



Financial Results

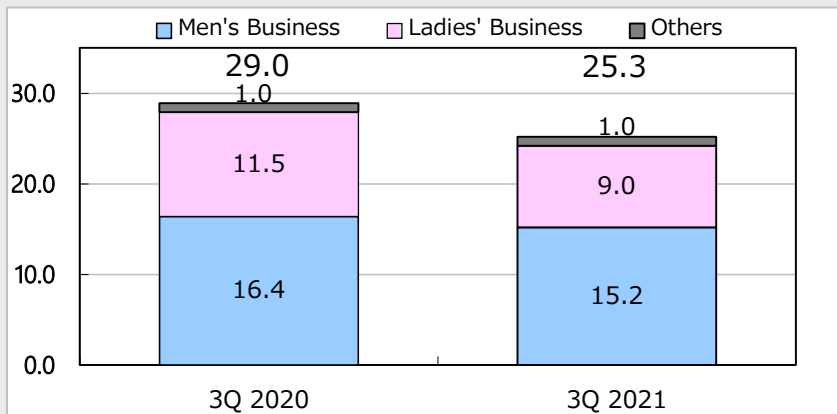
January 29th , 2021

ARTNATURE INC.

3rd Quarter Of Fiscal 2021 : Performance Highlights (Consolidated results)

Net Sales

(¥ Billion)



Variable factors Year on year

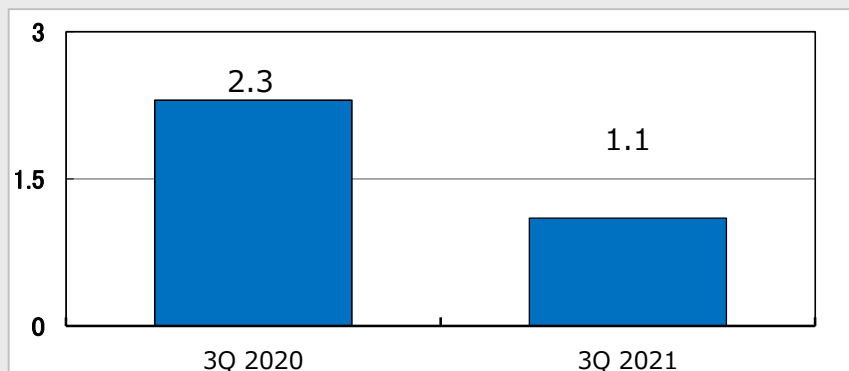
Net Sales ¥ 25.3billion 【Down 12.6%】

- Men's Business ¥ 15.2billion (Down 7.3%)
- Ladies' Business ¥ 9.0billion (Down 21.5%)

※Due to the spread of Covid-19, production plants and some stores although they were affected by the suspension of business, sales in the second half were positive compared to the same quarter of the previous year. It has changed and its influence is disappearing.

Operating Income

(¥ Billion)



Variable factors Year on year

Operating Income ¥ 1.1billion 【Down 52.1%】

- Gross Profit Ratio : 68.5% → 65.6% (Down 2.9Pt)
- SG&A Expenses Ratio : 60.6% → 61.2% (Up 0.6Pt)

※Although we will mainly reduce advertising expenses, we will not be able to cover the decline in sales in the first half and profits will decrease.

(¥ million)

	1-3Q FY2020(Results)		1-3Q FY2021(Results)		YoY Change
	April 1st,2019 to December 31st,2019	Composition ratio	April 1st,2020 to December 31st,2020	Composition ratio	
Net Sales	29,049	–	25,387	–	(12.6%)
Cost of Sales	9,150	31.5%	8,731	34.4%	(4.6%)
Gross Profit	19,899	68.5%	16,655	65.6%	(16.3%)
SG&A Expenses	17,590	60.6%	15,548	61.2%	(11.6%)
Ad Spending	4,809	16.6%	3,511	13.8%	(27.0%)
HR	4,016	13.8%	4,104	16.2%	+2.2%
Operating Income	2,309	8.0%	1,106	4.4%	(52.1%)
Ordinary Income	2,368	8.2%	1,266	5.0%	(46.5%)
Net Income	1,449	5.0%	667	2.6%	(54.0%)

Major Factors on YoY Change

- Net Sales Down 12.6%
Men's Business Down 7.3%
Ladies' Business Down 21.5%
- Cost of Sales Ratio
 31.5%→34.4%
Product Cost Up 0.8Pt
HR Up 2.1Pt
- SG&A Expenses Ratio
 60.6%→61.2%
Ad Spending Down 2.8Pt
HR Up 2.4Pt
Others Up 1.0Pt

