Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 [J-GAAP]

May 15, 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 ordinary general meeting of shareholders:	June 23, 2026
Scheduled date of the start of dividends distribution:	June 24, 2026
Scheduled date of the filing of the financial report:	June 17, 2026
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, 2026 (April 1, 2025 – March 31, 2026)

(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, 2026	44,600	2.9	3,219	47.6	3,451	53.4	1,898	131.0
Year ended March 31, 2025	43,340	1.1	2,181	(17.8)	2,249	(17.4)	821	(43.8)

Note: Comprehensive income: Year ended March 31, 2026: ¥2,126 million (105.8%) Year ended March 31, 2025: ¥1,033 million (-42.2%)

	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, 2026	58.29	57.33	6.9	6.8	7.2
Year ended March 31, 2025	25.25	24.88	3.1	4.5	5.0

(Reference) Equity in earnings of affiliates: Year ended March 31, 2026: ¥– million Year ended March 31, 2025: ¥– 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, 2026	52,392	28,332	53.4	858.17
As of March 31, 2025	49,678	27,055	53.8	820.93

(Reference) Equity capital: As of March 31, 2026: ¥27,960 million As of March 31, 2025: ¥26,726 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, 2026	5,201	(2,458)	(910)	19,840
Year ended March 31, 2025	2,580	(2,909)	(911)	18,025

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, 2025	–	14.00	–	14.00	28.00	911	110.9	3.4
Year ended March 31, 2026	–	14.00	–	16.00	30.00	977	51.5	3.6
Year ending March 31, 2027 (forecast)	–	14.00	–	14.00	28.00		75.1	

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

Notes:
(1) Significant changes in the scope of consolidation during the period: None

(2) 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

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

1) Number of shares issued and outstanding (including treasury shares)	As of March 31, 2026	34,393,200	shares	As of March 31, 2025	34,393,200	shares
2) Number of treasury shares	As of March 31, 2026	1,811,540	shares	As of March 31, 2025	1,836,740	shares
3) Average number of shares issued and outstanding in each period	Year ended March 31, 2026	32,570,268	shares	Year ended March 31, 2025	32,545,964	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

1. Analysis of operating results, etc.

(1) Analysis of operating results

During the consolidated fiscal year under review, the Japanese economy staged a moderate recovery on the back of the rebound of consumer spending and inbound tourist demand, as well as improvements in the employment and income environment, although high raw material prices, the continuing labor shortage, the weaker yen and other factors did have an impact. That said, the outlook still remained uncertain mainly due to U.S. tariff policies and rising energy prices caused by elevated geopolitical risks, including the increasing tensions in the Middle East.

In this economic environment, the Group entered the final year of the ARTNATURE Advance Plan, its medium-term management plan. Under this plan, the Group continued to leverage its strengths and tackle a range of issues to enhance its business performance 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 toward 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 fiscal year under review increased 2.9% year on year, to ¥44,600 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. In terms of profits, operating income stood at ¥3,219 million (increasing 47.6% year on year), and ordinary income came to ¥3,451 million (increasing 53.4% year on year) mainly due to an increase in net sales. Net income attributable to owners of the parent company was ¥1,898 million (increase of 131.0% year on year), reflecting the recording of ¥(393) million in deferred income taxes.

Men's business

Sales in the men's business rose 0.5% year on year, to ¥23,274 million, reflecting the fact that the Group moved forward with effective advertising targeting new customers and customer retention programs designed 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 rose 7.6% year on year to ¥13,522 million, attributable to a year-on-year increase in sales to repeat customers as a result of capturing replacement demand for wigs without clips, which offset a year-on-year decrease in sales to new customers due to a weak response to advertising.

Ladies' ready-made wigs business

Sales in the ladies' ready-made wigs business rose 2.5% year on year to ¥6,227 million, chiefly reflecting strong sales to repeat customers.

