Beauty Garage Inc.

3Q FY 2025 (Fiscal Year Ended April 2025)

Financial Report Supplementary Material

The opinions and estimates described in this material are based on assumptions made by the Company at the time the material was prepared and does not guarantee the accuracy of the information. Please note that they may vary significantly from actual earnings and results due to changes in various factors.

Company Overview

Company name	Beauty Garage Inc.
Headquarters	1-34-25 Sakura-shinmachi, Setagaya Ward, Tokyo
Established	April 24, 2003
Capital	768,385,250 Yen
Securities exchange listing	Tokyo Stock Exchange Prime Market (Securities code: 3180)
Director and CEO	Hideki Nomura
Total Employees	560 (including 392 full-time employees) (on a consolidated basis at the end of January 2025)
Offices	<Sales offices> Sapporo / Sendai / Niigata / Kanazawa / Tokyo / Saitama / Nagoya / Osaka / Hiroshima/ Fukuoka <Other> Kashiwa DC / Amagasaki DC / Representative office in Guangzhou, China / Singapore / Malaysia / Vietnam
Group Companies	Japan: 10 companies, overseas: 3 companies

The Company operates (i) BtoB sales business of beauty products, (ii) store design business and (iii) solution business of start-up and prosperity support for beauty salons through the OMO combining online with offline. The biggest feature is operating the Japanese top wholesale EC site for beauty salons BEAUTY GARAGE Online Shop.

Executive Summary

- **3Q FY2025 cumulative revenues increase but profits decreased**

  - Cumulatively, revenue increased but profits decreased, but on a quarterly basis, revenue growth increase and the rate of profit decline also tended to decrease.
  - All businesses performed well in the third quarter. The store design business saw an increase in sales and profits in the third quarter.
  - Selling, general and administrative expenses increased significantly due to investments in preparation for the opening of the third distribution center.

- **Wholesale business grew steadily, gross profit margin also recovered**

  - Cosmetics and materials are driving growth. Equipment and supplies are also showing signs of recovery.
  - Various KPIs continue to perform well, with the number of loyal users exceeding 80,000 accounts.
  - Segment profits are sluggish due to increased temporary staffing costs and preparation costs for opening a third distribution center.

- **Store design business continued to perform well in the second quarter, with cumulative sales exceeding last year's results**

  - We were able to increase the number of projects, especially high-priced projects.
  - Particularly successful in winning large projects from clinics, shops, restaurants, etc.

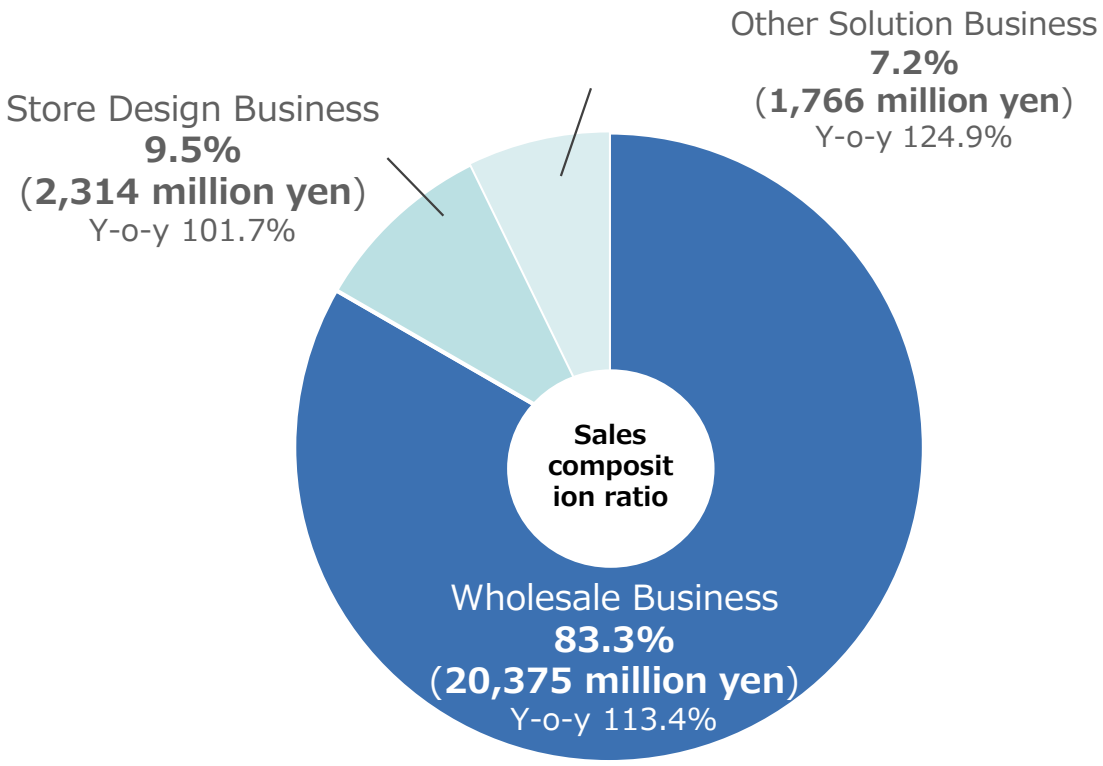
- **Other solutions business continues to achieve significant increases in sales and profits**

  - Other solutions businesses expanded various stock-based services, leading to steady growth in both sales and profits. Sales have reached a new record high for six consecutive quarters, exceeding 600 million yen in the third quarter.

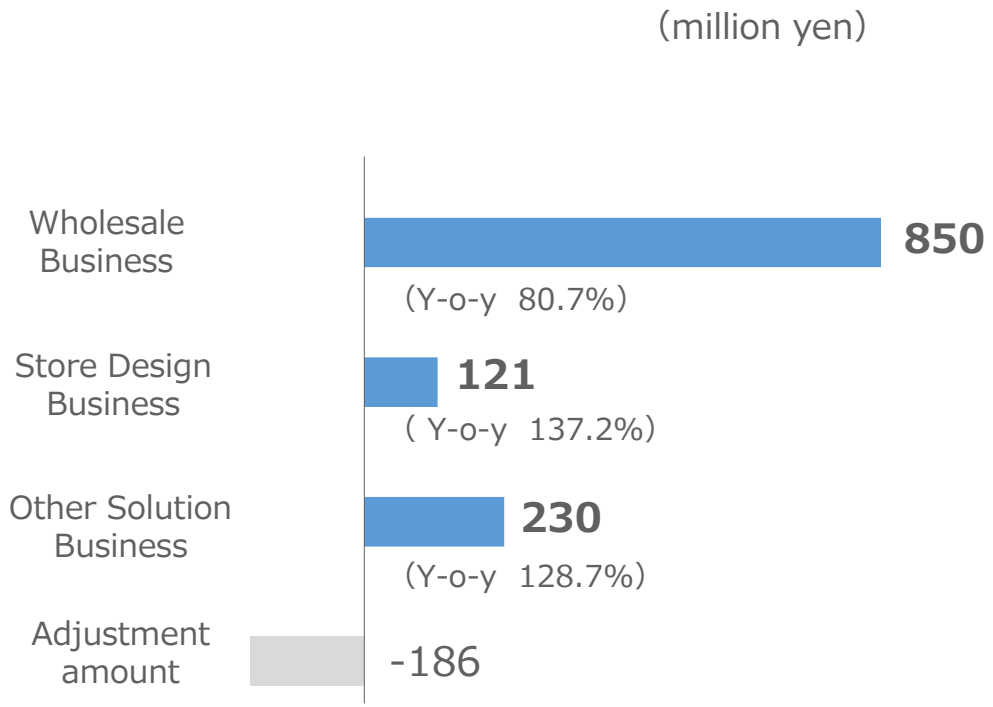
Highlights of 3Q FY 2025 (Consolidated/Cumulative)

- **Sales** **24,456 million yen** Y-o-y 112.9%
- **Ordinary profit** **1,019 million yen** Y-o-y 86.4%

Sales Composition ratio



Business segment profit composition



Overview Earnings for 3Q FY 2025
(Consolidated/Cumulative)

