



**Presentation Material FY2023
for the Year Ended March 31, 2023**

ARTNATURE INC.

Financial Results for the Fiscal Year Ending March 2023

For the fiscal year ended March 31, 2023, all divisions reported increases in both sales and income compared to the previous fiscal year.

Net Sales & Operating Income

(¥ Million)

	FY2022 (Results)	FY2023 (Results)	YoY Change	Revision plan	Revision plan ratio
Net Sales	40,437	43,209	+6.9%	42,946	+0.6%
Operating Income	3,020	3,573	+18.3%	3,533	+1.1%

Breakdown of Net Sales

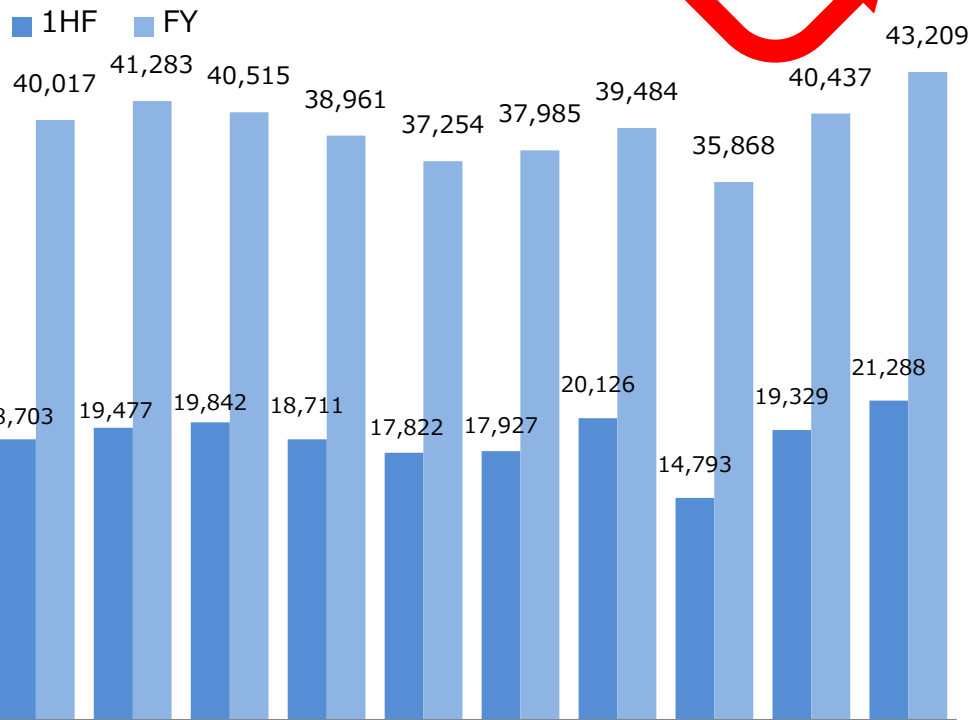
	FY2022 (Results)	FY2023 (Results)	YoY Change
Men's Business	22,660	23,237	+2.5%
Ladies' Business	16,227	18,195	+12.1%
Others	1,548	1,775	+14.6%

※ Ladies' Business inc. JULLIA ORGER, NAO-ART CO.,LTD

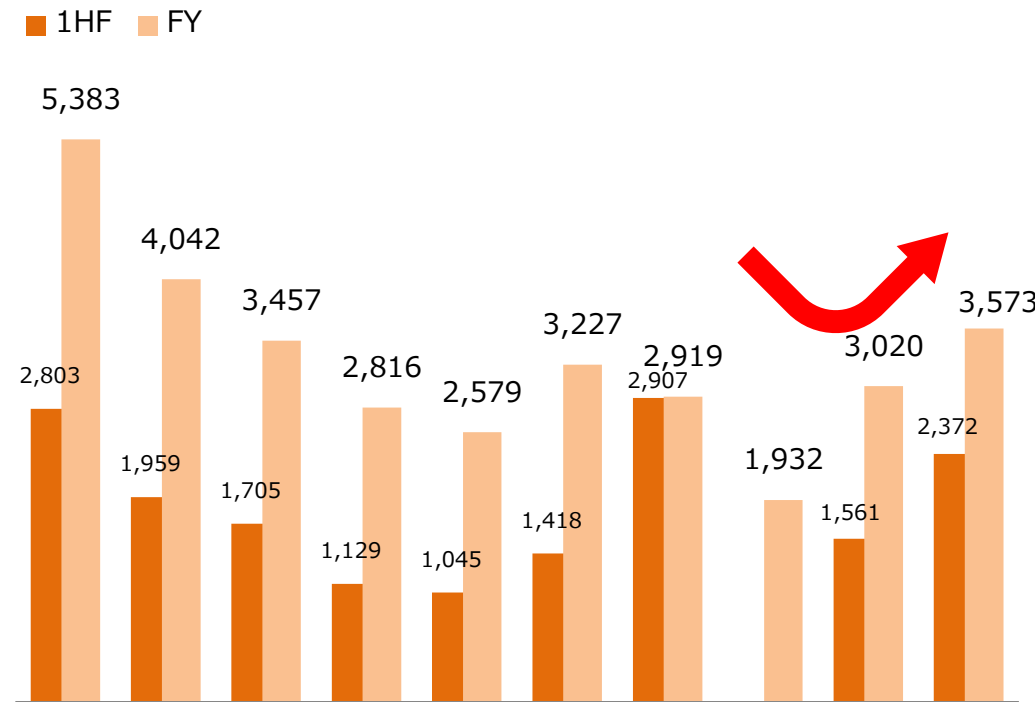
Net Sales and Operating Income

Both sales and operating income exceeded the levels before the COVID-19 epidemic, and sales reached a record high since the listing.

Net Sales (¥ Million)



Operating Income (¥ Million)



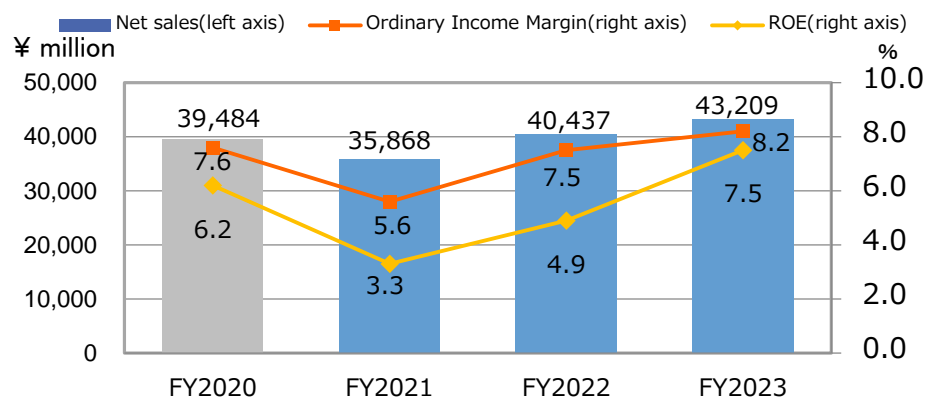
FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023

FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023

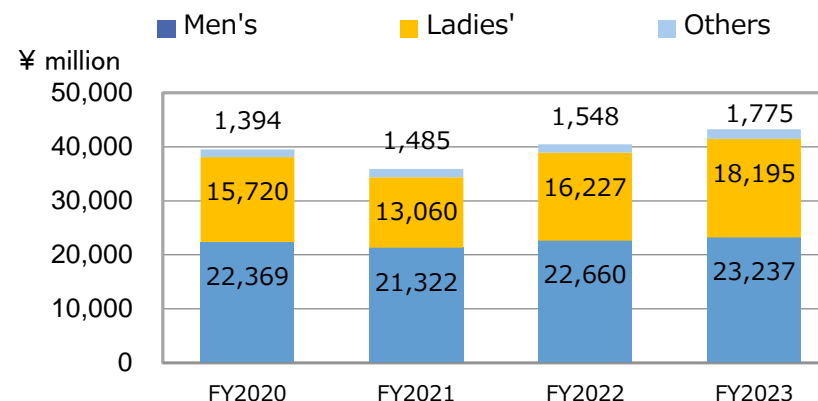
The New Medium-Term Management Plan

In FY2023 (the final year of the previous medium-term plan), net sales hit a record high, surpassing the pre-pandemic level, although falling short of the plan.

Trends in Financial Results

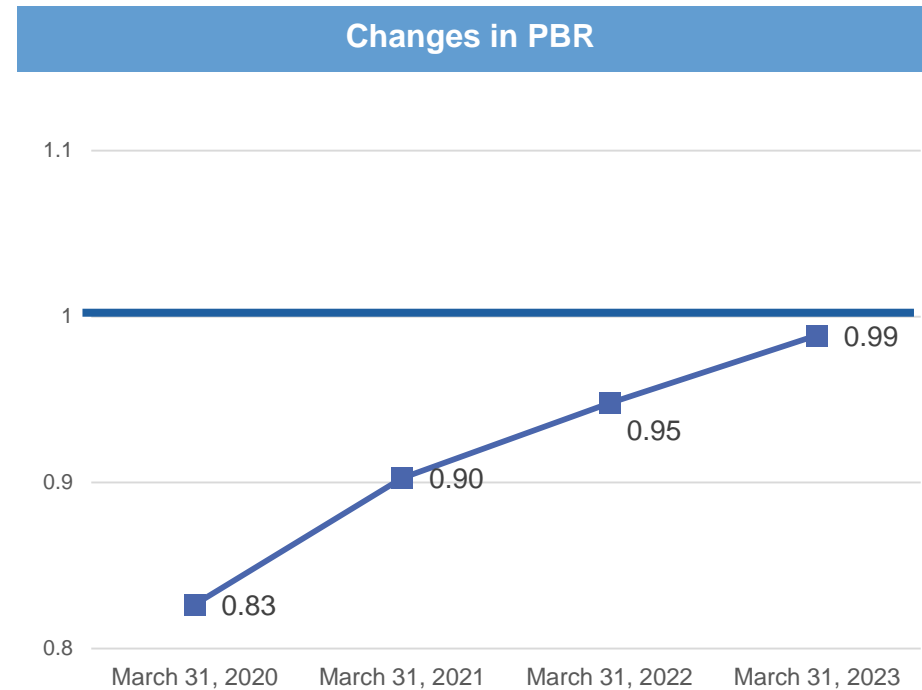
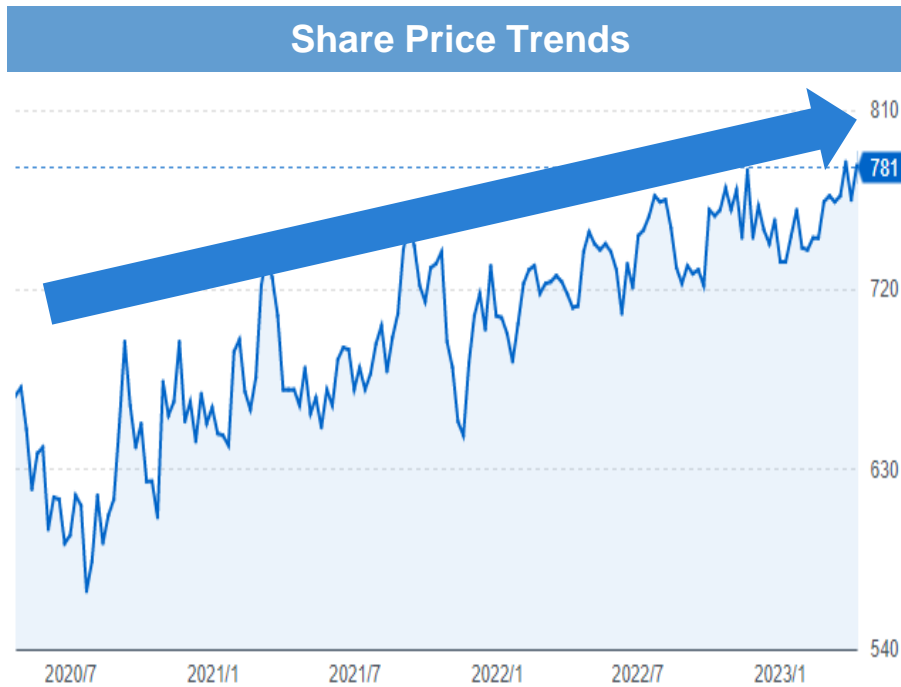


