



FYE June 2022 Financial Results and Medium-term Management Plan

QB Net Holdings Co., Ltd.

August 19, 2022

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Full-Year Results for FYE June 2022

Executive Summary for FYE June 2022

(Second half (H2) and full year)

- Revenue for the full year is 20,564 million yen, 108.6% of that of a year earlier. Revenue recovered mainly due to **a rise in temperatures in Q4** despite the spread of **Omicron variant infections** and a fall in temperatures in Q3.
- Operating profit for the full year was 1,398 million yen, 301.6% of that of a year earlier. The profit increased due to the effect of a shortage of stylists for salons and cost reductions in addition to the recovery in revenue.
- The unit price in Japan **rose 1.2% in Q4** since **a price discount for senior customers in Japan was abolished** at the end of March 2022.
- **The recovery in revenue slowed down** in H2 as **the shortage of stylists became overwhelming**, resulting from a slight increase in their turnover and a failure to achieve a hiring target despite intensified efforts to increase the hiring of stylists.

Consolidated Group Earnings

- Revenue recovered steadily to mark year-on-year increases in both revenue and profit although the effect of COVID-19 remained throughout the year.
- Although revenue was 98.7% of the forecast, operating profit was 127.1% of the forecast due to cost reductions.

Consolidated Group Earnings (Summary)

Unit: million yen	FYE June 2021		FYE June 2022		
	Results	Forecast	Results	From forecast (%)	Year on year (%)
Revenue	18,933	20,840	20,564	98.7%	108.6%
Operating profit	463	1,100	1,398	127.1%	301.6%
Profit before tax	286	920	1,250	135.9%	436.6%
Profit	243	640	856	133.9%	351.4%
Basic earnings per share	19.09 yen	49.09 yen	66.55 yen		
Dividends per share	0.00 yen	9.00 yen	10.00 yen		

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

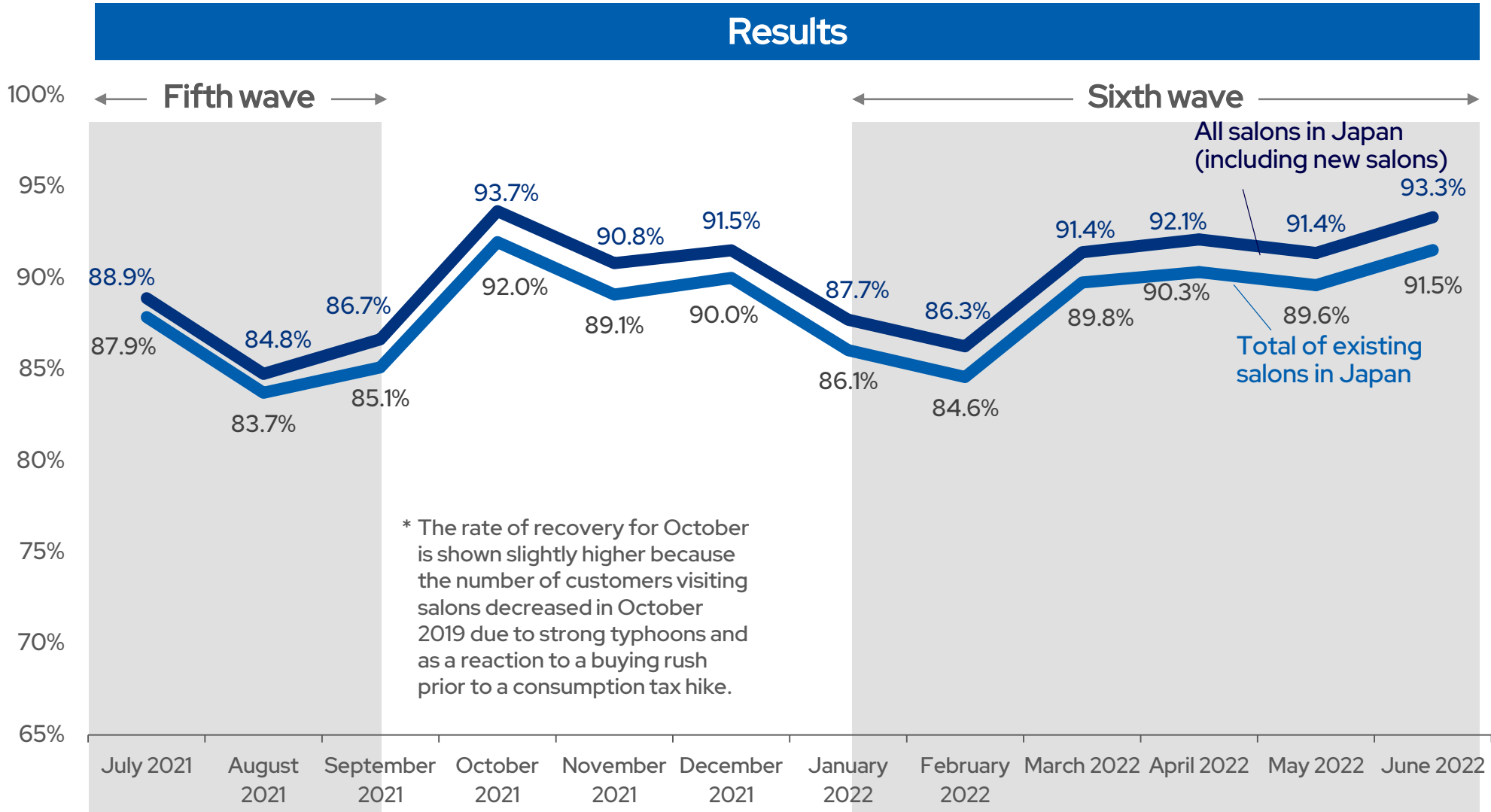
- Some of the planned new salon openings were carried over to the next fiscal year in consideration of the situation of hiring and existing personnel (a decrease of six salons in Japan and a decrease of seven salons overseas)
- Closures in Japan were primarily for reasons of real estate developers and the expiration of lease contracts.
- Out of the 10 closures overseas, seven were due to the impact of the spread of COVID-19 infections.

