



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

February 14, 2022

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 Scheduled date for commencement of dividend payment: —  
 Supplementary explanatory materials for quarterly financial results: Yes  
 Quarterly financial results briefings: Yes

(Rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2022 (July 1, 2021 to December 31, 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	%
Q2 FYE June 2022	10,178	9.4	804	124.6	727	172.6	493	115.5	493	115.5	550	183.2
Q2 FYE June 2021	9,300	(16.3)	358	(70.5)	266	(76.7)	228	(69.9)	228	(69.9)	194	(75.5)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Q2 FYE June 2022	38.39	36.88
Q2 FYE June 2021	17.95	17.16

### (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	%
Q2 FYE June 2022	30,896	10,737	10,737	34.8
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	—	0.00			
FYE June 2022 (Forecast)			—	—	—

(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 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
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)	Q2 FYE June 2022	12,874,000 shares	FYE June 2021	12,820,900 shares
(ii) Number of treasury shares at the end of the period	Q2 FYE June 2022	123 shares	FYE June 2021	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q2 FYE June 2022	12,852,251 shares	Q2 FYE June 2021	12,757,372 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 and will also be posted on the Company website. Additionally, a financial results briefing video will be distributed through the Company website on February 21, 2022.

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## 1. Qualitative Information Regarding the Quarterly Financial Results Under Review

### (1) Explanation of Operating Results

During the consolidated first six months of the fiscal year under review (from July 1, 2021 to December 31, 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 877 million yen year on year to 10,178 million yen despite the continued impact of COVID-19. The status of COVID-19 and its impact on revenue in each country is as described below.

(Million yen)				
	Cumulative Q2 of previous fiscal year (From July 1, 2020 to December 31, 2020)	Cumulative Q2 of current fiscal year (From July 1, 2021 to December 31, 2021)	Changes	Changes (Excluding foreign exchange effects)
Domestic operations	7,747	8,465	717	—
Overseas operations	1,553	1,712	159	40
Hong Kong	845	947	101	44
Singapore	403	421	17	(12)
Taiwan	260	254	(5)	(34)
United States	44	90	46	42
Consolidated	9,300	10,178	877	40

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

#### <Domestic operations>

Amid the state of emergency in effect from July 2021 to September 2021, the Company Group opened its stores while taking all possible measures to prevent infections and maintain good health and hygiene. Revenue increased by 717 million yen year on year. The background is that after the state of emergency was lifted, the number of stores with shortened business hours decreased, and with the number of infections on the decline, foot traffic increased in commercial facilities and public transport stations, resulting in the number of customers visiting our stores, mainly senior people, picking up.

#### <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 101 million yen year on year including foreign exchange effects.

#### <Singapore>

Revenue increased by 17 million yen year on year including foreign exchange effects due to the impact of a depreciation of the yen although infection-preventive measures taken by government agencies remained in effect as the number of new infections rose, resulting in the number of customers visiting our stores decreasing.

#### <Taiwan>

Revenue was on a similar level to a year earlier including foreign exchange effects due to the impact of a depreciation of the yen despite a decrease in the number of customers visiting our stores as infection-preventive measures taken by governmental agencies remained in effect in the face of an increase in new infections.

#### <United States (New York)>

Although new infections continued to occur, the number of customers visiting our stores recovered partly due to an easing of preventive measures taken by government agencies. Revenue increased by 46 million yen year on year partly due to price revisions including foreign exchange effects.

Cost of sales decreased by 124 million yen year on year to 8,136 million yen. The main changes are as follows.

(Million yen)		
Item	Changes	Main reasons for change
Personnel expenses	(72)	A decrease in the number of store stylists due to the optimization of personnel
Outsourcing fees	66	An increase in revenue at consigned salons
Consumables	(84)	A decrease in the purchase number due to the start of the reuse of combs

Selling, general and administrative expenses decreased by 66 million yen year on year to 1,256 million yen. The main changes are as follows.

(Million yen)		
Item	Changes	Main reasons for change
Personnel expenses	(50)	A decrease in in-house haircut school trainees and staff in the head office
Recruitment expenses	(10)	The Company aired help-wanted ads in TV commercials during the previous quarter.

Other operating income decreased by 629 million yen from the same period of the previous fiscal year, when we recorded income from employment adjustment subsidies in Japan, to 41 million yen. Other operating expenses decreased by 6 million yen year on year to 21 million yen.

As a result, consolidated earnings in the first six months of the fiscal year under review were as follows: Revenue amounted to 10,178 million yen (up 9.4% year on year), operating profit was 804 million yen (up 124.6% year on year), profit before tax was 727 million yen (up 172.6% year on year), and profit attributable to owners of parent came to 493 million yen (up 115.5% year on year).