Trends in Financial Results (Sales Breakdown)



Item	FY2020 Results <small>(Final year of the previous two mid-term management plans)</small>	FY2023 (Final year of previous medium-term plan)		Medium-Term Plan Evaluation
		Original plan <small>(As of September2020)</small>	Actual results	
Net sales	39.4 billion yen	44.2 billion yen	43.2 billion yen	▲
Ordinary Income Margin	7.6%	8.7%	8.2%	▲
R O E	6.2%	8.7%	7.5%	▲

While the P/B ratio remains under 1.0, the stock price is gradually trending higher after bottoming out in July 2020.



Salon visitors were not back to pre-pandemic numbers, yet net sales hit a new peak. The expansion into new business areas has yet to be realized; it remains to be addressed.

Item		Details	Medium-Term Plan Evaluation	Review (April 2020 - March 2023)
Business growth	Existing Business	- Stabilizing and strengthening the customer base by emphasizing customer satisfaction	▲	[Number of salon visitors] The number of salon visitors, both male and female, has yet to reach the pre-pandemic level.
			▲	[Net sales] Net sales fell short of the plan. The Ladies' business grew dramatically due partly to the success of Feelin, a custom-made wig for women launched in September 2021.
	New Business*	- Enhancement of product lineup/Expansion of sales channels - Emphasizing brand penetration and recognition	○	[Expansion of product lineup and sales channels] The hair growth agent for women introduced in August 2020 contributed to results.
			×	[Expansion of recognition] The recognition failed to expand due to the impact of the Covid-19 pandemic.
Step into new business areas	- Venture into new businesses outside the existing fields to lay the foundation for the next generation	×	Many M&A deals were considered, but none led to an entry into new business areas.	

*Sales of medical supplies, medical institution support business, sales of mid-range wigs, etc.

Strengthening recruitment and business innovation remained hurdles, yet notable progress was made in staff training and dialogue with the market

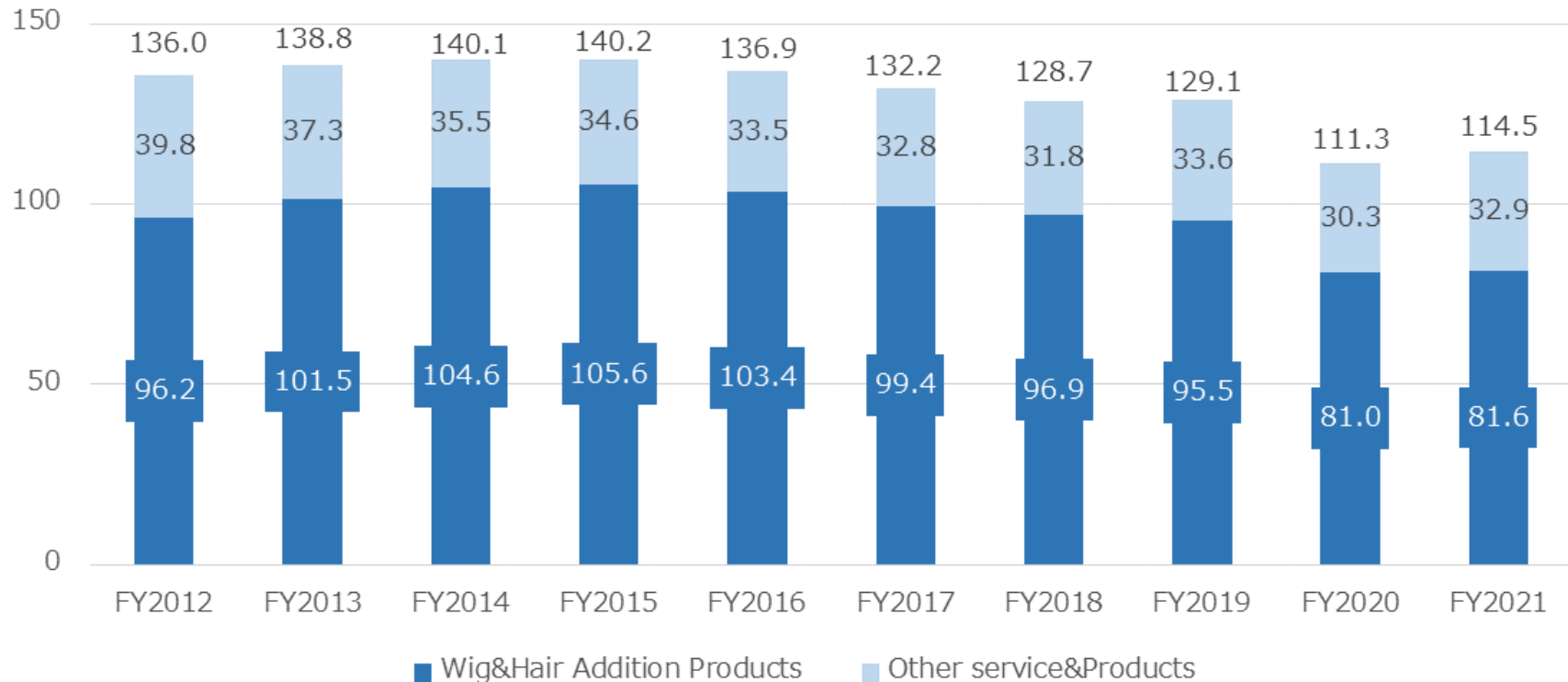
Item	Details	Medium-Term Plan Evaluation	Review (April 2020 - March 2023)
Strengthen the recruitment	<ul style="list-style-type: none"> - Build a stable recruitment system. - Increase job satisfaction 	▲	Raised starting salaries for new hires, reviewed recruitment channels, etc. Employee retention support measures, etc. remained a challenge.
Personnel training	<ul style="list-style-type: none"> - Develop the on-site workforce - Develop head-office staff who will lead the next generation 	○	Reviewed training programs, implemented video/remote training sessions, etc., held the nationwide Technical Competition 2022. Developed head-office personnel for next-generation leadership.
Business innovation	<ul style="list-style-type: none"> - Update routine business operations - Update the information system - Update the human resource system 	▲	Digitized documents and visualized business workflows, but only identified issues in digital transformation, not fully renewing the system. Failed to achieve a radical business renewal in the human resource system.
Dialogue with the market	<ul style="list-style-type: none"> - Strengthen IR activities - Implement SDG initiatives 	○	Provided external reports, hosted online briefings, conducted surveys for investors, etc. Launched sustainability initiatives to fulfill the SDGs (e.g., plastic reduction), including the endorsement of the TCFD recommendations and information disclosure and respect for human rights.

The domestic hair business industry has seen a downward trend in terms of market size, with wigs and hair addition shrinking. Although the market size increased in FY2021 compared to FY2020, it has not returned to the pre-pandemic level.

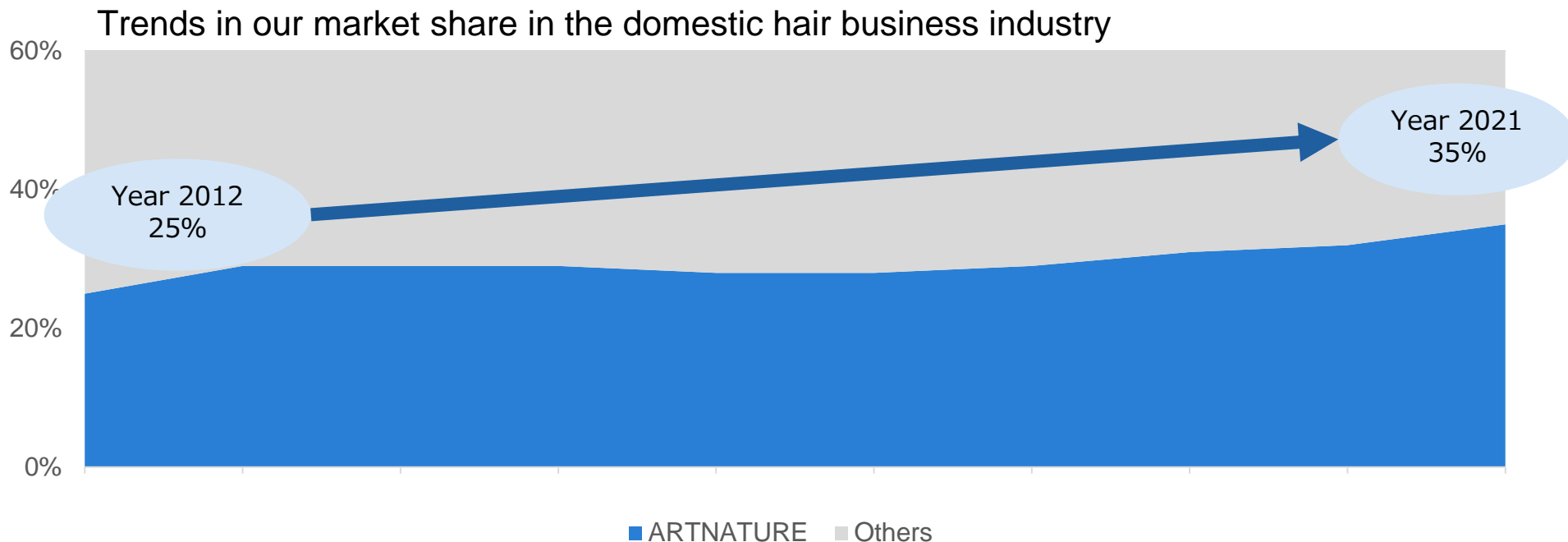
Source: Yano Research Institute Ltd. Hair Care Industry Marketing 2022

Note 1: Based on business sales

(Billion yen)



The ratio of our sales to the industry's total domestic sales, or our market share, is increasing.