Unit: Salons	Business form	End-FYE June			Change	End-FYE June
		2021	New salon	Relocation		
Japan	QB HOUSE	565	19	4	-12	576
	QB PREMIUM	1	3	0	0	4
	FaSS	13	0	0	-2	11
Subtotal in Japan		579	22	4	-14	591
Singapore	QB HOUSE	23	0	0	-1	22
	QB HOUSE Premium	9	0	0	-1	8
	Kids	2	0	0	-1	1
Hong Kong	QB HOUSE	66	2	0	-4	64
Taiwan	QB HOUSE	31	1	0	-3	29
U.S.	QB HOUSE	4	1	0	0	5
Subtotal of overseas		135	4	0	-10	129
Consolidated group total		714	26	4	-24	720

(*1) The number of closed salons includes closures resulting from relocation.

[Domestic] Results of Rate of Recovery in Number of Customers Visiting Salons

- The rate of recovery in the number of customers visiting salons trended almost as planned in H1 although a state of emergency was declared in Q1.
- The number of customers recovered as temperatures rose in H2 despite the impact of Omicron variant infections.



* Up to February, compared with numbers of two years ago After March, the ratio compared with the pre-pandemic level that is set as 100%

[Overseas] Business Situation, etc. in H2

	Revenue Only H2 Compared with the pre- pandemic levels	Number of customers Only H2 Compared with the pre-pandemic levels	H2 situation
Hong Kong	85.4%	74.3%	<p>All salons temporarily closed from February 10 to March 9 due to a business suspension order. → A subsidy of 75 million yen was recorded in Q4.</p> <p>Business was affected since when entering a store, customers had to show a vaccine passport that proved the holders had been vaccinated twice (the rate of the population vaccinated twice was 89.0% as of July 12).</p> <p>New infections started increasing from June although they had been on a downward trend since April.</p>
Singapore	100.9%	85.0%	<p>From January, unvaccinated people were in principle banned from working in the office in person.</p> <p>Restrictions on working in the office in person were eased to a 50% capacity limit on March 15 and to a 75% capacity limit on March 29.</p> <p>Since March 31, infection-preventive regulations have started being relaxed. For instance, vaccinated people are not required to isolate themselves any more after entering the country from overseas.</p> <p>On April 26, restrictions on working in the office in person were lifted.</p>
Taiwan	111.0%	92.7%	<p>On January 10, preventive measures were put in place, such as the mandatory wearing of a mask even outdoor and limits to the number of customers in stores.</p> <p>On March 1, the preventive measures were relaxed (no need to wear a mask when exercising outdoors).</p> <p>The number of customers visiting our salons was affected as the number of infections surged (a record high) from April.</p> <p>The number of infections peaked out in late May and started falling, which also put the number of customers visiting our salons on a recovery path.</p>
U.S.	120.0%	84.2%	<p>There was the impact of price revisions (from \$20 to \$23 in June 2020 and to \$25 in November 2020)</p> <p>Neither the wearing of masks nor the presentation of a vaccine certificate was necessary in New York City.</p> <p>The number of customers visiting our salons and revenue (in dollar terms) in June posted record highs.</p> <p>Online reservations (\$30) started in July (at No. 1 No. 2 and No. 5 salons only).</p>

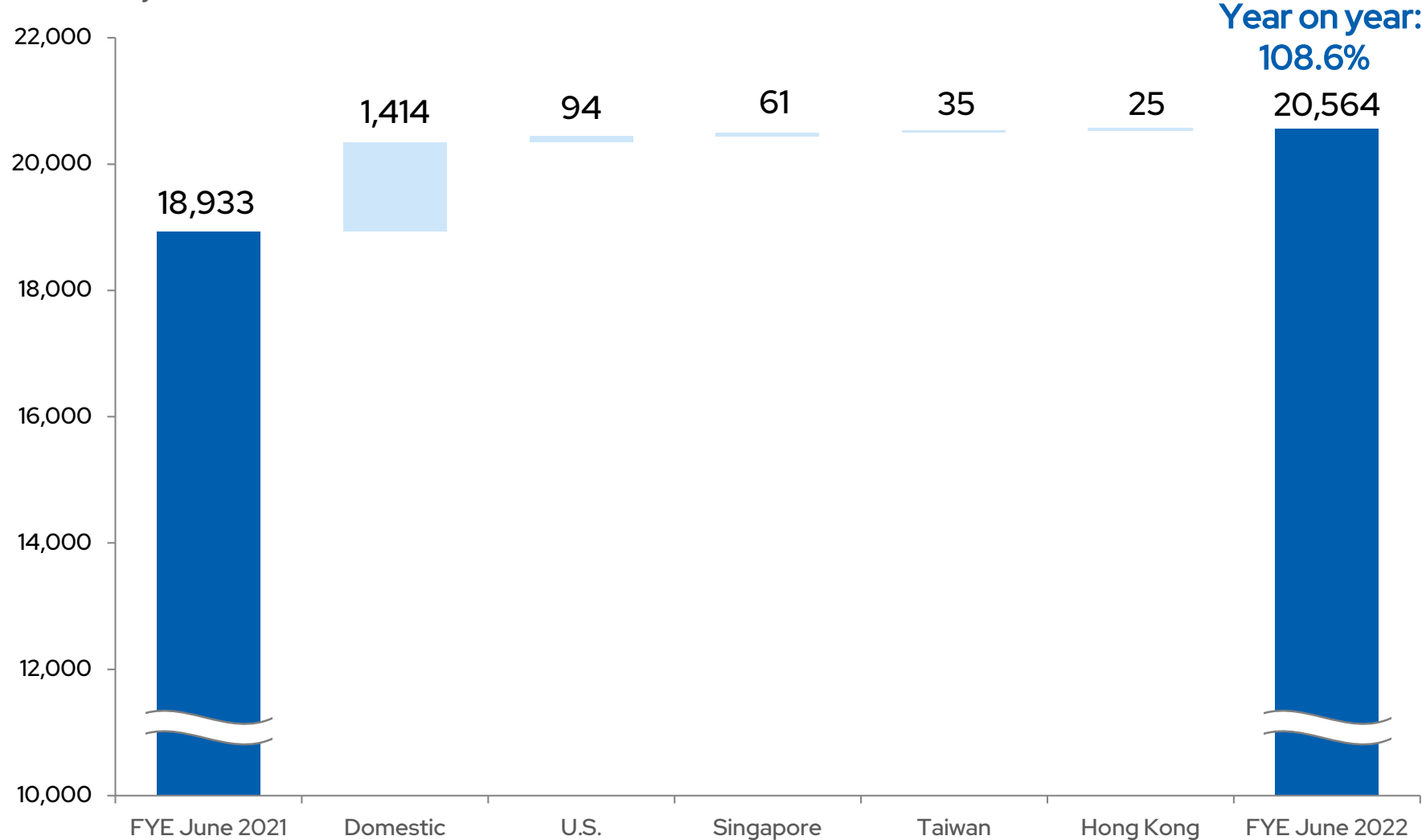
* Revenue includes the exchange rate effect (the depreciation of the yen) as it is compared in yen terms.

