



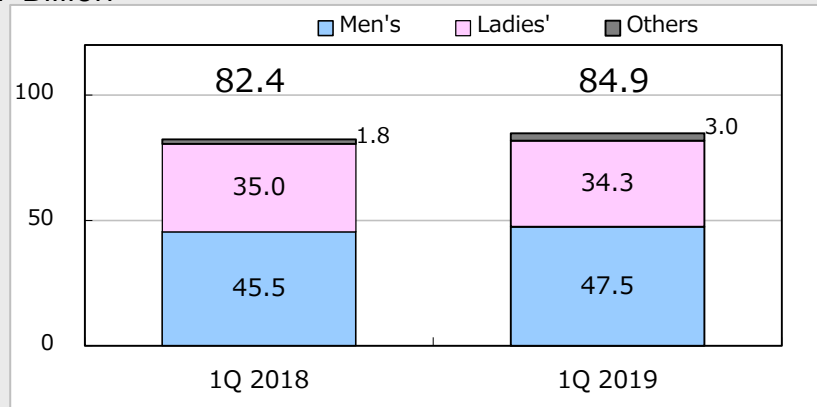
Financial Results

July 30th, 2018
ARTNATURE INC.

Net Sales

Notes

¥ Billion



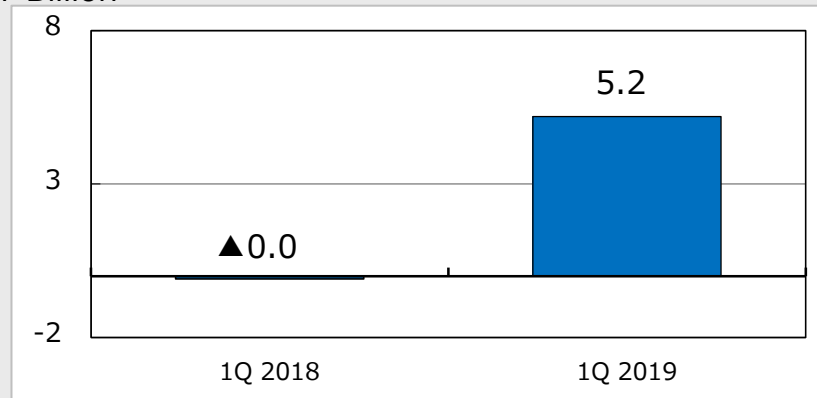
Net Sales ¥84.9Billion (Up 3.1%)

- Men's Business ¥47.5 Billion (Up 4.4%)
- Ladies' Business ¥34.3 Billion (Down 1.8%)

Operating Income

Notes

¥ Billion



Operating Income ¥5.2Billion

- Gross Profit 66.8%→65.9% (Down 0.9 Pt)
 ※ Cost of Sales ratio increased by shifting certain SG&A Expenses to the cost of sales(Up 0.9 Pt)
 - SG&A Expenses 67.0%→59.8% (Down 7.2 Pt)
- * Operating Income increased by increasing Net Sales and using cost efficiency

