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

November 13, 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
Contact: Hiroaki Inoue, General Manager, Finance & Accounting Division, Senior Corporate Officer TEL: +81-3-3379-3334

Scheduled date of filing the semi-annual financial report: November 13, 2026
Scheduled date of the start of dividends distribution: December 1, 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 first six months ended September 30, 2026 (April 1, 2026 – September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	21,183	(1.4)	868	(37.2)	880	(39.9)	504	(40.6)
September 30, 2025	21,485	1.7	1,382	20.5	1,464	33.7	848	36.5

Note: Comprehensive income: Six months ended September 30, 2026: ¥425 million (-41.8%)
Six months ended September 30, 2025: ¥730 million (20.1%)

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2026	15.43	15.20
September 30, 2025	26.06	25.64

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2026	50,809	28,347	55.2	855.23
March 31, 2026	52,392	28,332	53.4	858.17

(Reference) Equity capital: As of September 30, 2026: ¥28,025 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	–	14.00			
Year ending March 31, 2027 (forecast)			–	14.00	28.00

Note: Revisions to dividend forecasts published most recently: None

3. Consolidated financial forecast for the fiscal year ending March 31, 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 semi-annual consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of revisions
1) Changes in accounting policies due to revision of accounting standards, etc.: 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 September 30, 2026	34,393,200 shares	As of March 31, 2026	34,393,200 shares

2) Number of treasury shares

As of September 30, 2026	1,623,740 shares	As of March 31, 2026	1,811,540 shares

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

Six months ended September 30, 2026	32,669,032 shares	Six months ended September 30, 2025	32,561,194 shares

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

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

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

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

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1. Analysis of operating results and financial position

(1) Analysis of operating results

Operating results for the first six months of fiscal 2027

During the first six months 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 challenges in the management of business, which include unstable exchange rates, 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, by the fiscal year ending March 31, 2036. The Group views the consolidated fiscal year under review, the first year of the plan, as a preparation period, and it actively made upfront investments to strengthen the foundation of its business and branch out into new domains.

As a result, in the first six months under review, consolidated net sales stood at ¥21,183 million, a slight decrease of 1.4% year on year. However, the cost of sales and selling, general and administrative expenses exceeded the year-ago level due to expenses related to the medium-term management plan, including higher personnel expenses resulting from a range of measures to strengthen human capital, as well as upfront investments made to strengthen the Group's customer base and its production infrastructure. Consequently, operating income, ordinary income, and net income attributable to owners of the parent came to ¥868 million (down 37.2% year on year), ¥880 million (down 39.9% year on year), and ¥504 million (down 40.6% year on year), respectively.

Business results by segment are as follows.

Men's business

Sales in the men's business rose 2.4% year on year, to ¥11,848 million, mainly reflecting the fact that the Group moved forward with effective adverting 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 came to ¥6,151 million, a decrease of 5.7% year on year, mainly due to a year-on-year decline in sales to new customers, which was largely due to a weak response to new products, 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 decreased 4.2% year on year to ¥2,566 million, due to weak same-store sales to new customers.

(2) Analysis of financial position

1) Assets, liabilities and net assets

(Assets)

As of the end of the second quarter, total assets were ¥50,809 million, a decrease of ¥1,582 million compared with the end of the previous fiscal year. This reflected a decline in current assets of ¥1,790 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 ¥207 million mainly as a result of increases in investment securities.

(Liabilities)

As of the end of the second quarter, liabilities totaled ¥22,461 million, a decrease of ¥1,598 million compared with the end of the previous fiscal year. This was largely due to a decline in current liabilities of ¥1,724 million resulting from a decrease in accounts payable – other and income taxes payable, partially offset by an increase in non-current liabilities of ¥126 million primarily due to a rise in net defined benefit liability.

(Net assets)

As of the end of the second quarter, net assets were ¥28,347 million, an increase of ¥15 million compared with the end of the previous fiscal year. This largely reflected a decrease in treasury shares and a decline in remeasurements of defined benefit plans.

2) Cash flow position

As of the end of the second quarter, cash and cash equivalents (cash) totaled ¥17,947 million, a decrease of ¥1,893 million compared with the end of the previous fiscal year. The cash flow position and contributing factors in each section of the statements of cash flows are as follows.

(Cash flows from operating activities)

Operating activities provided net cash of ¥283 million, compared with ¥2,222 million in the same period a year earlier. Cash inflows, including income before income taxes of ¥867million, depreciation of ¥644 million, a decrease in notes and accounts receivable-trade of ¥684 million, and an increase in advances received of ¥316 million more than offset cash outflows, including other payments of ¥941 million and income taxes paid of ¥1,217 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥1,644 million, compared with ¥1,591 million in the same period a year earlier. This mainly reflected payments into time deposits of ¥462 million yen, purchase of property, plant and equipment of ¥269 million yen, purchase of intangible assets of ¥120 million, and purchase of investment securities of ¥708 million.

