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**Presentation Material FY2022  
for the Year Ended March 31, 2022**

***ARTNATURE INC.***

# **Financial Results for the Fiscal Year Ending March 2022 & The Medium-Term Management Plan**

## Net Sales & Operating Income

(¥ Million)

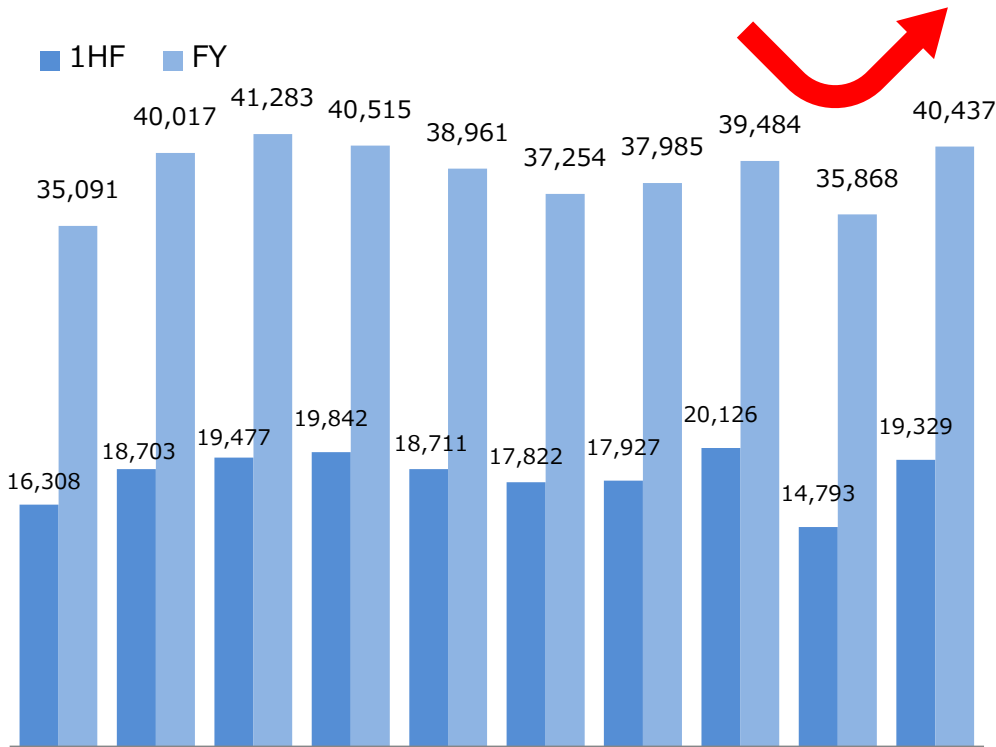
	FY2020 (Results)	FY2021 (Results)	FY2022 (Results)	YoY Change	Original plan	Revision plan	Revision plan ratio
Net Sales	39,484	35,868	40,437	+12.7%	40,363	40,219	+0.5%
Operating Income	2,919	1,932	3,020	+56.3%	2,023	2,798	+7.9%

## Breakdown of Net Sales

	FY2020 (Results)	FY2021 (Results)	FY2022 (Results)	YoY Change
Men's Business	22,369	21,322	22,660	+6.3%
Ladies' Business	15,720	13,060	16,227	+24.2%
Others	1,394	1,485	1,548	+4.3%

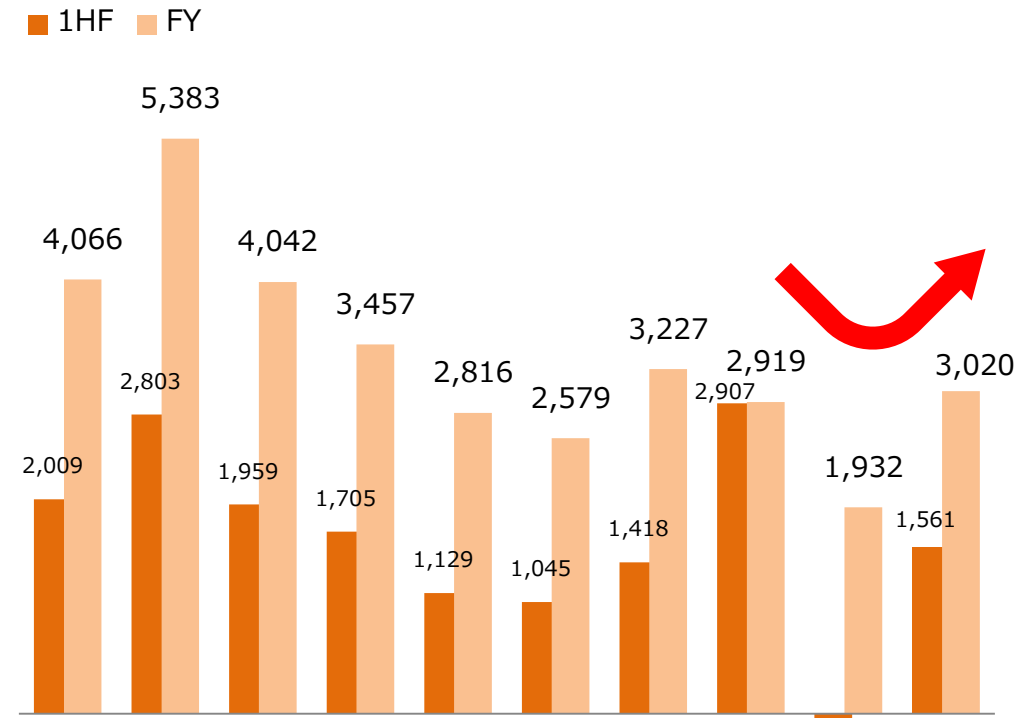
※ Ladies' Business inc. JULLIA ORGER, NAO-ART CO.,LTD

## Net Sales (¥ Million)



FY2013 FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022

## Operating Income (¥ Million)

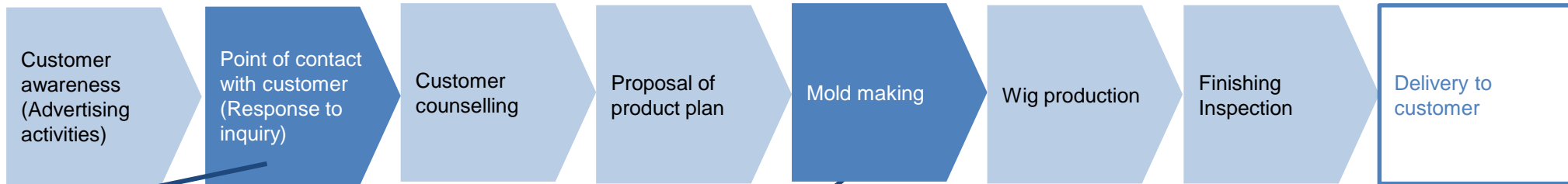


FY2013 FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022

	April-June 2021	July-September	October-December	January-March 2022
Government	Declaration of state of emergency for the third time			Spread of infection by mutant strains Semi-state of emergency
Artnature Group	Formulated and actioned basic policies for COVID-19 Normal business hours at all salons / Normal production plant operation (Philippines)			
	<ul style="list-style-type: none"> <li>Since metropolitan areas and other prefectures were under states of emergency for almost the entire period, business, especially ladies' business, was affected as people refrained from going out and events were cancelled.</li> </ul>		<ul style="list-style-type: none"> <li>New ladies' product "Feelin" was a big hit. The Company received a record-high number of monthly inquiries.</li> <li>The number of events held at department stores and retail facilities increased with the lifting of states of emergency.</li> </ul>	
PR Information: Products	Jul. 2021 Opened new format store (Sogo Omiya Salon) Sep. 2021 Launched men's hair growth product "MRP WONDER" Sep. 2021 Launched ladies' wig "Feelin"		Mar. 2022 Launched men's hair growth product "MRP PRIME" Mar. 2022 Launched ladies' wig "Feelin 2" Mar. 2022 Opened new format store (Sogo Hiroshima Salon)	
PR Information: Other	The Company began supplying its hair growth products to overseas markets. May 2021 Began supplying hair growth products to Hairology, one of China's largest head spa salons		The Company actively utilized the latest technologies and original technologies. Oct. 2021 Introduced AI automated response system Jan. 2022 Introduced portable 3D scanners (industry-first) Mar. 2022 Developed and launched automatic wig hair transplanter (world-first*1) *1 Automates the entire hair transplant process for custom-made single hair transplant products (partial wigs) that are usually produced by hand	