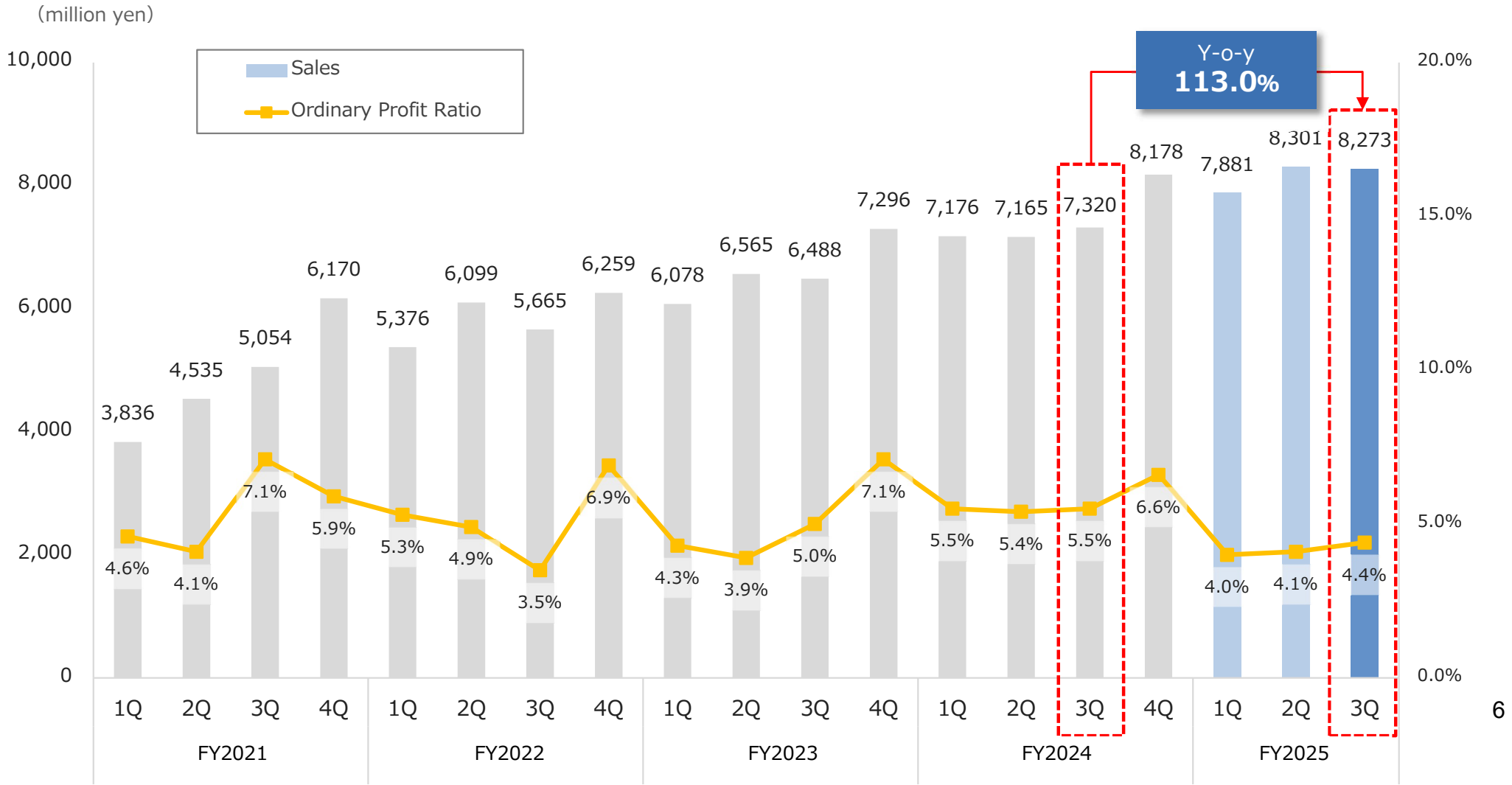
■Sales have grown steadily and gross profit margins have recovered to the same level as the previous year, showing solid performance. However, due to an increase in selling and administrative expenses, mainly logistics investments, operating profit, ordinary profit, and net profit for the current term fell below the same period last year.

(Million yen)

Consolidated	3Q FY 2024		**3Q FY 2025**		**Y-o-y**
	Actual	Sales	**Actual**	**Sales**	
Sales	21,662	100.0%	**24,456**	100.0%	**112.9%**
Gross margin	5,489	25.3%	**6,181**	25.3%	**112.6%**
Selling , General and Administrative Expenses	4,318	19.9%	**5,166**	21.1%	**119.6%**
Operating profit	1,170	5.4%	**1,015**	4.2%	**86.8%**
Ordinary profit	1,180	5.4%	**1,019**	4.2%	**86.4%**
Net profit attributable to shareholders of the parent company	774	3.6%	**641**	2.6%	**82.8%**

Trends in sales and ordinary profit margins (consolidated)

■Sales have continued to grow steadily on a quarterly basis, and although the ordinary profit margin is below the level of the same period last year, it is showing signs of gradually recovering.

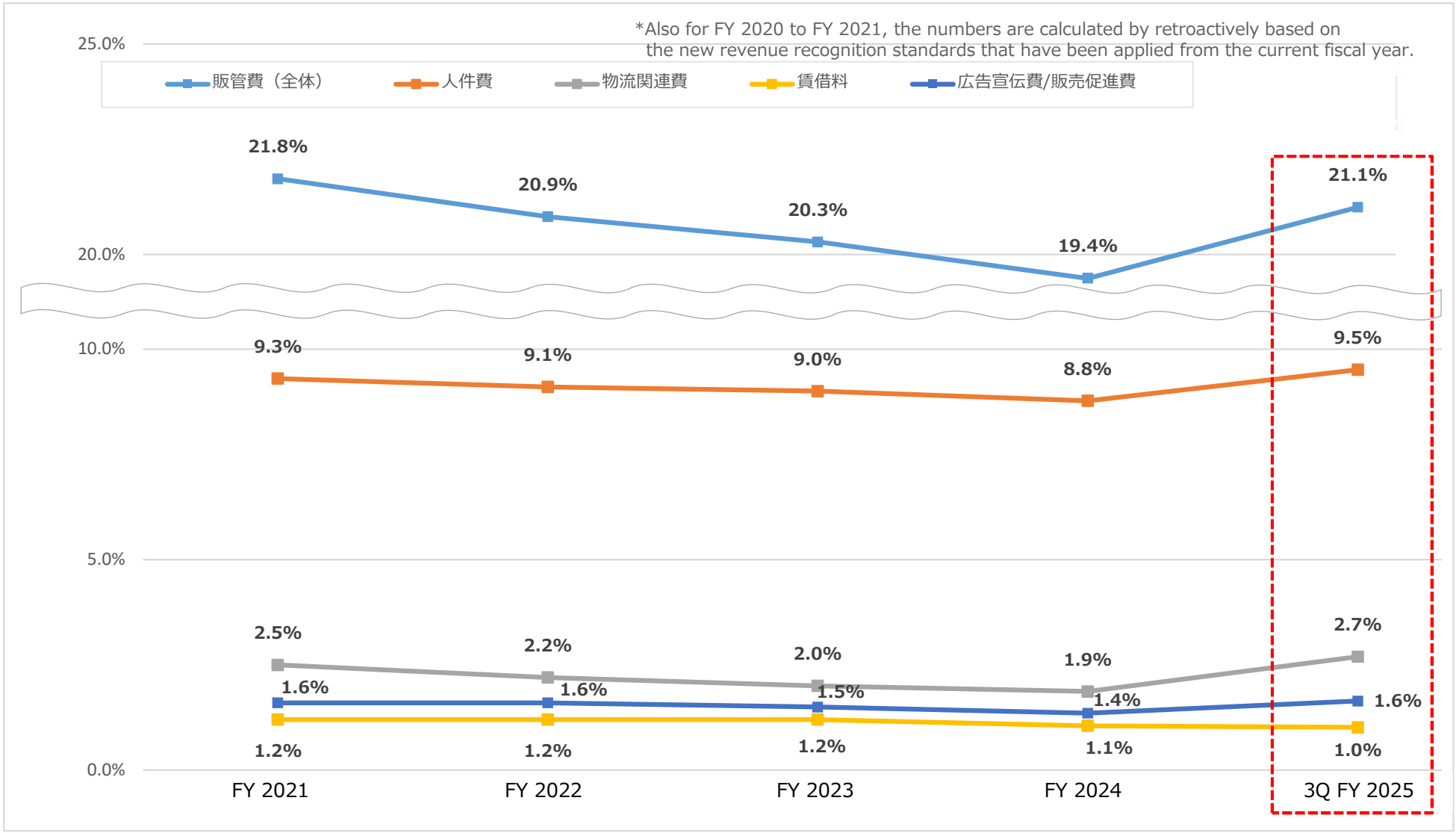


Selling, General and Administrative Expenses
(Consolidated/Cumulative)

	3Q FY 2024	3Q FY 2025		Main factors
	Actual	Actual	Y-o-y	
Personnel expenses (Directors' remuneration/Salaries and allowances/Legal welfare expense/Commuting costs/Temporary staffing costs, etc.)	1,973	**2,325**	117.8%	✓ Part-time and temporary staffing costs at logistics centers have increased significantly
Logistics related expense (Storage charge/Rent for logistics center)	408	**659**	161.4%	✓ Rent incurred to prepare for operation of third DC (from July) ✓ Increase in packing and shipping charges due to increased shipments
Rent (Office/Showroom)	234	**248**	106.0%	
Advertisement and promotion expenses	293	**400**	136.4%	✓ Exhibiting at Nail Expo in 3Q ✓ Actively implement web marketing
IT equipment costs/software amortization costs	296	**335**	113.2%	✓ Increased development costs
Commission paid	433	**481**	111.1%	✓ Increase in payment fees due to increased sales
Goodwill amortization/depreciation	105	**107**	101.5%	
Other	572	**607**	106.1%	✓ Increase in recruitment-related costs due to increased hiring
OPEX	4,318	**5,166**	119.6%	

Selling, General and Administrative Expenses
(Change in sales ratio)

■Due to growth investments (preparation for opening a third data center, increased advertising and promotional expenses, etc.), the selling and administrative expenses ratio has increased from the first quarter of this fiscal year.



Balance Sheet Summary (Consolidated)

■Although the financial base is stable, product inventory is on the rise due to an increase in SKUs. Also, an interim dividend was paid in the 3rd quarter.

