



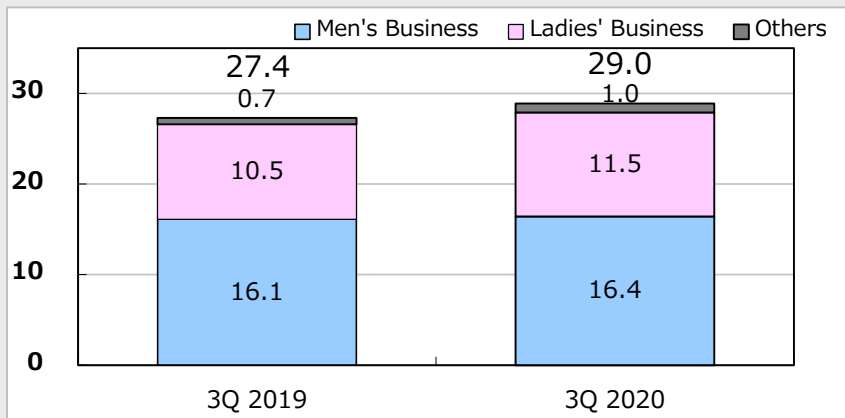
Financial Results

February 5th , 2020

ARTNATURE INC.

Net Sales

(¥ Billion)



Major Factors on YoY Change

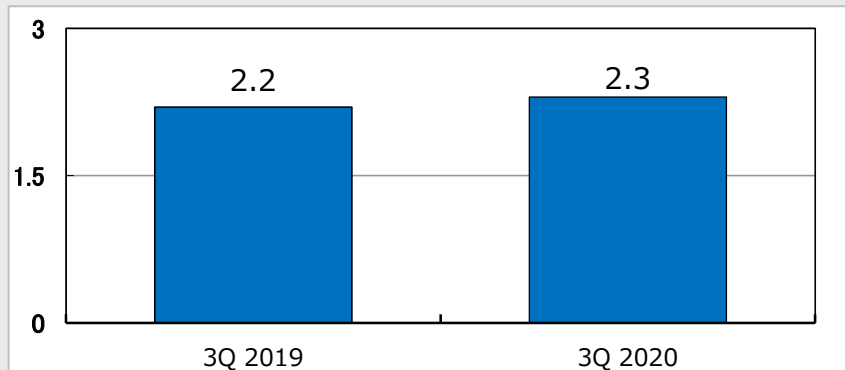
Net Sales ¥ 29.0billion 【UP 5.8%】

- Men's Business ¥ 16.4billion (UP 1.8%)
- Ladies' Business ¥ 11.5billion (UP 9.7%)

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

Operating Income

(¥ Billion)



Major Factors on YoY Change

Operating Income ¥ 2.3billion 【UP 1.9%】

- Gross Profit Ratio : 68.5% → 68.5% (± 0Pt)
- SG&A Expenses Ratio : 60.2% → 60.6% (Up 0.4Pt)

Proactively invest management resources in new business areas

3rd Quarter Of Fiscal 2020 : Financial Highlights



(¥ million)

