



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

February 13, 2024

Company name: QB Net Holdings Co., Ltd.

Listed on: Tokyo Stock Exchange

Code number: 6571

URL: <https://www.qbnet.jp>

Representative: Yasuo Kitano, President CEO

Contact: Masayoshi Kabeya, Director and General Manager of Administration Department

Tel.: +81-3-6433-7723

Scheduled date of quarterly report submission: February 13, 2024

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 First Half of the Fiscal Year Ending June 30, 2024 (July 1, 2023 to December 31, 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	%
Q2 FYE June 2024	12,338	11.6	1,290	19.8	1,219	20.7	844	23.7	844	23.7	824	27.0
Q2 FYE June 2023	11,055	8.6	1,077	33.9	1,010	38.9	682	38.4	682	38.4	649	18.0

	Basic earnings per share	Diluted earnings per share
	yen	yen
Q2 FYE June 2024	64.57	62.92
Q2 FYE June 2023	52.63	51.11

## (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 2024	31,094	13,470	13,470	43.3
FYE June 2023	31,108	12,874	12,874	41.4

## 2. Dividends

	Annual dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
FYE June 2023	yen -	yen 0.00	yen -	yen 20.00	yen 20.00
FYE June 2024	-	0.00			
FYE June 2024 (forecast)			-	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
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)	Q2 FYE June 2024	13,106,500 shares	FYE June 2023	13,045,100 shares
(ii) Number of treasury shares at the end of the period	Q2 FYE June 2024	123 shares	FYE June 2023	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q2 FYE June 2024	13,078,866 shares	Q2 FYE June 2023	12,971,220 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)

The Company plans to hold a financial results briefing for institutional investors and analysts on February 19, 2024. This briefing session will be held via a hybrid method of taking place at a physical venue and some members participating in a Zoom meeting. Supplemental explanatory materials to be used on the day are scheduled to be disclosed on TDnet by the day of the briefing session and also will be posted on the Company's website on the same day.

The content of the financial results briefing is slated to be posted on the Company's website after February 21, 2024.

○ Table of Contents for the Attachment

- 1. Qualitative Information Regarding the Quarterly Financial Results Under Review ..... 4
  - (1) Explanation of Operating Results..... 4
  - (2) Explanation of Financial Position ..... 6
  - (3) Explanation of Information on Future Forecasts Including Consolidated Earnings Forecast ..... 6
- 2. Condensed Quarterly Consolidated Financial Statements and Main Notes ..... 7
  - (1) Condensed Quarterly Consolidated Statement of Financial Position ..... 7
  - (2) Condensed Quarterly Consolidated Statement of Profit or Loss ..... 8
  - (3) Condensed Quarterly Consolidated Statement of Comprehensive Income ..... 9
  - (4) Condensed Quarterly Consolidated Statement of Changes in Equity ..... 10
  - (5) Condensed Quarterly Consolidated Statement of Cash Flows ..... 12
  - (6) Notes on the Condensed Quarterly Consolidated Financial Statements ..... 13

## 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 six months of the fiscal year under review (from July 1, 2023 to December 31, 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. The number of recruits outnumbered the same period of the previous fiscal year and the plan since competitiveness in salary offers for recruitment was enhanced. The number of people leaving the Company decreased compared with the same period of the previous fiscal year due to improvements in the working environment, such as the establishment of regular holidays and the shortening of business hours, in addition to improvements in salary. On the other hand, the actual number of people leaving the company failed to achieve the plan since such improvements had a limited impact on existing stylists who left the company for personal reasons such as health and job changes to other industries. The actual net increase surpassed the plan as the higher number of recruits offset the failure to achieve the plan for the number of people leaving the Company.

#### (Explanation of Operating Results)

During the first six 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.

Revenue increased 1,282 million yen year on year (of which, 107 million yen was from foreign exchange effects associated with the depreciation of the yen) to 12,338 million yen.

#### <Domestic operations>

There remain salons that need to set regular holidays or close temporarily although the situation of employing stylists showed signs of improvement amid the demand and supply of workers tightening in the non-manufacturing sector, resulting from a recovery in consumption activity. The supply side of total operational seats for haircuts decreased year on year mainly due to advancing 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 1,096 million yen year on year.