Our consolidated net sales (Billion yen)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
	35.0	40.0	41.2	40.5	38.9	37.2	37.9	39.4	35.8	40.4

The following are keywords in our current business landscape:

<p>Politics</p>	<p>Opportunity</p> <p>Revision of the Act on Stabilization of Employment of Elderly Persons (Increase in customer lifetime value, LTV, due to more workers postponing retirement)</p>	<p>Opportunity</p> <p>Revision of the Act on the Promotion of Women's Active Engagement in Professional Life (Increase in the number of female customers with advances in work style reform)</p>	<p>Revision of the Corporate Governance Code (More rigorous administrative requirements)</p>
<p>Economy</p>	<p>Risk</p> <p>Chronic labor shortage (Intensifying competition for hiring hairdressers)</p>	<p>Risk</p> <p>Unstable exchange rates (A weak yen: a disadvantage for importers)</p>	<p>Risk</p> <p>Soaring resource prices (Higher cost of sales and SG&A expenses)</p>
<p>Society</p>	<p>Risk</p> <p>Declining population (Impact on the number of customers in the future)</p>	<p>Opportunity</p> <p>Changes in the lifestyles of the elderly Increase in the number of active seniors (Increase in our main customer base)</p>	<p>Opportunity</p> <p>Changes in consumer behavior as a result of the reclassification of Covid-19 as a Class V Infectious Disease (More time spent outside meaning more demand for wigs)</p>
<p>Technology</p>	<p>Opportunity</p> <p>Promotion of Digital Transformation (DX) (Advancement of useful technologies)</p>	<p>Opportunity</p> <p>Spread of social networking services (Diversification of digital sales channels)</p>	<p>Development of sustainable technologies (Development of environmentally friendly materials)</p>

1. Changing consumer behavior of seniors, a key customer segment

More and more seniors aged 60 and over are motivated about their work and hobbies. (Ministry of Internal Affairs and Communications, “Changing image of the elderly – Emergence of active seniors–”)

2. Domestic hair business industry rebounding from Covid-19, with an expansion trend after a slight rise

- 1) Consumer spending is expected to recover due to the reclassification of Covid-19 as a Class V Infectious Disease.
- 2) Demand among women in the baby boomer junior generation is expected to grow.
- 3) Digital transformation of business models and the integration of digital and real life will accelerate. Hair Care Industry Marketing 2022
(2&3: Excerpted from by Yano Research Institute Ltd.)

With its vision as “Pioneering the Next Generation: ARTNATURE’s Leap Forward,” the Medium-Term Management Plan 2023-2025 is positioned as the third step toward the realization of the long-term vision for 2027, the 60th anniversary of the company’s founding.

AN Group Motto	<p>“Your best smile is what we want.”</p>
AN Long-Term Vision 2026 (60th Anniversary)	<p>“A Decade to Open a New Future” Open up a new future by shifting to a management style emphasizing customer satisfaction and profitability, while exploring new business areas.</p>
3rd step Medium-Term Management Plan 2023-2025 Vision	<p>“Pioneering the Next Generation: ARTNATURE’s Leap Forward” Make a new breakthrough to the realization of the long-term vision based on the achievements to date</p>
2nd step Medium-Term Management Plan 2020-2022 Vision	<p>“Pioneering the Next Generation: ARTNATURE’s Challenge” Embrace the challenges to enhance business value in spite of an uncertain future</p>
1st step Medium-Term Management Plan 2017-2019 Vision	<p>“Pioneering the Next Generation: The Birth of ARTNATURE” Aim for a recovery in business performance to build a solid foundation</p>
Strengthening of Business Foundation Corporate Responsibility	

NOW

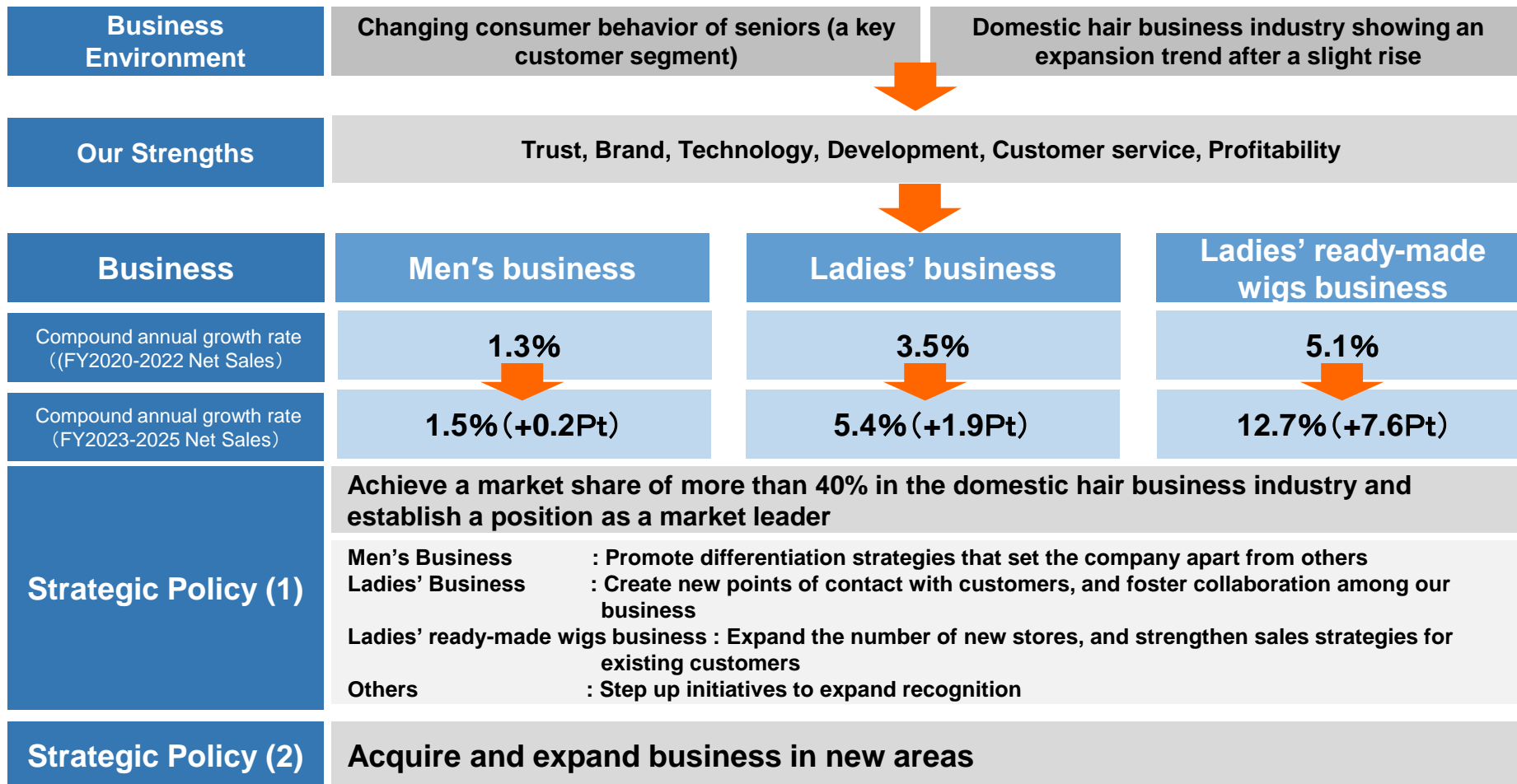
Despite the rapidly changing environment in which we operate, we aim to reach the next major milestone of more than 50 billion yen in this medium-term management plan.

Long-Term Vision “A Decade to Open a New Future”				
Medium-Term Management Plan	Previous two mid-term management plans	Previous Mid-term Management Plan	New Medium-Term Management Plan	Final fiscal year
	2017-2019	2020-2022	2023-2025	2026
	REBORN	Challenge	Advance	—
	Pioneering the Next Generation: The Birth of ARTNATURE	Pioneering the Next Generation: ARTNATURE’s Challenge	Pioneering the Next Generation: ARTNATURE’s Leap Forward	—
Net sales※1	39.4Billion yen (2019)	43.2Billion yen (2022)	52.3Billion yen (2025)	—
Ordinary Income Margin ※1	7.6% (2019)	8.2% (2022)	10.0% (2025)	—
ROE※1	6.2% (2019)	7.5% (2022)	10.2% (2025)	—
Hair business market share※2	30.5% (2019)	35.3% (2021)	Over 40% (2025)	—