(2) Analysis of financial position

(Assets)

As of the fiscal year-end, total assets were ¥52,392 million, an increase of ¥2,713 million compared with the end of the previous fiscal year. Current assets increased ¥1,542 million, mainly due to an increase in cash and deposits, while non-current assets increased ¥1,170 million, primarily reflecting an increase in buildings and structures.

(Liabilities)

As of the fiscal year-end, liabilities totaled ¥24,060 million, an increase of ¥1,436 million compared with the end of the previous fiscal year. This reflected an increase of ¥1,511 million in current liabilities due mainly to an increase in income taxes payable, which was partially offset by a ¥75 million decline in non-current liabilities primarily because of a decrease in net defined benefit liability.

(Net assets)

As of the fiscal year-end, net assets were ¥28,332 million, an increase of ¥1,277 million compared with the end of the previous fiscal year. This was largely due to increases in retained earnings and remeasurements of defined benefit plans.

(3) Analysis of cash flows

As of the fiscal year-end, cash and cash equivalents (cash) totaled ¥19,840 million, an increase of ¥1,814 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 ¥5,201 million, compared with ¥2,580 million in the previous fiscal year. This mainly reflected income before income taxes of ¥3,034 million, depreciation of ¥1,292 million, impairment loss of ¥416 million, increase in net defined benefit liability of ¥80 million and payments for other operating activities of ¥698 million, versus income taxes paid of ¥473 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥2,458 million, compared with ¥2,909 million in the previous fiscal year. This mainly reflected purchase of property, plant and equipment of ¥2,031 million, purchase of intangible assets of ¥322 million, and payments of leasehold and guarantee deposits of ¥184 million.

(Cash flows from financing activities)

Financing activities used net cash of ¥910 million, compared with ¥911 million in the previous fiscal year. This mainly reflected cash dividends paid of ¥910 million.

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

	2022	2023	2024	2025	2026
Equity ratio (%)	52.4	53.5	53.3	53.8	53.4
Market value-based equity ratio (%)	49.7	53.1	50.9	49.7	50.9
Cash flows to interest-bearing debt (%)	–	–	–	–	–
Interest coverage ratio (times)	–	–	–	–	–

Notes: The above indicators are calculated as follows:

Equity ratio: Equity capital / total assets

Market value-based equity ratio: Market capitalization / total assets

Cash flow to interest-bearing debt: Interest-bearing debt / cash flow from operating activities

Interest coverage ratio: Cash flows from operating activities / 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 2027, which ends March 31, 2027, 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 Frontier Plan, and began to implement it in fiscal 2027. In the next four years, we will work on strengthening the business foundations such as our customer base, production infrastructure, efficiency and human resources. Furthermore, we will enhance the Group's business field to include new businesses associated with beauty and health care. Through these initiatives, we aim to elevate ourselves from our position as Japan's leading wig manufacturer to being the world's best wig lifestyle manufacturer.

For fiscal 2027, we forecast consolidated net sales of ¥48,494 million, up 8.7% year on year, operating income of ¥2,500 million, down 22.3%, ordinary income of ¥2,665 million, down 22.8%, and net income attributable to owners of the parent company of ¥1,214 million, down 36.0%.

(5) Basic policy for the distribution of profits and dividends for fiscal 2026 and fiscal 2027

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 ¥30 per share for the fiscal year ended March 31, 2026, comprising an interim dividend of ¥14 per share and a year-end dividend of ¥16 per share.

For the fiscal year ending March 31, 2027, 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 Frontier Plan, its medium-term management plan that began to be implemented in fiscal 2027. In the next four years, we will work on strengthening the business foundations such as our customer base, production infrastructure, efficiency and human resources. Furthermore, we will enhance the Group’s business field to include new businesses associated with beauty and health care. Through these initiatives, we aim to elevate ourselves from our position as Japan’s leading wig manufacturer to being the world’s best wig lifestyle manufacturer.

