



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

May 13, 2022

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Scheduled date of quarterly report submission: May 13, 2022
 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 Third Quarter of the Fiscal Year Ending June 30, 2022 (July 1, 2021 to March 31, 2022)

(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	%
Q3 FYE June 2022	14,992	7.5	901	220.4	788	439.0	519	222.9	519	222.9	662	175.5
Q3 FYE June 2021	13,951	(13.7)	281	(79.2)	146	(88.3)	160	(80.6)	160	(80.6)	240	(71.0)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Q3 FYE June 2022	40.42	38.87
Q3 FYE June 2021	12.61	12.07

(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	%
Q3 FYE June 2022	30,143	10,862	10,862	36.0
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)	-	-	-	9.00	9.00

(Note) 1. Revision from the last announcement of dividend forecast: Yes
 2. For a revision of the forecast of the year-end dividend for the fiscal year ending June 30, 2022, please refer to "Notice of Revision of Dividend Forecast" announced today (May 13, 2022).

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)	Q3 FYE June 2022	12,893,700 shares	FYE June 2021	12,820,900 shares
(ii) Number of treasury shares at the end of the period	Q3 FYE June 2022	123 shares	FYE June 2021	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q3 FYE June 2022	12,861,008 shares	Q3 FYE June 2021	12,762,530 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.

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1. Qualitative Information Regarding the Quarterly Financial Results Under Review

(1) Explanation of Operating Results

During the consolidated first nine months of the fiscal year under review (from July 1, 2021 to March 31, 2022), 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 1,041 million yen year on year to 14,992 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 Q3 of previous fiscal year (From July 1, 2020 to March 31, 2021)	Cumulative Q3 of current fiscal year (From July 1, 2021 to March 31, 2022)	Changes	Changes (Excluding foreign exchange effects)
Domestic operations	11,562	12,502	940	-
Overseas operations	2,388	2,489	100	(94)
Hong Kong	1,289	1,297	8	(89)
Singapore	625	652	27	(20)
Taiwan	403	400	(3)	(45)
United States	70	138	67	62
Consolidated	13,951	14,992	1,041	(94)

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

<Domestic operations>

A state of emergency was declared in July 2021, and semi-emergency coronavirus measures were also put in effect in January 2022. However, the Group continued business with infection-preventive measures and hygiene control practiced thoroughly. Revenue increased 940 million yen year on year. The background is the facts that the number of salons with shortened business hours decreased and the number of customers visiting our salons, mainly seniors, started picking up as foot traffic increased due to the easing of the self-restraint atmosphere resulting from a rise in the vaccination rate.

<Hong Kong>

Revenue increased 8 million yen year on year due to foreign exchange effects associated with a depreciation of the yen although the number of customers visiting our salons declined as the number of new infections rose temporarily.

<Singapore>

Revenue increased 27 million yen year on year due to foreign exchange effects associated with a depreciation of the yen although the number of customers visiting our salons declined as the impact of teleworking and self-restraints on outings lingered in some regions.

<Taiwan>

Revenue decreased 3 million yen year on year including foreign exchange effects associated with a depreciation of the yen as the number of customers visiting our salons declined with the number of new infections on the rise.

<United States (New York)>

As the number of new infections is on a downward trend, the number of customers visiting our salons has recovered. Revenue increased 67 million yen year on year partly due to price revisions including foreign exchange effects associated with a depreciation of the yen.

Cost of sales decreased 96 million yen year on year to 12,225 million yen. The main changes are as follows.

(Million yen)

Item	Changes	Main reasons for change
Personnel expenses	(59)	A decrease in the number of store stylists due to the optimization of personnel
Outsourcing fees	81	An increase in revenue at consigned salons
Depreciation (salons subject to impairment)	(57)	Decrease due to salon impairment in the previous fiscal year
Consumables(cost of combs)	(47)	A decrease in the purchase number due to the start of the reuse of combs

Selling, general and administrative expenses fell 74 million yen year on year to 1,879 million yen. The main changes are as follows.

(Million yen)		
Item	Changes	Main reasons for change
Personnel expenses	(73)	A decrease in in-house haircut school trainees and staff in the head office
Advertising expenses	11	Increase in sales promotion expenses at the time of opening salons due to an increase in the number of openings

Other operating income was 65 million yen, down 637 million yen from the same period of the previous fiscal year when we recorded income from employment adjustment subsidies in Japan. Other operating expenses decreased 45 million yen year on year to 51 million yen.

