



Financial Results

ARTNATURE INC.

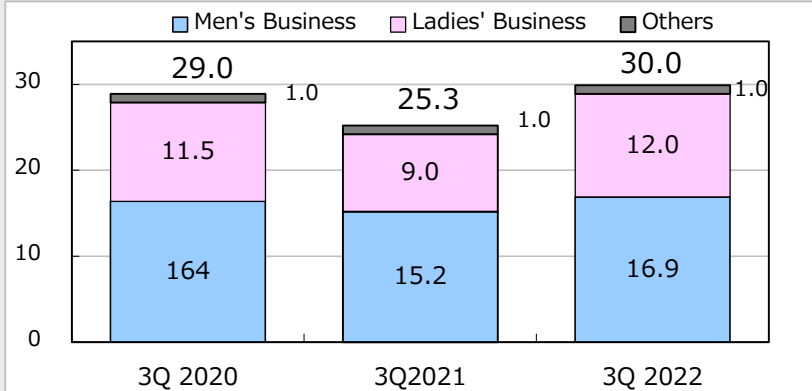
3rd Quarter Of Fiscal 2022 : Performance Highlights (Consolidated results)



Net Sales

Variable factors Year on year

¥ Billion



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

Net Sales ¥ 30.0billion 【Up 18.5%】

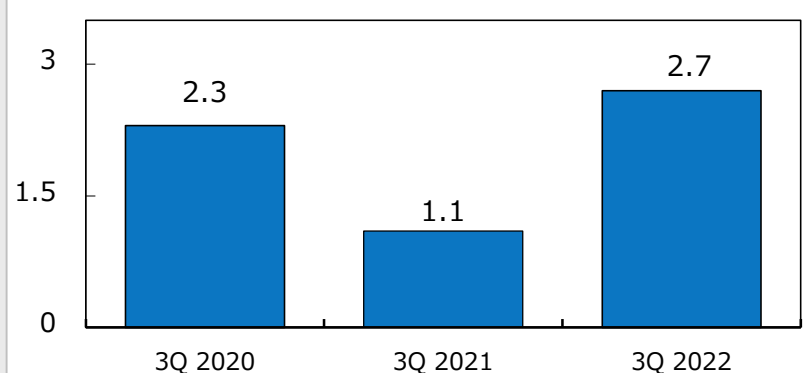
- Men's Business ¥ 16.9billion (Up 11.2%)
- Ladies' Business ¥ 12.0billion (Up 32.5%)

※Sales will increase due to strong sales of new products and the elimination of the significant decrease in sales due to the spread of the COVID-19 infection that occurred in the same period of the previous year

Operating Income

Variable factors Year on year

¥ Billion



Operating Income ¥ 2.7billion

- Gross Profit Ratio : 65.6% → 68.5% (Up 2.9Pt)
- SG&A Expenses Ratio : 61.2% → 59.3% (Down 1.9Pt)

※ Sales increased and profit increased

3rd Quarter Of Fiscal 2022 : Financial Highlights



(¥ million)

	1-3Q FY2020(Results)		1-3Q FY2021(Results)		1-3Q FY2022(Results)		YoY Change	Major Factors on YoY Change
	April 1st,2019 to December	Composition ratio	April 1st,2020 to December	Composition ratio	April 1st,2021 to December	Composition ratio		
Net Sales	29,049	-	25,387	-	30,075	-	+18.5%	Net Sales Men's Business Up 11.2% Ladies' Business Up 32.5%
Men's Business	16,449	56.6%	15,253	60.1%	16,963	56.4%	+11.2%	
Ladies' Business	11,583	39.9%	9,093	35.8%	12,044	40.0%	+32.5%	
Others	1,016	3.5%	1,040	4.1%	1,067	3.5%	+2.6%	
Cost of Sales	9,150	31.5%	8,731	34.4%	9,460	31.5%	+8.3%	• Cost of Sales Ratio 34.4% → 31.5% Product Cost Up 0.2Pt HR Down 3.2Pt
Gross Profit	19,899	68.5%	16,655	65.6%	20,615	68.5%	+23.8%	
SG&A Expenses	17,590	60.6%	15,548	61.2%	17,833	59.3%	+14.7%	• SG&A Expenses Ratio 61.2% → 59.3% Ad Spending Up 1.0Pt HR Down 1.7Pt Others Down 1.2Pt
Ad Spending	4,809	16.6%	3,511	13.8%	4,461	14.8%	+27.1%	
HR	4,016	13.8%	4,104	16.2%	4,354	14.5%	+6.1%	
Operating Income	2,309	8.0%	1,106	4.4%	2,782	9.3%	+151.3%	
Ordinary Income	2,368	8.2%	1,266	5.0%	2,757	9.2%	+117.8%	
Net Income	1,449	5.0%	667	2.6%	1,674	5.6%	+151.0%	