(4) Issues to be resolved

In the domestic hair products and services market, the Group’s main business field, we forecast that demand will increase, driven by the aging of the population, delayed retirement, and increasing interest in anti-aging treatments. However, we expect the uncertain business environment to continue due to factors such as the labor shortage associated with the decreasing working-age population, intensifying competition, including from other industries, and rising prices around the world. In this environment, the Group plans to work on the following five key issues to enhance its corporate value over the medium to long term.

First, we aim to broaden our customer base. We will prioritize enhancing customer satisfaction to build a loyal base of true ARTNATURE fans and lay the foundation for stable growth. In both the men’s and ladies’ categories, we will continue to offer high-quality products and services. We will also optimize our advertising activities to tap into new demand. We will implement a range of initiatives to enhance customer retention to enable us to achieve stable growth. In the ladies’ ready-made wigs business, we will collaborate more closely with the custom-made wigs business to improve customer satisfaction and retain customers. We aim to enhance recognition of our hair care products by expanding the product lineup and accelerating the growth of our sales channels, including our own e-commerce platform and external e-commerce websites that sell our products. Furthermore, we will offer the life concierge service and explore and implement cross-selling opportunities for products beyond hair items to enhance customer satisfaction and lifetime value (LTV).

Second, we will strengthen our production capabilities. To build a supply system that is competitive in this market, we will improve the stability and agility of our production activities. We will get the new plant in Bangladesh up and running as quickly as possible to decentralize our production bases. We will also reexamine our raw materials inventories and production processes at all of our production bases to establish an optimized production system that provides high-quality products with short delivery times at low cost, enabling us to respond flexibly to changes in demand.

Third, we will focus on enhancing our efficiency. To address rising prices and other issues, we will fundamentally improve our revenue structure. We will optimize our assets by carefully selecting the stores we relocate or renovate. To enhance operational efficiency within our stores, we maximize store productivity by improving booth utilization rates. To reform our cost structure, we will enhance productivity by thoroughly streamlining administrative processes and overhauling systems to increase cost effectiveness.

Fourth, we will explore new areas and consider expanding overseas. To adapt to the structural changes in the domestic market, we aim to develop a new engine for growth. We will continue to work to grow our existing standard wigs business, pharmaceutical sales business, and medical support services. At the same time, we aim to expand into new areas related to health and beauty through M&A opportunities in Japan and overseas and by launching new businesses. We aim to strengthen our brand presence in existing markets such as Singapore, Thailand, and Malaysia, while conducting preliminary research and preparing to further expand our business into the overseas hair industry, aiming to establish a global revenue base.

Fifth, we will enhance our human resources. We believe that highly specialized human resources are the source of competitiveness. In line with this belief, we will accelerate our investment in them. Approximately 80% of our full-time employees are qualified barbers or hairdressers. We will implement reskilling programs to help them acquire the latest technical skills, improve customer service skills, and enhance product proposal capabilities to better address customer needs. To develop the next generation of talent, we will focus on developing management human resources who can be dispatched to acquired companies and overseas locations. Additionally, we will focus on cultivating digital human resources responsible for data-driven management and the implementation of generative AI. We promote health management while striving to improve work-life balance through Kurumin Mark and Eruboshi certification-related initiatives. We aim to create a workplace environment that enables employees to reach their full potential. We will implement succession plans for key positions and create a sustainable management structure.

