

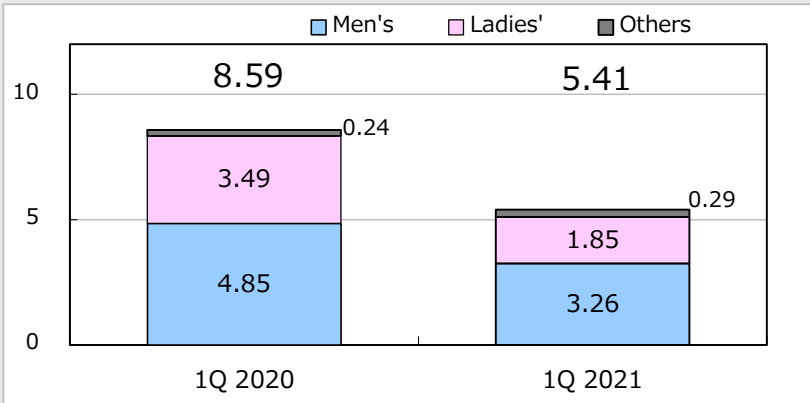


Financial Results

July 30th, 2020
ARTNATURE INC.

Net Sales

¥ Billion



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

Notes

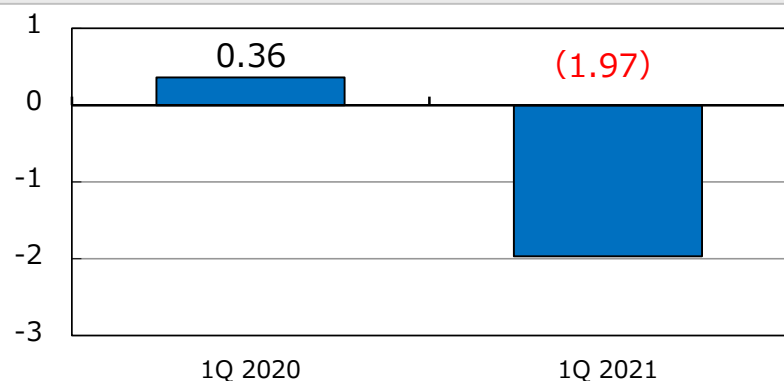
Net Sales ¥5.41Billion 【Down 37.0%】

- Men's Business ¥ 3.26 Billion (Down 32.8%)
- Ladies' Business ¥1.85 Billion (Down 47.0%)

※Earnings declined due to temporary business closures of the factories in the Philippines and some salons caused by COVID-19

Operating Income

¥ Billion



Notes

Operating Income (¥1.97)Billion

- Gross Profit 66.6% → 52.0% (Down 14.6 Pt)
- SG&A Expenses 62.4% → 88.4% (Up 26.0 Pt)

※Profit declined despite of attempt at retrenchment of advertising cost, selling, general and administrative expenses; those cost savings did not go far enough to cover the decline of sales revenue

