



QB Net Holdings Co., Ltd.

Q1 FYE June 2022

Financial Results Briefing Material

November 12, 2021

Executive Summary

- Revenue is on a recovery trend, increasing 9.5% year on year to 5,052 million yen
- Operating profit was 432 million yen, down 2.9% year on year, since a subsidy of 579 million yen was recorded in the first quarter of the previous fiscal year. However, excluding the subsidy, both revenue and profit effectively increased in the period under review.
- Domestic revenue was almost in line with the plan despite the impact of the fifth wave of infections. Domestic revenue recovered as planned in October too as a state of emergency was lifted on September 30, and temperatures remained warm in the first half of October.
- Overseas revenue continued to recover as a whole despite being partially impacted by an increase in the number of infections.
- Against plan: An increase of 30 million yen in revenue and an increase of 181 million yen in operating profit mainly due to a decrease of 96 million yen in cost of sales and a decrease of 45 million yen in SG&A expenses primarily resulting from shorter business hours and recruitment restraint.

Consolidated Group Earnings (Summary)

- In Q1 FYE June 2022, revenue increased but profit decreased from the same period of the previous fiscal year.
- However, a subsidy of 579 million yen was recorded in Q1 of the previous fiscal year. When excluding the impact of the subsidy, revenue and profit effectively increased in Q1 FYE June 2022.

Consolidated Group Earnings (Summary)

Unit: million yen	Q1 FYE June 2022		First half FYE June 2022 Forecast			Full year FYE June 2022 Forecast		
	Results	Year on year (%)	Forecast	Year on year (%)	Progress rate	Forecast	Year on year (%)	Progress rate
Revenue	5,052	109.5%	10,140	109.0%	49.8%	20,840	110.1%	24.2%
Operating profit	432	97.1%	480	133.9%	90.0%	1,100	237.3%	39.3%
Profit before tax	392	98.5%	390	146.2%	100.6%	920	321.2%	42.6%
Profit	262	92.3%	270	117.9%	97.2%	640	262.4%	41.0%
Basic earnings per share	20.44yen		21.02yen			49.09yen		
Dividends per share	—		—			TBD		

[Consolidated] Track Records of New, Relocated, and Closed Salons

- The reasons for the closure in Japan are forced closures with the redevelopment of railway stations and closures due to the expiration of FC contracts.

Unit: Salons	Business form at	End-FYE June			Change	End-Q1
		2021	New salon	Relocation		
Japan	QB HOUSE	565	3	1	-2	567
	QB PREMIUM	1	0	0	0	1
	FaSS	13	0	0	0	13
Subtotal in Japan		579	3	1	-2	581
Singapore	QB HOUSE	23	0	0	0	23
	QB HOUSE Premium	9	0	0	0	9
	QB HOUSE Kids	2	0	0	0	2
Hong Kong	QB HOUSE	66	1	0	0	67
Taiwan	QB HOUSE	31	0	0	-1	30
U.S.	QB HOUSE	4	0	0	0	4
Subtotal of overseas		135	1	0	-1	135
Consolidated group total		714	4	1	-3	716

* Singapore: S\$12 (approx. 1,000 yen), QB HOUSE Premium: S\$15 (approx. 1,260 yen), and QB HOUSE Kids: 12 years old and younger S\$22 (approx. 1,850 yen)

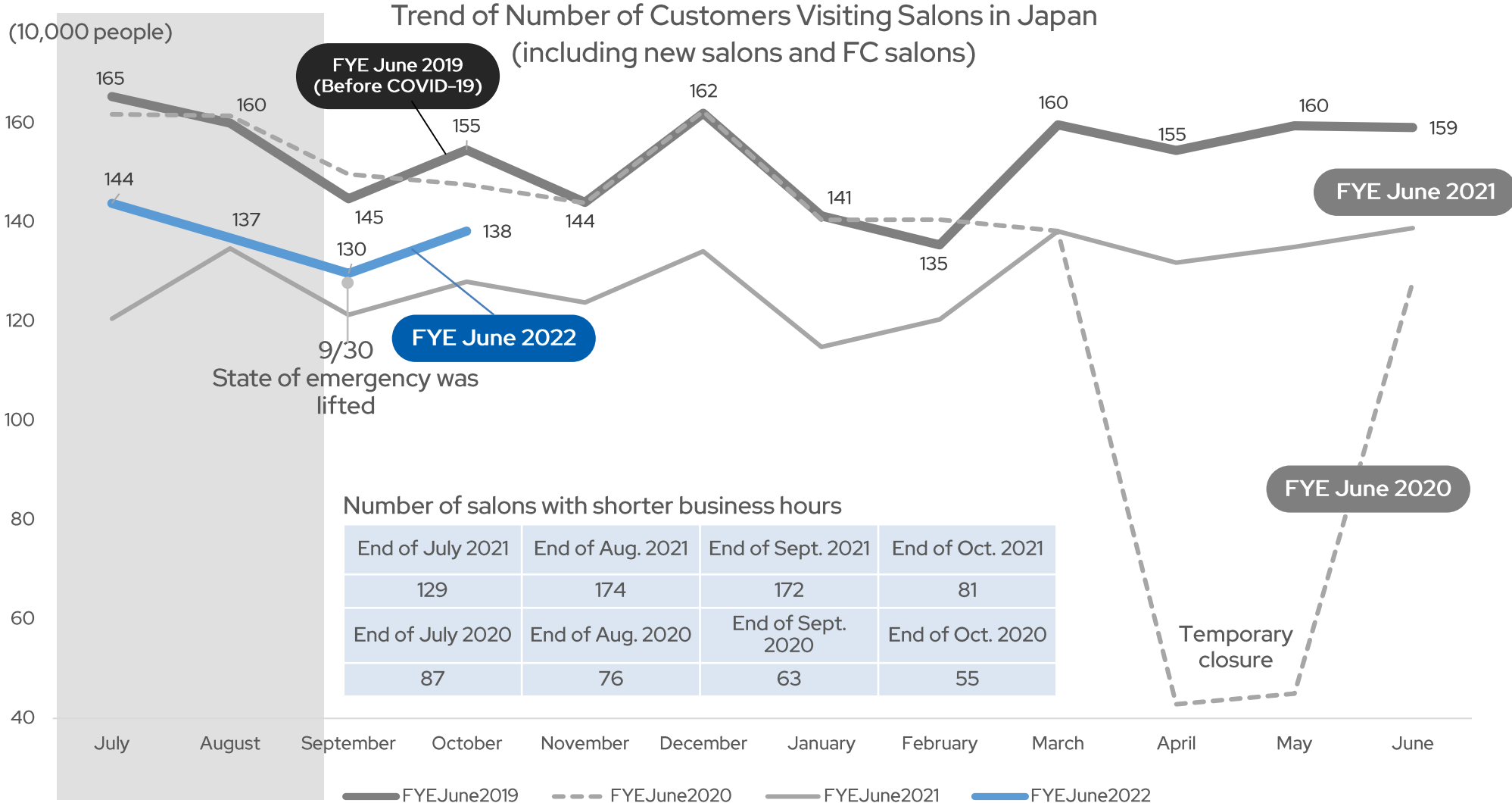
* Hong Kong: HK\$70 (approx. 1,000 yen), Taiwan: NT\$300 (approx. 1,200 yen), and USA: US\$25 (approx. 2,830 yen)

* Japan: 1,200 yen, 65 years old or older and weekday use: 1,100 yen, QB PREMIUM: 1,650 yen and FaSS: 2,200 yen