* Pre-pandemic levels (the results and budget of two years ago) are set as 100%.

[Consolidated] Breakdown of Changes in Revenue (YoY)

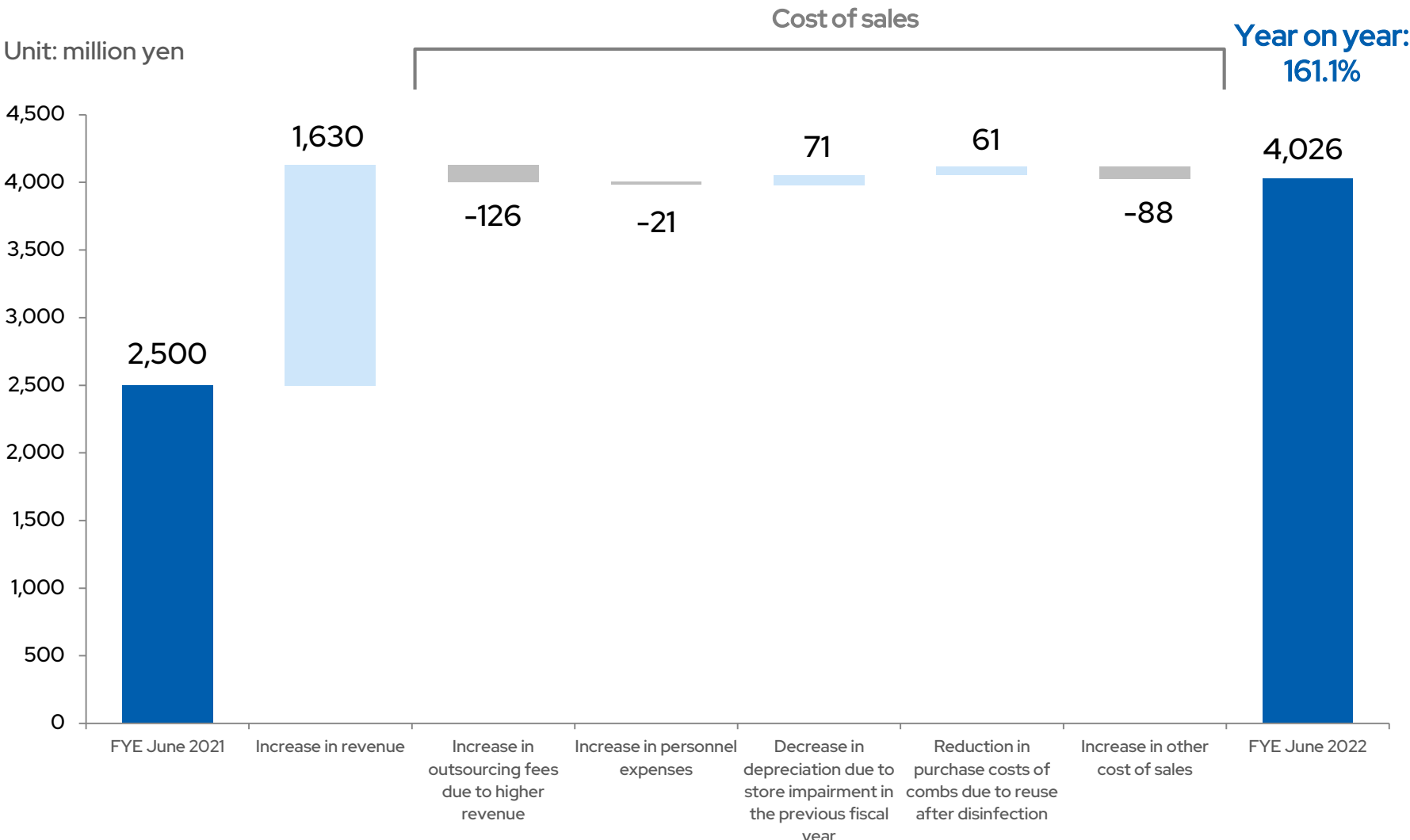
- Both domestic and overseas revenues exceeded those of the previous fiscal year, a year-on-year increase of 1,630 million yen.

