



ARTNATURE INC.

3-40-7 Yoyogi, Shibuya-ku, Tokyo
151-0053, Japan
Tel: 81-3-3379-3334 (Switchboard)
www.artnature.co.jp

 Member of the Japan Hair Industry Association

Securities code: 7823



Corporate Profile

Your best smile is
what we want.

Your best smile is what we want.

With our motto, “Your best smile is what we want,” ARTNATURE continues to not only bring more smiles to our customers’ faces, but to all of our stakeholders as well.



Message from the President

We offer guidance that leads our customers to a more positive lifestyle.

ARTNATURE has continued to be an industry leader since our founding in 1967, when we became the first comprehensive hair consultancy business in Japan. This would not be possible without the support of all of our stakeholders, including our customers, to whom I wish to offer my sincere gratitude.

For more than 55 years, we have developed and launched an endless succession of innovative technologies and products to help give people a more positive outlook regarding the various hair issues they experience. We offer a broad range of products and services, including custom-made wigs of the highest quality, to meet our customers’ needs.

Our entire company will continue to strive, working together as one, to foster the culture of hair in Japan under our motto, “your best smile is what we want,” while we take full advantage of the three strengths we have cultivated over many long years; our product development capabilities, our technical ability, and our outstanding customer service.

In addition, we have recently formulated the ARTNATURE Advance Plan, which is our medium-term management plan launching in FY2023. We are working to expand our business performance and share of the hair consultancy industry while cementing our position as a domestic market leader and acquiring and expanding businesses in new areas.

I ask for your further understanding and support as we continue to move forward.

Yoshikata Igarashi

Yoshikata Igarashi
Chairman and President



Customers

 Proposing positive lifestyles
 ▶ p.7

Shareholders/
Investors

 Maintaining dialogue
 ▶ p.19

Employees

 Providing a workplace where employees can flourish
 ▶ p.15

Community/
Society

 Creating a bright future for the next generation
 ▶ p.17

Bringing more smiles to all of our stakeholders

ARTNATURE’s Journey p.3
 Bringing More Smiles to Our Stakeholders p.5
 Corporate Governance p.20
 Corporate Information p.21

Creating Smiles That Stretch into the Next Generation Through Innovation

Our mission to help guide those who have concerns about their hair to a more positive lifestyle by offering a variety of solutions has been the driving force behind the innovative technology and products that we have continued to produce for over 55 years as a comprehensive hair consultancy firm.



Management Philosophy

- Our mission as a hair consultant is to foster a culture of hair that satisfies customers.
- We provide people with opportunities to make their lives more positive, bright and beautiful.
- We provide products and services of the very best quality through our global network.
- We constantly strive to enhance the status of the hair industry and become a company that is trusted by society.

1967
Pioneered the comprehensive hair consultancy business.

1969
Created an integrated system covering counseling, wig making, and after-sales service.

1973
Launched the Triple Hair-addition System for gradually increasing hair volume.

1984
Launched MRP, a groundbreaking hair-addition system that uses no base material.

1987
Took on the challenge of the women's sector.

1987
Launched Ladies' ARTNATURE marking our full-fledged entry into the ladies' wigs market.

1989
Launched the Ladies' MRP hair-addition system.

2001
Established the first Ladies' Salon in Ginza, Tokyo.

2003
Launched Hair For Life hair-addition products, which give a natural-looking hairline and fit.

2005
Launched custom-made Cellaire ladies' wigs.

2006
Introduced a 3D measuring system.

2008
Entered the market for ladies' ready-made wigs with the Jullia Olger wig brand.

2008
Entered the market of ready-made wigs.

2009
Launched ANCS wigs for medical use.

2011
Launched MRP Nature, a hair-addition service.

2011
Established an online retail store, ARTNATURE Online Shop.

2016
Launched Beauty Up, a hair-addition system for women.

2019
Launched LABOMO Hair Grow MINOXI 5, a product to stimulate hair growth.

2019
Sought further growth and expansion.

2019
Acquired a company selling women's wigs, NAO-ART CO., LTD. as a subsidiary.

2020
Established Art Medical Service Inc. to take on contracted work for medical institutions.

2021
Launched "Feelin," a wig line that is not held in place with pins.

2023
Pioneering the Next Generation: ARTNATURE's Leap Forward.

1965
Started business of custom-made wigs for men.

1970
Developed a proprietary special artificial skin.

1980
Established a nationwide sales system. Built a locally rooted sales network throughout Japan.

1983
Developed the synthetic hair Artron.

1967
ARTNATURE INC. was established.

1970
Developed a proprietary special artificial skin.

1990
New head office built in a new location.

2002
Integrated all sales companies in Japan through joint ventures. Acquired the Eurotech Hair Systems, Inc. plant in the Philippines.

2007
Made an initial public offering on JASDAQ.

2008
Established a second subsidiary in the Philippines.

2013
Moved to the First Section of Tokyo Stock Exchange.

2011
Established ARTNATURE (SHANGHAI) INC.

2012
Established ARTNATURE SINGAPORE PTE. LTD.

2014
Established ARTNATURE MALAYSIA SDN. BHD. Established ART MIKAWA INC. for the manufacture and sale of wigs for entertainment.

2015
Established ARTNATURE (THAILAND) CO., LTD.

2022
Moved to the Prime Market of the Tokyo Stock Exchange.

Bringing More Smiles to Our Stakeholders

We have formulated and are implementing a long-term vision/medium-term management plan to bring even more smiles to all of our stakeholders.

“A Decade to Open a New Future”



ARTNATURE *Advance plan*

As we solidify our position as the top brand in the hair consultancy business, we will expand new areas of business related to “beauty and health,” making forward progress in bringing our endeavor to pioneer the next generation to the next stage.

