



Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2022 [IFRS] (Consolidated)

November 12, 2021

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 Scheduled date for commencement of dividend payment: —
 Supplementary explanatory materials for quarterly financial results: Yes
 Quarterly financial results briefings: No

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2022 (July 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate changes from the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Q1 FYE June 2022	5,052	9.5	432	(2.9)	392	(1.5)	262	(7.7)	262	(7.7)	273	2.7
Q1 FYE June 2021	4,615	(18.8)	445	(41.9)	398	(45.6)	284	(41.7)	284	(41.7)	266	(44.2)

	Basic earnings per share	Diluted earnings per share
		yen
Q1 FYE June 2022	20.44	19.63
Q1 FYE June 2021	22.31	21.29

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	million yen	million yen	million yen	%
Q1 FYE June 2022	30,516	10,451	10,451	34.2
FYE June 2021	30,634	10,156	10,156	33.2

2. Dividends

	Annual dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FYE June 2021	—	0.00	—	0.00	0.00
FYE June 2022	—	—	—	—	—
FYE June 2022 (Forecast)	—	0.00	—	—	—

(Note) Revision from the last announcement of dividend forecast: No
 The forecast of the year-end dividend for the fiscal year ending June 30, 2022 has not yet been determined.

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)

(Percentages indicate changes from the same period of the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	yen
First six months	10,140	9.0	480	33.9	390	46.2	270	17.9	270	17.9	21.02
Full year	20,840	10.1	1,100	137.3	920	221.2	640	162.4	640	162.4	49.09

(Note) Revision from the last announcement of earnings forecast: No

* Notes

(1) Changes in significant subsidiaries during the period: No
 (Changes in specific subsidiaries with changes in the scope of consolidation)
 Newly consolidated - companies (Company names) -, Excluded - companies (Company names) -

(2) Changes in accounting policies and accounting estimates
 (i) Changes in accounting policies required by IFRS: No
 (ii) Changes in accounting policies other than (i): No
 (iii) Changes in accounting estimates: No

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	Q1 FYE June 2022	12,857,200 shares	FYE June 2021	12,820,900 shares
(ii) Number of treasury shares at the end of the period	Q1 FYE June 2022	123 shares	FYE June 2021	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q1 FYE June 2022	12,835,970 shares	Q1 FYE June 2021	12,748,297 shares

* Quarterly financial results are not subject to quarterly review by certified public accountants or audit firms.

* Explanation on the appropriate use of earnings forecasts and other special notes
 (Notes on forward-looking statements)

Forward-looking statements and others included in this document, including earnings forecasts, are based on information currently available to and certain premises deemed to be rational by the Company, and it is not committed to achieving such. Actual earnings and others may differ due to various factors.

(How to obtain supplementary explanatory materials for financial results)

Supplementary explanatory materials for financial results were disclosed on TDnet on the same day. They will also be posted on the Company website.

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1. Qualitative Information Regarding the Quarterly Financial Results Under Review

(1) Explanation of Operating Results

During the consolidated first three months of the fiscal year under review (from July 1, 2021 to September 30, 2021), the Company Group has operated its stores while taking all possible measures to prevent infections amid the impact of new coronavirus infections (hereinafter referred to as "COVID-19") persisting for a long time.

Revenue increased by 437 million yen year on year to 5,052 million yen despite the impact of COVID-19. The status of COVID-19 and its impact on revenue in each country is as described below.

(Million yen)				
	Cumulative Q1 of previous fiscal year (From July 1, 2020 to September 30, 2020)	Cumulative Q1 of current fiscal year (From July 1, 2021 to September 30, 2021)	Changes	Changes (Excluding foreign exchange effects)
Domestic operations	3,832	4,201	368	—
Overseas operations	782	851	68	23
Hong Kong	436	486	49	29
Singapore	196	206	9	(2)
Taiwan	129	116	(13)	(25)
United States	19	42	23	22
Consolidated	4,615	5,052	437	23

(Note) Amounts are after deducting intercompany transactions among group companies.

<Domestic operations>

During the state of emergency declared in July 2021, with the exception of some stores that were temporarily closed or opened for shorter business hours due to the decision of the facilities that housed them, we managed to continue business with thorough measures against infections in place. As a result, we saw the number of customers visiting our stores on a recovery path although that number was below the level prior to the spread of COVID-19. Revenue increased by 368 million yen year on year.