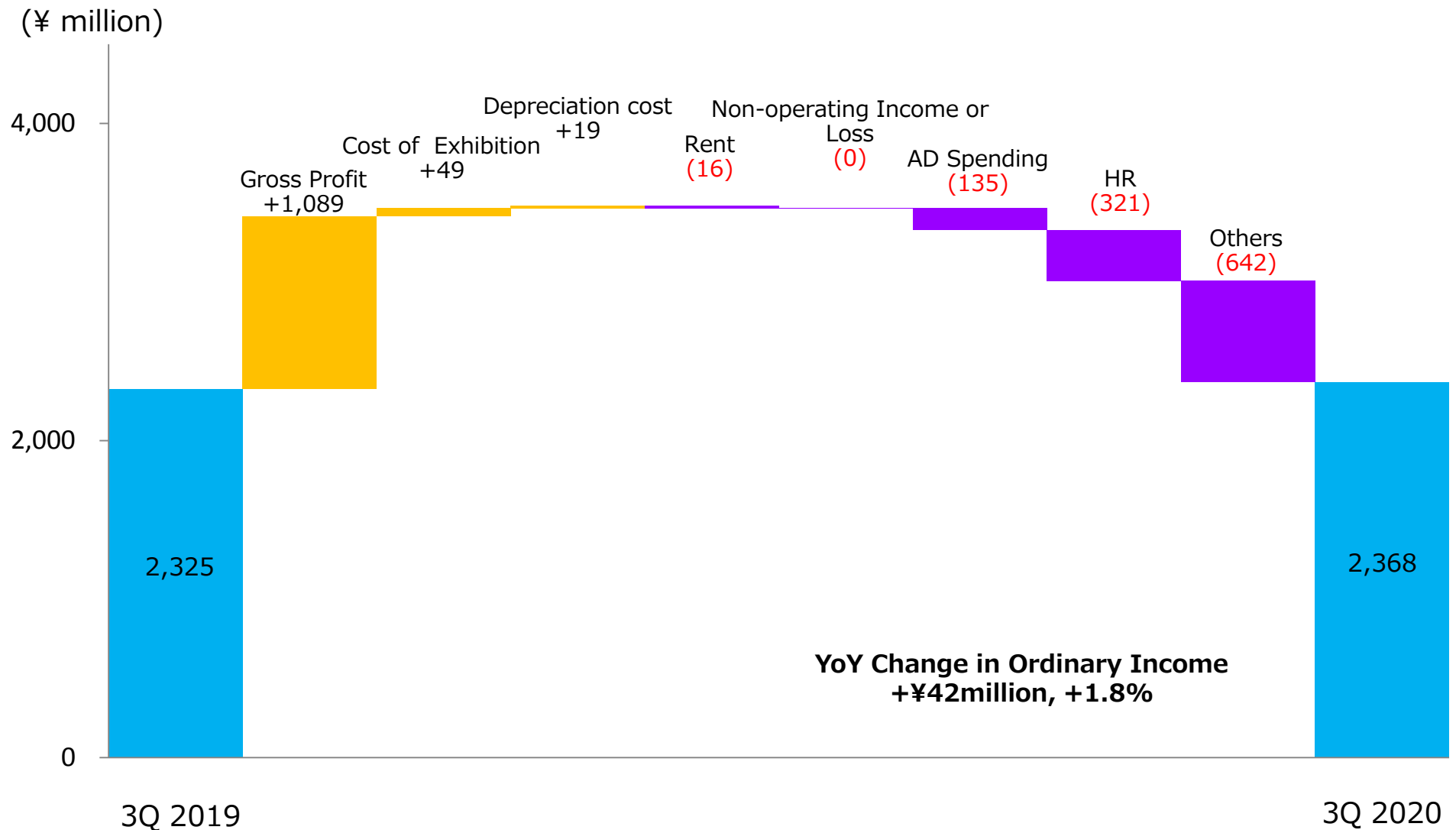
	1-3Q FY2019(Results)		1-3Q FY2020(Results)		YoY Change	Major Factors on YoY Change
	April 1 st ,2018 to December 31 st ,2018	Composition ratio	April 1 st ,2019 to December 31 st ,2019	Composition ratio		
Net Sales	27,469	-	29,049	-	+5.8%	Net Sales UP 5.8% Men's Business : UP 1.8% Ladies' Business : UP 9.7% Cost of Sales Ratio 31.5%→31.5% Product Cost : UP 0.5Pt HR : Down 0.5Pt SG&A Expenses Ratio 60.2%→60.6% Ad Spending : Down 0.4Pt HR : UP 0.3Pt Others :UP 0.4Pt
Cost of Sales	8,659	31.5%	9,150	31.5%	+5.7%	
Gross Profit	18,809	68.5%	19,899	68.5%	+5.8%	
SG&A Expenses	16,543	60.2%	17,590	60.6%	+6.3%	
Ad Spending	4,673	17.0%	4,809	16.6%	+2.9%	
HR	3,694	13.5%	4,016	13.8%	+8.7%	
Operating Income	2,266	8.3%	2,309	8.0%	+1.9%	
Ordinary Income	2,325	8.5%	2,368	8.2%	+1.8%	
Net Income	1,421	5.2%	1,449	5.0%	+1.9%	