Unit: million yen



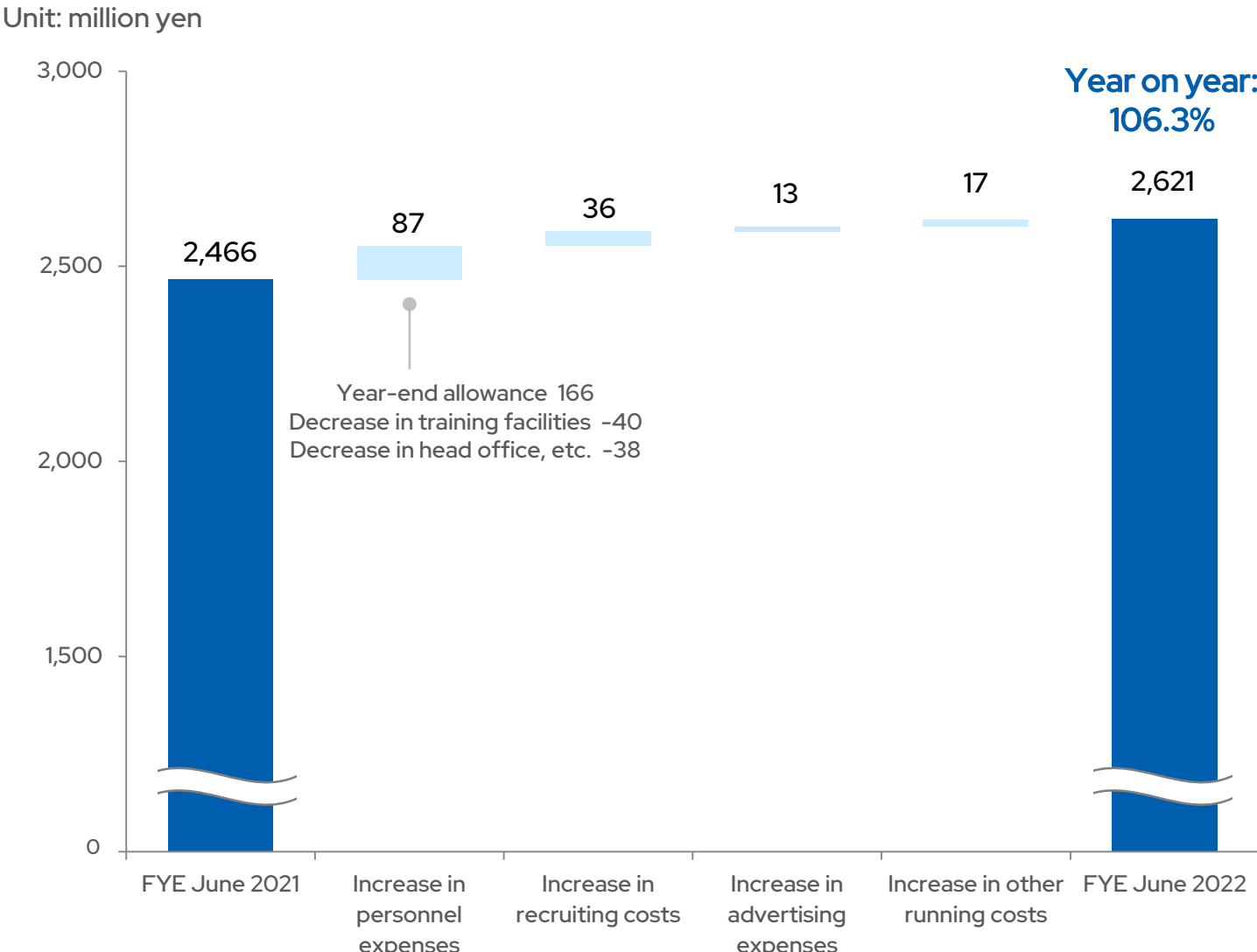
[Consolidated] Breakdown of Changes in Gross Profit (YoY)

- Gross profit grew by 1,526 million yen due to the recovery in revenue despite an increase in revenue-linked outsourcing fees.



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

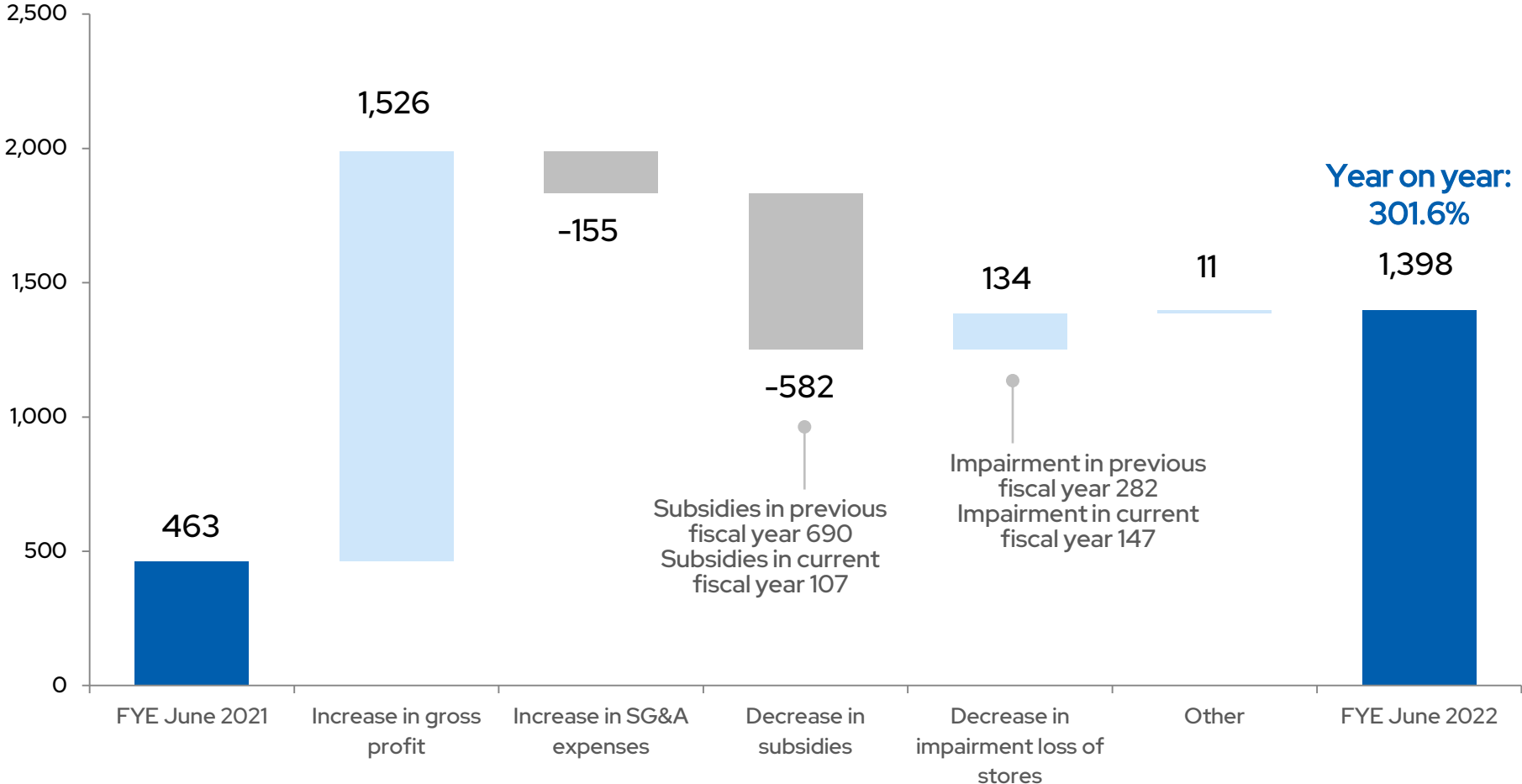
- SG&A expenses increased 155 million yen year on year mainly due to increases in allowances, recruiting costs and advertising expenses.