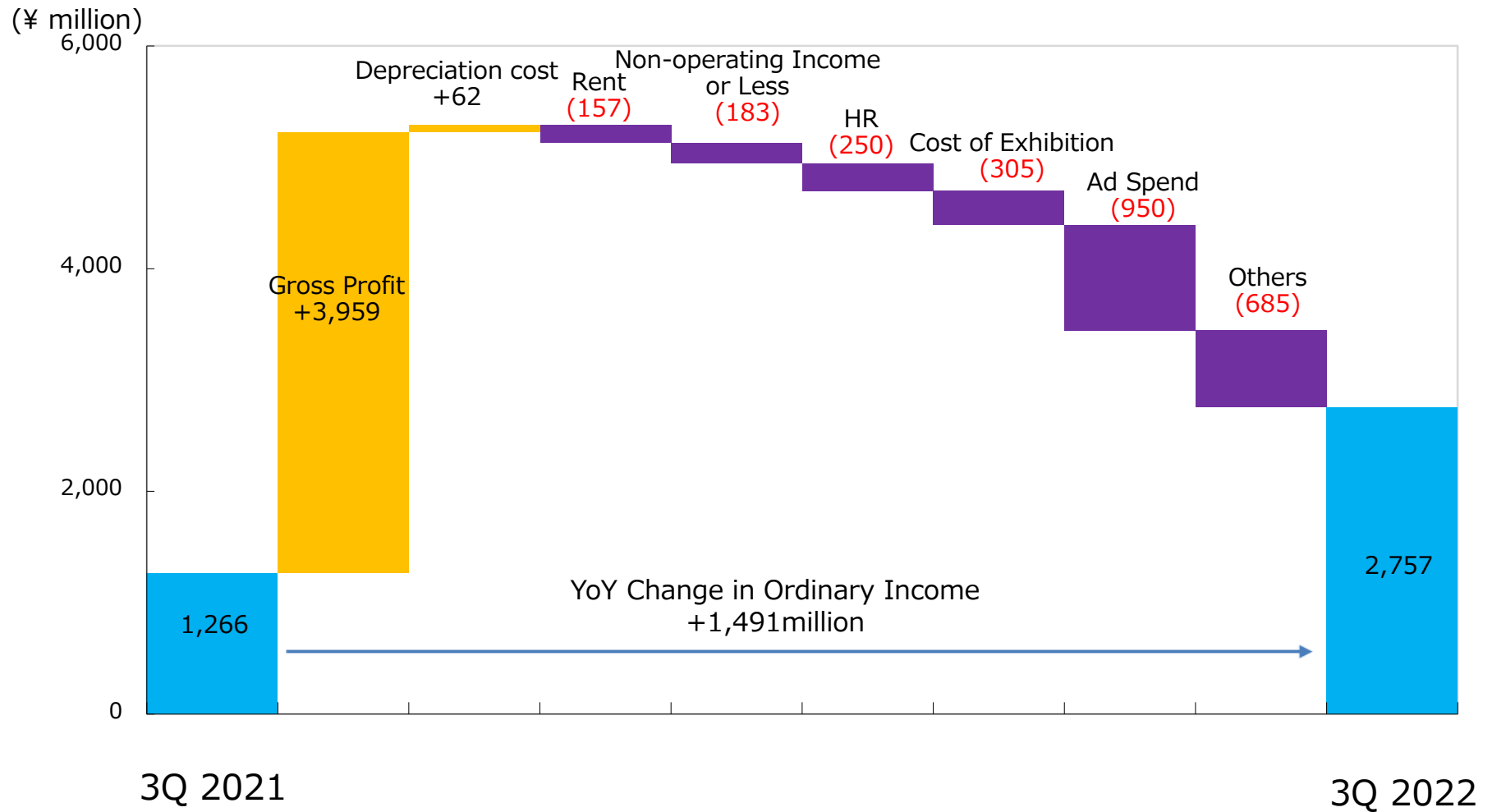
3rd Quarter Of Fiscal 2022 : Financial Highlights (October 1st , 2021 to December 31st , 2021)