In terms of our store network, we opened 16 stores. The breakdown was 13 stores in Japan, and overseas, one in Hong Kong, Taiwan and the U.S., respectively. Moreover, since we closed seven stores mainly due to redevelopment work of railway stations, we had 723 stores as of the end of the second quarter of the fiscal year under review, an increase of nine 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 second quarter under review were as follows:

Current assets increased by 648 million yen from the end of the previous fiscal year to 6,289 million yen. This was mainly due to an increase of 273 million yen in cash and cash equivalents and an increase of 346 million yen in trade and other receivables. Non-current assets decreased by 385 million yen from the end of the previous fiscal year to 24,607 million yen. This was mainly due to a decrease of 77 million yen in property, plant and equipment and a decrease of 361 million yen in right-of-use assets. As a result, assets increased by 262 million yen from the end of the previous fiscal year to 30,896 million yen.

Current liabilities increased by 218 million yen from the end of the previous fiscal year to 7,918 million yen. This was mainly due to a decrease of 155 million yen in lease obligations, an increase of 202 million yen in income taxes payable and an increase of 112 million yen in other current liabilities. Non-current liabilities decreased by 537 million yen from the end of the previous fiscal year to 12,240 million yen. This was mainly due to a decrease of 343 million yen in borrowings and a decrease of 219 million yen in lease obligations. As a result, liabilities decreased by 318 million yen from the end of the previous fiscal year to 20,158 million yen.

Equity increased by 581 million yen from the end of the previous fiscal year to 10,737 million yen. This was mainly due to an increase of 493 million yen in retained earnings.

### (ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the second quarter under review increased by 273 million yen from the end of the previous fiscal year to 4,875 million yen. Individual cash flows for the first six 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 2,036 million yen (2,050 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 727 million yen and depreciation and amortization of 1,590 million yen, in contrast to decreasing factors, such as an increase of 340 million yen in trade and other receivables.

(Cash flows from investing activities)

Cash used in investing activities was 226 million yen (281 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 170 million yen and payments of guarantee deposits of 44 million yen.

(Cash flows from financing activities)

Cash used in financing activities was 1,581 million yen (3,093 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 repayments of long-term borrowings of 350 million yen and repayments of lease obligations of 1,295 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)	Q2 of current fiscal year (December 31, 2021)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	4,601	4,875
Trade and other receivables	781	1,128
Other financial assets	—	1
Inventories	104	95
Income taxes receivable	23	—
Other current assets	129	188
Total current assets	5,641	6,289
Non-current assets		
Property, plant and equipment	1,502	1,425
Right-of-use assets	5,313	4,951
Goodwill	15,430	15,430
Intangible assets	130	112
Other financial assets	1,854	1,890
Deferred tax assets	654	669
Other non-current assets	107	127
Total non-current assets	24,992	24,607
Total assets	30,634	30,896
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	202	199
Borrowings	3,717	3,724
Lease obligations	2,350	2,194
Income taxes payable	47	249
Other financial liabilities	82	138
Other current liabilities	1,299	1,411
Total current liabilities	7,699	7,918
Non-current liabilities		
Borrowings	9,125	8,782
Lease obligations	3,016	2,796
Other financial liabilities	91	90
Deferred tax liabilities	15	30
Provisions	514	529
Other non-current liabilities	13	10
Total non-current liabilities	12,777	12,240
Total liabilities	20,477	20,158
Equity		
Share capital	1,245	1,264
Capital surplus	4,785	4,804
Retained earnings	4,129	4,622
Treasury shares	(0)	(0)
Other components of equity	(3)	45
Total equity attributable to owners of parent	10,156	10,737
Total equity	10,156	10,737
Total liabilities and equity	30,634	30,896

## (2) Condensed Quarterly Consolidated Statement of Profit or Loss

(unit: million yen)

	Cumulative Q2 of previous fiscal year (From July 1, 2020 to December 31, 2020)	Cumulative Q2 of current fiscal year (From July 1, 2021 to December 31, 2021)
Revenue	9,300	10,178
Cost of sales	(8,261)	(8,136)
Gross profit	1,039	2,042
Other operating income	670	41
Selling, general and administrative expenses	(1,323)	(1,256)
Other operating expenses	(27)	(21)
Operating profit	358	804
Finance income	6	6
Finance costs	(97)	(84)
Profit before tax	266	727
Income tax expense	(37)	(233)
Profit	228	493
Profit attributable to		
Owners of parent	228	493
Profit	228	493
Earnings per share		
Basic earnings per share (yen)	17.95	38.39
Diluted earnings per share (yen)	17.16	36.88



(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(unit: million yen)