3rd Quarter Of Fiscal 2020 : Financial Highlights (October 1st , 2019 to December 31st , 2019)



(¥ million)

	3Q FY2019(Results)		3Q FY2020(Results)		YoY Change	Major Factors on YoY Change
	October 1 st ,2018 to December 31 st ,2018	Composition ratio	October 1 st ,2019 to December 31 st ,2019	Composition ratio		
Net Sales	9,541	-	8,923	-	(6.5%)	<p>Net Sales Down 6.5% Men's Business : Down 12.0% Ladies' Business : Down 2.9% ※Impacted by last-minute demand prior to hike of consumption tax</p> <p>Cost of Sales Ratio 30.2%→35.2% Product Cost : UP 2.1Pt HR : UP 2.9Pt</p> <p>SG&A Expenses Ratio 60.9%→71.5% Ad Spending : UP 2.7Pt HR : UP 2.7Pt Others :UP 5.1Pt ※Proactively invest management resources in new business areas</p>
Cost of Sales	2,882	30.2%	3,141	35.2%	+9.0%	
Gross Profit	6,659	69.8%	5,782	64.8%	(13.2%)	
SG&A Expenses	5,810	60.9%	6,379	71.5%	+9.8%	
Ad Spending	1,680	17.6%	1,812	20.3%	+7.9%	
HR	1,203	12.6%	1,369	15.3%	+13.7%	
Operating Income	848	8.9%	(597)	-	-	
Ordinary Income	836	8.8%	(573)	-	-	
Net Income	500	5.2%	(476)	-	-	

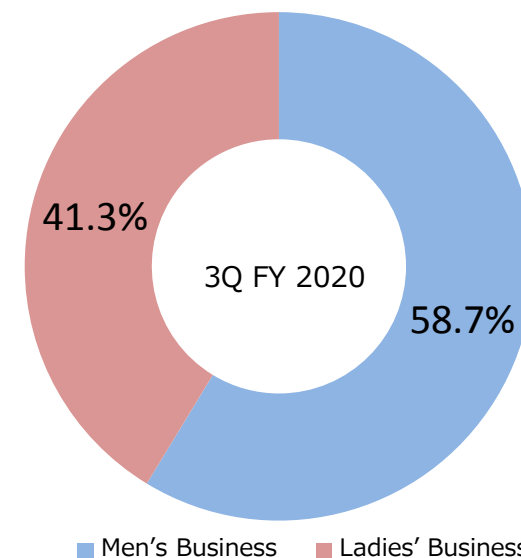
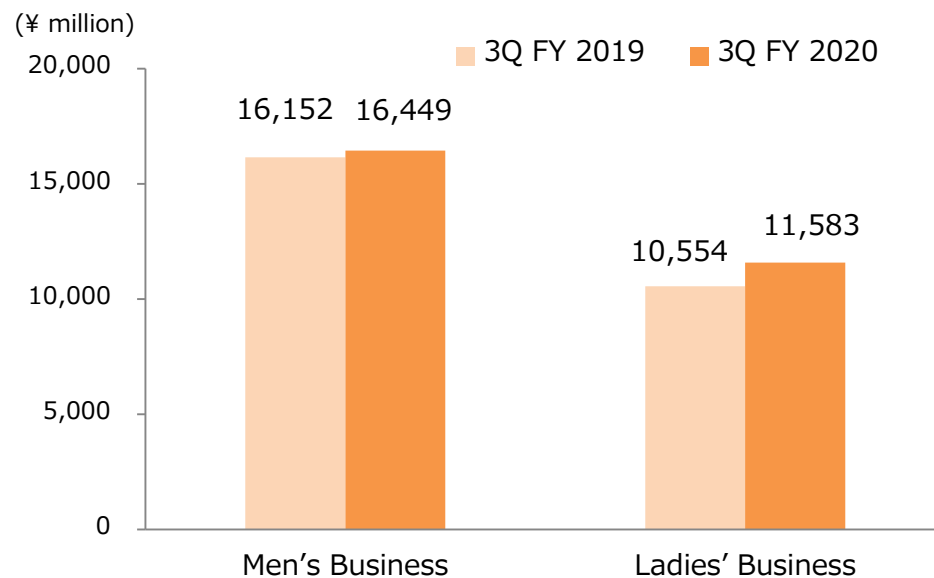


