



Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2023 [IFRS] (Consolidated)

November 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: No

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2023 (July 1, 2022 to September 30, 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	%
Q1 FYE June 2023	5,568	10.2	612	41.8	579	47.8	394	50.5	394	50.5	457	67.0
Q1 FYE June 2022	5,052	9.5	432	(2.9)	392	(1.5)	262	(7.7)	262	(7.7)	273	2.7

	Basic earnings per share	Diluted earnings per share
		yen
Q1 FYE June 2023	30.48	29.56
Q1 FYE June 2022	20.44	19.63

(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 2023	29,426	11,733	11,733	39.9
FYE June 2022	29,736	11,387	11,387	38.3

2. Dividends

	Annual dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
FYE June 2022	yen -	yen 0.00	yen -	yen 10.00	yen 10.00
FYE June 2023 (Forecast)		0.00	-	12.00	12.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(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	10,700	5.1	840	4.4	747	2.7	512	3.8	512	3.8	39.41
Full year	21,670	5.4	1,500	7.3	1,328	6.2	907	5.9	907	5.9	69.54

(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 2023	12,977,000 shares	FYE June 2022	12,942,600 shares
(ii) Number of treasury shares at the end of the period	Q1 FYE June 2023	123 shares	FYE June 2022	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q1 FYE June 2023	12,956,302 shares	Q1 FYE June 2022	12,835,970 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 materials for financial results are 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 three months of the fiscal year under review (from July 1, 2022 to September 30, 2022), the Company Group 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 516 million yen year on year (of which, 194 million yen was from the impact of foreign exchange rates associated with the depreciation of the yen) to 5,568 million yen. The status of COVID-19 and its impact on revenue in each country is as described below.

(Million yen)				
	First three months of previous fiscal year (From July 1, 2021 to September 30, 2021)	First three months of current fiscal year (From July 1, 2022 to September 30, 2022)	Changes	Changes (Excluding foreign exchange effects)
Domestic operations	4,201	4,529	328	-
Overseas operations	851	1,039	187	(6)
Hong Kong	486	535	49	(72)
Singapore	206	261	55	11
Taiwan	116	168	52	36
United States	42	72	30	18
Consolidated	5,052	5,568	516	(6)

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

<Domestic operations>

The number of stylists who were infected with COVID-19 also increased due to the resurgence of infections (the 7th wave) that started in July 2022. As a result, cases arose that prevented us from appropriately allocating stylists to shifts, forcing many salons to close temporarily. On the other hand, the impact of the 7th wave of infections on customer demand for haircuts was so small that the operation rate of salons remained on a similar level to the pre-pandemic years, and the number of customers visiting our salons increased. Consequently, revenue grew 328 million yen year on year.

<Hong Kong>

Revenue increased 49 million yen year on year due to foreign exchange effects associated with the depreciation of the yen although the number of customers visiting our salons declined, resulting from the continuation of preventive measures against COVID-19 infections and a year-on-year decline in the number of salons.

<Singapore>

Preventive measures have been eased although new infections continue to occur. The overall number of customers visiting our salons rose due to an increase in the number of customers per salon although the number of salons decreased year on year. Revenue increased 55 million yen year on year including foreign exchange effects associated with the depreciation of the yen.

<Taiwan>

The number of customers visiting our salons decreased in the same period of the previous year due to preventive measures taken in the wake of a surge in new infections. New infections continued to occur in the first quarter of the fiscal year under review, but the number of customers visiting our salons recovered due to the easing of preventive measures. Revenue increased 52 million yen year on year including foreign exchange effects associated with the depreciation of the yen.

<United States (New York)>

The number of customers visiting our salons increased due to the lifting of preventive measures against COVID-19 infections and a year-on-year increase in the number of salons. Revenue increased 30 million yen year on year including foreign exchange effects associated with the depreciation of the yen.

Cost of sales increased 256 million yen year on year (of which, 154 million yen was from the impact of foreign exchange rates associated with the depreciation of the yen) to 4,299 million yen. The main changes are as follows.

(Million yen)

Item	Changes	Major reasons for changes other than the impact of foreign exchange rates
Personnel expenses	136 (83)	Increase in the number of stylists due to consigned salons changing to direct management
Rent	66 (49)	Increase in sales-linked rent in the wake of a rise in revenue

(Note) Figures in parentheses indicate changes caused by the impact of the depreciation of the yen.

Selling, general and administrative expenses increased 70 million yen year on year (of which, 21 million yen was from the impact of foreign exchange rates associated with the depreciation of the yen) to 654 million yen. The main changes are as follows.

