



Financial Results

ARTNATURE INC.

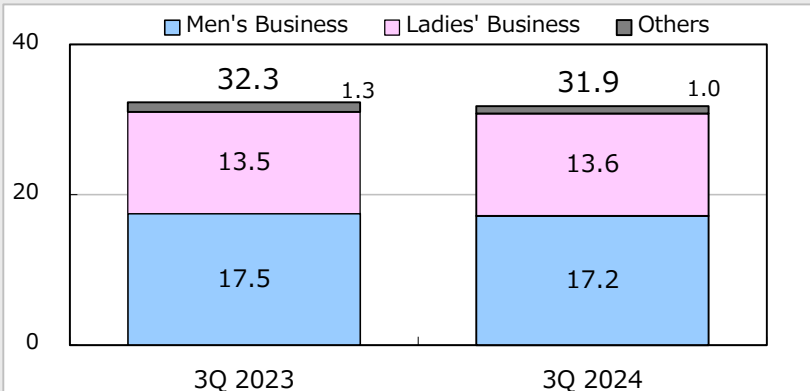
3rd Quarter Of Fiscal 2024 : Performance Highlights (Consolidated results)



Net Sales

Variable factors Year on year

¥ Billion



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

Net Sales ¥ 31.9billion 【Down 1.3%】

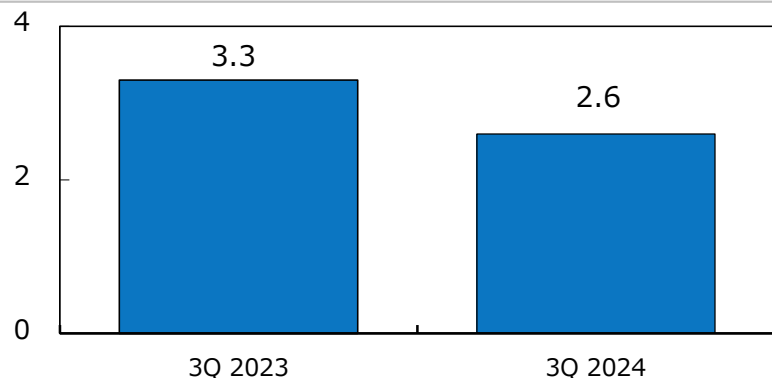
- Men's Business ¥17.2billion (Down 1.7%)
- Ladies' Business ¥13.6billion (Up 0.8%)

※ Repeat sales were almost in line with the plan, but new sales of both Men's Business and Ladies' Business struggled, resulting in a decline in sales.

Operating Income

Variable factors Year on year

¥ Billion



Operating Income ¥ 2.6billion

- Gross Profit Ratio 68.1% → 67.2% (Down 0.9Pt)
- SG&A Expenses Ratio 57.8% → 58.9% (Up 1.1Pt)

※ Profit decreased due to lower sales and higher cost of sales and SG&A expenses.

3rd Quarter Of Fiscal 2024 : Financial Highlights



Third quarter sales and profits were down year-on-year.

(¥ million)

