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Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2025 [IFRS] (Consolidated)

November 12, 2024

Company name: QB Net Holdings Co., Ltd. Listed on: Tokyo Stock Exchange
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Scheduled date for commencement of dividend payment: —
Supplementary explanatory materials for financial results: Yes
Financial results briefings: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2025 (July 1, 2024 to September 30, 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	%
Q1 FYE June 2025	6,370	0.9	542	(37.9)	498	(40.6)	344	(41.3)	344	(41.3)	135	(78.7)
Q1 FYE June 2024	6,311	13.3	873	42.6	839	44.7	587	48.7	587	48.7	637	39.5

	Basic earnings per share	Diluted earnings per share
	yen	yen
Q1 FYE June 2025	26.28	25.75
Q1 FYE June 2024	44.95	43.74

(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 2025	32,435	13,952	13,952	43.0
FYE June 2024	32,297	14,170	14,170	43.9

2. Dividends

	Annual dividends				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FYE June 2024	-	0.00	-	27.00	27.00
FYE June 2025	-				
FYE June 2025 (forecast)		0.00	-	35.00	35.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2025 (July 1, 2024 to June 30, 2025)

(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	25,710	3.8	1,900	(10.2)	1,750	(10.9)	1,220	(6.3)	1,220	(6.3)	91.70

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

*Notes

(1) Significant changes in the scope of consolidation during the period: No
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 2025	13,125,100 shares	FYE June 2024	13,123,600 shares
(ii) Number of treasury shares at the end of the period	Q1 FYE June 2025	157 shares	FYE June 2024	123 shares
(iii) Average number of shares outstanding during the period (cumulative)	Q1 FYE June 2025	13,123,890 shares	Q1 FYE June 2024	13,060,823 shares

* Review of the attached Quarterly Consolidated Financial Statements by certified public accountants or an audit firm: No

* 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 them. 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.
The Company plans to hold a financial results briefing for institutional investors and analysts on November 14, 2024. The content of the financial results briefing will be posted on the Company's website at a later date.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Quarter under Review

During the first three months of the fiscal year under review (July 1, 2024 to September 30, 2024), consumer activity showed signs of a recovery partly due to improvements in the employment and income environments. On the other hand, labor shortages, particularly in the non-manufacturing sector, and the impact of rising prices on consumer spending persisted, bringing uncertainty to the outlook for economic activity.

Under these circumstances, the Company Group formulated the Medium-term Management Plan “NEXUS” for five years starting from the fiscal year ending June 2025, and has been engaged in business activities that can provide services that are *consistent* anywhere in the world by advancing investment in human resources and DX.

As a result, consolidated earnings in the first three months of the fiscal year under review were as follows: Revenue amounted to 6,370 million yen (up 0.9% year on year), operating profit was 542 million yen (down 37.9% year on year), profit before tax was 498 million yen (down 40.6% year on year), and profit attributable to owners of parent came to 344 million yen (down 41.3% year on year).

Since the Company Group has run the haircut business alone in countries in the world, its business had been described as the single segment of the haircut business. However, the ratio of the revenue of overseas subsidiaries to the entire revenue has continued to grow year after year, and the Medium-term Management Plan, announced in August of 2024, positions the strengthening of the overseas operations as one of the key strategies.

The Company Group revised its organizational structure during the fiscal year ended June 2024, and has been making preparations for reinforcing profit/loss management, HR management and the planning and execution of marketing in the overseas operations. Moreover, the Medium-term Management Plan with the fiscal year ending June 2025 as the starting year clearly divides strategies between the domestic and overseas operations. Accordingly, the Company Group has made a change from a single segment to the two segments of the domestic and overseas operations since the first three months of the fiscal year under review.

The segment information is as follows.

<Domestic Operations>

Although the domestic operations continued to see a tight labor supply in the non-manufacturing sector in the wake of the recovery in consumer activity, the situation of employing stylists remained firm. The total number of operational seats for haircuts also started increasing, resulting from an expansion and reinforcement of personnel, and surpassed the level of the same period of the previous fiscal year. Additionally, customers visiting the outlets outnumbered the level of the same period of the previous fiscal year due to a generally sound trend in haircut demand despite the impacts of record heatwaves, typhoons and other events in the summer.

