



ARTNATURE

Financial Results

ARTNATURE INC.

3rd Quarter Of Fiscal 2023 : Performance Highlights (Consolidated results)



Net Sales

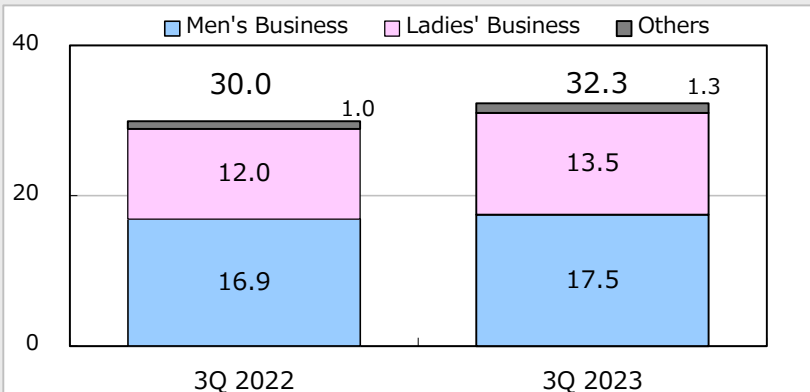
Variable factors Year on year

Net Sales ¥ 32.3billion 【Up +7.5%】

- Men's Business ¥17.5billion (Up +3.3%)
- Ladies' Business ¥13.5billion (Up +12.1%)

※ Sales volume increased due to strong sales of new products and an increase in the number of customers visiting the commercial facilities where we have stores.

¥ Billion



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

Operating Income

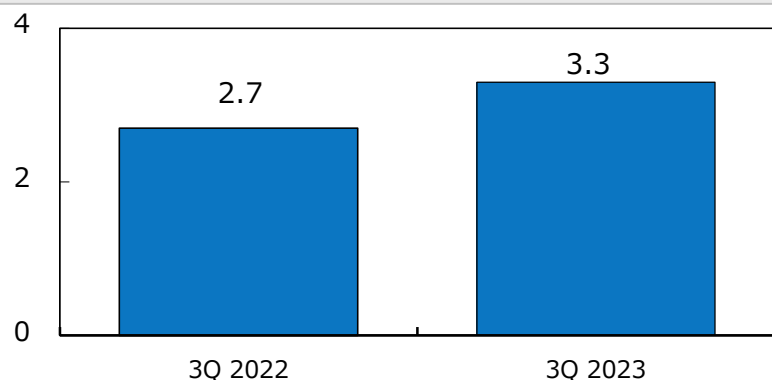
Variable factors Year on year

Operating Income ¥ 3.3billion

- Gross Profit Ratio 68.5% → 68.1% (Down 0.4Pt)
- SG&A Expenses Ratio 59.3% → 57.8% (Down 1.5Pt)

※ Sales increased and profit increased

¥ Billion



3rd Quarter Of Fiscal 2023 : Financial Highlights



(¥ million)

	1-3Q FY2022(Results)		1-3Q FY2023(Results)		YoY Change	Major Factors on YoY Change
	April 1st,2021 to December 31st,2021	Composition ratio	April 1st,2022 to December 31st,2022	Composition ratio		
Net Sales	30,075	-	32,337	-	+7.5%	Net Sales Men's Business Up 3.3% Ladies' Business Up 12.1%
Men's Business	16,963	56.4%	17,519	54.2%	+3.3%	
Ladies' Business	12,044	40.0%	13,506	41.8%	+12.1%	
Others	1,067	3.5%	1,311	4.1%	+22.8%	
Cost of Sales	9,460	31.5%	10,307	31.9%	+9.0%	Cost of Sales Ratio 31.5% → 31.9% Product Cost Up1.4Pt HR Down 0.9Pt
Gross Profit	20,615	68.5%	22,029	68.1%	+6.9%	
SG&A Expenses	17,833	59.3%	18,690	57.8%	+4.8%	SG&A Expenses Ratio 59.3% → 57.8% Ad Spending Down 0.5Pt HR Down 0.4Pt Others Down 0.6Pt
Ad Spending	4,461	14.8%	4,631	14.3%	+3.8%	
HR	4,354	14.5%	4,543	14.1%	+4.3%	
Operating Income	2,782	9.3%	3,338	10.3%	+20.0%	
Ordinary Income	2,757	9.2%	3,275	10.1%	+18.8%	
Net Income	1,674	5.6%	2,017	6.2%	+20.5%	

