



Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2024 [IFRS] (Consolidated)

November 13, 2023

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Scheduled date of quarterly report submission: November 13, 2023
 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, 2024 (July 1, 2023 to September 30, 2023)

(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 2024	6,311	13.3	873	42.6	839	44.7	587	48.7	587	48.7	637	39.5
Q1 FYE June 2023	5,568	10.2	612	41.8	579	47.8	394	50.5	394	50.5	457	67.0

	Basic earnings per share	Diluted earnings per share
	yen	yen
Q1 FYE June 2024	44.95	43.74
Q1 FYE June 2023	30.48	29.56

(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 2024	31,454	13,270	13,270	42.2
FYE June 2023	31,108	12,874	12,874	41.4

2. Dividends

	Annual dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FYE June 2023	-	0.00	-	20.00	20.00
FYE June 2024	-	-	-	-	-
FYE June 2024 (forecast)	-	0.00	-	22.00	22.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2024 (July 1, 2023 to June 30, 2024)

(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	12,310	11.3	1,305	21.1	1,237	22.4	868	27.1	868	27.1	66.29
Full year	24,730	8.7	2,400	12.3	2,264	13.7	1,600	10.8	1,600	10.8	121.89

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

*Notes

(1) Changes in significant subsidiaries during the period: No
 (Changes in specified 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 2024	13,081,200 shares	FYE June 2023	13,045,100 shares
(ii) Number of treasury shares at the end of the period	Q1 FYE June 2024	123 shares	FYE June 2023	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q1 FYE June 2024	13,060,823 shares	Q1 FYE June 2023	12,956,302 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. They will also be posted on the Company's website.

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1. Qualitative Information Regarding the Quarterly Financial Results Under Review

(1) Explanation of Operating Results

(Explanation of Company's Initiative)

The Company Group has formulated the Medium-term Management Plan "Reborn for 2027" (hereinafter referred to as the Medium-term Management Plan), which spans the coming five years starting in the fiscal year ended June 2023. The Medium-term Management Plan is based on changes to the business environment, and the recruitment and working conditions of stylists.

The Medium-term Management Plan sets out our aspiration to become a company chosen by "Customers" and "Working people: Stylists," both of whom are sources of business growth, as an important management policy. We intend to become a company that will be chosen by as many stylists as possible through boosting HR investment to improve stylists' treatment and workstyles, and expanding and reinforcing HR development bases, and we aim to build a business foundation for profit growth by widening a network of salons and enhancing the value of services.

During the fiscal year under review, which is the second year of this Medium-Term Management Plan, we plan to acquire a sufficient number of stylists by implementing action plans such as "Enhancement of the retention rate of stylists and strengthening the recruitment thereof," whereby we will move on to the phase of salon expansion from the fourth quarter onwards.

During the first three months of the fiscal year under review (from July 1, 2023 to September 30, 2023), we achieved an improvement in the treatment of employees in terms of wage through measures including a base salary hike mainly for stylists in Japan. Job applications and employment cases outnumbered the plans since competitiveness in salary offers for recruitment was enhanced. On the other hand, a net increase that is calculated as employment cases minus persons leaving ended up as planned since the higher salary had a limited impact on existing stylists who left the Company for personal reasons such as health and job changes to other industries.

(Explanation of Operating Results)

During the first three months of the fiscal year under review, consumption activity showed positive signs partly due to an easing of restrictions on movements in both Japan and overseas. On the other hand, a rapid recovery in consumption activity has caused labor shortages, particularly in the non-manufacturing sector, bringing uncertainty to the outlook for economic activity. Under these circumstances, customer demand for haircuts generally remained strong, and this led the overall number of customers visiting salons in the Group to a similar level as in the same period of the previous fiscal year.

Consequently, revenue increased 743 million yen year on year (of which, 54 million yen was from foreign exchange effects associated with the depreciation of the yen) to 6,311 million yen. Revenue in each country is as follows.

<Domestic operations>

There remain salons that need to set regular holidays or close temporarily due to a delay in solving stylist shortages against the background of a tight supply of workers in the non-manufacturing sector in the wake of a recovery in consumption activity. The supply side of total operational seats for haircuts decreased year on year mainly due to the implementation of salon consolidation in a continued effort to improve the working conditions by optimizing salon operating staff. On the other hand, customer demand for haircuts continued to be steady, and the number of customers visiting salons reached a similar level as in the same period of the previous fiscal year. Additionally, there was a revenue increase by implementing a price revision in April 2023 for the main purpose of securing funds for improving the treatment of stylists. Consequently, revenue grew 636 million yen year on year.

