



**Presentation Material FY2019
for the Year Ended March 31, 2019**

ARTNATURE INC.

Overview of Consolidated Financial Results for FY2019 & Medium-term Management Plan

Net Sales & Operating Income

(¥ Million)

	FY2018 (Results)	FY2019 (Results)	YoY Change	FY2019 (Plan)	Plan ratio
Net Sales	37,254	37,985	+2.0%	38,000	(0.0%)
Operating Income	2,579	3,227	+25.1%	2,796	+15.4%

Breakdown of Net Sales

	FY2018 (Results)	FY2019 (Results)	YoY Change	FY2019 (Plan)	Plan ratio
Men's Business	21,573	22,086	+2.4%	21,907	+0.8%
Ladies' Business	14,617	14,741	+0.8%	14,924	(1.2%)
Others	1,063	1,157	+8.8%	1,169	(1.0%)

※Ladies' Business inc. JULLIA OLGER

【New Product Launch】

- Men's & Ladies' Introduce new products every spring and autumn
(custom-made wigs & hair addition products)
Latest products are as follows
March 2019: Men's hair addition system "Marp Advance"
March 2019: Ladies' wig "Pufeel more rich"
- JULLIA OLGER Every autumn
October 2018: "SARARA"

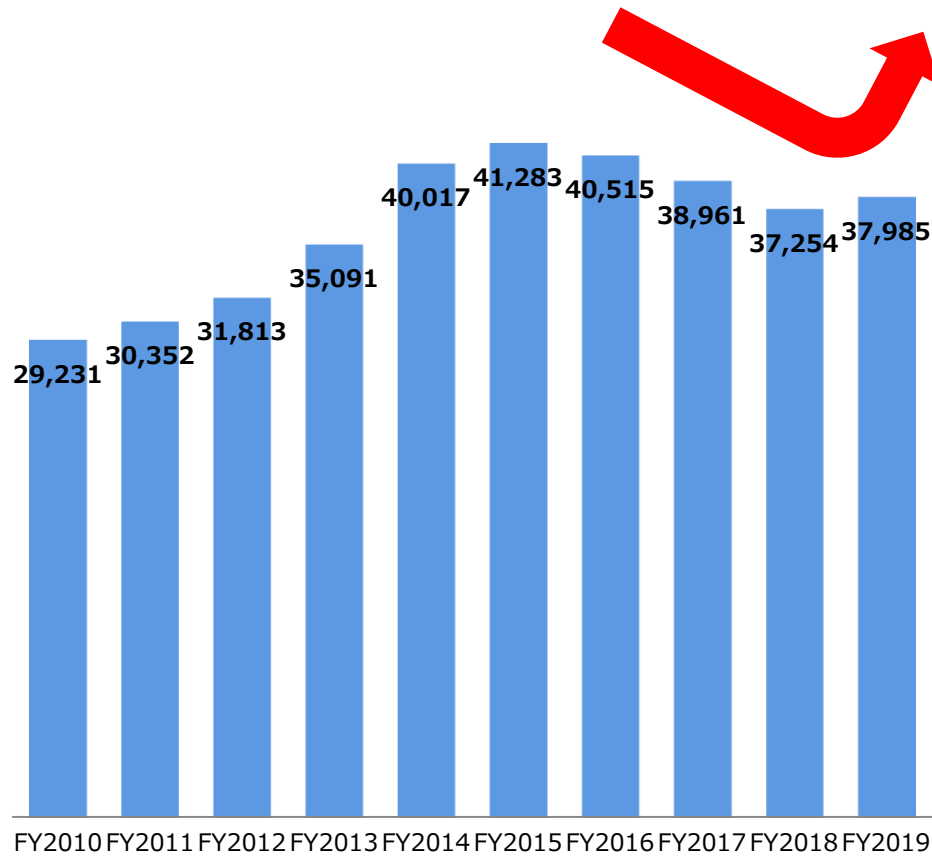
【Facilities and Equipment】

- Men's & Ladies' Grand opening, relocation, renewal, and expansion of salons to fast growing region
268 salons by 2017 March/269 salons by 2018 March/272 salons by 2019 March
- JULLIA OLGER Strategic salon deployment (JULLIA OLGER & marie beaute)
83 salons by 2017 March /81 salons by 2018 March /82 salons by 2019 March
Opened 2 in-hospital hair salons (3 salons by 2019 March)

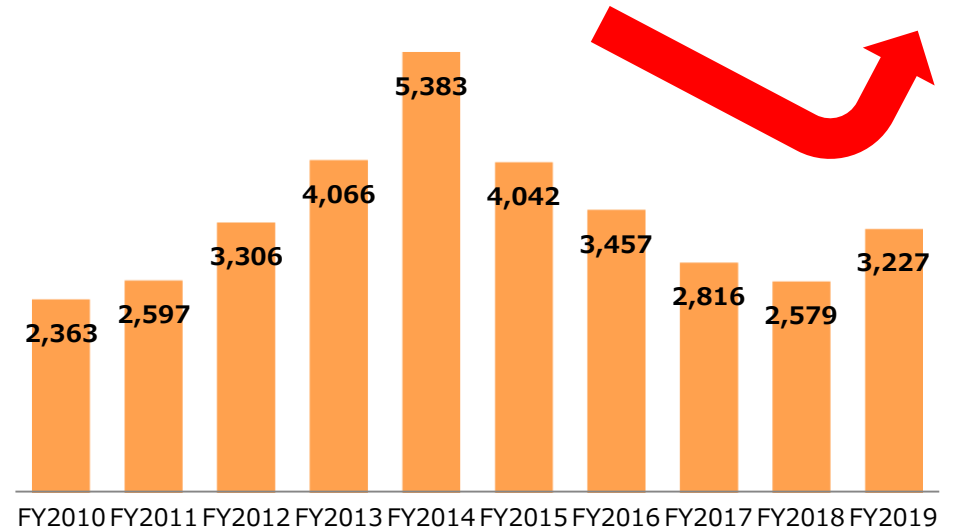
【Other】

- Integration of Jullia Olger into Artnature

Net Sales (¥ Million)



Operating Income (¥ Million)



Artnature REBORN Plan

Aims for stable profit growth and sustained growth from FY2020. By attracting customers and improving profit structure. Its main targets are "Customer satisfaction," "Systemic reform," "Personnel training" and "Employee satisfaction."

