



**Presentation Material FY2021
for the Year Ended March 31, 2021**

ARTNATURE INC.

**Financial Results for the Fiscal Year Ending March 2021
& The New Medium-Term Management Plan**

Net Sales & Operating Income

(¥ Million)

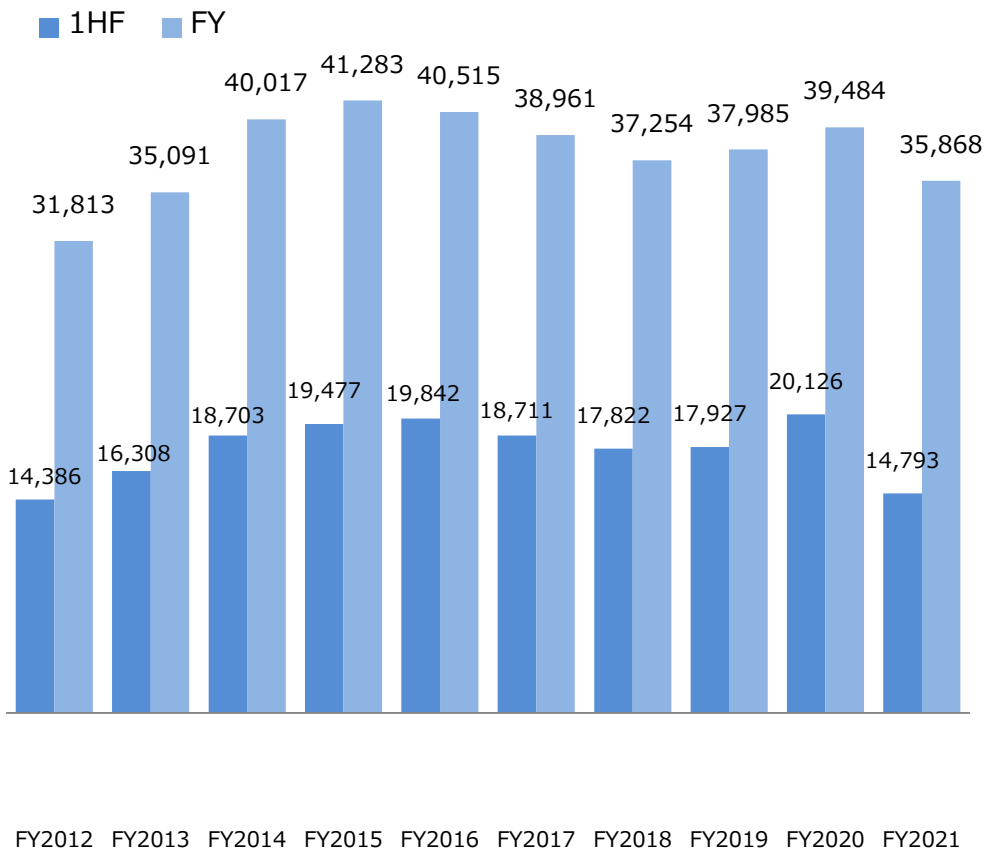
	FY2020 (Results)	FY2021 (Plan)	FY2021 (Results)	YoY Change	Plan ratio
Net Sales	39,484	36,171	35,868	(9.2%)	(0.8%)
Operating Income	2,919	773	1,932	(33.8%)	+149.9%

Breakdown of Net Sales

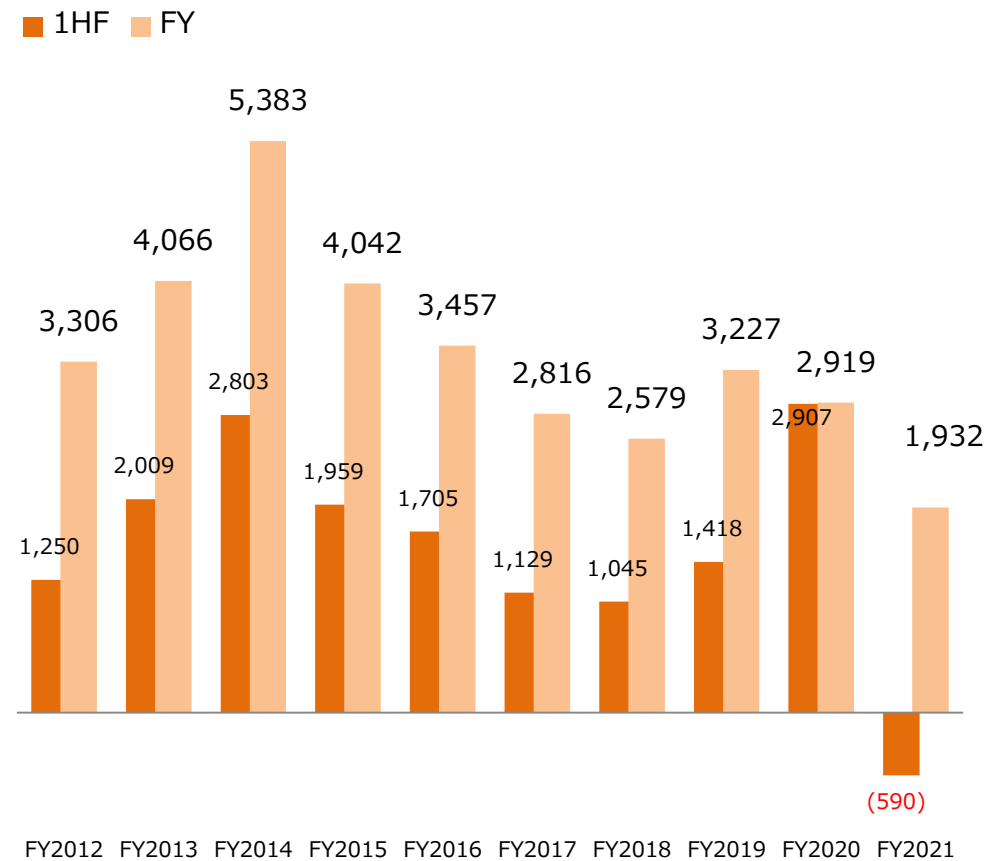
	FY2020 (Results)	FY2021 (Plan)	FY2021 (Results)	YoY Change	Plan ratio
Men's Business	22,369	21,561	21,322	(4.7%)	(1.1%)
Ladies' Business	15,720	12,758	13,060	(16.9%)	+2.4%
Others	1,394	1,851	1,485	+6.5%	(19.8%)