As a result, consolidated earnings in the first nine months of the fiscal year under review were as follows: Revenue amounted to 14,992 million yen (up 7.5% year on year), operating profit was 901 million yen (up 220.4% year on year), profit before tax was 788 million yen (up 439.0% year on year), and profit attributable to owners of parent came to 519 million yen (up 222.9% year on year).

In terms of our store network, we opened 22 stores. The breakdown was 19 stores in Japan (including four relocations), and overseas, one in Hong Kong, Taiwan and the U.S., respectively. There was a total of 16 closures. The breakdown was, in Japan, eight closures due to train station redevelopment and renovation of facilities housing our salons (including two stores already relocated), and overseas, eight closures mainly due to consolidation of stores associated with a review of location evaluation in consideration of the impact of the pandemic. As a result, the number of stores at the end of the third quarter of the fiscal year under review increased by six from the end of the previous fiscal year to 720.

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 third quarter under review were as follows:

Current assets decreased 459 million yen from the end of the previous fiscal year to 5,181 million yen. This was mainly due to a decrease of 581 million yen in cash and cash equivalents and an increase of 78 million yen in trade and other receivables.

Non-current assets decreased 31 million yen from the end of the previous fiscal year to 24,961 million yen. This was mainly due to a decrease of 92 million yen in property, plant and equipment and an increase of 72 million yen in other financial assets. As a result, assets decreased 490 million yen from the end of the previous fiscal year to 30,143 million yen.

Current liabilities decreased 709 million yen from the end of the previous fiscal year to 6,990 million yen. This was mainly due to a decrease of 989 million yen in borrowings and an increase of 224 million yen in income taxes payable. Non-current liabilities decreased 487 million yen from the end of the previous fiscal year to 12,290 million yen. This was mainly due to a decrease of 514 million yen in borrowings and an increase of 26 million yen in provisions. As a result, liabilities decreased 1,196 million yen from the end of the previous fiscal year to 19,281 million yen.

Equity increased 705 million yen from the end of the previous fiscal year to 10,862 million yen. This was mainly due to an increase of 519 million yen in retained earnings.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the third quarter under review decreased 581 million yen from the end of the previous fiscal year to 4,020 million yen. Individual cash flows for the first nine 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 3,122 million yen (2,884 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 788 million yen and depreciation and amortization of 2,393 million yen, in contrast to decreasing factors, such as interest paid of 93 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 373 million yen (327 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 275 million yen and payments of guarantee deposits of 82 million yen.

(Cash flows from financing activities)

Cash used in financing activities was 3,443 million yen (3,464 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 net decrease in short-term borrowings of 1,000 million yen and repayments of lease obligations of 2,011 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)	Q3 of current fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	4,601	4,020
Trade and other receivables	781	860
Other financial assets	-	7
Inventories	104	95
Income taxes receivable	23	-
Other current assets	129	197
Total current assets	5,641	5,181
Non-current assets		
Property, plant and equipment	1,502	1,410
Right-of-use assets	5,313	5,268
Goodwill	15,430	15,430
Intangible assets	130	121
Other financial assets	1,854	1,926
Deferred tax assets	654	676
Other non-current assets	107	128
Total non-current assets	24,992	24,961
Total assets	30,634	30,143
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	202	281
Borrowings	3,717	2,728
Lease obligations	2,350	2,288
Income taxes payable	47	271
Other financial liabilities	82	101
Other current liabilities	1,299	1,318
Total current liabilities	7,699	6,990
Non-current liabilities		
Borrowings	9,125	8,611
Lease obligations	3,016	3,006
Other financial liabilities	91	83
Deferred tax liabilities	15	36
Provisions	514	541
Other non-current liabilities	13	10
Total non-current liabilities	12,777	12,290
Total liabilities	20,477	19,281
Equity		
Share capital	1,245	1,272
Capital surplus	4,785	4,811
Retained earnings	4,129	4,649
Treasury shares	(0)	(0)
Other components of equity	(3)	129
Total equity attributable to owners of parent	10,156	10,862
Total equity	10,156	10,862
Total liabilities and equity	30,634	30,143

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(unit: million yen)

	First nine months of previous fiscal year (From July 1, 2020 to March 31, 2021)	First nine months of current fiscal year (From July 1, 2021 to March 31, 2022)
Revenue	13,951	14,992
Cost of sales	(12,321)	(12,225)
Gross profit	1,629	2,766
Other operating income	703	65
Selling, general and administrative expenses	(1,953)	(1,879)
Other operating expenses	(97)	(51)
Operating profit	281	901
Finance income	9	10
Finance costs	(144)	(123)
Profit before tax	146	788
Income tax expense	14	(268)
Profit	160	519
Profit attributable to		
Owners of parent	160	519
Profit	160	519
Earnings per share		
Basic earnings per share (yen)	12.61	40.42
Diluted earnings per share (yen)	12.07	38.87

