equivalents (cash) totaled ¥18,025 million, a decrease of ¥1,183 million compared with the end of the previous fiscal year. The Company's cash flow position and factors behind the changes in cash flows were as follows:

#### **(Cash flows from operating activities)**

Operating activities provided net cash of ¥2,580 million, compared with ¥2,137 million in the previous fiscal year. This mainly reflected income before income taxes of ¥1,499 million, depreciation of ¥1,164 million, impairment loss of ¥750 million, increase in net defined benefit liability of ¥182 million, versus income taxes paid of ¥607 million, increase in inventories of ¥61 million, and payments for other operating activities of ¥651 million.

**(Cash flows from investing activities)**

Investing activities used net cash of ¥2,909 million, compared with ¥2,165 million in the previous fiscal year. This mainly reflected purchase of property, plant and equipment of ¥1,768 million, purchase of intangible assets of ¥825 million, and payments of leasehold and guarantee deposits of ¥110 million.

**(Cash flows from financing activities)**

Financing activities used net cash of ¥911 million, compared with ¥919 million in the previous fiscal year. This mainly reflected cash dividends paid of ¥911 million.

The Group's cash flow-related indicators are as follows:

	2021	2022	2023	2024	2025
Equity ratio (%)	55.8	52.4	53.5	53.3	53.8
Market value-based equity ratio (%)	50.4	49.7	53.1	50.9	49.7
Cash flows to interest-bearing debt (%)	—	—	—	—	—
Interest coverage ratio (times)	492.6	—	—	—	—

Notes: The above indicators are calculated as follows:

Equity ratio:  $\text{Equity capital} / \text{total assets}$

Market value-based equity ratio:  $\text{Market capitalization} / \text{total assets}$

Cash flow to interest-bearing debt:  $\text{Interest-bearing debt} / \text{cash flow from operating activities}$

Interest coverage ratio:  $\text{Cash flows from operating activities} / \text{interest payments}$

\* All indicators are calculated using consolidated financial data.

\* Market capitalization is calculated by multiplying the number of shares outstanding at the fiscal year end (excluding treasury shares) by the closing share price at the fiscal year end.

\* Cash flow is "Cash flows from operating activities" shown on the consolidated statements of cash flows.

\* Interest-bearing debt is all liabilities on which interest is paid shown under liabilities on the consolidated balance sheet. Interest payments are "Interest paid" shown on the consolidated statement of cash flows.

**(4) Business forecasts**

In fiscal 2026, which ends March 31, 2026, the Group's operating environment is likely to remain challenging, due mainly to intensifying competition from companies in the same sector and from new market entrants from peripheral and other sectors.

Against this backdrop, the Group has formulated a new medium-term management plan, the ARTNATURE Advance Plan, and began to implement it in fiscal 2024. In the course of the three years of the plan, we will solidify our top-rated brand status in the hair industry, enhance the Group's business field to include new businesses associated with beauty and health care, and move forward to the next stage as we seek to create a new ARTNATURE capable of opening up the next phase in the Group's history.

For fiscal 2026, we forecast consolidated net sales of ¥47,623 million, up 9.9% year on year, operating income of ¥2,778 million, up 27.4%, ordinary income of ¥2,844 million, up 26.4%, and net income attributable to owners of the parent company of ¥1,464 million, up 78.2%.

**(5) Basic policy for the distribution of profits and dividends for fiscal 2025 and fiscal 2026**

ARTNATURE Group believes that returning profits to shareholders is one of the most important management issues. Under a basic policy of paying stable dividends to shareholders while making sure to retain sufficient internal reserves to reinforce the Group's management base and financial position and to invest in the future expansion of business, the Company has adopted the following dividend policy.

[Dividend 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.

In line with the basic policy and dividend policy, the Company will pay a full-year dividend of ¥28 per share for the fiscal year ended March 31, 2025, comprising an interim dividend of ¥14 per share and a year-end dividend of ¥14 per share.

For the fiscal year ending March 31, 2026, the Company plans to pay a full-year dividend of ¥28 per share, comprised of an interim dividend of ¥14 per share and a year-end dividend of ¥14 per share.

## 2. Management policies

### (1) Basic management policy

As a comprehensive hair consultancy business, ARTNATURE strives to aid all of our customers and address their concerns about their hair by providing them with the highest-quality products and services that are tailored to their needs. Our management philosophy is to foster a culture of hair that satisfies customers.

