



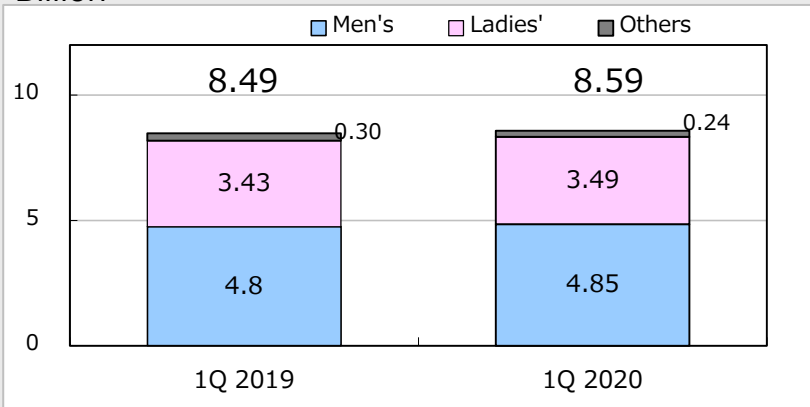
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# Financial Results

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

## Net Sales

¥ Billion



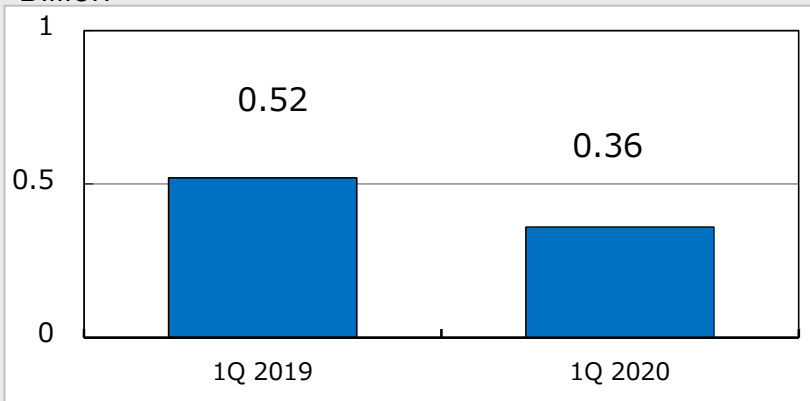
## Notes

Net Sales ¥8.59Billion 【Up 1.2%】

- Men's Business ¥4.85 Billion (Up 2.2%)
  - Ladies' Business ¥3.49 Billion (Up 1.7%)
- ※ Progress almost as planned

## Operating Income

¥ Billion



## Notes

Operating Income ¥0.36Billion

- Gross Profit 65.9%→66.6% (Up 0.7 Pt)
  - SG&A Expenses 59.8%→62.4% (Up 2.6 Pt)
- ※ Progress almost as planned