Introduced the latest technologies to make the process from contact with customer through to product provision work more efficient

## Flow from inquiry to production of custom-made wig



### Introduction of AI automatic response system (from October 2021)

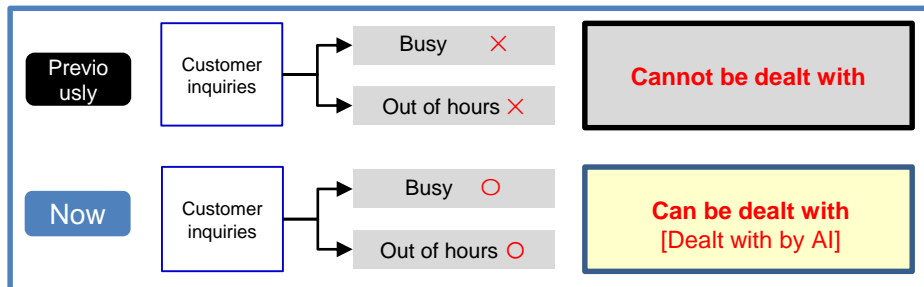
The Company introduced a telephone reception service through which an AI automated voice responds to calls from customers requesting various catalogues, seeking advice, booking salon visits or making other inquiries.

#### [Advantages of introduction]

Improvement in the efficiency of inquiry operations

⇒ Enables calls to be dealt with when there is no operator (early in the morning or late at night) or when the operator is busy

⇒ Can be used by anyone easily and with peace of mind, as AI automatically recognizes the conversation content and responds accordingly.



### Introduction of portable 3D scanners (from January 2022)

The Company was the first in the industry to introduce portable 3D scanners for measuring the shape of the head using a tablet (iPad) and began applying them at all Artnature salons that handle custom-made wigs and at ladies' exhibitions and fittings held at department stores, etc. throughout Japan.

#### [Advantages of introduction]

Improvement in the efficiency of mold-making operations

⇒ Allows 3D head shape data to be created easily regardless of location (during visit, at event venue, etc.)

⇒ Uses new technology used for topographic survey and can accurately measure the parts where the wig fits such as the nape of the neck which were previously difficult to measure

⇒ The use of portable scanners instead of the large 3D scanners which used to be used at salons saves space.



Application screen



Scan of the head



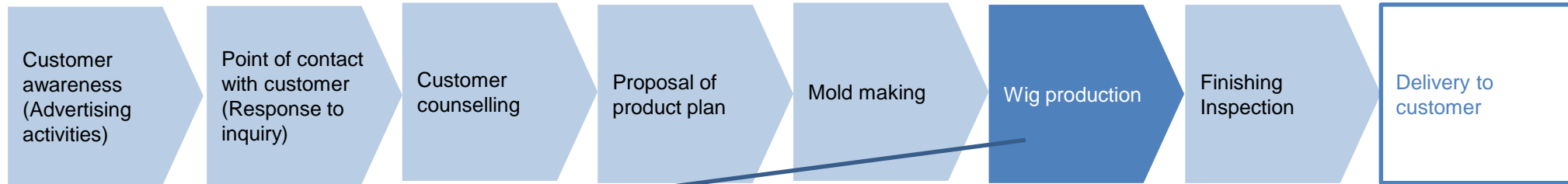
3D measurement of the head

# (Reference) Automatic Wig Hair Transplanter

The Company developed an "automatic wig hair transplanter" over a development period of approximately 5 years from 2016 (currently in the process of prototype production and quality verification).

The Company plans to make some improvements with the aim of producing men's wigs and aims to commence full-scale production in 2024.

## Flow from inquiry to production of custom-made wig



### [Now]

Highly skilled artisans carefully transplant each hair, achieving a natural finish from the hair color to the hair flow

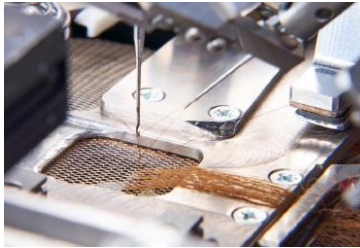


### [In future]

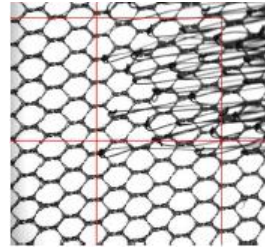
Automation of transplantation process through automatic wig hair transplanter



Automatic wig hair transplanter



Transplantation, integrating the hair with multiple needles



Enlarged view of transplantation area (1 square outlined in red = 1 cm<sup>2</sup>)

### 1. Background to development

(1) The Company's mainstay custom-made wigs are produced by hand by artisans who are highly skilled in all processes at its plant in the Philippines. (Production time per wig: 40-50 days, Number of wigs produced per year: 60,000 or more)

(2) There are various issues with the current manual production system. (Hiring, retention and training of artisans, delivery problems due to disaster, etc., country risk, etc.)

(3) The Company began developing the machine in 2016 to achieve the Company's sustainable growth by solving various issues and stabilizing supply.

### 2. Advantages of introduction of automatic wig hair transplanter

- Strengthening of business continuity capability
  - ⇒ Stabilizes the supply structure through automation of certain work processes
  - ⇒ Stabilizes quality through the mechanization of artisan skills

## 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 to Achieve

<b>Business growth</b>	<b>Step into new business areas</b>
Strengthen the recruitment	Personnel training
Dialogue with the market	Business innovation

### Three-year initiative

<b>Business growth</b>	<ul style="list-style-type: none"> <li>Increased initiatives to improve customer satisfaction</li> <li>Stronger cooperation among existing businesses</li> <li>Stronger technical expertise/customer service skills</li> <li>Enhancement of product lineup/Expansion of sales channels</li> <li>Penetration of our brand/Identifying potential demand</li> </ul>
<b>Step into new business areas</b>	<ul style="list-style-type: none"> <li>Tackle new businesses other than existing businesses by utilizing domestic and overseas M&amp;A, etc.</li> </ul>

## Business growth

### Progress

- Achieved growth in second-year net sales (attributable to strong first-time sales in ladies' business)
- Implemented various initiatives to improve customer satisfaction but the number of repeat visitors to salons was mostly unchanged year on year for both men's and ladies'

Status of existing business (Comparison with FY2020)		Net sales	Unit price	Number of purchases
Men's	New customer	○ Increased	Unchanged	○ Increased
	Repeat customer	○ Increased	Unchanged	○ Increased
Ladies'	New customer	◎ Significantly increased	Unchanged	◎*1 Significantly increased
	Repeat customer	○ Increased	Unchanged	○ Increased

Total number of salon visits
△ *2 Mostly unchanged year on year
△ *2 Mostly unchanged year on year

- \*1 Significant increase in purchases by ladies**
  - New ladies' product "Feelin" created potential demand
  - Stepped up advertising in various media and PR activities
  - Increased number of exhibitions and fitting sessions held
- \*2 Total number of salon visits was mostly unchanged year on year for both men's and ladies'**
  - Continuously implemented initiatives to build a relationship of trust with customers
  - Implemented sales measures to encourage regular salon visits
  - Failed to secure the qualified beauticians needed to deal with customers
  - Strengthened technical skills through the use of video manuals and remote training

## Step into new business areas

### Progress

- Considered M&A deals in Japan and overseas but did not implement any M&A

# Progress on Key Challenge Measures

(Strengthen the recruitment/Personnel training/Business innovation)



## Key Challenge Measures to Achieve

Business growth	Step into new business areas
Strengthen the recruitment	Personnel training
Dialogue with the market	Business innovation