(¥ million)

	3Q FY2020(Results)		3Q FY2021(Results)		3Q FY2022(Results)		YoY Change	Major Factors on YoY Change
	October 1st,2019 to December	Composition ratio	October 1st,2020 to December	Composition ratio	October 1st,2021 to December	Composition ratio		
Net Sales	8,923	-	10,594	-	10,745	-	+1.4%	Net Sales Men's Business Down 9.6% Ladies' Business Up 19.8%
Men's Business	4,872	54.6%	6,510	61.4%	5,885	54.8%	(9.6%)	
Ladies' Business	3,645	40.9%	3,804	35.9%	4,558	42.4%	+19.8%	
Others	405	4.5%	279	2.6%	301	2.8%	+7.8%	
Cost of Sales	3,141	35.2%	3,022	28.5%	3,149	29.3%	+4.2%	• Cost of Sales Ratio 28.5%→29.3% Product Cost Up 0.4Pt HR Up 0.4Pt
Gross Profit	5,782	64.8%	7,571	71.5%	7,595	70.7%	+0.3%	• SG&A Expenses Ratio 55.4%→59.3% Ad Spending Up 0.8Pt HR Up 0.5Pt Others Up 2.6Pt
SG&A Expenses	6,379	71.5%	5,872	55.4%	6,375	59.3%	+8.6%	
Ad Spending	1,812	20.3%	1,469	13.9%	1,577	14.7%	+7.3%	
HR	1,369	15.3%	1,355	12.8%	1,428	13.3%	+5.3%	
Operating Income	(597)	-	1,699	16.0%	1,220	11.4%	(28.2%)	
Ordinary Income	(573)	-	1,697	16.0%	1,265	11.8%	(25.4%)	
Net Income	(476)	-	1,113	10.5%	816	7.6%	(26.6%)	

3rd Quarter Of Fiscal 2022 : Analysis of SG&A Expenses



3rd Quarter Of Fiscal 2022 : Breakdown of Sales by Segment

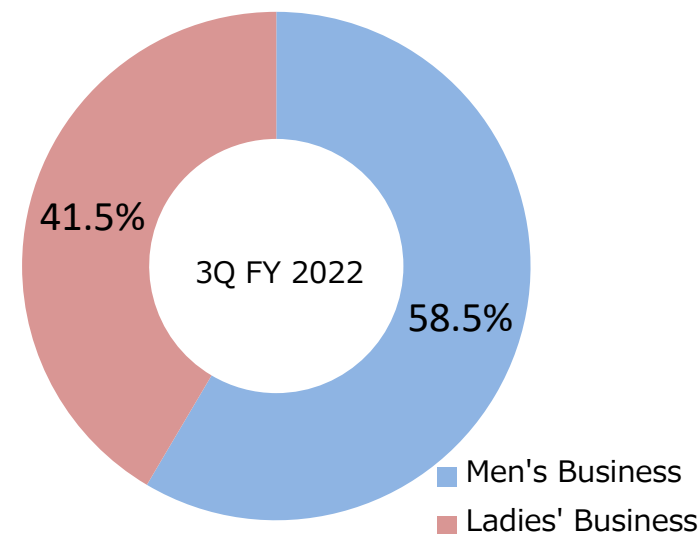
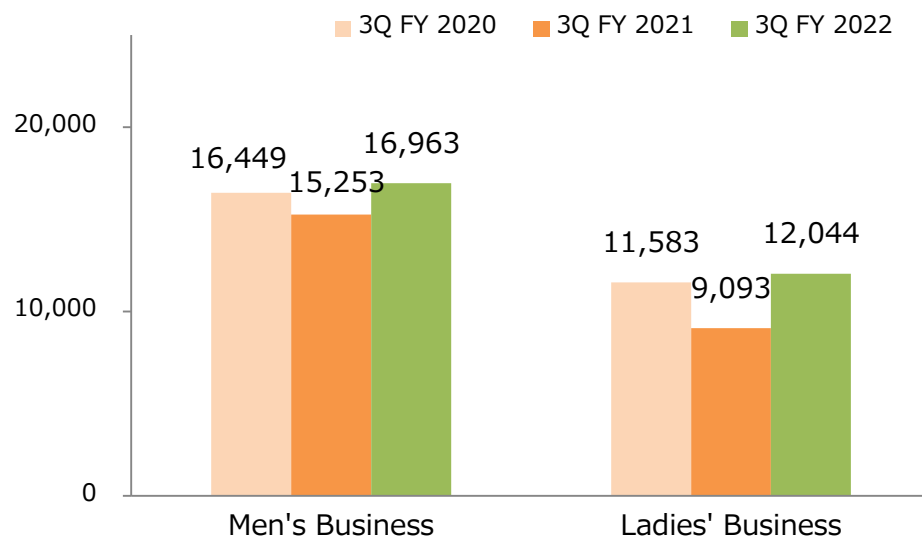


