

# Brief announcement of non-consolidated financial statements (Japanese GAAP) for the accounting period ended March 2018

April 26, 2018

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 Code number: 4679 Location of head office: Tokyo  
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Scheduled date of the general shareholders' meeting: June 19, 2018 Scheduled date of submission of financial statements: June 20, 2018

Scheduled date of starting the payment of dividend: –

Supplementary material on financial results: to be prepared

Financial results briefing: to be held

(For institutional investors and securities analysts)

(Amounts less than 1 million yen were rounded down.)

## 1. Financial results for the accounting period ended March 2018 (April 1, 2017 to March 31, 2018)

(1) Operating results (The percentages represent the rates of increase or decrease over the previous accounting period)

	Sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Period ended March 2018	10,545	(7.5)	(46)	–	(57)	–
Period ended March 2017	11,401	(3.7)	28	–	(31)	–

	Current net profit		Current net profit per share		Return on shareholder's equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	million yen	%	yen sen	yen sen			
Period ended March 2018	(132)	–	(26.52)	–	(5.2)	(0.9)	(0.4)
Period ended March 2017	(177)	–	(35.61)	–	(6.6)	(0.5)	0.3

(NOTE) Profit and loss on investments based on the equity method for the year ended March 2018: – million yen; for the year ended March 2017: – million yen.

## (2) Financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen sen
Period ended March 2018	6,138	2,465	40.2	493.47
Period ended March 2017	6,114	2,598	42.5	519.99

(NOTE) Shareholders' equity at the end of the year ended March 2018: 2,465 million yen; for the year ended March 2017: 2,598 million yen.

## (3) Cash flow

	Cash flow from operations	Cash flow from investments	Cash flow from financial operations	Closing balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Period ended March 2018	239	(250)	117	965
Period ended March 2017	(33)	(104)	(264)	859

## 2. Dividend payments

	Annual amount of dividend per share					Annual total amount of dividends	Dividend payout ratio	Ratio of dividend to net assets
	First quarter	Second quarter	Third quarter	Final	Full year			
Period ended March 2017	–	0.00	–	0.00	0.00	–	–	–
Period ended March 2018	–	0.00	–	0.00	0.00	–	–	–
Period ending March 2019 (Projection)	–	0.00	–	–	–	–	–	–

Note: The year-end dividend will be determined in consideration of the Company's business performance in the future.

## 3. Projected financial results for the period ending March 2019 (April 1, 2018 to March 31, 2019)

(The percentages shown for full year represent the rates of increase or decrease over the previous accounting period.

The percentages shown for second quarter represent the rates of increase or decrease over the second quarter of the previous year.)

	Sales		Operating income		Ordinary income		Current net profit		Current net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
Second quarter (Accumulated total)	5,093	(4.6)	15	–	6	–	(23)	–	(4.70)
Full year	10,232	(3.0)	213	–	200	–	112	–	22.45

### \*Notes

#### (1) Changes in accounting policy, changes in accounting estimates and restatement

- 1) Changes in accounting policy associated with the revision of accounting standards, etc. : None  
 2) Changes in accounting policy other than those in 1) above : None

- 3) Changes in accounting estimates : None
- 4) Restatement : None

(2) The number of outstanding shares (common stock)

- 1) The number of outstanding shares (including treasury stocks) at the end of the year ended March 2018: 5,100,000 shares; for the year ended March 2017: 5,100,000 shares.
- 2) The number of the treasury stock at the end of the current year ended March 2018: 102,946 shares; for the year ended March 2017: 102,946 shares.
- 3) The average number of shares outstanding for the year ended March 2018: 4,997,054 shares; for the year ended March 2017: 4,997,054 shares.

\* Brief announcements of non-consolidated financial statements do not fall within the scope of audits by certified public accountants or auditing firms.

