



---

**The New Medium-Term Management Plan &  
Financial Forecasts for FY2021**

***ARTNATURE INC.***

**September 15<sup>th</sup> , 2020**

# **The New Medium-Term Management Plan**

*ARTNATURE INC.*

## Current environment

Domestic and overseas economic downturn

Stagnation in market size

Intensifying competition with other industries

The rise of alternative products and services

Market Structure Review at First section of TSE

Shrinking labor market

Intensifying competition to secure employees

Rapid change by technological innovation  
~DX progress~

The future is uncertain

Various risks

ARTNATURE CHALLENGE PLAN 

## ARTNATURE 「Challenge」 Plan

FY2021 - FY2023

## Three-year initiative

While expanding existing business, we will further expand our business area and establish the foundation for “innovating ARTNATURE for the next generation”

## | ARTNATURE 「Challenge」 Plan Key Challenge Measures to Achieve |



### Business growth

- Expansion of existing businesses
- Expansion of Mid-range wigs
- Expansion of Hair-regrowth treatment
- Expansion of Medical institution support business

### Pioneer new business areas

- Domestic and overseas M&A
- Open innovation
- New business

### Strengthen the recruitment

- Reinforcement of recruitment
- Employee retention

### Personnel training

- Strengthening on-site human resources
- Strengthening human resources at the head office

### Dialogue with the market

- Practice of SDGs
- Strengthen IR activities
- Strengthen corporate governance

### Business innovation

- Improvement of various systems
- Innovate of head office operations

## Three-year initiative

While expanding existing business, we will further expand our business area and establish the foundation for “innovating ARTNATURE for the next generation”

## Key Challenge Measures

### Business growth

### Pioneer new business areas

Strengthen the recruitment

Personnel training

Dialogue with the market

Business innovation

## Business growth

### Expansion of existing businesses

Expansion of Mid-range wigs etc

Domestic and overseas M&A etc

### Custom-made wigs business / Ready-Made wigs business

- Strengthen efforts to improve customer satisfaction
- Strengthen collaboration between departments
- Strengthen technical abilities and customer service

### Online sales business

- Expansion of product lineup and sales channels

### Overseas business

- Penetration of Artnature brand and discovery of potential demand

### Mid-range wigs / Medical supply sales/ Medical institution support business

- Strengthen efforts to raise awareness and expand business scale

- Challeng new business in order to build the foundation for the next generation

## Pioneer new business area

# Key Challenge Measures

(Strengthen the recruitment/Personnel training/Business innovation) 

## Three-year initiative

While expanding existing business, we will further expand our business area and establish the foundation for “innovating ARTNATURE for the next generation”

## Key Challenge Measures

Business growth

Pioneer new business areas

Strengthen the recruitment

Personnel training

Dialogue with the market

Business innovation

**Strengthen the recruitment**

**Reinforcement of recruitment**

**Build stable hiring system**

- Diversification of hiring routes
- Expansion of recruitment frontage

**Employee retention**

**Increase job satisfaction**

- Promotion of diversity management
- Promotion of healthy management

**Personnel training**

**Strengthening on-site human resources**

**Cultivating trusted human resources**

- Job-based/ level-based training

**Strengthening human resources at the head office**

**Headquarters personnel training**

- Strengthen planning and management capabilities
- Foster expert human resources in each field

**Business innovation**

**Innovate of head office operations etc**

- Business innovation by paperless and systematization
- Reconsideration of regular work

## Three-year initiative

While expanding existing business, we will further expand our business area and establish the foundation for “innovating ARTNATURE for the next generation”

## Key Challenge Measures



## Market interaction

Strengthen IR activities

Practice of SDGs

### Enhanced disclosure and interaction

- Enhancement of disclosure content
- Strengthening activities for investors

### Achieving a sustainable society

- Activities in accordance with SDGs approach policy
- Enhanced efforts to priority issues

【SDG s approach policy】

「Your best smile is what we want」 × 「No one is left behind」  
Bring all people their best smiles toward accomplishing a sustainable future