(¥ million)

	1-3Q FY2020(Results)	1-3Q FY2021(Results)	1-3Q FY2022(Results)	YoY Change
Net Sales	29,049	25,387	30,075	+18.5%
Men's Business	16,449	15,253	16,963	+11.2%
Ladies' Business	11,583	9,093	12,044	+32.5%
Others	1,016	1,040	1,067	+2.6%

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

¥ Million



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



(¥ Million)

	1-3Q FY2022 (Results)		
	①Results	②Results before impact	③Amount of impact (①-②)
Custom-made Wigs	15,612	16,258	(645)
Hair Addition Products	3,486	3,502	(15)
Hair Growth Services	934	933	1
Styling Services	4,665	3,977	687
JULLIA OLGER	2,389	2,590	(200)
Others	1,881	1,881	(0)
Total	28,971	29,144	(173)

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 1.65 billion yen)
- ②3Q FY 2022 impact of lower sales (decrease of approximately 170 million yen)

3rd Quarter Of Fiscal 2022 : Breakdown of Net Sales by

Products & Services(Non-consolidated Basis)



(¥ million)

		1-3Q FY2020 (Results)	1-3Q FY2021 (Results)	1-3Q FY2022 (Results)	YoY Change	
Custom-made Wigs	New Customers	2,322	1,310	2,780	+1,469	+112.1%
	Repeat Business	12,807	11,247	12,832	+1,584	+14.1%
	Total	15,129	12,558	15,612	+3,054	+24.3%
Hair Addition Products	New Customers	1,547	1,213	984	(229)	(18.9%)
	Repeat Business	2,429	2,061	2,502	+440	+21.4%
	Total	3,977	3,275	3,486	+211	+6.5%
Hair Growth Services	New Customers	93	75	59	(16)	(22.0%)
	Repeat Business	809	815	875	+60	+7.4%
	Total	903	891	934	+43	+4.9%
Styling Services		4,200	4,093	4,665	+571	+14.0%
JULLIA OLGIER		2,485	1,868	2,389	+521	+27.9%
Others		1,895	1,936	1,881	(54)	(2.8%)
All Products & Sevices	New Customers	3,963	2,600	3,824	+1,224	+47.1%
	Repeat Business	21,311	19,244	21,953	+2,708	+14.1%
	JULLIA OLGIER	2,485	1,868	2,389	+521	+27.9%
	Others	831	909	803	(106)	(11.7%)
	Total	28,592	24,622	28,971	+4,348	+17.7%

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

3rd Quarter Of Fiscal 2022 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)




(¥ million)

		1-3Q FY2020 (Results)	1-3Q FY2021 (Results)	1-3Q FY2022 (Results)	YoY Change	
Custom-made Wigs	New Customers	440	342	433	+90	+26.4%
	Repeat Business	8,791	8,012	9,414	+1,401	+17.5%
	Total	9,232	8,355	9,847	+1,491	+17.9%
Hair Addition Products	New Customers	1,061	910	836	(74)	(8.2%)
	Repeat Business	1,428	1,291	1,561	+269	+20.9%
	Total	2,490	2,202	2,397	+195	+8.9%
Hair Growth Services	New Customers	83	68	51	(16)	(24.5%)
	Repeat Business	449	436	429	(6)	(1.6%)
	Total	533	505	481	(23)	(4.7%)
Styling Services		3,415	3,426	3,439	+12	+0.4%
Others		777	763	797	+34	+4.5%
All Products & Sevices	New Customers	1,585	1,321	1,321	(0)	(0.0%)
	Repeat Business	14,863	13,931	15,642	+1,711	+12.3%
	Total	16,449	15,253	16,963	+1,710	+11.2%

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

3rd Quarter Of Fiscal 2022 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



(¥ million)