Making Forward Progress

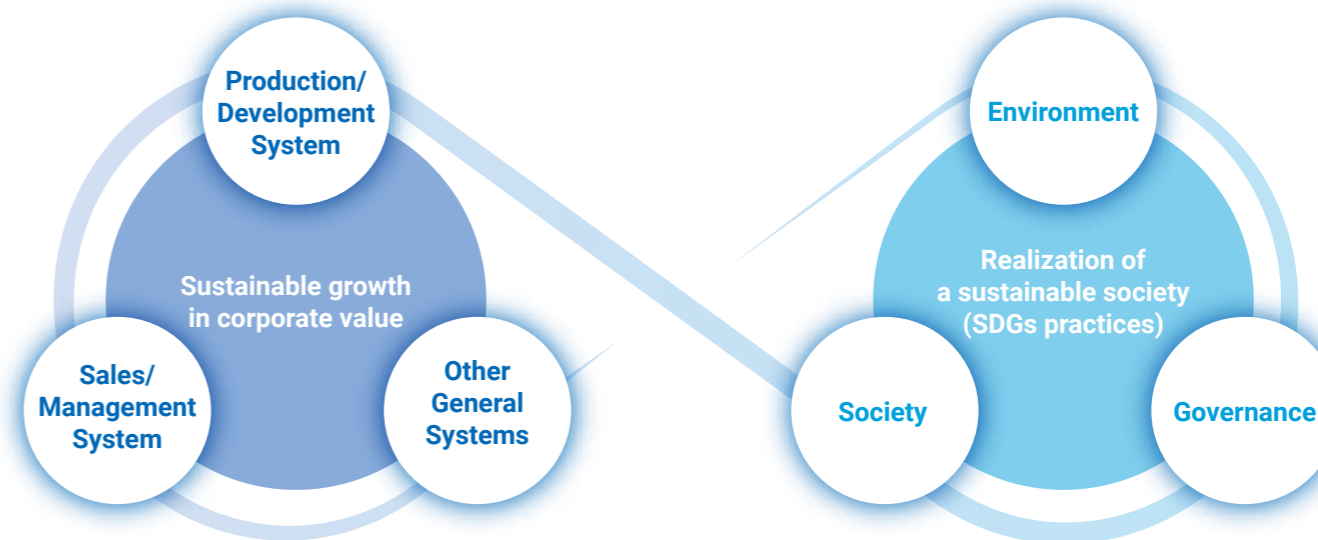
Meeting Customers' Needs by Expanding Current Businesses and Pioneering and Enhancing New Business Areas

In terms of our existing business, we are aiming to expand the overall sales of our group's ladies' business by steadily expanding our men's business and investing the profits from our men's business in our ladies' business. In addition, we intend to accrue sales and achieve our overall group performance targets by investing the profits from our existing businesses in new areas of business related to beauty and health.



Aiming for Sustainable Growth by Implementing Measures from a Long-Term Perspective

We are implementing the necessary measures to promote sustainable growth in corporate value and the realization of a sustainable society.





Products & Services Geared Toward Customers

Proposing Positive Lifestyles

We provide a wide range of products and services in line with our customers' hair concerns and needs, achieving a lifestyle full of smiles.

Product Development Capabilities

We have a development division at our overseas production plant, making faster product development and inspection possible, as they work in collaboration with the development division at our headquarters.



Customer Service

Each and every one of our staff members greet our customers with a smile to create a space where customers feel comfortable and safe and provide service with heartfelt and heartwarming hospitality.



Technical Abilities

We provide our staff with various types of training at each job category and level to hone their techniques, skills, and know-how as hair professionals.

Steps Taken Prior to Providing Services

STEP 1

Customers learn about ARTNATURE



Website for smartphone viewing



Website for PC viewing



TV commercials



Newspaper and printed advertising

STEP 2

Customers learn about our services



Nationwide network of approximately 360 salons



Online sales geared toward a broad range of ages



Events introducing our services to as many people as possible

STEP 3

We provide services that suit customers' needs

Customer Needs	Services Offered
Increased hair volume	Wigs ▶ p.9
	Hair Addition ▶ p.11
	Medical Supply Sales/Support for Medical Institutions ▶ p.12
Hair growth	Hair Growth Services ▶ p.13
Stylish hair	After-Sales Service ▶ p.13
Beauty and health	Hair Care Products/Health Foods ▶ p.14



Wigs

We have been working with wigs since the founding of our company, and they have come to represent ARTNATURE. From custom-made to ready-made, we carry a broad range of products to meet each of our customer's varying needs.

• Custom-Made Wigs

Custom-made wigs have been the centerpiece of our product lineup since our founding. Our handcrafted products are made to perfectly suit each customer's individual requests and hair condition. In crafting our products, a staff member listens to the customer's requests, measures the shape of the customer's head using our state-of-the-art 3-D measuring system, and

finally sends the data to our plant along with any other various requests. At the plant, our master technicians use this data to craft all of our products by hand. Although it takes a certain amount of time for the product to reach the customer, the major advantage of a custom-made wig is a finish and fit so natural and perfect, it feels like your own hair.

Custom-made wig production process



In Focus

Measurements taken

Using the industry's first 3-D measuring system to achieve comfort

To create a base net that fits perfectly, getting correct measurements are extremely important. We introduced a 3-D measuring system in 2006 to enable quick and accurate measurements. We then store the measurements and any other requests, such as style and color, as data.

3-D head data created with a dedicated device



Wig production

Handcrafted by skilled craftsmen

At our plant in the Philippines, dedicated artisans carefully handcraft each wig one hair at a time, achieving a natural finish from color to the way the hair falls.

Philippines Production Site
Produced at ARTNATURE PHILIPPINES INC.
ARTNATURE MANUFACTURING PHILIPPINES INC



Message from Management

Prioritizing discussion of ideas to generate new value

In product development, I believe that it is important to constantly think about what new value the world needs in order to create products that are better than anything that already exists. Therefore, we gather opinions from salon staff and customers, and prioritize the thorough discussion of ideas to ensure that they are not too developer's perspective. Oftentimes we develop materials and parts from scratch, and we thoroughly test every prototype to meet customer demands, such as wanting something more natural-looking, or wanting something easier to wear. Our commitment to understanding customers' true needs and procuring the materials to meet those needs remains unwavering, and going forward we are working on new development initiatives, such as environment-conscious hair.