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, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	18,163	19,883
Accounts receivable – trade	3,093	3,145
Securities	32	32
Merchandise and finished goods	3,182	3,157
Work in process	214	212
Raw materials and supplies	1,893	1,777
Others	1,297	1,209
Allowance for doubtful accounts	(7)	(5)
Total current assets	27,870	29,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,367	17,308
Accumulated depreciation	(10,177)	(10,751)
Buildings and structures, net	5,190	6,556
Machinery equipment and vehicle	342	332
Accumulated depreciation	(210)	(212)
Machinery equipment and vehicle, net	131	119
Land	3,400	3,398
Construction in progress	696	—
Others	3,833	3,946
Accumulated depreciation	(3,321)	(3,429)
Others, net	511	517
Total property, plant and equipment	9,930	10,591
Intangible assets		
Others	1,821	1,729
Total intangible assets	1,821	1,729
Investments and other assets		
Investment securities	2,092	2,148
Deferred tax assets	4,484	4,793
Lease and guarantee deposits	2,646	2,752
Others	1,464	1,545
Allowance for doubtful accounts	(631)	(581)
Total investments and other assets	10,056	10,658
Total non-current assets	21,808	22,979
Total assets	49,678	52,392

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable – trade	343	337
Accounts payable – other	2,183	2,050
Income taxes payable	265	1,361
Contract liabilities	1,696	1,773
Refund liabilities	473	514
Advances received	6,169	6,171
Provision for bonuses	1,103	1,224
Provision for directors’ bonuses	142	150
Provision for product warranties	45	45
Others	1,086	1,392
Total current liabilities	13,510	15,021
Non-current liabilities		
Net defined benefit liability	4,096	3,995
Asset retirement obligations	3,163	3,226
Others	1,854	1,817
Total non-current liabilities	9,113	9,038
Total liabilities	22,623	24,060
Net assets		
Shareholders’ equity		
Capital stock	3,667	3,667
Capital surplus	3,631	3,636
Retained earnings	19,742	20,728
Treasury shares	(1,031)	(1,017)
Total shareholders’ equity	26,009	27,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	63	101
Foreign currency translation adjustment	163	234
Remeasurements of defined benefit plans	490	608
Total accumulated other comprehensive income	717	945
Subscription rights to shares	317	360
Non-controlling interests	11	10
Total net assets	27,055	28,332
Total liabilities and net assets	49,678	52,392

(2) Consolidated statements of income and comprehensive income

(Consolidated statements of income)

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net sales	43,340	44,600
Cost of sales	14,646	14,803
Gross profit	28,694	29,797
Selling, general and administrative expenses	26,512	26,577
Operating income	2,181	3,219
Non-operating income		
Interest income	54	82
Foreign exchange gains	59	70
Reversal of allowance for doubtful accounts	1	51
Others	39	56
Total non-operating income	154	260
Non-operating expenses		
Provision of allowance for doubtful accounts	50	–
Guarantee commission	19	19
Commitment line fees	5	4
Others	10	4
Total non-operating expenses	85	28
Ordinary income	2,249	3,451
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	750	416
Total extraordinary losses	750	417
Income before income taxes	1,499	3,034
Income taxes – current	615	1,527
Income taxes – deferred	60	(393)
Total income taxes	675	1,133
Net income	823	1,900
Net income attributable to non-controlling interests	1	1
Net income attributable to owners of the parent company	821	1,898

(Consolidated statements of comprehensive income)

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net income	823	1,900
Other comprehensive income		
Valuation difference on available-for-sale securities	(29)	38
Foreign currency translation adjustment	44	68
Remeasurements of defined benefit plans	194	118
Total other comprehensive income	209	225
Comprehensive income	1,033	2,126
(Comprehensive income attributable to)		
Owners of the parent company	1,033	2,126
Non-controlling interests	(0)	(0)

(3) Consolidated statements of changes in net assets

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

Year ended March 31, 2026

(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	3,631	19,742	(1,031)	26,009
Change of items during the period					
Dividends from surplus			(911)		(911)
Net income attributable to owners of the parent company			1,898		1,898
Disposal of treasury shares		4		14	19
Net changes of items other than shareholders' equity					
Total change of items during the period	–	4	986	14	1,005
Balance at the end of the period	3,667	3,636	20,728	(1,017)	27,015