| | 1-3Q FY2023(Results) | | 1-3Q FY2024(Results) | | YoY Change | Major Factors on YoY Change |
|------------------|--------------------------------------|-------------------|--------------------------------------|-------------------|------------|---|
| | April 1st,2022 to December 31st,2022 | Composition ratio | April 1st,2023 to December 31st,2023 | Composition ratio | | |
| Net Sales | 32,337 | - | 31,913 | - | (1.3%) | Net Sales Men's Business Down 1.7% Ladies' Business Up 0.8% |
| Men's Business | 17,519 | 54.2% | 17,222 | 54.0% | (1.7%) | |
| Ladies' Business | 13,506 | 41.8% | 13,619 | 42.7% | +0.8% | |
| Others | 1,311 | 4.1% | 1,071 | 3.4% | (18.3%) | |
| Cost of Sales | 10,307 | 31.9% | 10,458 | 32.8% | +1.5% | Cost of Sales Ratio 31.9% → 32.8% |
| Gross Profit | 22,029 | 68.1% | 21,454 | 67.2% | (2.6%) | Product Cost Up 0.1Pt HR Up 0.8Pt |
| SG&A Expenses | 18,690 | 57.8% | 18,802 | 58.9% | +0.6% | SG&A Expenses Ratio 57.8% → 58.9% |
| Ad Spending | 4,631 | 14.3% | 4,361 | 13.7% | (5.8%) | |
| HR | 4,543 | 14.1% | 4,814 | 15.1% | +6.0% | |
| Operating Income | 3,338 | 10.3% | 2,652 | 8.3% | (20.6%) | |
| Ordinary Income | 3,275 | 10.1% | 2,713 | 8.5% | (17.2%) | |
| Net Income | 2,017 | 6.2% | 2,002 | 6.3% | (0.7%) | |

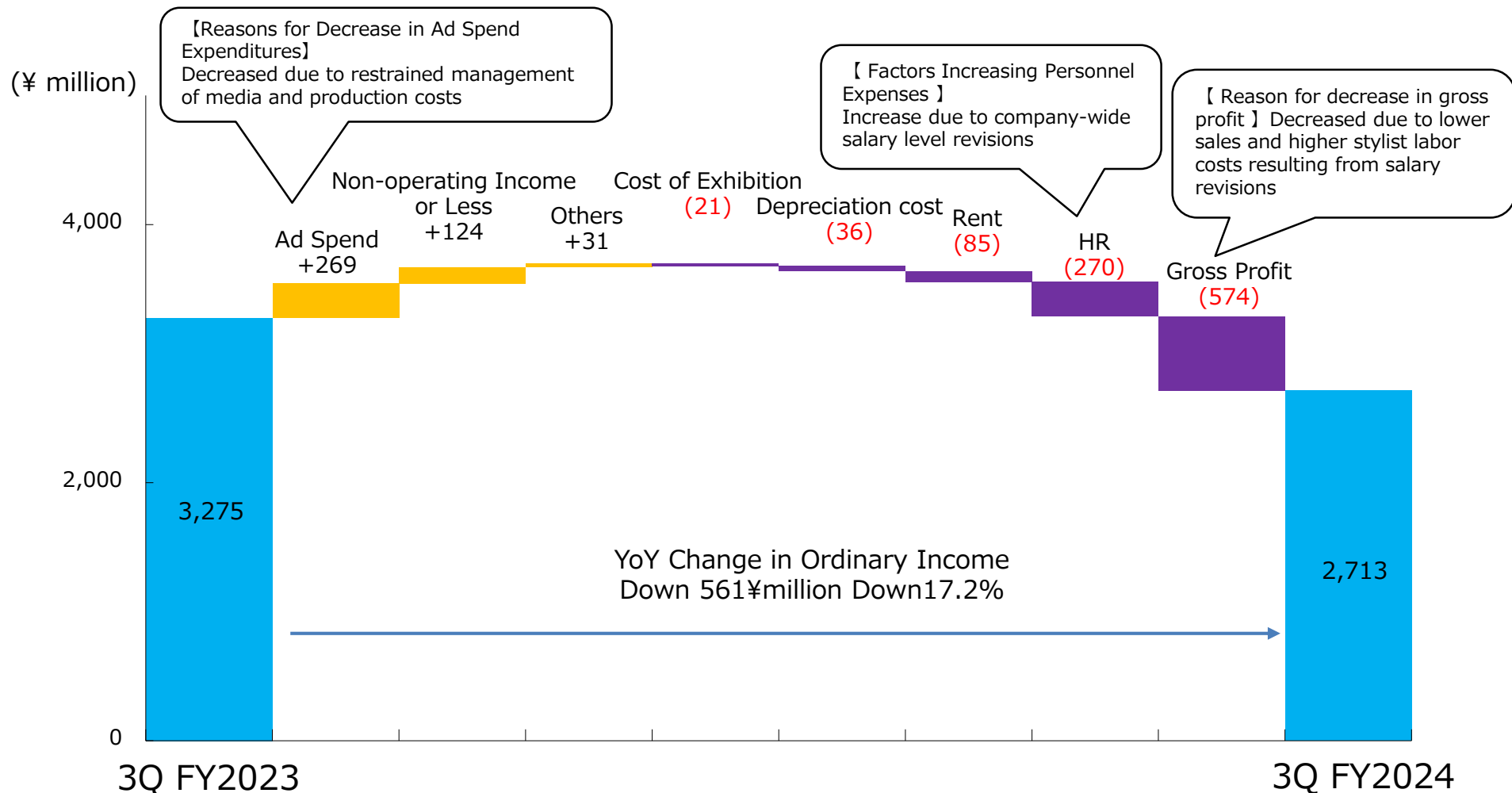
3rd Quarter Of Fiscal 2024 : Financial Highlights (October 1st , 2023 to December 31st , 2023)