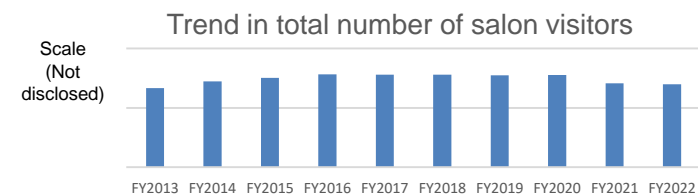
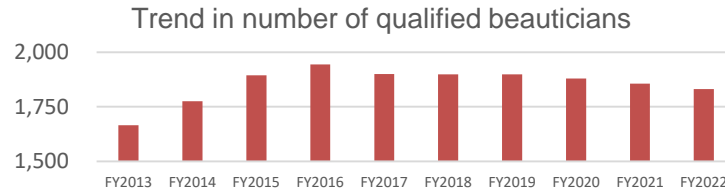
## Three-year initiative

Strengthen the recruitment	<ul style="list-style-type: none"> <li>• Build stable hiring system</li> <li>• Employee retention : Increase job satisfaction</li> </ul>
Personnel training	<ul style="list-style-type: none"> <li>• Strengthening on-site human resources : Cultivating trusted human resources</li> <li>• Strengthening human resources at the head office</li> </ul>
Business innovation	<ul style="list-style-type: none"> <li>• Business innovation by paperless and systematization</li> <li>• Reconsideration of regular work</li> </ul>

### Strengthen the recruitment

#### Progress

• Implemented various recruitment measures but failed to secure the number of stylists needed to deal with customers due to changes in the recruitment environment, etc. and the measures did not lead to an increase in the total number of salon visitors



### Personnel training

#### Progress

• Currently strengthening practical skills from basic to applied through the use of video manuals and remote training to improve workplace skills  
 • Introduced training to improve basic skills in areas such as planning and management for the development of head office human resources

### Business innovation

#### Progress

• Overhaul of personnel systems and information systems failed to materialize  
 • Raised mandatory retirement age from 60 to 65 (extension of retirement age)  
 • Established workflows for routine operations  
 • Digitized various documents to comply with the Act on Book and Record Keeping through Electronic Methods



## Dialogue with the market

Progress	
<ul style="list-style-type: none"> <li>• Enhanced sustainability information, introduced Company Research and Analysis Report and stepped up communication of information to institutional investors as part of measures to strengthen IR activities</li> <li>• Formulated Sustainability Commitment and introduced initiatives to address various issues</li> </ul>	
↓ Sustainability Commitment	
Issues	Commitments
Consideration for environmental issues such as climate change	To consider supporting the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations To comply with TCFD's 11 disclosure recommendations
Respect for human rights	To carry out traceability checks for human hair and human rights checks on the supply chain, including production To develop workplaces in accordance with the Guiding Principles on Business and Human Rights, etc.
Consideration of employees' health and working environment, and fair and appropriate treatment	To take action through implementation of "Health & Productivity Management" advocated by the Company
Fair and appropriate transactions with suppliers	To apply the ARTNATURE Group Code of Conduct properly
Crisis management in response to natural disasters, etc.	To apply risk management-related regulations properly To develop more sophisticated risk management in relation to business risks

## | 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  
Promote customer retention by developing various measures centered on customer satisfaction  
Execution of strategies based on business portfolio
- Expansion of business base  
Strengthen efforts to increase brand recognition and expand business scale

Pioneer new business areas	Dialogue with the market
<ul style="list-style-type: none"> <li>• Expansion into new businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of disclosure content/enhancement of information distribution</li> <li>• Promoting Sustainability Initiatives</li> </ul>

Reinforcement of recruitment	Personnel training
<ul style="list-style-type: none"> <li>• Strengthen recruitment activities Revision of the terms and conditions of application : pay level Improvement of recruitment advertisement</li> <li>• Establish a system that facilitates reemployment</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening on-site human resources : Cultivating trusted human resources Improvement of various skills based on training standards</li> <li>• Establishment of newcomer education program</li> <li>• Strengthening human resources at the head office</li> </ul>

**Business innovation**

- System revamping
- Renewal of personnel system
- Ongoing reduction of operations targeted for reduction

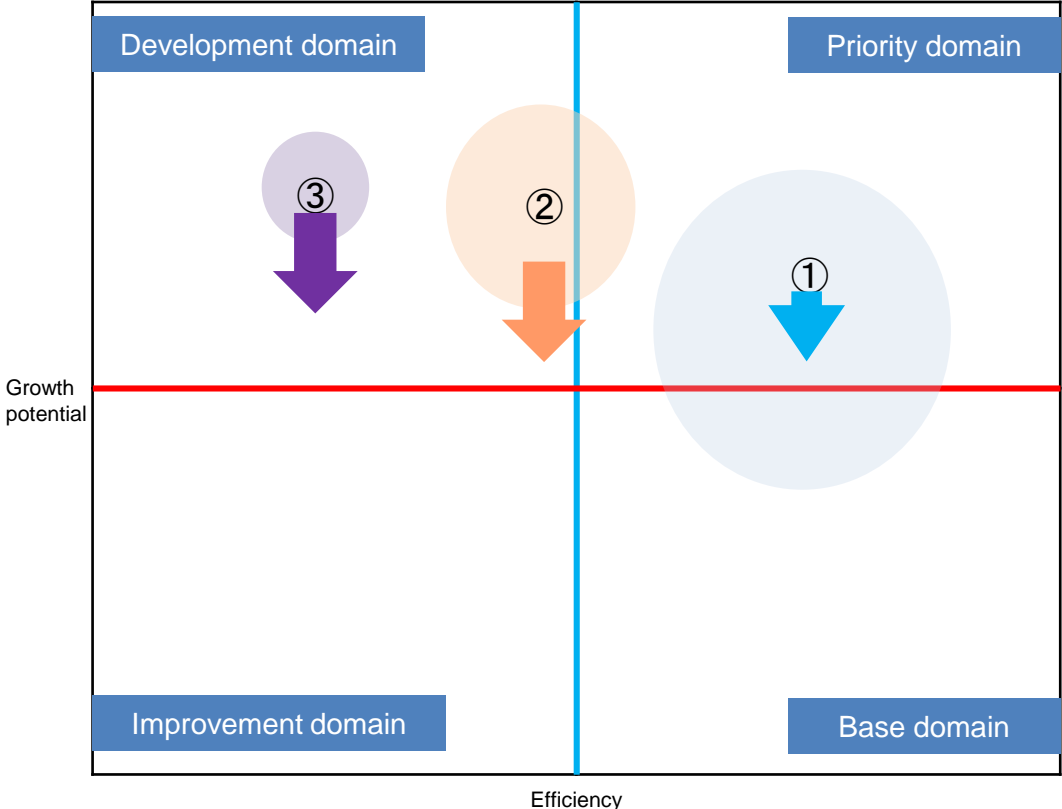


# Strategy Implementation Based on Business Portfolio

Basic policies: Use management resources efficiently to achieve business growth  
 Classify business into the domains in the four quadrants from the perspective of efficiency and growth potential and make allocations based on the policy for each domain.