(Million yen)

Item	Changes	Major reasons for changes other than the impact of foreign exchange rates
Personnel expenses	18 (10)	An increase in the number of in-house haircut school trainees and area managers
Recruiting expenses	29 (0)	Increase in stylist recruiting expenses associated with the strengthening of hiring in Japan

(Note) Figures in parentheses indicate changes caused by the impact of the depreciation of the yen.

Other operating income increased 26 million yen year on year to 37 million yen mainly due to the recording of income from employment adjustment subsidies granted in Hong Kong. Other operating expenses grew 34 million yen year on year to 39 million yen primarily due to an increase in impairment losses on salon assets.

As a result, consolidated earnings in the first three months of the fiscal year under review were as follows: Revenue amounted to 5,568 million yen (up 10.2% year on year), operating profit was 612 million yen (up 41.8% year on year), profit before tax was 579 million yen (up 47.8% year on year), and profit attributable to owners of parent came to 394 million yen (up 50.5% year on year).

In terms of our salon network, we opened three salons. They were divided into two salons in Japan and, overseas, one in Taiwan. The number of salons at the end of the first quarter of the fiscal year under review decreased by nine from the end of the previous fiscal year to 711 salons due to the closure of 12 salons mainly because salons in central Tokyo were consolidated and closed as a measure for improving the working conditions.

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 decreased 205 million yen from the end of the previous fiscal year to 4,707 million yen. This was mainly due to a drop of 183 million yen in cash and cash equivalents and a decrease of 121 million yen in trade and other receivables. Non-current assets fell 104 million yen from the end of the previous fiscal year to 24,718 million yen. This was mainly due to a decrease of 41 million yen in property, plant and equipment and a drop of 86 million yen in right-of-use assets. As a result, assets decreased 309 million yen from the end of the previous fiscal year to 29,426 million yen.

Current liabilities were down 402 million yen from the end of the previous fiscal year to 5,937 million yen. This was mainly due to a decrease of 295 million yen in income taxes payable and a drop of 135 million yen in other current liabilities. Non-current liabilities fell 253 million yen from the end of the previous fiscal year to 11,754 million yen. This was mainly due to a decrease of 171 million yen in borrowings and a drop of 97 million yen in lease obligations. As a result, liabilities were down 655 million yen from the end of the previous fiscal year to 17,692 million yen.

Equity increased 345 million yen from the end of the previous fiscal year to 11,733 million yen. This was mainly due to a decrease of 117 million yen in capital surplus and an increase of 394 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 decreased 183 million yen from the end of the previous fiscal year to 3,540 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 841 million yen (1,027 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 579 million yen and depreciation and amortization of 816 million yen, in contrast to decreasing factors, such as income taxes paid of 448 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 93 million yen (84 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 73 million yen and payments of guarantee deposits of 19 million yen.

(Cash flows from financing activities)

Cash used in financial activities was 985 million yen (805 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 175 million yen, repayments of lease obligations of 702 million yen and dividends paid of 130 million yen.

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

Regarding the financial forecast for the fiscal year ending June 30, 2023, there is no change to the full-year financial forecast announced on August 15, 2022. 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, 2022)	Q1 of current fiscal year (September 30, 2022)
Assets		
Current assets		
Cash and cash equivalents	3,724	3,540
Trade and other receivables	915	793
Other financial assets	29	19
Inventories	92	160
Other current assets	152	192
Total current assets	4,912	4,707
Non-current assets		
Property, plant and equipment	1,360	1,319
Right-of-use assets	5,116	5,030
Goodwill	15,430	15,430
Intangible assets	116	118
Other financial assets	1,937	1,954
Deferred tax assets	748	753
Other non-current assets	113	112
Total non-current assets	24,823	24,718
Total assets	29,736	29,426
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	235	244
Borrowings	1,707	1,708
Lease obligations	2,292	2,301
Income taxes payable	489	193
Other financial liabilities	89	98
Other current liabilities	1,526	1,391
Total current liabilities	6,340	5,937
Non-current liabilities		
Borrowings	8,439	8,268
Lease obligations	2,905	2,808
Other financial liabilities	76	83
Deferred tax liabilities	22	27
Provisions	553	557
Other non-current liabilities	10	10
Total non-current liabilities	12,008	11,754
Total liabilities	18,348	17,692
Equity		
Share capital	1,289	1,302
Capital surplus	4,829	4,712
Retained earnings	4,987	5,382
Treasury shares	(0)	(0)
Other components of equity	281	336
Total equity attributable to owners of parent	11,387	11,733
Total equity	11,387	11,733
Total liabilities and equity	29,736	29,426

