



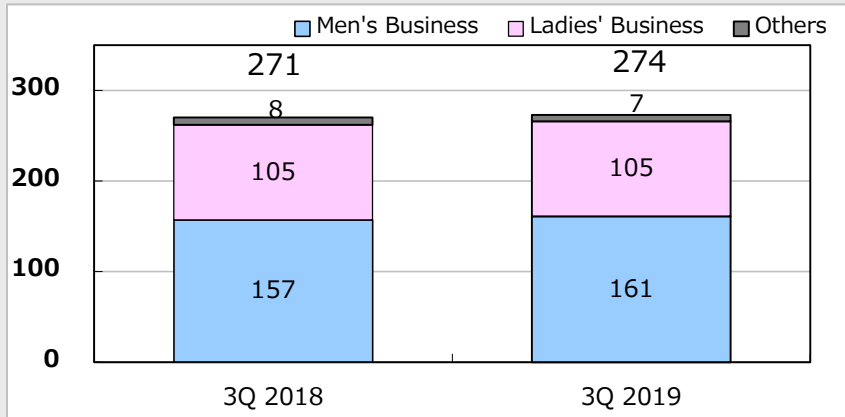
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# Financial Results

January 30<sup>th</sup>, 2019  
**ARTNATURE INC.**

## Net Sales

(¥ Billion)



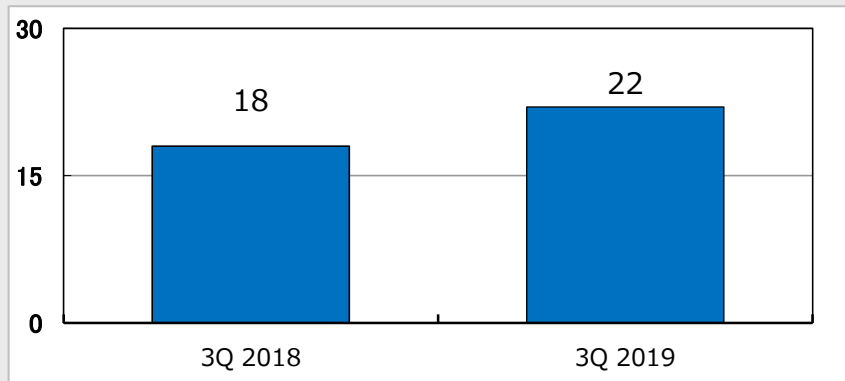
## Major Factors on YoY Change

Net Sales ¥ 274billion 【UP 1.2%】

- Men's Business ¥ 161billion (UP 2.4%)
- Ladies' Business ¥ 105billion (Down 0.2%)

## Operating Income

(¥ Billion)



## Major Factors on YoY Change

Operating Income ¥ 22billion 【UP 22.0%】

Gross Profit Ratio : 68.1% → 68.5% (UP 0.4Pt)

SG&A Expenses Ratio : 61.3% → 60.2% (Down 1.1Pt)

\* Operating Income increased by increasing Net Sales and using cost efficiency

# 3rd Quarter Of Fiscal 2019:Financial Highlights



(¥ million)