(Cash flows from financing activities)

Financing activities used net cash of ¥520 million, compared with ¥455 million in the same period a year earlier. That mainly reflected cash dividends paid of ¥520 million.

(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. Semi-annual consolidated financial statements and related notes

(1) Semi-annual consolidated balance sheets

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	19,883	18,447
Accounts receivable – trade	3,145	2,463
Securities	32	288
Merchandise and finished goods	3,157	3,308
Work in process	212	215
Raw materials and supplies	1,777	1,676
Others	1,209	1,228
Allowance for doubtful accounts	(5)	(5)
Total current assets	29,413	27,622
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,556	6,373
Others, net	4,034	4,071
Total property, plant and equipment	10,591	10,444
Intangible assets		
Others	1,729	1,631
Total intangible assets	1,729	1,631
Investments and other assets		
Others	11,239	11,742
Allowance for doubtful accounts	(581)	(631)
Total investments and other assets	10,658	11,110
Total non-current assets	22,979	23,186
Total assets	52,392	50,809

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable – trade	337	420
Accounts payable – other	2,050	1,412
Income taxes payable	1,361	400
Advances received	6,171	6,487
Provision for bonuses	1,224	1,104
Provision for directors' bonuses	150	75
Provision for product warranties	45	45
Others	3,679	3,349
Total current liabilities	15,021	13,296
Non-current liabilities		
Net defined benefit liability	3,995	4,123
Asset retirement obligations	3,226	3,223
Others	1,817	1,818
Total non-current liabilities	9,038	9,164
Total liabilities	24,060	22,461
Net assets		
Shareholders' equity		
Capital stock	3,667	3,667
Capital surplus	3,636	3,689
Retained earnings	20,728	20,711
Treasury shares	(1,017)	(911)
Total shareholders' equity	27,015	27,157
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	101	117
Foreign currency translation adjustment	234	207
Remeasurements of defined benefit plans	608	542
Total accumulated other comprehensive income	945	868
Subscription rights to shares	360	313
Non-controlling interests	10	8
Total net assets	28,332	28,347
Total liabilities and net assets	52,392	50,809

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

(Semi-annual consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	21,485	21,183
Cost of sales	7,289	7,314
Gross profit	14,195	13,868
Selling, general and administrative expenses	12,813	13,000
Operating income	1,382	868
Non-operating income		
Interest income	39	51
Foreign exchange gains	38	0
Others	18	20
Total non-operating income	95	72
Non-operating expenses		
Provision of allowance for doubtful accounts	–	50
Guarantee commission	8	8
Others	5	2
Total non-operating expenses	13	60
Ordinary income	1,464	880
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	63	13
Total extraordinary losses	63	13
Income before income taxes	1,401	867
Income taxes – current	615	295
Income taxes – deferred	(63)	70
Total income taxes	552	365
Net income	848	501
Net income (loss) attributable to non-controlling interests	0	(2)
Net income attributable to owners of the parent company	848	504

(Semi-annual consolidated statements of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net income	848	501
Other comprehensive income		
Valuation difference on available-for-sale securities	47	16
Foreign currency translation adjustment	(110)	(26)
Remeasurements of defined benefit plans	(54)	(65)
Total other comprehensive income	(117)	(76)
Comprehensive income	730	425
(Comprehensive income attributable to)		
Owners of the parent company	732	427
Non-controlling interests	(2)	(1)

(3) Semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Income before income taxes	1,401	867
Depreciation	613	644
Impairment loss	63	13
Increase (decrease) in allowance for doubtful accounts	(1)	49
Increase (decrease) in provision for bonuses	0	(120)
Increase (decrease) in provision for directors' bonuses	(67)	(75)
Increase (decrease) in provision for product warranties	(3)	(0)
Increase (decrease) in net defined benefit liability	39	31
Interest income	(39)	(51)
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	473	684
Decrease (increase) in inventories	(64)	(52)
Increase (decrease) in notes and accounts payable – trade	(25)	81
Increase (decrease) in advances received	16	316
Others	(61)	(941)
Subtotal	2,345	1,447
Interest income received	40	53
Income taxes paid	(164)	(1,217)
Net cash provided by (used in) operating activities	2,222	283
Cash flows from investing activities		
Payments into time deposits	–	(462)
Proceeds from withdrawal of time deposits	26	–
Purchase of property, plant and equipment	(1,254)	(269)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	(233)	(120)
Purchase of investment securities	–	(708)
Long-term loan advances	–	(50)
Collection of long-term loans receivable	0	–
Payments for lease and guarantee deposits	(139)	(28)
Proceeds from collection of lease and guarantee deposits	75	76
Others	(66)	(81)
Net cash provided by (used in) investing activities	(1,591)	(1,644)
Cash flows from financing activities		
Cash dividends paid	(455)	(520)
Net cash provided by (used in) financing activities	(455)	(520)
Effect of exchange rate change on cash and cash equivalents	(60)	(11)
Net increase (decrease) in cash and cash equivalents	115	(1,893)
Cash and cash equivalents at beginning of period	18,025	19,840
Cash and cash equivalents at end of period	18,141	17,947