1 st Year FY2018	2 nd Year FY2019	3 rd Year FY2020
Foundation building	Sustainable growth	Recovery the result
Rebuild the sales structure while monitoring appropriate profit levels (Overview) Most targets were achieved as planned, although room for improvement remains in certain areas Sale of shares in Cambodian manufacturing subsidiary	Prepare for new business startups while stabilizing the sales structure (Overview) Expansion of sales structure achieves certain results Achieve sales and profits for the first time in five years Integrating the business headquarters between Jullia Olger and Artnature	Continue to expand the sales structure while moving into new business areas (Policies) Practice measures for further expansion of the sales structure Focus on enhancing productivity at HQ and at salons Step into new business areas

FY2019

Upgrade sales structure

Improved customer retention by continuing previous initiatives and by increasing customer satisfaction

Strengthen profit structure

Revitalized sales by consolidating sales structure for Ladies' wig

Enhance capabilities of personnel and systematic personnel development

Raised standards and reconsidered working conditions

Prepare for new business startups

Conducted training for officers and employees



FY2020

Upgrade sales structure

Complete the remaining tasks and increase the real Artnature fans

Strengthen profit structure

Focus on streamlining operations in each department

Enhance capabilities of personnel and systematic personnel development

Focus on human resources development

Step into new business startups

Step into new business areas

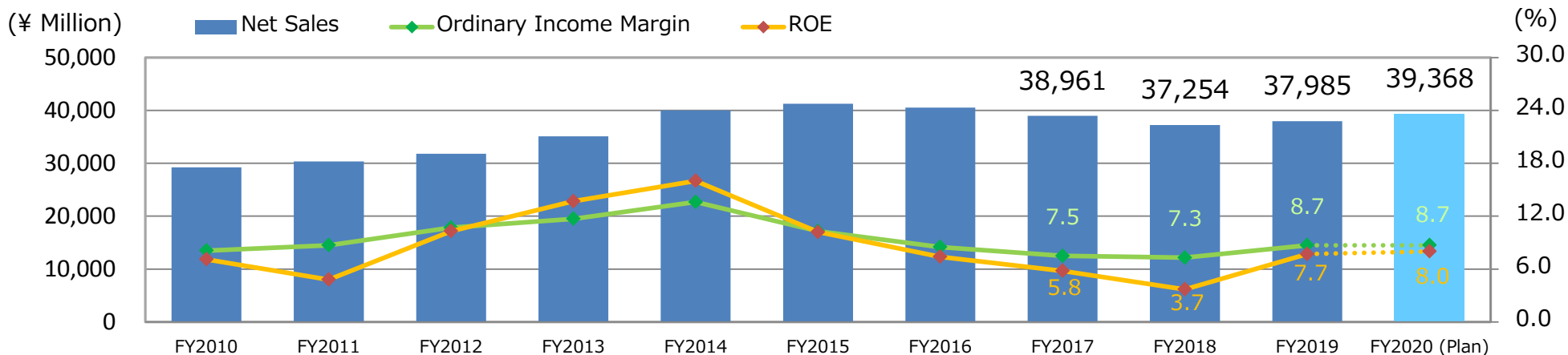
FY2020 : Full-year Consolidated Business Performance Forecasts

(¥ Million)

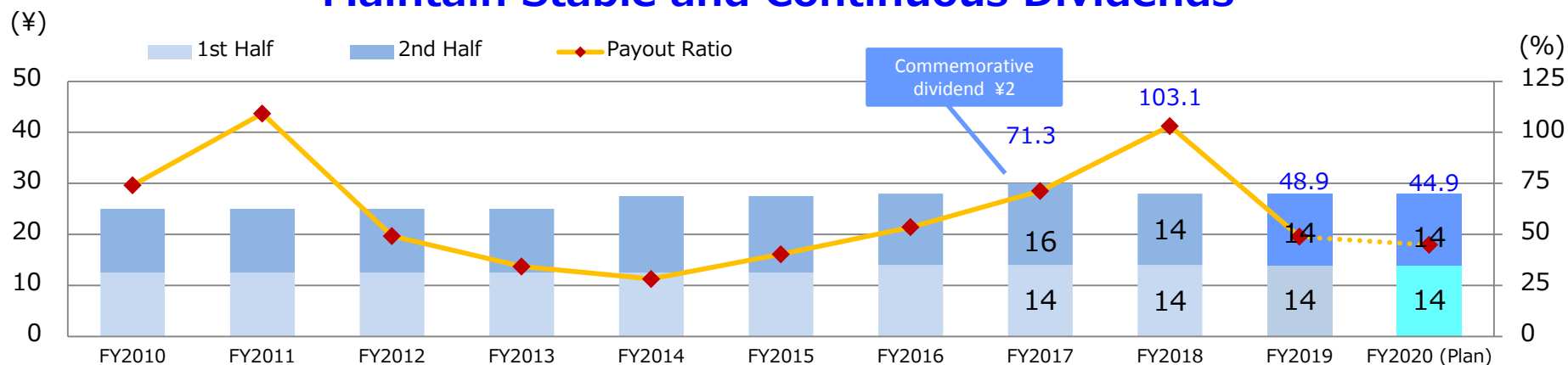
	FY2019 (Results)	FY2020 (Plan)	YoY Change	
Net Sales	37,985	39,368	+1,382	+3.6%
Men's Business	22,086	22,387	+300	+1.4%
Ladies' Business	14,741	14,977	+236	+1.6%
Others	1,157	2,003	+846	+73.1%
SG&A Expenses	23,001	23,915	+913	+4.0%
Operating Income	3,227	3,377	+150	+4.7%
Ordinary Income	3,308	3,425	+117	+3.5%
Net Income	1,864	2,031	+167	+9.0%

FY2020 Revised Plan (Original Plan)

Net Sales: ¥39.3 billion (¥40.9 billion) Ordinary Income Margin: 8.7% (6.8%) ROE: 8.0% (6.5%)



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

FY2019 (April 1st, 2018 to March 31st, 2019)