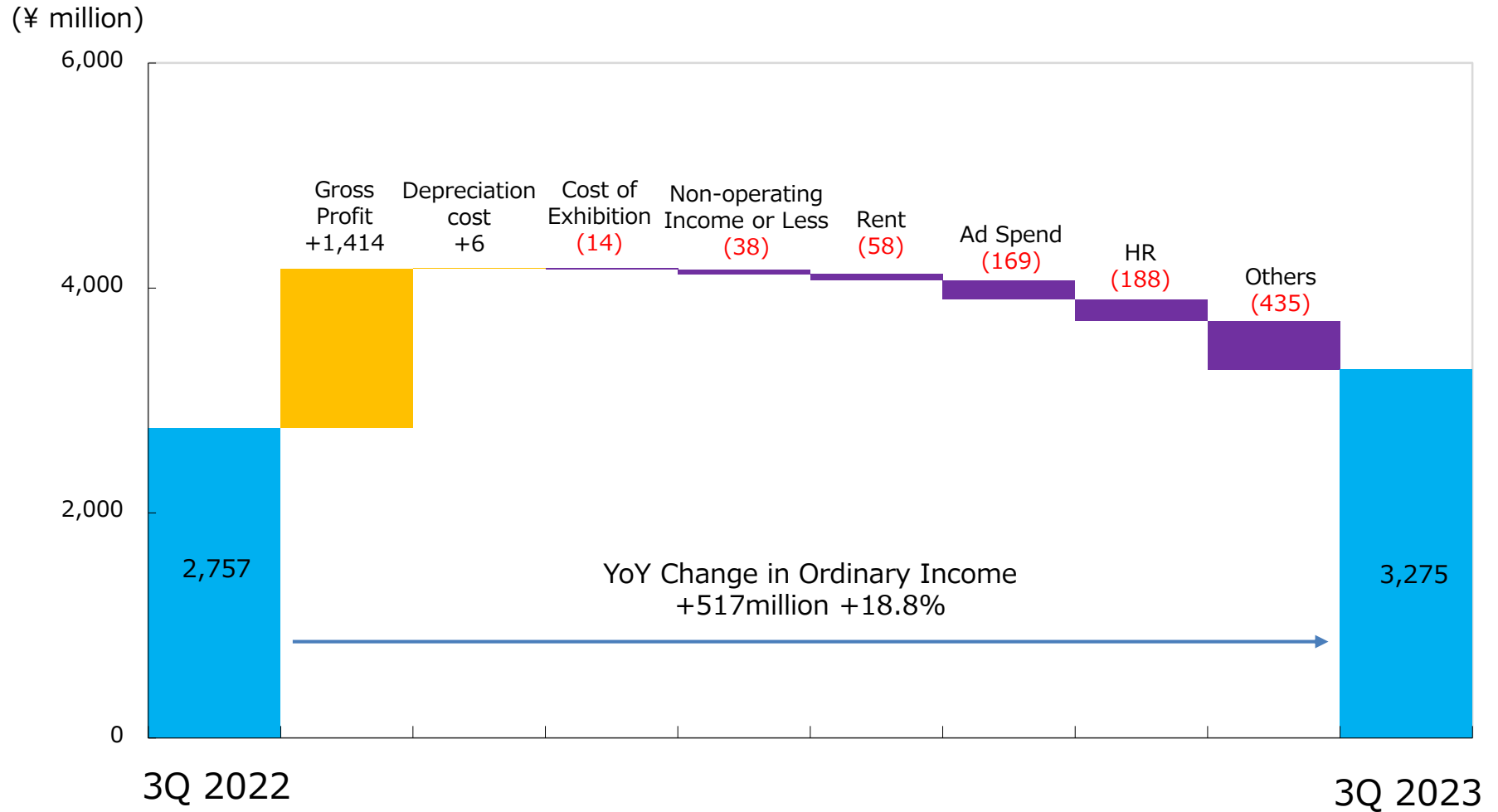
3rd Quarter Of Fiscal 2023 : Financial Highlights (October 1st , 2022 to December 31st , 2022)