#### <Hong Kong>

The number of customers visiting salons is on an upward trend as customer demand for haircuts recovered after the preventive measures for COVID-19 were completely lifted in December 2022. As a result, revenue in foreign currency recovered year on year. Accordingly, revenue in yen terms increased 85 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 3 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 60 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

<United States (New York)>

Revenue was pushed up by the price revision implemented in January 2023. As a result, revenue in foreign currency rose year on year. Accordingly, revenue in yen terms increased 36 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

(Unit: million yen)

	First six months of the previous fiscal year (From July 1, 2022 to December 31, 2022)	First six months of the current fiscal year (From July 1, 2023 to December 31, 2023)	Changes	Changes (excluding foreign exchange effects)
Domestic operations	8,990	10,086	1,096	-
Overseas operations	2,065	2,251	186	79
Hong Kong	1,043	1,129	85	34
Singapore	539	543	3	(36)
Taiwan	335	396	60	52
United States	146	182	36	28
Consolidated	11,055	12,338	1,282	79

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

Cost of sales increased 678 million yen year on year (of which, 91 million yen was from foreign exchange effects associated with the depreciation of the yen) to 9,297 million yen. The main changes are as follows.

(Unit: million yen)

Item	Changes	Major reasons for changes other than foreign exchange effects
Personnel expenses	478 (52)	Increase in the number of stylists and a hike of the base salary
Rent	146 (28)	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 399 million yen year on year (of which, 18 million yen was from foreign exchange effects associated with the depreciation of the yen) to 1,752 million yen. The main changes are as follows.

(Unit: million yen)

Item	Changes	Major reasons for changes other than foreign exchange effects
Bonus	154 (0)	Increase in domestic year-end allowance
Personnel expenses	98 (6)	Increase in in-house haircut school trainees and staff in the head office

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

Other operating income decreased 11 million yen year on year to 32 million yen. Other operating expenses decreased 19 million yen to 29 million yen year on year mainly due to a decrease in impairment losses of salon assets.

As a result, consolidated earnings in the first six months of the fiscal year under review were as follows: Revenue amounted to 12,338 million yen (up 11.6% year on year), operating profit was 1,290 million yen (up 19.8% year on year), profit before tax was 1,219 million yen (up 20.7% year on year), and profit attributable to owners of parent came to 844 million yen (up 23.7% year on year).

In terms of our salon network, we opened eight salons. They were divided into two salons in Japan and, overseas, three in Hong Kong, one in Singapore, and two in Taiwan. The number of salons at the end of the second quarter under review decreased by four from the end of the previous fiscal year to 697 salons due to the closure of 12 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 second quarter under review were as follows:

Current assets decreased 45 million yen from the end of the previous fiscal year to 5,755 million yen. This was mainly due to a drop of 427 million yen in cash and cash equivalents and an increase of 302 million yen in trade and other receivables. Non-current assets increased 30 million yen from the end of the previous fiscal year to 25,339 million yen. This was mainly due to an increase of 62 million yen in property, plant and equipment and a drop of 39 million yen in other financial assets. As a result, assets decreased 14 million yen from the end of the previous fiscal year to 31,094 million yen.

Current liabilities were down 165 million yen from the end of the previous fiscal year to 6,443 million yen. This was mainly due to an increase of 50 million yen in trade and other payables, a decrease of 400 million yen in borrowings, and an increase of 67 million yen in other financial liabilities. Non-current liabilities dropped 444 million yen from the end of the previous fiscal year to 11,180 million yen. This was mainly due to a decrease of 446 million yen in borrowings. As a result, liabilities decreased 609 million yen from the end of the previous fiscal year to 17,624 million yen.

Equity increased 595 million yen from the end of the previous fiscal year to 13,470 million yen. This was mainly due to a decrease of 240 million yen in capital surplus and an increase of 844 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 decreased 427 million yen from the end of the previous fiscal year to 4,005 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 2,351 million yen (1,715 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 1,219 million yen and depreciation and amortization of 1,713 million yen, in contrast to decreasing factors, such as income taxes paid of 335 million yen.