<Hong Kong>

With customer demand for haircuts on a recovery trend, the number of customers visiting salons grew despite the impact of salons closures and others. As a result, revenue in foreign currency recovered year on year. Accordingly, revenue in yen terms increased 44 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

<Singapore>

Although unit prices rose thanks to the price revisions implemented in August and October 2022, the number of customers visiting salons decreased year on year due to a shortage of stylists and the effects of salon closures and others. As a result, revenue in foreign currency decreased year on year. Nonetheless, revenue in yen terms increased 12 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

<Taiwan>

Revenue was pushed up by the price revision implemented in January 2023 and new salon openings. As a result, revenue in foreign currency rose year on year. Accordingly, revenue in yen terms increased 32 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

<United States (New York)>

Although prices were revised in January 2023, revenue increased as the number of customers visiting salons remained at a similar level as in the same period of the previous fiscal year even after the price revision. As a result, revenue in foreign currency rose year on year. Accordingly, revenue in yen terms increased 17 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2022 to September 30, 2022)	First three months of current fiscal year (From July 1, 2023 to September 30, 2023)	Changes	Changes (excluding foreign exchange effects)
Domestic operations	4,529	5,165	636	-
Overseas operations	1,039	1,146	107	52
Hong Kong	535	579	44	17
Singapore	261	274	12	(9)
Taiwan	168	200	32	29
United States	72	90	17	14
Consolidated	5,568	6,311	743	52

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

Cost of sales increased 314 million yen year on year (of which, 46 million yen was from foreign exchange effects associated with the depreciation of the yen) to 4,614 million yen. The main changes are as follows.

(Unit: million yen)

Item	Changes	Major reasons for changes other than foreign exchange effects
Personnel expenses	218 (25)	Increase in the number of stylists due to consigned salons changing to direct management
Rent	88 (14)	Increase in revenue-based 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 184 million yen year on year (of which, 7 million yen was from the impact of foreign exchange rates associated with the depreciation of the yen) to 838 million yen. The main changes are as follows.

(Unit: million yen)

Item	Changes	Major reasons for changes other than foreign exchange effects
Bonus	78 (0)	Increase in domestic year-end allowance
Personnel expenses	52 (3)	Increase in in-house haircut school trainees

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

Other operating income decreased 18 million yen year on year to 19 million yen. Other operating expenses decreased 35 million yen to 4 million yen year on year mainly due to a decrease in impairment losses of salon assets. As a result, consolidated earnings in the first three months of the fiscal year under review were as follows: Revenue amounted to 6,311 million yen (up 13.3% year on year), operating profit was 873 million yen (up 42.6% year on year), profit before tax was 839 million yen (up 44.7% year on year), and profit attributable to owners of parent came to 587 million yen (up 48.7% year on year).

In terms of our salon network, we opened three salons. They were divided into one salon in Japan and, overseas, one each in Hong Kong and Taiwan. The number of salons at the end of the first quarter under review decreased by three from the end of the previous fiscal year to 698 salons due to the closure of six salons mainly because salons were consolidated 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 increased 122 million yen from the end of the previous fiscal year to 5,922 million yen. This was mainly due to a drop of 100 million yen in cash and cash equivalents and an increase of 200 million yen in trade and other receivables. Non-current assets increased 223 million yen from the end of the previous fiscal year to 25,532 million yen. This was mainly due to an increase of 227 million yen in right-of-use assets. As a result, assets increased 346 million yen from the end of the previous fiscal year to 31,454 million yen.

Non-current liabilities grew 89 million yen from the end of the previous fiscal year to 6,698 million yen. This was mainly due to a decrease of 92 million yen in income taxes payable and an increase of 142 million yen in other financial liabilities. Non-current liabilities dropped 138 million yen from the end of the previous fiscal year to 11,486 million yen. This was mainly due to a decrease of 273 million yen in borrowings and an increase of 113 million yen in lease obligations. As a result, liabilities decreased 49 million yen from the end of the previous fiscal year to 18,184 million yen.

Equity increased 395 million yen from the end of the previous fiscal year to 13,270 million yen. This was mainly due to a decrease of 250 million yen in capital surplus and an increase of 587 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 100 million yen from the end of the previous fiscal year to 4,331 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 1,195 million yen (841 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 839 million yen and depreciation and amortization of 850 million yen, in contrast to decreasing factors, such as income taxes paid of 324 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 137 million yen (93 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 158 million yen.

(Cash flows from financing activities)

Cash used in financial activities was 1,194 million yen (985 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 275 million yen, repayments of lease obligations of 718 million yen and dividends paid of 260 million yen.

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

Regarding the financial forecast for the fiscal year ending June 30, 2024, there is no change to the full-year financial forecast announced on August 14, 2023. 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, 2023)	Q1 of current fiscal year (September 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	4,432	4,331
Trade and other receivables	972	1,172
Other financial assets	15	14
Inventories	237	224
Income taxes receivable	13	10
Other current assets	129	168
Total current assets	5,800	5,922
Non-current assets		
Property, plant and equipment	1,213	1,239
Right-of-use assets	5,605	5,832
Goodwill	15,430	15,430
Intangible assets	120	116
Other financial assets	2,004	1,979
Deferred tax assets	822	811
Other non-current assets	112	121
Total non-current assets	25,308	25,532
Total assets	31,108	31,454
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	261	186
Borrowings	1,692	1,692
Lease obligations	2,397	2,514
Income taxes payable	372	280
Other financial liabilities	82	224
Other current liabilities	1,802	1,800
Total current liabilities	6,609	6,698
Non-current liabilities		
Borrowings	7,714	7,441
Lease obligations	3,067	3,181
Other financial liabilities	52	50
Deferred tax liabilities	39	24
Provisions	740	779
Other non-current liabilities	9	9
Total non-current liabilities	11,624	11,486
Total liabilities	18,233	18,184
Equity		
Share capital	1,326	1,337
Capital surplus	4,736	4,486
Retained earnings	6,431	7,018
Treasury shares	(0)	(0)
Other components of equity	379	427
Total equity attributable to owners of parent	12,874	13,270
Total equity	12,874	13,270
Total liabilities and equity	31,108	31,454