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(unit: million yen)

	First nine months of previous fiscal year (From July 1, 2020 to March 31, 2021)	First nine months of current fiscal year (From July 1, 2021 to March 31, 2022)
Profit	160	519
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	79	142
Total of items that may be reclassified to profit or loss	79	142
Total other comprehensive income	79	142
Comprehensive income	240	662
Comprehensive income attributable to		
Owners of parent	240	662
Comprehensive income	240	662

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

First nine months of previous fiscal year (From July 1, 2020 to March 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, 2020	1,214	4,754	3,885	(0)	(179)	110	(68)
Profit	-	-	160	-	-	-	-
Other comprehensive income	-	-	-	-	79	-	79
Total comprehensive income	-	-	160	-	79	-	79
Issuance of new shares (exercise of share acquisition rights)	15	15	-	-	-	(8)	(8)
Share-based remuneration expenses	-	-	-	-	-	11	11
Total transactions with owners	15	15	-	-	-	2	2
Balance at March 31, 2021	1,230	4,770	4,046	(0)	(99)	113	14

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance at July 1, 2020	9,786	9,786
Profit	160	160
Other comprehensive income	79	79
Total comprehensive income	240	240
Issuance of new shares (exercise of share acquisition rights)	22	22
Share-based remuneration expenses	11	11
Total transactions with owners	34	34
Balance at March 31, 2021	10,061	10,061

First nine months of current fiscal year (From July 1, 2021 to March 31, 2022)

(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	-	-	519	-	-	-	-
Other comprehensive income	-	-	-	-	142	-	142
Total comprehensive income	-	-	519	-	142	-	142
Issuance of new shares (exercise of share acquisition rights)	26	26	-	-	-	(14)	(14)
Share-based remuneration expenses	-	-	-	-	-	4	4
Total transactions with owners	26	26	-	-	-	(10)	(10)
Balance at March 31, 2022	1,272	4,811	4,649	(0)	32	97	129

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance at July 1, 2021	10,156	10,156
Profit	519	519
Other comprehensive income	142	142
Total comprehensive income	662	662
Issuance of new shares (exercise of share acquisition rights)	38	38
Share-based remuneration expenses	4	4
Total transactions with owners	42	42
Balance at March 31, 2022	10,862	10,862

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(unit: million yen)

	First nine months of previous fiscal year (From July 1, 2020 to March 31, 2021)	First nine months of current fiscal year (From July 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before tax	146	788
Depreciation and amortization	2,462	2,393
Impairment losses	92	43
Finance income	(9)	(10)
Finance costs	144	123
Subsidy income	(674)	(30)
Decrease (increase) in trade and other receivables	(15)	(51)
Decrease (increase) in inventories	36	12
Increase (decrease) in trade and other payables	(31)	(4)
Other	39	(35)
Subtotal	2,191	3,229
Interest received	0	0
Interest paid	(115)	(93)
Proceeds from subsidy income	619	30
Income taxes refund	271	29
Income taxes paid	(83)	(74)
Cash flows from operating activities	2,884	3,122
Cash flows from investing activities		
Purchase of property, plant and equipment	(303)	(275)
Purchase of intangible assets	(10)	(27)
Payments of guarantee deposits	(42)	(82)
Proceeds from refund of guarantee deposits	32	27
Other	(4)	(17)
Cash flows from investing activities	(327)	(373)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,000)	(1,000)
Repayments of long-term borrowings	(525)	(525)
Proceeds from sale and leaseback transactions	55	55
Repayments of lease obligations	(2,017)	(2,011)
Proceeds from exercise of share acquisition rights	22	38
Dividends paid	(0)	(0)
Cash flows from financing activities	(3,464)	(3,443)
Exchange differences of cash and cash equivalents	62	113
Net increase (decrease) in cash and cash equivalents	(844)	(581)
Cash and cash equivalents at beginning of period	5,117	4,601
Cash and cash equivalents at end of period	4,272	4,020

(6) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

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:

	First nine months of previous fiscal year (From July 1, 2020 to March 31, 2021)	First nine months of current fiscal year (From July 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (million yen)	160	519
Average number of common shares outstanding during the period (shares)	12,762,530	12,861,008
Number of common shares with dilutive effects		
Increase due to share options (shares)	575,552	514,937
Diluted average number of common shares outstanding during the period (shares)	13,338,082	13,375,945
Basic earnings per share (yen)	12.61	40.42
Diluted earnings per share (yen)	12.07	38.87

(Significant subsequent events)

There are no applicable items.