As a result, the segment posted revenue of 5,204 million yen (down 0.7% year on year) and a profit of 490 million yen (down 39.4% year on year).

<Overseas Operations>

In the overseas operations, the number of customers visiting the outlets declined year on year in Hong Kong and Singapore, where competition intensified in the market. On the other hand, Taiwan and the U.S. remained firm, as more and more customers visited outlets in a steady manner even after price revisions. Consequently, the number of customers visiting the outlets increased in terms of overseas locations overall. Additionally, the Group expanded into Canada and opened its first outlet in Toronto, starting business there as its fifth overseas business base.

As a result, the segment posted revenue of 1,169 million yen (up 2.0% year on year) and a profit of 53 million yen (down 19.3% year on year).

(Unit: million yen)

	First three months of previous fiscal year		First three months of current fiscal year	
	Revenue	Segment profit	Revenue	Segment profit
Domestic Operations	5,168	808	5,204	490
Overseas Operations	1,146	65	1,169	53

(2) Overview of Financial Position for the Quarter under Review

(i) Assets, liabilities and equity

Assets, liabilities and equity at the end of the first quarter under review were as follows:

Current assets grew 463 million yen from the end of the previous fiscal year to 6,946 million yen. This was mainly due to an increase of 811 million yen in cash and cash equivalents and a decrease of 330 million yen in trade and other receivables. Non-current assets dropped 325 million yen from the end of the previous fiscal year to 25,488 million yen. This was mainly due to a decrease of 249 million yen in right-of-use assets. As a result, assets rose 137 million yen from the end of the previous fiscal year to 32,435 million yen.

Current liabilities dropped 1,251 million yen from the end of the previous fiscal year to 5,830 million yen. This was mainly due to a decrease of 600 million yen in borrowings, a decrease of 232 million yen in income taxes payable and a decrease of 456 million yen in other current liabilities. Non-current liabilities were up 1,607 million yen from the end of the previous fiscal year to 12,652 million yen. This was mainly due to an increase of 1,826 million yen in borrowings and a decrease of 207 million yen in lease obligations. As a result, liabilities increased 355 million yen from the end of the previous fiscal year to 18,482 million yen.

Equity decreased 218 million yen from the end of the previous fiscal year to 13,952 million yen. This was mainly due to a decrease of 353 million yen in capital surplus and an increase of 344 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 increased 811 million yen from the end of the previous fiscal year to 5,512 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 985 million yen (1,195 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 498 million yen and depreciation and amortization of 852 million yen, in contrast to decreasing factors, such as a decrease of 424 million yen in accrued expenses.

(Cash flows from investing activities)

Cash used in investing activities was 276 million yen (137 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 251 million yen.

(Cash flows from financing activities)

Cash provided by financial activities was 295 million yen (1,194 million yen used in the same period of the previous fiscal year). This was mainly attributable to factors causing an increase in cash, such as proceeds from long-term borrowings of 2,000 million yen, in contrast to decreasing factors, such as repayments of short-term borrowings of 600 million yen, repayments of lease obligations of 740 million yen and dividends paid of 354 million yen.

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

Regarding the financial forecast for the fiscal year ending June 30, 2025, there is no change to the full-year financial forecast announced on August 13, 2024. 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, 2024)	Q1 of current fiscal year (September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	4,701	5,512
Trade and other receivables	1,398	1,067
Other financial assets	4	1
Inventories	233	160
Income taxes receivable	-	3
Other current assets	144	200
Total current assets	6,482	6,946
Non-current assets		
Property, plant and equipment	1,389	1,343
Right-of-use assets	5,933	5,684
Goodwill	15,430	15,430
Intangible assets	154	158
Other financial assets	1,993	1,952
Deferred tax assets	799	798
Other non-current assets	113	121
Total non-current assets	25,814	25,488
Total assets	32,297	32,435
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	280	398
Borrowings	1,392	792
Lease obligations	2,611	2,550
Income taxes payable	397	164
Other financial liabilities	148	127
Other current liabilities	2,251	1,795
Total current liabilities	7,081	5,830
Non-current liabilities		
Borrowings	6,822	8,648
Lease obligations	3,306	3,099
Other financial liabilities	49	48
Deferred tax liabilities	20	21
Provisions	831	821
Other non-current liabilities	14	13
Total non-current liabilities	11,045	12,652
Total liabilities	18,126	18,482
Equity		
Share capital	1,352	1,353
Capital surplus	4,502	4,148
Retained earnings	7,733	8,077
Treasury shares	(0)	(0)
Other components of equity	582	373
Total equity attributable to owners of parent	14,170	13,952
Total equity	14,170	13,952
Total liabilities and equity	32,297	32,435