Mariko Fukuda
General Manager of Product Development Division

• Ready-Made Wigs

We use our superior product development capabilities cultivated through producing custom-made wigs to offer a lineup of ready-made wigs. We have developed several

brands to meet any needs our customers may have in order to help them enjoy a variety of hairstyles with greater ease and make their lives brighter.

MJO

MJO takes advantage of the technical abilities we cultivated in our custom-made wig business to provide high-quality products at an affordable price. This men's ready-made wig brand is available in stores located near terminal train stations in the Tokyo metropolitan area. In addition to an abundant array of ready-made wigs in different colors and sizes to meet customers' needs, we also offer a broad range of wigs, such as semi custom-made wigs that can be created by combining parts that come in different patterns based on size and hair volume.



Jullia Olger

Jullia Olger is a ready-made wig brand for women born from the desire to offer our superior technical abilities at an affordable price to make it easier for women to enjoy having stylish hair. Since the brand was established in 2008, we have opened 87 stores* throughout the country, mainly in department stores and shopping malls. A variety of styles of high-quality wigs are available. The brand also offers a wig called "ANCS" that is used for medical purposes and implements materials that are gentle on the skin and has adjustable volume and size.



NAO-ART

NAO-ART is a ladies' ready-made wig brand that joined the ARTNATURE Group in October 2019. It was originally established in 2001 with the corporate philosophy of giving customers the gift of happiness. There are 38 stores* located throughout the country mainly in supermarket complexes in major cities in the Tokyo metropolitan area and the Tohoku, Tokai, Kansai, and Chugoku areas. The wigs are offered at relatively affordable prices making them easy to purchase even for first-time buyers.

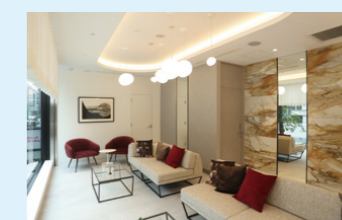


*As of March 31, 2023

Topics

Salon opened with the theme "Everything of Ladies ARTNATURE Can Be Found Here"

In September 2022, we opened the Ladies' ARTNATURE Ginza Platinum Garden, which carries custom-made ladies' wigs, as well as a diverse lineup of hair care items. In addition, this store is also home to the ready-made wig shop, Jullia Olger Suzuran-dori Store so that we can further meet even the most detailed customer needs.





Hair Addition

We implement a hair-volumizing method that binds artificial hair to your natural hair and increases the volume of your hair a little at a time. We can create the image our customers envision for themselves with plans that adjust hair whorls and parts, concentratedly increase hair in areas of concern, or increase hair volume incrementally.

Message from Management

The great thing about products that are easy to start using is that they continue to pick up on customer needs

Our hair-addition business has continued to gain popularity over many years since the introduction of our MRP hair addition method in 1984. The service we provide takes advantage of the product's feature allowing customers to easily get started increasing hair volume where they want, to the degree that they want. In order to meet the needs of those who have hair concerns but are a little hesitant to wear a wig, we have pursued the use of smaller knots to bind the hair together, within a simple mechanism that bonds artificial hair to natural hair strands to provide a more natural appearance. In addition, we enhance our product appeal and techniques on a daily basis to communicate the quality of our services to as many customers as possible by implementing measures such as the binding certification test for stylists in salons where the binding procedure is performed.



Jun Kaneko
Senior Assistant Manager
of Sales Planning Division

At ARTNATURE, hair addition is conducted by ARTNATURE stylists with professional expertise using a method that bonds several strands of artificial hair to the customer's own hair at the scalp. As it is possible to increase hair volume incrementally one hair at a time, hair can be increased to the desired volume in an unnoticeable natural progression. This addition method is attractive because your hair shape remains intact even if it is subject to the moisture in sweat or rain and it can be styled with your hands, just like your own natural hair. You can

achieve your ideal hairstyle with the technology and know-how ARTNATURE has crafted as Japan's first developer of hair-volumizing techniques. Since we introduced this technology, we have continued to evolve it creating a rich lineup of products that give attention to the finest of details, including the number of strands bonded at once, the way in which they are bonded, and the thickness of the artificial hair strands, to further meet the broad variety of needs of our customers.



In Focus

New proprietary technology producing more natural feeling hair

Using cutting-edge wet blasting technology, which processes only the hair bonds with ultra-fine precision, the bonds with your natural hair are minimized and stand out significantly less

than conventional products. In addition, it achieves a more natural look by mixing together and processing hairs of different thickness.

Hair addition process



The latest technology enables a natural finish by minimizing the size of the knots binding the hair together.

Medical Supply Sales/Support for Medical Institutions

In 2019, ARTNATURE ventured into the field of medical supply sales and support for medical institutions. As a comprehensive hair consultancy business, we will continue to enhance our hair-related products and services with new items to meet the needs and resolve the concerns of as many customers as possible.

Medical Supply Sales (Hair Growth Stimulant)

To enhance our hair product lineup and better meet our customers' needs, we sell a hair growth stimulant containing the hair growth agent minoxidil (a class 1 drug). Minoxidil acts directly upon the hair follicle, promoting cell growth and protein synthesis, which stimulates new hair growth and promotes the growth of existing hair.

In 2019, we launched LABOMO Hair Grow Minox 5, a hair growth stimulant for men, and in 2020, we released LABOMO Hair Grow Hanaminoxi for women sold mainly on our company's online store.



LABOMO Hair Grow Minox 5



LABOMO Hair Grow Hanaminoxi

Message from Management

Broader options for customers as a comprehensive hair consultancy business

Since we began selling pharmaceutical hair growth stimulants, I have had an increasing number of opportunities to hear customers say that they are using hair growth stimulants in combination with wigs or hair-addition services. When we started offering medical supplies, as a comprehensive hair consultancy business, I could feel the options available to customers broadening. In addition, the sales performance of hair growth stimulants for women exceeded our expectations allowing us to gain an awareness of expanding potential demand and discover a new customer base. Moving forward, I would like to be even more proactive in our development of product variations in the hair growth stimulant category, wholesale distribution to medical institutions in addition to the products we offer customers directly, and other various ways in which we can further help solve customers' concerns.