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2022 to September 30, 2022)	First three months of current fiscal year (From July 1, 2023 to September 30, 2023)
Revenue	5,568	6,311
Cost of sales	(4,299)	(4,614)
Gross profit	1,268	1,697
Other operating income	37	19
Selling, general and administrative expenses	(654)	(838)
Other operating expenses	(39)	(4)
Operating profit	612	873
Finance income	4	5
Finance costs	(37)	(40)
Profit before tax	579	839
Income tax expense	(185)	(252)
Profit	394	587
Profit attributable to		
Owners of parent	394	587
Profit	394	587
Earnings per share		
Basic earnings per share (yen)	30.48	44.95
Diluted earnings per share (yen)	29.56	43.74

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2022 to September 30, 2022)	First three months of current fiscal year (From July 1, 2023 to September 30, 2023)
Profit	394	587
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	62	50
Total of items that may be reclassified to profit or loss	62	50
Total other comprehensive income	62	50
Comprehensive income	457	637
Comprehensive income attributable to		
Owners of parent	457	637
Comprehensive income	457	637

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

First three months of previous 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)
Dividends of surplus	-	(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
Dividends of surplus	(129)	(129)
Total transactions with owners	(111)	(111)
Balance as of September 30, 2022	11,733	11,733

First three months of current fiscal year (From July 1, 2023 to September 30, 2023)

(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, 2023	1,326	4,736	6,431	(0)	312	67	379
Profit	-	-	587	-	-	-	-
Other comprehensive income	-	-	-	-	50	-	50
Total comprehensive income	-	-	587	-	50	-	50
Issuance of new shares (exercise of share acquisition rights)	10	10	-	-	-	(2)	(2)
Dividends of surplus	-	(260)	-	-	-	-	-
Total transactions with owners	10	(250)	-	-	-	(2)	(2)
Balance as of September 30, 2023	1,337	4,486	7,018	(0)	362	64	427

(Unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2023	12,874	12,874
Profit	587	587
Other comprehensive income	50	50
Total comprehensive income	637	637
Issuance of new shares (exercise of share acquisition rights)	18	18
Dividends of surplus	(260)	(260)
Total transactions with owners	(242)	(242)
Balance as of September 30, 2023	13,270	13,270

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2022 to September 30, 2022)	First three months of current fiscal year (From July 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before tax	579	839
Depreciation and amortization	816	850
Impairment losses	33	0
Finance income	(4)	(5)
Finance costs	37	40
Subsidy income	(27)	(3)
Decrease (increase) in trade and other receivables	165	(205)
Decrease (increase) in inventories	(66)	14
Increase (decrease) in trade and other payables	4	(60)
Other	(247)	83
Subtotal	1,292	1,553
Interest received	0	1
Interest paid	(29)	(38)
Proceeds from subsidy income	27	3
Income taxes paid	(448)	(324)
Net cash provided by (used in) operating activities	841	1,195
Cash flows from investing activities		
Purchase of property, plant and equipment	(73)	(158)
Purchase of intangible assets	(15)	(4)
Payments of guarantee deposits	(19)	(15)
Proceeds from refund of guarantee deposits	17	41
Other	(2)	(0)
Net cash provided by (used in) investing activities	(93)	(137)
Cash flows from financing activities		
Repayments of long-term borrowings	(175)	(275)
Proceeds from sale and leaseback transactions	5	41
Repayments of lease obligations	(702)	(718)
Proceeds from exercise of share acquisition rights	17	18
Dividends paid	(130)	(260)
Other	(0)	-
Net cash provided by (used in) financing activities	(985)	(1,194)
Exchange differences of cash and cash equivalents	53	34
Net increase (decrease) in cash and cash equivalents	(183)	(100)
Cash and cash equivalents at beginning of period	3,724	4,432
Cash and cash equivalents at end of period	3,540	4,331

(6) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There are no applicable items.

(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, 2022 to September 30, 2022)	First three months of current fiscal year (From July 1, 2023 to September 30, 2023)
Profit attributable to owners of parent (million yen)	394	587
Average number of common shares outstanding during the period (shares)	12,956,302	13,060,823
Number of common shares with dilutive effects		
Increase due to share options (shares)	401,080	362,119
Diluted average number of common shares outstanding during the period (shares)	13,357,382	13,422,942
Basic earnings per share (yen)	30.48	44.95
Diluted earnings per share (yen)	29.56	43.74

(Significant subsequent events)

There are no applicable items.