	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	63	163	490	717	317	11	27,055
Change of items during the period							
Dividends from surplus							(911)
Net income attributable to owners of the parent company							1,898
Disposal of treasury shares							19
Net changes of items other than shareholders' equity	38	71	118	228	43	(0)	271
Total change of items during the period	38	71	118	228	43	(0)	1,277
Balance at the end of the period	101	234	608	945	360	10	28,332

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities		
Income before income taxes	1,499	3,034
Depreciation	1,164	1,292
Impairment loss	750	416
Increase (decrease) in allowance for doubtful accounts	47	(51)
Increase (decrease) in provision for bonuses	43	120
Increase (decrease) in provision for directors’ bonuses	7	8
Increase (decrease) in provision for product warranties	2	0
Increase (decrease) in net defined benefit liability	182	80
Interest income	(54)	(82)
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	24	(50)
Decrease (increase) in inventories	(61)	131
Increase (decrease) in notes and accounts payable – trade	45	(8)
Increase (decrease) in advances received	133	1
Others	(651)	698
Subtotal	3,133	5,591
Interest income received	55	82
Income taxes paid	(607)	(473)
Net cash provided by (used in) operating activities	2,580	5,201
Cash flows from investing activities		
Payments into time deposits	(191)	(74)
Proceeds from withdrawal of time deposits	169	162
Purchase of property, plant and equipment	(1,768)	(2,031)
Proceeds from sales of property, plant and equipment	2	0
Purchase of intangible assets	(825)	(322)
Long-term loan advances	(50)	–
Collection of long-term loans receivable	0	50
Payments for lease and guarantee deposits	(110)	(184)
Proceeds from collection of lease and guarantee deposits	32	78
Others	(169)	(138)
Net cash provided by (used in) investing activities	(2,909)	(2,458)
Cash flows from financing activities		
Purchase of treasury shares	(0)	–
Cash dividends paid	(911)	(910)
Net cash provided by (used in) financing activities	(911)	(910)
Effect of exchange rate change on cash and cash equivalents	57	(16)
Net increase (decrease) in cash and cash equivalents	(1,183)	1,814
Cash and cash equivalents at beginning of period	19,208	18,025
Cash and cash equivalents at end of period	18,025	19,840

(5) Notes on consolidated financial statements

(Notes on the going concern assumption)

There is no related information.

(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, 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

Year ended March 31, 2026 (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	23,274	13,522	6,227	43,024	1,576	44,600	–	44,600
Intersegment sales and transfers	–	–	–	–	2,850	2,850	(2,850)	–
Total	23,274	13,522	6,227	43,024	4,426	47,450	(2,850)	44,600
Segment income	14,779	8,778	5,021	28,579	1,474	30,053	(256)	29,797

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, 2025	Year ended March 31, 2026
Intersegment eliminations*	(218)	(256)
Total	(218)	(256)

* 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, 2025	Year ended March 31, 2026
Total for reportable segments	27,504	28,579
Others Note 1	1,407	1,474
Total	28,912	30,053
Adjustment Note 2	(218)	(256)
Gross profit in consolidated financial statements	28,694	29,797
Selling, general and administrative expenses	26,512	26,577
Operating income in consolidated financial statements	2,181	3,219

(Per share information)

(Yen)

Year ended March 31, 2025		Year ended March 31, 2026	
Net assets per share	820.93	Net assets per share	858.17
Net income per share	25.25	Net income per share	58.29
Diluted net income per share	24.88	Diluted net income per share	57.33

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

	Year ended March 31, 2025	Year ended March 31, 2026
Net income per share		
Net income attributable to owners of the parent company (millions of yen)	821	1,898
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)	821	1,898
Average number of shares of common stock during fiscal year (thousands of share)	32,545	32,570
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)	486	546
[of which, subscription rights to shares]	[486]	[546]
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) (636,500 shares as of March 31, 2025, 611,300 shares as of March 31, 2026). 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) (646,996 shares during fiscal year ended March 31, 2025, 622,692 shares during fiscal year ended March 31, 2026).

(Significant subsequent events)

There is no related information.