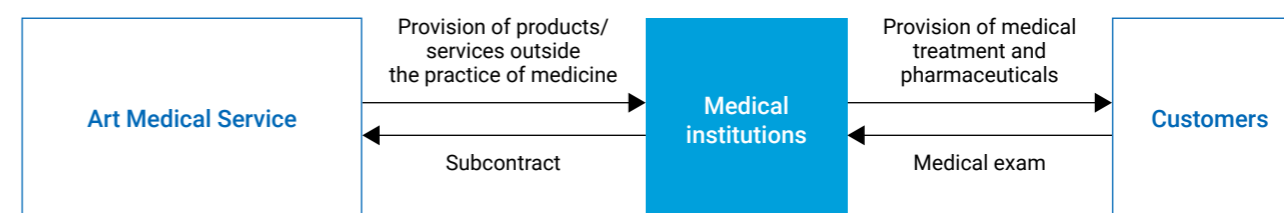


Atsuo Ishiki
General Manager of
Production Planning
Division

Medical Institution Support

Art Medical Service, Inc. was established in January 2020 to conduct sales of pharmaceuticals and contracted work for medical institutions. Utilizing ARTNATURE's knowledge of hair, we provide products and services committed to bringing smiles to the faces of everyone.

Operational flow





Hair Growth Services

Continuous care of the scalp and hair promotes normalization of the hair cycle and maintains an environment that fosters luxurious hair. Our staff of hair professionals check the condition of customers' scalps and hair and propose the optimal course accordingly.

• At Salons

We conduct interviews and monitor checks to gain more detailed knowledge about the condition of a customer's scalp and hair. Our staff then offer the best advice and most appropriate hair care based on their professional experience and collected data.

In Focus

Guidance to a natural hair cycle with proper advice and hair care

Daily habits that cause scalp damage and hair cycle disturbances are often the reason behind hair loss and thinning. Discovering and controlling the causes behind hair loss and thinning will restore an environment that fosters lush and luxurious hair.



① Hair cycle normalization

We look for trouble areas in the hair cycle between loss and regrowth and make improvements.



② Maintenance of the scalp environment

We promote blood circulation with cleansing and hair growth agents to establish a healthy scalp environment.

• At Home

At ARTNATURE, we offer an abundant lineup of hair care products for home use from our hair growth stimulating shampoo and scalp lotion to our electric scalp massager and head spa related goods. Using these products in conjunction with professional salon care will achieve more continuous and effective scalp care.

After-Sales Service

We provide a full range of after-sales services, including wig maintenance, to encourage a long-term relationship with the customers who purchase our products.

• At Salons

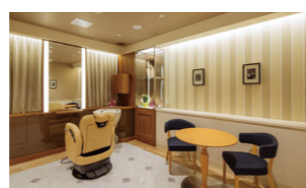
For customers who have purchased our products, we provide haircut and coloring services in our stores. A properly licensed stylist cares for each customer individually in the salon and communicates with them to get an understanding of their needs in order to build a good relationship.

• At Home

For customers unable to visit a salon regularly due to various circumstances, we provide maintenance service using a delivery system. If you use our delivery service to send us the custom-made wig you purchased, we will conduct maintenance on it and send your wig back to your home or current accommodations.

• At Events

We hold events at irregular intervals for customers using ARTNATURE wigs. At the events, you can learn how to use and maintain your wig from our staff member as part of our efforts to make wig usage more fun.



Private salon



Event venue

Hair Care Products/Health Foods

At ARTNATURE, we carry a variety of products, such as selected hair care products and health foods, for sale on our company's online store and other mainstream shopping sites to help our customers maintain both beauty and health.

• Our Products

In terms of gray hair care items, for which there is a high need among customers, our product providing hair care for gray hair while conditioning it, LABOMO Scalp Aroma Hair color treatment series, reached more than 2.3 million units in sales. In addition, we launched a shampoo and conditioner combination for dyeing gray hair, iiRo Color Shampoo to Dye Gray Hair and iiRo Color Conditioner to Dye Gray Hair in December 2022. The products have been well-received by many customers for being easily available through online sales and for being high-quality items that can easily be tried at home.



LABOMO Scalp Aroma Hair color treatment Aqua



iiRo Color Shampoo and Conditioner to Dye Gray Hair



• Online Sales

At our ARTNATURE ONLINE SHOP internet sales website, we sell shampoo, conditioner, and other hair care-related items to help customers maintain healthy hair and scalps, in addition to healthy foods. Even customers who have never had the opportunity to visit an ARTNATURE salon can easily purchase our high-quality products from the comfort of their own homes. In addition, there are reliable regular courses with discounts, coupons available only to site members, an e-mail magazine, and other benefits and convenient functions available. The products on our site are also available at e-commerce sites such as Rakuten and Amazon.



ARTNATURE Online Shop

▶ <https://ec.artnature.co.jp/shop>

• TV Shopping

Our products are introduced and sold on dedicated TV shopping channels. We are able to easily communicate how to use our products and their effects by showing how the products, such as our gray hair hiding foundation, ARTMICRON PLUVI, and our hair color treatment that simultaneously acts as both cover for gray hair and treatment, are used as the sales pitch is presented.

• In-Store/Catalog Sales

Our salons throughout the country sell the selected hair care products used at ARTNATURE salons so that customers can use the products even at home. We also sell our various products in general mail order catalogs offered by different companies, giving an even broader customer base access to our products. We continue to strive to expand our sales channels to increase opportunities for customers to familiarize themselves with our products.

Message from Management

Devices that clearly communicate the quality of our products and expected changes after use

When we sell products online, we are unable to show products directly to customers and explain how to use them as we can with salon sales. Therefore, we develop products while maintaining an awareness of clearly and simply communicating how to use them through a screen and enabling customers to clearly visualize the expected changes after use. In terms of the methods, we use to appeal to our customers, we adjust the direction of advertising campaigns, such as putting more effort into social media advertising, advertising in magazines, or distributing leaflets, in alignment with the expected purchasing demographic of each product. In addition, when we conduct sales on television shopping channels, we focus on being proactive about including demonstrations to clearly communicate the quality of our products, maintaining an awareness of using short words to explain, and making it fun for the viewers to watch.