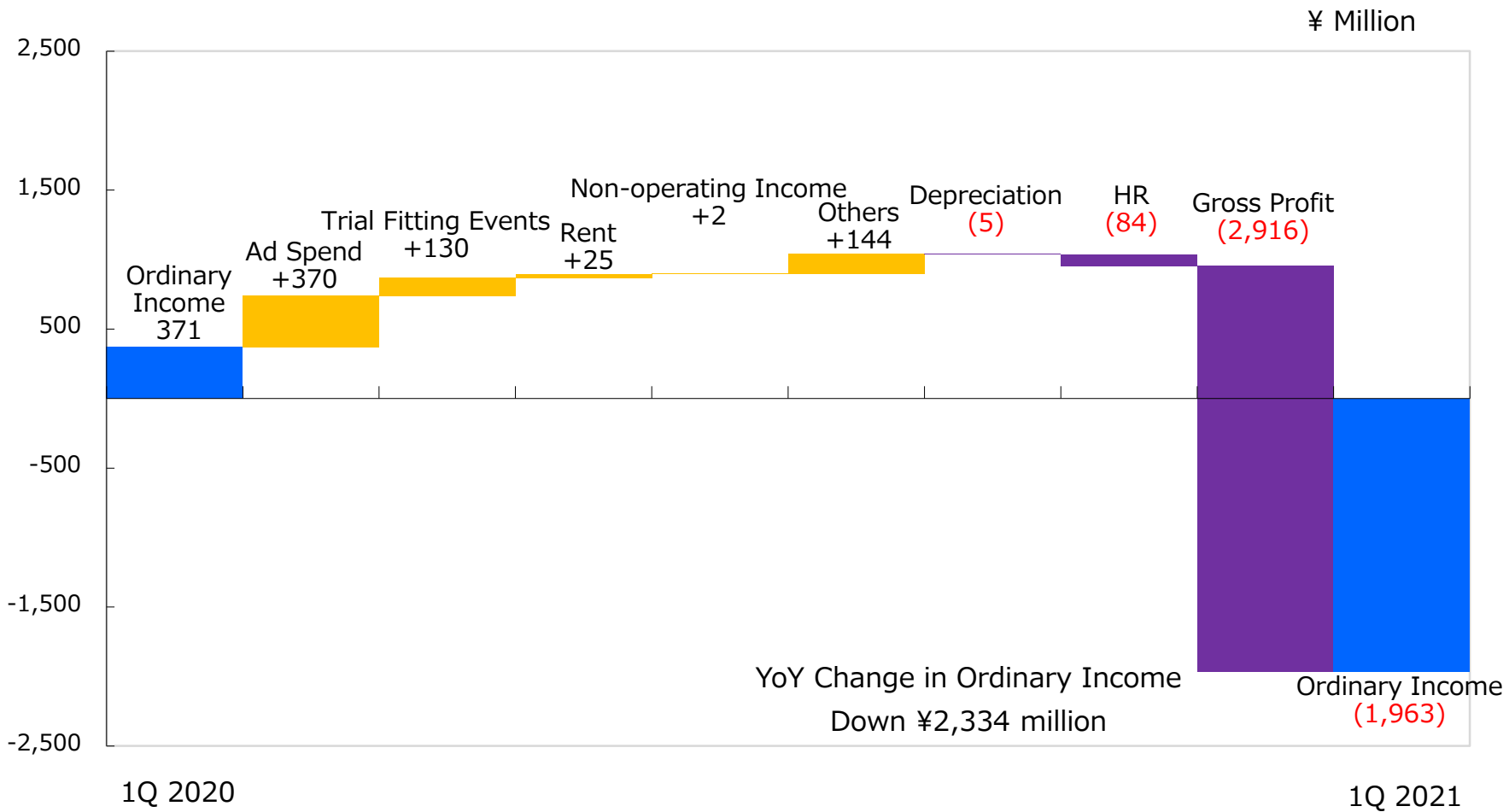
1st Quarter Of Fiscal 2021 : Financial Highlights



¥ Million

	1Q FY 2020		1Q FY 2021		YoY Change	Notes
	April-June 2019	Sales ratio	April-June 2020	Sales ratio		
Net Sales	8,598	-	5,414	-	(37.0%)	<ul style="list-style-type: none"> • Net Sales Men's Business Down 32.8% Ladies' Business Down 47.0% • Cost of sales ratio 33.4% → 48.0% Product Cost Up 1.9 Pt HR Up 12.8 Pt • SG&A Expenses Ratio 62.4% → 88.4% Ad Spending Up 2.8 Pt HR Up 10.3 Pt Others Up 12.8 Pt
Cost of Sales	2,868	33.4%	2,601	48.0%	(9.3%)	
Gross Profit	5,729	66.6%	2,813	52.0%	(50.9%)	
SG&A Expenses	5,364	62.4%	4,784	88.4%	(10.8%)	
Ad Spending	1,403	16.3%	1,033	19.1%	(26.4%)	
HR	1,287	15.0%	1,372	25.3%	+6.6%	
Operating Income	365	4.3%	(1,971)	-	-	
Ordinary Income	371	4.3%	(1,963)	-	-	
Net Income	207	2.4%	(1,439)	-	-	