[Domestic] Number of Customers Visiting Salons Year-on-Year Comparison

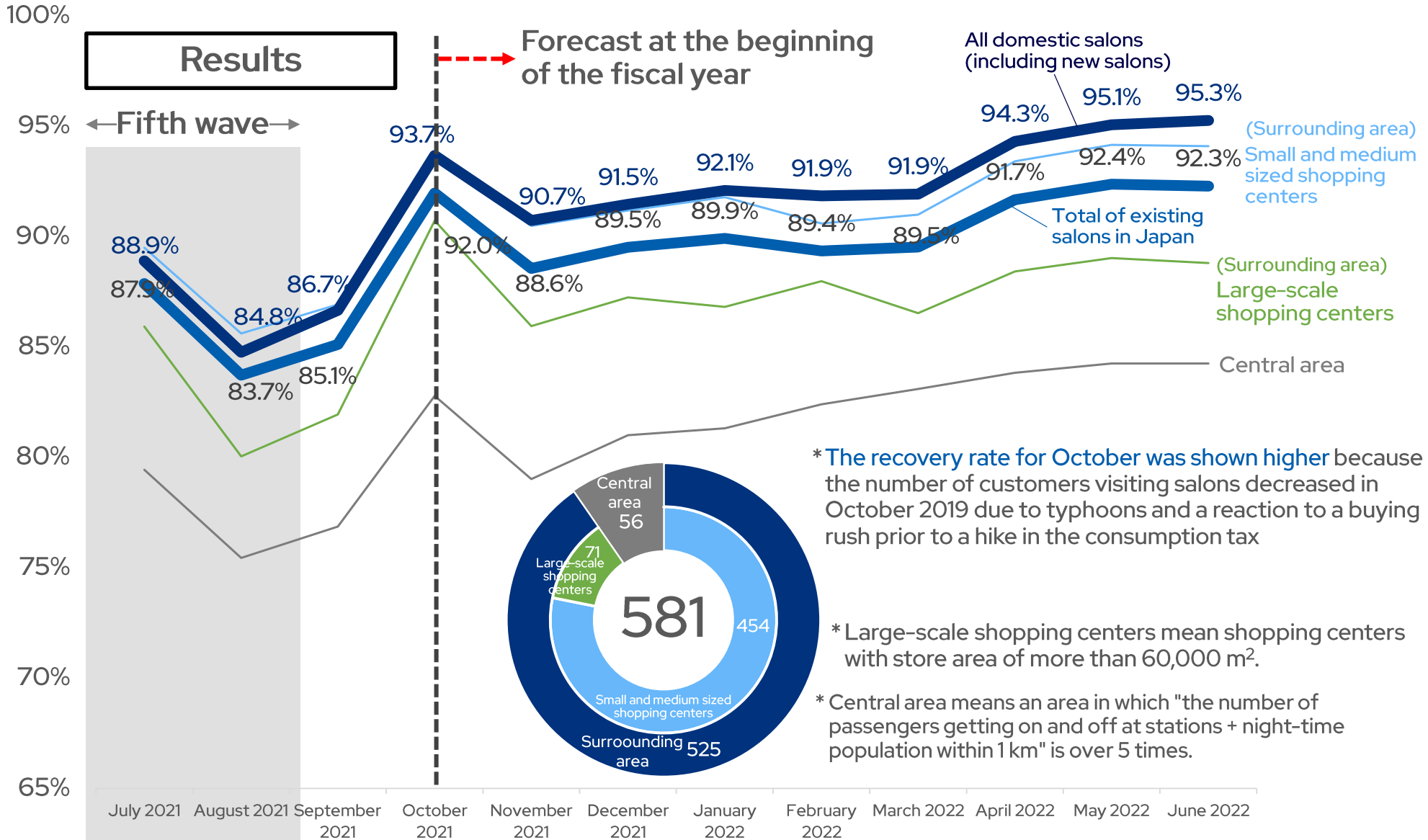
Q1 was affected by the fifth wave of infections. Recovery in October following the lifting of the state of emergency on September 30 and others.

← Fifth wave →



[Domestic] Recovery Results and Assumptions of Number of Customers Visiting Salons (by Location)

Although affected by the fifth wave of infections, the recovery was almost as planned up to October.



* The recovery rate for October was shown higher because the number of customers visiting salons decreased in October 2019 due to typhoons and a reaction to a buying rush prior to a hike in the consumption tax

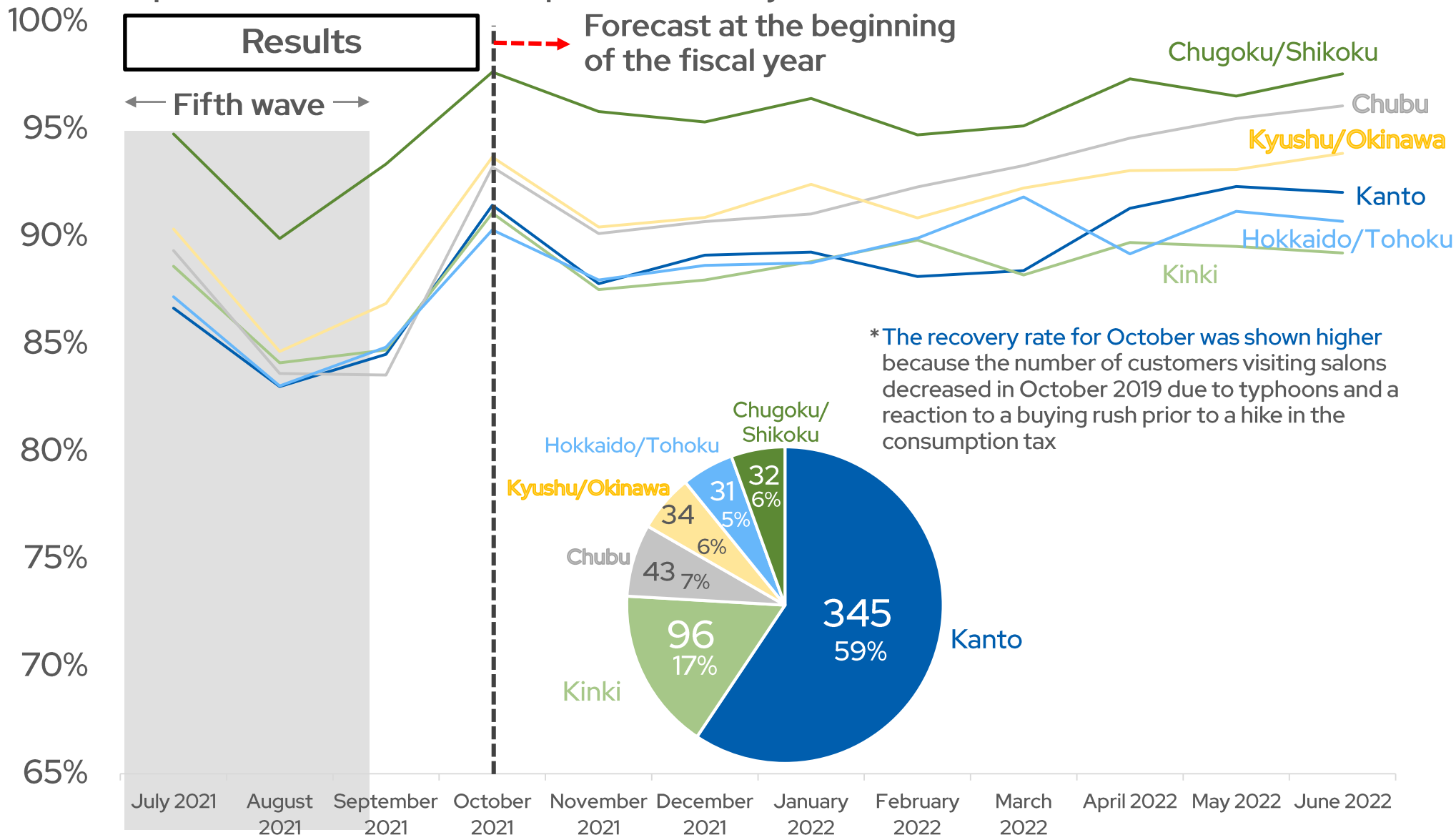
* Large-scale shopping centers mean shopping centers with store area of more than 60,000 m².

* Central area means an area in which "the number of passengers getting on and off at stations + night-time population within 1 km" is over 5 times.

* Comparison with numbers of the fiscal year before last up to February. After March, the ratio compared with the pre-pandemic level that is set as 100%

[Domestic] Recovery Results and Assumptions of Number of Customers Visiting Salons (by Region)

— The number recovered in all regions in October mainly due to the lifting of the state of emergency on September 30 and a rise in temperatures in early October.

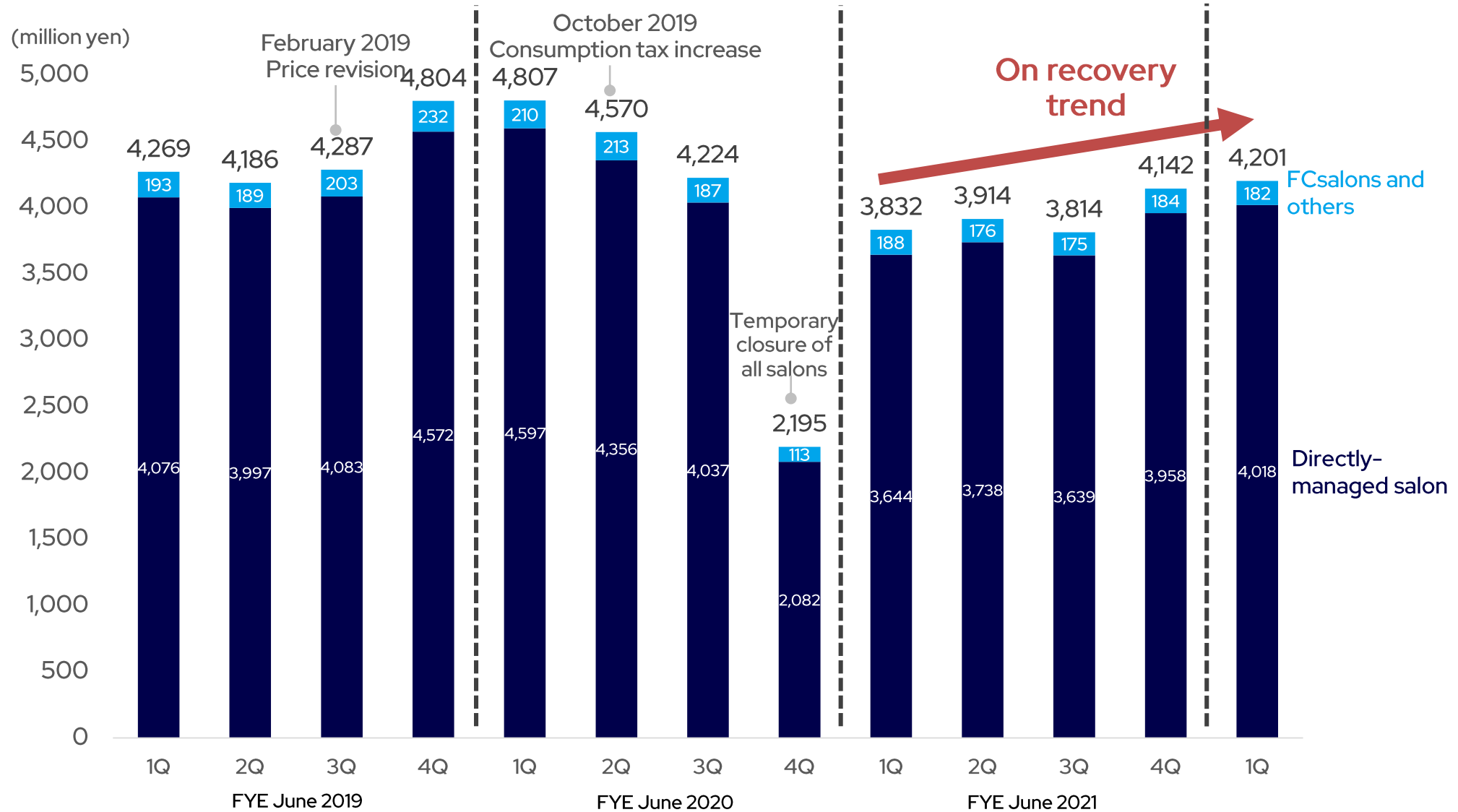


*The recovery rate for October was shown higher because the number of customers visiting salons decreased in October 2019 due to typhoons and a reaction to a buying rush prior to a hike in the consumption tax