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

Net Sales (¥ Million)



Operating Income (¥ Million)



FY2021 Current Management Condition

		April 2020	May	June-December	January-March 2021	After April
Government		April 16: Declared state of emergency to all regions	May 25: Lifted the state of emergency		Jan 8: 1 metropolitan area 3 prefectures Jan 14: In 7 prefectures State of emergency recurrence order Mar 21: State of emergency lifted	Apr 25: In 4 prefectures State of emergency recurrence order
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	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 No COVID-19 case at our stores 		<ul style="list-style-type: none"> Meetings with customers : back to normal pace since June Delayed delivery of goods : mostly recovered Gradually resumed events COVID-19 case at our stores 2 people in Nov, 2 people in Dec, 8 people in Jan, 1 people in Feb, 0 people in Mar. 		<ul style="list-style-type: none"> Meetings with customers back to normal pace Delayed delivery of goods is expected to recover Events are expected to be held normally

Current environment

Domestic and overseas economic downturn

Stagnation in market size

Intensifying competition with other industries

The rise of alternative products and services

The future is uncertain

Various risks

Market Structure Review at First section of TSE

Shrinking labor market

Intensifying competition to secure employees

Rapid change by technological innovation
~DX progress~



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 to Achieve |

Business growth

Step into new business areas

Strengthen the recruitment

Personnel training

Dialogue with the market

Business innovation

Key Challenge Measures

(Business innovation/Step into new business areas/Dialogue with the market)

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 to Achieve

Business growth

Step into new business areas

Strengthen the recruitment

Personnel training

Dialogue with the market

Business innovation

		3 year goals	Progress
Business growth	Expansion of existing businesses	<ul style="list-style-type: none"> Increased initiatives to improve customer satisfaction Stronger cooperation among existing businesses Stronger technical expertise/customer service skills Enhancement of product lineup/Expansion of sales channels 	<ul style="list-style-type: none"> Plans for the first fiscal year were mostly achieved across all existing businesses
	Expansion of new business	<ul style="list-style-type: none"> Improvement of business recognition Intensified activity to expand business scale 	<ul style="list-style-type: none"> Plans for new businesses in the first fiscal year were not achieved, more specifically: <ul style="list-style-type: none"> Plan for standard wig business was not achieved due to insufficient footfall at commercial facilities where our stores are located Plan for medical institution support business was not achieved due to shortage of patient footfall at medical corporation Plan for pharmaceutical sales business was not achieved despite year-on-year growth
Step into new business areas	Domestic and overseas M&A etc	<ul style="list-style-type: none"> Entry into new businesses 	<ul style="list-style-type: none"> Made capital contribution with a view to collaboration with Think-Lands Co., Ltd., an R&D-type startup which manufactures hollow microneedles
Dialogue with the market	Strengthen IR activities	<ul style="list-style-type: none"> Enhancement of information disclosures Enhancement of IR activities 	<ul style="list-style-type: none"> Updated company information and website Number of meetings decreased partly due to the effects of COVID-19
	Practice of SDGs	<ul style="list-style-type: none"> Promotion of activities in line with SDG commitments Increased initiatives to address priority issues 	<ul style="list-style-type: none"> Disclosed sustainability information on website Switched 8 items to recycled plastic or non-plastic alternatives

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 to Achieve

Business growth

Step into new business areas

Strengthen the recruitment

Personnel training

Dialogue with the market

Business innovation

		3 year goals	Progress
Strengthen the recruitment	<ul style="list-style-type: none"> • Reinforcement of recruitment • Employee retention 	<ul style="list-style-type: none"> • Diversification of recruitment routes • Expansion of recruitment • Promotion of diversity management • Promotion of health and productivity management 	<ul style="list-style-type: none"> • Focused on attracting and retaining talent by reviewing media used for recruiting and raising recruitment criteria • Expansion of recruitment remained an issue under consideration. • Initiatives to create workplaces that allows career advancement of diverse employees and to educate employees about healthy lifestyles are being implemented
Personnel training	Strengthening on-site human resources	<ul style="list-style-type: none"> • Occupation-based training (for stylists, store managers, etc.) • Rank-based training (new graduate, mid-career, etc.) 	<ul style="list-style-type: none"> • Developed environment for developing human resources through the introduction of video manual and remote training • Began trialing new training program
	Strengthening human resources at the head office	<ul style="list-style-type: none"> • Enhancement of planning skills and business management skills 	<ul style="list-style-type: none"> • Introduced training on leadership, logical thinking and suchlike for head office staff
Business innovation	Innovate of head office operations etc	<ul style="list-style-type: none"> • Business reforms by moving to paperless, computerized processes • Regular business reforms (reduction of business hours) 	<ul style="list-style-type: none"> • Review of computer system was postponed due to the effects of COVID-19 • Initiatives underway to identify target business processes and carry out business reforms

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

ARTNATURE CHALLENGE PLAN

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

Pioneer new business areas

- **Consider growth strategy**

Reinforcement of recruitment

- **Examination of diversification of recruitment form**

Dialogue with the market

- **Disclosure of SDGs initiatives**
- **Expansion of information disclosure content**

Personnel training

- **Review of training standards /Expand training tools**

Business innovation

- **Analysis of the current status of various systems**
- **Washing out work to be reduced**