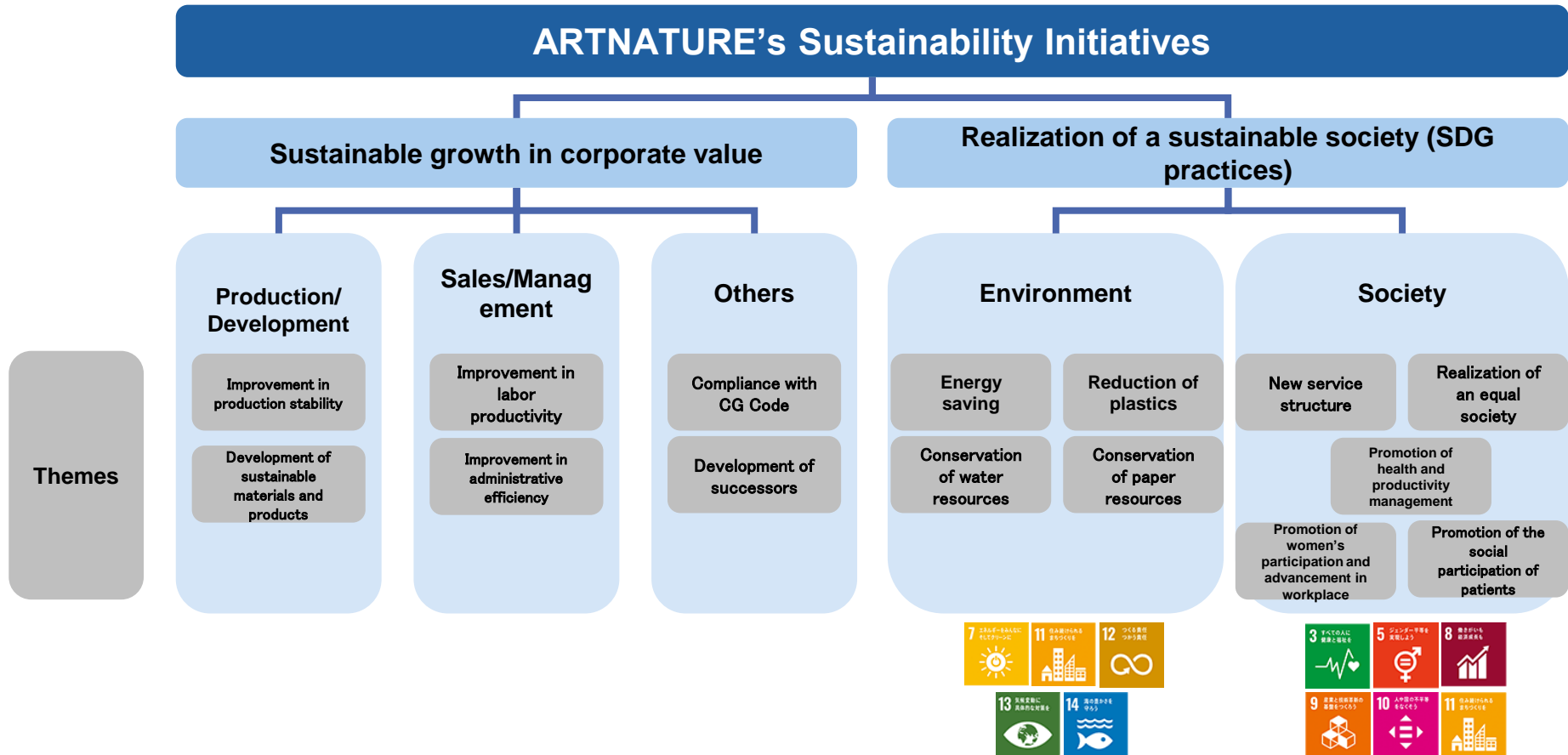
*1 Net sales, Ordinary income margin, and ROE shown are actual results and plans for the final year of the medium-term management plan.

*2 Hair business market share: the ratio of our sales to the industry’s total domestic sales (2019, 2021)

Improve business performance and boost market share in the hair business industry, establish a position as the domestic market leader, and acquire and expand business in new areas



Guided by our motto “Your best smile is what we want,” the ARTNATURE Group will strive to sustainably enhance our corporate value and realize a sustainable society.



Maintain stable dividends in FY2023, and consider additional shareholder return policies in FY2024 and beyond.

Basic policy	We believe that returning profits to shareholders is one of the top priorities in our management. We strive to maintain stable dividends to shareholders while giving due consideration to securing sufficient internal reserves for strengthening our management base and financial position and for future business expansion.					
Key Indicators (Shareholder Returns)	Previous Mid-term Management Plan			This medium-term plan		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net income per share	25.99yen	37.51yen	58.00yen	65.92yen	80.08yen	91.04yen
Dividend per share	28yen	28yen	28yen	28yen	Under consideration	Under consideration
Dividend payout ratio	107.7%	74.7%	48.3%	42.5%	Under consideration	Under consideration

Under consideration

Financial Results

FY2023 (April 1st, 2022 to March 31st, 2023)

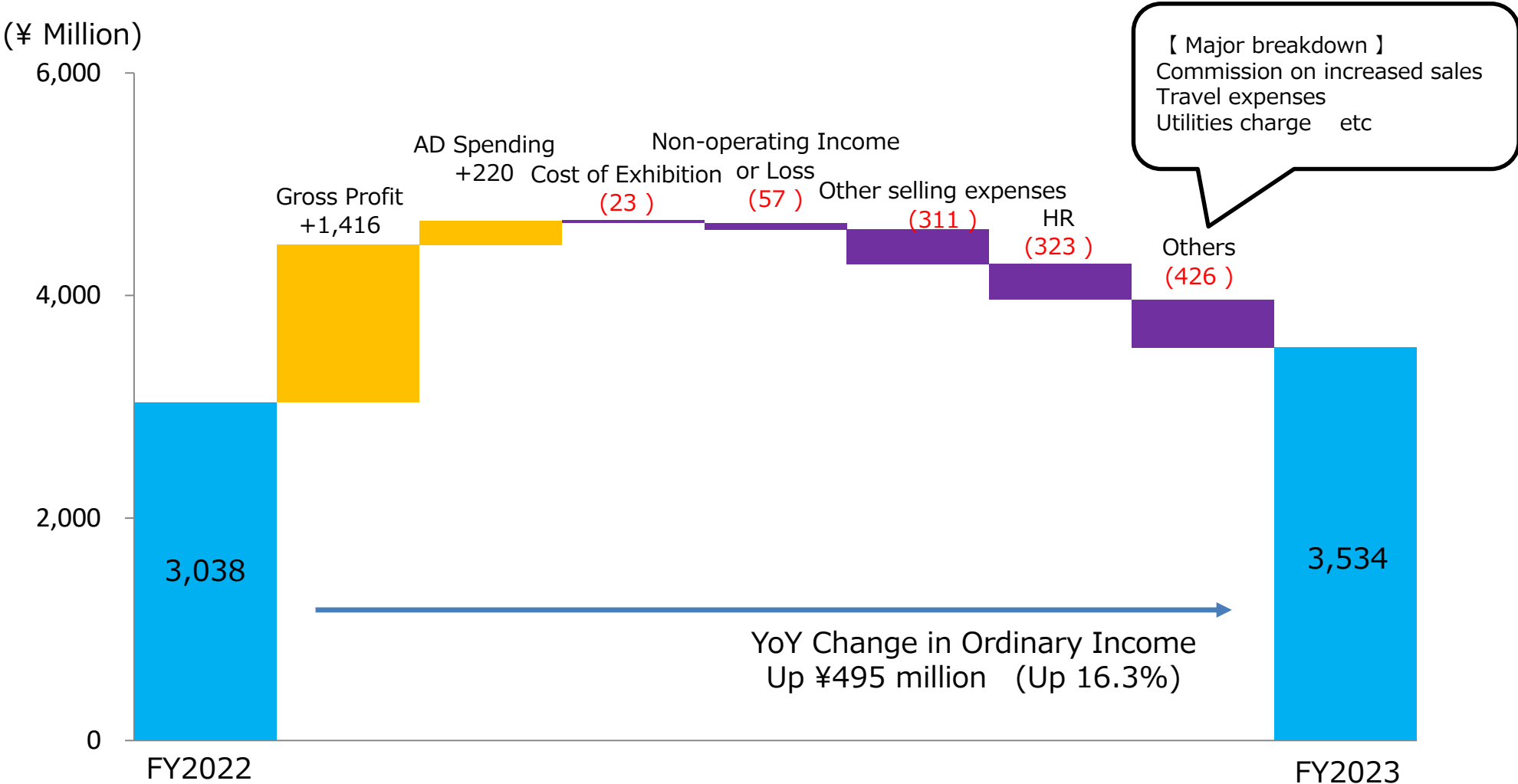
FY2023 : Consolidated Statements of Income Highlights

FY2023 financial results exceeded the revised plan in addition to higher sales and income compared to the previous fiscal year. (¥ Million)

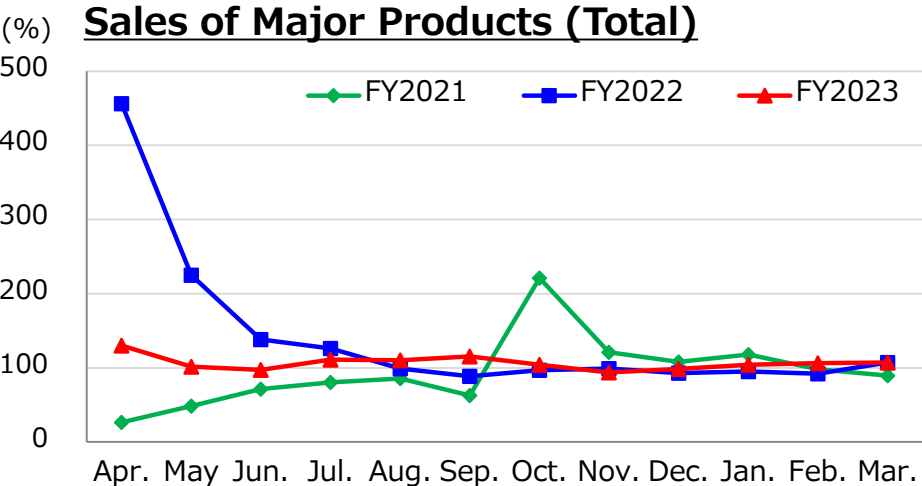
	FY2022 Results	FY2023 Results	Revision plan	YoY Change
Net Sales	40,437	43,209	42,946	Net Sales : Up 6.9% Men's Business : Up 2.5% Ladies' Business : Up 12.1%
Men's Business	22,660	23,237	23,152	
Ladies' Business	16,227	18,195	18,090	
Others	1,548	1,775	1,703	
Cost of Sales	12,698	14,053	13,939	Cost of Sales Ratio : Up 1.1Pt Product Cost : Up 1.6Pt HR : Down 0.5Pt
Gross Profit	27,739	29,156	29,007	
SG&A Expenses	24,719	25,582	25,474	SG&A Expenses Ratio : Down 1.9Pt Ad Spending : Down 1.5Pt HR : Down 0.2Pt Other : Down 0.2Pt
Ad Spending	6,556	6,336	-	
HR	5,790	6,113	-	
Operating Income	3,020	3,573	3,533	CAPEX Store facilities : ¥914 million System related : ¥90 million
Ordinary Income	3,038	3,534	3,474	
Net Income	1,204	1,874	1,817	
Depreciation	827	829	-	
CAPEX	1,359	1,410	-	

FY2023 : Analysis of Consolidated Ordinary Income

Gross profit grew in line with the increase in sales, contributing to the increase in income.

