



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

May 14, 2024

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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 Third Quarter of the Fiscal Year Ending June 30, 2024 (July 1, 2023 to March 31, 2024)

(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 2024	18,274	11.1	1,660	28.7	1,551	32.0	1,078	32.8	1,078	32.8	1,163	47.1
Q3 FYE June 2023	16,450	9.7	1,290	43.0	1,175	49.0	812	56.2	812	56.2	790	19.2

	Basic earnings per share	Diluted earnings per share
	yen	yen
Q3 FYE June 2024	82.39	80.37
Q3 FYE June 2023	62.56	60.77

(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 2024	31,547	13,815	13,815	43.8
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 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)	Q3 FYE June 2024	13,119,400 shares	FYE June 2023	13,045,100 shares
(ii) Number of treasury shares at the end of the period	Q3 FYE June 2024	123 shares	FYE June 2023	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q3 FYE June 2024	13,089,601 shares	Q3 FYE June 2023	12,983,836 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

(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 outlets 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 outlets expansion from the fourth quarter onwards.

During the first nine months of the fiscal year under review (from July 1, 2023 to March 31, 2024), we achieved improvements in the treatment of employees in terms of wages through measures including a base salary hike mainly for stylists in Japan and took measures to improve the working environment. The number of recruits increased from the same period of the previous fiscal year 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 regular holidays and the shortening of business hours, in addition to improvements in salary. As a result, the net increase in the number of personnel exceeded that of the same period of the previous fiscal year, setting the total number of operational seats for haircuts at outlets on an upward trend.

(Explanation of Operating Results)

During the first nine months of the fiscal year under review, consumption activity showed signs of a recovery 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 outlets in the Group to a similar level as in the same period of the previous fiscal year. Consequently, revenue increased 1,823 million yen year on year (of which, 226 million yen was from foreign exchange effects associated with the depreciation of the yen) to 18,274 million yen.

<Domestic operations>

There remain outlets that need to set regular holidays although the situation of employing stylists remains firm amid the demand and supply of workers tightening in the non-manufacturing sector, resulting from a recovery in consumption activity. The total number of operational seats for haircuts was on an upward trend due to a net increase in the number of personnel, but was lower than that of the same period of the previous fiscal year. On the other hand, customer demand for haircuts continued to be steady, and the number of customers visiting outlets 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 1,545 million yen year on year.

<Hong Kong>

The number of customers visiting outlets 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 156 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 outlets decreased year on year due to a shortage of stylists and the effects of outlets closures and others. As a result, revenue in yen terms decreased 12 million yen year on year due to a decrease in revenue in foreign currency despite a revenue increase associated with the impact of the depreciation of the yen.

<Taiwan>

Revenue was pushed up by the price revision implemented in January 2023 and new outlet openings. As a result, revenue in foreign currency rose 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.

<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 49 million yen partly due to a revenue increase from foreign exchange effects associated with the depreciation of the yen.

(Unit: million yen)

	First nine months of the previous fiscal year (From July 1, 2022 to March 31, 2023)	First nine months of the current fiscal year (From July 1, 2023 to March 31, 2024)	Changes	Changes (excluding foreign exchange effects)
Domestic operations	13,311	14,856	1,545	-
Overseas operations	3,139	3,417	278	52
Hong Kong	1,567	1,723	156	39
Singapore	818	806	(12)	(78)
Taiwan	525	611	85	59
United States	227	277	49	31
Consolidated	16,450	18,274	1,823	52

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

Cost of sales increased 1,056 million yen year on year (of which, 195 million yen was from foreign exchange effects associated with the depreciation of the yen) to 13,969 million yen. The main changes are as follows.

(Unit: million yen)

Item	Changes	Major reasons for changes other than foreign exchange effects
Personnel expenses	749 (106)	Increase in the number of stylists and a hike of the base salary
Rent	222 (64)	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 405 million yen year on year (of which, 35 million yen was from foreign exchange effects associated with the depreciation of the yen) to 2,661 million yen. The main changes are as follows.

(Unit: million yen)

Item	Changes	Major reasons for changes other than foreign exchange effects
Personnel expenses	161 (14)	Increase in in-house haircut school trainees and staff in the head office
Rent	62 (3)	Increase in rents at the new head office, etc.

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

Other operating income decreased 19 million yen year on year to 41 million yen. Other operating expenses decreased 28 million yen year on year to 24 million yen.

As a result, consolidated earnings in the first nine months of the fiscal year under review were as follows: revenue amounted to 18,274 million yen (up 11.1% year on year), operating profit was 1,660 million yen (up 28.7% year on year), profit before tax was 1,551 million yen (up 32.0% year on year), and profit attributable to owners of parent came to 1,078 million yen (up 32.8% year on year).