<Hong Kong>

With the situation of infections settling down, the number of customers visiting all our stores including new ones has recovered to the level before the spread of COVID-19. Revenue increased by 49 million yen year on year including foreign exchange effects.

<Singapore>

As the number of newly infected patients increased, government agencies continued to take measures to prevent infections. As a result, revenue was generally unchanged year on year, including foreign exchange effects.

<Taiwan>

Revenue decreased by 13 million yen year on year mainly due to preventive measures taken by government agencies as the number of new infections surged in the middle of May 2021.

<United States (New York)>

Although new infections continue to occur, the number of customers visiting our stores is recovering partly due to an easing of preventive measures taken by government agencies. Revenue increased by 23 million yen year on year partly due to price revisions including foreign exchange effects.

Cost of sales decreased by 48 million yen year on year to 4,043 million yen. The main changes are as follows.

(Million yen)		
Item	Changes	Main reasons for change
Personnel expenses	(36)	A decrease in the number of store stylists due to the optimization of personnel
Outsourcing fees	34	An increase in revenue at consigned salons
Consumables	(24)	A decrease in the purchase number due to the start of the reuse of combs

Selling, general and administrative expenses decreased by 74 million yen year on year to 583 million yen. The main changes are as follows.

(Million yen)		
Item	Changes	Main reasons for change
Provision for bonuses	(29)	A decrease in provision for performance-based pay, etc.
Personnel expenses	(24)	A decrease in in-house haircut school trainees and staff in the head office
Recruitment expenses	(13)	The Company aired help-wanted ads in TV commercials during the previous quarter.

Other operating income decreased by 579 million yen from the same period of the previous fiscal year, when we recorded income from employment adjustment subsidies in Japan, to 10 million yen. Other operating expenses decreased by 6 million yen year on year to 4 million yen.

As a result, consolidated earnings in the first three months of the fiscal year under review were as follows: Revenue amounted to 5,052 million yen (up 9.5% year on year), operating profit was 432 million yen (down 2.9% year on year), profit before tax was 392 million yen (down 1.5% year on year), and profit attributable to owners of parent came to 262 million yen (down 7.7% year on year).

In terms of our store network, we opened five stores. The breakdown is four stores in Japan and one overseas, in Hong Kong. Moreover, since we closed three stores mainly due to redevelopment work of railway stations, we had 716 stores as of the end of the first quarter of the fiscal year under review, an increase of two stores from the end of the previous fiscal year.

The description by segment is omitted because the Company Group engages in a single segment of the haircutting business.

(2) Explanation of Financial Position

(i) Assets, liabilities and equity

Assets, liabilities and equity at the end of the first quarter under review were as follows:

Current assets increased by 132 million yen from the end of the previous fiscal year to 5,773 million yen. This was mainly due to an increase of 146 million yen in cash and cash equivalents and an increase of 31 million yen in other current assets. Non-current assets decreased by 250 million yen from the end of the previous fiscal year to 24,742 million yen. This was mainly due to a decrease of 31 million yen in property, plant and equipment and a decrease of 225 million yen in right-of-use assets. As a result, assets decreased by 118 million yen from the end of the previous fiscal year to 30,516 million yen.

Current liabilities decreased by 134 million yen from the end of the previous fiscal year to 7,565 million yen. This was mainly due to a decrease of 110 million yen in lease obligations and a decrease of 82 million yen in other current liabilities. Non-current liabilities decreased by 278 million yen from the end of the previous fiscal year to 12,499 million yen. This was mainly due to a decrease of 171 million yen in borrowings and a decrease of 115 million yen in lease obligations. As a result, liabilities decreased by 412 million yen from the end of the previous fiscal year to 20,065 million yen.

Equity increased by 294 million yen from the end of the previous fiscal year to 10,451 million yen. This was mainly due to an increase of 262 million yen in retained earnings.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first quarter under review increased by 146 million yen from the end of the previous fiscal year to 4,748 million yen. Individual cash flows for the first three months of the fiscal year under review and the factors behind them were as follows:

(Cash flows from operating activities)

Cash provided by operating activities was 1,027 million yen (1,118 million yen provided in the same period of the previous fiscal year). This was mainly attributable to factors causing an increase in cash, such as the recording of profit before tax of 392 million yen and depreciation and amortization of 787 million yen, in contrast to decreasing factors, such as interest paid of 39 million yen and income taxes paid of 38 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 84 million yen (135 million yen used in the same period of the previous fiscal year). This was mainly attributable to factors causing a decrease in cash, such as purchase of property, plant and equipment of 68 million yen and payments of guarantee deposits of 17 million yen.