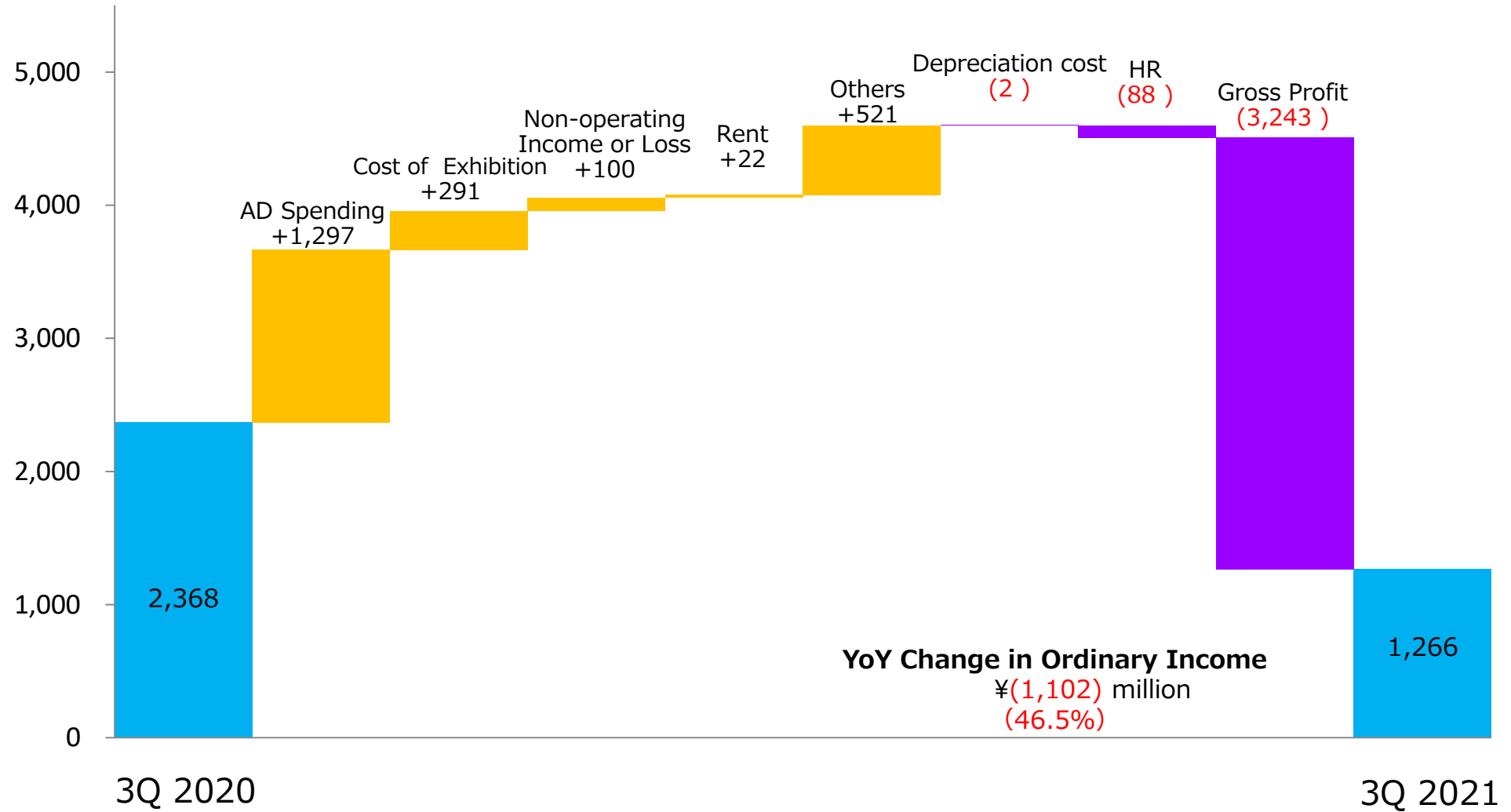
3rd Quarter Of Fiscal 2021 : Financial Highlights (October 1st , 2020 to December 31st , 2020)

(¥ million)