(Million yen)

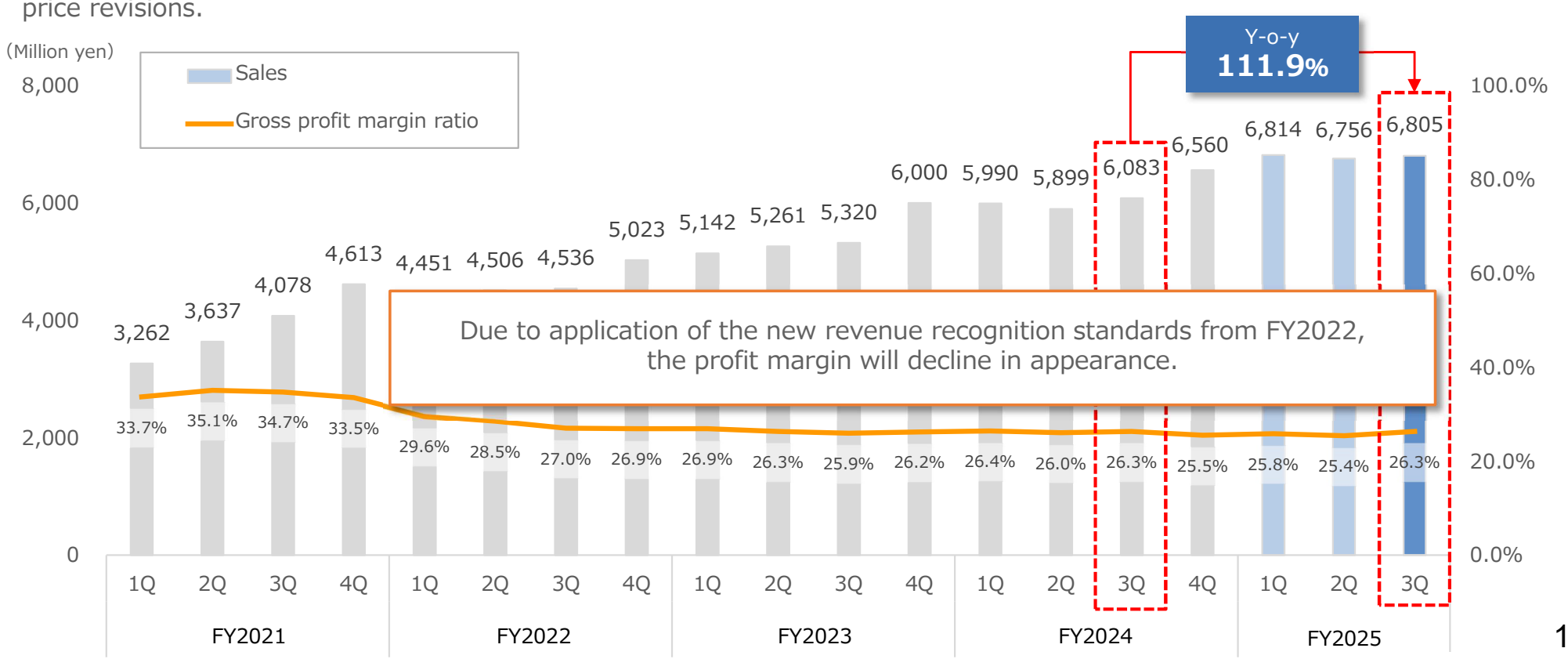
	FY 2024		3Q FY 2025			Key change factors (Compared to the end of the previous fiscal year)	
	Actual	Composition ratio	**Actual**	**Composition ratio**	**Compared with the end of the previous fiscal year**		
Assets	13,624	100.0%	**14,209**	100.0%	104.3%		
Current assets	10,921	80.2%	**11,192**	78.8%	102.5%	✓ Increase in product inventory ✓ Decrease in cash and deposits (interim payment of corporate tax, etc.)	+525 ▲218
Fixed assets	2,703	19.8%	**3,017**	21.2%	111.6%	✓ Increase in security deposits and guarantees ✓ Increase in investment securities	+119 +100
Liabilities	6,484	47.6%	**6,725**	47.3%	103.7%		
Current liabilities	4,848	35.6%	**5,086**	35.8%	104.9%	✓ Increase in long-term borrowings due within one year	+136
Fixed liabilities	1,636	12.0%	**1,639**	11.5%	100.2%		
Net assets	7,139	52.4%	**7,483**	52.7%	104.8%	✓ Net Income ✓ dividend payment	+641 ▲176
Equity ratio	51.0%		**51.1%**				
Current ratio	238.2%		**220.1%**				

3Q FY 2025 Wholesaling Business (i)
(Changes in sales/gross profit margin ratio)

■ **Sales** **20,375 million yen** (Y-o-y 113.4%)

■ **Segment Profit** **850 million yen** (Y-o-y 80.7%)

■Sales continued to grow at a high rate, driven by cosmetics and materials. Although the gross profit margin was affected by the weakening yen, it recovered to the same quarter last year in the third quarter, thanks in part to the results of sales price revisions.



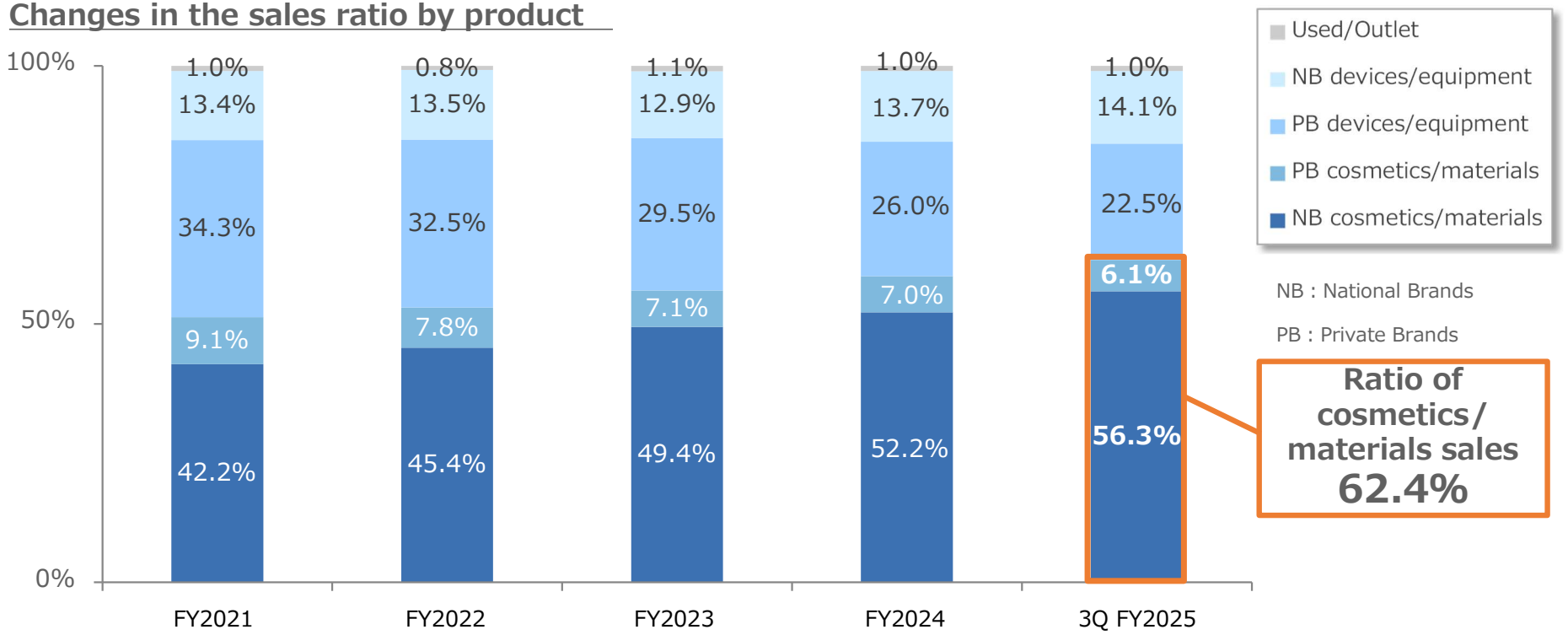
3Q FY 2025 Wholesaling Business (ii)
(Sales by Product)

■ **Devices/equipment sales** **7,697 million yen** (Y-o-y 104.7%)

■ **Cosmetics/material sales** **12,678 million yen** (Y-o-y 119.4%)

■ The proportion of cosmetics/material sales continues to rise, driven by high growth in national brand cosmetics and ingredients sales.