(¥ million)

	3Q FY2022(Results)		3Q FY2023(Results)		YoY Change	Major Factors on YoY Change
	October 1st,2021 to December 31st,2021	Composition ratio	October 1st,2022 to December 31st,2022	Composition ratio		
Net Sales	10,745	-	11,048	-	+2.8%	Net Sales Men's Business Up 1.3% Ladies' Business Up 2.5%
Men's Business	5,885	54.8%	5,962	54.0%	+1.3%	
Ladies' Business	4,558	42.4%	4,673	42.3%	+2.5%	
Others	301	2.8%	412	3.7%	+37.0%	
Cost of Sales	3,149	29.3%	3,515	31.8%	+11.6%	Cost of Sales Ratio 29.3% → 31.8% Product Cost Up 2.3Pt HR Up 0.3Pt
Gross Profit	7,595	70.7%	7,533	68.2%	(0.8%)	
SG&A Expenses	6,375	59.3%	6,567	59.4%	+3.0%	SG&A Expenses Ratio 59.3% → 59.4% Ad Spending Up 0.5Pt HR Up 0.2Pt Others Down 0.7Pt
Ad Spending	1,577	14.7%	1,681	15.2%	+6.6%	
HR	1,428	13.3%	1,490	13.5%	+4.3%	
Operating Income	1,220	11.4%	965	8.7%	(20.8%)	
Ordinary Income	1,265	11.8%	900	8.2%	(28.8%)	
Net Income	816	7.6%	553	5.0%	(32.2%)	

3rd Quarter Of Fiscal 2023 : Analysis of SG&A Expenses



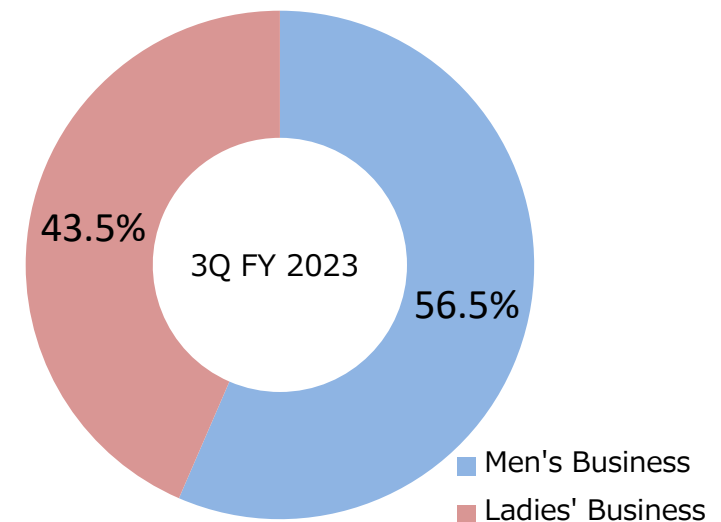
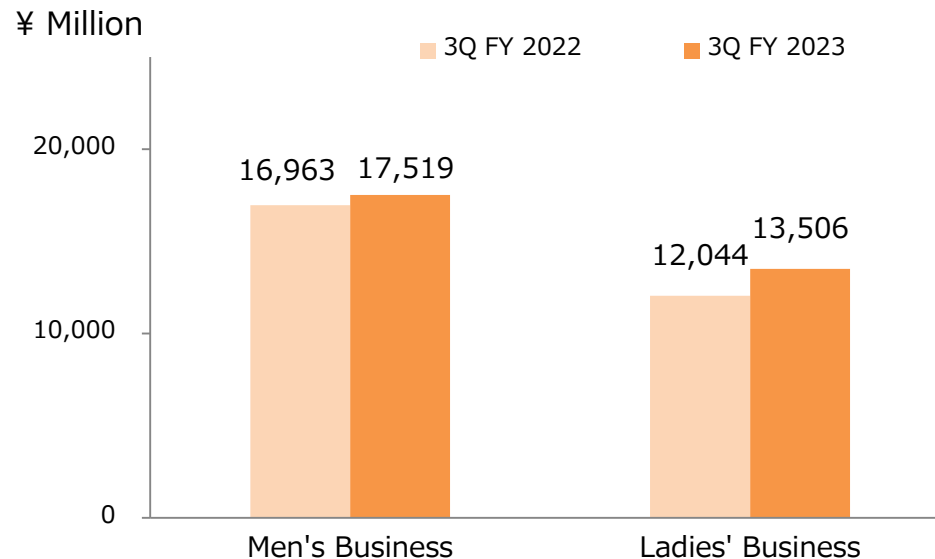
3rd Quarter Of Fiscal 2023 : Breakdown of Sales by Segment