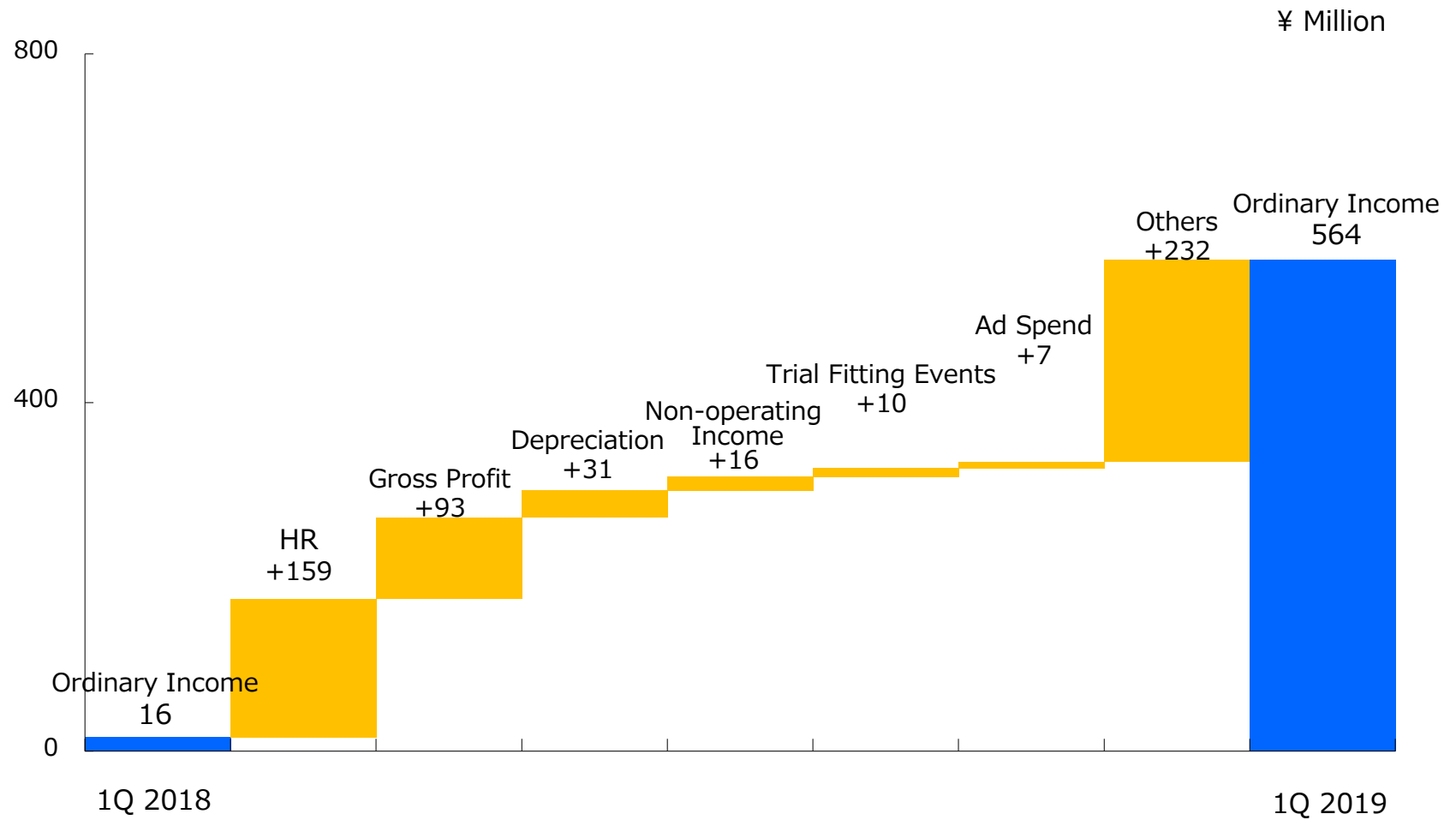
1st Quarter Of Fiscal 2019: Financial Highlights



¥ Million

	1Q FY 2018		1Q FY 2019		YoY Change	Notes
	April-June 2017	Sales ratio	April-June 2018	Sales ratio		
Net Sales	8,243	-	8,496	-	+3.1%	<ul style="list-style-type: none"> • Net Sales Men's Business Up 4.4% Ladies' Business Down 1.8% • Cost of sales ratio 33.2%→34.1% Product Cost : ±0.0Pt HR : Up 1.0Pt • SG&A Expenses Ratio 67.0%→59.8% Ad Spending : Down 0.6Pt HR : Down 2.4Pt Others : Down 4.2Pt
Cost of Sales	2,734	33.2%	2,894	34.1%	+5.9%	
Gross Profit	5,509	66.8%	5,602	65.9%	+1.7%	
SG&A Expenses	5,518	67.0%	5,080	59.8%	(7.9%)	
Ad Spending	1,277	15.5%	1,269	14.9%	(0.6%)	
HR	1,391	16.9%	1,231	14.5%	(11.5%)	
Operating Income	(9)	-	521	6.1%	-	
Ordinary Income	16	0.2%	564	6.6%	-	
Net Income	(74)	-	367	4.3%	-	