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

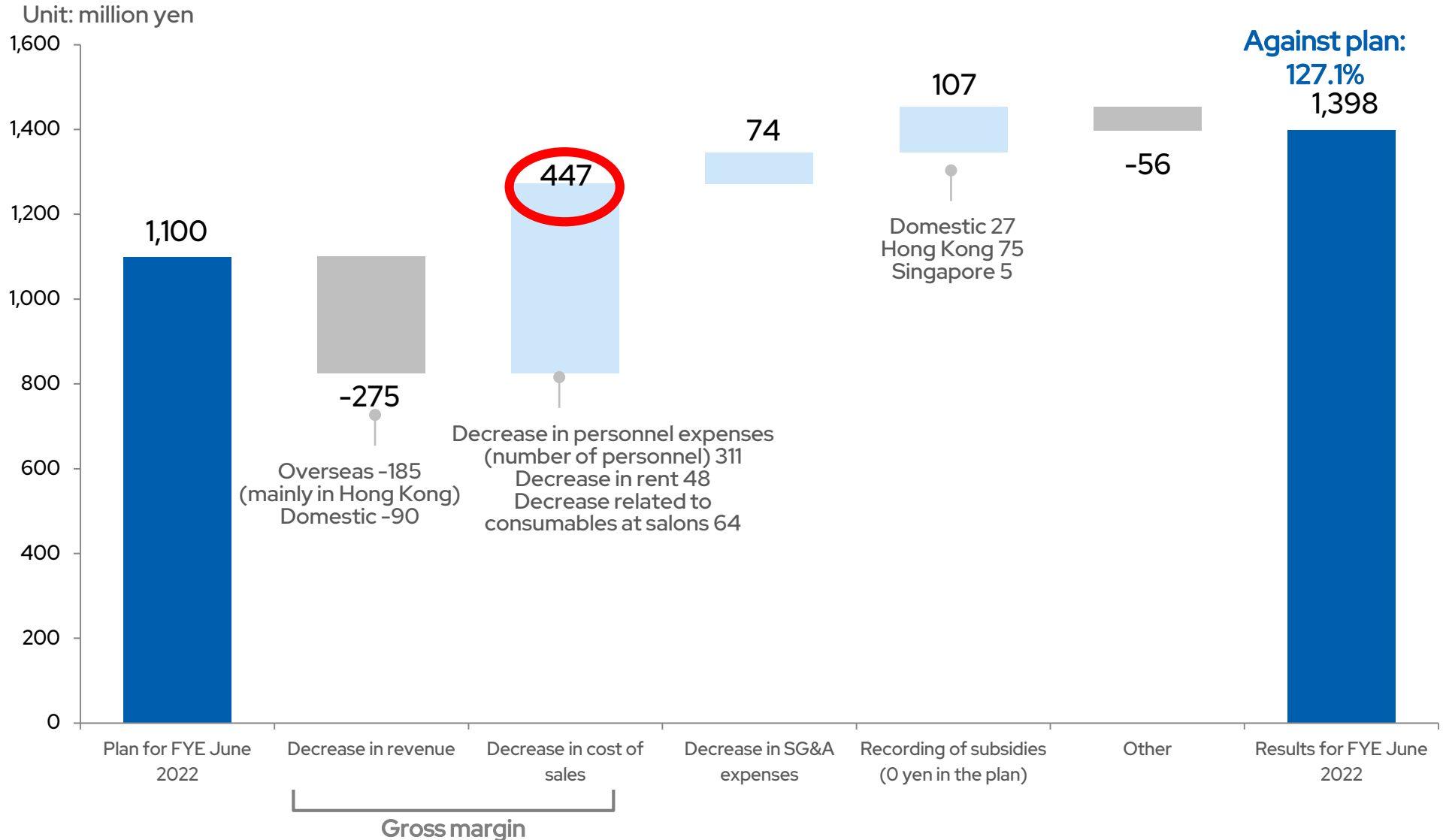
- Subsidies decreased from 499 million yen in the previous fiscal year to 27 million yen in the current fiscal year in Japan, and from 191 million yen in the previous fiscal year to 80 million yen in the current fiscal year overseas.
- Operating profit increased 934 million yen year on year primarily due to the recovery in gross profit and a decrease in store impairment.

Unit: million yen



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

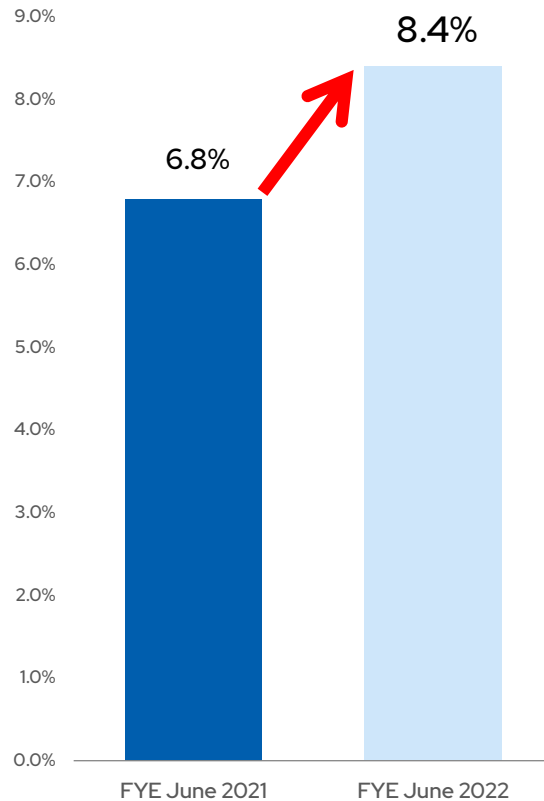
- Operating profit increased 298 million yen from the plan primarily due to a decrease in cost of sales, such as personnel expenses and the recording of subsidies, although revenue fell short of the plan.