* Year-on-year comparison up to February. After March, the ratio compared with the pre-pandemic level that is set as 100%

[Domestic] Trend in Revenue

- Domestic revenue in Q1 recovered despite the impact of the fifth wave of infections (the peak periods in usual years are Q1 and Q4).



* Intercompany transactions among group companies were deducted.

[Overseas] Business Situation

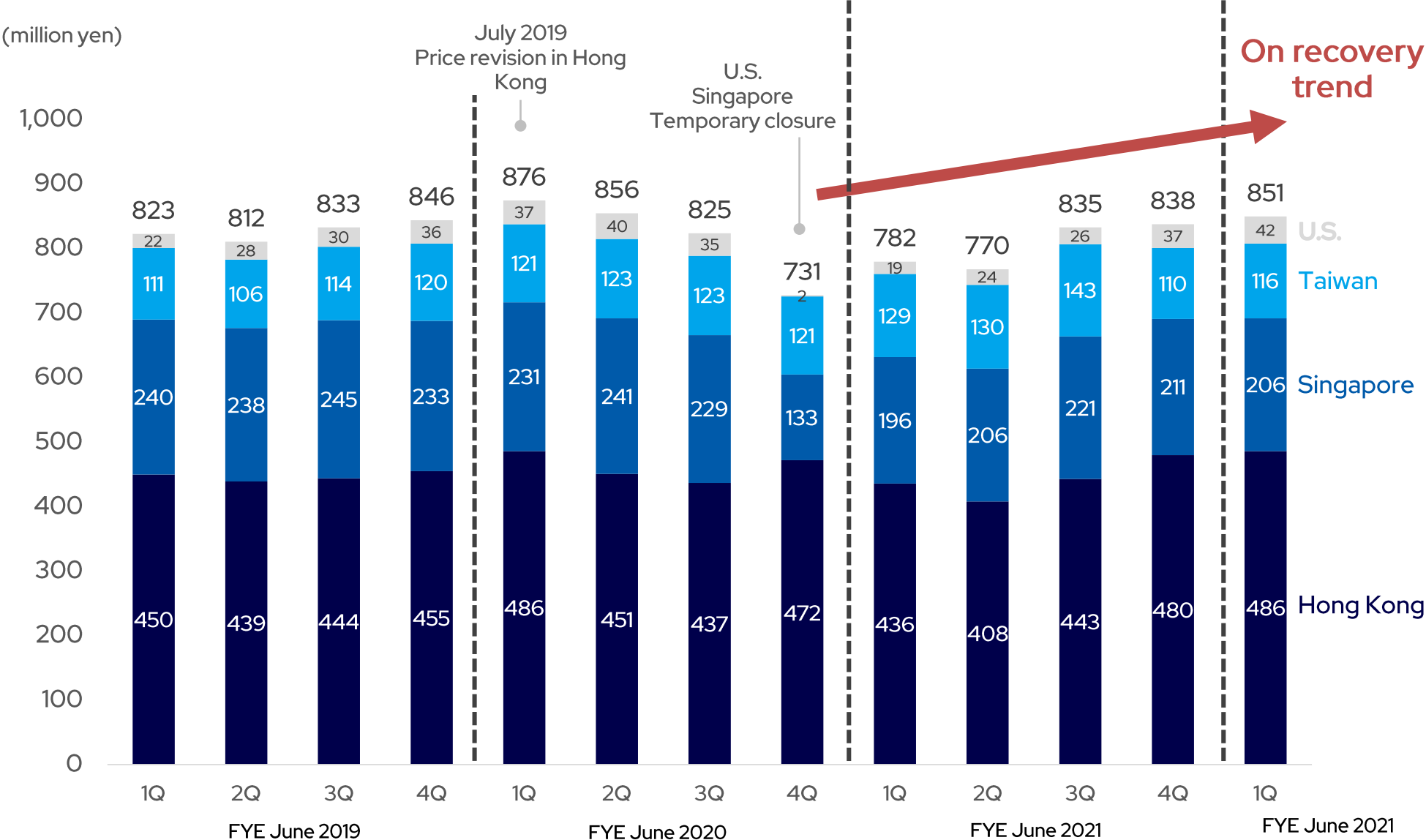
	Revenue Q1 Compared with the fiscal year before last	Number of customers visiting salons Q1 Compared with the fiscal year before last	Situation
Hong Kong	99.9%	96.9%	From July to August, the numbers were partially affected by typhoons Although the situation of infections has calmed down, infection- preventive measures remain in place (The number of infections is a few who had just returned from overseas trips)
Singapore	89.1%	84.1%	Economic activities resumed from August 10 As the number of infected patients increased, gatherings and social events at workplaces were prohibited from September 8 Restrictions were tightened on September 27 to limit the dining-in group size at bars and restaurants to two people The number of infections increased in September and October
Taiwan	96.0%	82.6%	The number in July was affected by the shorter business hours or temporary closures of some salons As the level of infection-preventive measures was lowered on July 27, business hours at commercial facilities returned to normal The ban on dining-in at bars and restaurants was lifted on August 3 as the situation of infections calmed down
U.S.	112.6%	87.9%	Revenue renewed the pre-pandemic highest record in September for the first time in a year and seven months There was the impact of the price revisions (to \$23 from \$20 in June 2020 and to \$25 from \$23 in November 2020)

* As revenue is compared in yen terms, the effect of exchange rate differences is included.

* In order to compare with the pre-pandemic period, comparison was made with the same period of the fiscal year before last (however, including new salons)

[Overseas] Trend in Revenue

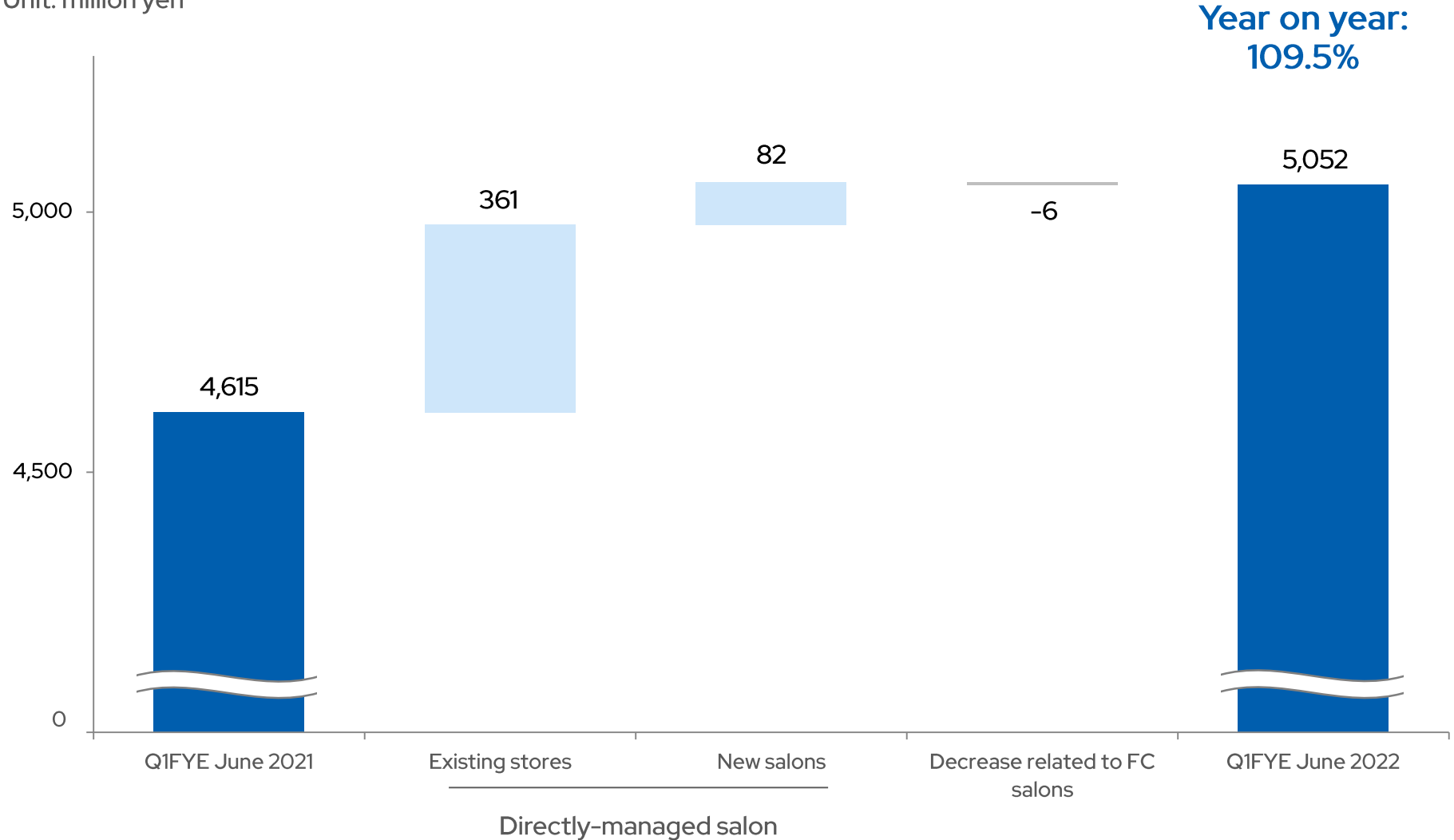
- Overseas total revenue remains on a recovery trend after hitting bottom in the Q4 of the fiscal year before last (April to June 2020).