1st Quarter Of Fiscal 2019: Analysis of SG&A Expenses

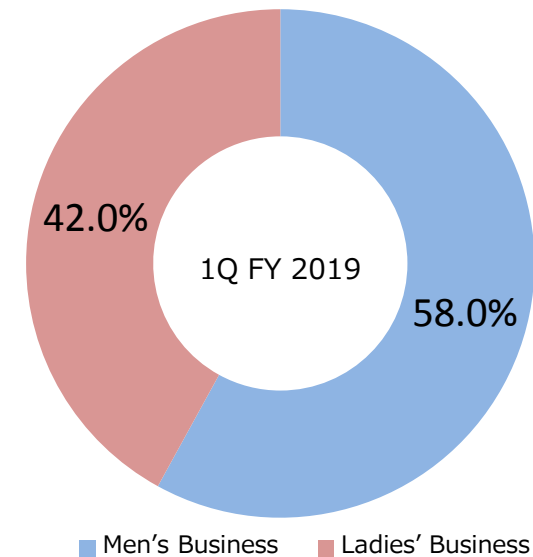
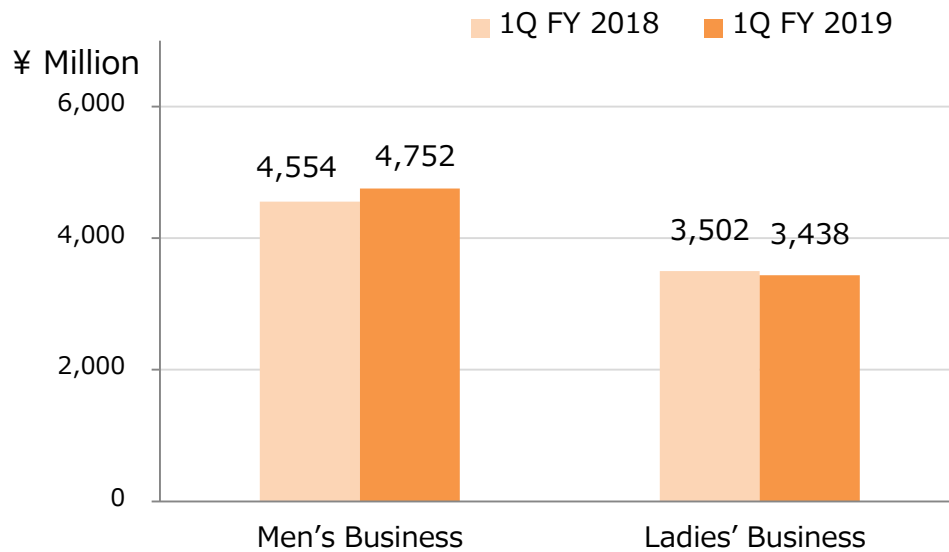


1st Quarter Of Fiscal 2019 : Breakdown of Sales by Segment



¥ Million

	1Q FY 2018	1Q FY 2019	YoY Change
Net Sales	8,243	8,496	+3.1%
Men's Business	4,554	4,752	+4.4%
Ladies' Business	3,502	3,438	(1.8%)
Others	186	305	+64.2%



1st Quarter Of Fiscal 2019 : Breakdown of Net Sales by Products & Services(Non-consolidated Basis)



¥ Million

		1Q FY 2018	1Q FY 2019	YoY Change	
Custom-made Wigs	New customers	963	905	(58)	(6.1%)
	Repeat Business	3,601	3,840	+238	+6.6%
	Total	4,565	4,745	+180	+3.9%
Hair Addition Products	New customers	349	281	(68)	(19.6%)
	Repeat Business	559	552	(6)	(1.1%)
	Total	908	834	(74)	(8.2%)
Hair Growth Services	New customers	34	26	(7)	(22.2%)
	Repeat Business	232	235	+2	+1.2%
	Total	266	261	(4)	(1.8%)
Styling Services		1,323	1,370	+47	+3.6%
JULLIA OLGER(Lady's Ready-made wig)		655	617	(38)	(5.9%)
Others		479	628	+148	+31.0%
All Products & Sevices	New Customers	1,347	1,213	(134)	(10.0%)
	Repeat Business ※	6,053	6,361	+307	+5.1%
	JULLIA OLGER	655	617	(38)	(5.9%)
	Others	142	266	+123	+86.5%
	Total	8,200	8,457	+257	+3.1%