SUSTAINABLE DEVELOPMENT GOALS



## Priority issue 1

### 「Build a new service system」

Providing our products and services to everyone in every region by providing “quality” infrastructure and access to “everyone”

## Priority issue 2

### 「Plastic reduction」

Work to reduce the plastic materials used in products

## | ARTNATURE 「Challenge」 Plan Key Challenge Measures to Achieve|

### ARTNATURE 「Challenge」 Plan

**Three-year initiative**

**Challenge 2020**  
Develop the foundations of existing businesses and expand midwigs, hair growth agents, and medical institution support businesses

**Challenge 2021**  
Challenge continuous expansion of existing businesses and establish business expansion system in new fields

**Challenge 2022**  
Take on the challenge of stable expansion of existing businesses and step into new business fields

**Business growth**

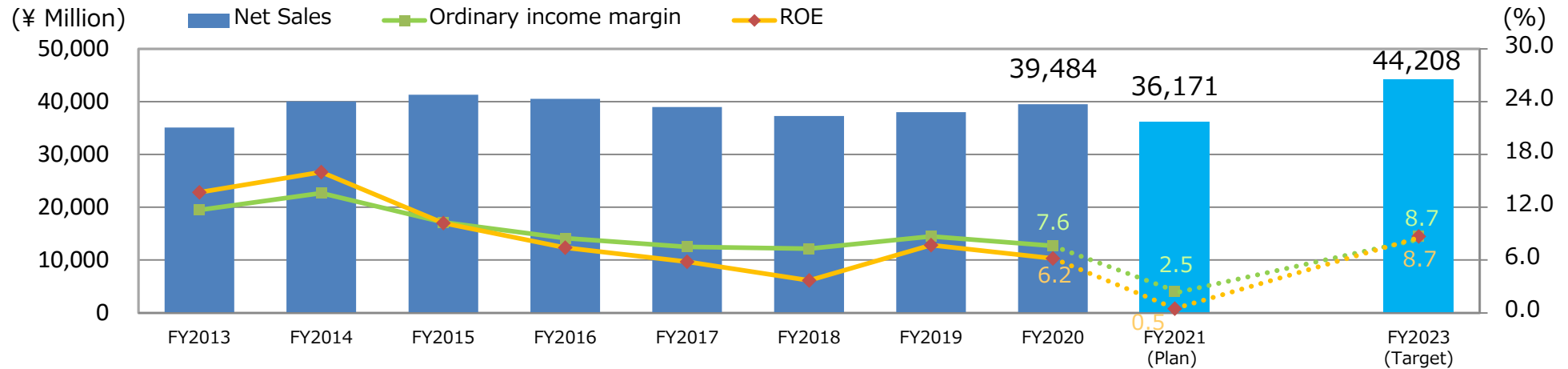
- **Expansion of existing businesses**  
Expand various measures centered on customer satisfaction to increase true fans
- **Expansion of Mid-range wigs**  
Expand business scale through strategic store openings
- **Expansion of Hair-regrowth treatment**  
Increase awareness and increase sales of category-1 OTC drug
- **Expansion of Medical institution support business**  
Increase our product sales to medical institutions

<b>Pioneer new business areas</b>	<b>Reinforcement of recruitment</b>
<ul style="list-style-type: none"> <li>• Consider growth strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Examination of diversification of recruitment form</li> </ul>
<b>Dialogue with the market</b>	<b>Personnel training</b>
<ul style="list-style-type: none"> <li>• Disclosure of SDGs initiatives</li> <li>• Expansion of information disclosure content</li> </ul>	<ul style="list-style-type: none"> <li>• Review of training standards /Expand training tools</li> </ul>
<b>Business innovation</b>	
<ul style="list-style-type: none"> <li>• Analysis of the current status of various systems</li> <li>• Washing out work to be reduced</li> </ul>	