\* Explanation on an appropriate use of the projected business performance and other remarks

(Notes on forward-looking statements)

Any forward-looking statements such as business performance forecasts contained in this material are based on the information available to the Company and on certain assumptions that we consider to be reasonable at the time of preparation of this document. The Company does not promise the realization of the forecasts in this report. The actual results may differ considerably due to various factors. For suppositions that form the assumptions for forecasts and important notes for using such business performance projections, please refer to “1. Overview of operating results, etc. (4) Outlook for the next period” on page 6 of the accompanying material.

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## **1. Overview of operating results, etc.**

### **(1) Overview of operating results of the current fiscal year**

During the fiscal year under review, Japan's economy continued to recover at a modest pace, supported by improvements to corporate earnings and employment conditions, which were underpinned by various economic policies implemented by the government. However, the outlook for the economy remained uncertain against the backdrop of continuing uncertainties in the overseas economies and the rise of geopolitical risks, etc.

In the beauty industry, the business environment surrounding the Company remained tough because of factors such as consumers becoming more budget conscious due to anxieties about the uncertain economic outlook, an increase in competition among salons, and difficulty in securing beauticians as a result of tightening supply-demand conditions in the labor market.

Under these circumstances, for the second year of the ongoing "Medium-term Management Improvement Plan (FY2016–FY2018)," the Company continued to encourage customers to visit its salons by delivering three special offers and strengthening product sales by offering a new product line to "help customers look beautiful every day and anywhere" with "ALWAYS Beautiful" as a slogan. To this end, the Company made company-wide efforts for creating salons capable of satisfying customers.

Regarding salons, the Company opened one new salon (Shampoo Keikyu Tsurumi) and relocated and opened one salon (TAYA Nagareyama Otakanomori S·C).

In addition, the Company renovated ten salons and changed the brand of three salons. Meanwhile, ten salons were closed (TAYA Yokohama Motomachi, Shampoo Keio Hachioji SC, Shampoo Shibuya Koen-dori, TAYA Omiya, Capelli Punto N.Y. Lumine Machida, Courreges salon de beaute Canal City Hakata, Courreges salon de beaute Herbis Plaza, Courreges salon de beaute Susukino Lafiler, TAYA blue label Ito Yokado Yachiyo, Shampoo Tsunashima). As a result, the Company has 126 beauty salons and one retail shop as of the end of the fiscal year under review.

In spite of implementing the above measures, the number of customer visits on the existing store basis declined 3.7% year-on-year due to a decrease in new customers and longer intervals between visits by customers, etc. As a result, the Company faced a tough situation where existing-store sales declined 3.5% year-on-year.

Consequently, the Company posted the following operating results for the fiscal year ended March 31, 2018: sales of 10,545 million yen, a decrease of 7.5% year on year, operating loss of 46 million yen (operating income of 28 million yen a year earlier), ordinary loss of 57 million yen (ordinary loss of 31 million yen a year earlier), and net loss of 132 million yen (net loss of 177 million yen a year earlier).

### **(2) Overview of financial status for the current fiscal year**

The total assets as of the end of the fiscal year under review were 6,138 million yen, an increase of 24 million yen from the end of the previous fiscal year.

Current assets totaled 1,964 million yen, up 33 million yen from the end of the previous fiscal year. Fixed assets amounted to 4,174 million yen, down 8

million yen from the end of the previous fiscal year. The main factors underlying the increase were increases in cash and deposits of 84 million yen, buildings of 158 million yen due to salon renovations and brand changes, and tools and fixtures of 36 million yen. The main factor underlying the decrease was decrease in security deposits and guarantee money of 188 million yen due to store closures.

The total liabilities as of the end of the fiscal year under review stood at 3,673 million yen, up 157 million yen from the end of the previous fiscal year.

Current liabilities amounted to 2,020 million yen, up 126 million yen from the end of the previous fiscal year. Fixed liabilities stood at 1,652 million yen, up 31 million yen from the end of the previous fiscal year. The main factors underlying the increase were an increase in electronically recorded obligations - operating of 148 million yen, a net increase in short-term and long-term loans payable of 136 million yen, an increase in deposits received of 49 million yen, an increase in accounts payable-other of 34 million yen and an increase in accrued expenses of 33 million yen. The main factors underlying the decrease were decreases in notes payable - trade of 185 million yen and income taxes payable of 29 million yen.