To ensure the realization of this philosophy, the Group is reinforcing its product development capabilities, upgrading its manufacturing framework, and improving its sales service system in areas such as counseling, customer support and styling skills, while also striving to operate its business in a way that earns the trust of shareholders, investors and all other stakeholders by strengthening its compliance system and actively disclosing information about the Group.

### (2) Management indicators and targets

The Group is working to expand its comprehensive hair consultancy business and boost profitability and capital efficiency by increasing sales and promoting efficient management, and focuses on three key performance indicators: sales, ordinary margin (ratio of ordinary income to net sales) and return on equity (ROE).

Our goal is to increase sales steadily by steadily upgrading our sales structure. We also aim to steadily increase the ordinary margin by overhauling our earnings structure to create an efficient and effective framework for earnings. Regarding ROE, we will make efficient use of the capital entrusted to us by shareholders with the goal of improving corporate value.

### (3) Medium- and long-term management strategy

Based on the above management indicators and targets, the Group has formulated the ARTNATURE Advance Plan, its medium-term management plan that began to be implemented in fiscal 2024. In the course of the three years of the plan, we will solidify our top-rated brand status in the hair industry, enhance the Group's business field to include new businesses associated with beauty and health care, and move ahead to the next stage as we seek to create a new ARTNATURE capable of opening up the next phase in the Group's history, thereby achieving consolidated net sales of ¥47,623 million, the ratio of ordinary income to net sales of 6.0% and ROE of 5.5% for the fiscal year ending March 31, 2026.

### (4) Issues to be resolved

In the domestic hair products and services market, the ARTNATURE Group's main business field, we forecast rising demand due to trends such as the aging of the population, delayed retirement, growth in the number of women in the workplace and rising interest in anti-aging treatments. However, we anticipate intensifying competition from companies in the same sector and from companies in peripheral sectors. In this environment, we plan to work on the following key issues to generate stable growth and boost corporate value.

First, we will increase the number of customers in domestic and overseas markets. We will generate new demand by developing and regularly launching the highest-quality products and services in line with customer needs, and by devising advertising campaigns that resonate more closely with customers. In both the men's category and the ladies' category, our goal is to generate stable growth by focusing on improving customer satisfaction to increase the number of true ARTNATURE fans, while also implementing a range of initiatives to strengthen customer retention. In the ladies' ready-made wigs business, we seek to further increase earnings by strengthening collaboration with the custom-made wig business. In hair care product sales, we also plan to increase earnings by broadening the lineup with new products and widening the choice that we provide, and by expanding sales channels, such as increasing the number of e-commerce sites that sell our products. In overseas markets, we will work to expand our business by increasing brand awareness and implementing sales initiatives tailored to local markets in Singapore, Thailand and Malaysia to capture potential demand.

Second, we will target business opportunities in new fields outside the Group's existing businesses. We will continue to take the necessary measures to make sure that the affordable wig business, pharmaceutical sales business and medical support business are on a steady path of growth, while also developing and enhancing businesses in new fields related to beauty and health care mainly by seeking M&A opportunities in Japan and overseas and launching new businesses, with a view to driving the Group's continued growth.

Third, from a human resources perspective, we will maintain and increase the number of highly capable employees. We have developed a range of initiatives to increase the motivation of all our employees and ensure they reach their maximum potential. We are implementing diversity management, including acquiring Kurumin Mark certification as a company supporting childcare under the Act on Advancement of Measures to Support Raising Next-Generation Children. Also, amid the current focus on workstyle reforms, we emphasize work-life balance through initiatives such as eliminating long overtime hours and providing support that enables employees to balance work with family commitments, while also actively

promoting health management. We plan to introduce more initiatives to foster a shared sense of unity with our employees and create more rewarding workplaces.

Fourth, we are working to enhance our ability to meet the diverse needs of our customers and strengthen the planning and management capabilities of our head office departments. As of March 31, 2025, 1,853 employees, or roughly 80% of the Company's permanent employees, were qualified barbers or hairdressers. We aim to improve the basic capabilities of these employees – their technical skills, customer service skills and product proposal capabilities – to better address customer needs and cultivate human resources who empathize with and earn the trust of customers. It is our goal to cultivate a workforce of employees working in non-sales divisions that are capable of formulating a wide range of business plans and managing the Group companies. To develop experts in these fields, we will establish training programs and create a framework that supports employees in their own education and improvement efforts.