FY2019: Consolidated Statements of Income Highlights

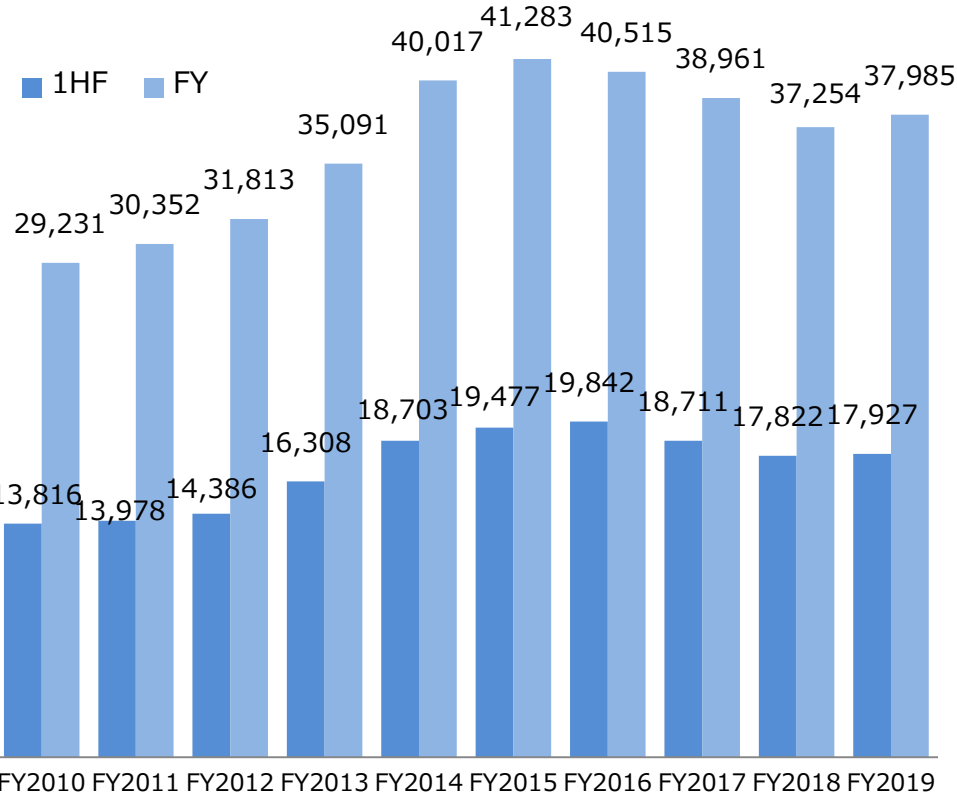


(¥ Million)

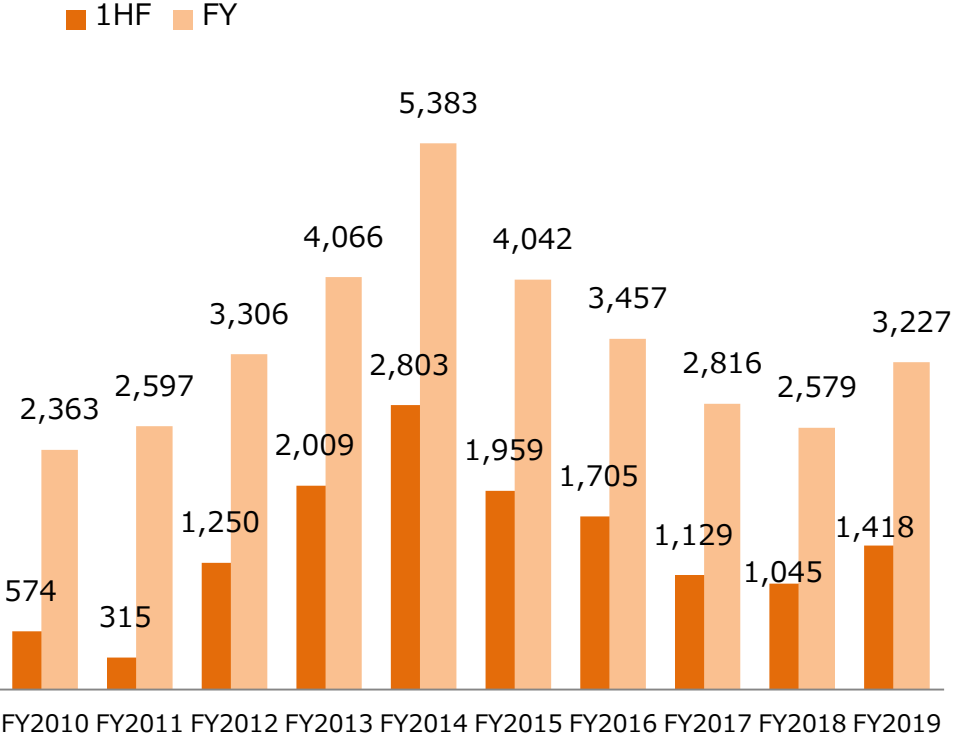
	FY2018 (Results)	FY2019 (Results)	FY2019 (Plan)	YoY Change
Net Sales	37,254	37,985	38,000	Net Sales : Up 2.0% Men's Business : Up 2.4% Ladies' Business : Up 0.8%
Men's Business	21,573	22,086	21,907	
Ladies' Business	14,617	14,741	14,924	
Others	1,063	1,157	1,169	
Cost of Sales	11,594	11,756	12,024	Cost of Sales Ratio :Down 0.1Pt Product Cost : Down 0.9Pt HR : Up 0.6Pt
Gross Profit	25,659	26,228	25,976	
SG&A Expenses	23,080	23,001	23,179	SG&A Expenses Ratio :Down 1.4Pt Ad Spending : Up 0.2Pt HR : Down 1.9Pt Other : Up 0.3Pt
Ad Spending	6,335	6,531	6,339	
HR	5,480	4,873	5,179	
Operating Income	2,579	3,227	2,796	CAPEX Store facilities : ¥913 million System related : ¥105 million
Ordinary Income	2,707	3,308	2,813	
Net Income	897	1,864	1,517	
Depreciation	1,077	933	1,001	
CAPEX	1,359	1,390	2,013	