The Company's net assets as of the end of the fiscal year under review came to 2,465 million yen, down 132 million yen from the end of the previous fiscal year.

As a result, our capital ratio fell from 42.5% at the end of the previous fiscal year to 40.2%.

### **(3) Overview of cash flows for the current fiscal year**

Cash and cash equivalents ("funds" hereinafter) as of the end of the current fiscal year increased 106 million yen from the previous fiscal year to 965 million yen.

Detailed cash flows in the current period are shown below.

(Cash flow from operations)

Cash flow from operating activities for the fiscal year under review was positive 239 million yen (negative 33 million yen for the previous fiscal year).

This is primarily attributable to a pretax net loss of 84 million yen, payments of income taxes of 57 million yen and a decrease in trade payables of 49 million yen, while there were depreciation expenses of 262 million yen, loss on retirement of non-current assets of 27 million yen, increase in accounts payable-other of 24 million yen, and decrease in inventories of 21 million yen.

(Cash flow from investments)

Cash flow from investing activities for the fiscal year under review amounted to negative 250 million yen (negative 104 million yen for the previous fiscal year).

This is mainly attributable to payments for acquisition of tangible fixed assets of 368 million yen in association with renovation of existing salons / brand conversions and expenditure for performance of asset retirement obligations of 83 million yen while there was income from recovery of security deposits and guarantee money of 216 million yen associated with closure of salons, etc.

(Cash flow from financial operations)

Cash flow from financing activities for the fiscal year under review was positive 117 million yen (negative 264 million yen for the previous fiscal year).

This is primarily attributable to net increase in short-term and long-term

loans payable of 136 million yen.

(Reference) Trend of cash flow indices

	42nd period ended March 2016	43rd period ended March 2017	44th period ended March 2018
Capital ratio (%)	40.8	42.5	40.2
Mark-to-market capital ratio (%)	50.4	53.9	54.6
Interest-bearing debt/Operating cash flow ratio (year)	91.2	–	7.0
Interest coverage ratio (multiple)	0.8	–	11.5

Capital ratio: Net worth/Total assets

Mark-to-market capital ratio: Total market capitalization/Total assets

Interest-bearing debt/Operating cash flow ratio: Interest bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payment

- \* 1. Total market capitalization was computed by multiplying closing stock prices at year-end by total outstanding shares (excluding treasury stocks) at year-end.
- 2. Operating cash flow represents cash flow from operating activities in the cash flow statement. Interest-bearing debt represents all interest-bearing debts recorded on the balance sheet. In addition, interest payments represent the interest payment recorded in the cash flow statement.
- 3. Figures for “Interest-bearing debt/Operating cash flow ratio” and “Interest coverage ratio” are not provided for the fiscal year ended March 31, 2017 because the Company had negative operating cash flows for the period.

#### (4) Outlook for the next period

The outlook for the business environment in the coming period is expected to remain tough as the trend of frugality in personal spending will still remain deeply rooted, although the domestic market is expected to recover at a moderate pace, due to concerns that sudden changes in the global situation and associated changes in outlooks of the foreign exchange market and the economic climate will put a downward pressure on the Japanese economy.

Under these circumstances, for the final year of the “Medium-term Management Improvement Plan (FY2016–FY2018),” the Company will promote initiatives, centered on four measures: (1) Human resources measures, (2) Sales measures, (3) Salon measures, and (4) Corporate measures. By implementing these measures, we will push forward with efforts to promptly improve earnings and develop a corporate structure that will allow us to shift to a growth strategy.

However, the Company was unable post a bottom-line profit this year, which was one of the targets for the second year (FY2017) of the Medium-term Management Improvement Plan, and recorded a current net loss. Thus with respect to the projection of business performance for the next fiscal year, sales are expected to total 10,232 million yen (down 3.0% from the previous fiscal year), operating income 213 million yen (up 259 million yen from the previous fiscal year), ordinary income 200 million yen (an increase of 258 million yen from the previous

fiscal year), and net income 112 million yen (an increase of 244 million yen from the previous fiscal year).