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2023 to September 30, 2023)	First three months of current fiscal year (From July 1, 2024 to September 30, 2024)
Revenue	6,311	6,370
Cost of sales	(4,614)	(4,853)
Gross profit	1,697	1,517
Other operating income	19	3
Selling, general and administrative expenses	(838)	(969)
Other operating expenses	(4)	(8)
Operating profit	873	542
Finance income	5	5
Finance costs	(40)	(50)
Profit before tax	839	498
Income tax expense	(252)	(153)
Profit	587	344
Profit attributable to		
Owners of parent	587	344
Profit	587	344
Earnings per share		
Basic earnings per share (yen)	44.95	26.28
Diluted earnings per share (yen)	43.74	25.75

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2023 to September 30, 2023)	First three months of current fiscal year (From July 1, 2024 to September 30, 2024)
Profit	587	344
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	50	(209)
Total of items that may be reclassified to profit or loss	50	(209)
Total other comprehensive income	50	(209)
Comprehensive income	637	135
Comprehensive income attributable to		
Owners of parent	637	135
Comprehensive income	637	135

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

First three months of previous 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

First three months of current fiscal year (From July 1, 2024 to September 30, 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, 2024	1,352	4,502	7,733	(0)	526	56	582
Profit	-	-	344	-	-	-	-
Other comprehensive income	-	-	-	-	(209)	-	(209)
Total comprehensive income	-	-	344	-	(209)	-	(209)
Issuance of new shares (exercise of share acquisition rights)	0	0	-	-	-	(0)	(0)
Dividends of surplus	-	(354)	-	-	-	-	-
Purchase of treasury shares	-	-	-	(0)	-	-	-
Total transactions with owners	0	(353)	-	(0)	-	(0)	(0)
Balance as of September 30, 2024	1,353	4,148	8,077	(0)	317	55	373

(Unit: million yen)

	Total equity attributable to owners of parent	Total equity
Balance as of July 1, 2024	14,170	14,170
Profit	344	344
Other comprehensive income	(209)	(209)
Total comprehensive income	135	135
Issuance of new shares (exercise of share acquisition rights)	0	0
Dividends of surplus	(354)	(354)
Purchase of treasury shares	(0)	(0)
Total transactions with owners	(353)	(353)
Balance as of September 30, 2024	13,952	13,952

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	First three months of previous fiscal year (From July 1, 2023 to September 30, 2023)	First three months of current fiscal year (From July 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before tax	839	498
Depreciation and amortization	850	852
Impairment losses	0	-
Finance income	(5)	(5)
Finance costs	40	50
Subsidy income	(3)	(2)
Decrease (increase) in trade and other receivables	(205)	342
Decrease (increase) in inventories	14	69
Increase (decrease) in trade and other payables	(60)	104
Increase (decrease) in accrued expenses	(189)	(424)
Other	272	(96)
Subtotal	1,553	1,388
Interest received	1	1
Interest paid	(38)	(44)
Proceeds from subsidy income	3	2
Income taxes paid	(324)	(362)
Net cash provided by (used in) operating activities	1,195	985
Cash flows from investing activities		
Purchase of property, plant and equipment	(158)	(251)
Purchase of intangible assets	(4)	(15)
Payments of guarantee deposits	(15)	(36)
Proceeds from refund of guarantee deposits	41	28
Other	(0)	(1)
Net cash provided by (used in) investing activities	(137)	(276)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(600)
Proceeds from long-term borrowings	-	2,000
Repayments of long-term borrowings	(275)	(175)
Proceeds from sale and leaseback transactions	41	163
Repayments of lease obligations	(718)	(740)
Proceeds from exercise of share acquisition rights	18	0
Dividends paid	(260)	(354)
Other	-	(0)
Net cash provided by (used in) financing activities	(1,194)	295
Exchange differences of cash and cash equivalents	34	(192)
Net increase (decrease) in cash and cash equivalents	(100)	811
Cash and cash equivalents at beginning of period	4,432	4,701
Cash and cash equivalents at end of period	4,331	5,512

(6) Notes on the Condensed Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There are no applicable items.