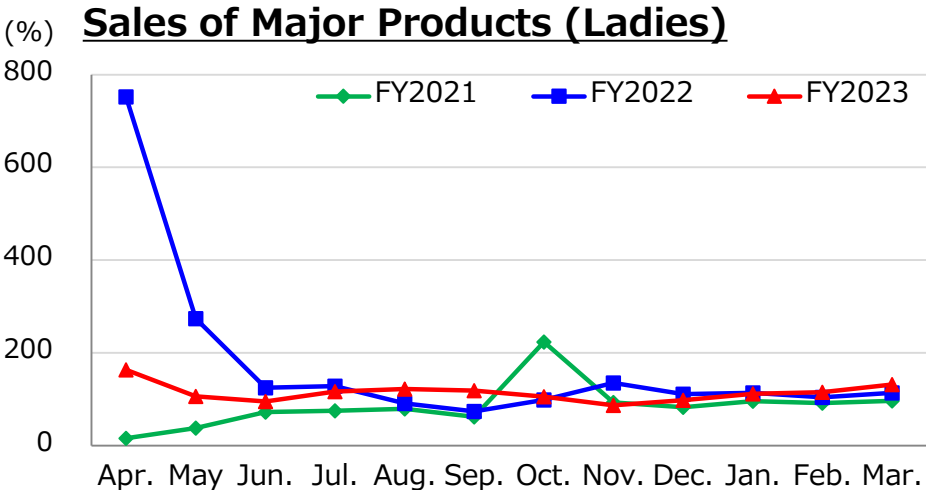
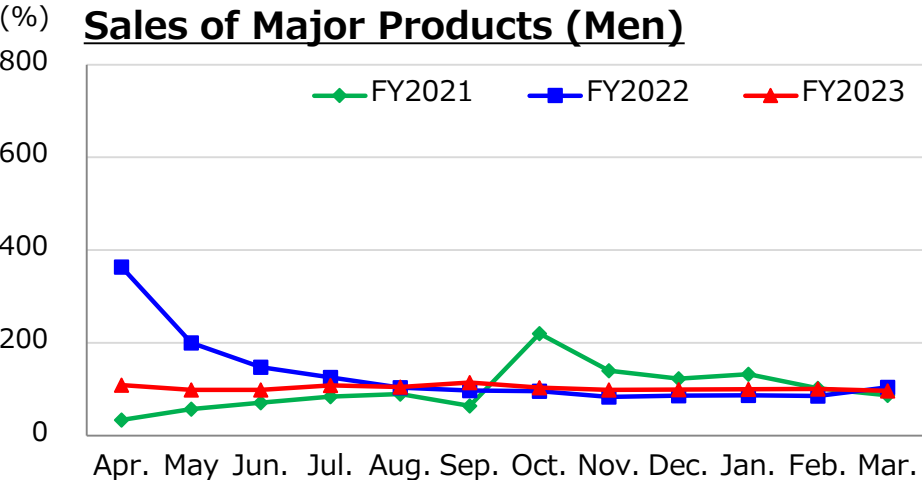


Sales of major products remain steady for men, while the "Feelin" effect continues for women



Total Sales of Major Products (Full-year) (%)

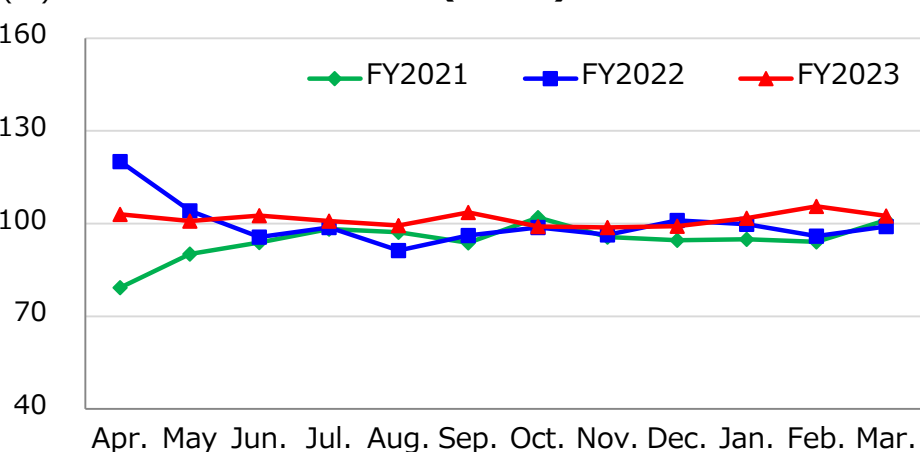
	Total	Men	Ladies
FY2021	87.9	93.8	78.4
FY2022	113.4	108.3	123.4
FY2023	106.4	102.4	113.5



Monthly Trends: Customer Traffic (YoY, Accumulated)

The number of male customers has been gradually decreasing, while the number of female customers has turned to increase.

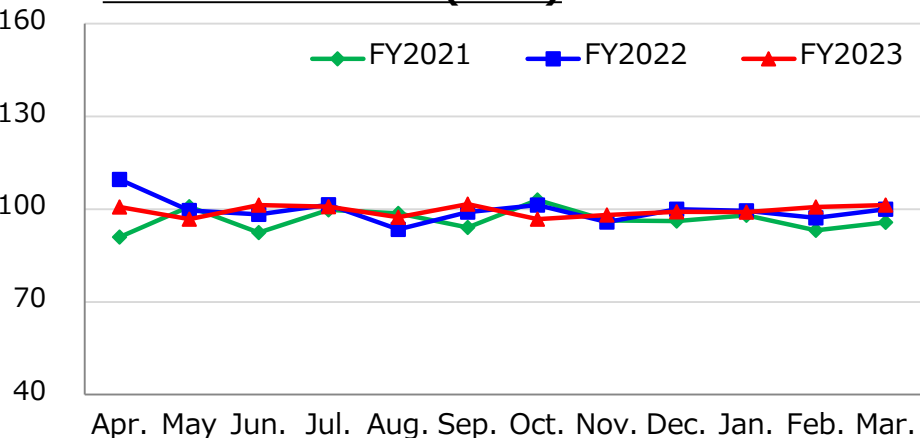
Customer Traffic (Total)



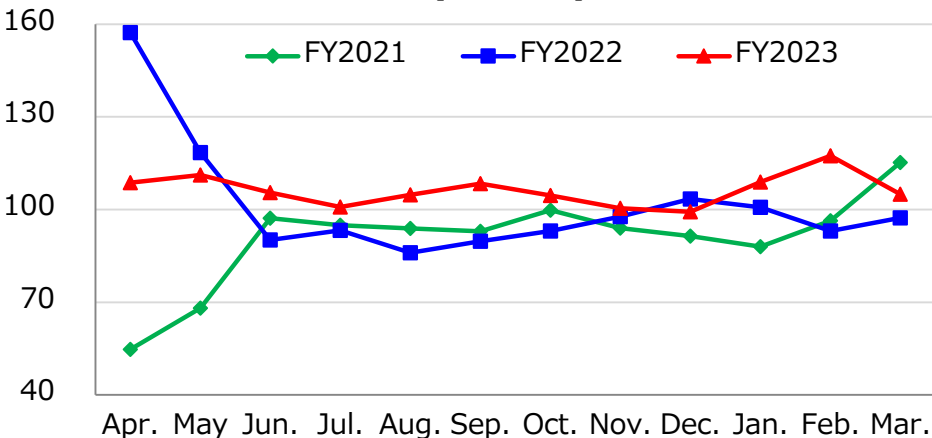
Customer Traffic (Full-year)

	Total	Men	Ladies
FY2021	94.6	96.6	90.1
FY2022	99.4	99.5	99.2
FY2023	101.4	99.4	106.0

Customer Traffic (Men)



Customer Traffic (Ladies)



Details of the New Medium-Term Management Plan

Aim to expand business performance and market share in the hair business industry in order to propel “ARTNATURE, pioneer of the next generation” to the next stage.

Key Themes	Indicators (FY2025)		
<p data-bbox="84 372 401 429">Value Creation</p> <ul data-bbox="84 439 998 708" style="list-style-type: none"> ■ Establish a position as a market leader in the domestic hair business industry ■ Acquire and expand business in new areas 	Financial Indicators	Net sales (Compound annual growth rate)	52.3 Billion yen (6% or more)
		Ordinary Income Margin	10.0%
		ROE	10.2%
<p data-bbox="84 722 619 779">Sustainability Promotion</p> <ul data-bbox="84 789 998 1089" style="list-style-type: none"> ■ Create a sustainable society Promote compliance with the Corporate Governance Code (climate change, respect for human rights, human capital) Implement SDG initiatives ■ Achieve sustainable growth in corporate value Improve labor productivity/production stability/administrative efficiency 	Non-financial Indicators	Hair business market share	40% or more
<p data-bbox="84 1116 573 1173">Dialogue with the Market</p> <ul data-bbox="84 1183 998 1305" style="list-style-type: none"> ■ Consider new information disclosure ■ Consider additional shareholder return policy (dividend increase, shareholder benefits, etc.) 		GHG emissions	To be established by 2025 <Reference> FY2021 Domestic non-consolidated Scope 1, 2 → 6,076t-CO2
		Percentage of female managers Wage gap between male and female employees Percentage of male employees taking childcare leave	22% or more Currently +1.0% 82% or more

Aim to reach net sales of more than 50 billion yen and ROE of over 10% in FY2025, the final year of this medium-term plan.

To improve ROE, focus on increasing profitability by expanding business for women and entering new areas.