3rd Quarter Of Fiscal 2020 : Breakdown of Sales by Segment

(¥ million)

	1-3Q FY2019(Results)	1-3Q FY2020(Results)	YoY Change
Net Sales	27,469	29,049	+ 5.8%
Men's Business	16,152	16,449	+ 1.8%
Ladies' Business	10,554	11,583	+9.7%
Others	761	1,016	+33.4%

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



3rd Quarter Of Fiscal 2020 : Breakdown of Net Sales by Products & Services(Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2019 (Results)	1-3Q FY2020 (Results)	YoY Change		FY2020 (Original Plan)	YoY Progress rate
Custom-made Wigs	New Customers	2,237	2,322	+84	+3.8%	-	-
	Repeat Business	12,942	12,807	(135)	(1.0%)	-	-
	Total	15,180	15,129	(50)	(0.3%)	21,475	70.5%
Hair Addition Products	New Customers	1,294	1,547	+253	+19.6%	-	-
	Repeat Business	1,977	2,429	+452	+22.9%	-	-
	Total	3,271	3,977	+706	+21.6%	4,247	93.6%
Hair Growth Services	New Customers	87	93	+5	+6.6%	-	-
	Repeat Business	715	809	+94	+13.2%	-	-
	Total	803	903	+99	+12.5%	1,250	72.2%
Styling Services		4,144	4,200	+56	+1.4%	5,532	75.9%
JULLIA OLGIER		2,232	2,485	+253	+11.3%	3,378	73.6%
Others		1,699	1,895	+196	+11.6%	-	-
All Products & Sevices	New Customers	3,619	3,963	+343	+9.5%	-	-
	Repeat Business	20,855	21,311	+456	+2.2%	-	-
	JULLIA OLGIER	2,232	2,485	+253	+11.3%	3,378	73.6%
	Others	623	831	+208	+33.4%	-	-
	Total	27,330	28,592	+1,261	+4.6%	39,047	73.2%

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

※Not include NAO-ART CO.,LTD

3rd Quarter Of Fiscal 2020 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2019 (Results)	1-3Q FY2020 (Results)	YoY Change		FY2020 (Original Plan)	YoY Progress rate
Custom-made Wigs	New Customers	550	440	(109)	(19.9%)	-	-
	Repeat Business	8,773	8,791	+18	+0.2%	-	-
	Total	9,323	9,232	(91)	(1.0%)	13,209	69.9%
Hair Addition Products	New Customers	955	1,061	+106	+11.1%	-	-
	Repeat Business	1,216	1,428	+212	+17.5%	-	-
	Total	2,171	2,490	+318	+14.7%	2,807	88.7%
Hair Growth Services	New Customers	79	83	+3	+4.3%	-	-
	Repeat Business	455	449	(5)	(1.2%)	-	-
	Total	535	533	(2)	(0.4%)	895	59.6%
Styling Services		3,342	3,415	+73	+2.2%	4,465	76.5%
Others		779	777	(1)	(0.2%)	1,009	77.0%
All Products & Services	New Customers	1,585	1,585	+0	+0.0%	-	-
	Repeat Business	14,566	14,863	+296	+2.0%	-	-
	Total	16,152	16,449	+297	+1.8%	22,387	73.5%