Changes in the sales ratio by product



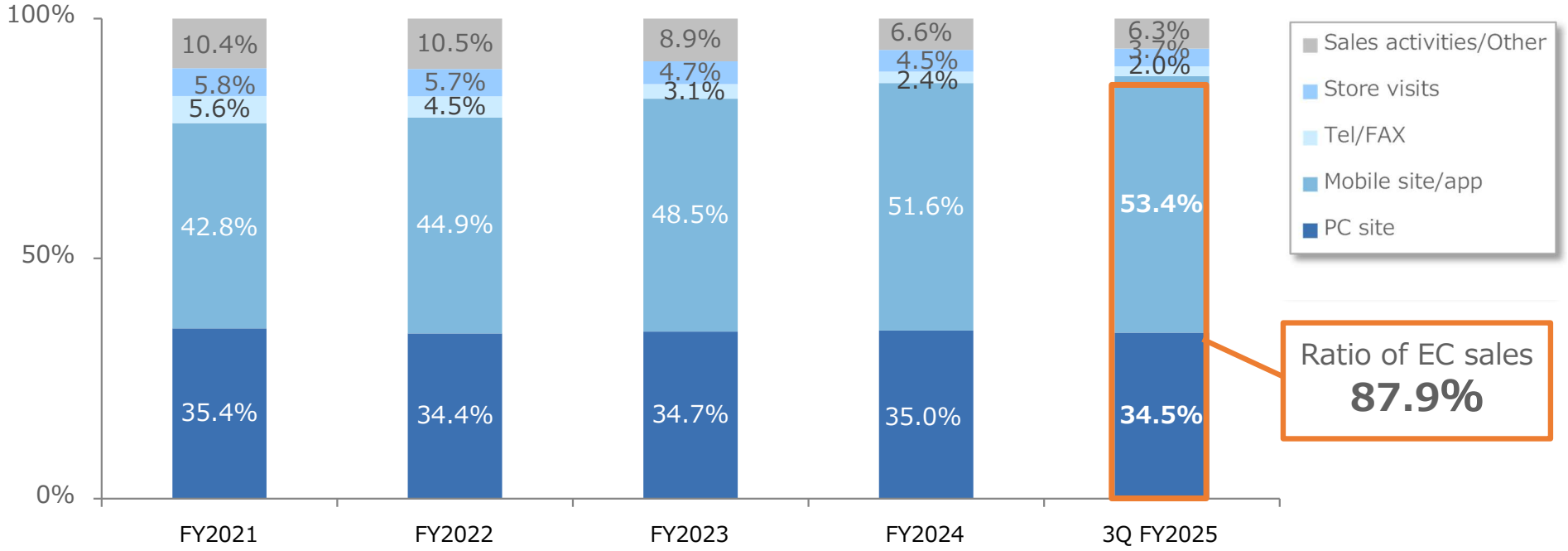
3Q FY 2025 Wholesaling Business (iii)
(Sales by Channel)

■ **EC sales** **17,912 million yen** (Y-o-y 115.2%)

■ **Non-EC sales** **2,463 million yen** (Y-o-y 101.5%)

■ Sales via mobile sites/apps continue to grow, with the EC sales ratio on the rise.

Changes in the sales ratio by channel



※ All sales of Adachi Factory Inc., group companies, fell into the sales activities/other channel.

3Q FY 2025 Wholesaling Business (Ⅳ)
（KPI Highlights）

■Active users (YAU) Users who made one or more purchases in the past year	186,703 accounts	Y-o-y 108.0% (3Q FY 2024 172,925 accounts)
■Loyal users Users who made six or more purchases in the past year	81,843 accounts	Y-o-y 113.9% (3Q FY 2024 71,882 accounts)
■Yearly ARPU ARPU is the abbreviation for “Average Revenue Per User”	143,777 Yen	Y-o-y 102.0% (3Q FY 2024 140,900 Yen)
■Contracts of purchasing customers	1,473,455 contracts	Y-o-y 115.8% (3Q FY 2024 1,271,951 contracts)
■Average spending per order	12,779 Yen	Y-o-y 96.7% (3Q FY 2024 13,220 Yen)
■”Salon.EC” Number of application salons	2,931 applications	Y-o-y 131.2% (3Q FY 2024 2,234 applications)
■Number of new member registrations via Air ID linking Collaboration begins at the end of September 2024	615 accounts	Y-o-y - % (3Q FY 2024 - accounts)

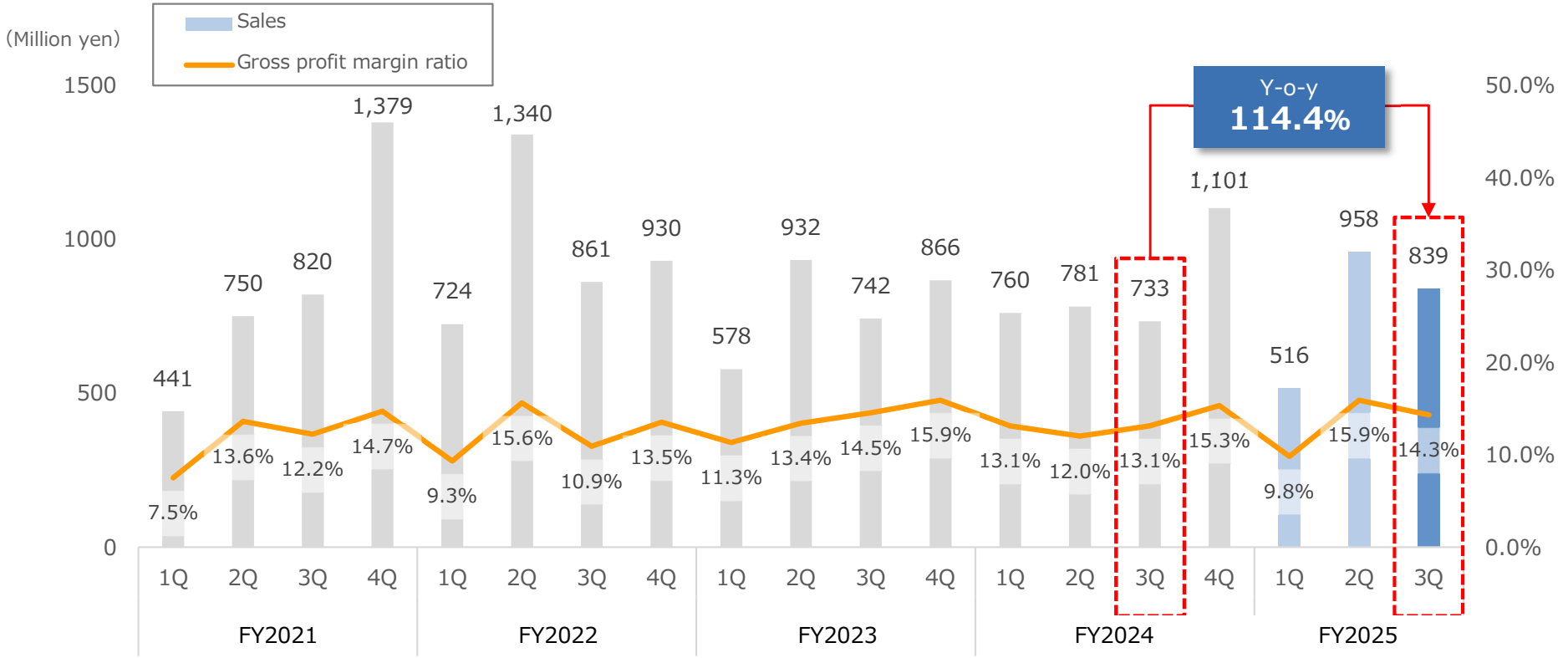
*The above KPI figures do not include the sales of group companies other than Beauty Garage and Eyelash Garage.
*Annual ARPU does not reflect sales from users within one year after registration of membership.

3Q FY 2025 Store Design Business (i)
(Changes in sales/gross profit margin ratio)

■ **Sales** **2,314 million yen** (Y-o-y 101.7%)

■ **Segment Profit** **121 million yen** (Y-o-y 137.2%)

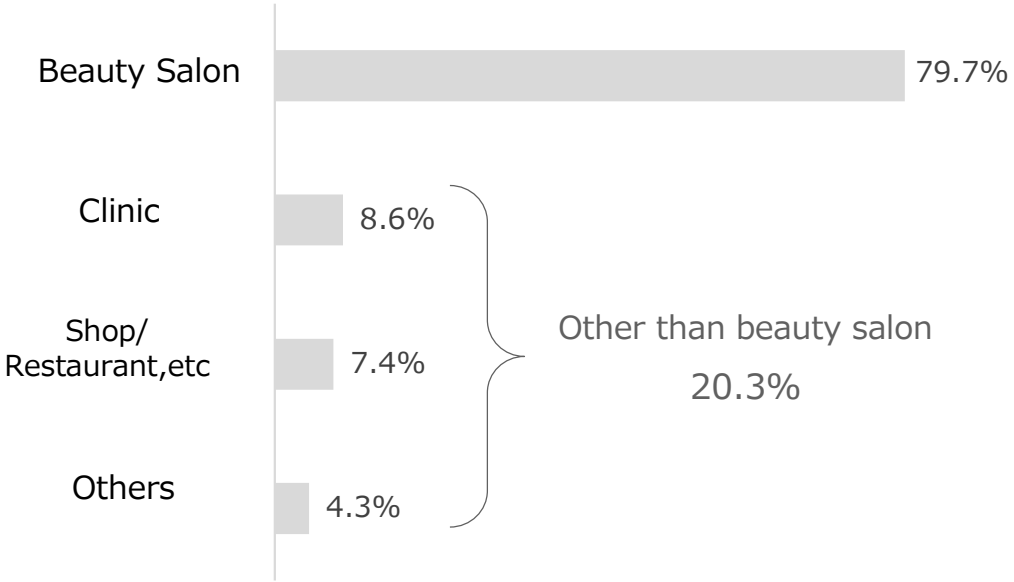
■In the third quarter, we were able to increase the number of projects from beauty salons and win large projects from clinics and shops, which allowed us to increase both sales and profits. In addition, the cumulative results showed that both sales and profits exceeded the figures for the previous period.