The third quarter accounting period (3 months) also saw a year-on-year decline in revenue and profit (excluding quarterly net income). (¥ million)

| | 3Q FY2023(Results) | | 3Q FY2024(Results) | | YoY Change | Major Factors on YoY Change |
|------------------|--|-------------------|--|-------------------|------------|---|
| | October 1st,2022 to December 31st,2022 | Composition ratio | October 1st,2023 to December 31st,2023 | Composition ratio | | |
| Net Sales | 11,048 | - | 10,642 | - | (3.7%) | Net Sales Men's Business Down 3.9% Ladies' Business Down 2.4% |
| Men's Business | 5,962 | 54.0% | 5,727 | 53.8% | (3.9%) | |
| Ladies' Business | 4,673 | 42.3% | 4,560 | 42.8% | (2.4%) | |
| Others | 412 | 3.7% | 355 | 3.3% | (14.0%) | |
| Cost of Sales | 3,515 | 31.8% | 3,472 | 32.6% | (1.2%) | Cost of Sales Ratio 31.8% → 32.6% |
| Gross Profit | 7,533 | 68.2% | 7,170 | 67.4% | (4.8%) | Product Cost Down 0.3Pt HR Up 1.1Pt |
| SG&A Expenses | 6,567 | 59.4% | 6,432 | 60.4% | (2.1%) | SG&A Expenses Ratio 59.4% → 60.4% |
| Ad Spending | 1,681 | 15.2% | 1,447 | 13.6% | (13.9%) | |
| HR | 1,490 | 13.5% | 1,607 | 15.1% | +7.9% | |
| Operating Income | 965 | 8.7% | 737 | 6.9% | (23.6%) | Others (¥ Million) Extraordinary loss +54 Income Taxes (445) |
| Ordinary Income | 900 | 8.2% | 750 | 7.1% | (16.7%) | |
| Net Income | 553 | 5.0% | 793 | 7.5% | +43.4% | |