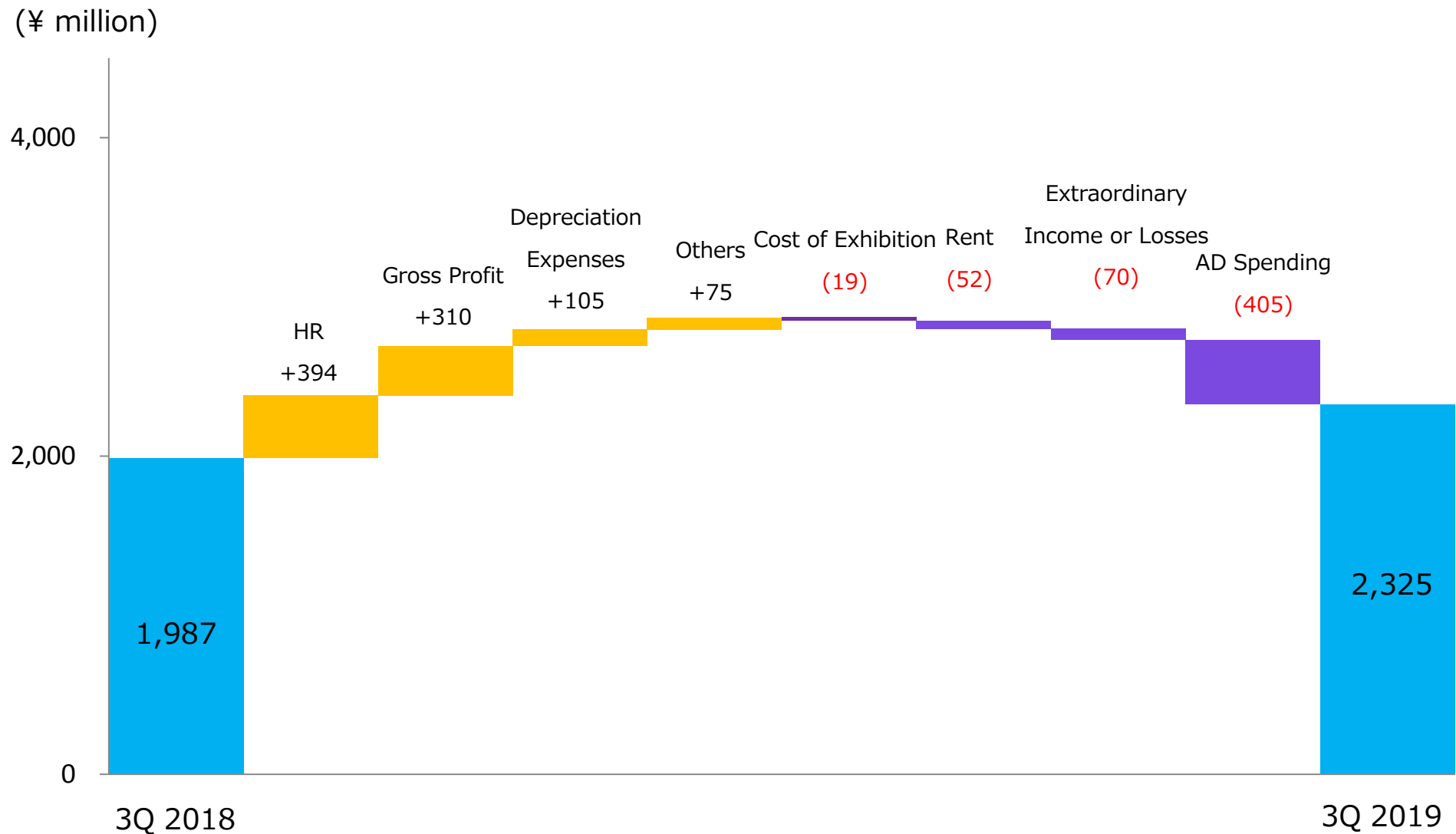
	1-3Q FY2018(Results)		1-3Q FY2019(Results)		YoY Change	Major Factors on YoY Change
	April 1 <sup>st</sup> ,2017 to December 31 <sup>st</sup> ,2017	Composition ratio	April 1 <sup>st</sup> ,2018 to December 31 <sup>st</sup> ,2018	Composition ratio		
Net Sales	27,153	-	27,469	-	+1.2%	Net Sales UP1.2% Men's Business : UP 2.4% Ladies' Business : Down 0.2%  Cost of Sales Ratio 31.9%→31.5% Product Cost : Down 1.3Pt HR : UP 0.9Pt  SG&A Expenses Ratio 61.3%→60.2% Ad Spending : UP 1.3Pt HR : Down 1.6Pt Others :Down 0.7Pt
Cost of Sales	8,654	31.9%	8,659	31.5%	+0.1%	
Gross Profit	18,498	68.1%	18,809	68.5%	+0.7%	
SG&A Expenses	16,641	61.3%	16,543	60.2%	(0.6%)	
Ad Spending	4,268	15.7%	4,673	17.0%	+9.5%	
HR	4,089	15.1%	3,694	13.5%	(9.6%)	
Operating Income	1,857	6.8%	2,266	8.3%	+22.0%	
Ordinary Income	1,987	7.3%	2,325	8.5%	+17.0%	
Net Income	848	3.1%	1,421	5.2%	+67.6%	