	3Q FY2020(Results)		3Q FY2021(Results)		YoY Change	Major Factors on YoY Change
	October 1st,2019 to December 31st,2019	Composition ratio	October 1st,2020 to December 31st,2020	Composition ratio		
Net Sales	8,923	–	10,594	–	+18.7%	<ul style="list-style-type: none"> • Net Sales Up 18.7% <ul style="list-style-type: none"> Men's Business Up 33.6% Ladies' Business Up 4.4% • Cost of Sales Ratio <ul style="list-style-type: none"> 35.2%→28.5% Product Cost Down 1.6Pt HR Down 5.1Pt • SG&A Expenses Ratio <ul style="list-style-type: none"> 71.5%→55.4% Ad Spending Down 6.4Pt HR Down 2.5Pt Others Down 7.0Pt
Cost of Sales	3,141	35.2%	3,022	28.5%	(3.8%)	
Gross Profit	5,782	64.8%	7,571	71.5%	+31.0%	
SG&A Expenses	6,379	71.5%	5,872	55.4%	(7.9%)	
Ad Spending	1,812	20.3%	1,469	13.9%	(18.9%)	
HR	1,369	15.3%	1,355	12.8%	(1.0%)	
Operating Income	▲ 597	–	1,699	16.0%	–	
Ordinary Income	▲ 573	–	1,697	16.0%	–	
Net Income	▲ 476	–	1,113	10.5%	–	

3rd Quarter Of Fiscal 2021 : Analysis of SG&A Expenses

(¥ million)



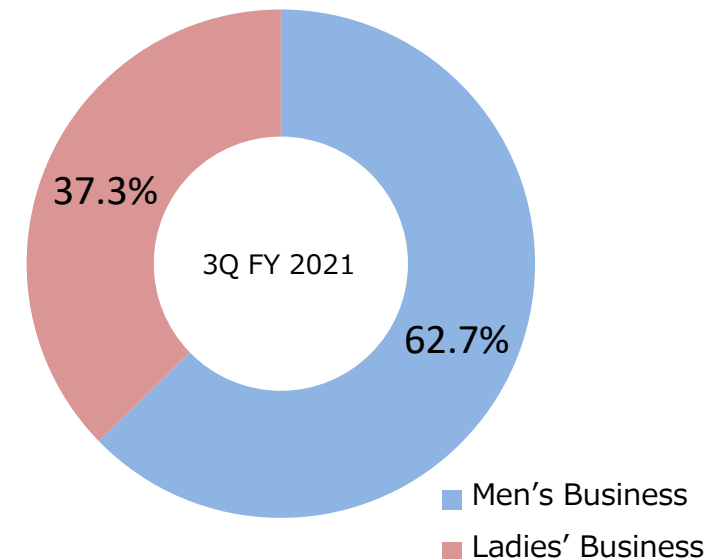
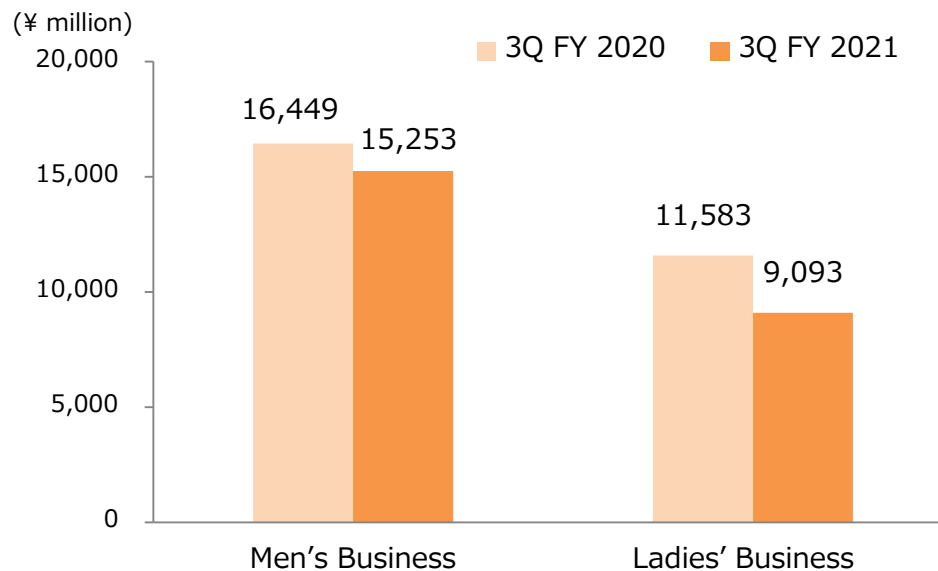
3rd Quarter Of Fiscal 2021 : Breakdown of Sales by Segment



(¥ million)