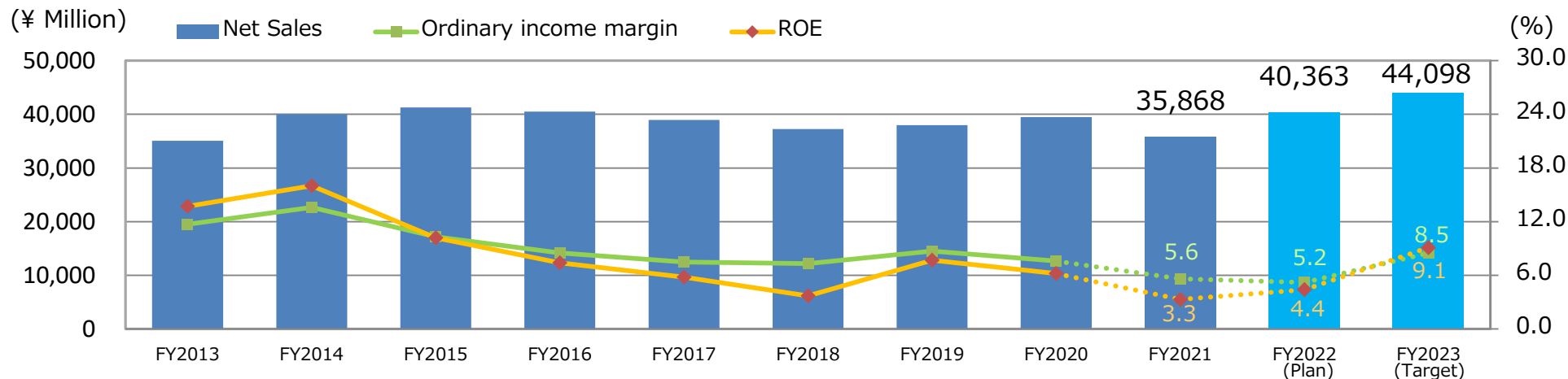
FY2022 : Full-year Consolidated Business Performance Forecasts

(¥ Million)

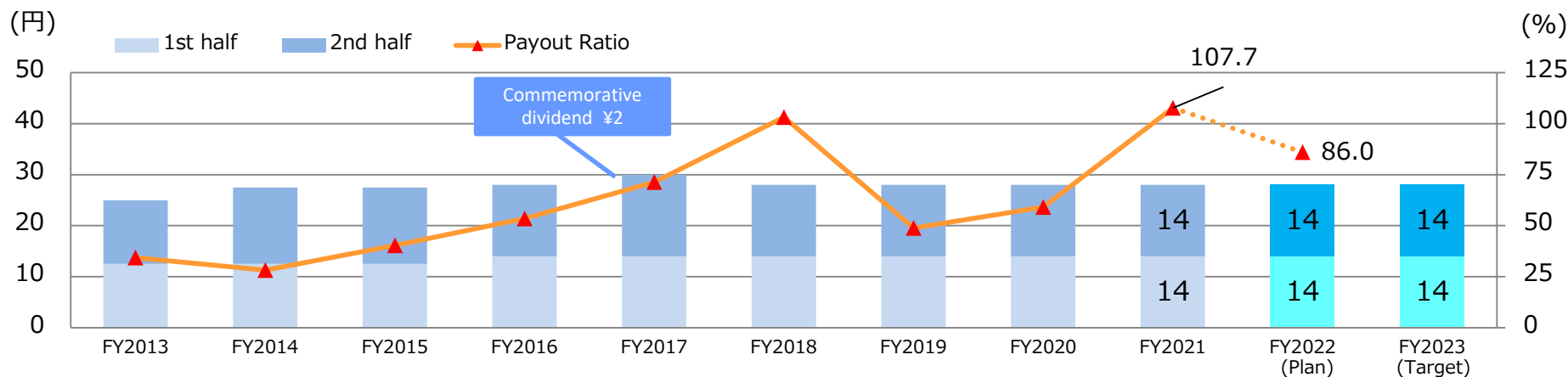
	FY2021 Results	FY2022 Plan	YoY Change	
Net Sales	35,868	40,363	+4,495	+12.5%
Men's Business	21,322	22,366	+1,043	+4.9%
Ladies' Business	13,060	16,052	+2,991	+22.9%
Others	1,485	1,945	+460	+31.0%
SG&A Expenses	21,979	25,262	+3,283	+14.9%
Operating Income	1,932	2,023	+91	+4.7%
Ordinary Income	2,005	2,088	+83	+4.1%
Net Income	840	1,045	+204	+24.3%

FY2023 (Target)

Net Sales: ¥44.0billion Ordinary Income Margin: 8.5% ROE: 9.1%



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 Results

FY2021 (April 1st, 2020 to March 31st, 2021)

FY2021 : Consolidated Statements of Income Highlights



(¥ Million)

	FY2020 (Results)	FY2021 (Results)	FY2021 (Plan)
Net Sales	39,484	35,868	36,171
Men's Business	22,369	21,322	21,561
Ladies' Business	15,720	13,060	12,758
Others	1,394	1,485	1,851
Cost of Sales	12,320	11,956	12,597
Gross Profit	27,163	23,911	23,574
SG&A Expenses	24,243	21,979	22,800
Ad Spending	6,860	5,412	5,820
HR	5,394	5,541	5,743
Operating Income	2,919	1,932	773
Ordinary Income	3,006	2,005	889
Net Income	1,542	840	117
Depreciation	921	900	915
CAPEX	1,191	885	820