[Consolidated] Breakdown of Changes in Revenue (YoY)

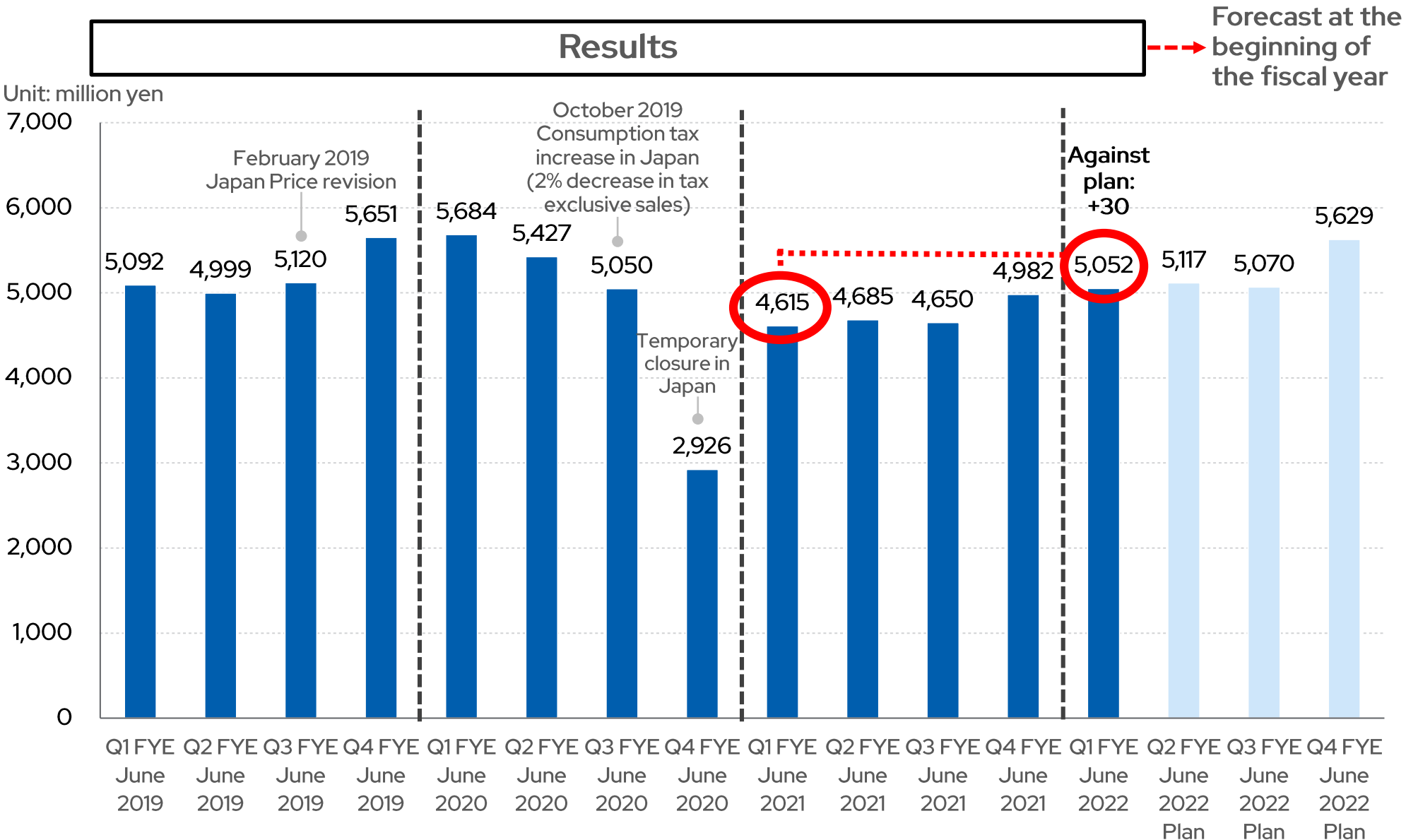
- Revenue was on a recovery trend despite the impact of the fifth wave of infections and increased 437 million yen year on year

Unit: million yen



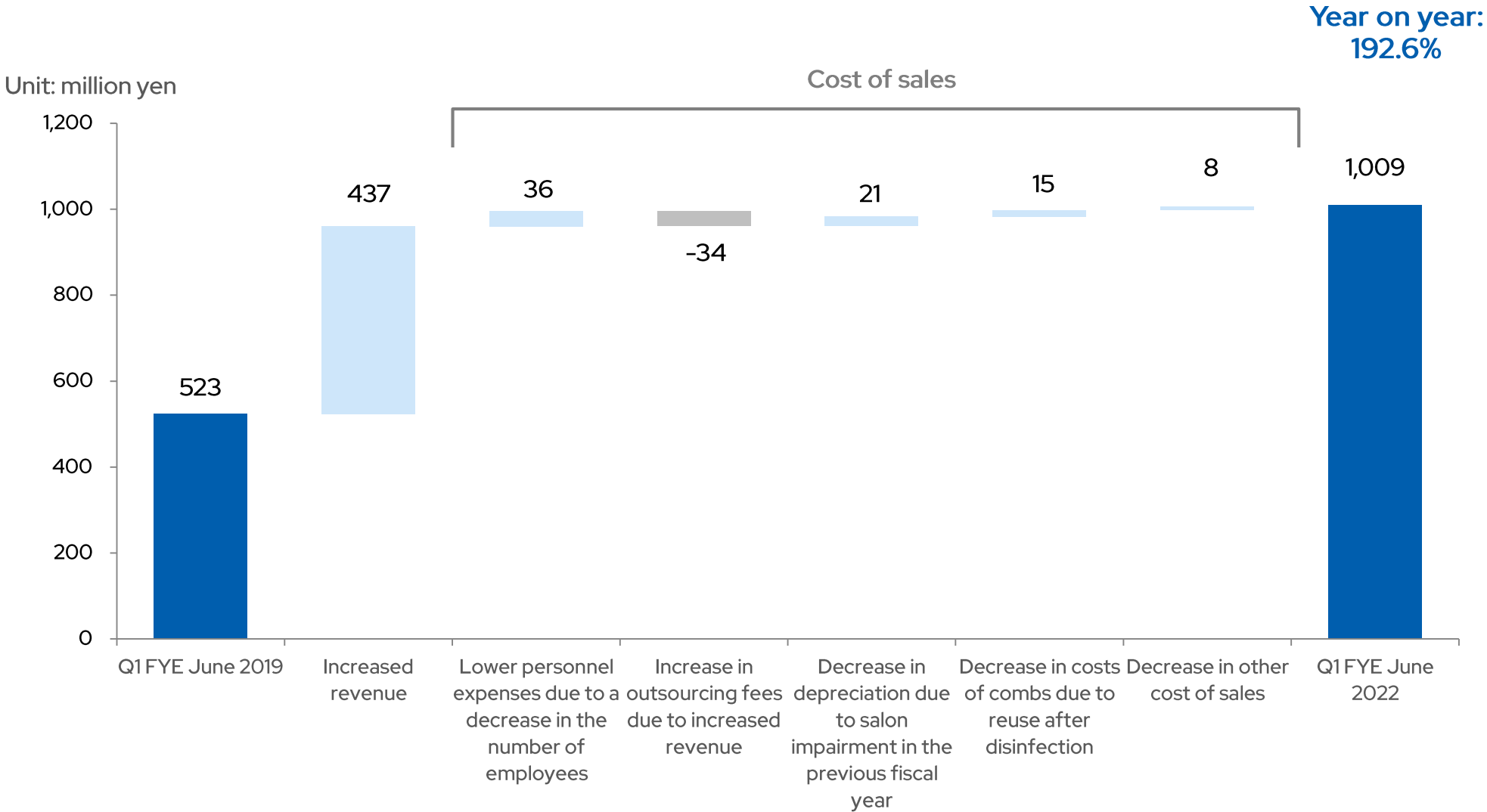
* New salons are those less than 13 months since opening

[Consolidated] Trend in Revenue



[Consolidated] Breakdown of Changes in Gross Profit (YoY)

