Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027 [J-GAAP]

August 6, 2026

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 quarter ended June 30, 2026 (April 1, 2026 – June 30, 2026)

(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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	9,945	(0.3)	(285)	–	(262)	–	(214)	–
June 30, 2025	9,971	(1.9)	214	(45.2)	242	(39.2)	120	(40.0)

Note: Comprehensive income: Three months ended June 30, 2026: -¥158 million (–%)
Three months ended June 30, 2025: -¥23 million (–%)

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2026	(6.58)	–
June 30, 2025	3.71	3.65

Note: Diluted net income per share for the three months ended June 30, 2026 is omitted due to the recording of a net loss per share, despite the presence of potentially dilutive securities.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2026	50,468	27,680	54.3	837.42
As of March 31, 2026	52,392	28,332	53.4	858.17

(Reference) Equity capital: As of June 30, 2026: ¥27,398 million As of March 31, 2026: ¥27,960 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, 2026	–	14.00	–	16.00	30.00
Year ending March 31, 2027	–				
Year ending March 31, 2027 (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, 2027 (April 1, 2026 – March 31, 2027)

(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	48,494	8.7	2,500	(22.3)	2,665	(22.8)	1,214	(36.0)	37.28

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 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.:	None
2)	Changes in accounting policies other than 1):	None
3)	Changes in accounting estimates:	None
4)	Restatement of revisions:	None

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

1) Number of shares issued and outstanding (including treasury shares)

As of June 30, 2026	34,393,200 shares	As of March 31, 2026	34,393,200 shares

2) Number of treasury shares

As of June 30, 2026	1,675,640 shares	As of March 31, 2026	1,811,540 shares

3) Average number of shares issued and outstanding in each period

Three months ended June 30, 2026	32,593,607 shares	Three months ended June 30, 2025	32,556,645 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 2 of the supplementary materials, "1. Analysis of operating results and financial position, (3) Qualitative information on consolidated financial forecasts."

Contents

1. Analysis of operating results and financial position

(1) Analysis of operating results

Operating results for the first three months of fiscal 2026

During the first quarter of the consolidated fiscal year under review, the Japanese economy continued to recover moderately, reflecting a recovery in consumer spending supported by improvements in the employment and income environment and an increase in inbound tourist demand. However, the outlook continued to be uncertain given the environment, which includes the continued weakening of the yen, the prices of materials hovering at high levels and labor costs rising due to a serious workforce shortage.

In this environment, the Group launched the ARTNATURE Frontier Plan, its new medium-term management plan, with a view toward the achievement of ARTNATURE 2.0, its long-term vision. In the consolidated fiscal year under review, which is the first year of the Plan, the Group actively made upfront investments to strengthen business foundations and branch out into new domains.

As a result, in the first quarter under review, consolidated net sales remained roughly at the year-ago level, standing at ¥9,945 million (down 0.3% year on year). However, in terms of profits, due to upfront investments made to strengthen the Group's customer base and strengthen its production infrastructure, as well as a range of measures taken to strengthen human capital, cost of sales and selling, general and administrative expenses exceeded the year-ago level. The Group recorded operating loss of ¥285 million (compared with operating income of ¥214 million in the first quarter of the previous fiscal year), ordinary loss of ¥262 million (compared with ordinary income of ¥242 million in the first quarter of the previous fiscal year), and a net loss attributable to owners of the parent company of ¥214 million (compared with net income attributable to owners of the parent company of ¥120 million in the first quarter of the previous fiscal year).

Business results by segment are as follows.

Men's business

Sales in the men's business rose 3.3% year on year to ¥5,230 million, mainly due to effective advertising targeting new customers and customer retention measures for repeat customers, which in turn contributed to year-on-year increases in sales to both new and repeat customers.

Ladies' business

Sales in the ladies' business came to ¥2,959 million, a decrease of 7.9% year on year, mainly due to a year-on-year decline in sales to new customers, which was largely due to the Group struggling in the area of new product promotions, and in sales to repeat customers, which is attributable chiefly to the low level of orders carried over from the previous fiscal year.

Ladies' ready-made wigs business

Sales in the ladies' ready-made wigs business increased 0.4% year on year to ¥1,371 million, nearly on par with the previous year, due to the promotion of repeat sales, television shopping channels, etc.

(2) Analysis of financial position

Assets, liabilities and net assets

(Assets)

As of the end of the first quarter, total assets were ¥50,468 million, a decrease of ¥1,923 million compared with the end of the previous fiscal year. This reflected a decline in current assets of ¥2,066 million mainly as a result of a decrease in cash and deposits and accounts receivable-trade, which more than offset an increase in non-current assets of ¥142 million mainly as a result of increases in investments and other assets.

(Liabilities)

As of the end of the first quarter, liabilities totaled ¥22,787 million, a decrease of ¥1,272 million compared with the end of the previous fiscal year. This was largely due to a decrease of ¥1,364 million in current liabilities chiefly due to decreases in accounts payable - other and income taxes payable.