(Notes on segment information)

1. Overview of reportable segments

Since the Company Group has run the haircut business alone in countries in the world, its business had been described as the single segment of the haircut business. However, the ratio of the revenue of overseas subsidiaries to the entire revenue has continued to grow year after year, and the Medium-term Management Plan, announced in August of 2024, positions the strengthening of the overseas operations as one of the key strategies. The Company Group revised its organizational structure during the fiscal year ended June 2024, and has been making preparations for reinforcing profit/loss management, HR management and the planning and execution of marketing in the overseas operations. Moreover, the Medium-term Management Plan with the fiscal year ending June 2025 as the starting year clearly divides strategies between the domestic and overseas operations. Accordingly, the Company Group has made a change from a single segment to the two segments of the domestic and overseas operations since the first three months of the fiscal year under review.

Accordingly, segment information for the first three months of the previous fiscal year has been prepared based on the reportable segment classifications after the change.

The Company Group's reportable segments are based on the business segments whose financial statements are available in a separate form from the Company's constituent units and that are reviewed regularly in a way that allows the Board of Directors to decide on management resource allocation and evaluate its performance.

Providing haircut services through deploying outlets which consist of QB HOUSE, which specializes in haircuts, and QB PREMIUM and FaSS, which are designed to meet various needs, the Company Group administers its business by separating the domestic and overseas operations. Therefore, the Company Group has two reportable segments: Domestic Operations and Overseas Operations. In determining the above reportable segments, no business segments have been consolidated into the two.

2. Information on the amounts of revenue and profit or loss by reportable segment

The revenue and performance of the Group Company's reportable segments are as follows.

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

(Million yen)

	Reportable segment			Adjustments (Note) 1	Amounts recorded in Condensed Quarterly Consolidated Financial Statements (Note) 2
	Domestic Operations	Overseas Operations	Total		
Revenue					
Revenue from external customers	5,165	1,146	6,311	-	6,311
Intersegment revenue	2	-	2	(2)	-
Total	5,168	1,146	6,314	(2)	6,311
Segment profit	808	65	874	(0)	873

(Notes) 1. The segment profit adjustment of minus 0 million yen is the elimination of intersegment transactions.
2. Segment profit is adjusted for operating profit recorded in Condensed Quarterly Consolidated Statement of Profit or Loss.

First three months of current fiscal year (From July 1, 2024 to September 30, 2024)

(Million yen)

	Reportable segment			Adjustments (Note) 1	Amounts recorded in Condensed Quarterly Consolidated Financial Statements (Note) 2
	Domestic Operations	Overseas Operations	Total		
Revenue					
Revenue from external customers	5,201	1,169	6,370	-	6,370
Intersegment revenue	2	-	2	(2)	-
Total	5,204	1,169	6,373	(2)	6,370
Segment profit	490	53	543	(0)	542

(Notes) 1. The segment profit adjustment of minus 0 million yen is the elimination of intersegment transactions.
2. Segment profit is adjusted for operating profit recorded in Condensed Quarterly Consolidated Statement of Profit or Loss.

(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, 2023 to September 30, 2023)	First three months of current fiscal year (From July 1, 2024 to September 30, 2024)
Profit attributable to owners of parent (million yen)	587	344
Average number of common shares outstanding during the period (shares)	13,060,823	13,123,890
Number of common shares with dilutive effects		
Increase due to share options (shares)	362,119	266,673
Diluted average number of common shares outstanding during the period (shares)	13,422,942	13,390,563
Basic earnings per share (yen)	44.95	26.28
Diluted earnings per share (yen)	43.74	25.75

(Significant subsequent events)

There are no applicable items.