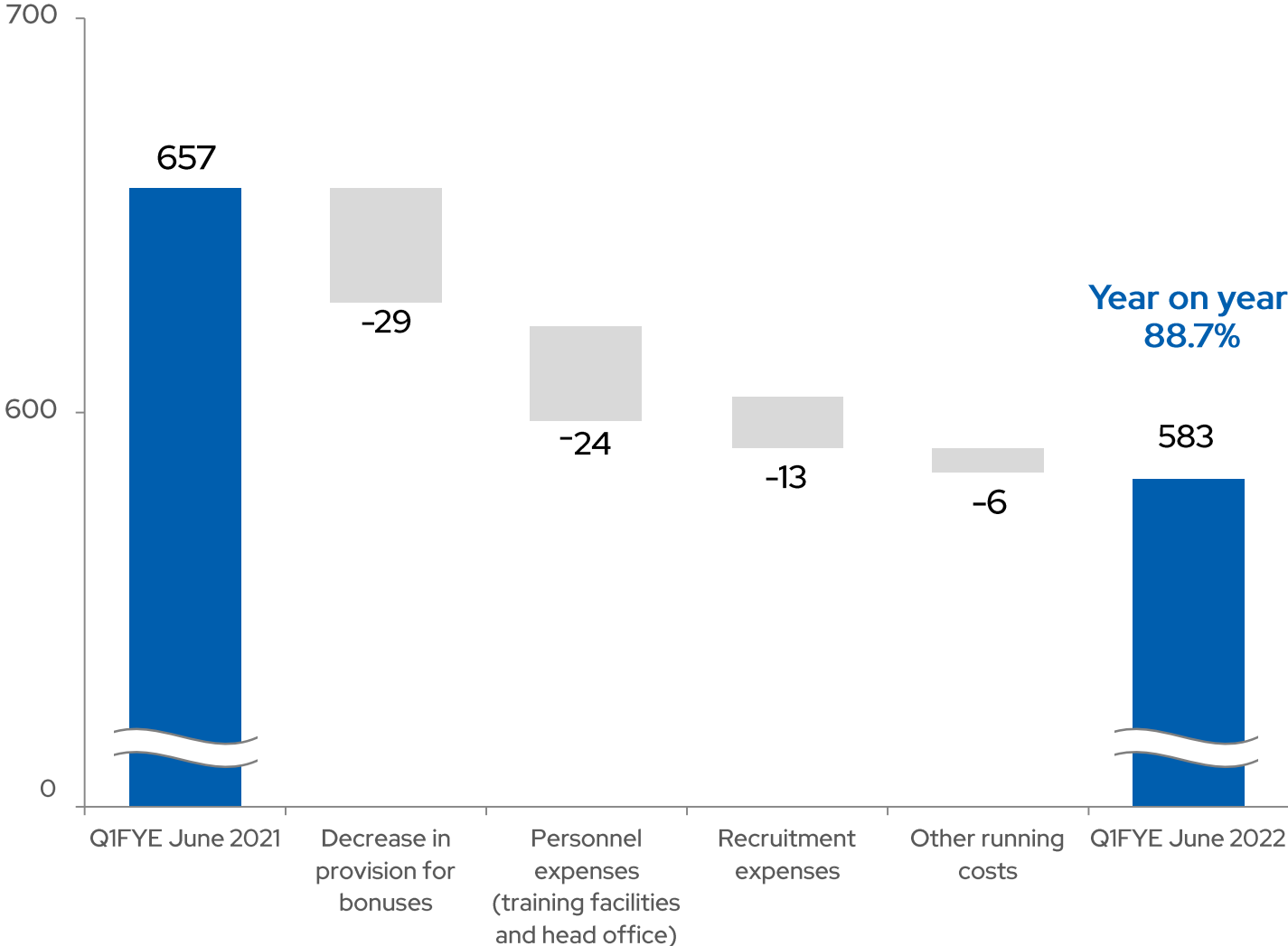
- Gross profit increased 485 million yen year on year mainly due to the increased revenue, lower depreciation due to salon impairment in the previous fiscal year, and a decrease in costs of combs after the start of their reuse



[Consolidated] Breakdown of Changes in SG&A Expenses (YoY)

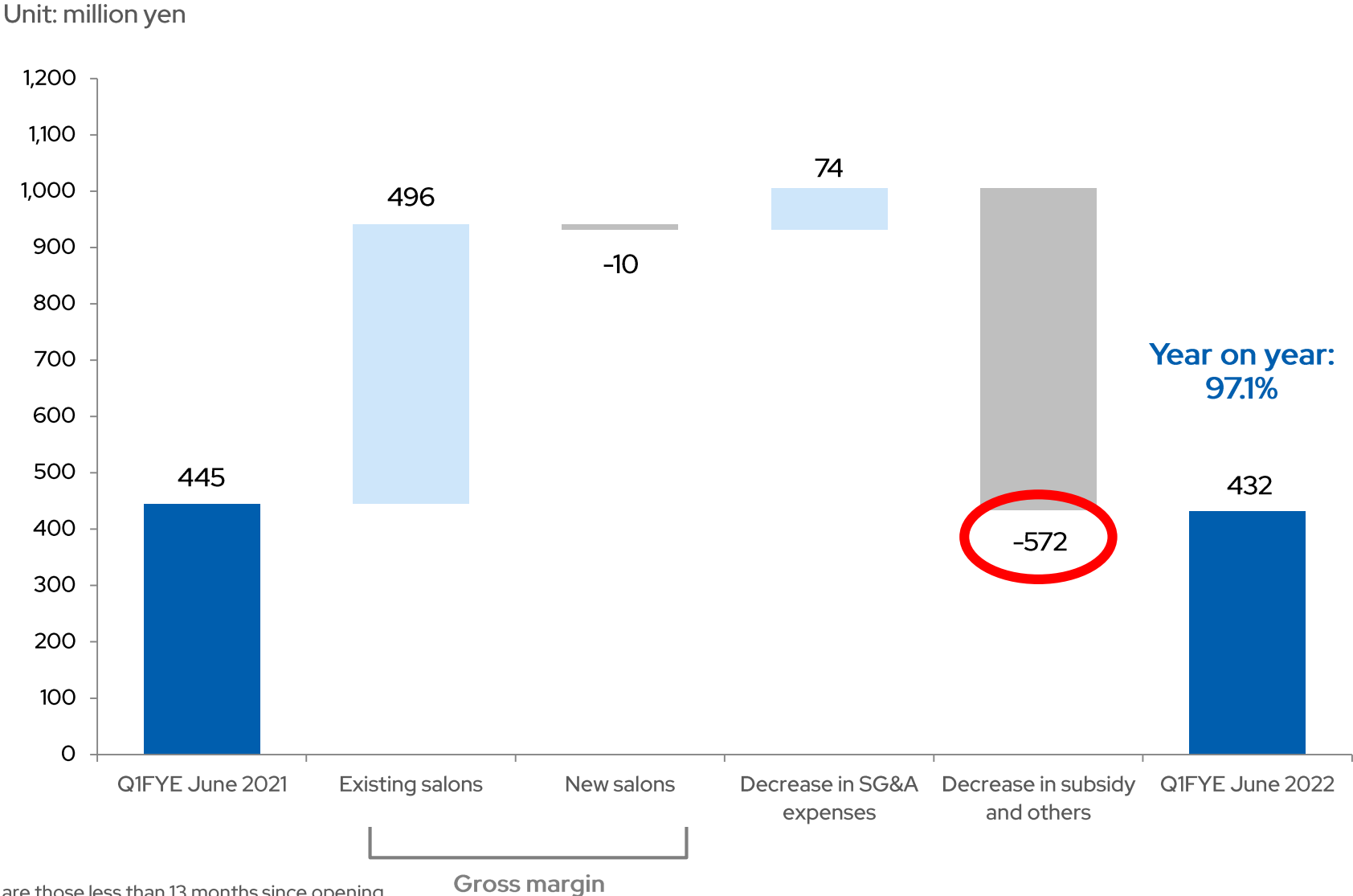
- SG&A expenses decreased 74 million yen year on year due to decreases in personnel expenses at training facilities and the head office and recruitment expenses due to a cutback on employment in the midst of the fifth wave of infections

Unit: million yen



[Consolidated] Breakdown of Changes in Operating Profit (YoY)