In terms of our outlet network, we opened ten outlets. They were divided into three outlets in Japan and, overseas, four in Hong Kong, one in Singapore, and two in Taiwan. The number of outlets at the end of the third quarter under review decreased by 11 from the end of the previous fiscal year to 690 outlets due to the closure of 21 outlets mainly because outlets were consolidated as a measure for improving the working conditions, and some commercial facilities and railway stations were renovated.

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:

Non-current assets increased 120 million yen from the end of the previous fiscal year to 5,921 million yen. This was mainly due to a drop of 365 million yen in cash and cash equivalents, an increase of 312 million yen in trade and other receivables, and an increase of 101 million yen in inventories. Non-current assets increased 318 million yen from the end of the previous fiscal year to 25,626 million yen. This was mainly due to an increase of 251 million yen in right-of-use assets and an increase of 86 million yen in property, plant and equipment. As a result, assets increased 439 million yen from the end of the previous fiscal year to 31,547 million yen.

Current liabilities were up 12 million yen from the end of the previous fiscal year to 6,621 million yen. This was mainly due to a decrease of 400 million yen in borrowings, an increase of 240 million yen in other current liabilities, and an increase of 201 million yen in lease obligations. Non-current liabilities dropped 514 million yen from the end of the previous fiscal year to 11,110 million yen. This was mainly due to a decrease of 619 million yen in borrowings. As a result, liabilities decreased 501 million yen from the end of the previous fiscal year to 17,732 million yen.

Equity increased 941 million yen from the end of the previous fiscal year to 13,815 million yen. This was mainly due to an increase of 1,078 million yen in retained earnings and a decrease of 236 million yen in capital surplus.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the third quarter under review decreased 365 million yen from the end of the previous fiscal year to 4,066 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 3,388 million yen (2,864 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 1,551 million yen and depreciation and amortization of 2,565 million yen, in contrast to decreasing factors, such as income taxes paid of 640 million yen.

(Cash flows from investing activities)

Cash used in investing activities was 530 million yen (417 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 540 million yen.

(Cash flows from financing activities)

Cash used in financing activities was 3,295 million yen (2,721 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 625 million yen, repayments of lease obligations of 2,159 million yen, and repayments of short-term borrowings of 400 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)	3Q of the current fiscal year (March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	4,432	4,066
Trade and other receivables	972	1,284
Other financial assets	15	9
Inventories	237	338
Income taxes receivable	13	-
Other current assets	129	221
Total current assets	5,800	5,921
Non-current assets		
Property, plant and equipment	1,213	1,299
Right-of-use assets	5,605	5,856
Goodwill	15,430	15,430
Intangible assets	120	122
Other financial assets	2,004	1,971
Deferred tax assets	822	823
Other non-current assets	112	123
Total non-current assets	25,308	25,626
Total assets	31,108	31,547
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	261	253
Borrowings	1,692	1,292
Lease obligations	2,397	2,598
Income taxes payable	372	217
Other financial liabilities	82	216
Other current liabilities	1,802	2,042
Total current liabilities	6,609	6,621
Non-current liabilities		
Borrowings	7,714	7,095
Lease obligations	3,067	3,160
Other financial liabilities	52	47
Deferred tax liabilities	39	24
Provisions	740	768
Other non-current liabilities	9	14
Total non-current liabilities	11,624	11,110
Total liabilities	18,233	17,732
Equity		
Share capital	1,326	1,351
Capital surplus	4,736	4,500
Retained earnings	6,431	7,510
Treasury shares	(0)	(0)
Other components of equity	379	454
Total equity attributable to owners of parent	12,874	13,815
Total equity	12,874	13,815
Total liabilities and equity	31,108	31,547

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Unit: million yen)

	First nine months of the previous fiscal year (From July 1, 2022 to March 31, 2023)	First nine months of the current fiscal year (From July 1, 2023 to March 31, 2024)
Revenue	16,450	18,274
Cost of sales	(12,912)	(13,969)
Gross profit	3,537	4,304
Other operating income	61	41
Selling, general and administrative expenses	(2,256)	(2,661)
Other operating expenses	(52)	(24)
Operating profit	1,290	1,660
Finance income	13	17
Finance costs	(128)	(127)
Profit before tax	1,175	1,551
Income tax expense	(362)	(472)
Profit	812	1,078
Profit attributable to Owners of parent Profit	812	1,078
Earnings per share		
Basic earnings per share (yen)	62.56	82.39
Diluted earnings per share (yen)	60.77	80.37

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: million yen)