Net Sales and Operating Income

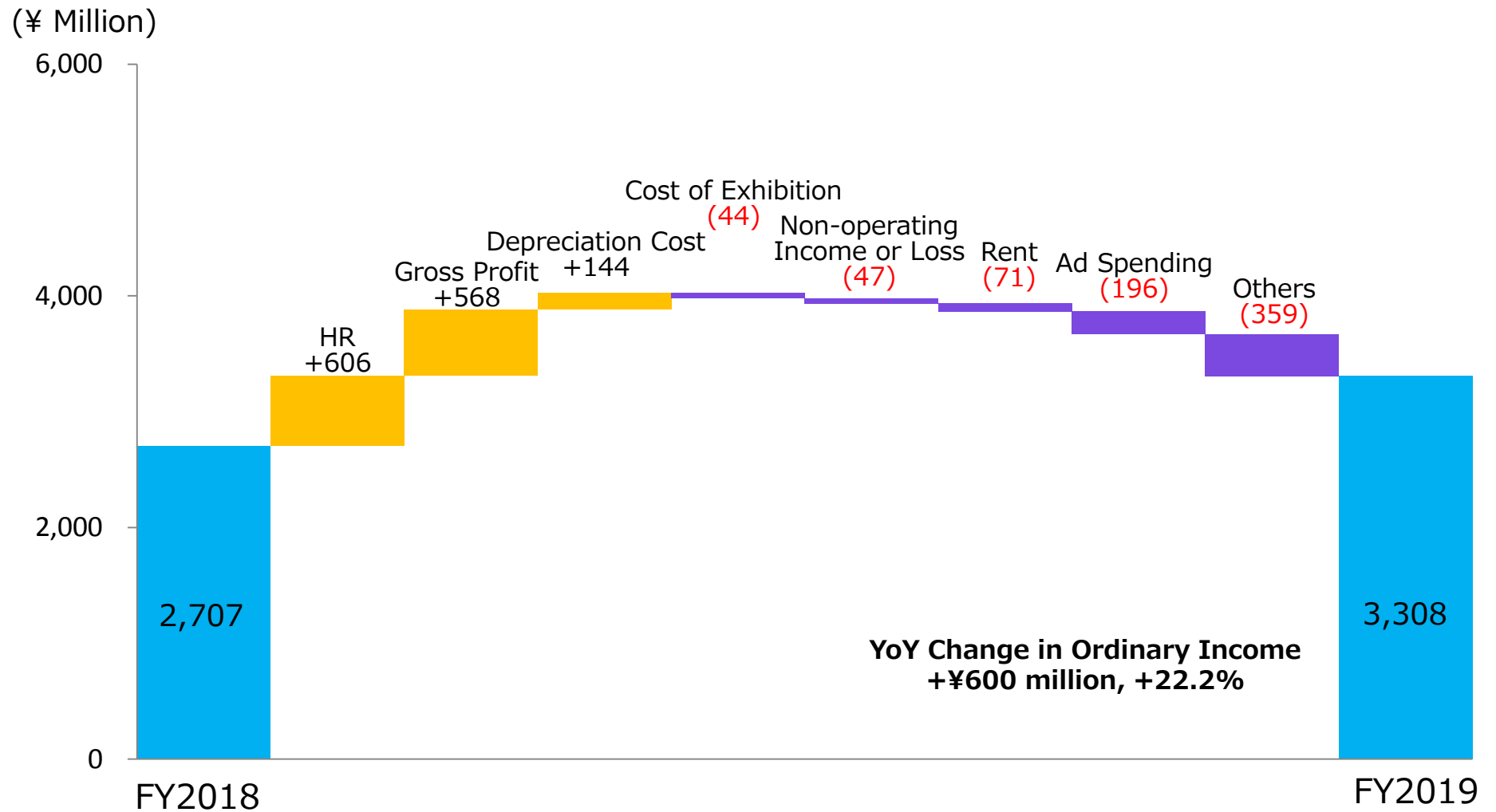
Net Sales
(¥ Million)



Operating Income
(¥ Million)

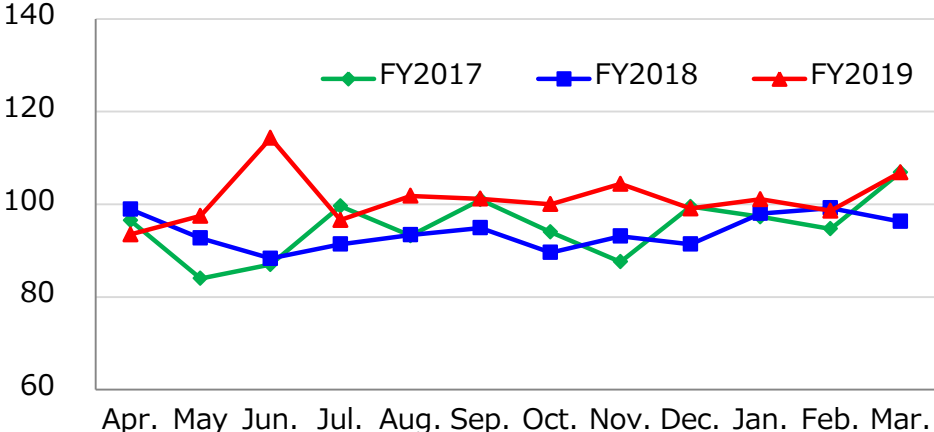


FY2019: Analysis of Consolidated Ordinary Income



Monthly Trends: Sales of Major Products (YoY)

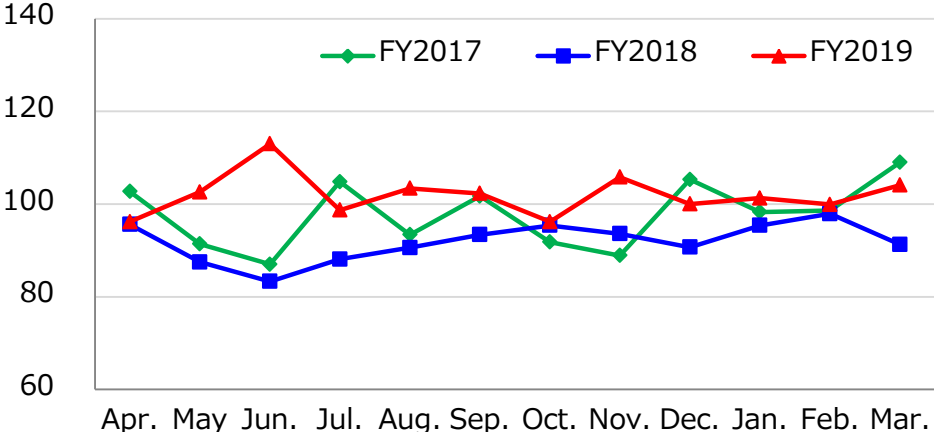
Sales of Major Products (Total)