1st Quarter Of Fiscal 2021 : Analysis of SG&A Expenses



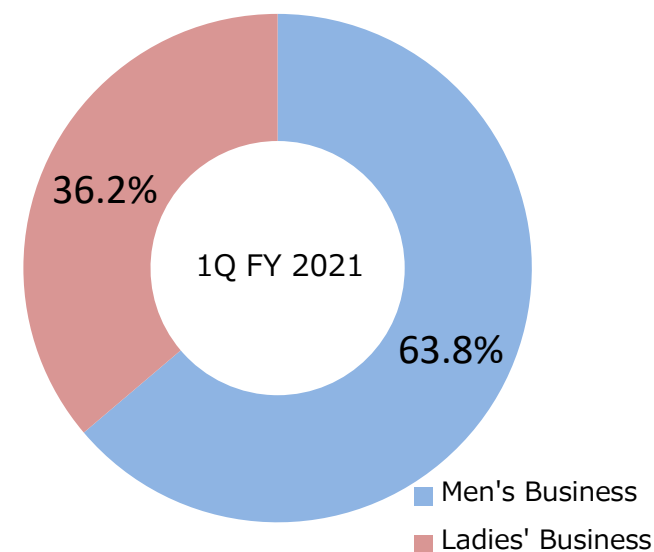
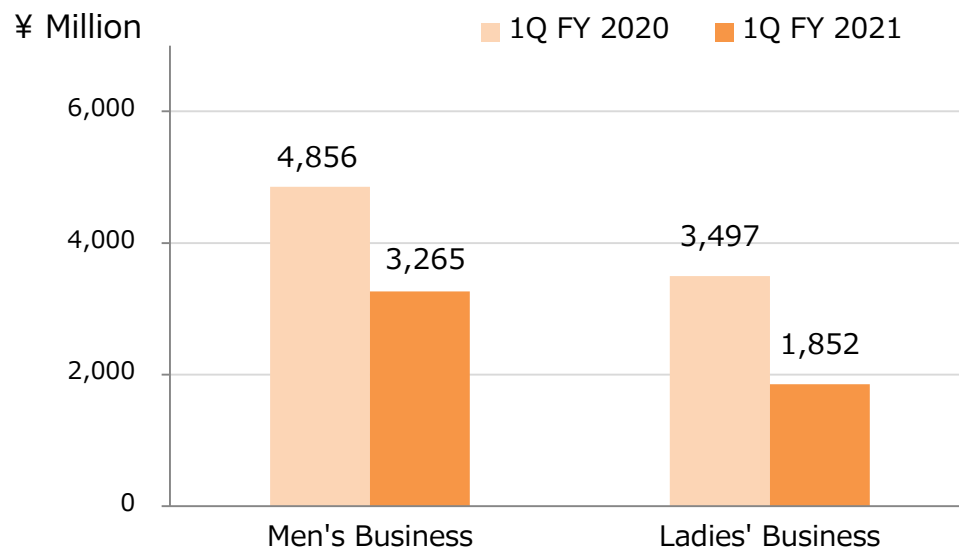
1st Quarter Of Fiscal 2021 : Breakdown of Sales by Segment



¥ Million

	1Q FY 2020	1Q FY 2021	YoY Change
Net Sales	8,598	5,414	(37.0%)
Men's Business	4,856	3,265	(32.8%)
Ladies' Business	3,497	1,852	(47.0%)
Others	244	296	+21.2%

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



1st Quarter Of Fiscal 2021 : Breakdown of Net Sales by Products & Services(Non-consolidated Basis)



¥ Million

		1Q FY 2020	1Q FY 2021	YoY Change	
Custom-made Wigs	New customers	979	361	(617)	(63.1%)
	Repeat Business	3,740	1,634	(2,106)	(56.3%)
	Total	4,719	1,995	(2,723)	(57.7%)
Hair Addition Products	New customers	281	275	(6)	(2.4%)
	Repeat Business	603	467	(136)	(22.6%)
	Total	885	742	(143)	(16.2%)
Hair Growth Services	New customers	28	23	(4)	(16.8%)
	Repeat Business	256	234	(22)	(8.6%)
	Total	284	257	(26)	(9.4%)
Styling Services		1,389	1,290	(98)	(7.1%)
JULLIA OLGGER(Lady's Ready-made wig)		727	398	(328)	(45.2%)
Others		537	560	+23	+4.3%

All Products & Sevices	New Customers	1,289	660	(629)	(48.8%)
	Repeat Business ※	6,337	3,936	(2,401)	(37.9%)
	JULLIA OLGGER	727	398	(328)	(45.2%)
	Others	189	251	+61	+32.2%
	Total	8,543	5,245	(3,297)	(38.6%)

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

1st Quarter Of Fiscal 2021 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



¥ Million

		1Q FY 2020	1Q FY 2021	YoY Change	
Custom-made Wigs	New customers	150	75	(75)	(49.9%)
	Repeat Business	2,478	1,195	(1,283)	(51.8%)
	Total	2,629	1,271	(1,358)	(51.7%)
Hair Addition Products	New customers	248	208	(39)	(16.1%)
	Repeat Business	423	292	(131)	(31.0%)
	Total	672	500	(171)	(25.5%)
Hair Growth Services	New customers	25	22	(3)	(13.3%)
	Repeat Business	149	138	(10)	(7.1%)
	Total	174	160	(13)	(8.0%)
Styling Services		1,123	1,096	(27)	(2.5%)
Others		256	236	(19)	(7.5%)
All Products & Sevices	New Customers	424	306	(118)	(27.9%)
	Repeat Business※	4,431	2,959	(1,472)	(33.2%)
	Total	4,856	3,265	(1,590)	(32.8%)