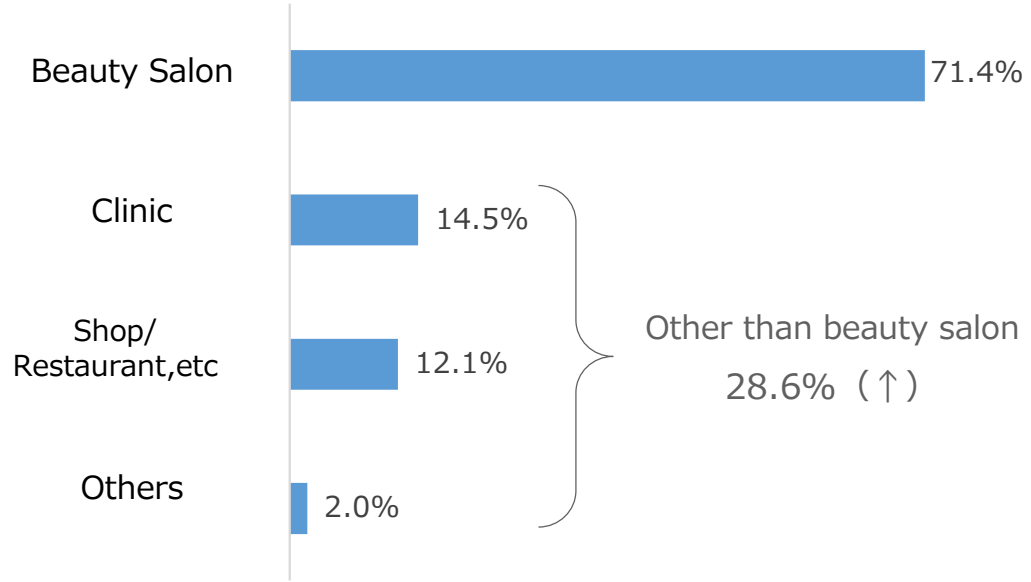
3Q FY 2025 Store Design Business（ii）
（Sales composition ratio by project category）

BEAUTY GARAGE

3Q FY 2024



3Q FY 2025



案件事例



Beauty salon



Clinic



Shop/
Restaurant,etc



Others

3Q FY 2025 Store Design Business (iii)
(entrusted contracts/average unit price/Sales composition by base)

BEAUTY GARAGE

Entrusted contracts

(those with sales of 1 million yen or more)

223 per year

(Y-o-y 88.8%)

※Entrusted contracts total 705 when including those with sales of less than 1 million yen.(Y-o-y 98.2%)

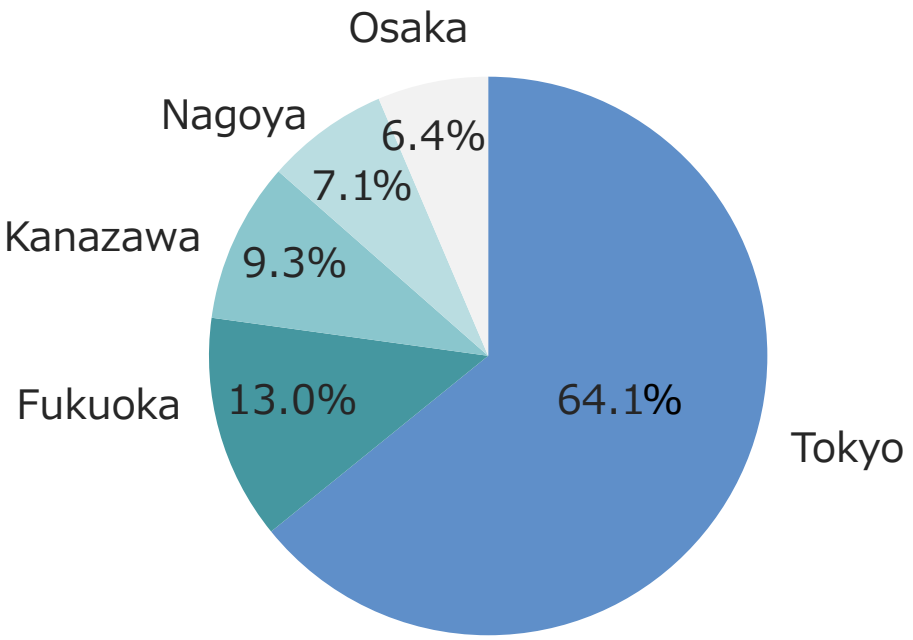
Average unit price of contracts

(those with sales of 1 million yen or more)

@10,316 thousand yen

(Y-o-y 113.9%)

Sales composition by base

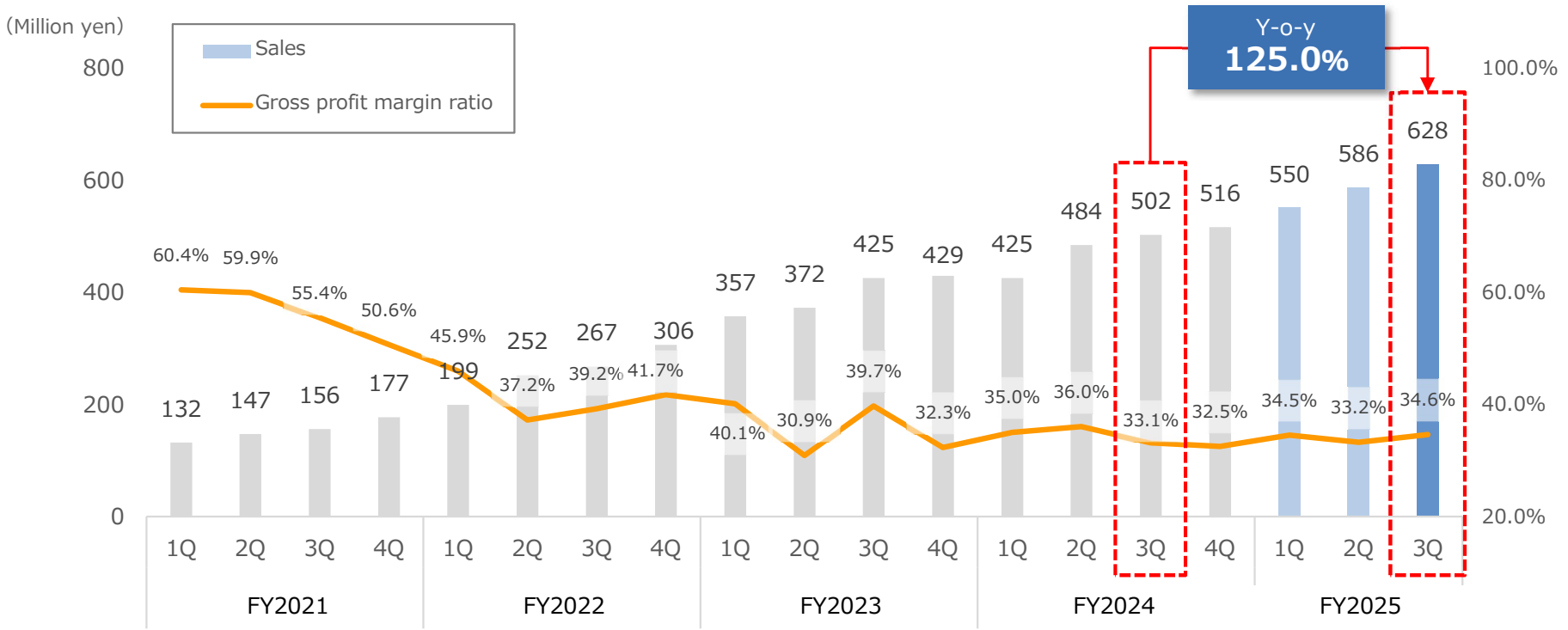


3Q FY 2025 Other Solution Business (i)
(Changes in sales/gross profit margin ratio)

■ **Sales** **1,766 million yen** (Y-o-y 124.9%)

■ **Segment Profit** **230 million yen** (Y-o-y 128.7%)

■ Each service performed steadily, quarterly sales reached a new record high for the sixth consecutive quarter, and third quarter sales exceeded 600 million yen.



3Q FY 2025 Other Solution Business (ii)
(Changes in sales/gross profit margin ratio)

■Number of store lease / sublease contracts	265 contracts	Y-o-y 118.3% (3Q FY 2024 224 contracts)
■Number of salon insurance contracts	12,536 contracts	Y-o-y 124.2% (3Q FY 2024 10,090 contracts)
■Number of affiliated business cards issued (Salon Professional Card)	5,907 cards	Y-o-y 130.1% (3Q FY 2024 4,541 cards)
■Number of simple HP production service contracts (Smart one)	431 contracts	Y-o-y 112.2% (3Q FY 2024 384 contracts)
■Number of card payment terminal contracts	1,941 contracts	Y-o-y 109.5% (3Q FY 2024 1,772 contracts)
■Number of contracts for various infrastructure services (Electricity, Optical line, USEN, POS, e-book)	2,446 contracts	Y-o-y 127.3% (3Q FY 2024 1,921 contracts)

Earnings Forecasts for FY 2025 (Consolidated)

There is no change to the earnings forecast for fiscal year 2025.

(million yen)

	Sales	Operating profit	Ordinary profit	Net profit
FY 2024 (Actual)	29,840	1,700	1,719	1,084
FY 2025 (Forecasts)	**33,987**	**1,816**	**1,815**	**1,210**
	—	Operating profit ratio 5.3%	Ordinary profit ratio 5.3%	Net profit ratio 3.6%
Y-o-y	113.9%	106.8%	105.6%	111.6%

Regarding shareholder returns in FY 2025

■ Dividend per share trends

Year	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
interim dividend	-	-	-	6.0 yen	7.0 yen
Year-end dividend	7.0 yen	8.0 yen	10.0 yen	7.0 yen	7.0 yen (forecasts)

Scheduled dividend increase

※A stock split was conducted at a ratio of 2 shares for 1 share on November 1, 2023, so the amount shown is after the stock split.

■ Shareholder benefits

No Change

<Target>

Shareholders who have held one unit (100 shares) or more continuously for more than one year (listed with the same shareholder number three or more times in a row in the April and October shareholder registers) with April 30th of each year as the record date. are eligible.

