

Nationwide expansion of Agu. beauty salon chain

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[9251 AB&Company Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Oct. 2020	9,630	10.7	1,104	4.1	912	0.8	584	-4.9	39.7	407.0	0.0
Oct. 2021 f	11,009	14.3	1,504	36.2	1,395	52.9	904	54.8	61.4	-	0.0
Oct. 2022 f	13,373	21.5	2,204	46.5	2,099	50.4	1,372	51.7	92.8	-	27.9

Note: Consolidated basis. Figures for the fiscal year ending October 2022 are the company's forecasts.
It conducted 1-to-20 stock split on September 4, 2021. Per share indices are adjusted retroactively.

Expansion of Business Entrustment-Type Beauty Salon Chain Nationwide

AB&Company Group conducts business nationwide, centering on the business entrustment-type beauty salon chain Agu.

The Group's business segments are comprised of the directly managed beauty salon operation business, the franchise business, and the interior design business. The directly managed beauty salon operation business accounts for 77.7% of sales revenue in the nine months to July 2021, the franchise business for 10.0%, and the interior design business for 12.3%.

One of the characteristics of the Agu. Group is that it concludes business entrustment contracts with stylists.

The reward system is completely linked to their sales, and stylists are able to gain high rewards. In addition, since the work schedule is flexible, it is possible to secure diverse human resources such as stylists who want to increase their income and stylists who want to work around their family commitments.

The average number of stylists per store is four to five. The role of the store manager is concurrently served by a stylist. Most stores do not have assistants, and stylists are in charge of reception desk and store cleaning operations.

AB&Company (9251 TSE Mothers)- - - - - January 17,2022**Financial Statements**

Statement of income	Fiscal Year	Oct.2019		Oct.2020		Nine months to Jul. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		8,700	100.0	9,630	100.0	8,230	100.0
Cost of sales		4,321	49.7	4,882	50.7	4,208	51.1
Gross profit		4,379	50.3	4,748	49.3	4,022	48.9
Selling, general and administrative expenses		3,326	38.2	3,570	37.1	2,895	35.2
Other income		83	1.0	85	-	29	-
Other expenses		74	-	159	1.7	11	-
Operating profit		1,061	12.2	1,104	11.5	1,144	13.9
Financial rprofit		0	1.8	0	-	2	-
Financial expences		156	-	190	2.0	77	-
Equity Gains or Losses of Affiliated Companies		0	-	-2	-	2	-
Profit before income taxes		905	10.4	912	9.5	1,070	13.0
Profit attributable to owners of parent		614	7.1	584	6.1	695	8.4

Balance sheet	Fiscal Year	Oct.2019		Oct.2020		Jul. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,369	7.6	2,111	11.2	2,532	13.2
Cash and cash equivalents		778	4.3	1,217	6.5	1,505	7.8
Trade and other receivables		278	1.5	463	2.5	616	3.2
Inventories		24	0.1	58	0.3	47	0.2
Non-current assets		16,740	92.4	16,711	88.8	16,711	86.8
Property, plant and equipment		1,014	5.6	973	5.2	1,000	5.2
Right of use assets		3,462	19.1	3,411	18.1	3,324	17.3
Goodwill		7,468	41.2	7,468	39.7	7,468	38.8
Intangible assets		4,318	23.8	4,326	23.0	4,358	22.6
Total assets		18,109	100.0	18,822	100.0	19,243	100.0
Current liabilities		2,565	14.2	2,792	14.8	2,901	15.1
Trade and other payables		644	3.6	726	3.9	868	4.5
Borrowings		634	3.5	629	3.3	651	3.4
Lease liabilities		828	4.6	911	4.8	916	4.8
Non-current liabilities		10,128	55.9	10,031	53.3	9,646	50.1
Borrowings		5,917	32.7	5,897	31.3	5,568	28.9
Lease liabilities		2,616	14.4	2,533	13.5	2,442	12.7
Equity		5,415	29.9	5,998	31.9	6,695	34.8
Equity attributable to owners of parent		5,415	29.9	5,998	31.9	6,695	34.8

Statement of cash flows	Fiscal Year	Oct.2019	Oct.2020	Nine months to Jul. 2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		1,903	1,728	1,600
Depreciation		1,136	1,249	954
Cash flows from investing activities		-367	-379	-298
Cash flows from financing activities		-1,426	-909	-1,014
Dividends paid		-	-	-
Net increase in cash and cash equivalents		110	439	287
Cash and cash equivalents		778	1,217	1,505

Note: Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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