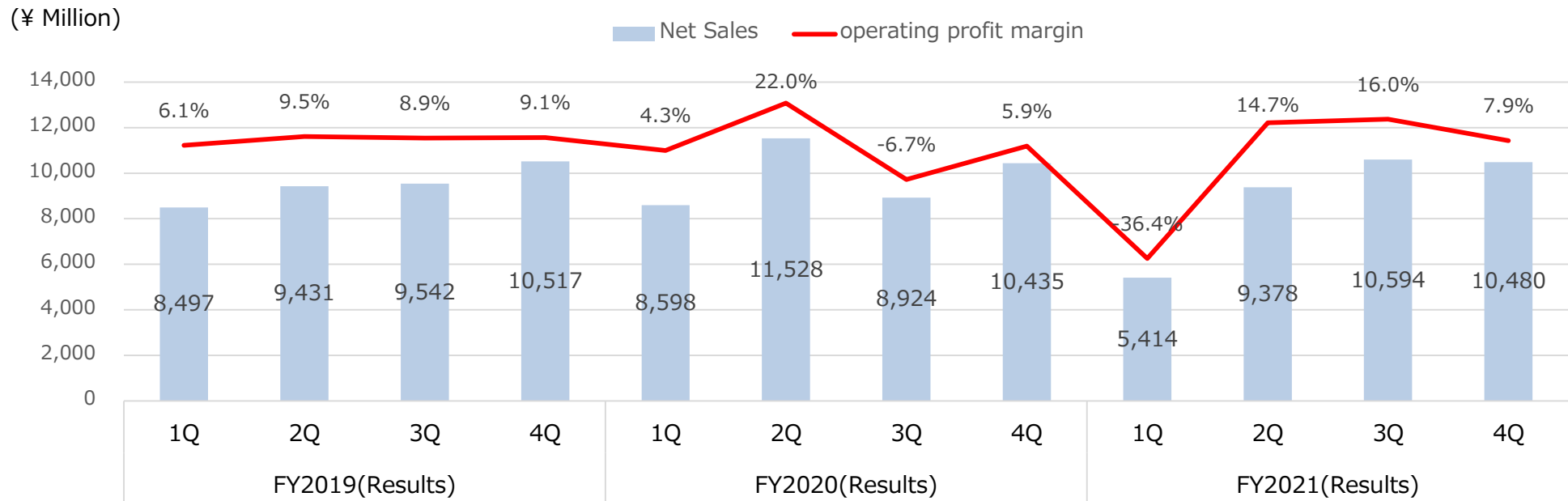
YoY Change

Net Sales : Down 9.2%
 Men's Business : Down 4.7%
 Ladies' Business : Down 16.9%

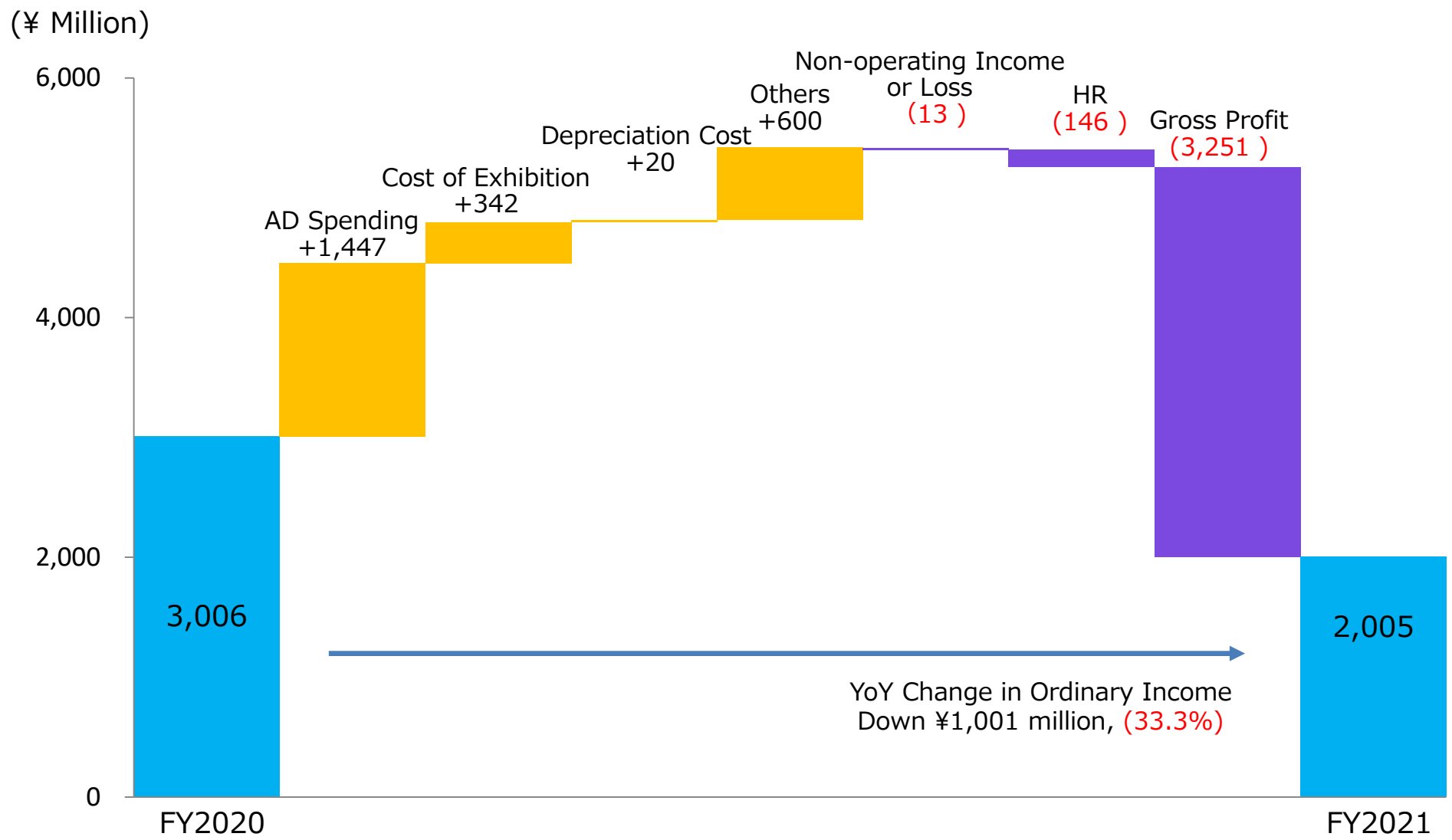
Cost of Sales Ratio : Up 2.1Pt
 Product Cost : Up 0.8Pt
 HR : Up 1.3Pt