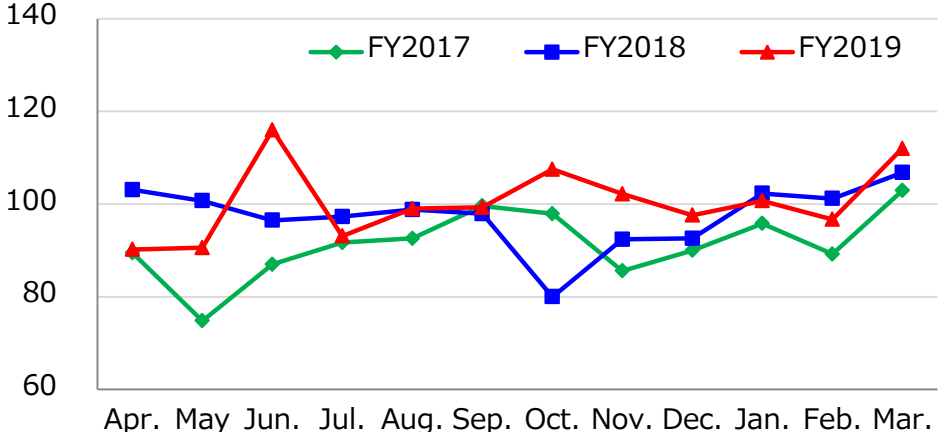
Total Sales of Major Products (Full-year) (%)

	Total	Men	Ladies
FY2017	95.4	98.1	91.0
FY2018	93.9	91.8	97.7
FY2019	101.4	102.0	100.4

Sales of Major Products (Men)

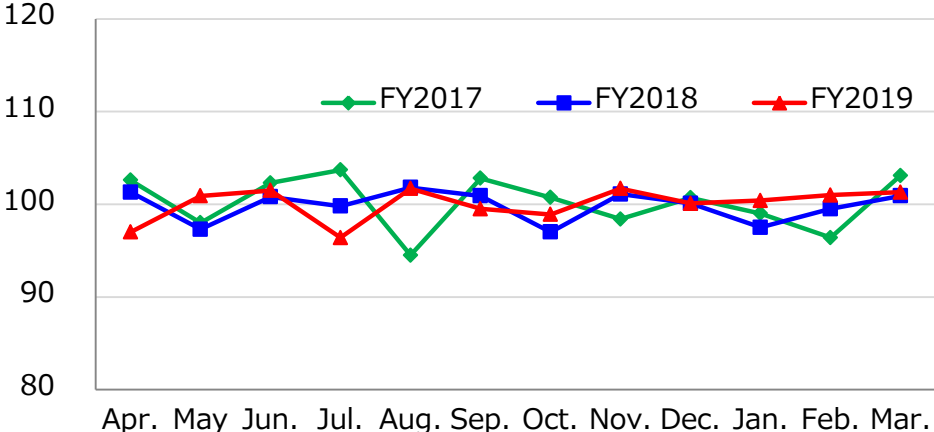


Sales of Major Products (Ladies)



Monthly Trends: Customer Traffic (YoY, Accumulated)

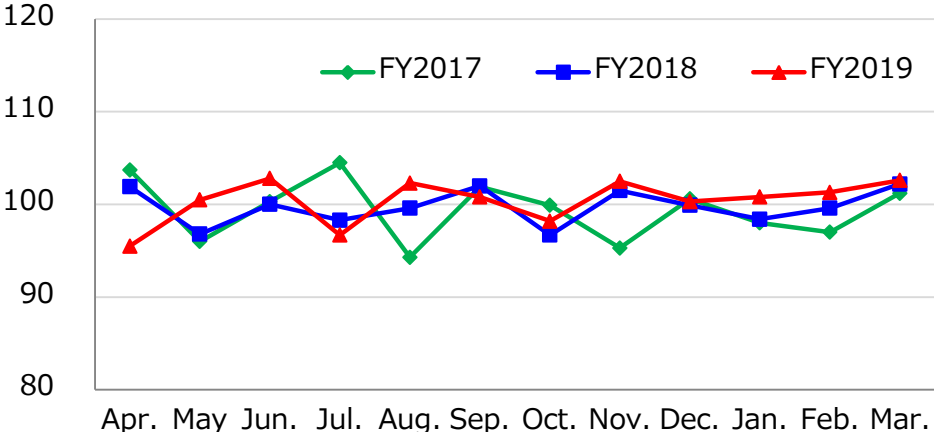
Customer Traffic (Total)



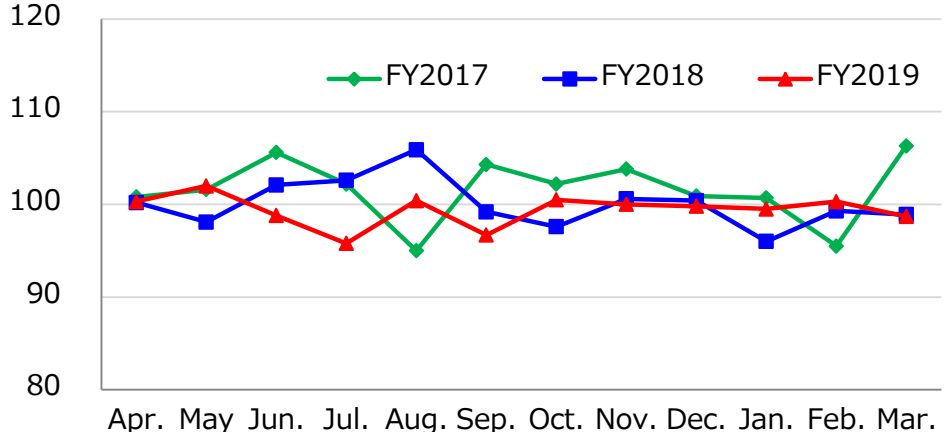
Customer Traffic (Full-year)