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

1st Quarter Of Fiscal 2021 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



¥ Million

		1Q FY 2020	1Q FY 2021	YoY Change	
Custom-made Wigs	New customers	828	285	(542)	(65.5%)
	Repeat Business	1,261	438	(823)	(65.2%)
	Total	2,090	724	(1,365)	(65.3%)
Hair Addition Products	New customers	33	66	+33	+99.5%
	Repeat Business	179	175	(4)	(2.7%)
	Total	213	241	+28	+13.3%
Hair Growth Services	New customers	3	1	(1)	(44.6%)
	Repeat Business	107	95	(11)	(10.7%)
	Total	110	97	(12)	(11.7%)
Styling Services		265	194	(70)	(26.7%)
JULLIA OLGER(Lady's Ready-made wig)		727	398	(328)	(45.2%)
Others		91	72	(18)	(20.3%)
All Products & Sevices	New Customers	864	354	(510)	(59.1%)
	Repeat Business※	1,905	976	(928)	(48.7%)
	JULLIA OLGER	727	398	(328)	(45.2%)
	Total	3,497	1,729	(1,768)	(50.6%)

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

Consolidated Balance Sheets

¥ Million

	As of March 31, 2020		As of June 30, 2020		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	24,553	56.9%	24,890	56.4%	+1.4%	Current Assets : +337 • Cash and Deposits : +592 • Accounts receivable - trade : (507) • Inventory : +218 Current Liabilities : +2,789 • Advances received : +1,385 • Accounts payable : (1,363) • Short-term borrowings : +3,000 Retained earnings : (1,892) • Cash dividends paid : (453) • Net income : (1,439)
Cash and Deposits	17,096	39.6%	17,688	40.1%	+3.5%	
Total non-current Assets	18,610	43.1%	19,249	43.6%	+3.4%	
Total Property, Plant and Equipment	9,099	21.1%	9,205	20.9%	+1.2%	
Total Assets	43,163	100.0%	44,139	100.0%	+2.3%	
Total Current Liabilities	10,523	24.4%	13,312	30.2%	+26.5%	
Advances received	5,270	12.2%	6,655	15.1%	+26.3%	
Total Non-current Liabilities	7,302	16.9%	7,340	16.6%	+0.5%	
Total Liabilities	17,825	41.3%	20,653	46.8%	+15.9%	
Total Net Assets	25,337	58.7%	23,486	53.2%	(7.3%)	
Retained earnings	19,141	44.3%	17,249	39.1%	(9.9%)	
Total Liabilities and Net Assets	43,163	100.0%	44,139	100.0%	+2.3%	