SG&A Expenses Ratio : Down 0.1Pt
 Ad Spending : Down 2.3Pt
 HR : Up 1.7Pt
 Other : Up 0.3Pt

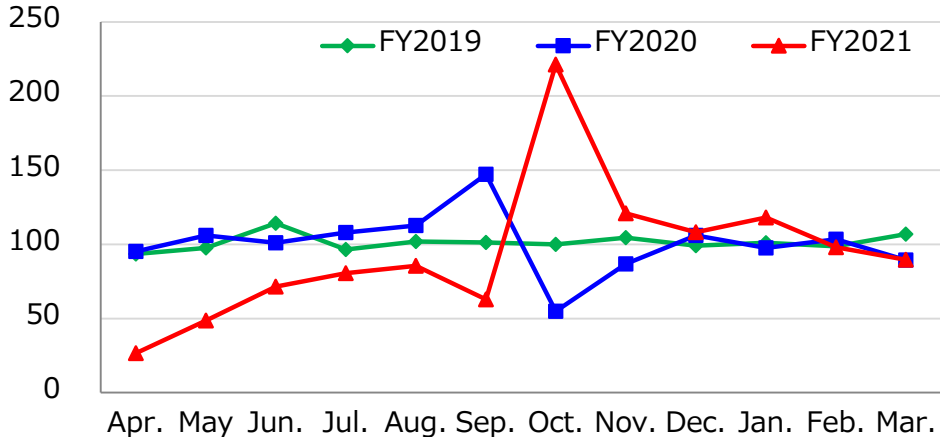
CAPEX
 Store facilities : ¥530 million
 System related : ¥117 million



FY2021 : Analysis of Consolidated Ordinary Income



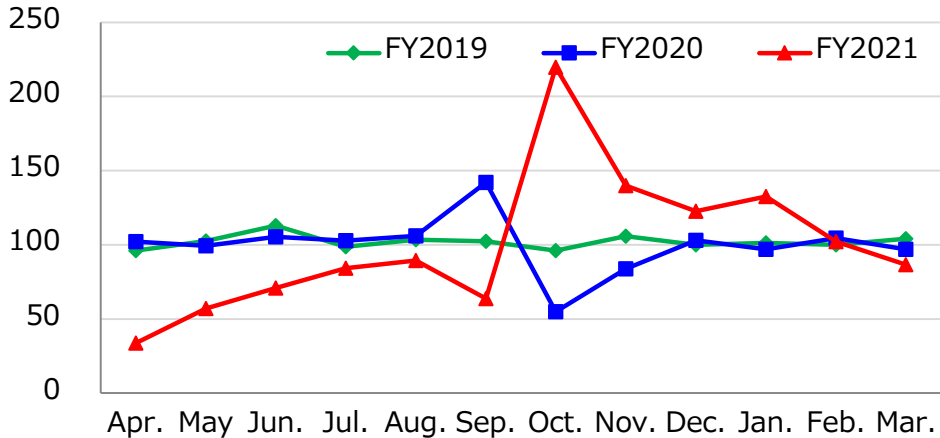
Sales of Major Products (Total)



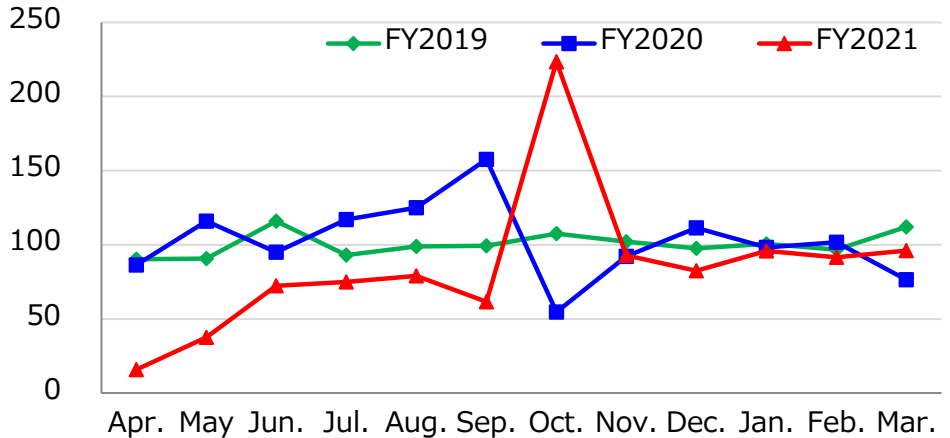
Total Sales of Major Products (Full-year) (%)

	Total	Men	Ladies
FY2019	101.4	102.0	100.4
FY2020	101.6	101.1	102.4
FY2021	87.9	93.8	78.4

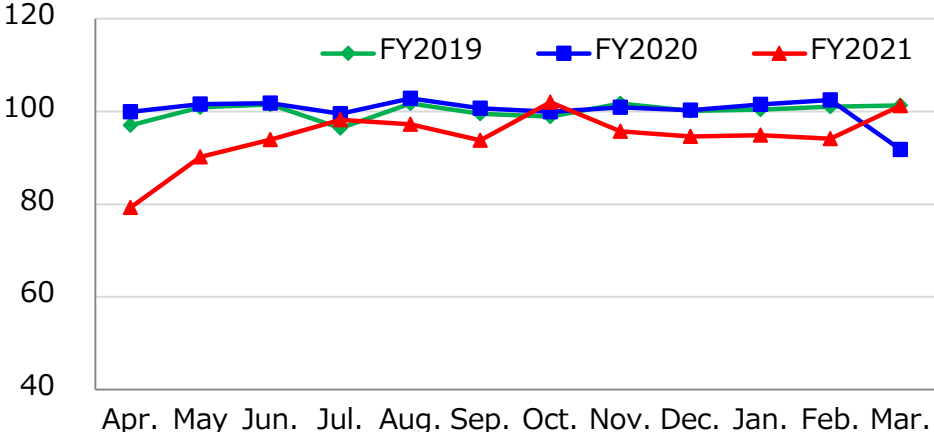
Sales of Major Products (Men)