Reported segments: (1) Men's business, (2) Ladies' business, and (3) Ladies' ready-made wigs business  
 (circle: FY2021 results, arrow: FY2022 plan)

Business portfolio (conceptual image)



Criteria and classification approach

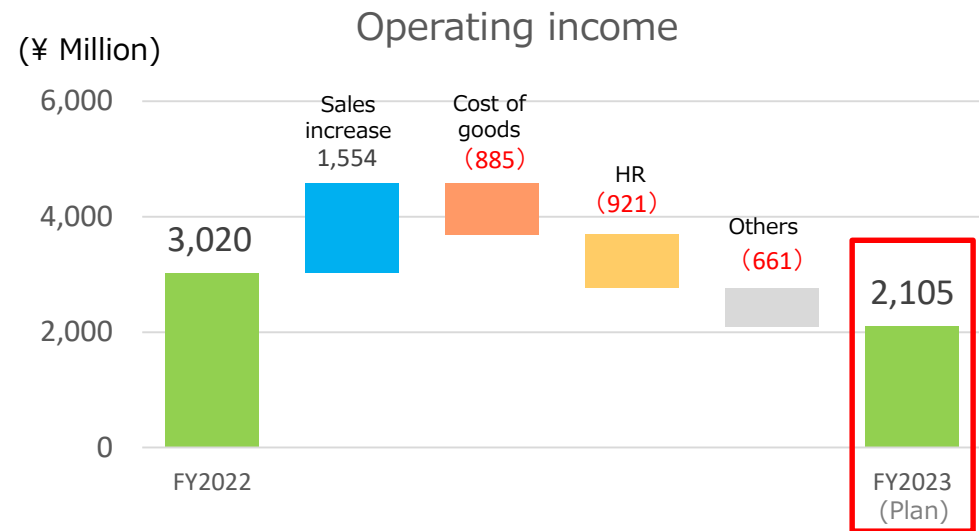
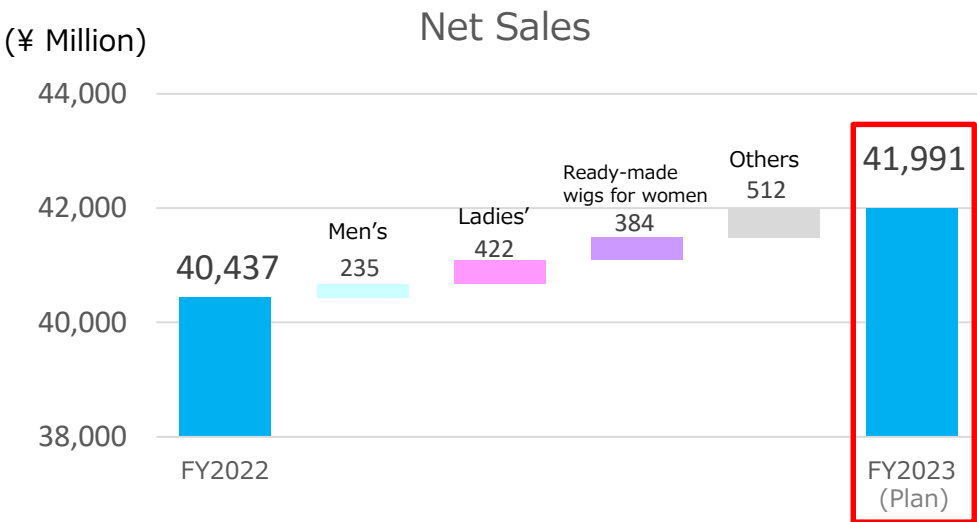
Basic criteria	Classification approach	Business indicator used
Growth potential [Vertical axis]	Hair industry's average market growth over 3 years (red line)	Segment sales growth rate
Efficiency [Horizontal axis]	Weighted average cost of capital (WACC) measured over last 3 years (blue line)	Segment return on invested capital (ROIC)

Domain	Positioning	Management resources allocation policy
Base domain	Contributes to steady improvement in performance	Allocate resources to maintain business as a source of revenue in the long term
Priority domain	Expected to generate further earnings in the future	Allocate resources to accelerate expansion in earnings
Development domain	Expected to become a priority domain within 3 years	Allocate resources to accelerate improvement in efficiency
Improvement domain	Fundamental improvement of the earnings structure is needed quickly	Allocate resources accordingly

# FY2023 : Full-year Consolidated Business Performance Forecasts

(¥ Million)

	FY2022 Results	FY2023 Plan	YoY Change	
Net Sales	40,437	41,991	+1,554	+3.8%
Men's Business	22,660	22,896	+235	+1.0%
Ladies' Business	16,227	17,034	+806	+5.0%
Others	1,548	2,061	+512	+33.1%
SG&A Expenses	24,719	25,855	+1,136	+4.6%
Operating Income	3,020	2,105	(914)	(30.3%)
Ordinary Income	3,038	2,155	(882)	(29.1%)
Net Income	1,204	1,137	(66)	(5.6%)



## Net sales plan

(Target represents new sales record exceeding 41.2 billion yen sales recorded in 2014)

- Increase of 1.5 billion yen from FY2021 level
  - Men's/Ladies'/Ladies' ready-made wigs businesses: Stable growth
  - Other business: Double-digit growth (aims for expansion and growth driven by mail-order sales business)

\*New domains are not included in the plan

- Plan improvement factors
  - Early entry to new domains, elimination of shortage of stylists, increase in number of customers

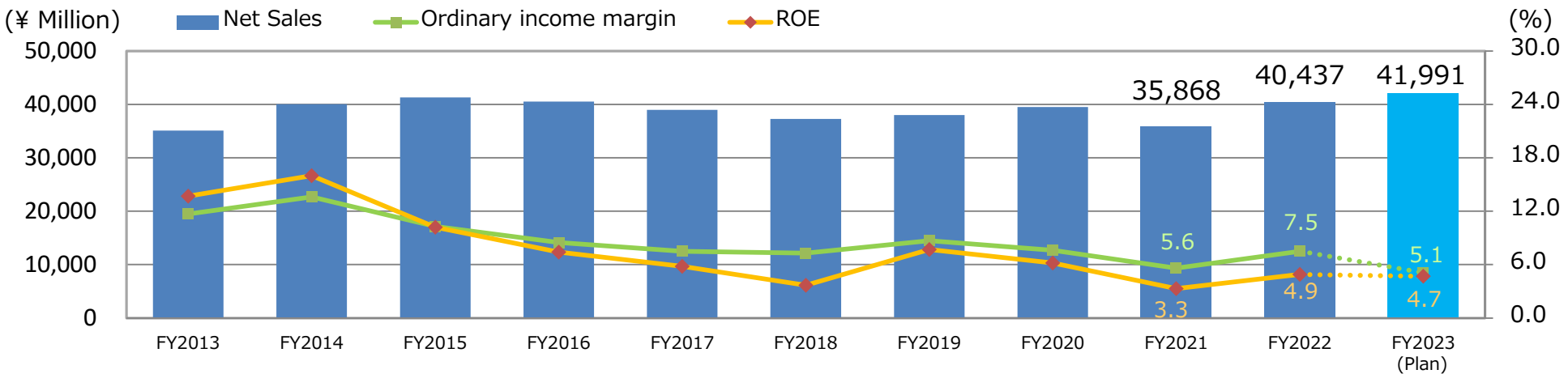
## Operating income

(Final fiscal year target represents decline in profit)

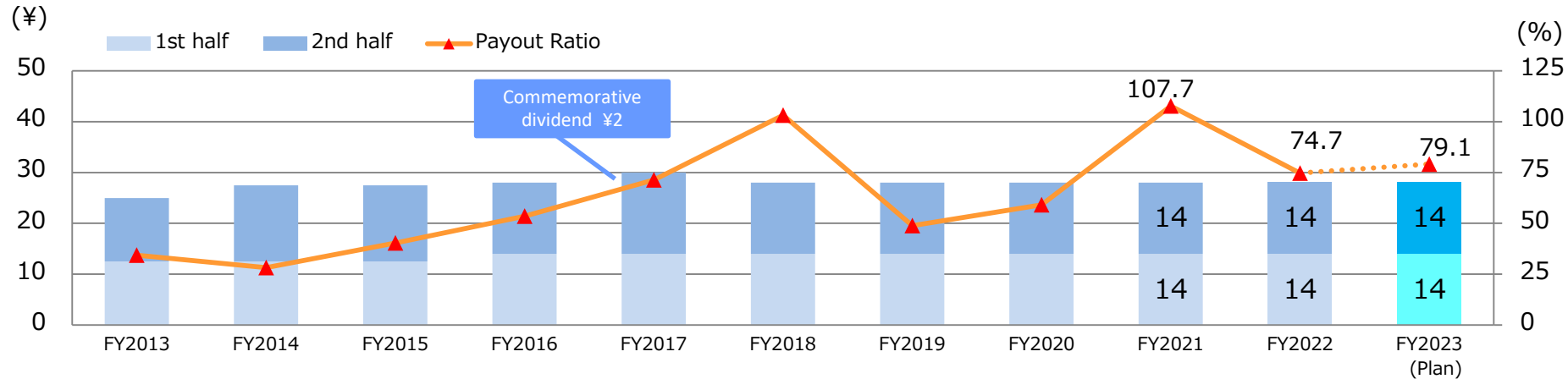
- Decrease of 900 million yen from FY2021 level
  - External factors: Higher transactions costs with overseas suppliers than assumed in initial plan mainly due to the COVID-19 pandemic and Russia's invasion of Ukraine, impact of weaker yen, etc.
  - Internal factors: More expenditure on priority measures relating to increased recruitment, development of human resources and the overhaul of business processes
    - Plan to focus management resources on development domains in accordance with business portfolio-based strategy execution
- Plan improvement factors
  - Increase in net sales, lower costs for outsourcing to overseas contractors, foreign exchange rate fluctuation (higher yen)