(Net assets)

As of the end of the first quarter, net assets were ¥27,680 million, a decrease of ¥651 million from the end of the previous fiscal year. This largely reflected a decrease in retained earnings.

(3) Qualitative information on consolidated financial forecasts

Consolidated financial forecasts for the fiscal year ending March 31, 2027 remain the same as those announced on May 15, 2026.

2. Quarterly consolidated financial statements and related notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	19,883	18,241
Accounts receivable – trade	3,145	2,681
Securities	32	32
Merchandise and finished goods	3,157	3,170
Work in process	212	195
Raw materials and supplies	1,777	1,742
Others	1,209	1,287
Allowance for doubtful accounts	(5)	(5)
Total current assets	29,413	27,346
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,556	6,470
Others, net	4,034	4,049
Total property, plant and equipment	10,591	10,520
Intangible assets		
Others	1,729	1,691
Total intangible assets	1,729	1,691
Investments and other assets		
Others	11,239	11,491
Allowance for doubtful accounts	(581)	(581)
Total investments and other assets	10,658	10,909
Total non-current assets	22,979	23,121
Total assets	52,392	50,468

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable – trade	337	302
Accounts payable – other	2,050	1,285
Income taxes payable	1,361	91
Advances received	6,171	6,624
Provision for bonuses	1,224	1,643
Provision for directors' bonuses	150	37
Provision for product warranties	45	47
Others	3,679	3,623
Total current liabilities	15,021	13,656
Non-current liabilities		
Net defined benefit liability	3,995	4,067
Asset retirement obligations	3,226	3,230
Others	1,817	1,833
Total non-current liabilities	9,038	9,131
Total liabilities	24,060	22,787
Net assets		
Shareholders' equity		
Capital stock	3,667	3,667
Capital surplus	3,636	3,674
Retained earnings	20,728	19,993
Treasury shares	(1,017)	(940)
Total shareholders' equity	27,015	26,394
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	101	157
Foreign currency translation adjustment	234	270
Remeasurements of defined benefit plans	608	575
Total accumulated other comprehensive income	945	1,003
Subscription rights to shares	360	273
Non-controlling interests	10	8
Total net assets	28,332	27,680
Total liabilities and net assets	52,392	50,468

(2) Quarterly consolidated statements of income and comprehensive income

(Quarterly consolidated statements of income)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	9,971	9,945
Cost of sales	3,483	3,558
Gross profit	6,488	6,387
Selling, general and administrative expenses	6,273	6,673
Operating income (loss)	214	(285)
Non-operating income		
Interest income	11	10
Foreign exchange gains	17	7
Others	7	9
Total non-operating income	36	28
Non-operating expenses		
Guarantee commission	4	4
Commitment line fees	1	1
Others	3	0
Total non-operating expenses	9	5
Ordinary income (loss)	242	(262)
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	0	13
Total extraordinary losses	0	13
Income (loss) before income taxes	242	(275)
Income taxes – current	254	40
Income taxes – deferred	(132)	(99)
Total income taxes	121	(58)
Net income (loss)	120	(216)
Net loss attributable to non-controlling interests	(0)	(1)
Net income (loss) attributable to owners of the parent company	120	(214)

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net income (loss)	120	(216)
Other comprehensive income		
Valuation difference on available-for-sale securities	24	55
Foreign currency translation adjustment	(138)	35
Remeasurements of defined benefit plans	(30)	(32)
Total other comprehensive income	(144)	58
Comprehensive income	(23)	(158)
(Comprehensive income attributable to)		
Owners of the parent company	(22)	(155)
Non-controlling interests	(1)	(2)

(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.

(Notes to segment information, etc.)

[Segment information]

I. Three months ended June 30, 2025

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	5,062	3,213	1,365	9,642	329	9,971	–	9,971
Intersegment sales and transfers	–	–	–	–	719	719	(719)	–
Total	5,062	3,213	1,365	9,642	1,049	10,691	(719)	9,971
Segment income	3,051	2,052	1,111	6,215	318	6,534	(46)	6,488

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

2. The adjustment of -¥46 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	6,215
Others Note 1	318
Total	6,534
Adjustment Note 2	(46)
Gross profit in the quarterly consolidated statements of income	6,488
Selling, general and administrative expenses	6,273
Operating income in the quarterly consolidated statements of income	214

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 three months under review.

II. Three months ended June 30, 2026

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	5,230	2,959	1,371	9,561	384	9,945	–	9,945
Intersegment sales and transfers	–	–	–	–	709	709	(709)	–
Total	5,230	2,959	1,371	9,561	1,093	10,655	(709)	9,945
Segment income	3,189	1,839	1,101	6,130	279	6,410	(22)	6,387

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

2. The adjustment of -¥22 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	6,130
Others Note 1	279
Total	6,410
Adjustment Note 2	(22)
Gross profit in the quarterly consolidated statements of income	6,387
Selling, general and administrative expenses	6,673
Operating loss in the quarterly consolidated statements of income	(285)

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 three months under review.

(Notes to statement of cash flows)

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

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	300	313