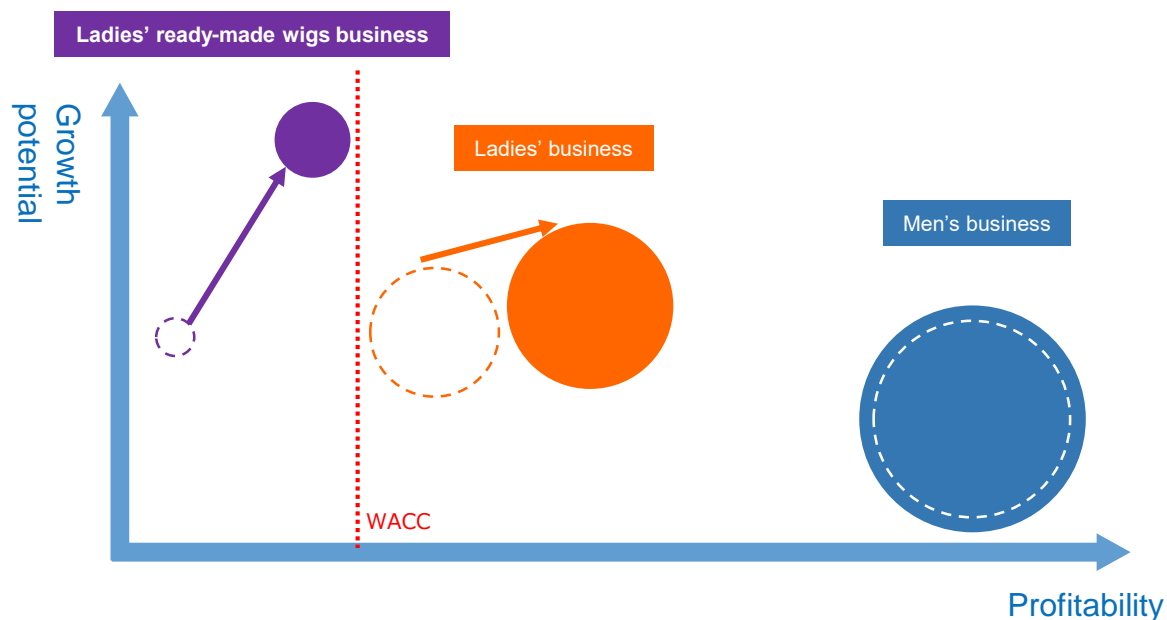
Key Indicators (Performance Plan)	Previous Mid-term Management Plan			This medium-term plan		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	35.8Billion yen	40.4Billion yen	43.2Billion yen	44.7billion yen	47.0billion yen	52.3billion yen
Compound annual growth rate	Men's business 1.3% Ladies' business 3.5% Ladies' ready-made wigs business 5.1%			Men's business 1.5% (+0.2 Pt) Ladies' business 5.4% (+1.9 Pt) Ladies' ready-made wig business 12.7% (+7.6 Pt)		
Ordinary Income Ratio	5.6%	7.5%	8.2%	8.5%	9.7%	10.0%
ROE	3.3%	4.9%	7.5%	8.3%	9.6%	10.2%

Disclose appropriate non-financial indicators through environmental and social initiatives.

Key Indicators (Non-financial)		Benchmark		This medium-term plan	
		FY2021	FY2022	FY2023 - FY2025	
Environment	GHG emissions	6,076t-CO2 <small>Domestic non-consolidated, Scope 1, 2</small>	—	Target to be set during the period of this medium-term plan	To be set as soon as we know the GHG emissions of our subsidiaries in Japan and overseas
		—	19.4% <small>As of April 2022</small>	22.0% or more	
Society	Wage gap between male and female employees	—	73.5% <small>Including non-regular employment</small>	Increase by 1.0% or more from the current level	We have a high percentage of female employees and employees with shorter working hours.
	Percentage of male employees taking childcare leave	80.6%	72.4%	82.0% or more	

Expand the Ladies' business and the Ladies' ready-made wigs business by investing profits from the Men's business into the custom-made and ready-made wigs businesses for women.

Business Portfolio



*Simplified image of our business portfolio

[Circle]
 Size: Net sales
 Dotted line: Previous medium-term plan
 Solid line: This medium-term plan

[Vertical axis]
 Sales growth rate (annual average)
 Previous medium-term plan FY2019 to FY2022
 This medium-term plan FY2022 to FY2025

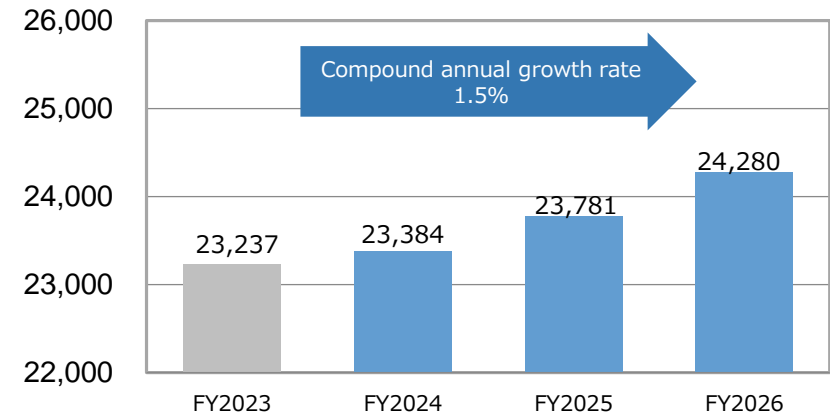
[Horizontal axis]
 ROIC
 Previous medium-term plan FY2022
 This medium-term plan FY2025

Use differentiation strategies to maintain stable growth at an average annual growth rate of 1.5%.

Strategy	
Product	Develop and launch competitively priced, high value-added products
Price	Revise prices of existing models (to manage the rising costs of raw materials)
Place	<p>Create a salon environment where customers feel safe and secure</p> <p>Increase the number of employees to accommodate more customers</p>
Promotion	<p>Strengthen promotional activities for wigs</p> <p>Step up initiatives to expand brand recognition beyond seniors</p>

Key points of this medium-term plan

(¥ million)



This medium-term plan promotes differentiation strategies.

In order to sell our high value-added products, we will improve not only our facilities but also our human resources.

Strategy by Business Segment (Ladies' Business)

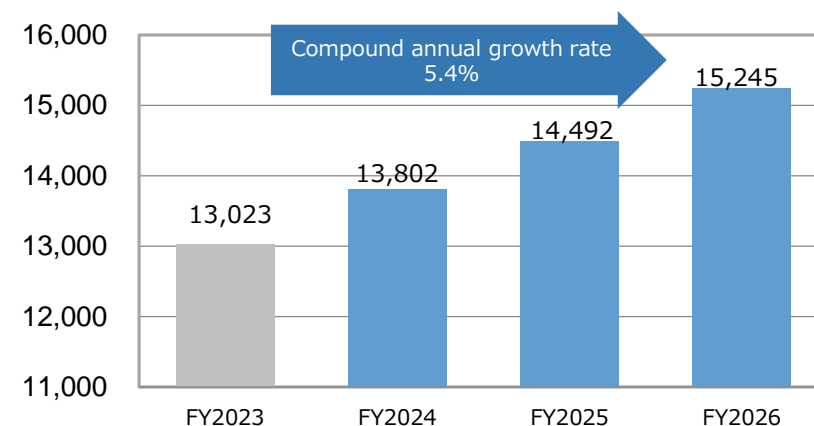
Aim for an average annual growth rate of 5.4%, driven by the success of Feelin.

Strengthen collaboration among Ladies' businesses to create a management structure that enables a unified approach.

Strategy	
Product	Develop and launch a megahit that will surpass the success of Feelin
Price	Revise prices of existing models (to manage the rising costs of raw materials)
Place	<p>Create new customer contact opportunities</p> <p>Strengthen collaboration among Ladies' businesses (development of hybrid stores)</p>
Promotion	<p>Develop a collaborative advertising approach for our Ladies' businesses</p> <p>Explore new event opportunities</p>

Point of interest

(¥ million)



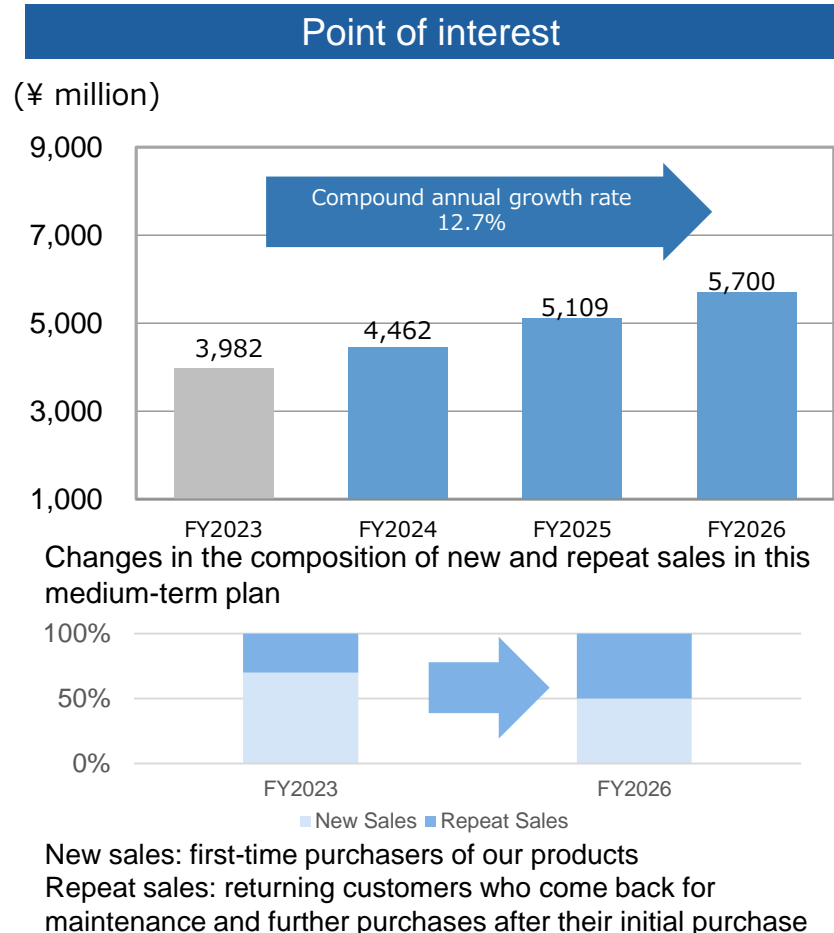
A tailwind in this medium-term plan

Expectations for replacement demand (repeat purchases) of Feelin, a highly successful custom-made wig for women launched in the previous medium-term period



Aim for an average annual growth rate of 12.7% by expanding the number of new stores and strengthening the sales strategy for existing customers.

Strategy	
Product	Introduce custom-made quality products to stimulate potential demand from users of ready-made wigs
Price	Revise prices of existing models (to manage the rising costs of raw materials)
Place	Open new stores in areas we haven't reached yet (nine more stores by the end of March 2026) Strengthen collaboration among businesses for women
Promotion	Establish a repeat-sales system



Increase initiatives to expand brand recognition in online sales and overseas businesses and acquire and expand business in new areas related to beauty and health.

1. Online sales and overseas businesses

- 1) Step up initiatives to expand recognition of the ARTNATURE brand
- 2) Resume overseas travel and other sales activities in the post-pandemic period
- 3) Rigorously emphasize profitability (cost-effectiveness) in business operations

2. New business domains

Acquire and expand businesses related to beauty and health, areas adjacent to our core business, and build up sales of 3 billion yen (up to 10 billion yen).