	First nine months of the previous fiscal year (From July 1, 2022 to March 31, 2023)	First nine months of the current fiscal year (From July 1, 2023 to March 31, 2024)
Profit	812	1,078
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(21)	84
Total of items that may be reclassified to profit or loss	(21)	84
Total other comprehensive income	(21)	84
Comprehensive income	790	1,163
Comprehensive income attributable to		
Owners of parent	790	1,163
Comprehensive income	790	1,163

(4) Condensed Quarterly Consolidated Statement of Changes in Equity
 First nine months of previous fiscal year (From July 1, 2022 to March 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, 2022	1,289	4,829	4,987	(0)	193	88	281
Profit	-	-	812	-	-	-	-
Other comprehensive income	-	-	-	-	(21)	-	(21)
Total comprehensive income	-	-	812	-	(21)	-	(21)
Issuance of new shares (exercise of share acquisition rights)	25	25	-	-	-	(14)	(14)
Dividends of surplus	-	(129)	-	-	-	-	-
Total transactions with owners	25	(103)	-	-	-	(14)	(14)
Balance as of March 31, 2023	1,315	4,725	5,799	(0)	171	73	245

(Unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2022	11,387	11,387
Profit	812	812
Other comprehensive income	(21)	(21)
Total comprehensive income	790	790
Issuance of new shares (exercise of share acquisition rights)	37	37
Dividends of surplus	(129)	(129)
Total transactions with owners	(92)	(92)
Balance as of March 31, 2023	12,085	12,085

First nine months of current fiscal year (From July 1, 2023 to March 31, 2024)

(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	-	-	1,078	-	-	-	-
Other comprehensive income	-	-	-	-	84	-	84
Total comprehensive income	-	-	1,078	-	84	-	84
Issuance of new shares (exercise of share acquisition rights)	24	24	-	-	-	(10)	(10)
Dividends of surplus	-	(260)	-	-	-	-	-
Total transactions with owners	24	(236)	-	-	-	(10)	(10)
Balance as of March 31, 2024	1,351	4,500	7,510	(0)	397	56	454

(Unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2023	12,874	12,874
Profit	1,078	1,078
Other comprehensive income	84	84
Total comprehensive income	1,163	1,163
Issuance of new shares (exercise of share acquisition rights)	38	38
Dividends of surplus	(260)	(260)
Total transactions with owners	(222)	(222)
Balance as of March 31, 2024	13,815	13,815

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	First nine months of the previous fiscal year (From July 1, 2022 to March 31, 2023)	First nine months of the current fiscal year (From July 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before tax	1,175	1,551
Depreciation and amortization	2,443	2,565
Impairment losses	39	12
Finance income	(13)	(17)
Finance costs	128	127
Subsidy income	(51)	(3)
Decrease (increase) in trade and other receivables	55	(279)
Decrease (increase) in inventories	(166)	(99)
Increase (decrease) in trade and other payables	79	(30)
Other	(70)	294
Subtotal	3,619	4,119
Interest received	2	6
Interest paid	(102)	(121)
Proceeds from subsidy income	51	3
Income taxes refund	-	20
Income taxes paid	(706)	(640)
Net cash provided by (used in) operating activities	2,864	3,388
Cash flows from investing activities		
Purchase of property, plant and equipment	(293)	(540)
Purchase of intangible assets	(43)	(28)
Payments of guarantee deposits	(123)	(65)
Proceeds from refund of guarantee deposits	49	110
Other	(6)	(5)
Net cash provided by (used in) investing activities	(417)	(530)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(400)
Repayments of long-term borrowings	(525)	(625)
Proceeds from sale and leaseback transactions	51	111
Repayments of lease obligations	(2,110)	(2,159)
Proceeds from exercise of share acquisition rights	37	38
Dividends paid	(130)	(260)
Other	(44)	-
Net cash provided by (used in) financing activities	(2,721)	(3,295)
Exchange differences of cash and cash equivalents	(17)	71
Net increase (decrease) in cash and cash equivalents	(292)	(365)
Cash and cash equivalents at beginning of period	3,724	4,432
Cash and cash equivalents at end of period	3,432	4,066

(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 nine months of the previous fiscal year (From July 1, 2022 to March 31, 2023)	First nine months of the current fiscal year (From July 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (million yen)	812	1,078
Average number of common shares outstanding during the period (shares)	12,983,836	13,089,601
Number of common shares with dilutive effects		
Increase due to share options (shares)	381,687	329,417
Diluted average number of common shares outstanding during the period (shares)	13,365,523	13,419,018
Basic earnings per share (yen)	62.56	82.39
Diluted earnings per share (yen)	60.77	80.37

(Significant subsequent events)

There are no applicable items.