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(unit: million yen)

	First three months of previous fiscal year (From July 1, 2021 to September 30, 2021)	First three months of current fiscal year (From July 1, 2022 to September 30, 2022)
Revenue	5,052	5,568
Cost of sales	(4,043)	(4,299)
Gross profit	1,009	1,268
Other operating income	10	37
Selling, general and administrative expenses	(583)	(654)
Other operating expenses	(4)	(39)
Operating profit	432	612
Finance income	3	4
Finance costs	(43)	(37)
Profit before tax	392	579
Income tax expense	(129)	(185)
Profit	262	394
Profit attributable to Owners of parent Profit	262	394
Earnings per share		
Basic earnings per share (yen)	20.44	30.48
Diluted earnings per share (yen)	19.63	29.56

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(unit: million yen)

	First three months of previous fiscal year (From July 1, 2021 to September 30, 2021)	First three months of current fiscal year (From July 1, 2022 to September 30, 2022)
Profit	262	394
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	11	62
Total of items that may be reclassified to profit or loss	11	62
Total other comprehensive income	11	62
Comprehensive income	273	457
Comprehensive income attributable to		
Owners of parent	273	457
Comprehensive income	273	457

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

First three months of previous 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 as of 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 as of 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 as of 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 as of September 30, 2021	10,451	10,451

First three months of current fiscal year (From July 1, 2022 to September 30, 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 as of July 1, 2022	1,289	4,829	4,987	(0)	193	88	281
Profit	-	-	394	-	-	-	-
Other comprehensive income	-	-	-	-	62	-	62
Total comprehensive income	-	-	394	-	62	-	62
Issuance of new shares (exercise of share acquisition rights)	12	12	-	-	-	(6)	(6)
Share-based remuneration expenses	-	(129)	-	-	-	-	-
Total transactions with owners	12	(117)	-	-	-	(6)	(6)
Balance as of September 30, 2022	1,302	4,712	5,382	(0)	255	81	336

(unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2022	11,387	11,387
Profit	394	394
Other comprehensive income	62	62
Total comprehensive income	457	457
Issuance of new shares (exercise of share acquisition rights)	17	17
Share-based remuneration expenses	(129)	(129)
Total transactions with owners	(111)	(111)
Balance as of September 30, 2022	11,733	11,733

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(unit: million yen)

	First three months of previous fiscal year (From July 1, 2021 to September 30, 2021)	First three months of current fiscal year (From July 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Profit before tax	392	579
Depreciation and amortization	787	816
Impairment losses	2	33
Finance income	(3)	(4)
Finance costs	43	37
Subsidy income	(7)	(27)
Decrease (increase) in trade and other receivables	27	165
Decrease (increase) in inventories	11	(66)
Increase (decrease) in trade and other payables	(4)	4
Other	(151)	(247)
Subtotal	1,099	1,292
Interest received	0	0
Interest paid	(39)	(29)
Proceeds from subsidy income	7	27
Income taxes paid	(38)	(448)
Net cash provided by (used in) operating activities	1,027	841
Cash flows from investing activities		
Purchase of property, plant and equipment	(68)	(73)
Purchase of intangible assets	(2)	(15)
Payments of guarantee deposits	(17)	(19)
Proceeds from refund of guarantee deposits	5	17
Other	(0)	(2)
Net cash provided by (used in) investing activities	(84)	(93)
Cash flows from financing activities		
Repayments of long-term borrowings	(175)	(175)
Proceeds from sale and leaseback transactions	7	5
Repayments of lease obligations	(656)	(702)
Proceeds from exercise of share acquisition rights	18	17
Dividends paid	(0)	(130)
Other	-	(0)
Net cash provided by (used in) financing activities	(805)	(985)
Exchange differences of cash and cash equivalents	9	53
Net increase (decrease) in cash and cash equivalents	146	(183)
Cash and cash equivalents at beginning of period	4,601	3,724
Cash and cash equivalents at end of period	4,748	3,540

(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 three months of previous fiscal year (From July 1, 2021 to September 30, 2021)	First three months of current fiscal year (From July 1, 2022 to September 30, 2022)
Profit attributable to owners of parent (million yen)	262	394
Average number of common shares outstanding during the period (shares)	12,835,970	12,956,302
Number of common shares with dilutive effects		
Increase due to share options (shares)	533,474	401,080
Diluted average number of common shares outstanding during the period (shares)	13,369,444	13,357,382
Basic earnings per share (yen)	20.44	30.48
Diluted earnings per share (yen)	19.63	29.56

(Significant subsequent events)

There are no applicable items.