Achieve sustainable growth in corporate value by establishing a new production/development framework

Initiatives for a sustainable production/development framework

Improvement in production stability

- Diversify production bases (consider new contractors and new plants outside the Philippines) and improve a stockpiling system for raw materials
- Start production of partially custom-made wigs using the world's first automatic wig hair transplanter

Development of sustainable materials and products

- Establish a system that enables the development and launch of several original products per year
- Research and verify new, environmentally friendly, next-generation hair products

<Reference> Introduction of automatic wig hair transplanter

[Now]

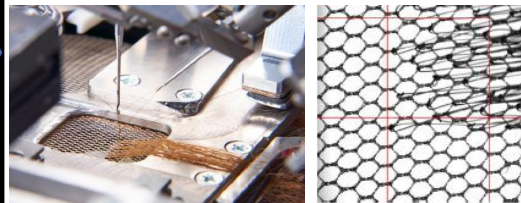
Manual hair transplantation by skilled craftsmen

- Production time per wig: 40-50 days
- Annual production: over 60,000 pcs



[In future]

Automation of transplantation process through automatic wig hair transplanter



Transplantation, integrating the hair with multiple needles

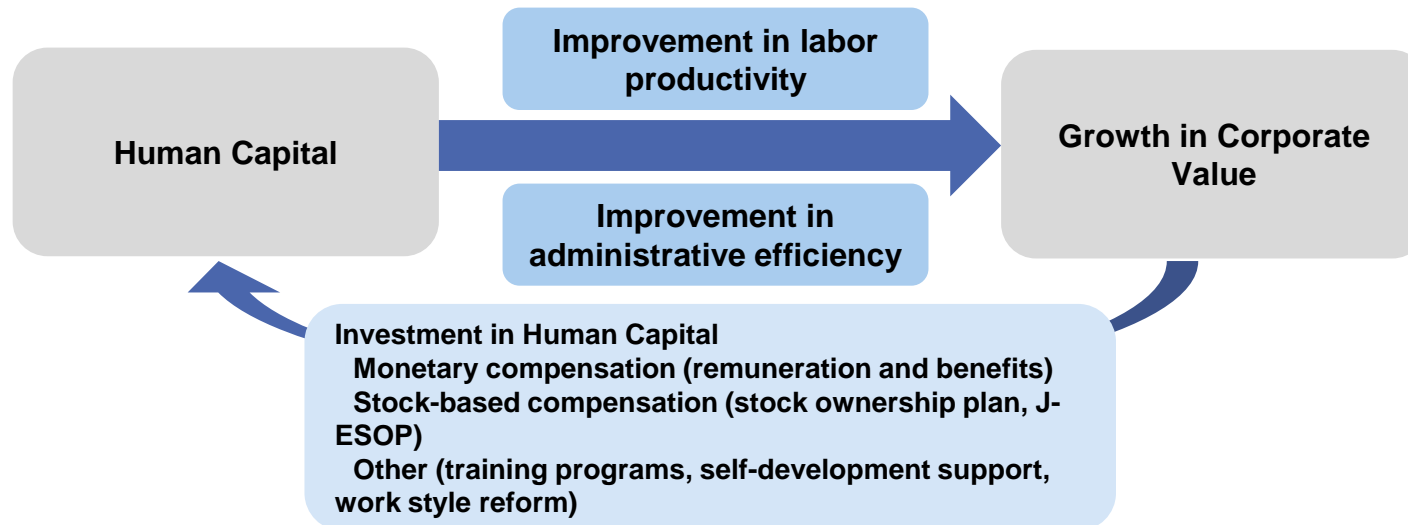
[Advantages of Introduction]

- Strengthening of business continuity capability
- 1) Stabilization of supply system through automated transplantation process
- 2) Stabilization of quality through mechanization

Expected to solve problems related to securing and training artisans, delivery delays due to disasters, country risks, etc.

Achieve sustainable growth in corporate value by establishing a new sales/management framework

Initiatives for sustainable sales/management framework
<p>Improvement in labor productivity</p> <ul style="list-style-type: none">- Improve labor productivity (i.e. sales per worker) by raising operational efficiency with the use of the latest technologies and investment in information systems, thereby concentrating on high value-added operations
<p>Improvement in administrative efficiency</p> <ul style="list-style-type: none">- Improve administrative efficiency by updating information and administrative systems and improving the workplace environment



Achieve sustainable growth in corporate value by emphasizing compliance with the CG Code and the development of successors.

Initiatives for sustainable growth of corporate value (others)

Compliance with the Corporate Governance Code

- Promote sustainability initiatives, including climate change, respect for human rights, and human capital
- Improve our risk management system by identifying business and other risks, creating a risk matrix, and prioritizing risks

Development of successors for key posts

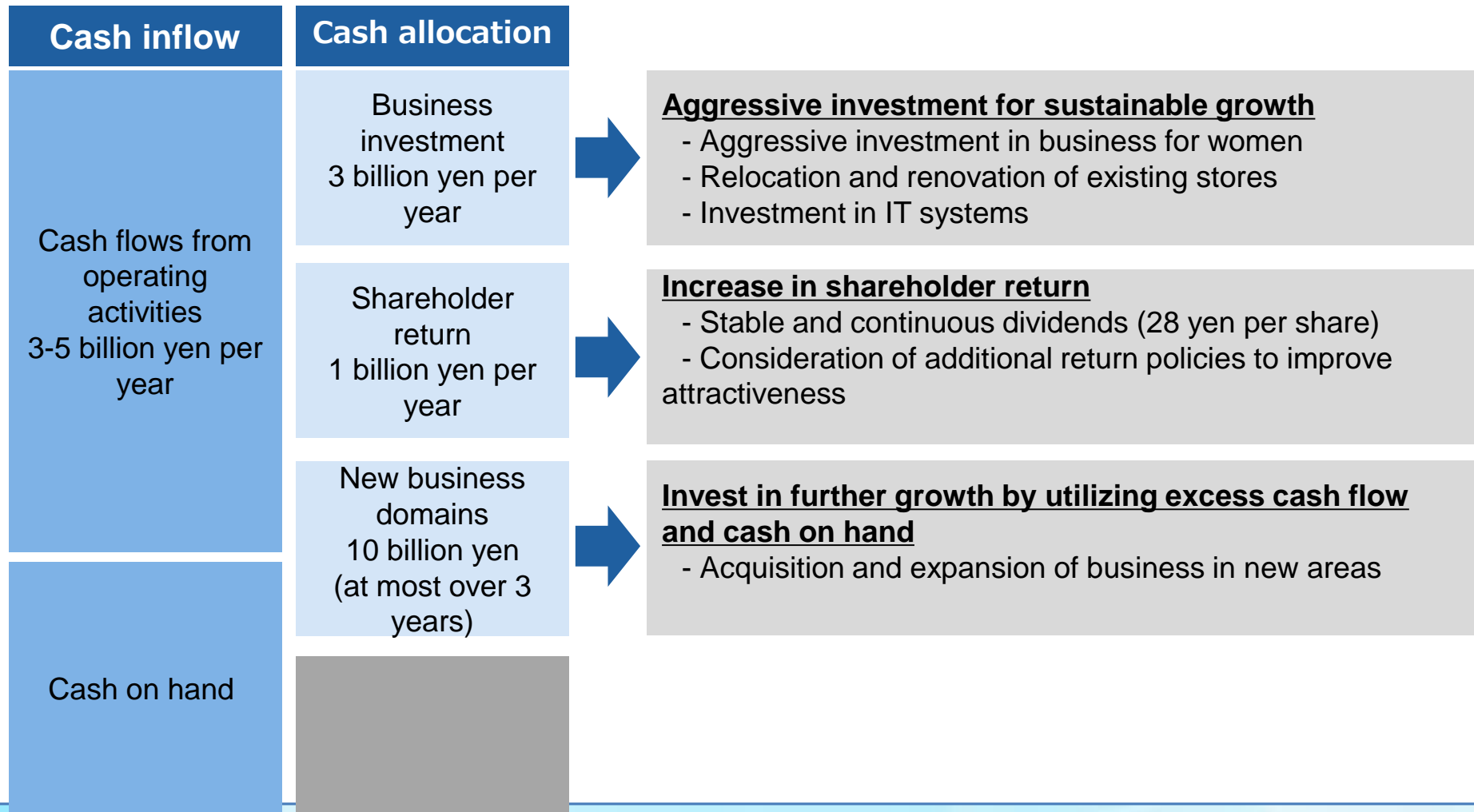
- Develop human resources through reskilling and train successors for key posts in each head-office division to maintain and strengthen the head-office function

Realize a sustainable society by working together with our stakeholders.

Initiatives for a sustainable society

Initiatives for a sustainable society	
Environment	<ul style="list-style-type: none"> ◆ Energy-saving efforts (LED lighting, etc.) ◆ Plastic reduction (use of recycled PET and eco-friendly bottles for containers, etc.) ◆ Resource conservation efforts (water: introduction of water-saving showerheads, paper: digitization of paper documents, etc.)
Society	<ul style="list-style-type: none"> ◆ Establishment of a new service framework (considering the possibility of adopting new technology, reevaluating services at the company's permanent stores, etc.) ◆ Realization of an equal society (enhanced support system for the disabled, opening of hair salons in hospitals, etc.) ◆ Promotion of health and productivity management (promotion of health checkups, prohibition of long working hours, etc.) ◆ Promotion of women's participation and advancement in workplace (promotion of the use of male childcare leave, etc.) ◆ Promotion of the social participation of patients (handling of medical wigs to improve the quality of life of patients, etc.)

Invest in growth, including in new business areas (fields related to beauty and health) and increase shareholder returns by utilizing cash on hand and cash flows from operating activities.