# 1<sup>st</sup> Quarter Of Fiscal 2020 : Financial Highlights



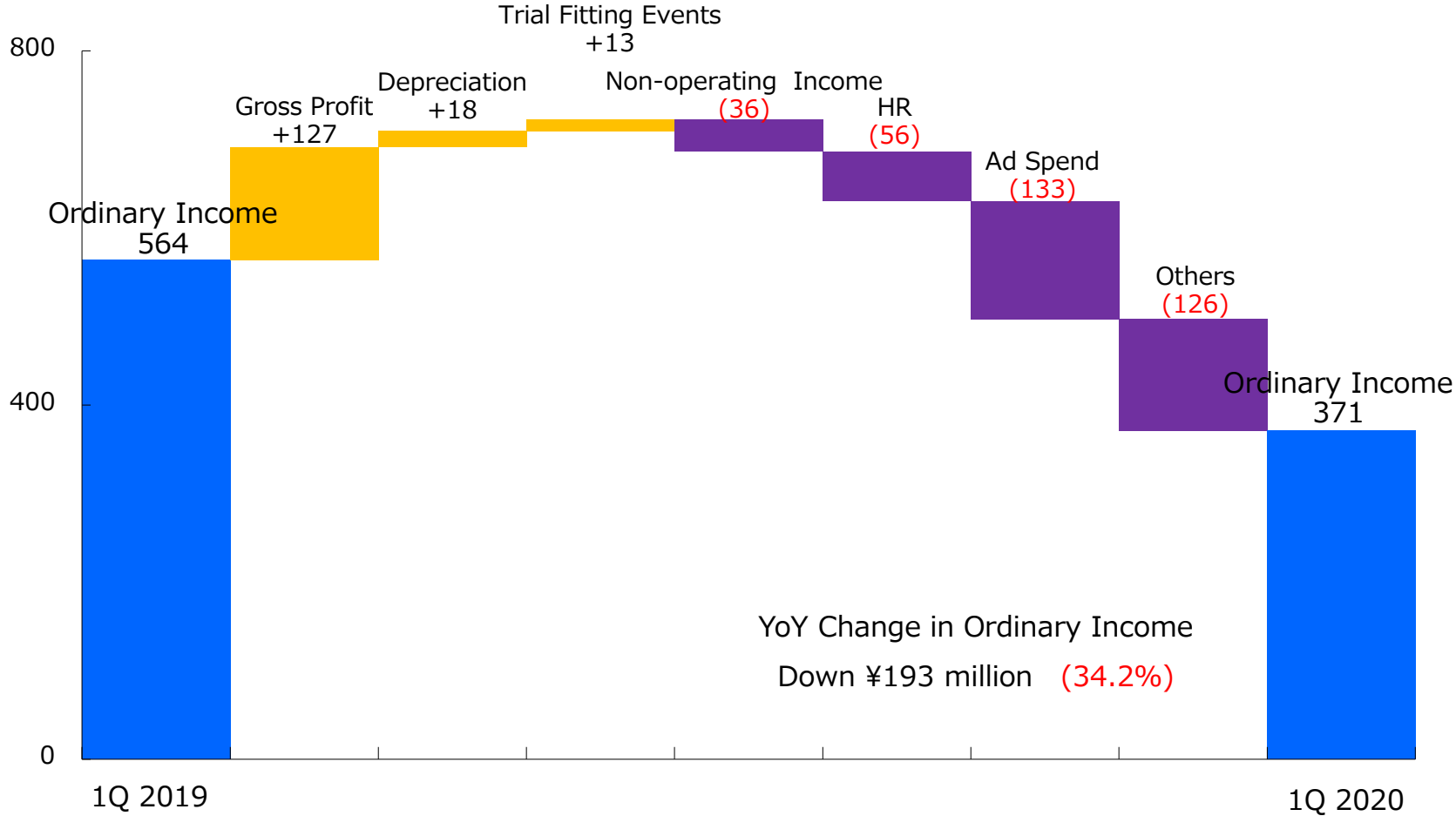
¥ Million

	1Q FY 2019		1Q FY 2020		YoY Change	Notes
	April-June 2018	Sales ratio	April-June 2019	Sales ratio		
Net Sales	8,496	-	8,598	-	1.2%	<ul style="list-style-type: none"> <li>• Net Sales Men's Business Up 2.2% Ladies' Business Up 1.7%</li> <li>• Cost of sales ratio 34.1%→33.4% Product Cost : Down 0.8 Pt HR : Up 0.1 Pt</li> <li>• SG&amp;A Expenses Ratio 59.8%→62.4% Ad Spending : Up 1.4 Pt HR : Up 0.5 Pt Others : Up 0.7 Pt</li> </ul>
Cost of Sales	2,894	34.1%	2,868	33.4%	(0.9%)	
Gross Profit	5,602	65.9%	5,729	66.6%	2.3%	
SG&A Expenses	5,080	59.8%	5,364	62.4%	5.6%	
Ad Spending	1,269	14.9%	1,403	16.3%	10.5%	
HR	1,231	14.5%	1,287	15.0%	4.6%	
Operating Income	521	6.1%	365	4.3%	(30.0%)	
Ordinary Income	564	6.6%	371	4.3%	(34.2%)	
Net Income	367	4.3%	207	2.4%	(43.4%)	