Increase in candidate products

< Shareholder benefits in FY 2025 >

You will be asked to select your desired product (20 candidates) from the "Shareholder Benefits Dedicated Site".

※ We offer products worth 4,000 yen (tax included) at the manufacturer's suggested retail price.

An information sheet will be enclosed with the notice of the Ordinary General Meeting of Shareholders that will arrive in July 2025.

Reference: Regarding the acquisition of treasury stock

We would like to announce the results of the share buyback that we have been carrying out since September 2024.

- Total number of shares acquired: 122,600 shares
  (0.96% of total issued shares)
- Total acquisition cost of shares: 169.3 million yen
  (84.7% of upper limit)

※Total number of treasury shares held as of the end of January 2025: 216,352 shares (1.70% of total issued shares)

(Reference: Overview of share buybacks)

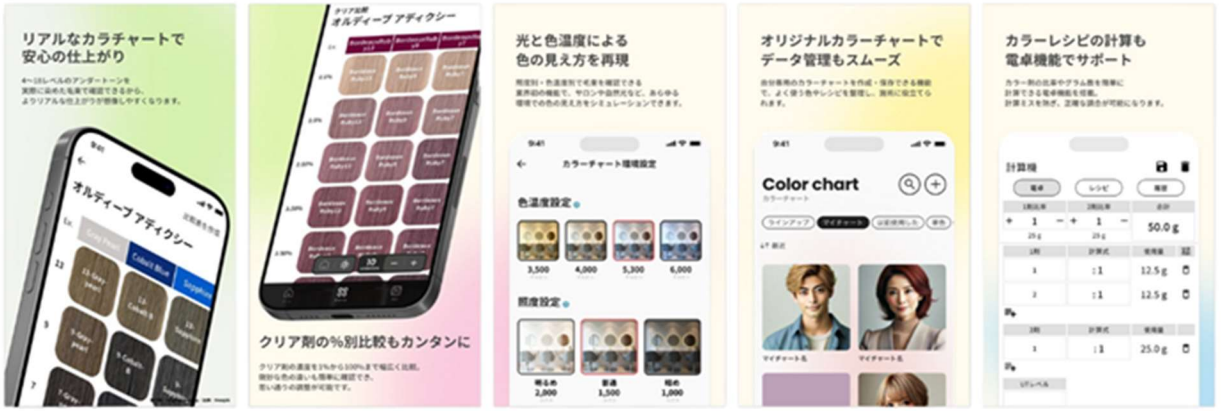
- Total number of shares to be acquired: 160,000 shares (maximum)
  (1.26% of total issued shares)
- Total acquisition cost: 200 million yen (maximum)
- Acquisition period: September 10, 2024 to December 27, 2024

Reference: Capital participation in Colorlog
(becoming an equity method affiliate)

In February 2025, we acquired 37.5% of the shares of Colorlog Inc. (an equity method affiliate), which operates the hugely popular Instagram hair color verification account Colorlog (@colorlog_official) and the Colorlog app, which features realistic color chart data and color recipe calculation functions. By linking the Colorlog account and Colorlog app with our online store, we aim to create a smooth purchasing path from information content, which will ultimately lead to a significant increase in our color product sales.







An Instagram account with over 70,000 followers, mainly consisting of active hairdressers

Reference: Sapporo branch relocated and reopened

In February 2025, our Sapporo branch expanded, relocated, and reopened, and we also opened an EXPRESS store.



・Significant expansion of total store floor space to 726㎡

・Full product lineup of approximately 20,000 items, mainly popular products

・Convenient location in downtown Sapporo (Hosui Susukino area)

・Introducing "Express Delivery", a quick delivery service that delivers to beauty salons within a 3km radius in as little as 30 minutes (currently available in Sendai, Tokyo, Osaka, Fukuoka, and Sapporo)







Reference: Progress towards opening the third data center

At the third DC (a new logistics center of approximately 20,000 tsubo) currently under preparation for construction in Kashiwa City, Chiba Prefecture, the latest automated equipment has been delivered and installed, and test operations are currently underway. Full-scale operation is planned for the early stage of fiscal year 2025.

Current situation



Tray-type vertical storage system "Modula"



High-performance, space-saving storage and retrieval system "Multi-Shuttle"



Intelligent conveyor system "Ecoloveya"

After stable operation (future plan),
storage capacity is expected to increase from the current **38,000 SKUs to 60,000 SKUs (158% compared to the current situation)**
number of shipments per day is expected to increase from the current **7,000 to 11,500 (164% compared to the current situation)**, significantly improving logistics capabilities.In addition, with the same shipping volume, **logistics labor costs are expected to decrease by approximately 30%** due to automation.

Appendix

Business Model

Beauty Garage is a corporate group operating businesses for beauty salons such as hair salons, esthetic salons, nail salons and eyelash salons, (i) B to B wholesale business of beauty products, (ii) store design business and (iii) opening/management solution business, with a combination of IT and real.

Corporate Philosophy/Slogan

Change the beauty industry

Beauty Garage aims to change the old-fashioned beauty industry bound with vested interests and old business practices by creating new value.

Business Overview Diagram

BEAUTY GARAGE

Business description

Wholesaling Business
of beauty products for professionals

Store Design Business

Other Solution Business
Fund procurement, leases, property introduction, customer attraction support, POS, insurance, etc.

Sales channels

ONLINE（Digital）

EC site & app



×

OFFLINE（Face to face）

Showroom & Store



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Corporate sales



Main customers

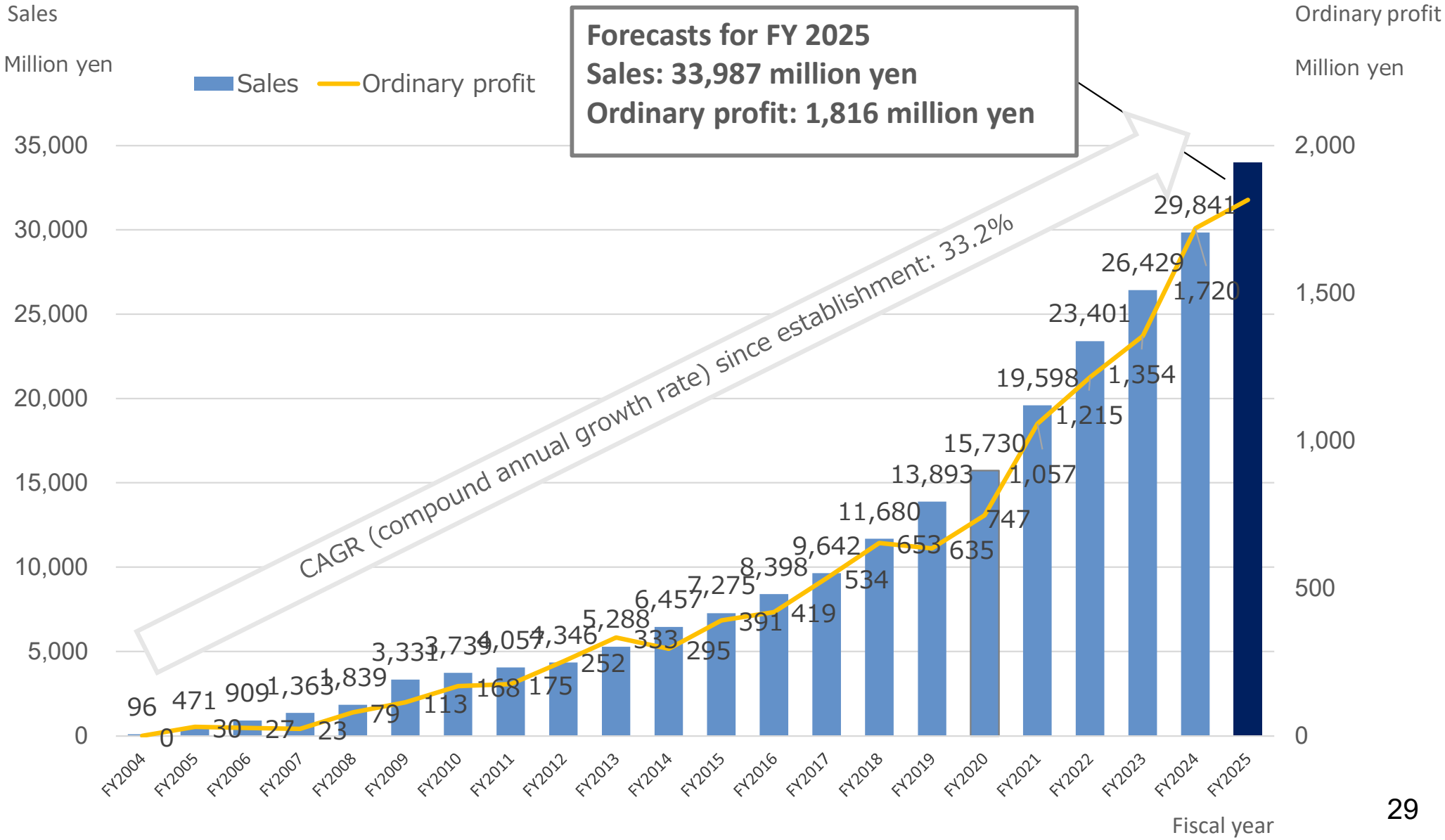
- Barbers
  Beauty salons
- Esthetic salons
- Massage
  Relaxation
- Nail salons
- Eyelash salons
- Acupuncture and osteopathic clinic

Major Group Companies

Group companies total 14 companies,
including 11 Japanese companies and 3 overseas companies.