(Note) The projected business performance is based on the information we currently have available. Actual results may greatly differ from the projections due to various factors that may arise in the future.

#### **(5) Key events concerning preconditions for business as a going concern**

The Company recorded an operating loss of 46 million yen for the fiscal year under review, and we are aware that there continues to be events or conditions that may cast significant doubt over the preconditions of a going concern.

To eliminate such events or conditions, the Company released the “Medium-term Management Improvement Plan (FY2016–FY2018),” which started from FY2016 and is designed to improve business performance at an early date and establish a corporate structure that allows a shift to a growth strategy.

Under the plan, we will implement the following four priority measures: (1) Human resources measures, (2) Sales measures, (3) Salon measures, and (4) Corporate measures. The aim is to enhance technical and service capabilities for our customers, as well as to secure sales by encouraging customers to use the special benefits offered to them and increasing product sales to customers, while improving profits at salons by closing and relocating unprofitable salons and renovating existing salons. In addition, we will promote the consolidation of head office functions by systematizing operations to achieve a small head office and reduce costs for profitability improvement.

On the financing front, the Company signed a syndicated loan agreement with our correspondent financial institution in December 2016 for the purpose of procuring funds to refinance existing borrowings to strengthen the financial position. After examining cash flow during the fiscal year under review and future cash flow, the Company determined that there are no concerns about the continuity of business activities in the immediate future and there are no events or conditions that may cast a significant doubt over the preconditions of a going concern.

## **2. Basic idea for selection of accounting policy**

The Company prepares non-consolidated financial statements based on the Japanese GAAP. While paying attention to the trends in adoption of International Financial Reporting Standards (IFRS), the Company is striving to develop a system to adapt appropriately to trends.

### 3. Financial statements and important notes

#### (1) Balance sheet

(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of March 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	1,082,908	1,167,556
Accounts receivable-trade	507,041	500,798
Merchandise	88,474	73,537
Materials for beauty treatments	25,893	21,757
Supplies	13,219	11,289
Prepaid expenses	106,647	105,893
Others	107,252	83,839
Bad debt reserves	(359)	(355)
<b>Total current assets</b>	<b>1,931,078</b>	<b>1,964,316</b>
Fixed assets		
Tangible fixed assets		
Buildings	4,159,315	4,269,368
Accumulated depreciation	(3,004,390)	(2,956,093)
Buildings (net value)	1,154,925	1,313,275
Structures	26,014	26,014
Accumulated depreciation	(23,418)	(23,868)
Structures (net value)	2,596	2,146
Equipment, tools and fixtures	41,452	83,486
Accumulated depreciation	(37,970)	(43,411)
Equipment, tools and fixtures (net value)	3,482	40,075
Land	1,193,505	1,193,505
Lease assets	70,553	63,432
Accumulated depreciation	(34,310)	(34,618)
Lease assets (net value)	36,243	28,813
<b>Total tangible fixed assets</b>	<b>2,390,752</b>	<b>2,577,815</b>
Intangible fixed assets		
Software	2,956	1,893
Others	30,097	30,097
<b>Total intangible fixed assets</b>	<b>33,053</b>	<b>31,990</b>
Investments and other assets		
Investments in subsidiaries and affiliated companies	119	219
Long-term loans to employees	860	420
Long-term prepaid expenses	20,188	15,210
Security deposit and guarantee money	1,728,814	1,539,862
Others	9,164	9,164
Long-term bad debt reserves	(1)	(1)
<b>Total of investment and other assets</b>	<b>1,759,145</b>	<b>1,564,875</b>
<b>Total fixed assets</b>	<b>4,182,951</b>	<b>4,174,682</b>
<b>Total assets</b>	<b>6,114,029</b>	<b>6,138,999</b>