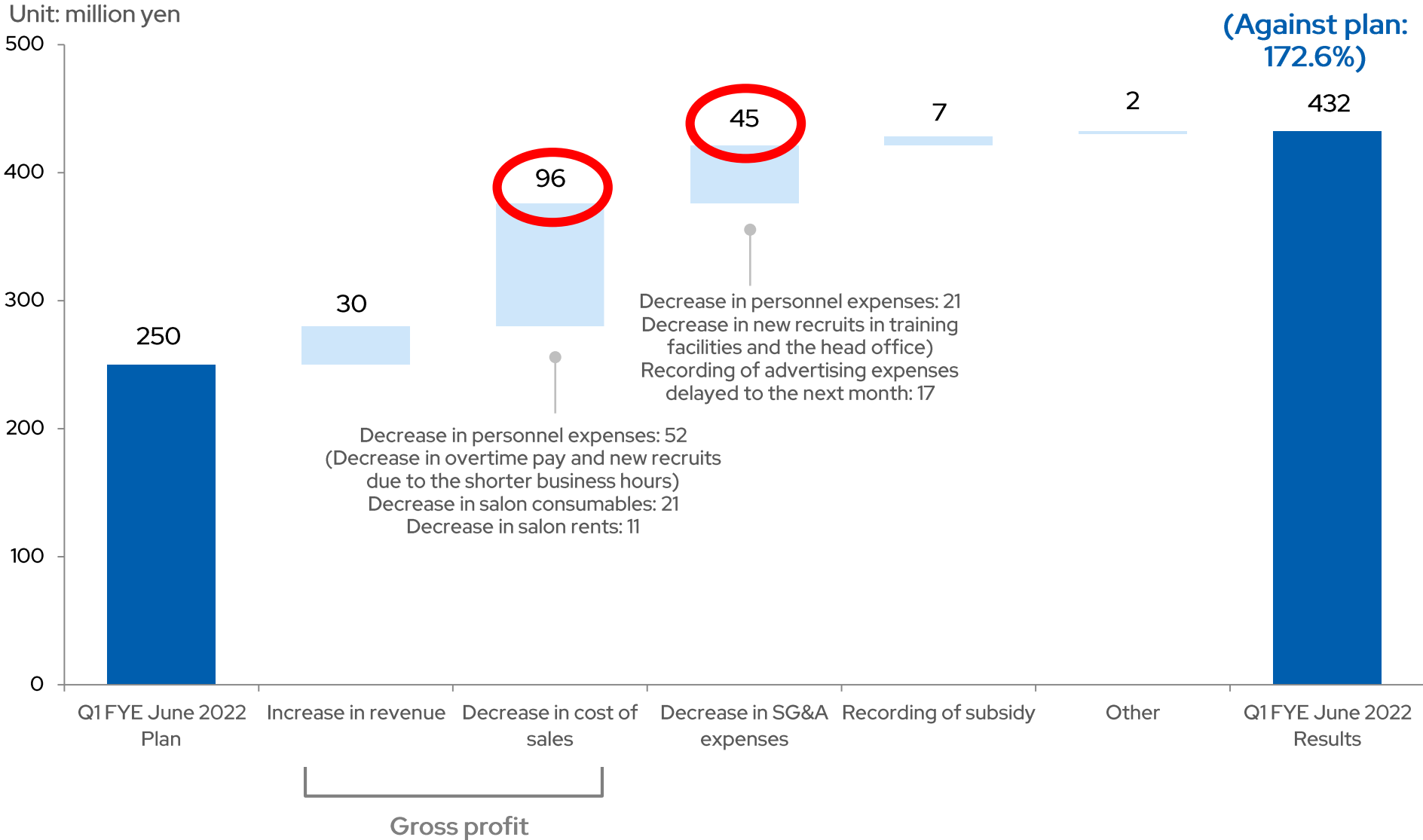
- Operating profit remained at almost the same level as the previous fiscal year due to the recovery in revenue and cost reductions despite the decrease in subsidy



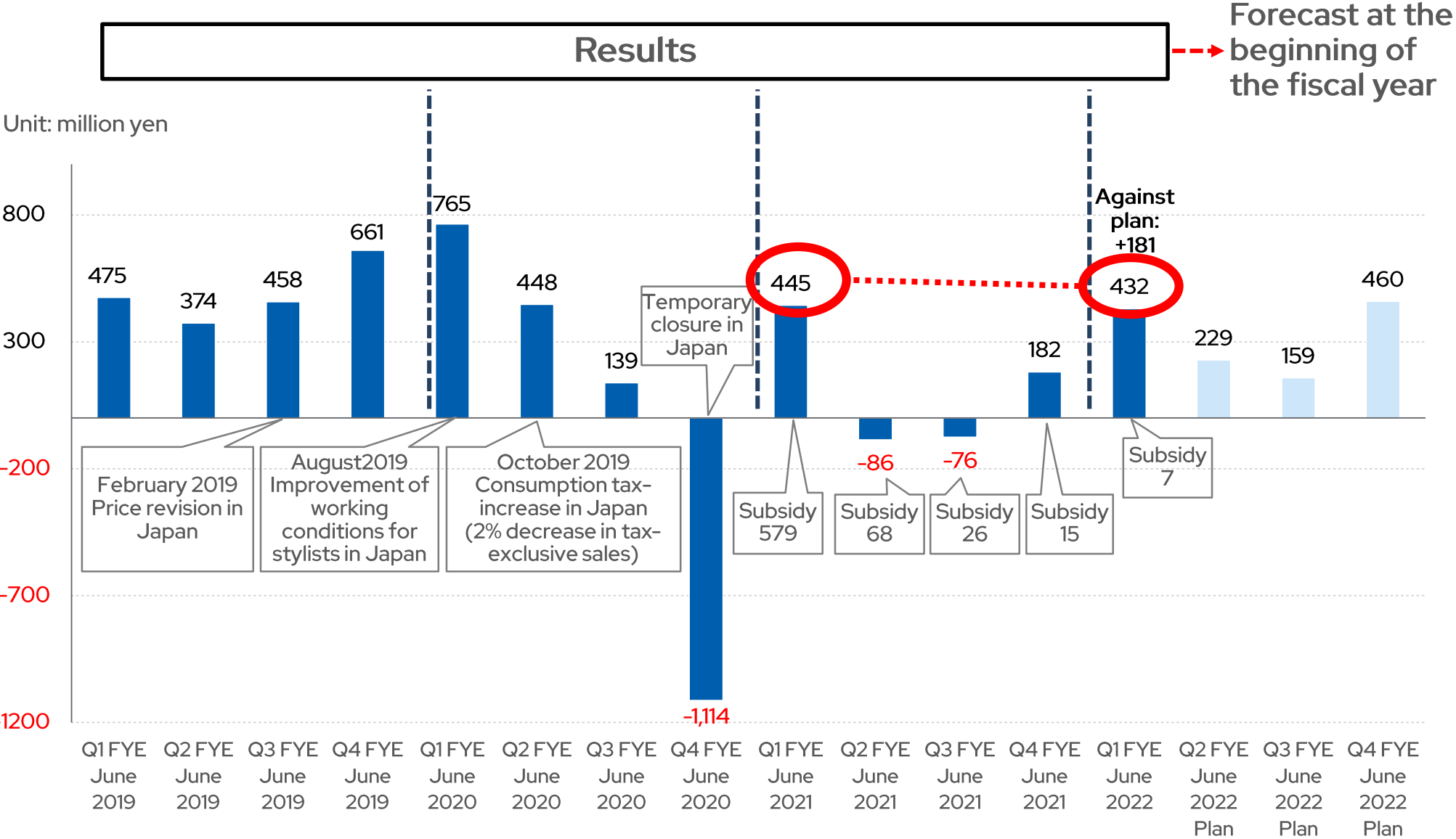
* New salons are those less than 13 months since opening

[Consolidated] Reference: Breakdown of Changes in Operating Profit (Against Plan)

- Operating profit increased by 181 million yen against the plan due to decreases in cost of sales and SG&A expenses, mainly resulting from a decrease in overtime pay with shorter business hours and the decrease in new recruits



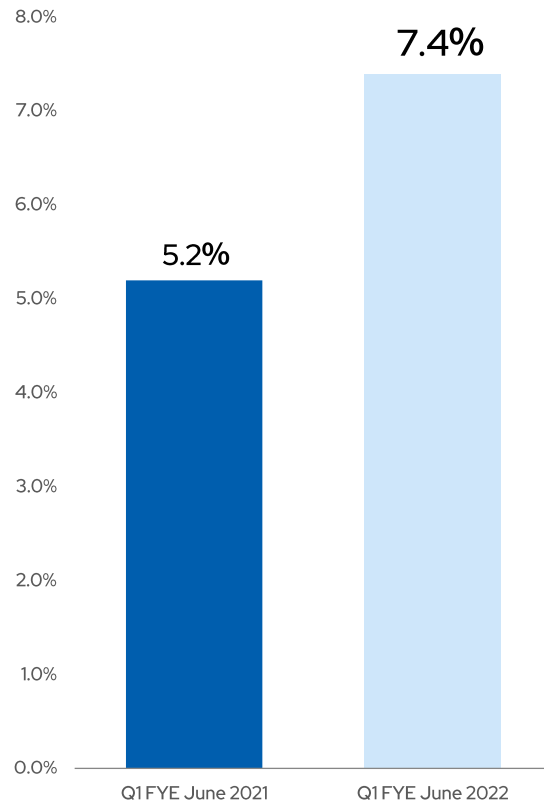
[Consolidated] Trend in Operating Profit