	Total	Men	Ladies
FY2017	100.2	99.4	101.6
FY2018	99.8	99.7	100.0
FY2019	100.0	100.3	99.4

Customer Traffic (Men)



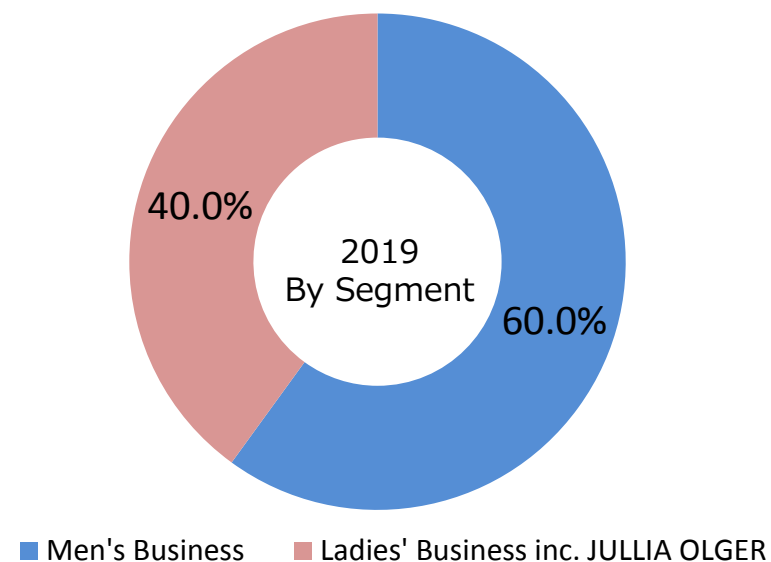
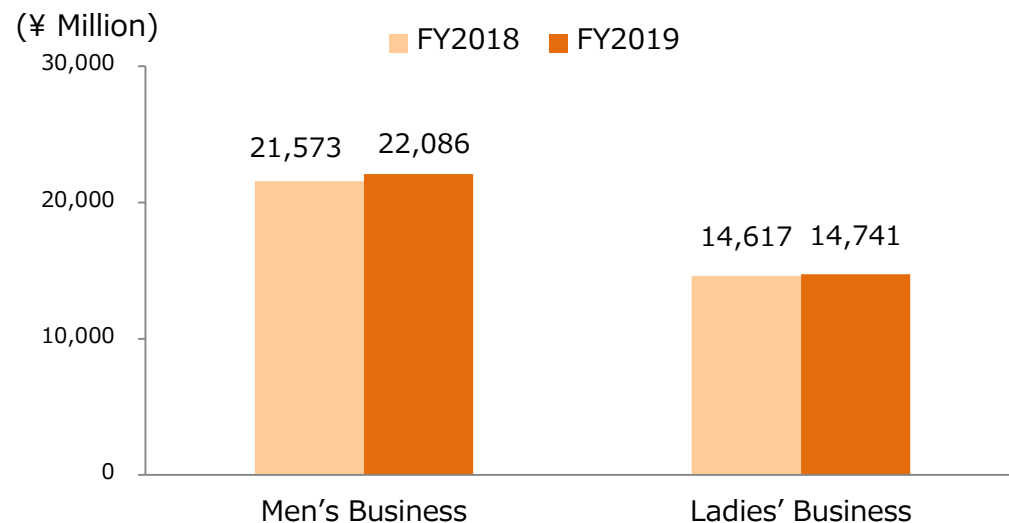
Customer Traffic (Ladies)



FY2019: Breakdown of Sales by Segment (Consolidated)

(¥ Million)

	FY2018 (Results)	FY2019 (Results)	YoY Change	FY2019 (Plan)	Vs. Plan
Net Sales	37,254	37,985	+2.0%	38,000	(0.0%)
Men's Business	21,573	22,086	+2.4%	21,907	+0.8%
Ladies' Business	14,617	14,741	+0.8%	14,924	(1.2%)
Others	1,063	1,157	+8.8%	1,169	(1.0%)



FY2019: Breakdown of Sales by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2018	FY2019	YoY Change	
Custom-made Wigs	New customers	3,309	3,292	(16)	(0.5%)
	Repeat Business	17,847	18,141	+294	+1.7%
	Total	21,156	21,434	+277	+1.3%
Hair Addition Products	New Customers	1,633	1,572	(60)	(3.7%)
	Repeat Business	2,590	2,713	+123	+4.8%
	Total	4,223	4,286	+62	+1.5%
Hair Growth Services	New Customers	128	115	(12)	(9.8%)
	Repeat Business	929	963	+33	+3.6%
	Total	1,057	1,079	+21	+2.0%
Styling Services		5,291	5,434	+143	+2.7%
JULLIA OLGER		3,102	3,199	+97	+3.1%
Others		2,215	2,325	+109	+4.9%
All Products & Services	New Customers	5,070	4,980	(90)	(1.8%)
	Repeat Business	28,017	28,647	+630	+2.2%
	JULLIA OLGER	3,102	3,199	+97	+3.1%
	Others	856	932	+75	+8.8%
	Total	37,047	37,760	+712	+1.9%

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

FY2019: Breakdown of Sales by Product & Service in Men's Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2018	FY2019	YoY Change	
Custom-made Wigs	New Customers	795	706	(89)	(11.2%)
	Repeat Business	12,195	12,486	+291	+2.4%
	Total	12,990	13,192	+201	+1.6%
Hair Addition Products	New Customers	1,079	1,163	+83	+7.8%
	Repeat Business	1,562	1,621	+59	+3.8%
	Total	2,642	2,785	+142	+5.4%
Hair Growth Services	New Customers	114	105	(9)	(8.6%)
	Repeat Business	611	600	(10)	(1.7%)
	Total	725	705	(20)	(2.8%)
Styling Services		4,247	4,393	+145	+3.4%
Others		966	1,009	+43	+4.5%
All Products & Services	New Customers	1,990	1,974	(15)	(0.8%)
	Repeat Business	19,582	20,111	+528	+2.7%
	Total	21,573	22,086	+513	+2.4%