## FY2023 (Plan)

**Net Sales: ¥41.9billion Ordinary Income Margin: 5.1% ROE: 4.7%**



## 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**

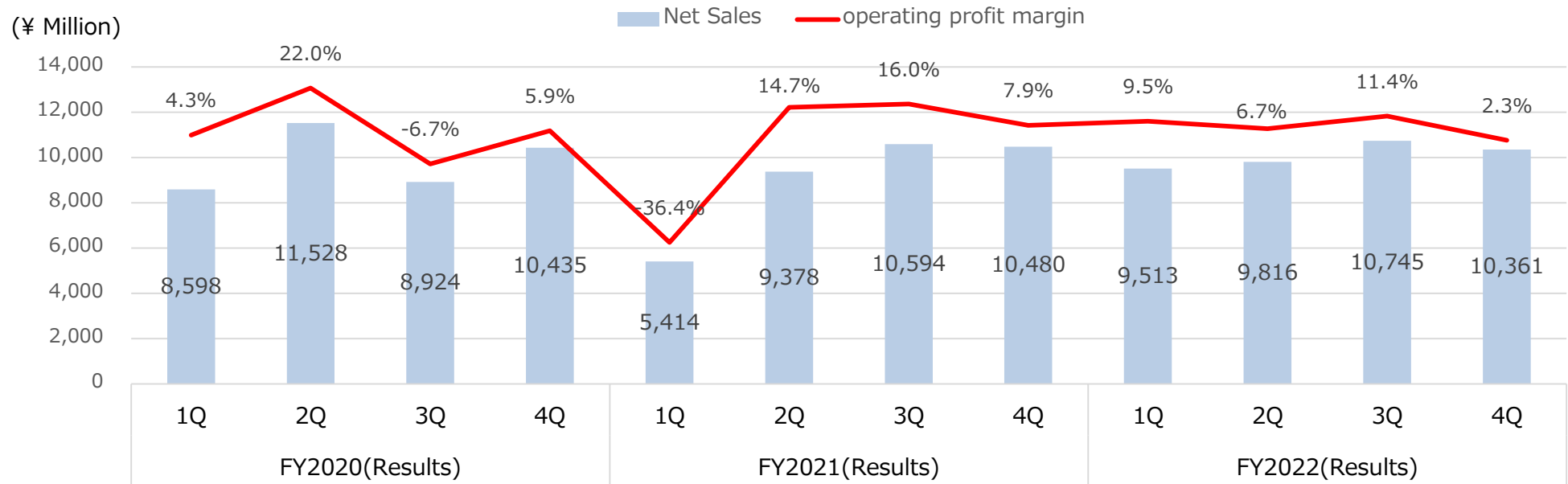
**FY2022 (April 1st, 2021 to March 31st, 2022)**

# FY2022 : Consolidated Statements of Income Highlights

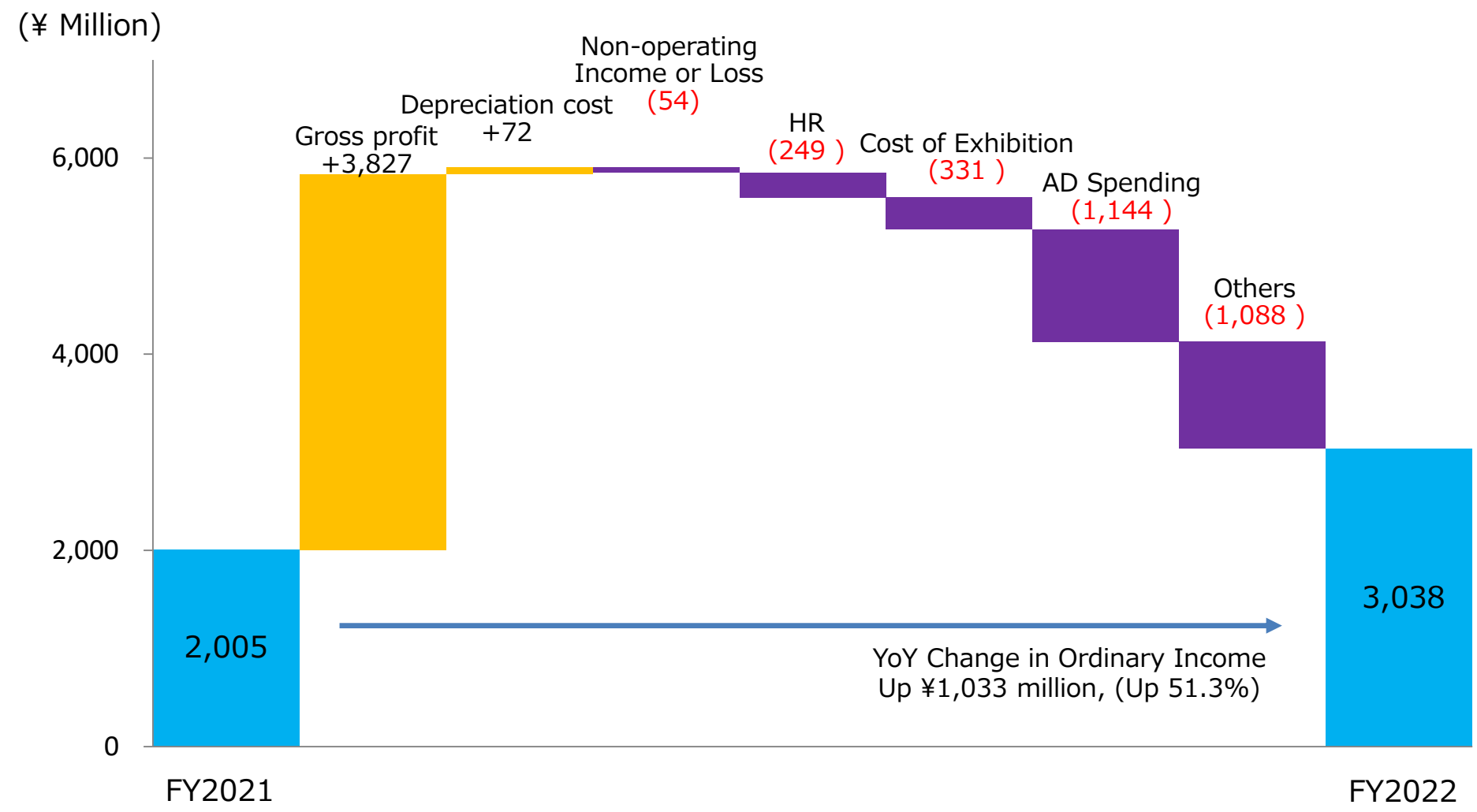


(¥ Million)