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

3rd Quarter Of Fiscal 2020 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2019 (Results)	1-3Q FY2020 (Results)	YoY Change		FY2020 (Original Plan)	YoY Progress rate
Custom-made Wigs	New Customers	1,687	1,881	+194	+11.5%	-	-
	Repeat Business	4,169	4,015	(153)	(3.7%)	-	-
	Total	5,856	5,897	+40	+0.7%	8,265	71.3%
Hair addition Products	New Customers	338	485	+147	+43.5%	-	-
	Repeat Business	760	1,000	+240	+31.5%	-	-
	Total	1,099	1,486	+387	+35.2%	1,440	103.2%
Hair Growth Services	New Customers	7	10	+2	+30.6%	-	-
	Repeat Business	259	359	+99	+38.4%	-	-
	Total	267	369	+102	+38.2%	355	103.9%
Styling Services		801	785	(16)	(2.1%)	1,067	73.6%
Others		296	286	(9)	(3.4%)	471	60.8%
All Products & Sevices	New customers	2,033	2,377	+343	+16.9%	-	-
	Repeat Business	6,288	6,448	+159	+2.5%	-	-
	JULLIA OLGER	2,232	2,485	+253	+11.3%	3,378	73.6%
	Total	10,554	11,311	+756	+7.2%	14,977	75.5%

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

(¥ million)

	FY2019 (Results)	1-3Q FY2020 (Results)	FY2020 (Original Plan)	Progress Rate (against FY3/2020 Forecast)
Net Sales	37,985	29,049	39,368	73.8%
Men's Business	22,086	16,449	22,387	73.5%
Ladies' Business	14,741	11,583	14,977	77.3%
Others	1,157	1,016	2,003	50.7%
Cost of Sales	11,756	9,150	12,076	75.8%
Gross Profit	26,228	19,899	27,292	72.9%
SG&A Expenses	23,001	17,590	23,915	73.6%
Ad Spending	6,531	4,809	6,791	70.8%
HR	4,873	4,016	5,086	77.2%
Operating Income	3,227	2,309	3,377	68.4%
Ordinary Income	3,308	2,368	3,425	69.1%
Net Income	1,864	1,449	2,031	71.3%

(¥ million)

	As of March 31, 2019		As of December 31, 2019		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	25,206	58.7%	24,088	56.7%	(4.4%)	Current assets (1,118)
Cash and Deposits	18,275	42.5%	16,641	39.2%	(8.9%)	
Total non-current Assets	17,764	41.3%	18,399	43.3%	+3.6%	<ul style="list-style-type: none"> • Cash and deposits (1,634) • Merchandise and finished goods +668
Total Property, Plant and Equipment	9,282	21.6%	9,336	22.0%	+0.6%	Non-current assets +634
Total Assets	42,971	100.0%	42,487	100.0%	(1.1%)	<ul style="list-style-type: none"> • goodwill +859
Total Current Liabilities	11,213	26.1%	9,890	23.3%	(11.8%)	Current Liabilities (1,323)
Advances received	4,770	11.1%	5,757	13.6%	+20.7%	<ul style="list-style-type: none"> • Advances received +987 • Accrued income taxes (1,129) • Accounts payable (869)
Total Non-current Liabilities	6,989	16.3%	7,183	16.9%	+2.8%	Non-current Liabilities +194
Total Liabilities	18,203	42.4%	17,073	40.2%	(6.2%)	
Total Net Assets	24,767	57.6%	25,413	59.8%	+2.6%	Net assets +645
Retained earnings	18,510	43.1%	19,054	44.8%	+2.9%	<ul style="list-style-type: none"> • Retained earnings +544 (Net income +1,449) (Cash dividends paid (911))
Total Liabilities and Net Assets	42,971	100.0%	42,487	100.0%	(1.1%)	



<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
3-40-7, Yoyogi, Shibuya-ku, Tokyo 151-0053 Japan