(Cash flows from financing activities)

Cash used in financing activities was 805 million yen (203 million yen provided in the previous fiscal year). This was mainly attributable to factors causing a decrease in cash, such as repayments of long-term borrowings of 175 million yen and repayments of lease obligations of 656 million yen.

(3) Explanation of Information on Future Forecasts Including Consolidated Earnings Forecast

Regarding the financial forecast for the fiscal year ending June 30, 2022, there is no change to the full-year financial forecast announced on August 13, 2021. Forward-looking statements and others included in this document, including earnings forecasts, are based on information available to and certain premises deemed to be rational by the Company, and actual results and others may vary considerably from the above forecasts due to various factors.

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(unit: million yen)

	Previous fiscal year (June 30, 2021)	Q1 of current fiscal year (September 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	4,601	4,748
Trade and other receivables	781	765
Other financial assets	—	5
Inventories	104	93
Income taxes receivable	23	—
Other current assets	129	161
Total current assets	5,641	5,773
Non-current assets		
Property, plant and equipment	1,502	1,470
Right-of-use assets	5,313	5,088
Goodwill	15,430	15,430
Intangible assets	130	120
Other financial assets	1,854	1,865
Deferred tax assets	654	661
Other non-current assets	107	105
Total non-current assets	24,992	24,742
Total assets	30,634	30,516
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	202	198
Borrowings	3,717	3,720
Lease obligations	2,350	2,239
Income taxes payable	47	105
Other financial liabilities	82	83
Other current liabilities	1,299	1,217
Total current liabilities	7,699	7,565
Non-current liabilities		
Borrowings	9,125	8,954
Lease obligations	3,016	2,900
Other financial liabilities	91	90
Deferred tax liabilities	15	22
Provisions	514	520
Other non-current liabilities	13	11
Total non-current liabilities	12,777	12,499
Total liabilities	20,477	20,065
Equity		
Share capital	1,245	1,258
Capital surplus	4,785	4,798
Retained earnings	4,129	4,391
Treasury shares	(0)	(0)
Other components of equity	(3)	1
Total equity attributable to owners of parent	10,156	10,451
Total equity	10,156	10,451
Total liabilities and equity	30,634	30,516

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(unit: million yen)

	Cumulative Q1 of previous fiscal year (From July 1, 2020 to September 30, 2020)	Cumulative Q1 of current fiscal year (From July 1, 2021 to September 30, 2021)
Revenue	4,615	5,052
Cost of sales	(4,091)	(4,043)
Gross profit	523	1,009
Other operating income	590	10
Selling, general and administrative expenses	(657)	(583)
Other operating expenses	(11)	(4)
Operating profit	445	432
Finance income	3	3
Finance costs	(50)	(43)
Profit before tax	398	392
Income tax expense	(113)	(129)
Profit	284	262
Profit attributable to		
Owners of parent	284	262
Profit	284	262
Earnings per share		
Basic earnings per share (yen)	22.31	20.44
Diluted earnings per share (yen)	21.29	19.63

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(unit: million yen)

	Cumulative Q1 of previous fiscal year (From July 1, 2020 to September 30, 2020)	Cumulative Q1 of current fiscal year (From July 1, 2021 to September 30, 2021)
Profit	284	262
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(18)	11
Total of items that may be reclassified to profit or loss	(18)	11
Total other comprehensive income	(18)	11
Comprehensive income	266	273
Comprehensive income attributable to		
Owners of parent	266	273
Comprehensive income	266	273

(4) Condensed Quarterly Consolidated Statement of Changes in Equity
 Cumulative Q1 of previous fiscal year (From July 1, 2020 to September 30, 2020)

(unit: million yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Share acquisition rights	Total
Balance at July 1, 2020	1,214	4,754	3,885	(0)	(179)	110	(68)
Profit	—	—	284	—	—	—	—
Other comprehensive income	—	—	—	—	(18)	—	(18)
Total comprehensive income	—	—	284	—	(18)	—	(18)
Issuance of new shares (exercise of share acquisition rights)	9	9	—	—	—	(5)	(5)
Share-based remuneration expenses	—	—	—	—	—	3	3
Total transactions with owners	9	9	—	—	—	(1)	(1)
Balance at September 30, 2020	1,224	4,764	4,170	(0)	(197)	109	(88)