Sales of Major Products (Ladies)



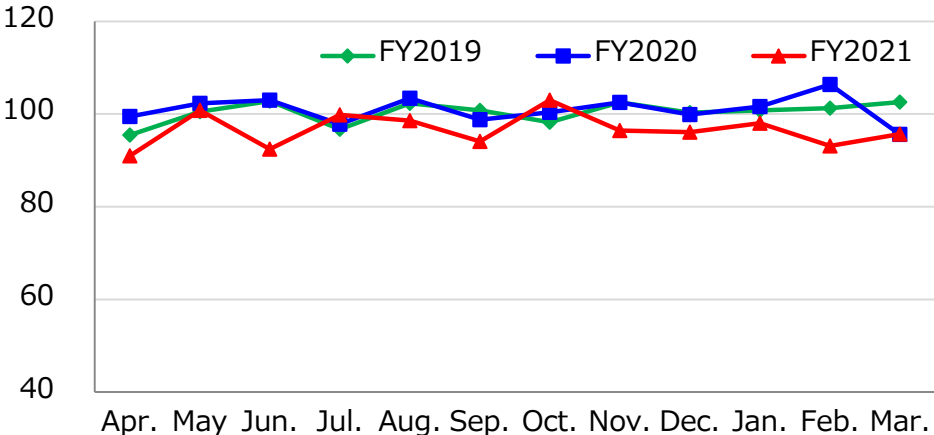
Customer Traffic (Total)



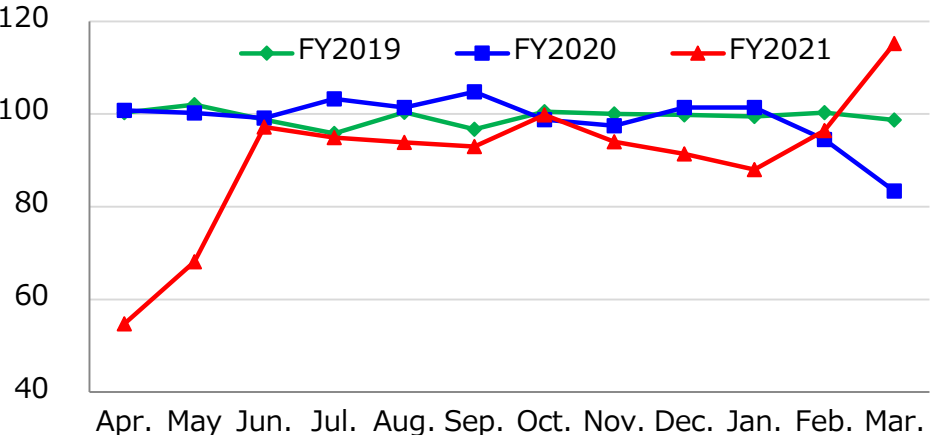
Customer Traffic (Full-year)

	Total	Men	Ladies
FY2019	100.0	100.3	99.4
FY2020	100.1	100.7	98.8
FY2021	94.6	96.6	90.1

Customer Traffic (Men)



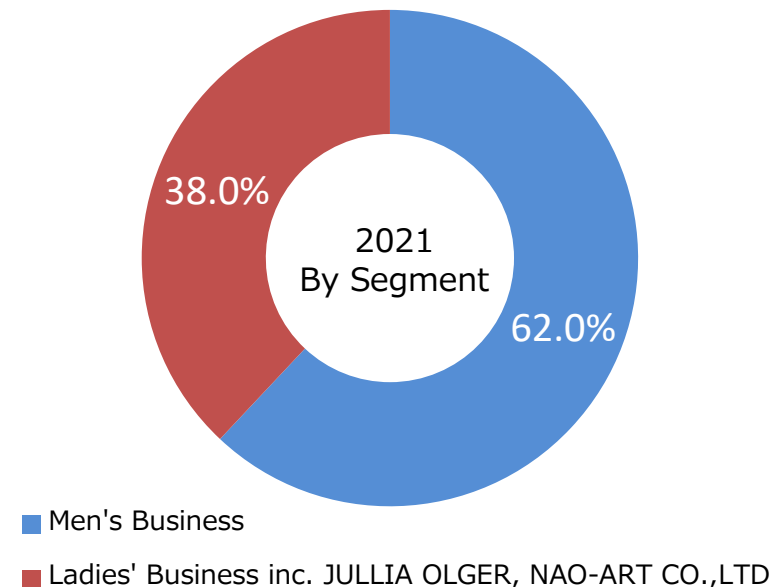
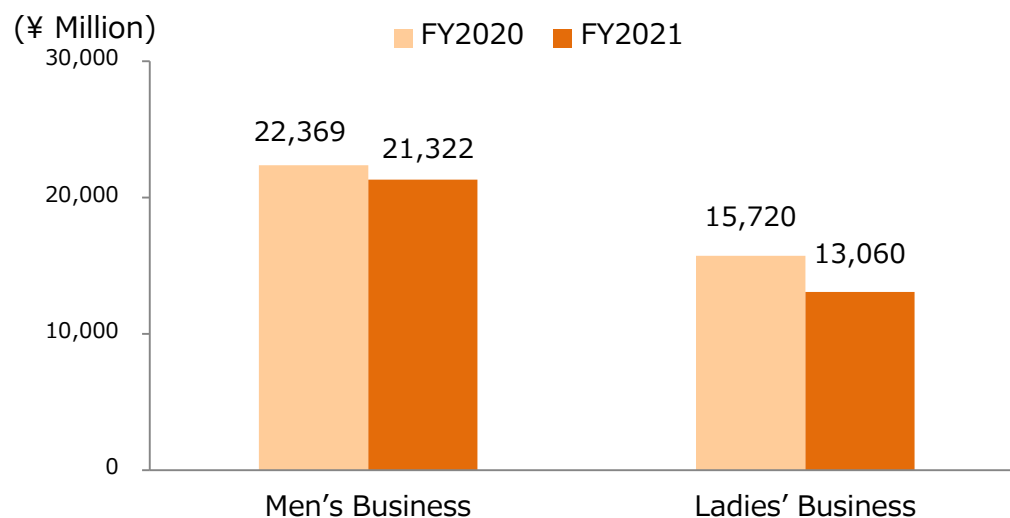
Customer Traffic (Ladies)