Fifth, our goal is to maintain and expand the value of the ARTNATURE Group over the medium- and long-term. The Group has been pursuing initiatives for sustainability. From a sales system perspective, we will improve labor productivity such as sales per employee through a range of means, such as improving operating efficiency through investments in systems. Similarly, from a production system perspective, we will bolster production stability through the decentralization of production bases and the stockpiling of raw materials, among other means. From a management perspective, we will improve the efficiency of administrative operations mainly through the renewal of systems and various internal programs. To decentralize production bases, we have established a subsidiary in Bangladesh and are preparing to start operation of new plant in the fiscal year ending March 31, 2026. In addition, we will implement sustainability items (each item related to climate change, respect for human rights and human capital included in the corporate governance code, while also developing successors for key posts in headquarter departments.

### **3. Basic position on the selection of accounting standards**

The Group uses Japanese accounting standards, as many of its shareholders, creditors, business partners and other stakeholders are based in Japan, and there is limited need for the Group to procure funds from overseas.

**4. Consolidated financial statements and related notes****(1) Consolidated balance sheets**

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	19,317	18,163
Accounts receivable – trade	3,108	3,093
Securities	28	32
Merchandise and finished goods	3,361	3,182
Work in process	178	214
Raw materials and supplies	1,648	1,893
Others	1,203	1,297
Allowance for doubtful accounts	(9)	(7)
Total current assets	28,838	27,870
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,401	15,367
Accumulated depreciation	(9,765)	(10,177)
Buildings and structures, net	5,635	5,190
Machinery equipment and vehicle	236	342
Accumulated depreciation	(185)	(210)
Machinery equipment and vehicle, net	51	131
Land	3,501	3,400
Construction in progress	14	696
Others	3,698	3,833
Accumulated depreciation	(3,168)	(3,321)
Others, net	529	511
Total property, plant and equipment	9,732	9,930
Intangible assets		
Others	1,280	1,821
Total intangible assets	1,280	1,821
Investments and other assets		
Investment securities	2,133	2,092
Deferred tax assets	4,618	4,484
Lease and guarantee deposits	2,578	2,646
Others	1,250	1,464
Allowance for doubtful accounts	(581)	(631)
Total investments and other assets	9,999	10,056
Total non-current assets	21,012	21,808
Total assets	49,851	49,678

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	292	343
Accounts payable – other	2,641	2,183
Income taxes payable	257	265
Contract liabilities	1,655	1,696
Refund liabilities	490	473
Advances received	6,036	6,169
Provision for bonuses	1,060	1,103
Provision for directors' bonuses	135	142
Provision for product warranties	43	45
Others	1,147	1,086
Total current liabilities	13,758	13,510
Non-current liabilities		
Net defined benefit liability	4,194	4,096
Asset retirement obligations	3,196	3,163
Others	1,830	1,854
Total non-current liabilities	9,222	9,113
Total liabilities	22,981	22,623
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,667	3,667
Capital surplus	3,624	3,631
Retained earnings	19,831	19,742
Treasury shares	(1,045)	(1,031)
Total shareholders' equity	26,077	26,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	63
Foreign currency translation adjustment	116	163
Remeasurements of defined benefit plans	296	490
Total accumulated other comprehensive income	505	717
Subscription rights to shares	276	317
Non-controlling interests	11	11
Total net assets	26,870	27,055
<b>Total liabilities and net assets</b>	<b>49,851</b>	<b>49,678</b>

## (2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	42,850	43,340
Cost of sales	14,134	14,646
Gross profit	28,715	28,694
Selling, general and administrative expenses	26,060	26,512
Operating income	2,654	2,181
Non-operating income		
Interest income	39	54
Foreign exchange gains	66	59
Others	45	40
Total non-operating income	151	154
Non-operating expenses		
Provision of allowance for doubtful accounts	37	50
Guarantee commission	21	19
Donations	10	—
Others	13	15
Total non-operating expenses	82	85
Ordinary income	2,724	2,249
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	2	0
Impairment loss	856	750
Loss on valuation of investment securities	8	—
Loss on liquidation of subsidiaries and associates	70	—
Total extraordinary losses	937	750
Income before income taxes	1,786	1,499
Income taxes – current	900	615
Income taxes – deferred	(577)	60
Total income taxes	323	675
Net income	1,462	823
Net income attributable to non-controlling interests	0	1
Net income attributable to owners of the parent company	1,462	821

(Consolidated statements of comprehensive income)

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net income	1,462	823
Other comprehensive income		
Valuation difference on available-for-sale securities	82	(29)
Foreign currency translation adjustment	69	44
Remeasurements of defined benefit plans	171	194
Total other comprehensive income	322	209
Comprehensive income	1,785	1,033
(Comprehensive income attributable to)		
Owners of the parent company	1,787	1,033
Non-controlling interests	(1)	(0)