(¥ million)

	1-3Q FY2022(Results)	1-3Q FY2023(Results)	YoY Change
Net Sales	30,075	32,337	+7.5%
Men's Business	16,963	17,519	+3.3%
Ladies' Business	12,044	13,506	+12.1%
Others	1,067	1,311	+22.8%

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



3rd Quarter Of Fiscal 2023 : Breakdown of Net Sales by

Products & Services(Non-consolidated Basis)



(¥ million)

		1-3Q FY2022 (Results)	1-3Q FY2023 (Results)	YoY Change	
Custom-made Wigs	New Customers	2,780	3,752	+971	+35.0%
	Repeat Business	12,832	13,465	+632	+4.9%
	Total	15,612	17,217	+1,604	+10.3%
Hair Addition Products	New Customers	984	843	(141)	(14.4%)
	Repeat Business	2,502	2,414	(87)	(3.5%)
	Total	3,486	3,258	(228)	(6.6%)
Hair Growth Services	New Customers	59	47	(11)	(19.9%)
	Repeat Business	875	821	(54)	(6.2%)
	Total	934	868	(66)	(7.1%)
Styling Services		4,665	4,896	+231	+5.0%
JULLIA OLGGER		2,389	2,785	+395	+16.6%
Others		1,881	2,191	+309	+16.4%
All Products & Sevices	New Customers	3,824	4,643	+818	+21.4%
	Repeat Business	21,953	22,751	+797	+3.6%
	JULLIA OLGGER	2,389	2,785	+395	+16.6%
	Others	803	1,037	+233	+29.1%
	Total	28,971	31,217	+2,246	+7.8%

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

3rd Quarter Of Fiscal 2023 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



(¥ million)

		1-3Q FY2022 (Results)	1-3Q FY2023 (Results)	YoY Change	
Custom-made Wigs	New Customers	433	561	+128	+29.6%
	Repeat Business	9,414	9,849	+435	+4.6%
	Total	9,847	10,410	+563	+5.7%
Hair Addition Products	New Customers	836	763	(73)	(8.7%)
	Repeat Business	1,561	1,553	(7)	(0.5%)
	Total	2,397	2,316	(80)	(3.4%)
Hair Growth Services	New Customers	51	42	(9)	(18.8%)
	Repeat Business	429	421	(8)	(2.0%)
	Total	481	463	(18)	(3.8%)
Styling Services		3,439	3,499	+59	+1.7%
Others		797	828	+31	+3.9%
All Products & Sevices	New Customers	1,321	1,366	+45	+3.4%
	Repeat Business	15,642	16,152	+510	+3.3%
	Total	16,963	17,519	+555	+3.3%

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

3rd Quarter Of Fiscal 2023 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



(¥ million)