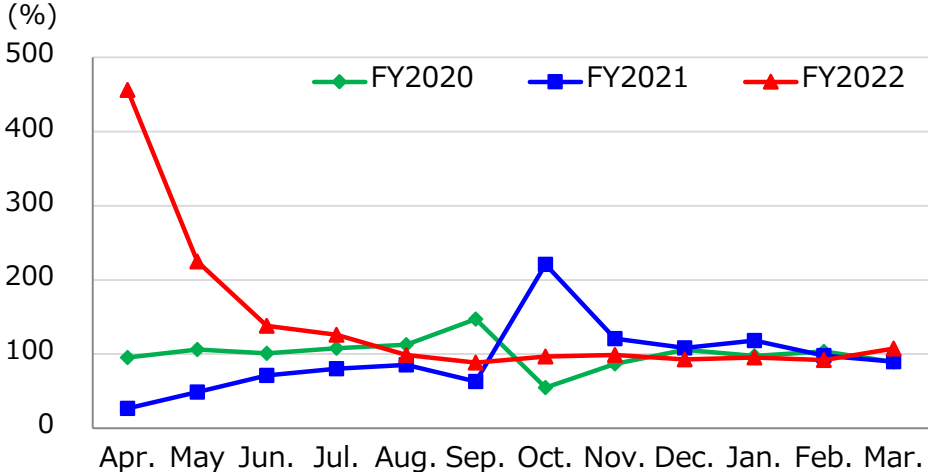
	FY2020 Results	FY2021 Results	FY2022 Results	Original plan	YoY Change
Net Sales	39,484	35,868	40,437	40,363	<b>Net Sales : Up 12.7%</b> Men's Business : Up 6.3% Ladies' Business : Up 24.2%
Men's Business	22,369	21,322	22,660	22,366	
Ladies' Business	15,720	13,060	16,227	16,052	
Others	1,394	1,485	1,548	1,945	
Cost of Sales	12,320	11,956	12,698	13,076	<b>Cost of Sales Ratio : Down 1.9Pt</b> Product Cost : Up 0.2Pt HR : Down 2.1Pt
Gross Profit	27,163	23,911	27,739	27,286	
SG&A Expenses	24,243	21,979	24,719	25,262	<b>SG&amp;A Expenses Ratio : Down 0.2Pt</b> Ad Spending : Up 1.1Pt HR : Down 1.1Pt Other : Down 0.1Pt
Ad Spending	6,860	5,412	6,556	6,740	
HR	5,394	5,541	5,790	6,066	
Operating Income	2,919	1,932	3,020	2,023	<b>CAPEX</b> Store facilities : ¥817 million System related : ¥161 million
Ordinary Income	3,006	2,005	3,038	2,088	
Net Income	1,542	840	1,204	1,045	
Depreciation	921	900	827	878	
CAPEX	1,191	885	1,359	1,977	



# FY2022 : Analysis of Consolidated Ordinary Income



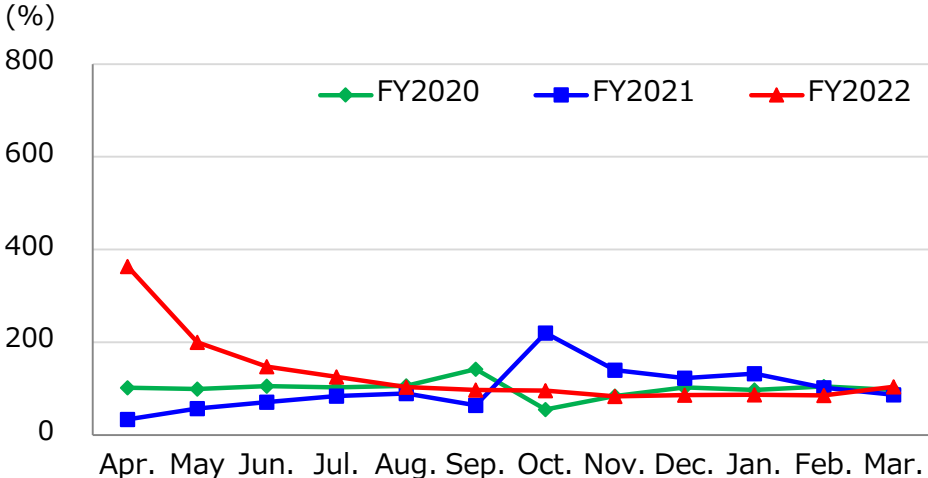
## Sales of Major Products (Total)



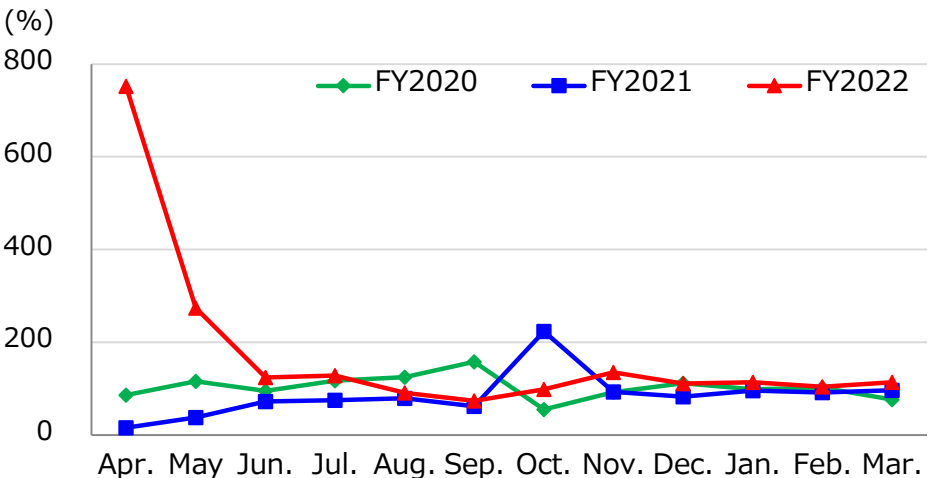
## Total Sales of Major Products (Full-year)

	Total (%)	Men (%)	Ladies (%)
FY2020	101.6	101.1	102.4
FY2021	87.9	93.8	78.4
FY2022	113.4	108.3	123.4

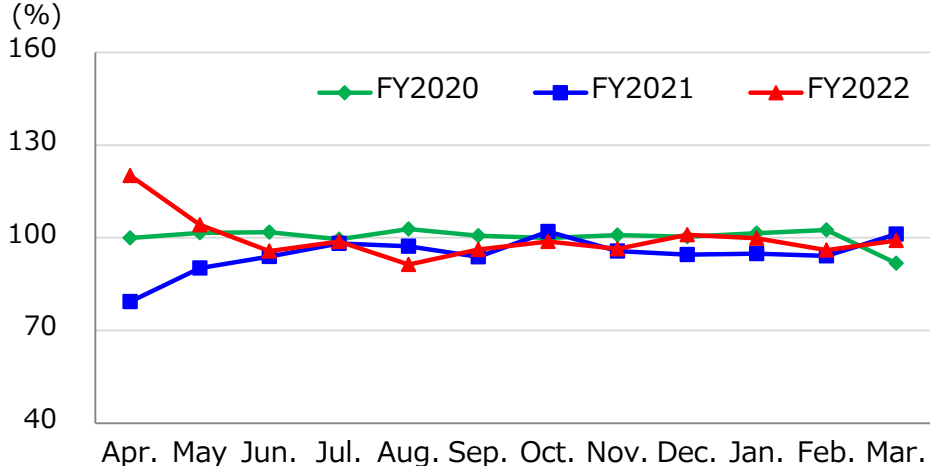
## Sales of Major Products (Men)



## Sales of Major Products (Ladies)



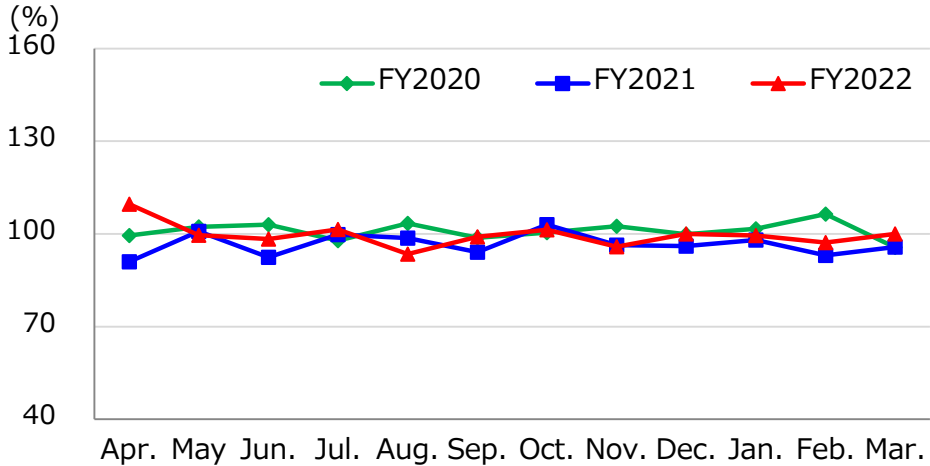
### Customer Traffic (Total)