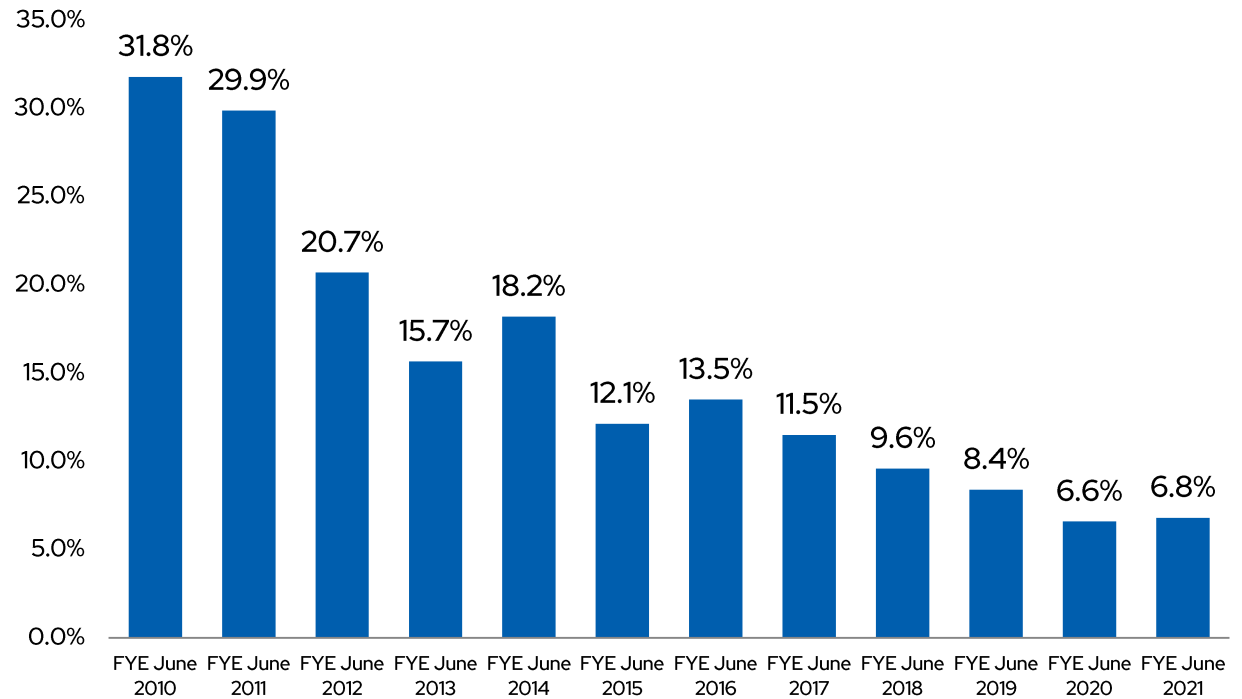
[Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees for Q1 in Japan was 7.4% p.a. (up 2.2 percentage points year on year)
- The rise was due to a decrease in the number of regular employees that is the denominator of the turnover rate as the number of retirements of regular employees for Q1 increased by eight people year on year

Turnover rate (annualized rate) of regular employees in Q1 in Japan



[Reference] Trends of turnover rate of regular employees in Japan (annual results)

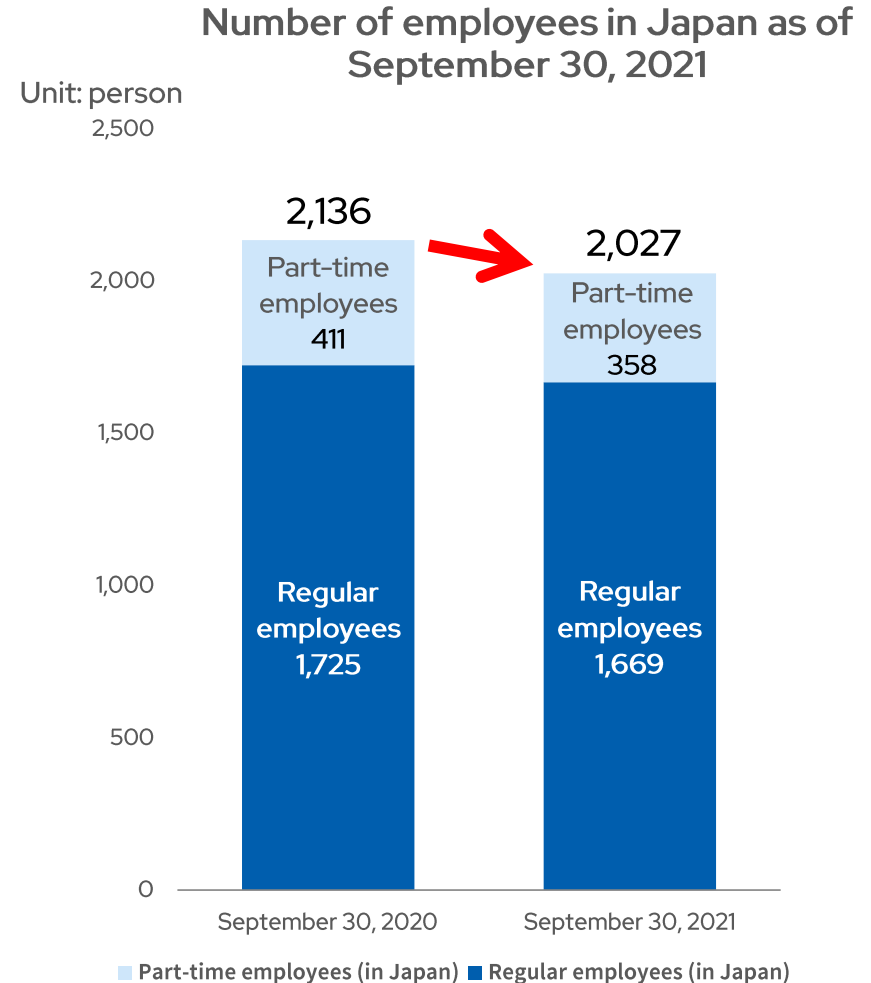
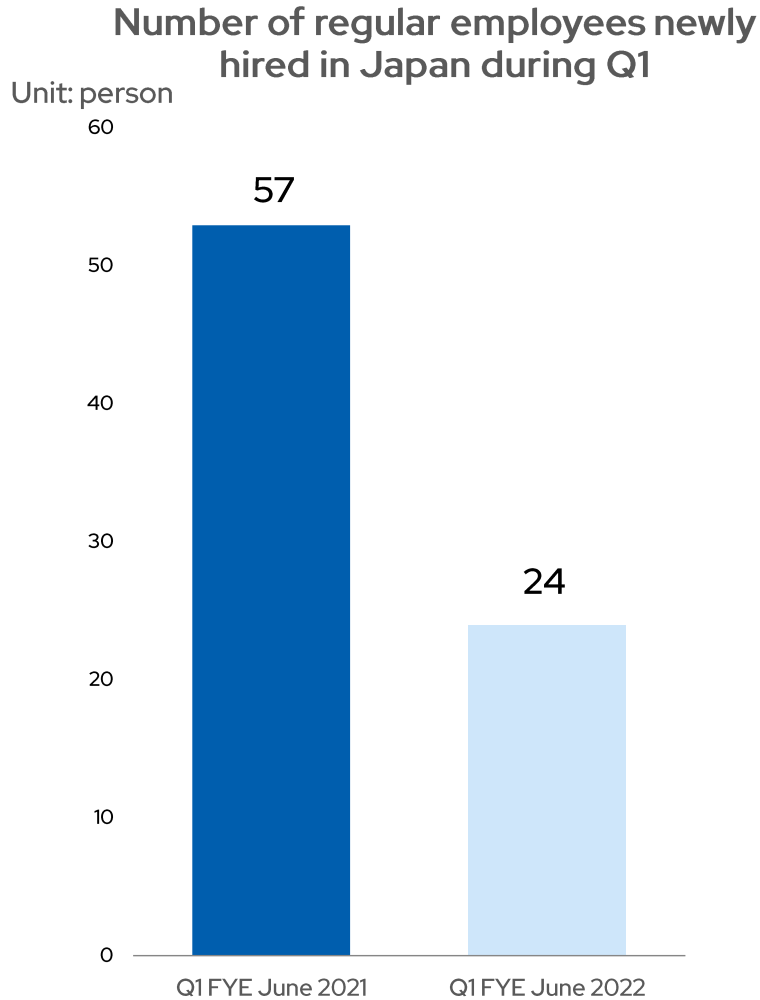


* Excluding the head office

* Including training facilities (LogiTHcut Professional Stylist School)

[Domestic] Situation of Number of Stylists

- The number of regular employees hired in Japan during Q1 was 24 people (down 33 year on year) due to the cutback on employment amid the fifth wave of infections
- The number of employees decreased 109 for the year partly due to the employment restraint of the previous fiscal year (regular employees: decrease of 56 people; part-timers: decrease of 53 people)