Decrease due to lower sales and higher cost of sales and labor costs



3rd Quarter Of Fiscal 2024 : Breakdown of Sales by Segment

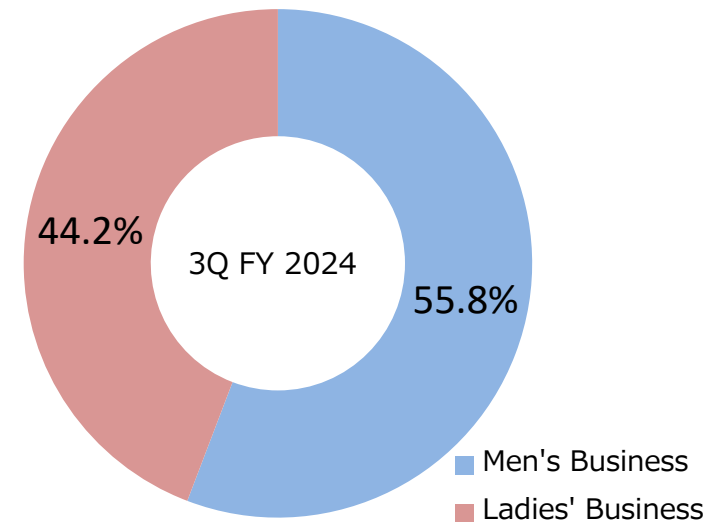
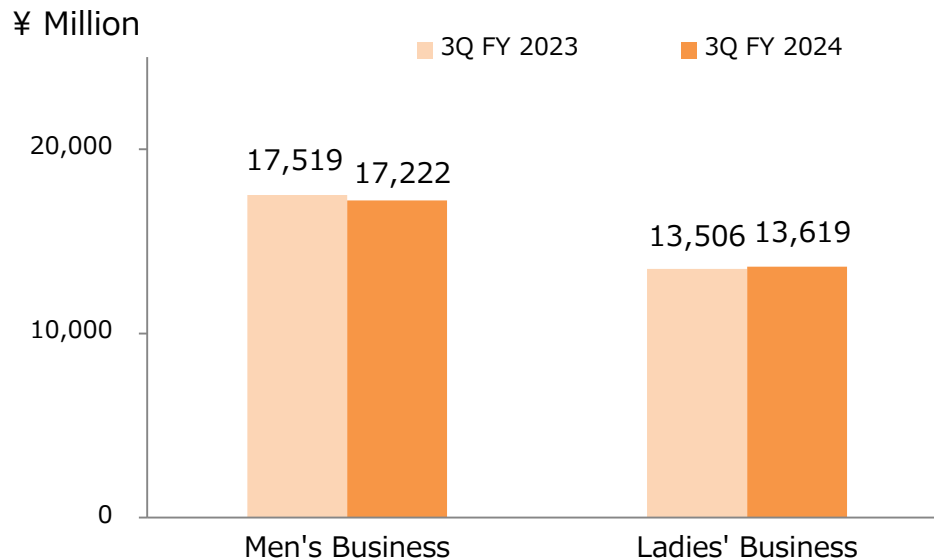


New sales for both men and ladies struggled. Sales to ladies increased slightly due to strong sales of ready-made wigs products.

(¥ million)

| | 1-3Q FY2023(Results) | 1-3Q FY2024(Results) | YoY Change |
|------------------|----------------------|----------------------|------------|
| Net Sales | 32,337 | 31,913 | (1.3%) |
| Men's Business | 17,519 | 17,222 | (1.7%) |
| Ladies' Business | 13,506 | 13,619 | +0.8% |
| Others | 1,311 | 1,071 | (18.3%) |

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



3rd Quarter Of Fiscal 2024 : Breakdown of Net Sales by

Products & Services(Non-consolidated Basis)



(¥ million)

| | | 1-3Q FY2023 (Results) | 1-3Q FY2024 (Results) | YoY Change | |
|------------------------|-----------------|--------------------------|--------------------------|------------|---------|
| Custom-made Wigs | New Customers | 3,752 | 3,304 | (447) | (11.9%) |
| | Repeat Business | 13,465 | 13,253 | (211) | (1.6%) |
| | Total | 17,217 | 16,558 | (659) | (3.8%) |
| Hair Addition Products | New Customers | 843 | 594 | (249) | (29.5%) |
| | Repeat Business | 2,414 | 2,362 | (51) | (2.2%) |
| | Total | 3,258 | 2,956 | (301) | (9.2%) |
| Hair Growth Services | New Customers | 47 | 35 | (12) | (25.7%) |
| | Repeat Business | 821 | 784 | (36) | (4.4%) |
| | Total | 868 | 820 | (48) | (5.6%) |
| Styling Services | | 4,896 | 5,332 | +435 | +8.9% |
| JULLIA OLGGER | | 2,785 | 3,174 | +388 | +14.0% |
| Others | | 2,191 | 1,834 | (356) | (16.3%) |
| All Products & Sevices | New Customers | 4,643 | 3,933 | (709) | (15.3%) |
| | Repeat Business | 22,751 | 22,895 | +143 | +0.6% |
| | JULLIA OLGGER | 2,785 | 3,174 | +388 | +14.0% |
| | Others | 1,037 | 672 | (364) | (35.2%) |
| | Total | 31,217 | 30,676 | (541) | (1.7%) |