	1-3Q FY2020(Results)	1-3Q FY2021(Results)	YoY Change
Net Sales	29,049	25,387	(12.6%)
Men's Business	16,449	15,253	(7.3%)
Ladies' Business	11,583	9,093	(21.5%)
Others	1,016	1,040	+2.4%

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



3rd Quarter Of Fiscal 2021 : Breakdown of Net Sales by Products & Services(Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2020 (Results)	1-3Q FY2021 (Results)	YoY Change	
Custom-made Wigs	New Customers	2,322	1,310	(1,011)	(43.6%)
	Repeat Business	12,807	11,247	(1,559)	(12.2%)
	Total	15,129	12,558	(2,571)	(17.0%)
Hair Addition Products	New Customers	1,547	1,213	(333)	(21.6%)
	Repeat Business	2,429	2,061	(368)	(15.2%)
	Total	3,977	3,275	(702)	(17.7%)
Hair Growth Services	New Customers	93	75	(17)	(18.8%)
	Repeat Business	809	815	+5	+0.7%
	Total	903	891	(11)	(1.3%)
Styling Services		4,200	4,093	(107)	(2.6%)
JULLIA OLGER		2,485	1,868	(617)	(24.9%)
Others		1,895	1,936	+40	+2.1%
All Products & Sevices	New Customers	3,963	2,600	(1,363)	(34.4%)
	Repeat Business	21,311	19,244	(2,067)	(9.7%)
	JULLIA OLGER	2,485	1,868	(617)	(24.9%)
	Others	831	909	+78	+9.4%
	Total	28,592	24,622	(3,969)	(13.9%)

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

※Not include NAO-ART CO.,LTD

3rd Quarter Of Fiscal 2021 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2020 (Results)	1-3Q FY2021 (Results)	YoY Change	
Custom-made Wigs	New Customers	440	342	(98)	(22.3%)
	Repeat Business	8,791	8,012	(778)	(8.9%)
	Total	9,232	8,355	(876)	(9.5%)
Hair Addition Products	New Customers	1,061	910	(151)	(14.3%)
	Repeat Business	1,428	1,291	(137)	(9.6%)
	Total	2,490	2,202	(288)	(11.6%)
Hair Growth Services	New Customers	83	68	(14)	(17.6%)
	Repeat Business	449	436	(13)	(2.9%)
	Total	533	505	(27)	(5.2%)
Styling Services		3,415	3,426	+10	+0.3%
Others		777	763	(13)	(1.8%)
All Products & Services	New Customers	1,585	1,321	(264)	(16.7%)
	Repeat Business	14,863	13,931	(932)	(6.3%)
	Total	16,449	15,253	(1,196)	(7.3%)

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

3rd Quarter Of Fiscal 2021 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2020 (Results)	1-3Q FY2021 (Results)	YoY Change	
Custom-made Wigs	New Customers	1,881	967	(913)	(48.6%)
	Repeat Business	4,015	3,234	(780)	(19.4%)
	Total	5,897	4,202	(1,694)	(28.7%)
Hair addition Products	New Customers	485	303	(182)	(37.6%)
	Repeat Business	1,000	770	(230)	(23.1%)
	Total	1,486	1,073	(413)	(27.8%)
Hair Growth Services	New Customers	10	7	(2)	(28.5%)
	Repeat Business	359	378	+18	+5.3%
	Total	369	385	+16	+4.3%
Styling Services		785	666	(118)	(15.0%)
Others		2,772	2,130	(641)	(23.1%)
All Products & Services	New customers	2,377	1,278	(1,098)	(46.2%)
	Repeat Business	6,448	5,313	(1,134)	(17.6%)
	JULLIA OLGER	2,485	1,868	(617)	(24.9%)
	Total	11,311	8,459	(2,851)	(25.2%)

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

(¥ million)

	As of March 31, 2020		As of December 31, 2020		Rate of change
		Composition ratio		Composition ratio	
Total Current Assets	24,553	56.9%	28,340	60.7%	+15.4%
Cash and Deposits	17,096	39.6%	20,908	44.8%	+22.3%
Total non-current Assets	18,610	43.1%	18,362	39.3%	(1.3%)
Total Property, Plant and Equipment	9,099	21.1%	9,021	19.3%	(0.9%)
Total Assets	43,163	100.0%	46,702	100.0%	+8.2%
Total Current Liabilities	10,523	24.4%	13,944	29.9%	+32.5%
Advances received	5,270	12.2%	6,860	14.7%	+30.2%
Total Non-current Liabilities	7,302	16.9%	7,437	15.9%	+1.8%
Total Liabilities	17,825	41.3%	21,381	45.8%	+19.9%
Total Net Assets	25,337	58.7%	25,321	54.2%	(0.1%)
Retained earnings	19,141	44.3%	18,902	40.5%	(1.2%)
Total Liabilities and Net Assets	43,163	100.0%	46,702	100.0%	+8.2%