	Name of company	Business description
TOUGH design product	Tough Design Product Inc.	Store design/construction
EYELASH GARAGE	Eyelash Garage Inc.	Services for eyelash salons
BG PARTNERS	BG Partners Inc.	Store lease/financial support
adachi factory	Adachi Factory Inc.	Manufacturing and selling of meatal devices/equipment
matsukaze	MATSUKAZE CO., LTD.	Manufacture and sale of professional eyelash extensions
BG REUSE	BG Reuse, Inc.	Sales of used hairdressing equipment
GYM GARAGE	BG Reuse, Inc.	Sales of used fitness equipment
BG Ventures	BG Ventures, Inc.	Investment business/operation of investment partnerships

Historical Changes in Earnings



Our advantage (i)　BEAUTY GARAGE ONLINE

Japan's No. 1 BtoB platform for purchasing beauty products for professionals

BEAUTY GARAGE ONLINE SHOP

Smart phone site

PC site

app



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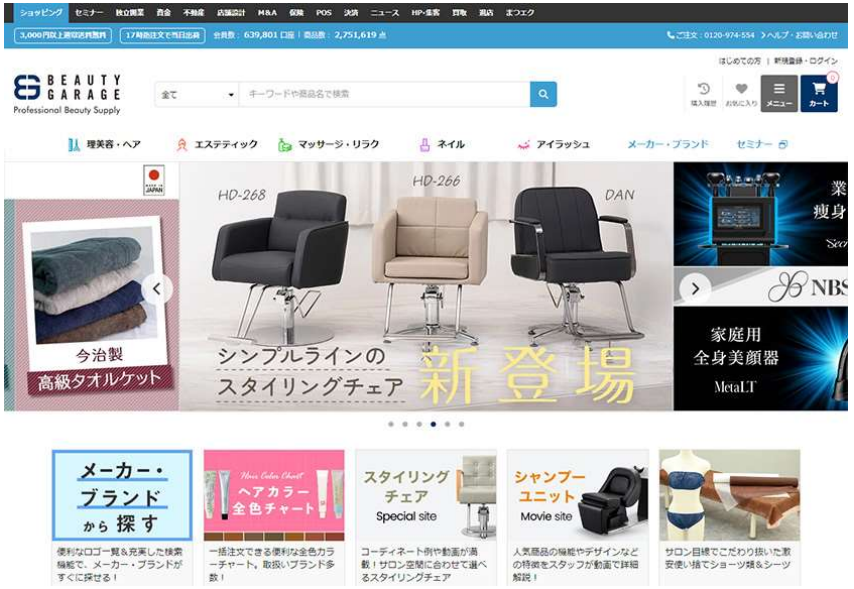

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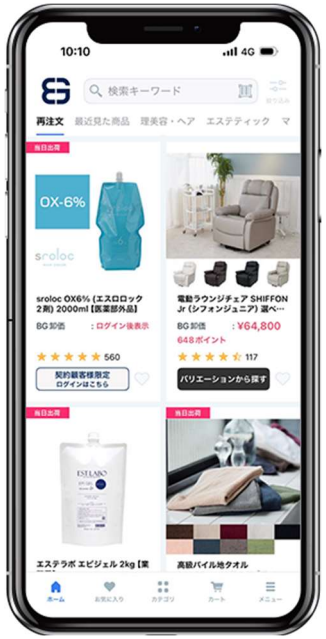


ONLINE × OFFLINE

Omni-channel approach

OMO

Showroom・store / Corporate sales

Our advantage (ii)　Real bases covering major cities nationwide









Our advantage (iii)　A product lineup with “everything you need for your salon”

BEAUTY GARAGE

Product Category

Total number of products sold: Over 3.46 million※

※ As of the end of January 2025

- Beauty salons equipment
- Esthetic equipment
- Nail furniture
- Eye beauty equipment
- Fitness equipment
- Beauty cosmetics
- Esthetic cosmetics
- nail materials
- Eye beauty materials
- Fitness supplies

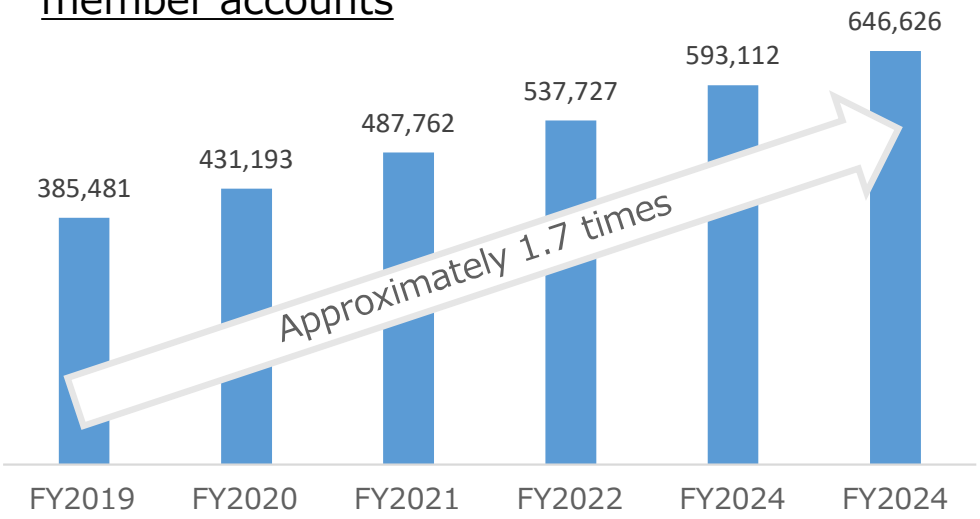
Main brands handled

Total number of manufacturers/brands handled : 1,323 Companies※

ARIMINO
beauty experience
Schwarzkopf PROFESSIONAL
NAKANO
WELLA PROFESSIONALS
ADJUVANT
OOHIRO
003 NUMBER THREE
PHYTOMER
EST LABO
REAL
MUCOTA
THALGO LA BEAUTE MARINE
PREGEL
VETRO
Miss eye d'or® JAPAN LASHES
Ladycoco. A wish granted for every girl, eyelashes that sparkle and flutter with
para gel PROFESSIONAL NAIL
O·P·I
Esthe Pro Labo™
La SINCIA
TEAtriCO.
EVOLGEAR
MATRIX
SEIRIN
YAMASHO
hoyu Professional
SHISEIDO PROFESSIONAL

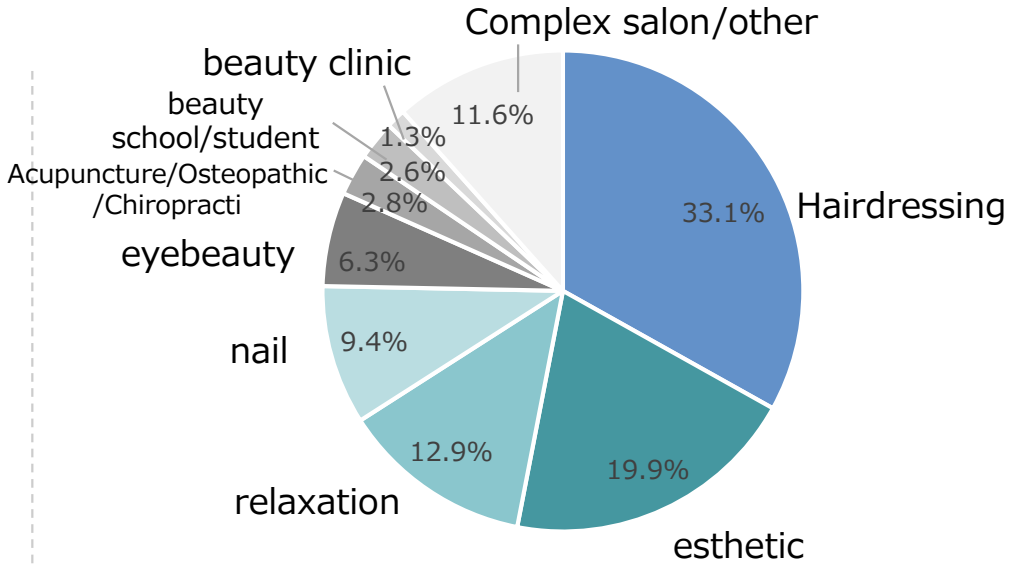
Our advantage (Ⅳ)　Japan's No. 1 overwhelming member base of beauty business operators