		1-3Q FY2020 (Results)	1-3Q FY2021 (Results)	1-3Q FY2022 (Results)	YoY Change	
Custom-made Wigs	New Customers	1,881	967	2,347	+1,379	+142.5%
	Repeat Business	4,015	3,234	3,418	+183	+5.7%
	Total	5,897	4,202	5,765	+1,562	+37.2%
Hair addition Products	New Customers	485	303	148	(154)	(51.0%)
	Repeat Business	1,000	770	940	+170	+22.2%
	Total	1,486	1,073	1,089	+15	+1.5%
Hair Growth Services	New Customers	10	7	7	+0	+2.0%
	Repeat Business	359	378	445	+67	+17.8%
	Total	369	385	453	+67	+17.5%
Styling Services		785	666	1,225	+558	+83.8%
Others		2,772	2,130	2,670	+539	+25.3%
All Products & Sevices	New customers	2,377	1,278	2,503	+1,224	+95.8%
	Repeat Business	6,448	5,313	6,310	+997	+18.8%
	JULLIA OLGIER	2,485	1,868	2,389	+521	+27.9%
	Total	11,311	8,459	11,203	+2,744	+32.4%

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

Consolidated Balance Sheets



(¥ million)

	As of March 31, 2021		As of December 31, 2021		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	26,586	59.2%	26,979	59.1%	+1.5%	Current assets +392 • Cash and deposits (470) • Accounts receivable –trade +338 • Inventory +471 Current Liabilities +754 • Advances received +196 • Accounts payable (606) • Others +1,827 ※Accounting Standard for Revenue Recognition Retained earnings (297) • Cash dividends paid (898) • Net income +1,647 • Beginning adjustment (1,072) ※ Accounting Standard for Revenue Recognition
Cash and Deposits	19,073	42.5%	18,602	40.7%	(2.5%)	
Total Non-current Assets	18,332	40.8%	18,697	40.9%	+2.0%	
Total Property, Plant and Equipment	8,674	19.3%	8,700	19.0%	+0.3%	
Total Assets	44,919	100.0%	45,676	100.0%	+1.7%	
Total Current Liabilities	12,147	27.0%	12,902	28.2%	+6.2%	
Advances Received	6,464	14.4%	6,661	14.6%	+3.0%	
Total Non-current Liabilities	7,517	16.7%	7,700	16.9%	+2.4%	
Total Liabilities	19,664	43.8%	20,602	45.1%	+4.8%	
Total Net Assets	25,255	56.2%	25,073	54.9%	(0.7%)	
Retained Earnings	19,075	42.5%	18,778	41.1%	(1.6%)	
Total Liabilities and Net Assets	44,919	100.0%	45,676	100.0%	+1.7%	

FY2022 Amendments to the full-year consolidated earnings plan

(¥ million)

	FY2021 (Results)	FY 2022 (Original Plan)	FY 2022 (Revised plan)	YoY Change (Original Plan/Revised Plan)	
Net Sales	35,868	40,363	40,219	(144)	(0.4%)
Operating Income	1,932	2,023	2,798	+ 774	+ 38.3%
Ordinary Income	2,005	2,088	2,759	+ 670	+ 32.1%
Net Income	840	1,045	821	(223)	(21.4%)

【Reason for correction】

Net Sales : Almost as planned

Operating Income : Expected to exceed the plan due to expense management centered on advertising expenses and general and administrative expenses

Net Income : It is expected to fall below the plan due to the recording of impairment losses at stores

FY 2022 : Financial Forecast



(¥ million)

	1-3Q FY2022 (Results)	FY2022 (Original Plan)	Progress Rate (against FY3/2022 Original Plan)	FY2022 (Revised plan)	Progress Rate (against FY3/2022 Revised Plan)
Net Sales	30,075	40,363	74.5%	40,219	74.8%
Men's Business	16,963	22,366	75.8%	—	—
Ladies' Business	12,044	16,052	75.0%	—	—
Others	1,067	1,945	54.9%	—	—
Cost of Sales	9,460	13,076	72.3%	—	—
Gross Profit	20,615	27,286	75.6%	—	—
SG&A Expenses	17,833	25,262	70.6%	—	—
Ad Spending	4,461	6,740	66.2%	—	—
HR	4,354	6,066	71.8%	—	—
Operating Income	2,782	2,023	137.5%	2,798	99.4%
Ordinary Income	2,757	2,088	132.1%	2,759	99.9%
Net Income	1,674	1,045	160.2%	821	203.7%



<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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