# 3rd Quarter Of Fiscal 2019:Financial Highlights (October 1st , 2018 to December 31st , 2018)



(¥ million)

	3Q FY2018(Results)		3Q FY2019(Results)		YoY Change	Major Factors on YoY Change
	October 1 <sup>st</sup> ,2017 to December 31 <sup>st</sup> ,2017	Composition ratio	October 1 <sup>st</sup> ,2018 to December 31 <sup>st</sup> ,2018	Composition ratio		
Net Sales	9,330	-	9,541	-	+2.3%	Net Sales UP 2.3% Men's Business : UP 1.4% Ladies' Business : UP 4.9%  Cost of Sales Ratio 31.7%→30.2% Product Cost : Down 1.6Pt HR : UP 0.1Pt  SG&A Expenses Ratio 59.6%→60.9% Ad Spending : UP 2.7Pt HR : Down 1.4Pt Others :±0.0Pt
Cost of Sales	2,957	31.7%	2,882	30.2%	(2.5%)	
Gross Profit	6,372	68.3%	6,659	69.8%	+4.5%	
SG&A Expenses	5,561	59.6%	5,810	60.9%	+4.5%	
Ad Spending	1,387	14.9%	1,680	17.6%	+21.1%	
HR	1,311	14.1%	1,203	12.6%	(8.2%)	
Operating Income	811	8.7%	848	8.9%	+4.5%	
Ordinary Income	866	9.3%	836	8.8%	(3.5%)	
Net Income	461	4.9%	500	5.2%	+8.6%	

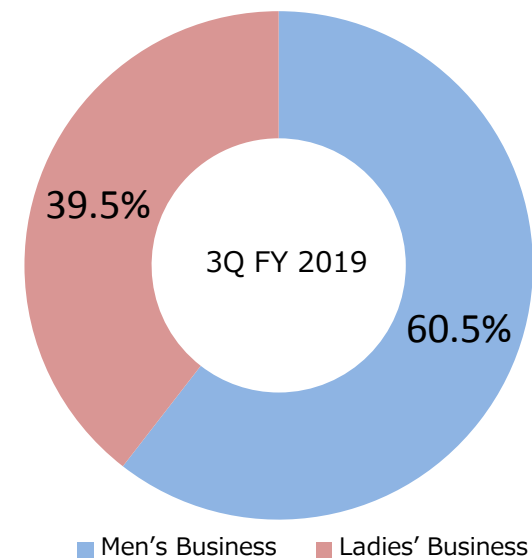
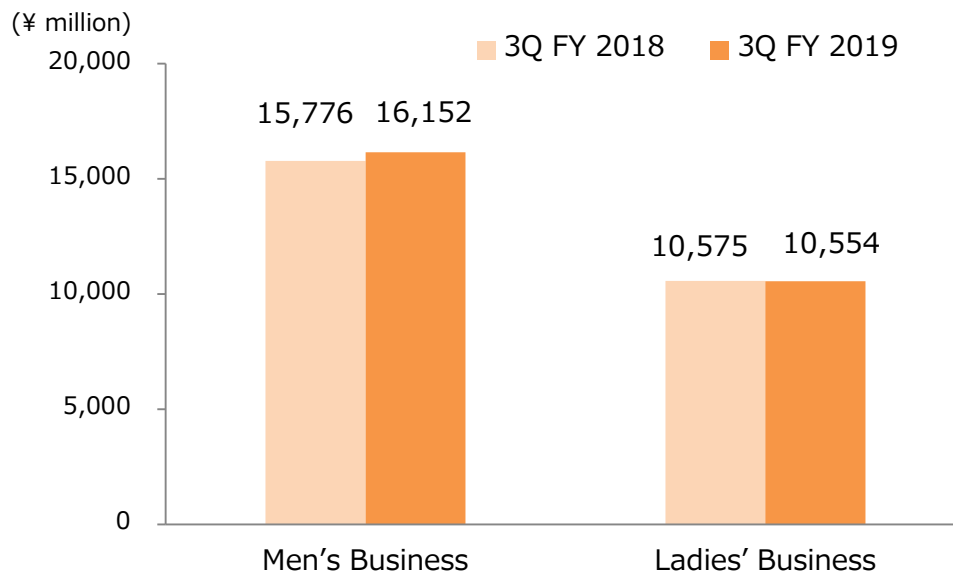