FY2021 : Breakdown of Sales by Segment (Consolidated)

(¥ Million)

	FY2020 (Results)	FY2021 (Results)	YoY Change	FY2021 (Plan)	Vs. Plan
	Net Sales	39,484	35,868	(9.2%)	36,171
Men's Business	22,369	21,322	(4.7%)	21,561	(1.1%)
Ladies' Business	15,720	13,060	(16.9%)	12,758	+2.4%
Others	1,394	1,485	+6.5%	1,851	(19.8%)



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

(¥ Million)

Net Sales		FY2020	FY2021	YoY Change	
Custom-made Wigs	New customers	3,292	2,358	(934)	(28.4%)
	Repeat Business	17,531	16,225	(1,306)	(7.5%)
	Total	20,824	18,584	(2,240)	(10.8%)
Hair Addition Products	New Customers	1,910	1,465	(445)	(23.3%)
	Repeat Business	3,304	2,700	(604)	(18.3%)
	Total	5,215	4,165	(1,050)	(20.1%)
Hair Growth Services	New Customers	123	98	(24)	(19.9%)
	Repeat Business	1,070	1,096	+26	+2.4%
	Total	1,193	1,195	+1	+0.1%
Styling Services		5,487	5,373	(113)	(2.1%)
JULLIA OLGGER		3,433	2,761	(671)	(19.6%)
Others		2,542	2,569	+26	+1.0%
All Products & Services	New Customers	5,326	3,922	(1,404)	(26.4%)
	Repeat Business	28,780	26,744	(2,036)	(7.1%)
	JULLIA OLGGER	3,433	2,761	(671)	(19.6%)
	Others	1,157	1,221	+63	+5.5%
	Total	38,697	34,649	(4,048)	(10.5%)

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

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

(¥ Million)

Net Sales		FY2020	FY2021	YoY Change	
Custom-made Wigs	New Customers	606	493	(112)	(18.5%)
	Repeat Business	12,193	11,777	(415)	(3.4%)
	Total	12,799	12,271	(527)	(4.1%)
Hair Addition Products	New Customers	1,363	1,131	(232)	(17.1%)
	Repeat Business	2,002	1,753	(248)	(12.4%)
	Total	3,366	2,885	(480)	(14.3%)
Hair Growth Services	New Customers	110	89	(20)	(19.0%)
	Repeat Business	595	575	(20)	(3.4%)
	Total	705	664	(41)	(5.8%)
Styling Services		4,484	4,499	+15	+0.3%
Others		1,014	1,001	(12)	(1.2%)
All Products & Services	New Customers	2,079	1,713	(365)	(17.6%)
	Repeat Business	20,289	19,608	(681)	(3.4%)
	Total	22,369	21,322	(1,046)	(4.7%)

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

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

(¥ Million)

Net Sales		FY2020	FY2021	YoY Change	
Custom-made Wigs	New Customers	2,686	1,864	(821)	(30.6%)
	Repeat Business	5,338	4,447	(891)	(16.7%)
	Total	8,025	6,312	(1,712)	(21.3%)
Hair Addition Products	New Customers	547	334	(212)	(38.9%)
	Repeat Business	1,302	946	(356)	(27.3%)
	Total	1,849	1,280	(569)	(30.8%)
Hair Growth Services	New Customers	13	9	(3)	(27.0%)
	Repeat Business	474	521	+46	+9.8%
	Total	488	530	+42	+8.8%
Styling Services		1,003	874	(129)	(12.9%)
Others		3,804	3,107	(697)	(18.3%)
All Products & Services	New Customers	3,246	2,208	(1,038)	(32.0%)
	Repeat Business	8,490	7,135	(1,355)	(16.0%)
	JULLIA OLGER	3,433	2,761	(671)	(19.6%)
	Total	15,170	12,105	(3,065)	(20.2%)

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

Financial Forecasts for FY2022

(¥ Million)

	FY2021 (Results)	FY2022	
		(Plan)	YoY Change
Net Sales	35,868	40,363	+12.5%
Men's Business	21,322	22,366	+4.9%
Ladies' Business	13,060	16,052	+22.9%
Others	1,485	1,945	+31.0%
Cost of Sales	11,956	13,076	+9.4%
Gross Profit	23,911	27,286	+14.1%
SG&A Expenses	21,979	25,262	+14.9%
Ad Spending	5,412	6,740	+24.5%
HR	5,541	6,066	+9.5%
Operating Income	1,932	2,023	+4.7%
Ordinary Income	2,005	2,088	+4.1%
Net Income	840	1,045	+24.3%
Depreciation	900	878	(2.5%)
CAPEX	885	1977	+123.4%

Prerequisites for planning

【External environment】

- Not assume a social restriction such as emergency declaration

【Production system】

- Will continue normal operation
(We do not anticipate temporary closure of production plants in the Philippines)

【Store system】

- Continuation of normal business hours

※ 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.