(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of March 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	351,801	165,837
Electronically recorded obligations - operating	–	148,503
Accounts payable-trade	58,736	52,908
Short-term loans payable	397,300	441,200
Long-term loans payable due within one year	137,100	172,898
Lease obligations	13,278	12,333
Accounts payable-other	142,025	176,842
Accrued expenses	469,298	502,457
Income taxes payable	124,041	94,116
Unpaid consumption taxes	70,499	77,822
Advances received	894	676
Deposits received	30,511	79,853
Bonus reserve	65,431	67,152
Asset retirement obligations	33,257	27,706
<b>Total current liabilities</b>	<b>1,894,175</b>	<b>2,020,310</b>
Fixed liabilities		
Long-term loans payable	965,500	1,021,988
Lease obligations	28,829	20,492
Deferred tax liabilities	15,453	10,973
Retirement benefit reserve	406,605	394,354
Asset retirement obligations	201,592	203,011
Others	3,454	1,946
<b>Total fixed liabilities</b>	<b>1,621,434</b>	<b>1,652,768</b>
<b>Total liabilities</b>	<b>3,515,610</b>	<b>3,673,078</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,480,180	1,480,180
Capital surplus		
Capital reserve	1,702,245	1,702,245
<b>Total capital surplus</b>	<b>1,702,245</b>	<b>1,702,245</b>
Retained earnings		
Profit reserve	66,920	66,920
Other retained earnings		
Earned surplus carried forward	(491,428)	(623,926)
<b>Total retained earnings</b>	<b>(424,508)</b>	<b>(557,006)</b>
Treasury stock	(159,497)	(159,497)
<b>Total shareholders' equity</b>	<b>2,598,419</b>	<b>2,465,920</b>
<b>Total net assets</b>	<b>2,598,419</b>	<b>2,465,920</b>
<b>Total liabilities and net assets</b>	<b>6,114,029</b>	<b>6,138,999</b>

## (2) Income statement

(Unit: thousand yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
<b>Sales</b>		
Sales of beauty treatments	10,067,424	9,393,215
Sales of goods	1,299,192	1,118,298
Others	35,195	34,263
Total sales	11,401,812	10,545,777
<b>Cost of sales</b>		
Cost of beauty treatments	9,340,038	8,690,078
Cost of goods sold	602,496	519,200
Others	17,586	16,855
Total cost of sales	9,960,121	9,226,134
Gross profit	1,441,691	1,319,642
Sales and administrative expenses	1,412,816	1,366,325
Operating income (loss)	28,874	(46,682)
<b>Non-operating income</b>		
Interest received	169	123
Dividend income of insurance	2,819	2,745
Co-sponsor fee	5,206	5,431
Office work fee	3,703	2,777
Others	12,822	9,117
Total non-operating income	24,721	20,195
<b>Non-operating expenses</b>		
Interest expense	18,538	21,083
Interest paid for corporate bonds	210	-
Commission for syndicate loan	62,811	4,160
Others	3,766	5,727
Total non-operating expenses	85,326	30,971
Ordinary loss	(31,730)	(57,458)
<b>Extraordinary income</b>		
Income from compensation for transfer	37,730	-
Total extraordinary income	37,730	-
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	14,488	27,040
Impairment loss	107,362	-
Total extraordinary losses	121,851	27,040
Current net loss before tax	(115,851)	(84,498)
Income taxes - current	56,674	52,479
Income taxes - deferred	5,399	(4,479)
Total income taxes	62,074	47,999
Current net loss	(177,925)	(132,498)

### (3) Statement of shareholders' equity

Previous fiscal year (April 1, 2016 to March 31, 2017)

(Unit: thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Profit reserve	Retained earnings		Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings	Separate reserve	
Balance as of previous fiscal year	1,480,180	1,702,245	1,702,245	66,920	-	(313,503)	(246,583)
Changes during the current fiscal year							
Current net loss						(177,925)	(177,925)
Net changes during the current fiscal year	-	-	-	-	-	(177,925)	(177,925)
Balance as of current fiscal year	1,480,180	1,702,245	1,702,245	66,920	-	(491,428)	(424,508)