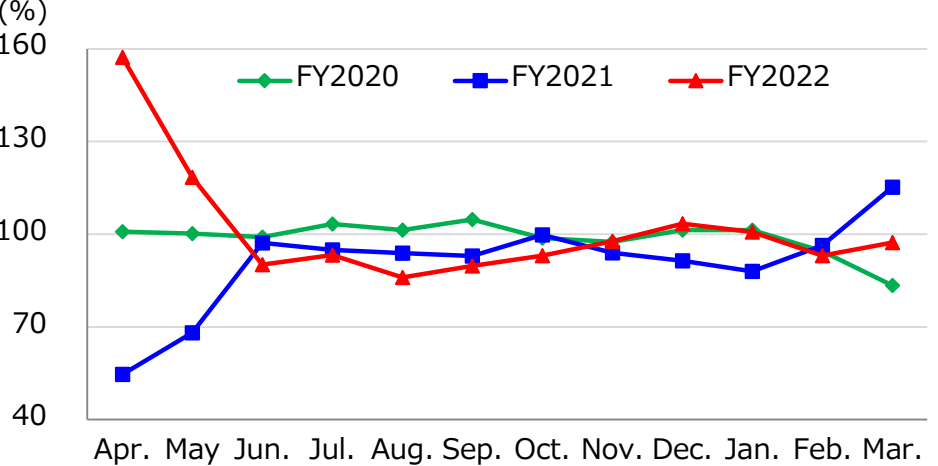
### Customer Traffic (Full-year)

	Total	Men	Ladies
FY2020	100.1	100.7	98.8
FY2021	94.6	96.6	90.1
FY2022	99.4	99.5	99.2

### Customer Traffic (Men)



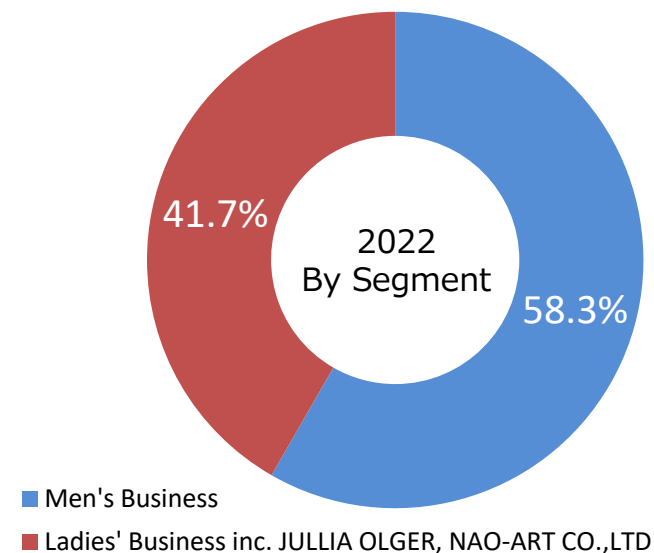
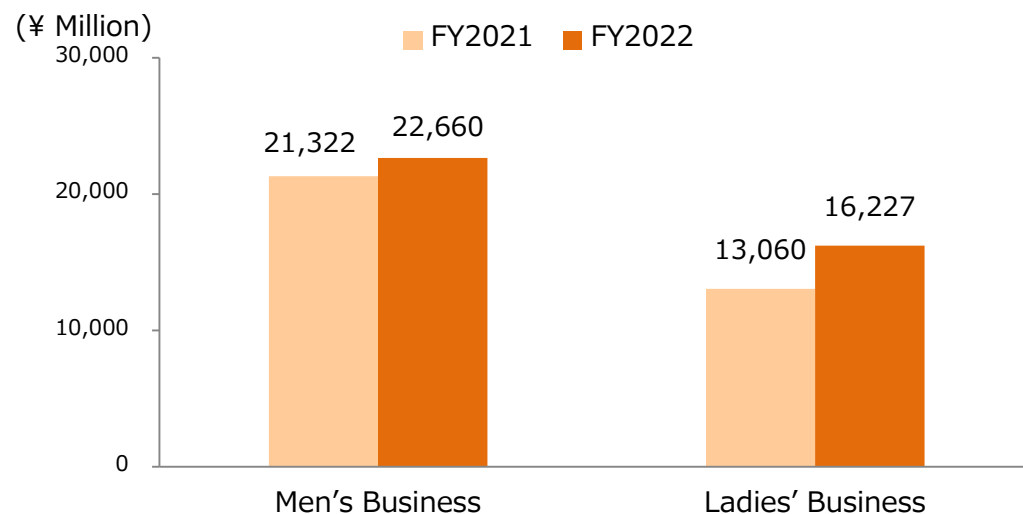
### Customer Traffic (Ladies)



# FY2022 : Breakdown of Sales by Segment (Consolidated)

(¥ Million)

	FY2021	FY2021	FY2022	YoY Change	FY2022	Original plan ratio
	(Results)	(Results)	(Results)		(Original plan)	
Net Sales	39,484	35,868	40,437	+12.7%	40,363	+0.2%
Men's Business	22,369	21,322	22,660	+6.3%	22,366	+1.3%
Ladies' Business	15,720	13,060	16,227	+24.2%	16,052	+1.1%
Others	1,394	1,485	1,548	+4.3%	1,945	(20.4%)



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

(¥ Million)

Net Sales		FY2020	FY2021	FY2022	YoY Change	
Custom-made Wigs	New customers	3,292	2,358	4,378	+2,019	+85.6%
	Repeat Business	17,531	16,225	16,905	+679	+4.2%
	Total	20,824	18,584	21,283	+2,699	+14.5%
Hair Addition Products	New Customers	1,910	1,465	1,283	(181)	(12.4%)
	Repeat Business	3,304	2,700	3,129	+429	+15.9%
	Total	5,215	4,165	4,413	+247	+6.0%
Hair Growth Services	New Customers	123	98	77	(21)	(22.1%)
	Repeat Business	1,070	1,096	1,141	+44	+4.1%
	Total	1,193	1,195	1,218	+23	+1.9%
Styling Services		5,487	5,373	6,134	+760	+14.2%
JULLIA OLGIER		3,433	2,761	3,287	+526	+19.1%
Others		2,542	2,569	2,580	+10	+0.4%
All Products & Services	New Customers	5,326	3,922	5,739	+1,816	+46.3%
	Repeat Business	28,780	26,744	28,707	+1,963	+7.3%
	JULLIA OLGIER	3,433	2,761	3,287	+526	+19.1%
	Others	1,157	1,221	1,183	(38)	(3.1%)
	Total	38,697	34,649	38,917	+4,268	+12.3%

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



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

(¥ Million)

Net Sales		FY2020	FY2021	FY2022	YoY Change	
Custom-made Wigs	New Customers	606	493	602	+109	+22.1%
	Repeat Business	12,193	11,777	12,712	+935	+7.9%
	Total	12,799	12,271	13,315	+1,044	+8.5%
Hair Addition Products	New Customers	1,363	1,131	1,106	(24)	(2.2%)
	Repeat Business	2,002	1,753	2,078	+324	+18.5%
	Total	3,366	2,885	3,184	+299	+10.4%
Hair Growth Services	New Customers	110	89	68	(21)	(23.6%)
	Repeat Business	595	575	563	(12)	(2.1%)
	Total	705	664	631	(33)	(5.0%)
Styling Services		4,484	4,499	4,499	(0)	(0.0%)
Others		1,014	1,001	1,029	+28	+2.8%
All Products & Services	New Customers	2,079	1,713	1,777	+63	+3.7%
	Repeat Business	20,289	19,608	20,883	+1,275	+6.5%
	Total	22,369	21,322	22,660	+1,338	+6.3%

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

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

(¥ Million)