Changes in the number of Cumulative member accounts

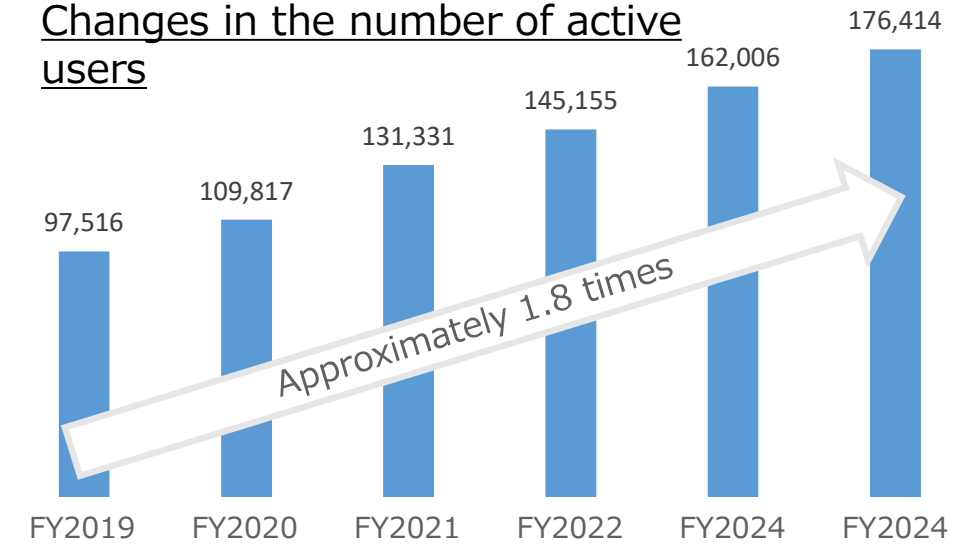


Member account details

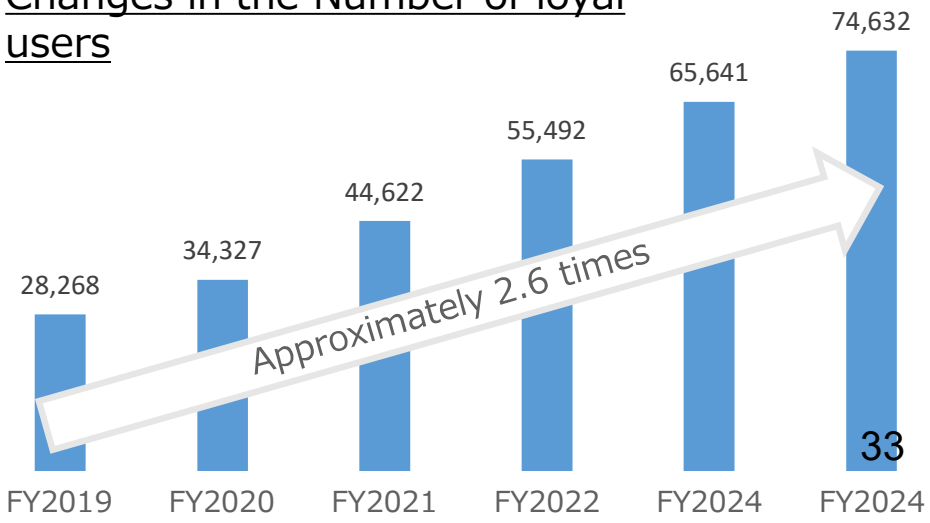
As of the end of April 2024



Changes in the number of active users



Changes in the Number of loyal users



Our advantage (V)　Industry's Largest Logistics Capabilities





Total area 27,060 ㎡

（East JAPAN DC : 20,460㎡ + West JAPAN DC : 6,600㎡ ）

- Handles over 7,000 shipments per day
- All orders placed before 17:00 will be shipped the same day. （Major cities nationwide arrive next day)
- Ships on Sundays and public holidays, and you can specify the delivery date and time
- Free shipping on orders over 3,000 yen

We are planning to open a third DC (approximately 20,000 ㎡) in Kashiwa City, Chiba Prefecture in May 2025







Our advantage (Ⅵ)　Store design department that is strong in beauty salons

- Many up-and-coming young designers including first-class/second-class architects are enrolled
- The industry's largest number of contracts and sales
- Covering a wide area with 5 bases nationwide: Tokyo/Osaka/Nagoya/Fukuoka/Kanazawa



01
HAIR SALON



02
NAIL / EYELASH
ESTHE SALON



03
BARBER



04
CLINIC



05
SHOP



06
HOUSE
RENOVATION



Our advantage (Ⅶ)　One-stop service for opening and management support

Opening support service

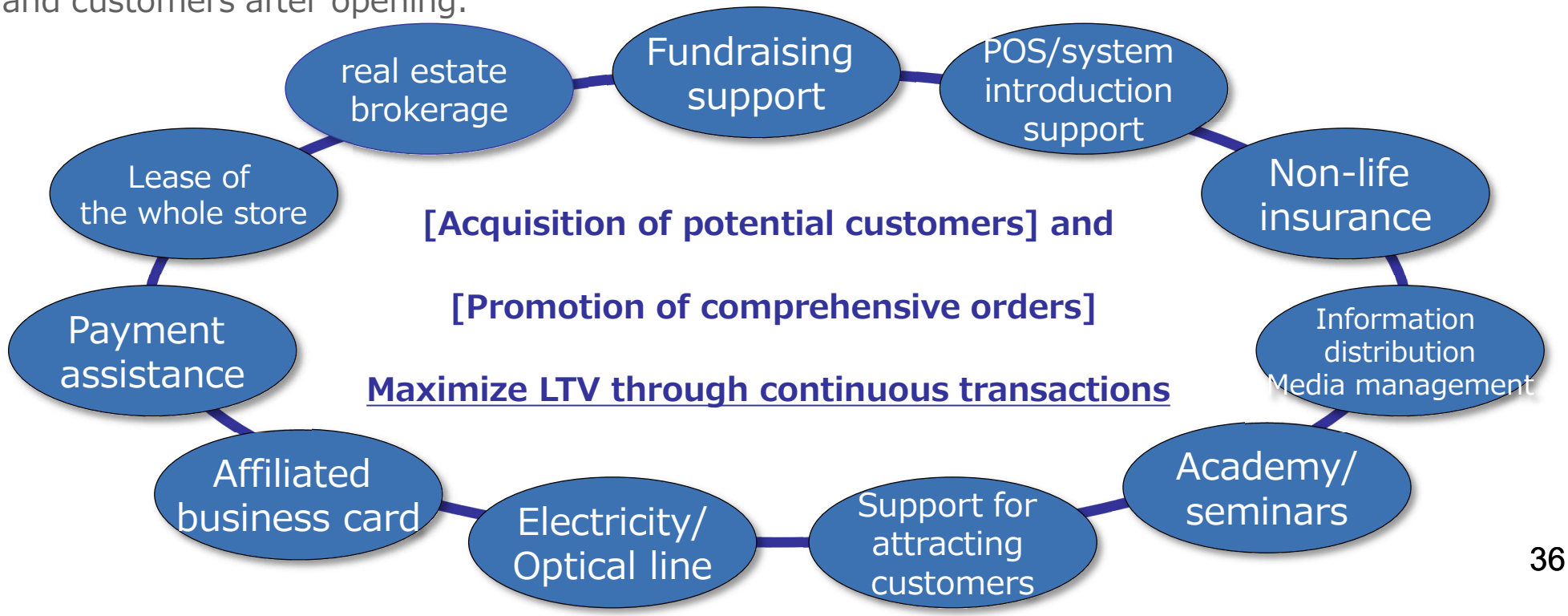
By capturing latent demand for independent openings and new store openings, we aim to promote comprehensive orders centered on equipment and interiors.

→ **Flow-type revenue**

Management support service

Continue to accumulate orders for materials such as consumables and cosmetics by strengthening prosperity support services for existing stores and customers after opening.

→ **stock-type revenue**



Growth strategy
Toward expansion of potential market size (TAM)

BEAUTY GARAGE
Expected share of around 5%

<Current potential market size>

Approx. 630 billion yen expected

- **Wholesaling 272 billion yen**
- **Store Design 226 billion yen**
- **Other Solution 131 billion yen**

Lateral growth strategy

Expansion of target customer (industry) area

- fitness training gym
- Acupuncture and bone setting clinic
- SPA/hot bath facility
- Beauty Clinic/Esthetic Dentistry
- BtoBtoC (for general consumers), etc.

※The numbers are Yano Research Institute's "Beauty and Beauty Marketing Comprehensive Book 2024", "Esthetic Salon Marketing Comprehensive Book 2024", Japan Nailist Association "Nail White Paper 2025", Nippon Jitsugyo Publishing "Latest Unsuccessful Beauty Salon Opening Book", Estimated by our company based on the Eye Beauty Journal article, the Japan Society of Aesthetic Surgery (JSAPS) materials, and the Ministry of Health, Labor and Welfare's "2022 Medical Facility [Motion] Survey"

In-depth growth strategy

Expansion of product/service areas

- Strengthening retail products and fitness equipment
- Support for building e-commerce sites for salons
- Support for attracting customers, recruiting, and training
- Finance and accounting support
- Media business, etc.

<Future potential market size>

Approx. 1,450 billion yen expected

- **Wholesaling 715 billion yen**
- **Store Design 288 billion yen**
- **Other Solution 445 billion yen**

ESG/SDGs
about our commitment to sustainability

Through various sustainability initiatives, we aim to create a better global environment, develop the beauty industry, We will also strive to build a corporate foundation that enables sustainable growth.

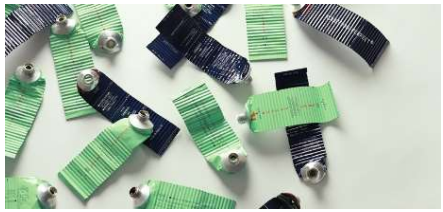
Realization of a recycling-based society

- Contribute to the realization of a recycling-oriented society by promoting the reuse of beauty equipment and creating a distribution market for existing stores





- Collection/recycling of used colorant empty containers(Donate profits to tree planting activities)







Harmonious coexistence with society

- Non-profit activities Free provision of handling products to organizations, children's homes, etc.



- Various types of support such as donations to areas affected by the Noto Peninsula Earthquake

Strengthening corporate governance

- Establishment of Nomination and Compensation Committee
- Establishment of a compliance system
- Appointment of female directors and expansion of foreign employees