## (3) Consolidated statements of changes in net assets

Year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	3,667	3,613	19,278	(1,077)	25,481
Change of items during the period					
Dividends from surplus			(909)		(909)
Net income attributable to owners of the parent company			1,462		1,462
Disposal of treasury shares		11		31	42
Net changes of items other than shareholders' equity					
Total change of items during the period	—	11	552	31	595
Balance at the end of the period	3,667	3,624	19,831	(1,045)	26,077

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	10	46	124	181	251	12	25,927
Change of items during the period							
Dividends from surplus							(909)
Net income attributable to owners of the parent company							1,462
Disposal of treasury shares							42
Net changes of items other than shareholders' equity	82	70	171	324	24	(1)	347
Total change of items during the period	82	70	171	324	24	(1)	942
Balance at the end of the period	92	116	296	505	276	11	26,870

Year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	3,667	3,624	19,831	(1,045)	26,077
Change of items during the period					
Dividends from surplus			(911)		(911)
Net income attributable to owners of the parent company			821		821
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		6		14	21
Net changes of items other than shareholders' equity					
Total change of items during the period	—	6	(89)	14	(67)
Balance at the end of the period	3,667	3,631	19,742	(1,031)	26,009

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	92	116	296	505	276	11	26,870
Change of items during the period							
Dividends from surplus							(911)
Net income attributable to owners of the parent company							821
Purchase of treasury shares							(0)
Disposal of treasury shares							21
Net changes of items other than shareholders' equity	(29)	46	194	211	41	(0)	252
Total change of items during the period	(29)	46	194	211	41	(0)	184
Balance at the end of the period	63	163	490	717	317	11	27,055

## (4) Consolidated statements of cash flows

	(Millions of yen)	
	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	1,786	1,499
Depreciation	1,096	1,164
Impairment loss	856	750
Amortization of goodwill	36	–
Increase (decrease) in allowance for doubtful accounts	39	47
Increase (decrease) in provision for bonuses	(192)	43
Increase (decrease) in provision for directors' bonuses	(10)	7
Increase (decrease) in provision for product warranties	(0)	2
Increase (decrease) in net defined benefit liability	276	182
Interest income	(39)	(54)
Loss on retirement of non-current assets	2	0
Loss (gain) on sales of non-current assets	(0)	(0)
Decrease (increase) in notes and accounts receivable – trade	(57)	24
Decrease (increase) in inventories	(205)	(61)
Increase (decrease) in notes and accounts payable – trade	(29)	45
Loss (gain) on valuation of investment securities	8	–
Loss on liquidation of subsidiaries and associates	70	–
Increase (decrease) in advances received	(148)	133
Others	223	(651)
Subtotal	3,711	3,133
Interest income received	40	55
Income taxes paid	(1,614)	(607)
Net cash provided by (used in) operating activities	2,137	2,580
Cash flows from investing activities		
Payments into time deposits	(136)	(191)
Proceeds from withdrawal of time deposits	132	169
Purchase of property, plant and equipment	(1,134)	(1,768)
Proceeds from sales of property, plant and equipment	0	2
Purchase of intangible assets	(855)	(825)
Long-term loan advances	–	(50)
Collection of long-term loans receivable	0	0
Payments for lease and guarantee deposits	(74)	(110)
Proceeds from collection of lease and guarantee deposits	41	32
Others	(138)	(169)
Net cash provided by (used in) investing activities	(2,165)	(2,909)
Cash flows from financing activities		
Repayments of lease obligations	(10)	–
Purchase of treasury shares	–	(0)
Cash dividends paid	(909)	(911)
Net cash provided by (used in) financing activities	(919)	(911)
Effect of exchange rate change on cash and cash equivalents	74	57
Net increase (decrease) in cash and cash equivalents	(873)	(1,183)
Cash and cash equivalents at beginning of period	20,082	19,208
Cash and cash equivalents at end of period	19,208	18,025

## (5) Notes on consolidated financial statements

(Notes on the going concern assumption)

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 fiscal year 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 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 fiscal year under review. This change in accounting policy is applied retrospectively, and consolidated financial statements for the previous year are after retrospective application. Note that the change in accounting policy has no impact on the consolidated financial statements for the previous fiscal year.