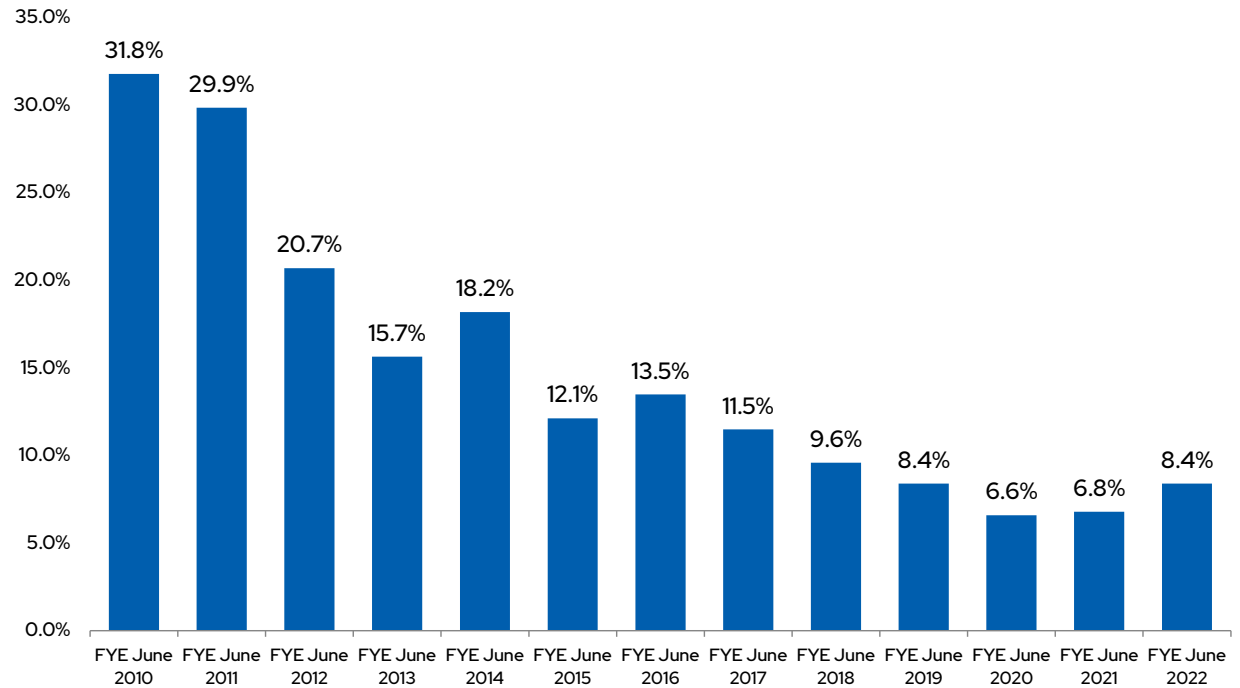
[Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees in Japan was 8.4% (up 1.6 percentage points from the previous fiscal year).
- The number of regular employees in Japan who left the Company was up 23 people from the previous fiscal year.

Turnover rate of regular employees in Japan



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



* Excluding the head office

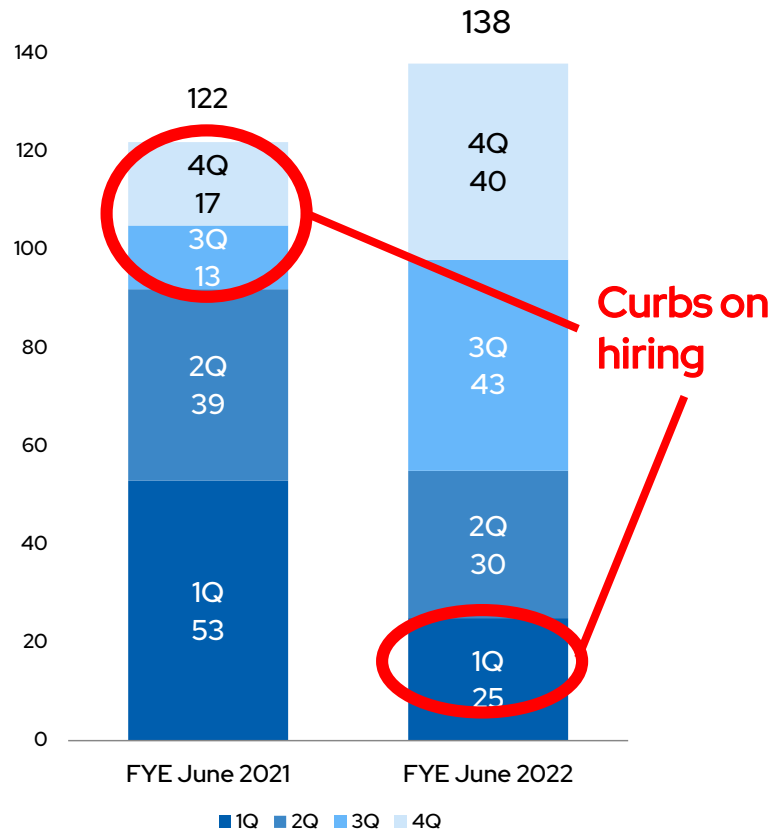
* Including training facilities (LogiTHcut Professional Stylist School).