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

Men's Business

Expansion of Solid Sales Foundation and Stable Sales

FY2019 Overview	
New Customers	<ul style="list-style-type: none"> • Added value of services to hair addition products and obtained effective responses • Improved customer retention by strengthening the cooperation between counselors and stylists
Repeat Customers	<ul style="list-style-type: none"> • Success of measures targeted toward senior customers and achieved the highest ever customer retention rate • Introduced new products appropriate to each season and expanded product lineup in order to meet the customers' needs



LABOMO
cool cube



FY2019: Breakdown of Sales by Product & Service in Ladies' Business (Non-consolidated Basis)

(¥ Million)

Net Sales		FY2018	FY2019	YoY Change	
Custom-made Wigs	New Customers	2,513	2,586	+72	+2.9%
	Repeat Business	5,652	5,655	+3	+0.1%
	Total	8,165	8,241	+75	+0.9%
Hair Addition Products	New Customers	553	409	(144)	(26.1%)
	Repeat Business	1,027	1,091	+64	+6.3%
	Total	1,581	1,501	(79)	(5.1%)
Hair Growth Services	New Customers	13	10	(2)	(19.4%)
	Repeat Business	318	362	+44	+13.8%
	Total	332	373	+41	+12.5%
Styling Services		1,043	1,041	(1)	(0.2%)
Others		3,495	3,584	+88	+2.5%
All Products & Services	New Customers	3,080	3,005	(74)	(2.4%)
	Repeat Business	8,434	8,536	+101	+1.2%
	JULLIA OLGIER	3,102	3,199	+97	+3.1%
	Total	14,617	14,741	+123	+0.8%

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

Ladies' Business

Unification of Sales Structure to Increase Sales Strength

FY2019 Overview	
New Customers	<ul style="list-style-type: none"> • Needed more quick response to inquiries on our website • Achieved good result in fitting at department stores
Repeat Customers	<ul style="list-style-type: none"> • Conducted events under the theme of total beauty • Number of visitors slightly decreased from the previous year
JULLIA OLGER	<ul style="list-style-type: none"> • The first half of year: Struggle to attract customers in the first half of the fiscal year due to natural disaster such as intense heat, rainstorms, and earthquake • The second half of year: Success of 10th anniversary event of launch of Jullia Olger brand contributed to the increase in yields



Financial Forecasts for FY2020

FY2020 : Full-year Consolidated Business Performance



(¥ Million)

	FY2019 Full Year (Results)	FY2020	
		Full Year (Plan)	YoY Change
Net Sales	37,985	39,368	+3.6%
Men's Business	22,086	22,387	+1.4%
Ladies' Business	14,741	14,977	+1.6%
Others	1,157	2,003	+73.1%
Cost of Sales	11,756	12,076	+2.7%
Gross Profit	26,228	27,292	+4.1%
SG&A Expenses	23,001	23,915	+4.0%
Ad Spending	6,531	6,791	+4.0%
HR	4,873	5,086	+4.4%
Operating Income	3,227	3,377	+4.7%
Ordinary Income	3,308	3,425	+3.5%
Net Income	1,864	2,031	+9.0%
Depreciation	933	932	(0.0%)
CAPEX	1,390	2,115	+52.1%

FY2020 : Breakdown of Sales Forecast by Product and Service in Total Both Segments (Non-consolidated Basis)

(¥ Million)

	FY2019 Full Year (Results)	FY2020	
		Full Year (Plan)	YoY Change
Custom-made Wigs	21,434	21,475	+0.2%
Hair Addition Products	4,286	4,247	(0.9%)
Hair Growth Services	1,079	1,250	+15.9%
Styling Services	5,434	5,532	+1.8%
JULLIA OLGER	3,199	3,378	+5.6%
Others	2,326	3,163	+36.0%
Total	37,760	39,047	+3.4%

FY2020 : Breakdown of Sales Forecast by Product and Service in Men's Business (Non-consolidated Basis)

(¥ Million)

	FY2019 Full Year (Results)	FY2020	
		Full Year (Plan)	YoY Change
Custom-made Wigs	13,192	13,209	+0.1%
Hair Addition Products	2,785	2,807	+0.8%
Hair Growth Services	705	895	+26.9%
Styling Services	4,393	4,465	+1.6%
Others	1,009	1,009	+0.0%
Total	22,086	22,387	+1.4%

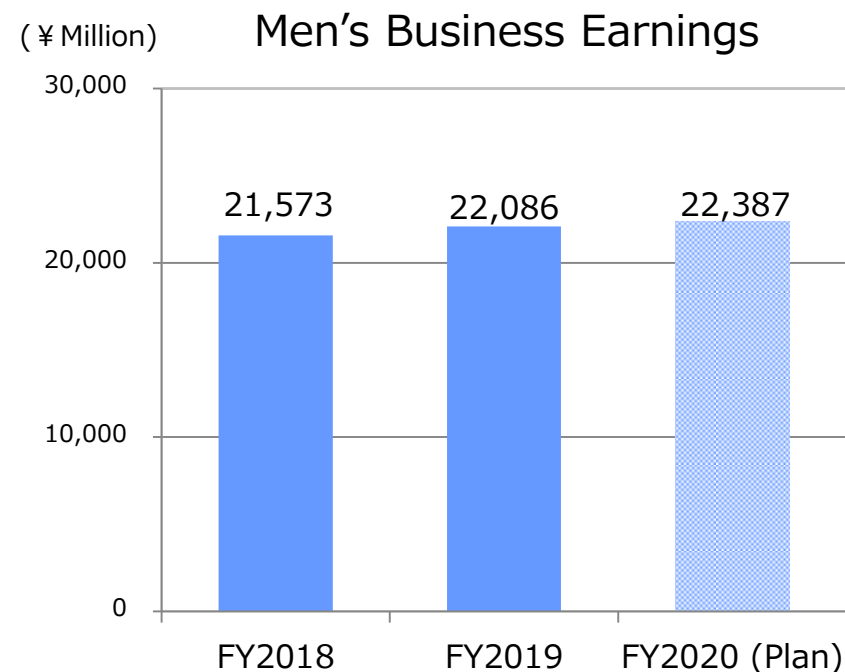
Men's Business

New Customers

- Actively develop appeals for young people (Utilization of YouTube)
- Approach to increase the opportunities of sales negotiation (setting up web environment)
- Aim for more customers retention (strengthening the cooperation between counselors and stylists)