Kazuko Yajima
Deputy General Manager
of Sales Planning Division



Initiatives Geared Toward Employees

Providing a Workplace Where Employees Can Flourish

We implement various initiatives so that ARTNATURE employees can work with enthusiasm and smiles.

Encouraging a Work-Life Balance

ARTNATURE strives to create a workplace environment where employees can work with peace of mind enjoying both sustained physical and mental health.

We are also working to create a system that helps support employees' work-life balance, such as encouraging men to take childcare leave.

• Sample of activities

- Health management maintenance and no smoking declaration
- Participation in the corporate action to promote cancer control
- Initiatives to improve childcare leave taking rates, etc.



Certified as a Health & Productivity Management Outstanding Organization 2023 (large enterprise category)



Earned the Kurumin mark, which is a symbol that Art Nature has been recognized as a company that supports childcare.

Message From a Benefits User

The chance to think about a workstyle offering work-life balance

After the birth of my first child, I took childcare leave when my wife was discharged from the hospital. In order to take the leave, I received an explanation of childcare leave from the HR department when my wife started her maternity leave. When it was then time for me to take my childcare leave, my direct superiors and senior colleagues gave me a warm send-off, so I was able to take leave without feeling any guilt about it. The fact that the entire company has a warm atmosphere about taking childcare leave left a deep impression on me. Raising children is much harder than I imagined, and taking leave gave me the chance to think about a workstyle that has a better work-life balance. It also allowed me to gain a deeper appreciation of my wife and the importance of family.



Kazunari Kashiki
Chief of Public Relations Division

Striving for Diversity in Our Workplace

ARTNATURE regularly hires young people who have recently graduated from graduate school, university, and technical colleges. We also actively continue to hire mid-career recruits, extend the retirement age, and hire those with disabilities. Our other efforts toward diversity management include promoting female employees to authoritative positions and appointing non-Japanese staff at our overseas subsidiaries to our offices in Japan in order to encourage technical and cultural exchange.



Awarded "Eruboshi" certification for excellence under the Act on Promotion of Women's Participation and Advancement in the Workplace



Received the Grand Prize in the White Company Awards

Enhanced Benefits

As hair professionals, ARTNATURE staff members must have the ability to style wigs, and it is also important that they are able to provide good customer service and recommend the right products to customers. To further improve these skills and their effectiveness, we provide employees with a wide

range of training in accordance with their position and level in the company. In addition, to foster job satisfaction and stimulate motivation among our staff, we provide a range of benefits packages as well as various systems of support for acquiring certifications and awards for hard work.

Main Training Programs

- Job-based training: Stylist techniques training/new store manager training/study sessions & seminars for acquiring various skills/etc.
- Level-based training: Training for new graduates/mid-career hires/CDP program at headquarters/assessment training/etc.
- Other training programs: In-house foreign language classes/global human resource training (training abroad)/etc.

Main Benefits and Support Systems

- Various social insurance systems
- Benefits packages: Defined contribution pension system, employee stock ownership system, employee union, severance pay, housing allowance/ housing transfer support allowance
- Work-life balance support: Maternity leave, childcare leave, shortened work hours for childcare, family care leave/time off
- Other support systems: Career training support system, awards system, perks for useful ideas

Topics

Supporting staff activities with thorough technical instruction and follow-up system

Technical advisor system

Technical advisors are defined as the first authority in providing technical instruction to improve the standard of technique among our stylists. After passing the certification test for this system, advisors work on improving their own techniques and skills and engage in the education and instruction of stylists.

Initiatives for personnel retention

We have implemented support tools to follow up with employees soon after they join the company through monthly surveys. We are also promoting employee activities and growth after hiring with thorough follow-ups on the condition of new employees by an employee from headquarters, even after a new employee has been assigned to one of our stores anywhere in the country.

Initiatives for Improving Technique/Technical Competition

To commemorate the company's 55th anniversary, we held the "Technical Competition 2022" (the 2022 nationwide technical competition). The winners of the nationwide bloc competitions competed at the grand finale held at the company headquarters, demonstrating their technical and design abilities in the men's, ladies', and Jullia Olger categories. This competition and other activities not only serve to improve the technical abilities we provide our customers, but they also deepen the connections among staff, remind our employees of the spirit of hospitality we provide customers, and foster a sense of job satisfaction.





Initiatives Geared Toward Communities/Society

Creating a Bright Future for the Next Generation

We are implementing initiatives to create a bright future for the next generation so that we can continue bringing smiles to people far into the future.

Sustainable Growth in Corporate Value

Basic Sustainability Policy

Under the motto, "Your best smile is what we want," the ARTNATURE Group aims to achieve realization of a sustainable society and sustainable growth in corporate value based on our ARTNATURE Group Code of Conduct. We are working on these initiatives proactively along with all of our stakeholders while repeatedly reviewing our policies from the perspectives of environment, society, and governance with respect to sustainability issues, such as consideration of the earth's environment and respect for human rights.

• Production/Development System

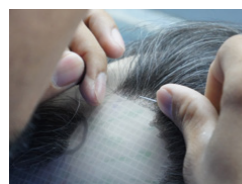
As we aim to sustainably increase our corporate value, with regard to our system of production, we are reviewing the distribution of our production bases, and at the same time, promoting a shift to automation with measures such as the implementation of the world's first automatic wig hair transplant machine. In terms of our development system, we are establishing a system that enables us to regularly develop original products that are in line with the ARTNATURE brand as we develop and test eco-friendly, next-generation, new hair.

• Sales/Management System

When it comes to our sales system, we are improving labor productivity and individual sales with intense promotion of high added value work through streamlining operations with the utilization of cutting-edge technology and system investment. We are improving work efficiency in our management system through the innovation of systems and various policies and maintaining the workplace environment.