	Shareholders' equity		Total net asset
	Treasury stock	Total shareholders' equity	
Balance as of previous fiscal year	(159,497)	2,776,344	2,776,344
Changes during the current fiscal year			
Current net loss		(177,925)	(177,925)
Net changes during the current fiscal year	-	(177,925)	(177,925)
Balance as of current fiscal year	(159,497)	2,598,419	2,598,419

Current fiscal year (April 1, 2017 to March 31, 2018)

(Unit: thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Profit reserve	Retained earnings		
		Capital reserve	Total capital surplus		Other retained earnings		Total retained earnings
					Separate reserve	Earned surplus carried forward	
Balance as of previous fiscal year	1,480,180	1,702,245	1,702,245	66,920	-	(491,428)	(424,508)
Changes during the current fiscal year							
Current net loss						(132,498)	(132,498)
Net changes during the current fiscal year	-	-	-	-	-	(132,498)	(132,498)
Balance as of current fiscal year	1,480,180	1,702,245	1,702,245	66,920	-	(623,926)	(557,006)

	Shareholders' equity		Total net asset
	Treasury stock	Total shareholders' equity	
Balance as of previous fiscal year	(159,497)	2,598,419	2,598,419
Changes during the current fiscal year			
Current net loss		(132,498)	(132,498)
Net changes during the current fiscal year	-	(132,498)	(132,498)
Balance as of current fiscal year	(159,497)	2,465,920	2,465,920

#### (4) Cash flow statement

(Unit: thousand yen)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Cash flow from operations		
Current net loss before tax	(115,851)	(84,498)
Depreciation	280,560	262,320
Impairment loss	107,362	–
Increase (decrease) in bonus reserve	(147,764)	1,721
Increase (decrease) in retirement benefit reserve	(8,911)	(12,250)
Increase (decrease) in bad debt reserve	35	(4)
Interest received and dividend income	(169)	(123)
Interest paid	18,538	21,083
Commission for syndicate loan	62,811	4,160
Loss on retirement of non-current assets	14,488	27,040
Income from compensation for transfer	(37,730)	–
(Increase) decrease in accounts receivable-trade	23,490	6,025
(Increase) decrease in inventories	3,556	21,003
Increase (decrease) in trade payables	(40,704)	(49,099)
Increase (decrease) in accounts payable-other	(41,481)	24,730
Increase (decrease) in unpaid consumption tax, etc.	(158,214)	7,323
Others	45,523	88,527
Sub-total	5,538	317,959
Interest and dividend income received	201	134
Amount of interest payments	(17,510)	(20,834)
Income from compensation for transfer received	37,730	–
Income taxes paid	(59,070)	(57,836)
Cash flow from operations	(33,111)	239,423

	(Unit: thousand yen)	
	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
<b>Cash flow from investments</b>		
Payment for time deposits	(443,304)	(359,166)
Income from withdrawal of time deposits	496,431	380,839
Payment for acquisition of tangible fixed assets	(138,629)	(368,764)
Expenditure for security deposit and guarantee money payment	(62,608)	(33,508)
Income due to the recovery of security deposit and guarantee money	78,829	216,616
Payments for asset retirement obligations	(25,854)	(83,257)
Others	(9,785)	(3,620)
<b>Cash flow from investments</b>	<b>(104,920)</b>	<b>(250,860)</b>
<b>Cash flow from financial operations</b>		
Income from additional short-term loans	1,199,300	466,600
Repayment of short-term loans	(903,800)	(422,700)
Income from long-term loans	1,130,000	246,000
Repayment of long-term loans	(1,459,858)	(153,713)
Outflow by redemption of corporate bonds	(60,000)	-
Expenditure for lease obligation repayment	(19,566)	(14,078)
Repayment of guarantee money received	(85,581)	-
Payments for commission for syndicate loan	(65,061)	(3,899)
Dividend payments	(417)	(388)
<b>Cash flow from financial operations</b>	<b>(264,985)</b>	<b>117,820</b>
Translation adjustments on cash and cash equivalents	(7)	(62)
<b>Amount of increase (decrease) in cash and cash equivalents</b>	<b>(403,025)</b>	<b>106,320</b>
<b>Opening balance of cash and cash equivalents</b>	<b>1,262,359</b>	<b>859,333</b>
<b>Closing balance of cash and cash equivalents</b>	<b>859,333</b>	<b>965,654</b>

## (5) Notes on financial statements

(Note concerning events or conditions that may cast significant doubt over the precondition of a going concern)

N/A

(Profit and loss under the equity method, etc.)