[Domestic] Situation of Number of Stylists

- The number of regular employees in Japan who were hired anew was 138 people (a year-on-year increase of 16 people) although recruitment was stepped up from Q2.
- The number of employees in Japan decreased 54 people in a year (regular employees -54 and part-timers -25)

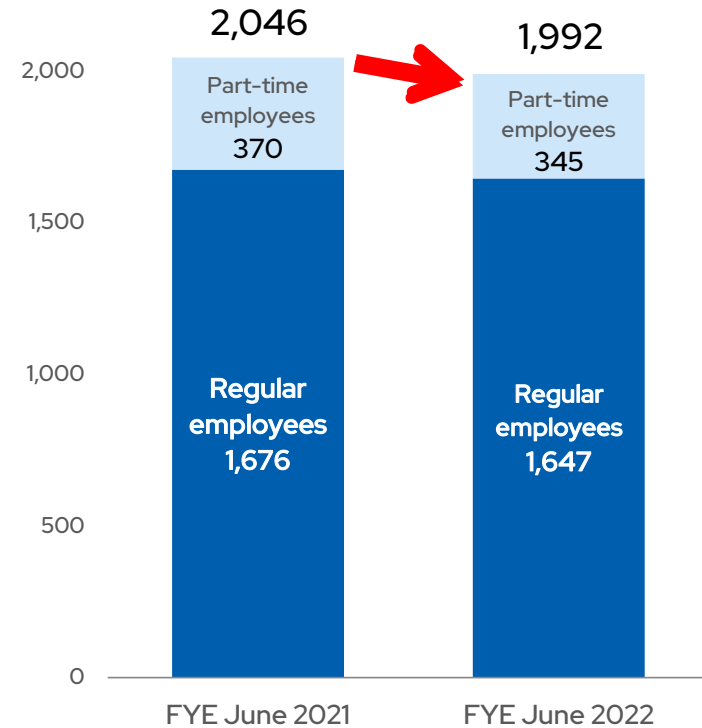
Number of regular employees newly hired in Japan

Unit: person
160



Number of employees in Japan as of June 30, 2022

Unit: person
2,500



■ Part-time employees (in Japan) ■ Regular employees (in Japan)

* 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).

Full-Year Earnings Forecast for FYE June 2023

Full-Year Earnings Forecast for FYE June 2023

- Operating profit will stop at 1.5 billion yen due to the implementation of measures to improve treatment of employees prior to the realization of profit.
- The Company expects to increase the dividend per share to 12.00 yen.

Unit: million yen	FYE June 2022	FYE June 2023		
	Results	Forecast	Variance	Year on year
Revenue	20,564	21,670	1,105	105.4%
Operating profit	1,398	1,500	101	107.3%
Profit before tax	1,250	1,328	77	106.2%
Profit	856	907	50	105.9%
Basic earnings per share	66.55 yen	69.54 yen		
Dividends per share	10.00 yen	12.00 yen		

Action Plan Summary for FYE June 2023

■ Review and Issues of FYE June 2022

- The Company will try to hold down personnel expenses in H1 by curbing hiring as the containment of COVID-19 infections was delayed.
- While an early recovery in profit from operations was achieved, the shortage of personnel manifested itself due to a slowdown in the number of employees newly hired and an increase in employees leaving the Company.
- The system is required to be rebuilt since there are issues such as loss of business opportunities by setting regular holidays, the lengthening of waiting hours and a rise in workload on stylists.
- The Company has started working on issues that should be solved with priority by conducting a survey on the status of the working environment at consigned salons.
- Overseas as well, the shortage of stylists became a bottleneck for opening new salons and a recovery in revenue.



■ Main Measures for FYE June 2023

- In order to deal with the corporate management issues that were manifested in the previous fiscal year, the Company positions **a net increase in stylists (increase hires/decrease separations) as the top priority issue** and will proceed with countermeasures.
- To increase the number of new recruits, the Company will step up recruitment measures, such as increasing media advertising, promoting a referral program and the rehiring of former employees, and expanding and strengthening the recruitment of new graduates **(from 138 people in FYE June 2022 to a target of 225 people in FYE June 2023)**.
- To reduce the number of employees leaving the Company, the Company will double down on measures to raise the retention rate such as by improving treatment and strengthening management. **(Turnover rate: 8.4% in FYE June 2022 → 6% to 7% as the target for FYE June 2023 → 5% as the medium- to long-term target)**
- By achieving a net increase in the number of stylists, the Company will **build a foundation for business growth**, including **promotion of revenue recovery**. It will do this by appropriately allocating personnel, **making progress in improving the working environment** by increasing the capacity of consigned salons, **further opening new salons** by increasing the capacity to open new salons and **facilitating price revisions** by upgrading the quality of service.

[Domestic] Action Plans

(i) Improve the retention rate of stylists and ramp up their hiring (improve treatment for stylists)

[Current Issues]

- In the last two years under the pandemic, it has been difficult to raise wages based on the current personnel evaluation system (base amount), resulting in employees being forced to be patient.
- The situation is one where employees who have not been in the Company or an internal grade system for long (mainly graduates from LogiTHcut Professional Stylist School and employees who joined the Company just two to three years ago) account for 70% of all employees who left the Company.
- Stagnancy in salary levels for existing employees also affected the salary level that can be presented to job applicants and became a factor behind a decrease in the ratio of hires to all job applicants.



		Base amount	Results	Gap
FYE June 2021	Salary increase	140 million yen	30 million yen	-110 million yen
	Pay increase rate	1.9%	0.4%	-1.50%
FYE June 2020	Salary increase	170 million yen	60 million yen	-110 million yen
	Pay increase rate	2.4%	0.8%	-1.60%

[Measures for FYE June 2023]

- Secure funds for increasing wages (about 2%) for employees who have not been in the Company for long and employees with high technical ability in order to help solve the current shortage of personnel, in addition to putting aside funds for a regular wage hike (about 2%).
- Give staff in managerial positions the authority to allocate funds for a wage increase, thereby realizing salary levels that better reflect actual performance as much as possible in order to lower the turnover rate. Such salary levels cannot be attained under the evaluation system.
- Remove a sense of stagnation of employees on the ground due to the pandemic and aim to enhance the strength of employees on the ground by raising employees' motivation in preparation for a future price hike.

A wage increase is planned, totaling 320 million yen.

Since the month for a salary hike is October 2022, the impact of the hike on FYE June 2023 will be 240 million yen.

[Domestic] Action Plans

(i) Improve the retention rate of stylists and ramp up their hiring (expand recruitment channels)

Take countermeasures from both sides of "Increase hires" and "Decrease separations in order to achieve a net increase in stylists.