Repeat Customers

- Launch of retention measures for young people
- Continue proposal of new products based on proper sales cycle
- Sales expansion by introducing new products which meet customer needs



FY2020 : Breakdown of Sales Forecast by Product and Service in Ladies' Business (Non-consolidated Basis)

(¥ Million)

	FY2019 Full Year (Results)	FY2020	
		Full Year (Plan)	YoY Change
Custom-made Wigs	8,241	8,265	+0.3%
Hair Addition Products	1,501	1,440	(4.1%)
Hair Growth Services	373	355	(4.8%)
Styling Services	1,041	1,067	+2.5%
JULLIA OLGER	3,199	3,378	+5.6%
Others	384	471	+22.6%
Total	14,741	14,977	+1.6%

Ladies' Business

New Customers & Trial Fitting Events

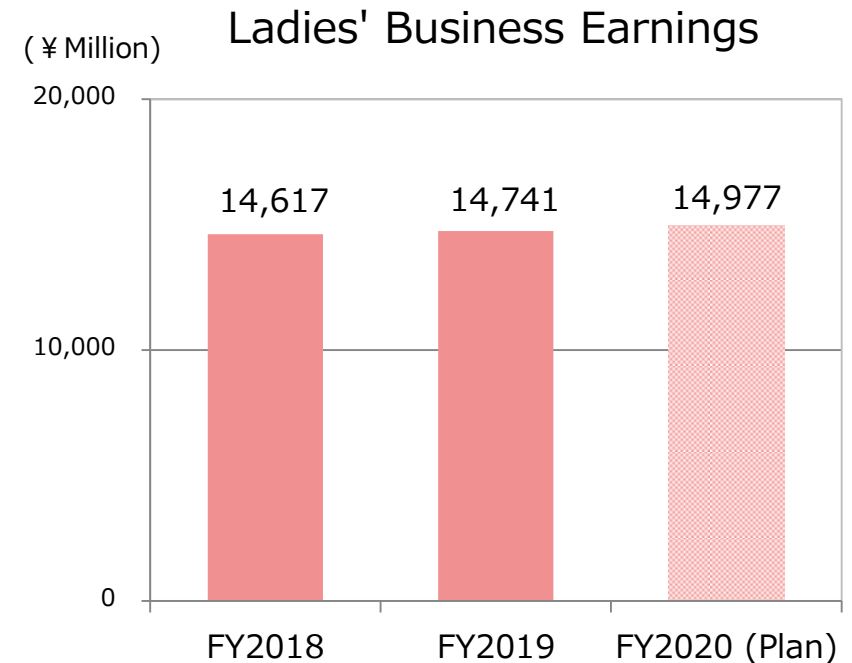
- Create a system that can respond promptly to customer needs
- Hold strategic trial fitting events based on historical data

Repeat Customers

- Build long-term and continuous relationship with customers
- Start new services etc. for customer retention

JULLIA OLGER

- Conduct sales promotion based on salon and region to attract more customers
- Respond efficiently to issues by introducing "Unit System"





<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

TEL: +81-3-3379-2405 E-mail: ir@artnature.co.jp
3-40-7, Yoyogi, Shibuya-ku, Tokyo 151-0053 Japan

Reference Material

Consolidated Balance Sheets

(¥ Million)

	As of March 31, 2018		As of March 31, 2019		YoY Change	Key YoY Changes
		Composition Ratio		Composition Ratio		
Total Current Assets	23,426	57.3%	25,206	58.7%	+7.6%	Current Assets +1,780
Cash and Deposits	16,530	40.4%	18,275	42.5%	+10.6%	· Cash and deposits +1,744
Total non-current Assets	17,462	42.7%	17,764	41.3%	+1.7%	· Accounts receivable -trade +213
Total Property, Plant and Equipment	9,167	22.4%	9,282	21.6%	+1.3%	· Securities (97)
Total Assets	40,888	100.0%	42,971	100.0%	+5.1%	· Inventory (116)
Total Current Liabilities	9,788	23.9%	11,213	26.1%	+14.6%	Non-current Assets +302
Advances Received	4,576	11.2%	4,770	11.1%	+4.2%	· Property, plant and equipment +115
Total Non-current Liabilities	7,077	17.3%	6,989	16.3%	(1.2%)	· Intangible assets (102)
Total Liabilities	16,866	41.2%	18,203	42.4%	+7.9%	· Investments and other assets +289
Total Net Assets	24,021	58.8%	24,767	57.6%	+3.1%	Current Liabilities +1,424
Retained Earnings	17,560	42.9%	18,510	43.1%	+5.4%	· Advances received +194
Total Liabilities and Net Assets	40,888	100.0%	42,971	100.0%	+5.1%	· Provision for bonuses +32
						· Income taxes payable +1,036
						· Others +130
						Net Assets +746
						· Retained earnings +950
						(Net income +1,864)
						(Cash dividends paid (913))

Consolidated Statements of Cash Flows

(¥ Million)

	Year Ended March 31, 2018	Year Ended March 31, 2019	Key YoY Changes
Net Cash Provided by (Used in) Operating Activities	3,686	4,449	<p>Net Cash Provided by (Used in)</p> <ul style="list-style-type: none"> • Income before income taxes +1,657 • Advances received +147 • Decrease (increase) in notes and accounts receivable – trade (79) • Inventory assets (375)
Net Cash Provided by (Used in) Investing Activities	(1,000)	(1,333)	
Free Cash Flow	2,685	3,116	
Net Cash Provided by (Used in) Financing Activities	(1,756)	(1,481)	
Cash and Cash Equivalents at the Beginning of Period	15,515	16,401	<p>Net Cash Provided by (Used in) financing activities</p> <ul style="list-style-type: none"> • Cash dividends paid +79 • Treasury stock acquisition +183
Cash and Cash Equivalents at the End of Period	16,401	17,986	
Net Increase (Decrease) in Cash and Cash Equivalents	885	1,585	