# 3rd Quarter Of Fiscal 2019 : Breakdown of Sales by Segment



(¥ million)

	1-3Q FY2018(Results)	1-3Q FY2019(Results)	YoY Change
Net Sales	27,153	27,469	+1.2%
Men's Business	15,776	16,152	+2.4%
Ladies' Business	10,575	10,554	(0.2%)
Others	800	761	(4.8%)



### 3rd Quarter Of Fiscal 2019 : Breakdown of Net Sales by Products & Services(Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2018 (Results)	1-3Q FY2019 (Results)	YoY Change		FY2019 (Original Plan)	YoY Progress rate
Custom-made Wigs	New Customers	2,268	2,237	(30)	(1.3%)	-	-
	Repeat Business	12,755	12,942	+186	+1.5%	-	-
	Total	15,023	15,180	+156	+1.0%	20,861	72.8%
Hair Addition Products	New Customers	1,359	1,294	(65)	(4.8%)	-	-
	Repeat Business	1,906	1,977	+70	+3.7%	-	-
	Total	3,266	3,271	+5	+0.2%	4,603	71.1%
Hair Growth Services	New Customers	99	87	(12)	(12.1%)	-	-
	Repeat Business	702	715	+12	+1.8%	-	-
	Total	802	803	+0	+0.0%	1,230	65.3%
Styling Services		4,026	4,144	+117	+2.9%	5,459	75.9%
JULLIA OLGER		2,179	2,232	+52	+2.4%	3,308	67.5%
Others		1,712	1,699	(13)	(0.8%)	-	-
All Products & Sevices	New Customers	3,727	3,619	(108)	(2.9%)	-	-
	Repeat Business	20,445	20,855	+410	+2.0%	-	-
	JULLIA OLGER	2,179	2,232	+52	+2.4%	3,308	67.5%
	Others	658	623	(35)	(5.3%)	-	-
	Total	27,011	27,330	+319	+1.2%	37,705	72.5%

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

### 3rd Quarter Of Fiscal 2019 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2018 (Results)	1-3Q FY2019 (Results)	YoY Change		FY2019 (Original Plan)	YoY Progress rate
Custom-made Wigs	New Customers	627	550	(77)	(12.4%)	-	-
	Repeat Business	8,610	8,773	+162	+1.9%	-	-
	Total	9,238	9,323	+85	+0.9%	12,604	74.0%
Hair Addition Products	New Customers	862	955	+93	+10.8%	-	-
	Repeat Business	1,146	1,216	+69	+6.1%	-	-
	Total	2,009	2,171	+162	+8.1%	3,101	70.0%
Hair Growth Services	New Customers	89	79	(9)	(10.6%)	-	-
	Repeat Business	464	455	(9)	(1.9%)	-	-
	Total	553	535	(18)	(3.3%)	882	60.7%
Styling Services		3,229	3,342	+113	+3.5%	4,374	76.4%
Others		746	779	+32	+4.4%	943	82.6%
All Products & Sevices	New Customers	1,579	1,585	+6	+0.4%	-	-
	Repeat Business	14,197	14,566	+369	+2.6%	-	-
	Total	15,776	16,152	+375	+2.4%	21,907	73.7%

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



### 3rd Quarter Of Fiscal 2019 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



(¥ million)