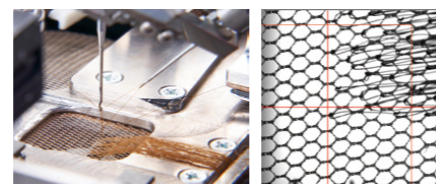
Introduction of automated hair transplant machinery

Today



Skilled experts carefully transplant each hair one at a time

The future



Automated process with an automatic wig hair transplant machine

• Other Initiatives

Issues	Initiatives
Compliance with corporate governance/codes	<ul style="list-style-type: none"> • Promotion of measures for climate change, human rights, human asset management, etc. • Responding to the increasing sophistication of risk management systems
Promoting training successors for key positions	<ul style="list-style-type: none"> • Selecting candidates for key positions • Selecting and training successor candidates

Realization of a Sustainable Society (SDGs Practices)

• Environmental Initiatives



Energy conservation

We are promoting a shift to LED lights in all of our stores and facilities. In addition to our Warm Biz and Cool Biz initiatives, which involve dressing less formally for work to deal with climate changes in an environmentally friendly way, we are striving to reduce our energy consumption volume.

Reduction of plastics

We use reprocessed plastic or bioplastic for the bottles and containers that hold our hair care products, and we are actively promoting a shift to materials that are eco-friendly.



Initiatives for various resources

At our salons nationwide, we are switching to water-conserving showerheads. We are also working towards reducing paper waste by promoting electronic receipts and other paperless measures at salons, and the in-house production of paper materials.



• Societal Initiatives



Pink Ribbon Campaign

Since 2008, we have been promoting the Pink Ribbon Campaign, which communicates the importance of early discovery, early diagnosis, and early treatment of breast cancer. ARTNATURE promotes the acquisition of the Pink Ribbon Advisor certification sponsored by the Japan Society of Breast Health, a certified NPO, and we have the most certified advisors at a single company, in the country (as of February 1, 2023).



Promotion of women taking leading roles

At ARTNATURE, where over half of our employees are women, we could not exist without women taking on leading roles. In addition to implementing a system that recognizes shortened working hours for childcare until a child graduates from elementary school, we have also implemented initiatives such as a system that allows taking paid leave in hourly increments and the promotion of men taking childcare leave.

Promotion of cancer patient activities

To promote social activities for cancer patients, we offer services geared toward QOL improvement for cancer patients through the sales of wigs for medical use and medical support products at, salons nationwide, Jullia Olger stores, and ANCS salons in hospitals.





Initiatives Geared Toward Shareholders/Investors Maintaining Dialogue

We are undertaking various initiatives to give our shareholders and investors a deeper understanding of ARTNATURE.

• Transparent Information Disclosure

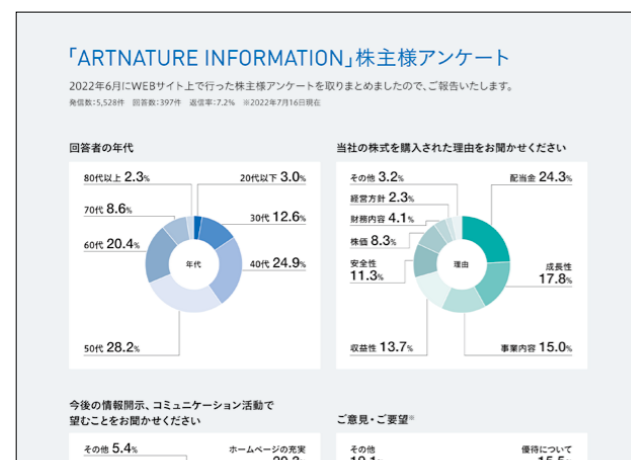
As a listed company, ARTNATURE fulfills its responsibility for transparency by properly and promptly disclosing information. Our website has a section providing information for investors, and we provide timely information through material such as press releases, financial reports, and briefing documents. In addition, in order to further deepen everyone's understanding of ARTNATURE, we have published sponsored research reports that clearly explain our business model, performance trends, and growth strategy from an analyst's perspective.



ARTNATURE Investor relations site

• Enhanced Communication

At ARTNATURE, we value the opportunity to exchange opinions with all of our shareholders and investors. Using the internet and other means, we regularly distribute questionnaires to our shareholders in an effort to enhance communication. The valuable opinions and encouragement we receive help us better manage our business moving forward.



The survey results we receive are published in "ARTNATURE INFORMATION" (newsletter for shareholders) and reported on our website.

• Investor Briefings

For institutional investors and analysts

Every six months, we hold a financial results briefing for institutional investors and analysts. At the financial results briefing, ARTNATURE executives, including our CEO, give an overview of our financial results and explain the progress that has been made in our medium-term management plan, which is followed by a question-and-answer session. In addition, a video of the briefing and the minutes are posted on our website in an effort to maintain market dialogue.



Video streaming of financial results briefing

For private investors

For private investors, we hold regular seminars using online tools to ensure that our shareholders remain long-term fans of ARTNATURE. At our online seminars, in addition to the most current financial results information, we promote an understanding of our company with product and service information, and live Q&A sessions. We also work to maintain dialogue by publishing archive videos of the content.



STOCK VOICE "Naito Securities 7110 Market TODAY" business introduction

Corporate Governance

We aim to be a highly reliable company to bring even more smiles to all of our stakeholders.