# 1<sup>st</sup> Quarter Of Fiscal 2020 : Analysis of SG&A Expenses



¥ Million

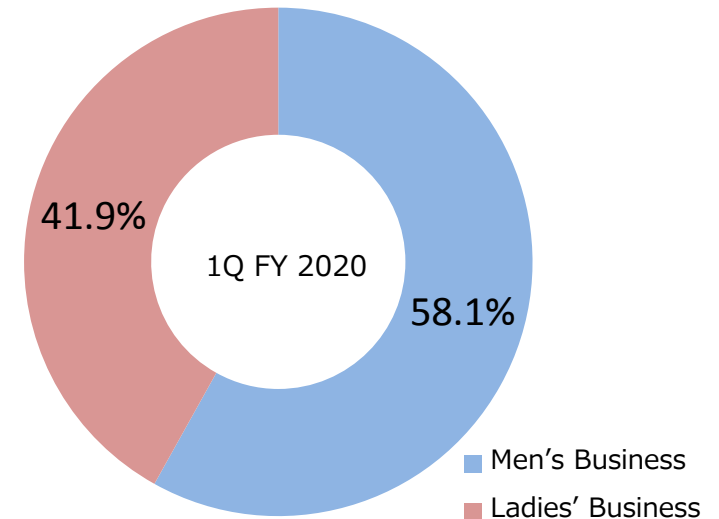
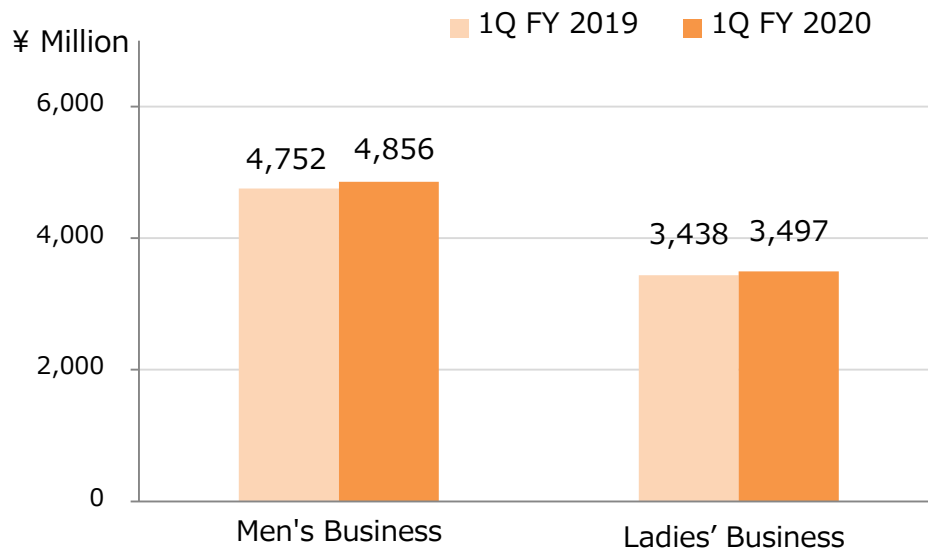


# 1<sup>st</sup> Quarter Of Fiscal 2020 : Breakdown of Sales by Segment



¥ Million

	1Q FY 2018	1Q FY 2020	YoY Change
Net Sales	8,496	8,598	+1.2%
Men's Business	4,752	4,856	+2.2%
Ladies' Business	3,438	3,497	+1.7%
Others	305	244	(19.9%)



# 1<sup>st</sup> Quarter Of Fiscal 2020 : Breakdown of Net Sales by Products & Services(Non-consolidated Basis)



¥ Million

		1Q FY 2019	1Q FY 2020	YoY Change	
Custom-made Wigs	New customers	905	979	+73	+8.2%
	Repeat Business	3,840	3,740	(100)	(2.6%)
	Total	4,745	4,719	(26)	(0.6%)
Hair Addition Products	New customers	281	281	+0	+0.2%
	Repeat Business	552	603	+50	+9.2%
	Total	834	885	+51	+6.2%
Hair Growth Services	New customers	26	28	+2	+8.1%
	Repeat Business	235	256	+20	+8.8%
	Total	261	284	+22	+8.7%
Styling Services		1,370	1,389	+18	+1.4%
JULLIA OLGER(Lady's Ready-made wig)		617	727	+109	+17.8%
Others		628	537	(90)	(14.4%)
All Products & Sevices	New Customers	1,213	1,289	+76	+6.3%
	Repeat Business ※	6,361	6,337	(24)	(0.4%)
	JULLIA OLGER	617	727	+109	+17.8%
	Others	266	189	(76)	(28.8%)
	Total	8,457	8,543	+85	+1.0%

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

# 1<sup>st</sup> Quarter Of Fiscal 2020 : Breakdown of Sales by Products & Services in Men's Business (Non-consolidated Basis)