Net Sales		1-3Q FY2018 (Results)	1-3Q FY2019 (Results)	YoY Change		FY2019 (Original Plan)	YoY Progress rate
Custom-made Wigs	New Customers	1,640	1,687	+47	+2.9%	-	-
	Repeat Business	4,145	4,169	+23	+0.6%	-	-
	Total	5,785	5,856	+71	+1.2%	8,256	70.9%
Hair addition Products	New Customers	497	338	(159)	(32.0%)	-	-
	Repeat Business	759	760	+1	+0.2%	-	-
	Total	1,257	1,099	(157)	(12.5%)	1,501	73.2%
Hair Growth Services	New Customers	10	7	(2)	(25.2%)	-	-
	Repeat Business	238	259	+21	+9.0%	-	-
	Total	248	267	+18	+7.5%	348	76.8%
Styling Services		797	801	+4	+0.5%	1,084	73.9%
Others		307	296	(10)	(3.4%)	424	69.9%
All Products & Sevices	New customers	2,148	2,033	(114)	(5.3%)	-	-
	Repeat Business	6,247	6,288	+40	+0.7%	-	-
	JULLIA OLGER	2,179	2,232	+52	+2.4%	3,308	67.5%
	Total	10,575	10,554	(21)	(0.2%)	14,924	70.7%

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

(¥ million)

	1-3Q FY2018 (Results)	1-3Q FY2019 (Results)	FY2019 (Original Plan)	Progress Rate (against FY3/2019 Forecast)
Net Sales	37,254	27,469	38,000	72.3%
Men's Business	21,573	16,152	21,907	73.7%
Ladies' Business	14,617	10,554	14,924	70.7%
Others	1,063	761	1,169	65.1%
Cost of Sales	11,594	8,659	12,024	72.0%
Gross Profit	25,659	18,809	25,976	72.4%
SG&A Expenses	23,080	16,543	23,179	71.4%
Ad Spending	6,335	4,673	6,339	73.7%
HR	5,480	3,694	5,179	71.3%
Operating Income	2,579	2,266	2,796	81.0%
Ordinary Income	2,707	2,325	2,813	82.6%
Net Income	897	1,421	1,517	93.7%

(¥ million)

	As of March 31, 2018		As of December 31, 2018		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	23,426	57.3%	23,610	57.6%	+0.8%	Current assets +184
Cash and Deposits	16,530	40.4%	17,133	41.8%	+3.6%	<ul style="list-style-type: none"> <li>• Cash and deposits +602</li> <li>• Accounts receivable trade (134)</li> <li>• Inventory (108)</li> </ul>
Total non-current Assets	17,462	42.7%	17,348	42.4%	(0.7%)	Non-current assets (113)
Total Property, Plant and Equipment	9,167	22.4%	9,293	22.7%	+1.4%	<ul style="list-style-type: none"> <li>• Property, Plant and Equipment +125</li> <li>• Intangible assets (77)</li> <li>• Investment securities (161)</li> </ul>
Total Assets	40,888	100.0%	40,959	100.0%	+0.2%	
Total Current Liabilities	9,788	23.9%	9,689	23.7%	(1.0%)	Current Liabilities (98)
Advances received	4,576	11.2%	5,404	13.2%	+18.1%	<ul style="list-style-type: none"> <li>• Advances received +828</li> <li>• Accrued income taxes +332</li> <li>• Accounts payable (1,097)</li> </ul>
Total Non-current Liabilities	7,077	17.3%	6,936	16.9%	(2.0%)	Non-current Liabilities (140)
Total Liabilities	16,866	41.2%	16,626	40.6%	(1.4%)	
Total Net Assets	24,021	58.8%	24,332	59.4%	+1.3%	Net assets +310
Retained earnings	17,560	42.9%	18,068	44.1%	+2.9%	<ul style="list-style-type: none"> <li>• Retained earnings +507</li> </ul>
Total Liabilities and Net Assets	40,888	100.0%	40,959	100.0%	+0.2%	<ul style="list-style-type: none"> <li>(Net income +1,421)</li> <li>(Cash dividends paid (914))</li> </ul>



<http://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.

#### **ARTNATURE INC. Investor Relations Office**

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