• Sound Management

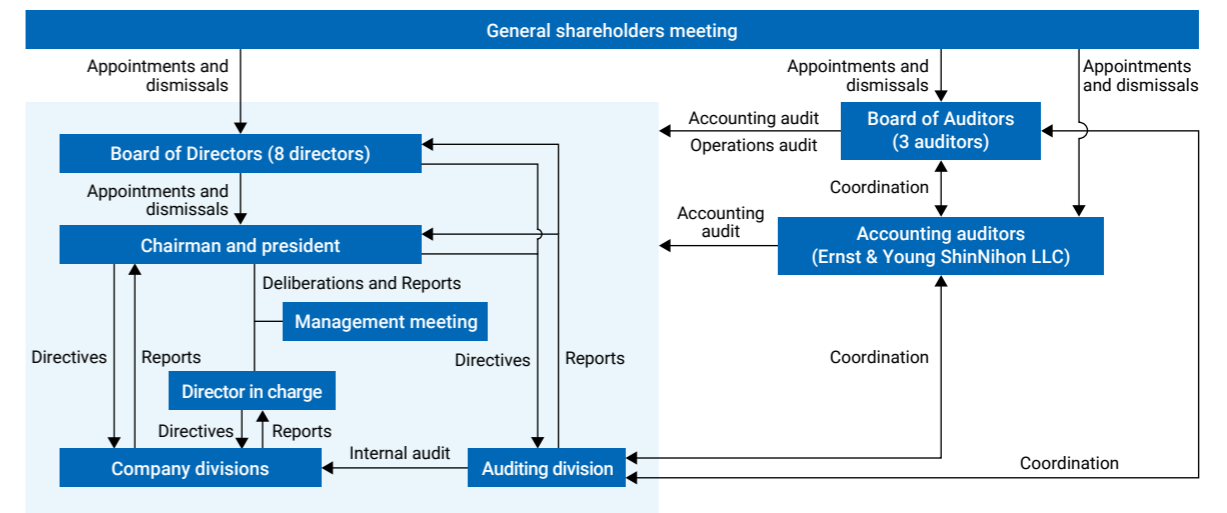
In addition to holding meetings of the Board of Directors at least once a month, regular management meetings and executive briefing sessions are held to decide on management policies and share information. We have also adopted a statutory auditor system in addition to selecting outside directors since 2014 in an effort to strengthen our corporate governance. Additionally, we have formulated an internal control system basic

policy and established a system that can operate and evaluate information control, risk management, work efficiency, and other aspects of management.

Various Committees Providing Structural Support

- Compliance Committee
- Risk Management Committee
- IT Committee, Quality Improvement Committee, others

Corporate Governance Structure



*As of June 30, 2023

• Cultivating the ARTNATURE Spirit

All ARTNATURE employees receive the ARTNATURE Credo and the ARTNATURE Group Code of Conduct to keep them aware of compliance matters. Regular internal training sessions are also held regarding protecting personal information and insider trading regulations in an effort to deepen understanding of the importance of compliance.



ARTNATURE Group Code of Conduct

• Hotline to Dedicated Divisions

To ARTNATURE, compliance means more than simply abiding by laws. We are bound by our own company regulations and seek to contribute to the good of the general public while staying ahead of society's ever-changing needs. Our Compliance Control Office is a division dedicated to maintaining and driving our compliance system forward. To prevent violations of laws and regulations as well as internal rule infractions, we have implemented a hotline to act as an internal whistle blowing system offering consultation to both internal and external whistleblowers. This effort is not only to deter illegal activities, it also serves to create an open and pleasant work environment.

Corporate Information

Company Overview (As of March 31, 2023)

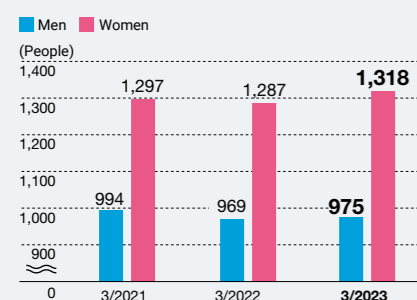
Name ARTNATURE INC.
Head office 3-40-7 Yoyogi, Shibuya-ku, Tokyo 151-0053, Japan
 Tel: 81-3-3379-3334 (Switchboard)
Founded April 1965
Established June 1967
Paid-in capital ¥3,667 million
Employees 3,891 (Non-consolidated: 2,293)
Consolidated subsidiaries Japan: five / Overseas: Seven

Directors and Auditors (As of June 30, 2023)

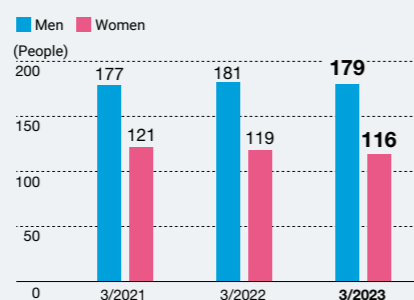
Chairman and President Yoshikata Igarashi	Outside Director Maya Nakayama
Senior Managing Director Hisakazu Moriyasu	Outside Director Takafumi Kiyonaga
Managing Director Keisuke Igarashi	Outside Director Yukiko Matsuoka
Managing Director Isao Naito	Standing Auditor Shunichi Matsushima
Director Hisayuki Kawazoe	Outside Auditor Hiroaki Hasegawa
	Outside Auditor Satoshi Hiyama

Corporate Data (As of March 31, 2023)

Breakdown of full-time employees

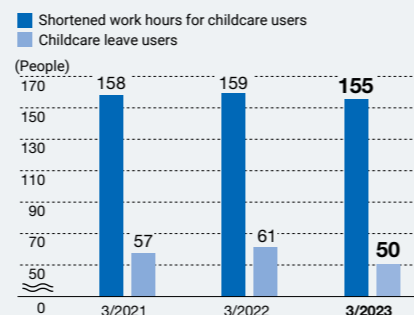


Breakdown of store managers*



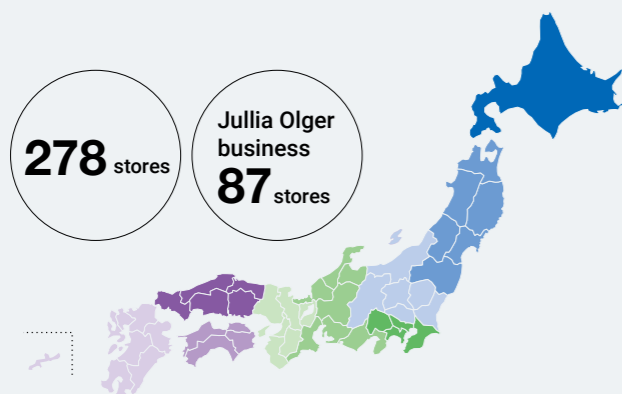
*Including Jullia Olger stores (ready-made wigs)

Usage of company systems



Store Network (As of March 31, 2023)