Major Factors on YoY Change

Current assets	+3,786
• Cash and deposits	+3,812
• Inventory	+128
Non-current assets	(247)
• goodwill	(129)
Current Liabilities	+3,421
• Short-term borrowings	+3,000
• Advances received	+1,590
• Bonus reserve	(495)
• Accounts payable	(831)
Non-current Liabilities	+134
Net Assets	(16)
• Retained earnings	(239)
(Net income +667)	
(Cash dividends paid)	(906)

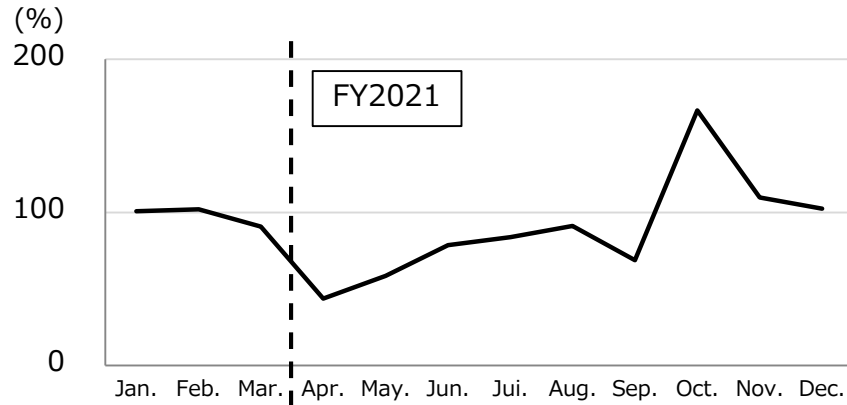
Basic policy on COVID-19

- 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 to continue business to maintain employee employment

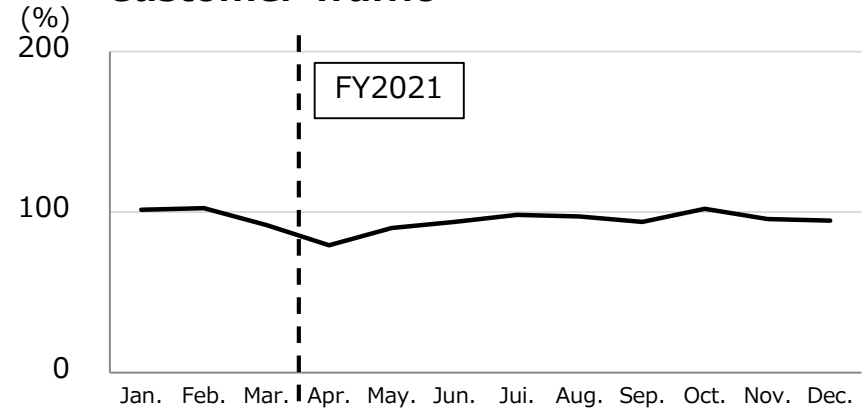
Item		Content (Items added due to the recurrence order of the state of emergency)
Customers	Service continuation	<ul style="list-style-type: none"> • Normal business hours ; Shortening business hours at some salons
	Prevention of the spread of infection	<ul style="list-style-type: none"> • Requiring to check customers' temperature and physical condition
Employees	Thorough hygiene management	<ul style="list-style-type: none"> • Constant handwashing and gargling, wearing face masks, set acrylic board in meeting rooms, refraining from business trip • Body temperature measurement twice a day (morning and noon) • Thorough wearing of anti-reflective ultra-lightweight face shields when servicing customers • A non-contact thermometer is installed at the employee entrance
	Review of work system	<ul style="list-style-type: none"> • Promotion of telework for the purpose of reducing the risk of infection • Approved staggered working hours and commute by own cars
Others	Business partners	<ul style="list-style-type: none"> • Followed the facilities decision for holding events at department stores and/or commercial facilities
	Service support	<ul style="list-style-type: none"> • Offering extended period for free after-sale services