¥ Million

		1Q FY 2019	1Q FY 2020	YoY Change	
Custom-made Wigs	New customers	171	150	(20)	(11.9%)
	Repeat Business	2,470	2,478	+8	+0.3%
	Total	2,641	2,629	(12)	(0.5%)
Hair Addition Products	New customers	223	248	+24	+11.1%
	Repeat Business	350	423	+73	+21.0%
	Total	573	672	+98	+17.1%
Hair Growth Services	New customers	24	25	+1	+6.2%
	Repeat Business	152	149	(3)	(2.4%)
	Total	176	174	(2)	(1.2%)
Styling Services		1,100	1,123	+23	+2.1%
Others		259	256	(3)	(1.5%)
All Products & Sevices	New Customers	418	424	+5	+1.4%
	Repeat Business※	4,333	4,431	+97	+2.3%
	Total	4,752	4,856	+103	+2.2%

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

# 1<sup>st</sup> Quarter Of Fiscal 2020 : Breakdown of Sales by Products & Services in Ladies' Business (Non-consolidated Basis)



¥ Million

		1Q FY 2019	1Q FY 2020	YoY Change	
Custom-made Wigs	New customers	734	828	+94	+12.8%
	Repeat Business	1,370	1,261	(108)	(7.9%)
	Total	2,104	2,090	(14)	(0.7%)
Hair Addition Products	New customers	57	33	(24)	(42.1%)
	Repeat Business	202	179	(22)	(11.2%)
	Total	260	213	(46)	(18.0%)
Hair Growth Services	New customers	2	3	+0	+26.9%
	Repeat Business	82	107	+24	+29.5%
	Total	85	110	+25	+29.5%
Styling Services		270	265	(5)	(1.9%)
JULLIA OLGER(Lady's Ready-made wig)		617	727	+109	+17.8%
Others		101	91	(10)	(9.9%)
All Products & Sevices	New Customers	794	864	+70	+8.9%
	Repeat Business※	2,027	1,905	(121)	(6.0%)
	JULLIA OLGER	617	727	+109	+17.8%
	Total	3,438	3,497	+58	+1.7%

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



# FY 2020 : Financial Forecast



¥ Million

	1Q FY 2019	1Q FY 2020	FY2020 Year-end (Plan)	YoY Progress rate
Net Sales	8,496	8,598	39,368	21.8%
Men	4,752	4,856	22,387	21.7%
Ladies	3,438	3,497	14,977	23.4%
Others	305	244	2,003	12.2%
Cost of Sales	2,894	2,868	12,076	23.8%
Gross Profit	5,602	5,729	27,292	21.0%
SG & A Expenses	5,080	5,364	23,915	22.4%
Ad Spending	1,269	1,403	6,791	20.7%
HR	1,231	1,287	5,086	25.3%
Operating Income	521	365	3,377	10.8%
Ordinary Income	564	371	3,425	10.8%
Net Income	367	207	2,031	10.2%

# Consolidated Balance Sheets

¥ Million

	As of March 31, 2019		As of June 30, 2019		Rate of change	Major Factors on YoY Change
		Composition ratio		Composition ratio		
Total Current Assets	25,206	58.7%	23,702	57.2%	(6.0%)	Current Assets (1,504) • Cash and Deposits (1,400) • Accounts receivable - trade (449) • Inventory +176
Cash and Deposits	18,275	42.5%	16,875	40.7%	(7.7%)	
Total non-current Assets	17,764	41.3%	17,757	42.8%	0.0%	
Total Property, Plant and Equipment	9,282	21.6%	9,235	22.3%	(0.5%)	
Total Assets	42,971	100.0%	41,459	100.0%	(3.5%)	
Total Current Liabilities	11,213	26.1%	9,846	23.7%	(12.2%)	Current Liabilities (1,367) • Advances received +315 • Accounts payable (1,124)
Advances received	4,770	11.1%	5,085	12.3%	6.6%	
Total Non-current Liabilities	6,989	16.3%	7,049	17.0%	0.9%	
Total Liabilities	18,203	42.4%	16,895	40.8%	(7.2%)	
Total Net Assets	24,767	57.6%	24,563	59.2%	(0.8%)	Retained earnings (248) • Cash dividends paid (455) • Net income +207
Retained earnings	18,510	43.1%	18,262	44.0%	(1.3%)	
Total Liabilities and Net Assets	42,971	100.0%	41,459	100.0%	(3.5%)	



<https://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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