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

3rd Quarter Of Fiscal 2024 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



(¥ million)

| | | 1-3Q FY2023 (Results) | 1-3Q FY2024 (Results) | YoY Change | |
|------------------------|-----------------|--------------------------|--------------------------|------------|---------|
| Custom-made Wigs | New Customers | 561 | 556 | (4) | (0.8%) |
| | Repeat Business | 9,849 | 9,678 | (171) | (1.7%) |
| | Total | 10,410 | 10,235 | (175) | (1.7%) |
| Hair Addition Products | New Customers | 763 | 533 | (230) | (30.1%) |
| | Repeat Business | 1,553 | 1,571 | +18 | +1.2% |
| | Total | 2,316 | 2,105 | (211) | (9.1%) |
| Hair Growth Services | New Customers | 42 | 30 | (12) | (28.6%) |
| | Repeat Business | 421 | 393 | (27) | (6.6%) |
| | Total | 463 | 423 | (39) | (8.6%) |
| Styling Services | | 3,499 | 3,643 | +144 | +4.1% |
| Others | | 828 | 814 | (14) | (1.7%) |
| All Products & Sevices | New Customers | 1,366 | 1,119 | (246) | (18.0%) |
| | Repeat Business | 16,152 | 16,102 | (50) | (0.3%) |
| | Total | 17,519 | 17,222 | (297) | (1.7%) |

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

3rd Quarter Of Fiscal 2024 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



(¥ million)

| | | 1-3Q FY2023 (Results) | 1-3Q FY2024 (Results) | YoY Change | |
|------------------------|-----------------|--------------------------|--------------------------|------------|---------|
| Custom-made Wigs | New Customers | 3,190 | 2,747 | (443) | (13.9%) |
| | Repeat Business | 3,615 | 3,575 | (40) | (1.1%) |
| | Total | 6,806 | 6,322 | (483) | (7.1%) |
| Hair addition Products | New Customers | 80 | 61 | (19) | (23.8%) |
| | Repeat Business | 860 | 790 | (70) | (8.2%) |
| | Total | 941 | 851 | (89) | (9.5%) |
| Hair Growth Services | New Customers | 5 | 5 | (0) | (2.3%) |
| | Repeat Business | 399 | 391 | (8) | (2.1%) |
| | Total | 404 | 396 | (8) | (2.1%) |
| Styling Services | | 1,397 | 1,688 | +291 | +20.8% |
| Others | | 3,110 | 3,521 | +410 | +13.2% |
| All Products & Sevices | New customers | 3,276 | 2,814 | (462) | (14.1%) |
| | Repeat Business | 6,598 | 6,792 | +194 | +2.9% |
| | JULLIA OLGER | 2,785 | 3,174 | +388 | +14.0% |
| | Total | 12,660 | 12,781 | +120 | +1.0% |