FY2022 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

	FY2021	FY2022	
	Full Year (Results)	Full Year (Plan)	YoY Change
Custom-made Wigs	18,584	20,016	+7.7%
Hair Addition Products	4,165	5,364	+28.8%
Hair Growth Services	1,195	1,369	+14.6%
Styling Services	5,373	5,534	+3.0%
JULLIA OLGER	2,761	3,434	+24.4%
Others	2,569	2,942	+14.5%
Total	34,649	38,661	+11.6%

Applying "Accounting Standard for Revenue Recognition" from the start of the fiscal year ending March 31, 2022

①The cumulative effect of contract liabilities in the year of initial application was estimated and subtracted from retained earnings at the beginning of the period (decrease of approximately 1.7 billion yen)

②The amount of contract liabilities for each quarter was estimated and sales projections by product/service were adjusted accordingly (decrease of approximately 300 million yen)

FY2022 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

Net Sales	FY2021 Results	FY2022 Plan	(¥ Million)			Key measures in the fiscal year ending March 31, 2022
			YoY Change			
Custom-made Wigs	12,271	12,638	+366	+3.0%	General	Aim for expansion in "true fans of ARTNATURE" by conducting sales activities based on "customer satisfaction"
Hair Addition Products	2,885	3,357	+472	+16.4%	New	<ul style="list-style-type: none"> • Increase exposure on online media (YouTube, etc.) • Expansion and development of counsellors • Enhancement of skills in response to changing marketing environment and needs
Hair Growth Services	664	852	+187	+28.2%		
Styling Services	4,499	4,508	+9	+0.2%	Repeat	<ul style="list-style-type: none"> • Continued implementation of various measures based on improvement of customer satisfaction • Enhanced training of human resources who are trusted and by and popular with customers • Establishment of framework for the stable supply of high quality products and services • Continued provision of online training, etc.
Others	1,001	1,009	+7	+0.7%		
Total	21,322	22,366	+1,043	+4.9%		

FY2022 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

Net Sales	FY2021 Results	FY2022 Plan	¥ Million)			Key measures in the fiscal year ending March 31, 2021
			YoY Change			
Custom-made Wigs	6,312	7,377	+1,065	+16.9%	General	Conduct sales activities based on "customer satisfaction" and aim for further expansion of store network in existing product operations
Hair Addition Products	1,280	2,006	+726	+56.7%		
Hair Growth Services	530	517	(13)	(2.5%)	New	<ul style="list-style-type: none"> • Step up development for producing leaders and for quickly training up new employees • Continue to consider introduction of online consultation system • Develop new routes for holding events
Styling Services	874	1,026	+151	+17.4%	Repeat	<ul style="list-style-type: none"> • Introduce aftersales-care measures for customers who find it difficult to come into store • Reform store culture based on improvement of customer satisfaction
JULLIA OLGER	2,761	3,434	+673	+24.4%		
Others	346	504	+158	+45.8%	JULLIA OLGER	<ul style="list-style-type: none"> • Step up exhibition events held at stores at commercial facilities • Ease inventory shortages by promoting decentralization of production plants • Enhance and further expand store network through implementation of scrap & build strategy • Step up staff development through enhancement of training structure
Total	12,105	14,867	+2,761	+22.8%		



<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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Reference Material

Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2020		As of March 31, 2021		YoY Change
		Composition Ratio		Composition Ratio	
Total Current Assets	24,553	56.9%	26,586	59.2%	+8.3%
Cash and Deposits	17,096	39.6%	19,073	42.5%	+11.6%
Total non-current Assets	18,610	43.1%	18,332	40.8%	(1.5%)
Total Property, Plant and Equipment	9,099	21.1%	8,674	19.3%	(4.7%)
Total Assets	43,163	100.0%	44,919	100.0%	+4.1%
Total Current Liabilities	10,523	24.4%	12,147	27.0%	+15.4%
Advances Received	5,270	12.2%	6,464	14.4%	+22.7%
Total Non-current Liabilities	7,302	16.9%	7,517	16.7%	+2.9%
Total Liabilities	17,825	41.3%	19,664	43.8%	+10.3%
Total Net Assets	25,337	58.7%	25,255	56.2%	(0.3%)
Retained Earnings	19,141	44.3%	19,075	42.5%	(0.3%)
Total Liabilities and Net Assets	43,163	100.0%	44,919	100.0%	+4.1%

Key YoY Changes

Current Assets	+2,033
• Cash and deposits	+1,977
• Accounts receivable –trade	+27
• Inventory	+100
Non-current Assets	(277)
• Buildings and structures	(260)
• goodwill	(172)
Current Liabilities	+1,624
• Advances received	+1,194
• Accrued income taxes	+479
Net Assets	(82)
• Retained earnings	(65)
(Net income	+840)
(Cash dividends paid	(906))

Consolidated Statements of Cash Flows

(¥ Million)

	Year Ended March 31, 2020	Year Ended March 31, 2021	Key YoY Changes
Net Cash Provided by (Used in) Operating Activities	2,516	4,232	Net cash provided by (used in) operating activities <ul style="list-style-type: none"> • Income taxes paid +1,232 • Advances received +694 • Inventory assets +461 • Decrease (increase) in notes and accounts receivable – trade (341) • Income before income taxes (920)
Net Cash Provided by (Used in) Investing Activities	(2,299)	(885)	
Free Cash Flow	217	3,347	
Net Cash Provided by (Used in) Financing Activities	(1,463)	(1,112)	Net cash provided by (used in) investing activities <ul style="list-style-type: none"> • Purchase of investments in subsidiaries +1,055
Cash and Cash Equivalents at the Beginning of Period	17,986	16,736	Net cash provided by (used in) financing activities <ul style="list-style-type: none"> • Proceeds from long-term loans payable +398
Cash and Cash Equivalents at the End of Period	16,736	18,984	
Net Increase (Decrease) in Cash and Cash Equivalents	(1,249)	2,247	