## (Segment information, etc.)

## Segment information

## 1. Overview of reportable segments

The Group’s reportable segments are the components of the Group for which separate financial information is available. These segments are regularly reviewed to enable the Company’s Board of Directors to decide how to allocate resources and assess operating performance.

The Group develops business strategies and conducts business activities related to hair products and services for general customers based on the gender of the customer.

Consequently, the Group has classified its operations into three reportable segments: the men’s business, the ladies’ business and the ladies’ ready-made wigs business. In the men’s business, the Company supplies male customers with custom-made wigs and other products and services. In the ladies’ business, the Company supplies female customers with custom-made wigs and other products and services. In the ladies’ ready-made wigs business, the Company supplies female customers with ready-made wigs and other products and services.

## 2. Method used to calculate sales, income (loss), assets, liabilities and other items by reportable segment

Accounting policies for the reportable segments are the same as those described in “Basic important matters for preparing the consolidated financial statements.”

Intersegment sales are based on prices determined through negotiations.

## 3. Information regarding sales, income (loss), assets, liabilities and other items by reportable segment

Year ended March 31, 2024

(Millions of yen)

	Reportable segment				Others Note 1	Total	Adjustment Note 2	Carried on consolidated financial statements Note 3
	Men’s business	Ladies’ business	Ladies’ ready-made wigs business	Total				
Net sales								
Sales to external customers	22,814	12,788	5,658	41,260	1,589	42,850	—	42,850
Intersegment sales and transfers	—	—	—	—	2,681	2,681	(2,681)	—
Total	22,814	12,788	5,658	41,260	4,270	45,531	(2,681)	42,850
Segment income	14,502	8,378	4,559	27,441	1,442	28,884	(169)	28,715

Year ended March 31, 2025

(Millions of yen)

	Reportable segment				Others Note 1	Total	Adjustment Note 2	Carried on consolidated financial statements Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	23,167	12,570	6,076	41,814	1,526	43,340	—	43,340
Intersegment sales and transfers	—	—	—	—	2,795	2,795	(2,795)	—
Total	23,167	12,570	6,076	41,814	4,321	46,135	(2,795)	43,340
Segment income	14,608	7,976	4,919	27,504	1,407	28,912	(218)	28,694

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

2. Details of adjustments are as follows:

Segment income

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Intersegment eliminations*	(169)	(218)
Total	(169)	(218)

\* Intersegment eliminations are the elimination of inventory asset adjustments related to intersegment transactions, etc.

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

4. Assets and liabilities have not been shown, as they are not allocated to each segment.

5. Adjustments to reconcile total segment income for reportable segments with operating income in the consolidated financial statements

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Total for reportable segments	27,441	27,504
Others <sup>Note 1</sup>	1,442	1,407
Total	28,884	28,912
Adjustment <sup>Note 2</sup>	(169)	(218)
Gross profit in consolidated financial statements	28,715	28,694
Selling, general and administrative expenses	26,060	26,512
Operating income in consolidated financial statements	2,654	2,181

(Per share information)

(Yen)

Year ended March 31, 2024		Year ended March 31, 2025	
Net assets per share	817.17	Net assets per share	820.93
Net income per share	44.99	Net income per share	25.25
Diluted net income per share	44.40	Diluted net income per share	24.88

Note: The basis for calculating net income per share and diluted net income per share is as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Net income per share		
Net income attributable to owners of the parent company (millions of yen)	1,462	821
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to owners of the parent company associated with common stock (millions of yen)	1,462	821
Average number of shares of common stock during fiscal year (thousands of share)	32,512	32,545
Diluted net income per share		
Adjustment to net income attributable to owners of the parent company (millions of yen)	—	—
Increase in number of shares of common stock (thousands of share)	436	486
[of which, subscription rights to shares]	[436]	[486]
Summary of residual shares not included in calculations of diluted net income per share due to no dilutive effect	—	—

Note: Treasury shares, which are excluded from the number of shares issued and outstanding at the end of the fiscal year for the purposes of calculating “Net assets per share,” include shares of the Company held by Custody Bank of Japan, Ltd. (trust account E) (662,900 shares as of March 31, 2024, 636,500 shares as of March 31, 2025). In addition, treasury shares, which are excluded from the average number of shares during the fiscal year for the purposes of calculating “Net income per share” and “Diluted net income per share,” include shares of the Company held by Custody Bank of Japan, Ltd. (trust account E) (425,496 shares during fiscal year ended March 31, 2024, 646,996 shares during fiscal year ended March 31, 2025).

(Significant subsequent events)

There is no related information.