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

Consolidated Balance Sheets



(¥ million)

| | As of March 31, 2023 | | As of December 31, 2023 | | Rate of change | Major Factors on YoY Change |
|-------------------------------------|----------------------|-------------------|-------------------------|-------------------|----------------|---|
| | | Composition ratio | | Composition ratio | | |
| Total Current Assets | 29,310 | 61.1% | 28,529 | 59.6% | (2.7%) | Current assets (781) • Cash and deposits (1,226) • Accounts receivable –trade +62 • Inventory +401 |
| Cash and Deposits | 20,180 | 42.1% | 18,954 | 39.6% | (6.1%) | |
| Total Non-current Assets | 18,645 | 38.9% | 19,350 | 40.4% | +3.8% | |
| Total Property, Plant and Equipment | 8,795 | 18.3% | 9,047 | 18.9% | +2.9% | |
| Total Assets | 47,956 | 100.0% | 47,880 | 100.0% | (0.2%) | Current Liabilities (1,682) • Advances received +146 • Accounts payable-other (618) • Income taxes payable (971) |
| Total Current Liabilities | 14,548 | 30.3% | 12,867 | 26.9% | (11.6%) | |
| Advances Received | 6,184 | 12.9% | 6,330 | 13.2% | +2.4% | |
| Total Non-current Liabilities | 7,480 | 15.6% | 7,763 | 16.2% | +3.8% | |
| Total Liabilities | 22,028 | 45.9% | 20,630 | 43.1% | (6.3%) | Retained earnings +1,092 • Cash dividends paid (909) • Net income +2,002 |
| Total Net Assets | 25,927 | 54.1% | 27,249 | 56.9% | +5.1% | |
| Retained Earnings | 19,278 | 40.2% | 20,371 | 42.5% | +5.7% | |
| Total Liabilities and Net Assets | 47,956 | 100.0% | 47,880 | 100.0% | (0.2%) | |

FY2024 Amendments to the full-year consolidated earnings plan



Revised earnings forecast based on financial results through the third quarter and future trends.

(¥ million)

| | ①Previous Full Year Plan | ②Revised Full Year Plan | Increase (②-①) | Percentage change (%) | FY2023 (Results) |
|-------------------------------|--------------------------|-------------------------|----------------|-----------------------|------------------|
| Net Sales | 44,763 | 42,697 | (2,065) | (4.6%) | 43,209 |
| Operating Income | 3,743 | 2,198 | (1,545) | (41.3%) | 3,573 |
| Ordinary Income | 3,821 | 2,299 | (1,522) | (39.8%) | 3,534 |
| Net Income | 2,140 | 1,158 | (982) | (45.9%) | 1,874 |
| Annual dividend per share (¥) | 33 | 28 | (5) | — | — |

【Reason for correction】

- Net Sales : Projected to fall short of plan due to struggling new sales
(Due to the impact of the transition of COVID-19 to Class 5 and the failure to respond to inquiries on the web.)
- Operating Income : Projected to fall short of plan due to lower sales
(Cost of sales and SG&A expenses are expected to be almost in line with the original plan.)
- Dividend : In accordance with the revision of the earnings forecast, the policy has been revised to the amount of the policy in accordance with the dividend policy.

Progress against revised plan is generally on track.

(¥ million)

| | FY2023 (Results) | 1-3Q FY2024 (Results) | FY2024 (Revised Plan) | Progress Rate |
|------------------|---------------------|--------------------------|--------------------------|---------------|
| Net Sales | 43,209 | 31,913 | 42,697 | 74.7% |
| Men's Business | 23,237 | 17,222 | 22,660 | 76.0% |
| Ladies' Business | 18,195 | 13,619 | 18,549 | 73.4% |
| Others | 1,775 | 1,071 | 1,487 | 72.0% |
| Cost of Sales | 14,053 | 10,458 | 14,233 | 73.5% |
| Gross Profit | 29,156 | 21,454 | 28,464 | 75.4% |
| SG&A Expenses | 25,582 | 18,802 | 26,265 | 71.6% |
| Ad Spending | 6,336 | 4,361 | - | - |
| HR | 6,113 | 4,814 | - | - |
| Operating Income | 3,573 | 2,652 | 2,198 | 120.6% |
| Ordinary Income | 3,534 | 2,713 | 2,299 | 118.0% |
| Net Income | 1,874 | 2,002 | 1,158 | 172.9% |



<https://corp.artnature.co.jp/en/ir.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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