		2020 April	May	June to December	2021 January	After February		
Government		April 16: Declared state of emergency to all prefectures.	May 25: Lifted the state of emergency		Jan 8: Tokyo city and 3 prefectures Jan:14 In 7 prefectures State of emergency recurrence order			
Artnature Group		Formulating and responding the basic policies relating to Covid-19				Corresponding to the basic policies		
Salons' operation	Artnature	Short-time business at some salons		All salons are open normally		Continue normal business		
	Jullia Olger	Temporary closing or follow the determination of commercial facilities		All salons are open normally or short-time business at some salons		Continue normal business at the request of commercial facilities		
Production	Philippines	Temporary closing	Partial operation	Normal operation; Regulation by authorities in some areas		Operation along instruction indicated from the Philippines authorities		
Others		<ul style="list-style-type: none"> Postponement and cancellation of meetings with customers Delayed delivery of goods Postponement of events Affected person 0 in salon 		<ul style="list-style-type: none"> Meetings with customers : Back to normal since June Delayed delivery of goods : Recovery tends Gradually resumed events Affected person in salon Nov.(2) Dec.(2) Jan(7) 		Fiscal year ended March 2021 Implementation of main measures Challenge 2020		

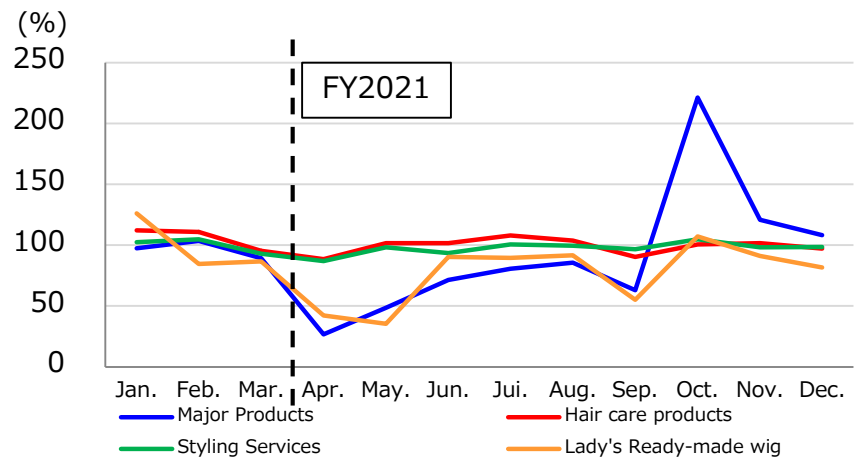
Non-consolidated total sales



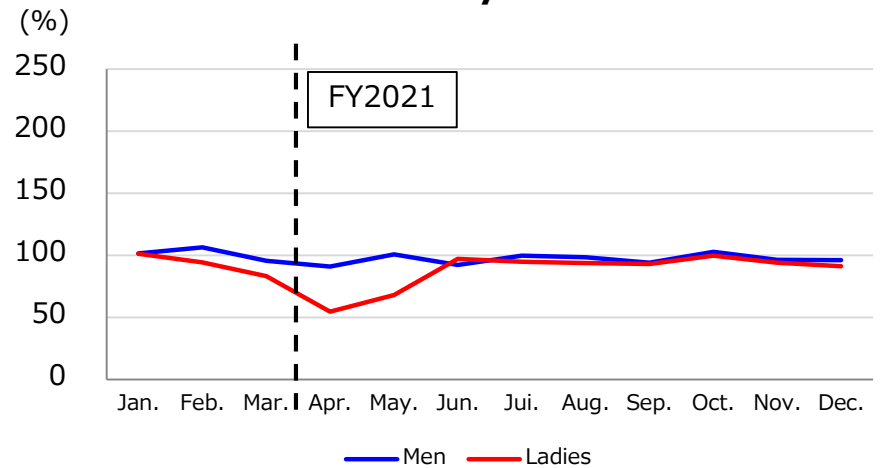
Customer Traffic



Non-consolidated Sales of Major Products



Customer Traffic By Gender



FY2021 Amendments to the full-year consolidated earnings plan

(¥ million)

	FY 2021(Original Plan)	FY 2021(New Plan)
Net Sales	36,171	35,578
Operating Income	773	1,406
Ordinary Income	889	1,639
Net Income	117	492

【Reason for correction】

Sales are expected to fall below the initial plan due to the effects of the re-expansion of covid-19 infectious in Japan. In terms of profits, we worked to curb selling expenses such as advertising expenses and reduce other administrative expenses.

As a result, operating income, ordinary income and net income attributable to the parent company shareholders are expected to exceed the initial plan.

There are no revisions to the dividend forecast for the fiscal year ending March 2021.



<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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