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

1st Quarter Of Fiscal 2019 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



¥ Million

		1Q FY 2018	1Q FY 2019	YoY Change	
Custom-made Wigs	New customers	180	171	(9)	(5.3%)
	Repeat Business	2,350	2,470	+119	+5.1%
	Total	2,531	2,641	+110	+4.3%
Hair Addition Products	New customers	210	223	+12	+6.0%
	Repeat Business	330	350	+20	+6.1%
	Total	541	573	+32	+6.1%
Hair Growth Services	New customers	30	24	(6)	(20.9%)
	Repeat Business	152	152	+0	+0.1%
	Total	182	176	(6)	(3.4%)
Styling Services		1,058	1,100	+42	+4.0%
Others		240	259	+19	+7.9%
All Products & Sevices	New Customers	422	418	(3)	(0.8%)
	Repeat Business※	4,132	4,333	+201	+4.9%
	Total	4,554	4,752	+198	+4.4%

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

1st Quarter Of Fiscal 2019 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



¥ Million

		1Q FY 2018	1Q FY 2019	YoY Change	
Custom-made Wigs	New customers	783	734	(49)	(6.3%)
	Repeat Business	1,250	1,370	+119	+9.5%
	Total	2,034	2,104	+70	+3.5%
Hair Addition Products	New customers	138	57	(81)	(58.5%)
	Repeat Business	228	202	(26)	(11.5%)
	Total	367	260	(107)	(29.2%)
Hair Growth Services	New customers	3	2	(1)	(33.3%)
	Repeat Business	80	82	+2	+3.1%
	Total	83	85	+1	+1.5%
Styling Services		265	270	+4	+1.8%
JULLIA OLGER(Lady's Ready-made wig)		655	617	(38)	(5.9%)
Others		95	101	+5	+6.0%
All Products & Sevices	New Customers	925	794	(131)	(14.2%)
	Repeat Business※	1,921	2,027	+106	+5.5%
	JULLIA OLGER	655	617	(38)	(5.9%)
	Total	3,502	3,438	(64)	(1.8%)

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

FY 2019 : Financial Forecast



¥ Million

	1Q FY 2018	1Q FY 2019	FY2019 Year-end (Plan)	YoY Progress rate
Net Sales	8,243	8,496	38,000	22.4%
Men	4,554	4,752	21,907	21.7%
Ladies	3,502	3,438	14,924	23.0%
Others	186	305	1,169	26.1%
Cost of Sales	2,734	2,894	12,024	24.1%
Gross Profit	5,509	5,602	25,976	21.6%
SG & A Expenses	5,518	5,080	23,179	21.9%
Ad Spending	1,277	1,269	6,339	20.0%
HR	1,391	1,231	5,179	23.8%
Operating Income	(9)	521	2,796	18.7%
Ordinary Income	16	564	2,813	20.1%
Net Income	(74)	367	1,517	24.2%

Consolidated Balance Sheets



¥ Million

	As of March 31, 2018		As of June 30, 2018		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	23,426	57.3%	22,774	56.3%	(2.8%)	Current Assets : (651) • Cash and Deposits : (463) • Accounts receivable - trade (189) • Inventory (70) Current Liabilities (67) • Advances received +141 • Accrued income tax +200 • Accounts payable (1,099) Retained earnings (91) • Cash dividends paid (458) • Net income +367
Cash and Deposits	16,530	40.4%	16,067	39.7%	(2.8%)	
Total non-current Assets	17,462	42.7%	17,662	43.7%	+1.2%	
Total Property, Plant and Equipment	9,167	22.4%	9,275	22.9%	+1.2%	
Total Assets	40,888	100.0%	40,437	100.0%	(1.1%)	
Total Current Liabilities	9,788	23.9%	9,721	24.0%	(0.7%)	
Advances received	4,576	11.2%	4,717	11.7%	+3.1%	
Total Non-current Liabilities	7,077	17.3%	7,045	17.4%	(0.4%)	
Total Liabilities	16,866	41.2%	16,767	41.5%	(0.6%)	
Total Net Assets	24,021	58.8%	23,669	58.5%	(1.5%)	
Retained earnings	17,560	42.9%	17,469	43.2%	(0.5%)	
Total Liabilities and Net Assets	40,888	100.0%	40,437	100.0%	(1.1%)	



<http://www.artnature.co.jp>

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.

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