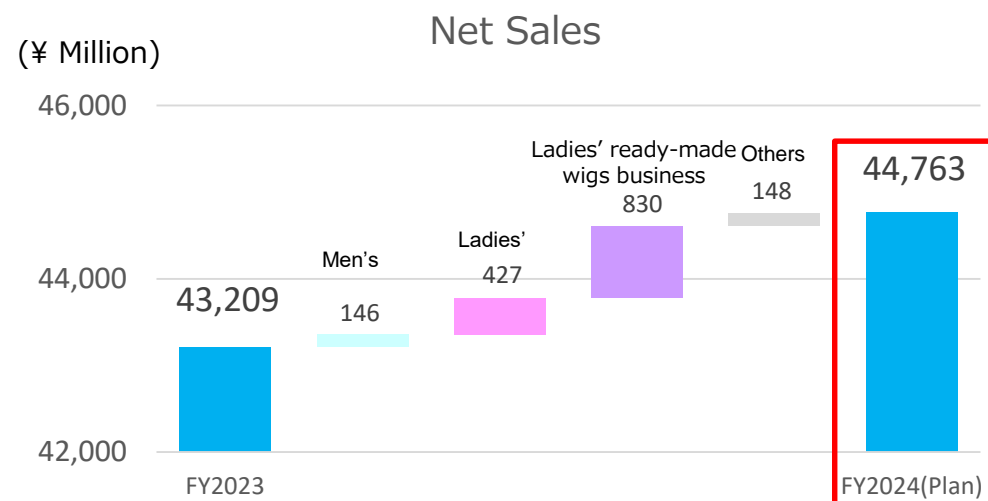
Financial Forecasts for FY2024

Aggressively promote activities to expand business performance, aiming to increase sales and profits for three consecutive fiscal years

(¥ Million)

	FY2023 Results	FY2024 Plan	YoY Change
Net Sales	43,209	44,763	+3.6%
Men's Business	23,237	23,384	+0.6%
Ladies' Business	18,195	19,584	+7.6%
Others	1,775	1,794	+1.1%
Cost of Sales	14,053	14,660	+4.3%
Gross Profit	29,156	30,102	+3.2%
SG&A Expenses	25,582	26,358	+3.0%
Ad Spending	6,336	6,406	+1.1%
HR	6,113	6,568	+7.4%
Operating Income	3,573	3,744	+4.8%
Ordinary Income	3,534	3,821	+8.1%
Net Income	1,874	2,140	+14.2%
Depreciation	829	893	+7.8%
CAPEX	1,410	3,015	+113.7%

Aiming to increase sales and profits by expanding business performance mainly in the women's business

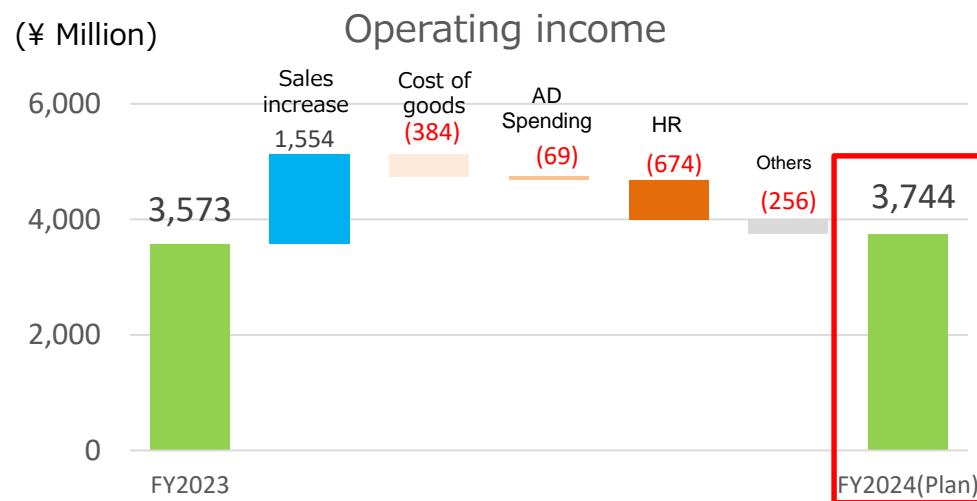


Net sales plan

- 1.55 billion yen increase from FY2023 actual
 - Men's business : Maintain stable growth
 - Ladies' business : Started acquiring new inquiries through new channels
 - Ladies' ready-made wigs business : Strengthen sales strategies for existing customers
 - Others : Strengthening efforts to expand recognition
- ※Step into new business areas is not included in the plan (Continue search)

• Plan Improvement Element

Increase the number of clients, expand the number of stylists, and quickly expand into new business areas.



Operating income

- 170 million yen increase from FY2023 actual
 - Cost of goods : Consideration of increased transaction costs, foreign exchange effects, etc.
 - AD Spending : Consider selection and concentration of management resources based on business portfolio management
 - HR : Considering expansion of workforce and improvement of compensation for existing employees, etc.
 - Others : Costs associated with the development of a new information system infrastructure and costs related to sales activities associated with the resumption of personnel movement, etc., are taken into consideration.

• Plan Improvement Element

Increase in sales, reduction in raw material prices and other costs, exchange rate fluctuations (High-valued yen)



<https://www.artnature.co.jp/english/index.html>

Forward-looking Statements

The forward-looking statements in this document, including forecasts, are based on information available at the time of disclosure and on certain assumptions deemed to be reasonable by the Company. Actual results may differ materially from forward-looking statements due to a number of factors. Amounts shown in this document are displayed numbers truncating the units less than shown. The percentage is rounded off to the first decimal place.

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Reference Material

FY2024 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	YoY Change	
Custom-made Wigs	New customers	4,378	5,168	-	-	-
	Repeat Business	16,905	17,895	-	-	-
	Total	21,283	23,063	23,334	+271	+1.2%
Hair Addition Products	New Customers	1,283	1,077	-	-	-
	Repeat Business	3,129	3,092	-	-	-
	Total	4,413	4,169	4,354	+185	+4.4%
Hair Growth Services	New Customers	77	61	-	-	-
	Repeat Business	1,141	1,072	-	-	-
	Total	1,218	1,133	1,170	+36	+3.2%
Styling Services		6,134	6,406	6,433	+27	+0.4%
JULLIA OLGGER		3,287	3,982	4,813	+830	+20.9%
Others		2,580	2,834	2,693	(140)	(5.0%)
All Products & Sevices	New Customers	5,739	6,307	-	-	-
	Repeat Business	28,707	29,953	-	-	-
	JULLIA OLGGER	3,287	3,982	-	-	-
	Others	1,183	1,347	-	-	-
	Total	38,917	41,590	42,801	+1,210	+2.9%

※Repeat business of all products including part of styling services and others.

FY2024 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	YoY Change	
Custom-made Wigs	New customers	602	746	-	-	-
	Repeat Business	12,712	13,205	-	-	-
	Total	13,315	13,951	13,960	+9	+0.1%
Hair Addition Products	New Customers	1,106	962	-	-	-
	Repeat Business	2,078	2,024	-	-	-
	Total	3,184	2,986	3,023	+37	+1.2%
Hair Growth Services	New Customers	68	54	-	-	-
	Repeat Business	563	550	-	-	-
	Total	631	605	664	+59	+9.9%
Styling Services		4,499	4,627	4,733	+105	+2.3%
Others		1,029	1,066	1,002	(63)	(6.0%)
All Products & Services	New Customers	1,777	1,763	-	-	-
	Repeat Business	20,883	21,474	-	-	-
	Total	22,660	23,237	23,384	+146	+0.6%

※Repeat business of all products including part of styling services and others.

FY2024 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2022 (Results)	FY2023 (Results)	FY2024 (Plan)	YoY Change	
Custom-made Wigs	New customers	3,775	4,421	-	-	-
	Repeat Business	4,192	4,690	-	-	-
	Total	7,968	9,111	9,374	+263	+2.9%
Hair Addition Products	New Customers	177	115	-	-	-
	Repeat Business	1,051	1,067	-	-	-
	Total	1,228	1,182	1,331	+149	+12.6%
Hair Growth Services	New Customers	8	7	-	-	-
	Repeat Business	578	521	-	-	-
	Total	587	528	506	(22)	(4.3%)
Styling Services		1,635	1,779	1,700	(79)	(4.4%)
Others		3,654	4,403	5,351	+948	+21.5%
All Products & Sevices	New Customers	3,962	4,543	5,052	+508	+11.2%
	Repeat Business	7,823	8,479	8,398	(80)	(1.0%)
	JULLIA OLGER	3,287	3,982	4,813	+830	+20.9%
	Others	15,073	17,005	18,264	+1,258	+7.4%

※Repeat business of all products including part of styling services and others.

Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2022		As of March 31, 2023		Rate of change	Key YoY Changes
		Composition ratio		Composition ratio		
Total Current Assets	28,021	60.2%	29,310	61.1%	+4.6%	Current Assets +1,288 • Cash and deposits +634 • Inventory +520
Cash and Deposits	19,546	42.0%	20,180	42.1%	+3.2%	
Total Non-current Assets	18,488	39.8%	18,645	38.9%	+0.8%	Non-current assets +156 • Deferred tax assets +206 • property, plant and equipment +100 • Goodwill (178)
Total Property, Plant and Equipment	8,694	18.7%	8,795	18.3%	+1.2%	
Total Assets	46,510	100.0%	47,956	100.0%	+3.1%	
Total Current Liabilities	14,237	30.6%	14,548	30.3%	+2.2%	Current liabilities +311 • Contract liabilities +256 • Allowance for bonuses +199 • Accrued income taxes +66 • advance received (317)
Advances Received	6,502	14.0%	6,184	12.9%	(4.9%)	
Total Non-current Liabilities	7,676	16.5%	7,480	15.6%	(2.6%)	
Total Liabilities	21,914	47.1%	22,028	45.9%	+0.5%	
Total Net Assets	24,596	52.9%	25,927	54.1%	+5.4%	Net Assets +1,331 • Retained earnings +970 (Net income +1,874) (Cash dividends paid (903))
Retained Earnings	18,307	39.4%	19,278	40.2%	+5.3%	
Total Liabilities and Net Assets	46,510	100.0%	47,956	100.0%	+3.1%	

Consolidated Statements of Cash Flows

(¥ Million)

	As of March 31,2022	As of March 31,2023	Cause of Occurrence
Net cash provided by (used in) operating activities	2,505	2,927	Cash flows from operating activities <ul style="list-style-type: none"> • Income before income tax +3,173 • Depreciation +902 • Impairment loss +360 • Income taxes paid (1,464)
Net cash provided by (used in) investing activities	(1,183)	(1,417)	
Free cash flow	1,321	1,510	
Net cash provided by (used in) financing activities	(924)	(924)	Cash flows from investing activities <ul style="list-style-type: none"> • Purchase of property, plant and equipment (1,000) • Acquisition of intangible assets (217)
Cash and cash equivalents at the beginning of period	18,984	19,452	Cash flows from financing activities <ul style="list-style-type: none"> • Cash dividends paid (903)
Cash and cash equivalents at the end of period	19,452	20,082	
Net increase (decrease) in cash and cash equivalents	468	629	