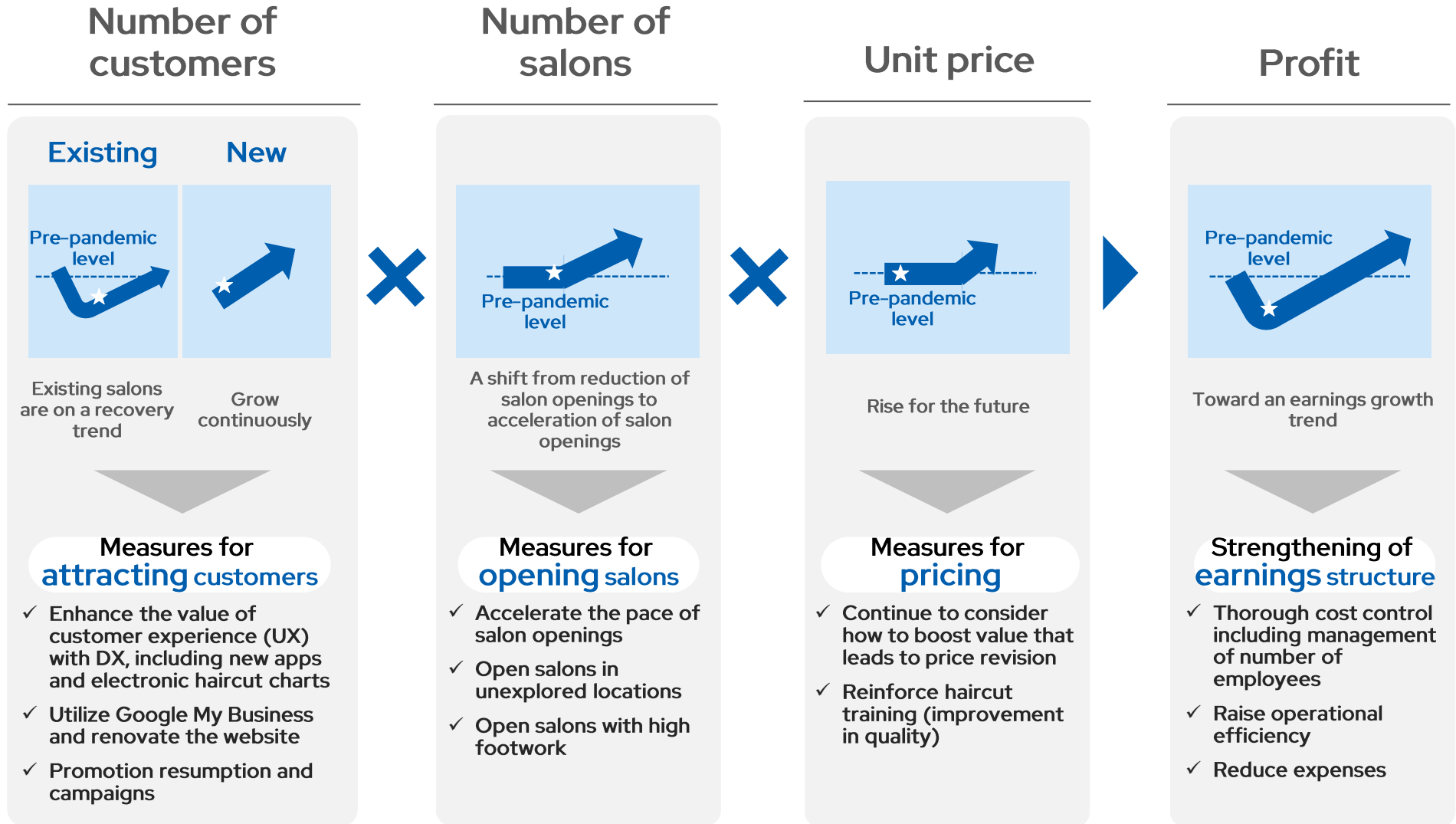
* Excluding regular employees who were transferred from consigned salons. Excluding the head office. Including training facilities (LogiTHcut Professional Stylist School).

* Including transfers from consigned salons. Excluding the head office. Including training facilities (LogiTHcut Professional Stylist School).

Appendix

Business KPIs in Future

- Aim to exceed pre-pandemic profit levels by making up for the decline in the number of customers visiting existing salons with other items

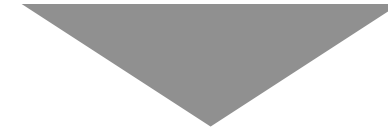


* A white star indicates progress made up to the present.

New App (Already Introduced to 13 FaSS Salons and QB PREMIUM)

The ratio of use for bookings in FaSS is rising and has reached 33%
(As high as 44% at salons that have higher usage rates)

Introduction of the new app will make possible:



- Booking with priority on appointment time
Improve convenience and reduce opportunity loss
- Enhance customer satisfaction
Use of electronic haircut charts to ease the communication problem when customers try to inform stylists of their style preferences
Greater efficiency of salon operation
- Cashless payment and shorter counseling time

New Your Turn Information System (Domestic QB HOUSE)

New Your Turn Information System has been used in two salons on a trial basis. The system allows users to put themselves on the waiting list for a haircut by using a smartphone, etc.

(at the salon in Keio Mall Annex and Ito-Yokado Kiba)

Your Turn Information System V2.0
(a version for online booking)



Smartphone screen

A photograph of a monitor displaying the 'Your Turn Information System V2.0' interface. At the top, it says '本社テスト店' (Test store). Below that, it says '現在の順番待ち状況' (Current waiting list status) and '待ち数: 23' (Waiting count: 23). The screen shows a list of customers and their waiting times:

Customer Name	Waiting Time	Customer Name
さいとう 様	17	やまぐち 様
わたべ 様	18	いのうえ 様
いしかわ 様	19	きむら 様
やまもと 様	20	はやし 様
なかむら 様	21	しみず 様

In-store monitor

Plan to expand the number of salons that adopt the Your Turn Information System by monitoring the state of business in salons



- The need of wanting to avoid waiting inside a salon
Reduce the length of time that customers have to stay inside a salon by making their appointment online.
- Effective use of waiting time

Overview of Consolidated Group Earnings

Consolidated statement of profit or loss

Unit: million yen	Q1FYE June 2021		Q1FYE June 2022			
	Results	Sales ratio	Results	Sales ratio	Changes	Year on year
Revenue	4,615	100.0%	5,052	100.0%	437	109.5%
Cost of sales	-4,091		-4,043		48	98.8%
Gross profit	523	11.4%	1,009	20.0%	485	192.6%
Other operating income	590	*Subsidy: 579	10	*Subsidy: 7	-579	
Selling, general and administ	-657		-583		74	88.7%
Other operating expenses	-11		-4		6	
Operating profit	445	9.6%	432	8.6%	-12	97.1%
Finance income	3		3		0	107.5%
Fina nee costs	-50		-43		6	86.1%
Profit before tax	398	8.6%	392	7.8%	-5	98.5%
Income tax expense	-113		-129		-16	114.2%
Profit	284	6.2%	262	5.2%	-21	92.3%

Overview of Consolidated Group Earnings

Consolidated statement of financial position

Unit: million yen	End of 04 FYE June 2021	End of 04 FYE June 2022	Changes	
Total current assets	5,641	5,773	132	Increase due to generated profit (black ink)
Cash and cash equivalents	4,601	4,748	146	Hold more cash on hand than at normal times (Cash on hand at normal times is approx. 2 billion yen)
Trade and other receivables	781	765	-16	
Inventories	104	93	-11	
Other	152	166	13	
Total non-current assets	24,992	24,742	-250	
Property, plant and equipment	1,502	1,470	-31	
Right-of-use assets	5,313	5,088	-225	Decrease due to a decrease in new salons, and payments of rent and lease
Goodwill	15,430	15,430	-	
Other financial assets	1,854	1,865	10	
Deferred tax assets	654	661	7	
Other	238	226	-11	
Total assets	30,634	30,516	-118	
Total liabilities	20,477	20,065	-412	
Trade and other payables	202	198	-3	Scheduled repayment of borrowings (a decrease of 175 million yen)
Interest-bearing liabilities	12,843	12,674	-168	
Lease obligations	5,366	5,140	-226	Decrease due to a decrease in new salons, and payments of rent and lease
Other	2,065	2,051	-14	
Total equity	10,156	10,451	294	
Total liabilities and equity	30,634	30,516	-118	

Overview of Consolidated Group Earnings

Consolidated statement of cash flows

Unit: million yen

	Q1FYE June 2021	Q1FYE June 2022	Changes	
Cash flows from operating activities	1,118	1,027	-91	
Profit before tax	398	392	-5	
Depreciation and amortization	817	787	-29	
Decrease (increase) in trade and other receivables	-6	27	34	
Interest paid	-34	-39	-5	
Proceeds from subsidy income	579	7	-572	
Income taxes paid	-43	-38	4	
Other	-591	-108	482	Difference in adjustment of deduction of subsidy income (No impact of the adjustment on cash)
Cash flows from investing activities	-135	-84	50	
Purchase of property, plant and equipment	-128	-68	59	
Purchase of intangible assets	-	-2	-1	
Other	-6	-13	-6	
Free cash flows	983	943	-40	
Cash flows from financing activities	203	-805	-1,009	
Net increase (decrease) in short-term borrowings	1,000	-	-1,000	Borrowing from commitment lines in the previous fiscal year
Repayments of long-term borrowings	-175	-175	-	
Dividends paid	-	-	-	
Repayments of lease obligations	-660	-656	3	
Other	39	26	-13	
Exchange differences of cash and cash equivalents	-15	9	24	
Net increase (decrease) in cash and cash equivalents	1,171	146	-1,024	
Cash and cash equivalents at end of period	6,288	4,748	-1,540	

Reference: Store Opening Plan for This Fiscal Year

- Regarding opening salons, the Company will resume the pace of opening salons in the pre-pandemic period to reinforce new salons

Plans for new openings and closures of salons for FYE June 2022

Unit: Salons	Business form at	End-FYE June 2021	New salon	Closure	Change	End-FYE June 2022
Japan	QB HOUSE QB PREMIUM	566	30	-6	24	590
	FaSS	13	2	0	2	15
Subtotal in Japan		579	32	-6	26	605
Singapore	QB HOUSE QB HOUSE Premium	34	0	0	0	34
	QB HOUSE Kids					
Hong Kong	QB HOUSE	66	5	0	5	71
Taiwan	QB HOUSE	31	5	-1	4	35
U.S.	QB HOUSE	4	1	0	1	5
Subtotal of overseas		135	11	-1	10	145
Consolidated group total		714	43	-7	36	750

(*) The number of new and closed salons includes the opening and closing of salons caused by relocations.

(*) In Singapore, the Company plans a format change of two salons from QB HOUSE to QB HOUSE Premium

This document has been created for the purpose of disclosure of information on the Company and its subsidiaries and does not constitute a solicitation to sell or buy.

The document contains forward looking statements related to the QB Group that are based on our assumptions and judgment made on the basis of information currently available to the Company and may include known and unknown risks, uncertainties and other factors. Due to such risks, uncertainties and other factors, the Company's actual results or financial position may differ materially from any future performance or financial position expressed or implied by these forward looking statements.



QBHOUSE
GLOBAL



QBハウスの
訪問理美容サービス