#### (Cash flows from investing activities)

Cash used in investing activities was 336 million yen (219 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 332 million yen.

#### (Cash flows from financing activities)

Cash used in financing activities was 2,439 million yen (1,820 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 short-term borrowings of 400 million yen, repayments of long-term borrowings of 450 million yen, and repayments of lease obligations of 1,434 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)	2Q of the current fiscal year (December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	4,432	4,005
Trade and other receivables	972	1,274
Other financial assets	15	15
Inventories	237	269
Income taxes receivable	13	7
Other current assets	129	182
<b>Total current assets</b>	<b>5,800</b>	<b>5,755</b>
Non-current assets		
Property, plant and equipment	1,213	1,275
Right-of-use assets	5,605	5,603
Goodwill	15,430	15,430
Intangible assets	120	128
Other financial assets	2,004	1,965
Deferred tax assets	822	818
Other non-current assets	112	118
<b>Total non-current assets</b>	<b>25,308</b>	<b>25,339</b>
<b>Total assets</b>	<b>31,108</b>	<b>31,094</b>
<b>Liabilities and equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	261	312
Borrowings	1,692	1,292
Lease obligations	2,397	2,436
Income taxes payable	372	405
Other financial liabilities	82	150
Other current liabilities	1,802	1,846
<b>Total current liabilities</b>	<b>6,609</b>	<b>6,443</b>
Non-current liabilities		
Borrowings	7,714	7,268
Lease obligations	3,067	3,058
Other financial liabilities	52	50
Deferred tax liabilities	39	24
Provisions	740	769
Other non-current liabilities	9	8
<b>Total non-current liabilities</b>	<b>11,624</b>	<b>11,180</b>
<b>Total liabilities</b>	<b>18,233</b>	<b>17,624</b>
Equity		
Share capital	1,326	1,346
Capital surplus	4,736	4,496
Retained earnings	6,431	7,276
Treasury shares	(0)	(0)
Other components of equity	379	351
<b>Total equity attributable to owners of parent</b>	<b>12,874</b>	<b>13,470</b>
<b>Total equity</b>	<b>12,874</b>	<b>13,470</b>
<b>Total liabilities and equity</b>	<b>31,108</b>	<b>31,094</b>

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

(Unit: million yen)

	First six months of the previous fiscal year (From July 1, 2022 to December 31, 2022)	First six months of the current fiscal year (From July 1, 2023 to December 31, 2023)
Revenue	11,055	12,338
Cost of sales	(8,618)	(9,297)
Gross profit	2,437	3,040
Other operating income	43	32
Selling, general and administrative expenses	(1,353)	(1,752)
Other operating expenses	(49)	(29)
Operating profit	1,077	1,290
Finance income	8	11
Finance costs	(75)	(83)
Profit before tax	1,010	1,219
Income tax expense	(327)	(374)
Profit	682	844
Profit attributable to		
Owners of parent	682	844
Profit	682	844
Earnings per share		
Basic earnings per share (yen)	52.63	64.57
Diluted earnings per share (yen)	51.11	62.92



(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: million yen)

	First six months of the previous fiscal year (From July 1, 2022 to December 31, 2022)	First six months of the current fiscal year (From July 1, 2023 to December 31, 2023)
Profit	682	844
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(33)	(20)
Total of items that may be reclassified to profit or loss	(33)	(20)
Total other comprehensive income	(33)	(20)
Comprehensive income	649	824
Comprehensive income attributable to		
Owners of parent	649	824
Comprehensive income	649	824

(4) Condensed Quarterly Consolidated Statement of Changes in Equity  
 First six months of previous fiscal year (From July 1, 2022 to December 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 as of July 1, 2022	1,289	4,829	4,987	(0)	193	88	281
Profit	-	-	682	-	-	-	-
Other comprehensive income	-	-	-	-	(33)	-	(33)
Total comprehensive income	-	-	682	-	(33)	-	(33)
Issuance of new shares (exercise of share acquisition rights)	21	21	-	-	-	(12)	(12)
Dividends of surplus	-	(129)	-	-	-	-	-
Total transactions with owners	21	(107)	-	-	-	(12)	(12)
Balance as of December 31, 2022	1,311	4,721	5,669	(0)	159	75	235

(Unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2022	11,387	11,387
Profit	682	682
Other comprehensive income	(33)	(33)
Total comprehensive income	649	649
Issuance of new shares (exercise of share acquisition rights)	31	31
Dividends of surplus	(129)	(129)
Total transactions with owners	(97)	(97)
Balance as of December 31, 2022	11,938	11,938

First six months of current fiscal year (From July 1, 2023 to December 31, 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	-	-	844	-	-	-	-
Other comprehensive income	-	-	-	-	(20)	-	(20)
Total comprehensive income	-	-	844	-	(20)	-	(20)
Issuance of new shares (exercise of share acquisition rights)	19	19	-	-	-	(7)	(7)
Dividends of surplus	-	(260)	-	-	-	-	-
Total transactions with owners	19	(240)	-	-	-	(7)	(7)
Balance as of December 31, 2023	1,346	4,496	7,276	(0)	292	59	351

(Unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2023	12,874	12,874
Profit	844	844
Other comprehensive income	(20)	(20)
Total comprehensive income	824	824
Issuance of new shares (exercise of share acquisition rights)	32	32
Dividends of surplus	(260)	(260)
Total transactions with owners	(228)	(228)
Balance as of December 31, 2023	13,470	13,470

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

(Unit: million yen)

	First six months of the previous fiscal year (From July 1, 2022 to December 31, 2022)	First six months of the current fiscal year (From July 1, 2023 to December 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before tax	1,010	1,219
Depreciation and amortization	1,640	1,713
Impairment losses	35	12
Finance income	(8)	(11)
Finance costs	75	83
Subsidy income	(36)	(3)
Decrease (increase) in trade and other receivables	(225)	(303)
Decrease (increase) in inventories	(82)	(32)
Increase (decrease) in trade and other payables	(67)	47
Other	(110)	34
Subtotal	2,231	2,759
Interest received	1	4
Interest paid	(70)	(79)
Proceeds from subsidy income	36	3
Income taxes paid	(483)	(335)
Net cash provided by (used in) operating activities	1,715	2,351
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(170)	(332)
Purchase of intangible assets	(22)	(26)
Payments of guarantee deposits	(47)	(28)
Proceeds from refund of guarantee deposits	26	54
Other	(4)	(3)
Net cash provided by (used in) investing activities	(219)	(336)
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	-	(400)
Repayments of long-term borrowings	(350)	(450)
Proceeds from sale and leaseback transactions	39	73
Repayments of lease obligations	(1,411)	(1,434)
Proceeds from exercise of share acquisition rights	31	31
Dividends paid	(130)	(260)
Net cash provided by (used in) financing activities	(1,820)	(2,439)
Exchange differences of cash and cash equivalents	(26)	(3)
Net increase (decrease) in cash and cash equivalents	(350)	(427)
Cash and cash equivalents at beginning of period	3,724	4,432
Cash and cash equivalents at end of period	3,373	4,005

(6) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There are no applicable items.

(Segment information)

A description is omitted because the Company Group engages in a single segment of the haircutting business.

(Per share information)

The basis of calculating basic and diluted earnings per share is as follows:

	First six months of the previous fiscal year (From July 1, 2022 to December 31, 2022)	First six months of the current fiscal year (From July 1, 2023 to December 31, 2023)
Profit attributable to owners of parent (million yen)	682	844
Average number of common shares outstanding during the period (shares)	12,971,220	13,078,866
Number of common shares with dilutive effects		
Increase due to share options (shares)	386,953	342,736
Diluted average number of common shares outstanding during the period (shares)	13,358,173	13,421,602
Basic earnings per share (yen)	52.63	64.57
Diluted earnings per share (yen)	51.11	62.92

(Significant subsequent events)

There are no applicable items.