Net Sales		FY2020	FY2021	FY2022	YoY Change	
Custom-made Wigs	New Customers	2,686	1,864	3,775	+1,910	+102.5%
	Repeat Business	5,338	4,447	4,192	(255)	(5.7%)
	Total	8,025	6,312	7,968	+1,655	+26.2%
Hair Addition Products	New Customers	547	334	177	(156)	(46.8%)
	Repeat Business	1,302	946	1,051	+104	+11.1%
	Total	1,849	1,280	1,228	(51)	(4.0%)
Hair Growth Services	New Customers	13	9	8	(0)	(8.0%)
	Repeat Business	474	521	578	+57	+11.0%
	Total	488	530	587	+56	+10.6%
Styling Services		1,003	874	1,635	+760	+87.0%
Others		3,804	3,107	3,654	+546	+17.6%
All Products & Services	New Customers	3,246	2,208	3,962	+1,753	+79.4%
	Repeat Business	8,490	7,135	7,823	+688	+9.6%
	JULLIA OLGIER	3,433	2,761	3,287	+526	+19.1%
	Total	15,170	12,105	15,073	+2,967	+24.5%

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

# **Financial Forecasts for FY2023**

(¥ Million)

	FY2022 Results	FY2023 Plan	YoY Change
Net Sales	40,437	41,991	+3.8%
Men's Business	22,660	22,896	+1.0%
Ladies' Business	16,227	17,034	+5.0%
Others	1,548	2,061	+33.1%
Cost of Sales	12,698	14,030	+10.5%
Gross Profit	27,739	27,961	+0.8%
SG&A Expenses	24,719	25,855	+4.6%
Ad Spending	6,556	6,873	+4.8%
HR	5,790	6,265	+8.2%
Operating Income	3,020	2,105	(30.3%)
Ordinary Income	3,038	2,155	(29.1%)
Net Income	1,204	1,137	(5.6%)
Depreciation	827	795	(3.8%)
CAPEX	1,359	2,522	+85.5%

## Prerequisites for planning

### 【External environment】

- Not assume a social restriction such as emergency declaration

### 【Production system】

- Will continue normal operation

### 【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.

# FY2023 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

	FY2022	FY2023		
	Full Year (Results)	Full Year (Plan)	YoY Change	
Custom-made Wigs	21,283	21,471	+187	+0.9%
Hair Addition Products	4,413	4,628	+215	+4.9%
Hair Growth Services	1,218	1,342	+124	+10.2%
Styling Services	6,134	6,155	+21	+0.3%
JULLIA OLGER	3,287	3,432	+145	+4.4%
Others	2,580	3,105	+525	+20.4%
Total	38,917	40,137	+1,219	+3.1%

# FY2023 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

Net Sales	FY2022 Results	FY2023 Plan	¥ Million			Key measures in the fiscal year ending March 31, 2023
				YoY Change		
Custom-made Wigs	13,315	13,408	+93	+0.7%	General	Aim for expansion in "true fans of ARTNATURE" by conducting sales activities based on "customer satisfaction"
Hair Addition Products	3,184	2,977	(206)	(6.5%)	New	<ul style="list-style-type: none"> <li>• Implement promotion strategies with greater emphasis on product strength</li> <li>• Step up appeals to young customers through the continuous utilization of youtube</li> <li>• Expansion and development of counsellors</li> <li>• Enhancement of skills in response to changing marketing environment and needs</li> <li>• Implement head office backup measures (regular DM, etc.)</li> </ul>
Hair Growth Services	631	853	+222	+35.2%		
Styling Services	4,499	4,648	+149	+3.3%		
Others	1,029	1,007	(22)	(2.2%)	Repeat	<ul style="list-style-type: none"> <li>• Continued implementation of various measures based on improvement of customer satisfaction</li> <li>• Enhanced training of human resources who are trusted and by and popular with customers</li> <li>• Introduce service plans aimed at retaining young customers</li> <li>• Strengthen planning for retaining existing customers</li> <li>• Continued provision of online training</li> </ul>
<b>Total</b>	<b>22,660</b>	<b>22,896</b>	<b>+235</b>	<b>+1.0%</b>		

# FY2023 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

Net Sales	FY2022 Results	FY2023 Plan	(¥ Million)			Key measures in the fiscal year ending March 31, 2023
			YoY Change			
Custom-made Wigs	7,968	8,062	+94	+1.2%	General	Conduct sales activities based on "customer satisfaction" and aim for further expansion of store network in existing product operations
Hair Addition Products	1,228	1,651	+422	+34.4%	New	<ul style="list-style-type: none"> <li>Strengthen brand strategy for media</li> <li>Step up development for producing leaders and for quickly training up new employees</li> <li>Pursue the retention of new customers through stronger links with salons</li> <li>Develop new routes for holding events</li> </ul>
Hair Growth Services	587	489	(97)	(16.7%)		
Styling Services	1,635	1,506	(128)	(7.8%)	Repeat	<ul style="list-style-type: none"> <li>Strengthen planning for retaining existing customers</li> <li>Introduce aftersales-care measures for customers who find it difficult to come into store</li> <li>Reform store culture based on improvement of customer satisfaction</li> <li>Continued provision of online training</li> </ul>
JULLIA OLGER	3,287	3,432	+145	+4.4%		
Others	366	503	+136	+37.3%	JULLIA OLGER	<ul style="list-style-type: none"> <li>Strengthening of cooperation with Ladies' Artnature</li> <li>Step up exhibition events held at stores at commercial facilities</li> <li>Enhance salon network through implementation of scrap &amp; build strategy and strengthen hybrid salons</li> <li>Step up staff development through enhancement of training structure</li> </ul>
Total	15,073	15,646	+573	+3.8%		



<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, 2021		As of March 31, 2022		Rate of change	Key YoY Changes
		Composition ratio		Composition ratio		
Total Current Assets	26,586	59.2%	28,021	60.2%	+5.4%	Current Assets +1,435 • Cash and deposits +472 • Accounts receivable –trade +151 • Inventory +775
Cash and Deposits	19,073	42.5%	19,546	42.0%	+2.5%	
Total Non-current Assets	18,332	40.8%	18,488	39.8%	+0.8%	Non-current assets +155 • Deferred tax assets +652 • Goodwill (368)
Total Property, Plant and Equipment	8,674	19.3%	8,694	18.7%	+0.2%	
Total Assets	44,919	100.0%	46,510	100.0%	+3.5%	
Total Current Liabilities	12,147	27.0%	14,237	30.6%	+17.2%	Current liabilities +2,089 • Accounts payable +341 • Contract liabilities +1,853 • Accrued income taxes (124)
Advances Received	6,464	14.4%	6,502	14.0%	+0.6%	
Total Non-current Liabilities	7,517	16.7%	7,676	16.5%	+2.1%	Net Assets (658) • Retained earnings (767) • Beginning adjustment (1,072) ※ Accounting Standard for Revenue Recognition  (Net income +1,204) (Cash dividends paid (898))
Total Liabilities	19,664	43.8%	21,914	47.1%	+11.4%	
Total Net Assets	25,255	56.2%	24,596	52.9%	(2.6%)	
Retained Earnings	19,075	42.5%	18,307	39.4%	(4.0%)	
Total Liabilities and Net Assets	44,919	100.0%	46,510	100.0%	+3.5%	

# Consolidated Statements of Cash Flows

(¥ Million)

	As of March 31,2021	As of March 31,2022	Cause of Occurrence
Net cash provided by (used in) operating activities	4,232	2,505	Cash flows from operating activities • Income before income tax +2,322 • Depreciation +911 • Impairment loss +545 • Income taxes paid (1,433)
Net cash provided by (used in) investing activities	(885)	(1,183)	
Free cash flow	3,347	1,321	Cash flows from investing activities • Purchase of property, plant and equipment (787) • Long-term loan advances (150)
Net cash provided by (used in) financing activities	(1,112)	(924)	Cash flows from financing activities • Cash dividends paid (898)
Cash and cash equivalents at the beginning of period	16,736	18,984	
Cash and cash equivalents at the end of period	18,984	19,452	
Net increase (decrease) in cash and cash equivalents	2,247	468	