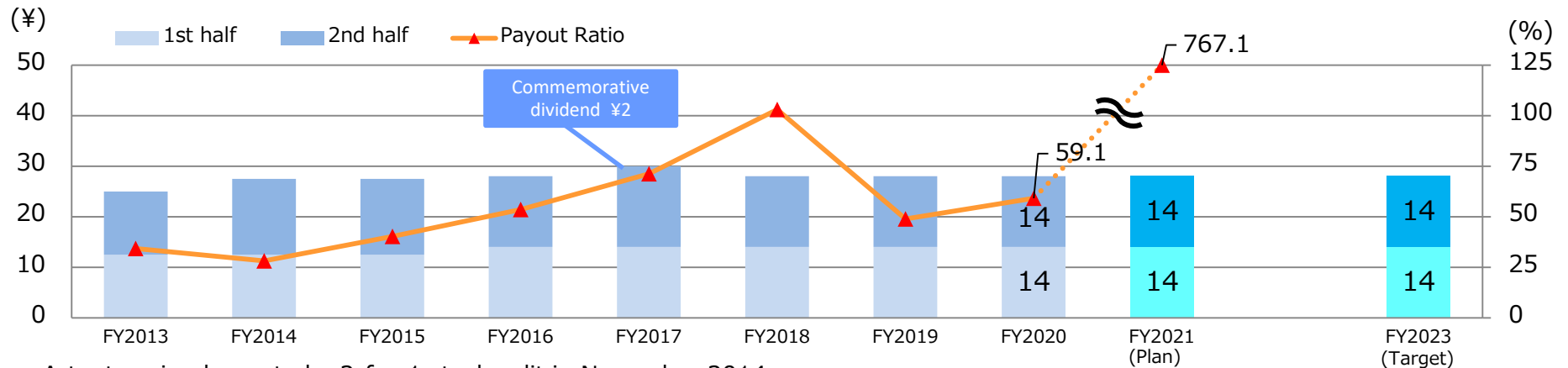


## FY2023 (Target)

**Net Sales: ¥44.2 billion Ordinary Income Margin: 8.7% ROE: 8.7%**



## Maintain Stable and Continuous Dividends



Artnature implemented a 2-for-1 stock split in November 2014.  
Retroactive revision of related financial indicators due to this stock split is reflected.

# **Financial Forecasts for FY2021**

(¥ Million)

	FY2020	FY2021	
	Full Year (Results)	Full Year (Plan)	YoY Change
Net Sales	39,484	36,171	(8.4%)
Men's Business	22,369	21,561	(3.6%)
Ladies' Business	15,720	12,758	(18.8%)
Others	1,394	1,851	+32.8%
Cost of Sales	12,320	12,597	+2.2%
Gross Profit	27,163	23,574	(13.2%)
SG&A Expenses	24,243	22,800	(6.0%)
Ad Spending	6,860	5,820	(15.2%)
HR	5,394	5,743	+6.5%
Operating Income	2,919	773	(73.5%)
Ordinary Income	3,006	889	(70.4%)
Net Income	1,542	117	(92.4%)
Depreciation	921	915	(0.6%)
CAPEX	1,191	820	(31.2%)