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance at July 1, 2020	9,786	9,786
Profit	284	284
Other comprehensive income	(18)	(18)
Total comprehensive income	266	266
Issuance of new shares (exercise of share acquisition rights)	14	14
Share-based remuneration expenses	3	3
Total transactions with owners	18	18
Balance at September 30, 2020	10,070	10,070

Cumulative Q1 of current fiscal year (From July 1, 2021 to September 30, 2021)

(unit: million yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Exchange differences on translation of foreign operations	Share acquisition rights	Total
Balance at July 1, 2021	1,245	4,785	4,129	(0)	(110)	107	(3)
Profit	—	—	262	—	—	—	—
Other comprehensive income	—	—	—	—	11	—	11
Total comprehensive income	—	—	262	—	11	—	11
Issuance of new shares (exercise of share acquisition rights)	13	13	—	—	—	(7)	(7)
Share-based remuneration expenses	—	—	—	—	—	1	1
Total transactions with owners	13	13	—	—	—	(5)	(5)
Balance at September 30, 2021	1,258	4,798	4,391	(0)	(99)	101	1

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance at July 1, 2021	10,156	10,156
Profit	262	262
Other comprehensive income	11	11
Total comprehensive income	273	273
Issuance of new shares (exercise of share acquisition rights)	18	18
Share-based remuneration expenses	1	1
Total transactions with owners	20	20
Balance at September 30, 2021	10,451	10,451

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(unit: million yen)

	Cumulative Q1 of previous fiscal year (From July 1, 2020 to September 30, 2020)	Cumulative Q1 of current fiscal year (From July 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before tax	398	392
Depreciation and amortization	817	787
Impairment losses	7	2
Finance income	(3)	(3)
Finance costs	50	43
Subsidy income	(579)	(7)
Decrease (increase) in trade and other receivables	(6)	27
Decrease (increase) in inventories	2	11
Increase (decrease) in trade and other payables	(46)	(4)
Other	(22)	(151)
Subtotal	617	1,099
Interest received	0	0
Interest paid	(34)	(39)
Proceeds from subsidy income	579	7
Income taxes paid	(43)	(38)
Cash flows from operating activities	1,118	1,027
Cash flows from investing activities		
Purchase of property, plant and equipment	(128)	(68)
Purchase of intangible assets	(0)	(2)
Payments of guarantee deposits	(12)	(17)
Proceeds from refund of guarantee deposits	7	5
Other	(1)	(0)
Cash flows from investing activities	(135)	(84)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	—
Repayments of long-term borrowings	(175)	(175)
Proceeds from sale and leaseback transactions	25	7
Repayments of lease obligations	(660)	(656)
Proceeds from exercise of share acquisition rights	14	18
Dividends paid	(0)	(0)
Cash flows from financing activities	203	(805)
Exchange differences of cash and cash equivalents	(15)	9
Net increase (decrease) in cash and cash equivalents	1,171	146
Cash and cash equivalents at beginning of period	5,117	4,601
Cash and cash equivalents at end of period	6,288	4,748

(6) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumptions)

There are no applicable items.

(Additional information)

There are no changes to the assumptions, including the timing of the end of COVID-19, from those described in the consolidated financial statements for the previous fiscal year.

(Segment information)

The description is omitted because the Company Group engages in a single segment of the haircutting business.

(Per share information)

Basis of the calculation of basic and diluted earnings per share is as follows:

	Cumulative Q1 of previous fiscal year (From July 1, 2020 to September 30, 2020)	Cumulative Q1 of current fiscal year (From July 1, 2021 to September 30, 2021)
Profit attributable to owners of parent (million yen)	284	262
Average number of common shares outstanding during the period (shares)	12,748,297	12,835,970
Number of common shares with dilutive effects		
Increase due to share options (shares)	609,710	533,474
Diluted average number of common shares outstanding during the period (shares)	13,358,007	13,369,444
Basic earnings per share (yen)	22.31	20.44
Diluted earnings per share (yen)	21.29	19.63

(Significant subsequent events)

There are no applicable items.