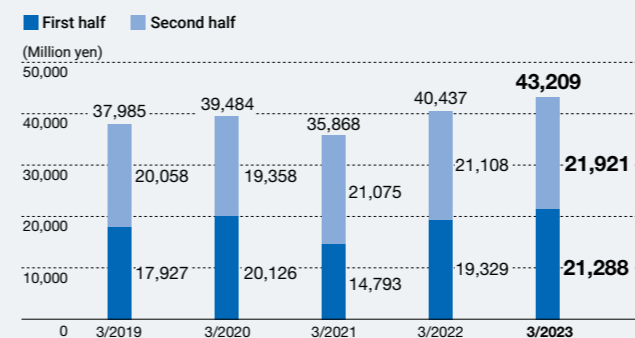
Region	Stores	Jullia Olger	ANCS salons in the hospitals	Art Drug	NAO-ART
Hokkaido	8 stores		1 store		
Tohoku	24 stores	3 stores	1 store		1 store
Kanto Shinetsu	33 stores	9 stores			6 stores
Metropolitan Tokyo	59 stores	23 stores	3 stores		24 stores
Chubu	45 stores	12 stores			2 stores
Kansai	49 stores	16 stores	4 stores	1 store	2 stores
Chugoku	19 stores	7 stores			1 store
Shikoku	10 stores	4 stores	1 store		
Kyushu, Okinawa	31 stores	13 stores			2 stores



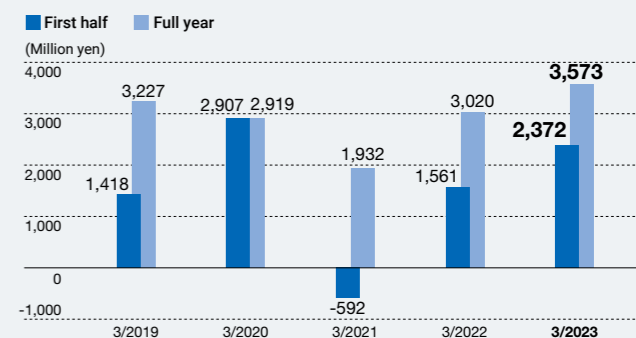
Overseas Production Sites



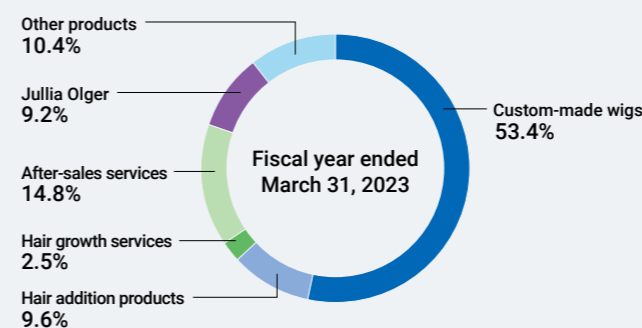
Net sales (consolidated)



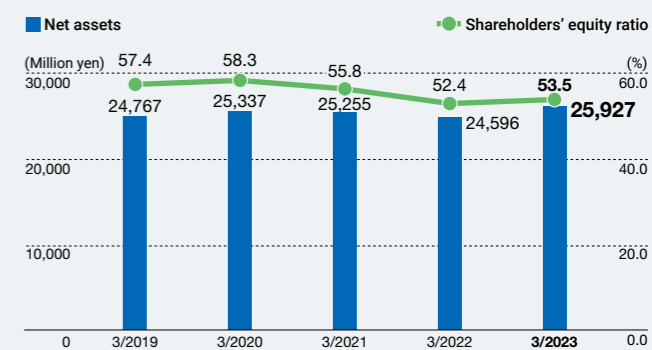
Operating income (consolidated)



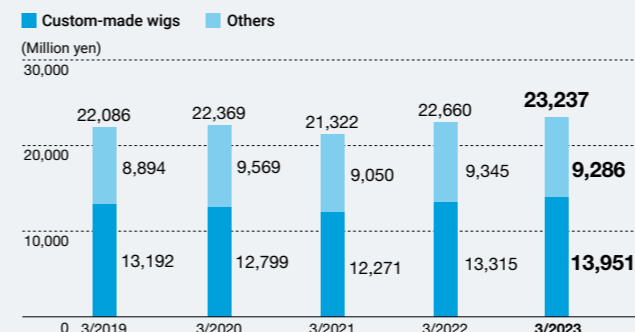
Breakdown of net sales by products and services (Consolidated)



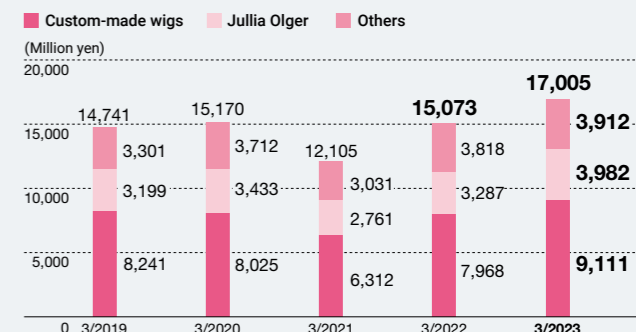
Net assets, shareholders' equity ratio



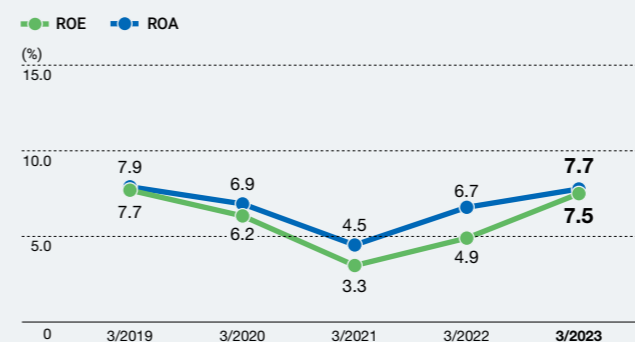
Net sales in men's business (Non-consolidated)



Net sales in ladies' and Jullia Olger businesses (Non-consolidated)



ROE, ROA*



*ROA (return on assets) = $\frac{\text{Operating income} + \text{interest income} + \text{dividend income}}{\text{Total assets}}$

Dividends, dividend payout ratio