## Prerequisites for planning

### 【External environment】

- Not assume a social restriction such as emergency declaration

### 【Production system】

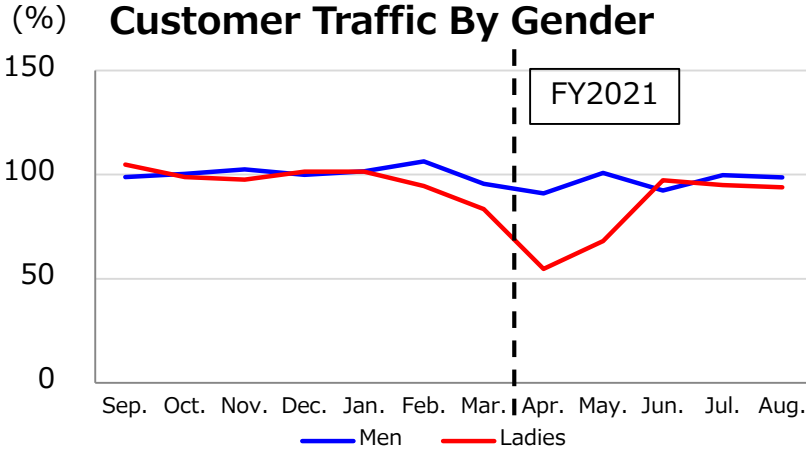
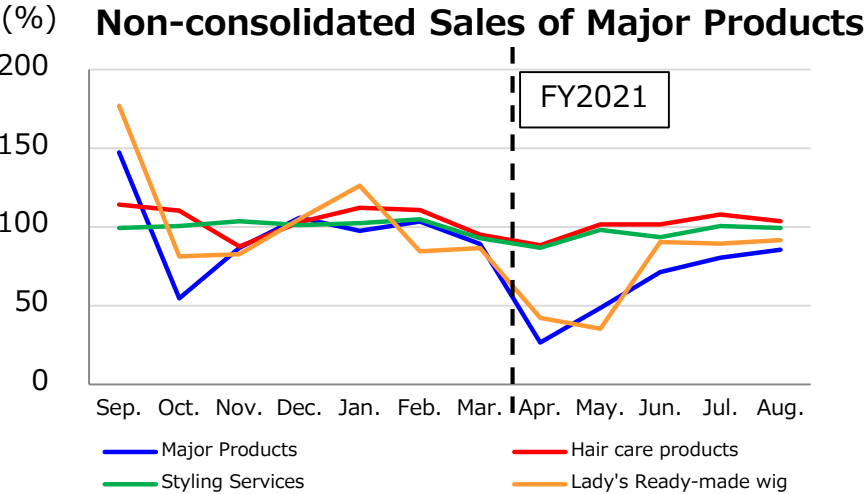
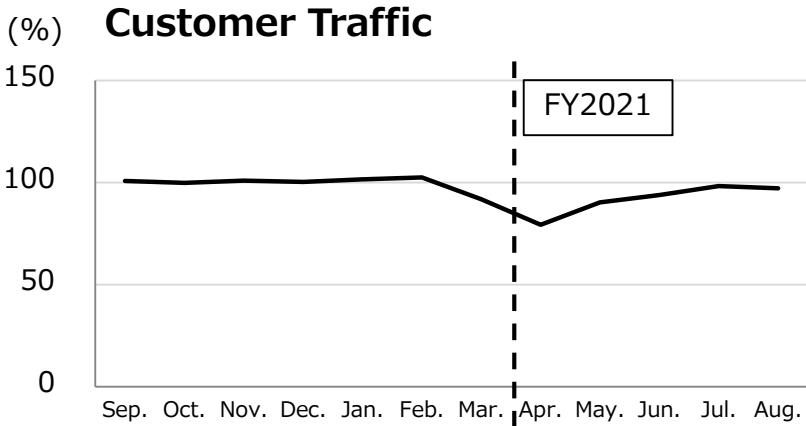
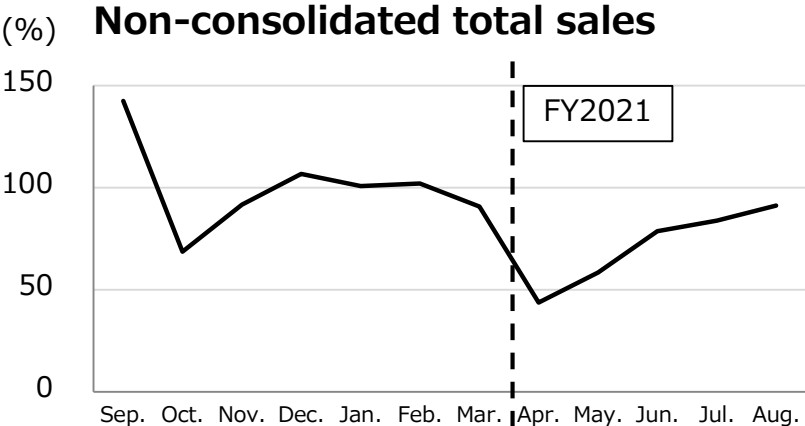
- Philippines production plants resumed normal operation in June
- Will continue normal operation after October

### 【Store system】

- Resumed normal business hours at most of the stores in June  
(There are some stores shorten business hours.)
- Will continue normal business hours after October

※

No major social restriction is expected due to the spread of COVID-19. Actual performance may vary due to various factors. We will make immediate announcement of the revision of earning forecast to be disclosed if any.