N/A

(Segment information)

[Segment information]

Previous fiscal year (From April 1, 2016 to March 31, 2017) and Current fiscal year (From April 1, 2017 to March 31, 2018)

As the Company consists of one segment of beauty business, the description is omitted.

[Associated information]

Previous fiscal year (From April 1, 2016 to March 31, 2017)

### 1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	10,067,424	1,299,192	35,195	11,401,812

### 2. Information for each region

#### (1) Sales amount

As the sales to external customers in Japan exceed 90% of those on the income statement, the description is omitted.

#### (2) Tangible fixed assets

As the amount of tangible fixed assets the Company possesses in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, the description is omitted.

### 3. Information for each major customer

In sales to external customers, there is no customer that exceeds 10% of sales in the income statement. Accordingly, the description is omitted.

Current fiscal year (From April 1, 2017 to March 31, 2018)

### 1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	9,393,215	1,118,298	34,263	10,545,777

### 2. Information for each region

#### (1) Sales amount

As the sales to external customers in Japan exceed 90% of those on the income statement, the description is omitted.

#### (2) Tangible fixed assets

As the amount of tangible fixed assets the Company possesses in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, the description is omitted.

### 3. Information for each major customer

In sales to external customers, there is no customer that exceeds 10% of sales in the income statement. Accordingly, the description is omitted.

[Information on the impairment loss of fixed assets for each reportable segment]

Previous fiscal year (From April 1, 2016 to March 31, 2017)

As the Company consists of one segment, the description is omitted.

Current fiscal year (From April 1, 2017 to March 31, 2018)

As the Company consists of one segment, the description is omitted.

[Information concerning amortization of goodwill and unamortized balance by reporting segment]

Previous fiscal year (from April 1, 2016 to March 31, 2017)

N/A

Current fiscal year (from April 1, 2017 to March 31, 2018)

N/A

[Information concerning gain on negative goodwill by reporting segment]

Previous fiscal year (from April 1, 2016 to March 31, 2017)

N/A

Current fiscal year (from April 1, 2017 to March 31, 2018)

N/A



(Per share information)

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Net assets per share (yen)	519.99	493.47
Current net loss per share (yen)	35.61	26.52
Current net profit per share after adjustment of latent shares	Diluted current net profit per share is not presented since current net loss per share was posted and there were no residual securities	Diluted current net profit per share is not presented since current net loss per share was posted and there were no residual securities

Note: The base data for calculating current net loss per share is as follows.

	Previous fiscal year (April 1, 2016 to March 31, 2017)	Current fiscal year (April 1, 2017 to March 31, 2018)
Current net loss (thousand yen)	177,925	132,498
Amount which does not belong to shareholders of common stock (thousand yen)	–	–
Current net loss which belongs to common stock (thousand yen)	177,925	132,498
Average number of common stocks outstanding for the fiscal year (thousand shares)	4,997	4,997

(Important post-balance sheet events)

N/A

#### 4. Others

(1) Change in officers

N/A

(2) Others

Comparison of sales by category

(Unit: thousand yen)

Items	Previous fiscal year (April 1, 2016 to March 31, 2017)		Current fiscal year (April 1, 2017 to March 31, 2018)		Comparison with the previous year
	Amount	Breakdown	Amount	Breakdown	Increase or decrease
Beauty treatments	10,067,424	% 88.3	9,393,215	% 89.1	(674,209)
Merchandise	1,299,192	11.4	1,118,298	10.6	(180,893)
Others	35,195	0.3	34,263	0.3	(932)
Total	11,401,812	100.0	10,545,777	100.0	(856,035)