		1-3Q FY2022 (Results)	1-3Q FY2023 (Results)	YoY Change	
Custom-made Wigs	New Customers	2,347	3,190	+843	+35.9%
	Repeat Business	3,418	3,615	+197	+5.8%
	Total	5,765	6,806	+1,041	+18.1%
Hair addition Products	New Customers	148	80	(68)	(45.9%)
	Repeat Business	940	860	(79)	(8.5%)
	Total	1,089	941	(147)	(13.6%)
Hair Growth Services	New Customers	7	5	(2)	(27.9%)
	Repeat Business	445	399	(46)	(10.3%)
	Total	453	404	(48)	(10.6%)
Styling Services		1,225	1,397	+171	+14.0%
Others		2,670	3,110	+440	+16.5%
All Products & Sevices	New customers	2,503	3,276	+773	+30.9%
	Repeat Business	6,310	6,598	+287	+4.6%
	JULLIA OLGER	2,389	2,785	+395	+16.6%
	Total	11,203	12,660	+1,457	+13.0%

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

Consolidated Balance Sheets



(¥ million)

	As of March 31, 2022		As of December 31, 2022		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	28,021	60.2%	28,137	60.6%	+0.4%	Current assets +115 • Cash and deposits (615) • Accounts receivable –trade +150 • Inventory +632
Cash and Deposits	19,546	42.0%	18,930	40.8%	(3.1%)	
Total Non-current Assets	18,488	39.8%	18,304	39.4%	(1.0%)	
Total Property, Plant and Equipment	8,694	18.7%	8,853	19.1%	+1.8%	Current Liabilities (1,424) • Advances received (176) • Accounts payable-other (885) • Income taxes payable (494)
Total Assets	46,510	100.0%	46,441	100.0%	(0.1%)	
Total Current Liabilities	14,237	30.6%	12,813	27.6%	(10.0%)	
Advances Received	6,502	14.0%	6,325	13.6%	(2.7%)	Retained earnings +1,113 • Cash dividends paid (903) • Net income +2,017
Total Non-current Liabilities	7,676	16.5%	7,618	16.4%	(0.8%)	
Total Liabilities	21,914	47.1%	20,431	44.0%	(6.8%)	
Total Net Assets	24,596	52.9%	26,009	56.0%	+5.7%	
Retained Earnings	18,307	39.4%	19,421	41.8%	+6.1%	
Total Liabilities and Net Assets	46,510	100.0%	46,441	100.0%	(0.1%)	

FY2023 Amendments to the full-year consolidated earnings plan

(¥ million)

	①Previous Full Year Plan	②Revised Full Year Plan	Increase (②-①)	Percentage change (%)	FY2022 (Results)
Net Sales	42,814	42,946	+132	+0.3%	40,437
Operating Income	3,126	3,533	+406	+13.0%	3,020
Ordinary Income	3,106	3,474	+368	+11.9%	3,038
Net Income	1,698	1,817	+118	+7.0%	1,204

【Reason for correction】

Net Sales : Almost as planned

Operating Income : Expect to exceed plan due to cost containment centered on advertising and general management expenses

FY 2023 Progress against consolidated performance plan



(¥ million)

	FY2022 (Results)	1-3Q FY2023 (Results)	FY2023 (Revised Plan)	Progress Rate
Net Sales	40,437	32,337	42,946	75.3%
Men's Business	22,660	17,519	23,152	75.7%
Ladies' Business	16,227	13,506	18,090	74.7%
Others	1,548	1,311	1,703	77.0%
Cost of Sales	12,698	10,307	13,939	73.9%
Gross Profit	27,739	22,029	29,007	75.9%
SG&A Expenses	24,719	18,690	25,474	73.4%
Ad Spending	6,556	4,631	-	-
HR	5,790	4,543	-	-
Operating Income	3,020	3,338	3,533	94.5%
Ordinary Income	3,038	3,275	3,474	94.3%
Net Income	1,204	2,017	1,817	111.0%



<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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