		April 2020	May	June	July-September	After October
Government		April 16: Declared state of emergency to all regions	May 25: Lifted the state of emergency			Do not assume social restrictions such as emergency declarations
Artnature Group		Formulating and practicing the basic policies relating to COVID-19				Corresponding to the basic policies
Salons' operation	Artnature	Shortening business hour at some salons	Normal business hours at all salons			Normal business hours
	Jullia Olger	Temporary closing or follow the determination of commercial facilities	Normal business hours or shortening business hours at some salons			Normal business hours ; Shortening business hour at some salons
Production	Philip pines	Temporary closing	Partial operation	Normal operation; regulation by authorities in some areas		Operation along instruction indicated from the Philippines authorities

# FY2021 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

	FY2020	FY2021	
	Full Year (Results)	Full Year (Plan)	YoY Change
Custom-made Wigs	20,824	17,806	(14.5%)
Hair Addition Products	5,215	4,583	(12.1%)
Hair Growth Services	1,193	1,294	+8.4%
Styling Services	5,487	5,364	(2.3%)
JULLIA OLGER	3,433	2,973	(13.4%)
Others	2,542	2,881	+13.3%
Total	38,697	34,903	(9.8%)

# FY2021 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

Net Sales	FY2020 Results	FY2021 Plan	（¥ Million）			Men's Business
			YoY Change			
Custom-made Wigs	12,799	12,075	(723)	(5.7%)	ALL	Continue measure centered on improving customer satisfaction start a increase the number of true fans
Hair Addition Products	3,366	3,057	(308)	(9.2%)	New Customers	<ul style="list-style-type: none"> <li>• Increase and train sales personnel</li> <li>• Expand awareness of hair-growth specialty store</li> <li>• Strengthen skills to respond to market environment</li> </ul>
Hair Growth Services	705	823	+117	+16.7%		
Styling Services	4,484	4,583	+99	+2.2%	Repeat Customers	<ul style="list-style-type: none"> <li>• Continue measure centered on improving customer satisfaction</li> <li>• Start a new initiative to increase the number of true fans</li> </ul>
Others	1,014	1,021	+7	+0.7%		
<b>Total</b>	<b>22,369</b>	<b>21,561</b>	<b>(808)</b>	<b>(3.6%)</b>		

# FY2021 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

Net Sales	FY2020 Results	FY2021 Plan	¥ Million			Ladies' Business
				YoY Change		
Custom-made Wigs	8,025	5,730	(2,294)	(28.6%)	ALL	While conducting sales activities centered on "customer satisfaction" In the ready-made products section, we aim to further expand the store network including the standard wig business
Hair Addition Products	1,849	1,526	(323)	(17.5%)	New Customers	<ul style="list-style-type: none"> <li>• Build a flexible acceptance system</li> <li>• Strengthen new employee training</li> <li>• Trial Fitting Events management review</li> </ul>
Hair Growth Services	488	470	(17)	(3.5%)		
Styling Services	1,003	780	(223)	(22.3%)	Repeat Customers	<ul style="list-style-type: none"> <li>• Continue measure centered on improving customer satisfaction</li> <li>• Review of customer management system</li> </ul>
JULLIA OLGER	3,433	2,973	(459)	(13.4%)		
Others	371	306	(64)	(17.5%)	JULLIA OLGER	<ul style="list-style-type: none"> <li>• Reorganization of management area</li> <li>• Strengthening of training system</li> <li>• Scrap and build implementation</li> <li>• Expand standard wig business</li> </ul>
<b>Total</b>	<b>15,170</b>	<b>11,788</b>	<b>(3,382)</b>	<b>(22.3%)</b>		





<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.

#### **ARTNATURE INC. Investor Relations Office**

TEL: +81-3-3379-2405 E-mail: [ir@artnature.co.jp](mailto:ir@artnature.co.jp)  
3-40-7, Yoyogi, Shibuya-ku, Tokyo 151-0053 Japan