Basic policy on COVID-19

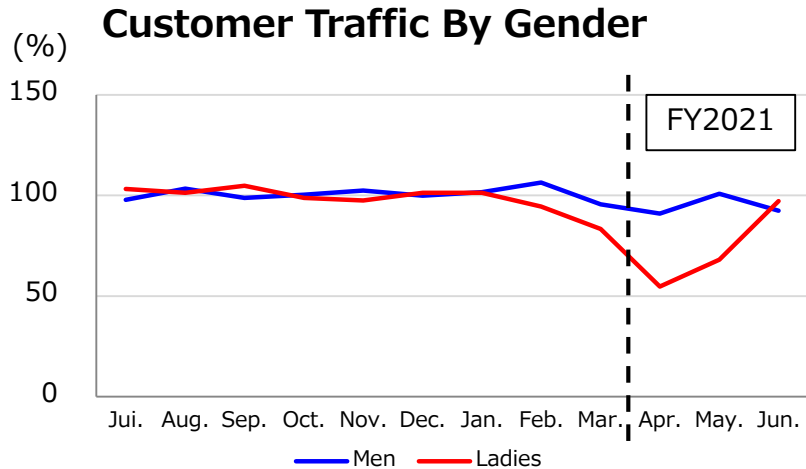
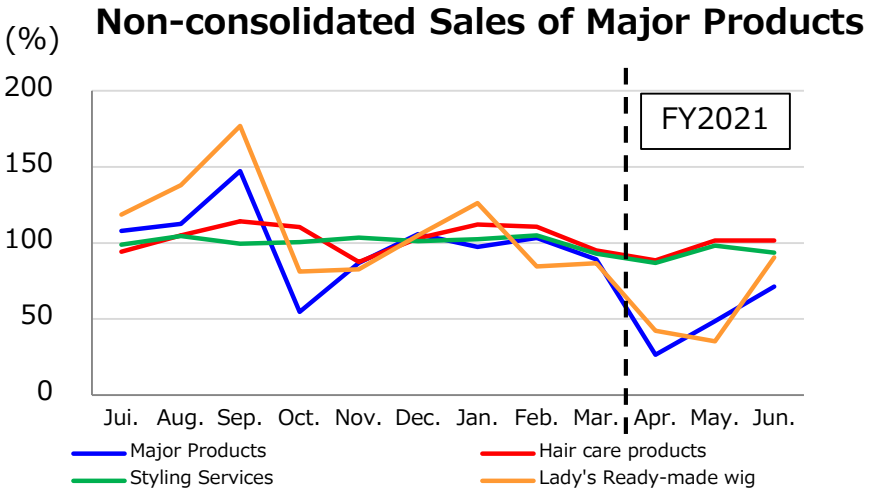
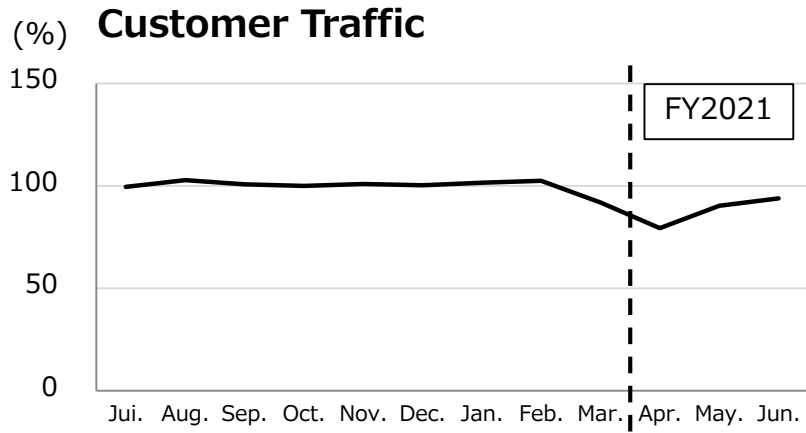
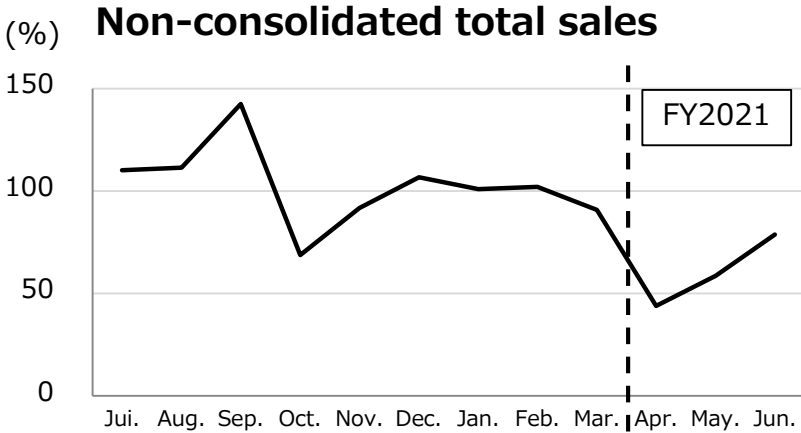
- 1 Give top priority of lives and safety of customers and employees
- 2 Exert our utmost effort to provide continuous services customers demand
- 3 Act in an effort to prevent and minimize the spread of COVID-19
- 4 Strive for business continuity for maintenance for employment of works

Item		Content
Customers	Service continuation	• Normal business hours ; Shortening business hours at some salons
	Prevention of the spread of infection	• Requiring to check customers' temperature and physical condition
Employees	Thorough hygiene management	• Temperature management, constant handwashing and gargling, wearing face masks, disinfecting rooms after every use, refraining from business trip
	Review of work system	• Introduced work from home for applicable workers
Others	Business partners	• Followed the facilities decision for holding events at department stores and/or commercial facilities
	Service support	• Offering extended period for free after-sale services

FY2021 Current Management Condition (as of Jul.30)



		April 2020	May	June	July	From August		
Government		April 16: Declared state of emergency to all regions	May 25: Lifted the state of emergency					
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		



(¥ Million)

	FY2020 Results	FY2021 plan
Net Sales	39,484	—
Men's Business	22,369	—
Ladies' Business	15,720	—
Others	1,394	—
Operating Income	2,919	—
Ordinary Income	3,006	—
Net Income	1,542	—

- Reasonable calculation is difficult due to the influence of COVID-19 infection
- Promptly announce when forecasts can be calculated



<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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