(4) Notes on semi-annual consolidated financial statements

(Notes on the going concern assumption)

There is no related information.

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

There is no related information.

(Notes to segment information, etc.)

[Segment information]

I. Six months ended September 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 semi-annual consolidated statement of income Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	11,570	6,526	2,677	20,774	710	21,485	–	21,485
Intersegment sales and transfers	–	–	–	–	1,432	1,432	(1,432)	–
Total	11,570	6,526	2,677	20,774	2,142	22,917	(1,432)	21,485
Segment income	7,285	4,181	2,165	13,633	673	14,306	(111)	14,195

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

2. The adjustment of -¥111 million in segment income is an elimination of intersegment transactions related to inventories, etc.

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

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

(Millions of yen)

	Amount
Total for reportable segments	13,633
Others Note 1	673
Total	14,306
Adjustment Note 2	(111)
Gross profit in the semi-annual consolidated statements of income	14,195
Selling, general and administrative expenses	12,813
Operating income in the semi-annual consolidated statements of income	1,382

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

(Important impairment loss on non-current assets)

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

II. Six months ended September 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 semi-annual consolidated statement of income Note 3
	Men's business	Ladies' business	Ladies' ready-made wigs business	Total				
Net sales								
Sales to external customers	11,848	6,151	2,566	20,565	617	21,183	–	21,183
Intersegment sales and transfers	–	–	–	–	1,455	1,455	(1,455)	–
Total	11,848	6,151	2,566	20,565	2,073	22,639	(1,455)	21,183
Segment income	7,572	3,895	2,069	13,538	409	13,947	(78)	13,868

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

2. The adjustment of -¥78 million in segment income is an elimination of intersegment transactions related to inventories, etc.

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

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

(Millions of yen)

	Amount
Total for reportable segments	13,538
Others Note 1	409
Total	13,947
Adjustment Note 2	(78)
Gross profit in the semi-annual consolidated statements of income	13,868
Selling, general and administrative expenses	13,000
Operating income in the semi-annual consolidated statements of income	868

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

(Important impairment loss on non-current assets)

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

(Significant subsequent events)

(Sale of a key subsidiary)

At a meeting of the Board of Directors meeting on October 15, 2026, the Company resolved to transfer all of its shares of ARTNATURE PHILIPPINES INC. ("AN Philippines"), a consolidated subsidiary, to PEARLCOIN (HONG KONG) LIMITED.

After the transfer of the shares, AN Philippines will no longer be a consolidated subsidiary of the Company.

(1) Reason for the transfer of shares

In January 2024, the Company established ARTNATURE BANGLADESH LTD. Its factory started operations in December 2025. The primary goal is to diversify risks associated with the concentration of its production facilities in the Philippines and increase production capacity for future business expansion. Subsequently, the Company conducted a thorough review of its production system and decided to transfer the business of AN Philippines.

(2) Name of the transferee

PEARLCOIN (HONG KONG) LIMITED

(3) Date of the transfer

(i) Date of conclusion of the transfer agreement: November 30, 2026 (plan)

(ii) Share acquisition execution date: December 1, 2026 (plan)

(4) The subsidiary's name, business, and transactions with the Company

(i) Name: Artnature Philippines Inc.

(ii) Business: Manufacture of wigs

(iii) Transactions with the Company: Contract manufacturing of products for the Company

(5) Number of shares to be transferred, transfer price, the ownership ratio after the transfer, and the impact of the sale on financial results

(i) Number of shares to be transferred: 900,000 shares (number of voting rights: 900,000; voting rights ownership ratio: 100%)

(ii) Transfer price: 46 million Philippine pesos (117 million yen)

(iii) Number of shares held after the transfer: — (number of voting rights: — ; voting rights ownership ratio: — %)

(iv) Gain or loss on the transfer: At the date of submission of the quarterly kessan tanshin document, the Company's financial data as of the date of the share transfer has not been finalized. Consequently, no gain or loss on the sale is included in these financial results.