	Cumulative Q2 of previous fiscal year (From July 1, 2020 to December 31, 2020)	Cumulative Q2 of current fiscal year (From July 1, 2021 to December 31, 2021)
Profit	228	493
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(34)	56
Total of items that may be reclassified to profit or loss	(34)	56
Total other comprehensive income	(34)	56
Comprehensive income	194	550
Comprehensive income attributable to		
Owners of parent	194	550
Comprehensive income	194	550

(4) Condensed Quarterly Consolidated Statement of Changes in Equity  
 Cumulative Q2 of previous fiscal year (From July 1, 2020 to December 31, 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	—	—	228	—	—	—	—
Other comprehensive income	—	—	—	—	(34)	—	(34)
Total comprehensive income	—	—	228	—	(34)	—	(34)
Issuance of new shares (exercise of share acquisition rights)	12	12	—	—	—	(6)	(6)
Share-based remuneration expenses	—	—	—	—	—	7	7
Total transactions with owners	12	12	—	—	—	0	0
Balance at December 31, 2020	1,227	4,766	4,114	(0)	(213)	111	(102)

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance at July 1, 2020	9,786	9,786
Profit	228	228
Other comprehensive income	(34)	(34)
Total comprehensive income	194	194
Issuance of new shares (exercise of share acquisition rights)	18	18
Share-based remuneration expenses	7	7
Total transactions with owners	25	25
Balance at December 31, 2020	10,006	10,006

Cumulative Q2 of current fiscal year (From July 1, 2021 to December 31, 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	—	—	493	—	—	—	—
Other comprehensive income	—	—	—	—	56	—	56
Total comprehensive income	—	—	493	—	56	—	56
Issuance of new shares (exercise of share acquisition rights)	19	19	—	—	—	(10)	(10)
Share-based remuneration expenses	—	—	—	—	—	2	2
Total transactions with owners	19	19	—	—	—	(7)	(7)
Balance at December 31, 2021	1,264	4,804	4,622	(0)	(53)	99	45

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance at July 1, 2021	10,156	10,156
Profit	493	493
Other comprehensive income	56	56
Total comprehensive income	550	550
Issuance of new shares (exercise of share acquisition rights)	27	27
Share-based remuneration expenses	2	2
Total transactions with owners	30	30
Balance at December 31, 2021	10,737	10,737

## (5) Condensed Quarterly Consolidated Statement of Cash Flows

(unit: million yen)

	Cumulative Q2 of previous fiscal year (From July 1, 2020 to December 31, 2020)	Cumulative Q2 of current fiscal year (From July 1, 2021 to December 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before tax	266	727
Depreciation and amortization	1,639	1,590
Impairment losses	18	18
Finance income	(6)	(6)
Finance costs	97	84
Subsidy income	(648)	(26)
Decrease (increase) in trade and other receivables	(243)	(340)
Decrease (increase) in inventories	30	11
Increase (decrease) in trade and other payables	(51)	(57)
Other	205	137
Subtotal	1,309	2,137
Interest received	0	0
Interest paid	(79)	(65)
Proceeds from subsidy income	593	26
Income taxes refund	271	—
Income taxes paid	(45)	(61)
Cash flows from operating activities	2,050	2,036
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(254)	(170)
Purchase of intangible assets	(9)	(6)
Payments of guarantee deposits	(28)	(44)
Proceeds from refund of guarantee deposits	13	16
Other	(2)	(20)
Cash flows from investing activities	(281)	(226)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(1,500)	—
Repayments of long-term borrowings	(350)	(350)
Proceeds from sale and leaseback transactions	52	46
Repayments of lease obligations	(1,313)	(1,295)
Proceeds from exercise of share acquisition rights	18	18
Dividends paid	0	0
Cash flows from financing activities	(3,093)	(1,581)
Exchange differences of cash and cash equivalents	(30)	45
Net increase (decrease) in cash and cash equivalents	(1,355)	273
Cash and cash equivalents at beginning of period	5,117	4,601
Cash and cash equivalents at end of period	3,762	4,875

(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 Q2 of previous fiscal year (From July 1, 2020 to December 31, 2020)	Cumulative Q2 of current fiscal year (From July 1, 2021 to December 31, 2021)
Profit attributable to owners of parent (million yen)	228	493
Average number of common shares outstanding during the period (shares)	12,757,372	12,852,251
Number of common shares with dilutive effects		
Increase due to share options (shares)	585,397	526,721
Diluted average number of common shares outstanding during the period (shares)	13,342,769	13,378,972
Basic earnings per share (yen)	17.95	38.39
Diluted earnings per share (yen)	17.16	36.88

(Significant subsequent events)

There are no applicable items.