	FYE June 2019	FYE June 2020	FYE June 2021	FYE June 2022	FYE June 2023	
	Results	Results	Results	Results	Plan	Change
Hires	265 people	221 people	122 people	138 people	225 people	87 people
Separations <small>(employees who left the Company)</small>	116 people	102 people	116 people	139 people	104 people	- 35 people
Net increase	149 people	119 people	6 people	- 1 people	121 people	122 people



● Over 200 people were hired annually before the pandemic hit the world. Realize a net increase of over 100 people by absorbing a decrease from separations.

● Curbs on hiring due to the coronavirus crisis has slowed down growth in the number of hires. Separations started increasing as the spread of COVID-19 infections eased. As a result, separations outnumbered hires.

[New hires]

- Increase in expenses for recruitment : 60 million yen
- Reinforcement in hiring work-ready people : Hire people through referral
Promote the rehiring of former employees
- Expansion and strengthening of hiring new graduates : 20 people (a year-on-year increase of 16 people)

[Decrease in separations]

- Improvement in treatment : Fund for salary increase (for the current fiscal year) 240 million yen
- Strengthening of management : Increase in the number of managers 33 million yen
- Expansion and reinforcement of education and training : Existing technical training 16 million yen

[Domestic] Action Plans

(ii) Launch a preparatory project for price revision

[Background and purpose]

- Although the beauty service market is expected to keep growing only slightly for the coming few years before returning to the level of the 2019 market size, the Company too sees the number of customers visiting its salons, which had been sluggish due to the pandemic, on a moderate recovery trend.
- It is necessary to make further investments in human resources with revenue gained from price revisions for the Company to build a foundation for stable business growth in the future (securing human resources and improving the quality of service) amid intensifying competition.
- Proceed with respective measures for "Customers" and "Stylists" and aim at a successful price revision.



Customer perspective
<ul style="list-style-type: none">➤ Make the purpose of price revision well known (i.e., increase in costs due to factors including better treatment of stylists, which leads to improvement in hair-cutting techniques and the time-creation service).➤ Improve and institutionalize the quality of service through "Electronic haircut charts" and increasing members on LINE app.

Stylist perspective
<ul style="list-style-type: none">➤ The motivation of stylists who are in contact with customers in the frontline is the key to a successful price revision.➤ Deepen the understanding of the vision after price revision (improvement in treatment and the working environment through a new evaluation system)

[Domestic] Action Plans

(iii) Improve the working environment of consigned salons

[Background and purpose]

- A fact-finding survey of QB House outsourcees and their employees revealed inadequacies in the working environment
- The Company will strive to improve the working conditions of consigned salons as a business operator that is responsible for the operation of QB HOUSE.



- With regard to the working environment at consigned salons, the Company will continue discussions for the improvement, based on mutual agreement, through making a regular check on matters, such as the status of compliance with the Article 36 Agreement and paid holidays and health checks taken by employees.
- If it turns out difficult to make continuous improvements even after implementing measures such as salon closure and consolidation and the setting of regular holidays, the Company will strive to improve the working environment directly by taking over the operations based on mutual agreement.

[Domestic] Action Plans

(iv) Change the salon opening policy (market penetration/market development)

[Background and purpose]

- The Company projects that the beauty service market will grow only slightly for the coming few years before returning to the level of the 2019 market size due to the structural issues of a population decline owing to factors, including an aging population and declining birth rate, and a shortage of qualified people as well as the impact of the pandemic.
- In that environment, players in the market are expected to focus on expanding their market share, resulting in competition further intensifying.



- **Expand and strengthen product lines by promoting the rollout of QB PREMIUM/salons for extremely small business areas, thereby accommodating a wide range of customers and maintaining relationships with them.**
- Proceed with a market penetration strategy while opening new salons in good locations (new locations such as near residential areas) and expanding the market share in customer segments.
- **Promote DX to further improve the value of time creation at QB HOUSE.**
- Improve profitability by closing and consolidating salons (optimize production efficiency and personnel)

[Overseas] Action Plans

(i) Improve the retention rate of stylists and ramp up their hiring

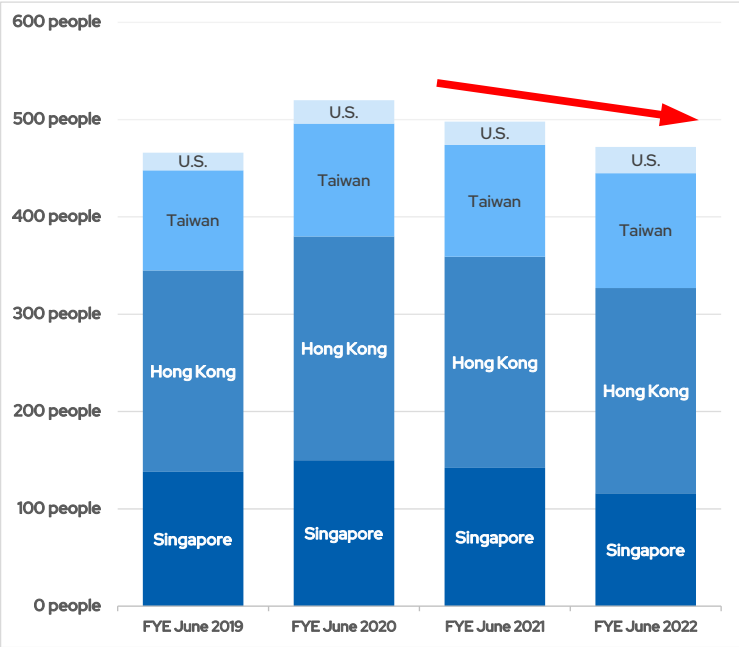
The number of stylists decreased for two consecutive years

[Decrease in the number of new recruits]

People avoid working in the service industry due to the spread of COVID-19

[The number of separations remains high]

Headhunted by competitors, triggered by salary levels




	Establishment of training sites	Salary revision	Improvement of working environment	Reinforcement of hiring
U.S.		Salary revision	Set regular holidays	
Taiwan	Open and reinforce LogiTHcut Professional Stylist School			Step up measures to increase hires Promote part-time employment
Hong Kong	Open and reinforce LogiTHcut Professional Stylist School		Set regular holidays Shorten business hours	Strengthen the referral system
Singapore		Salary revision		Step up measures to increase hires

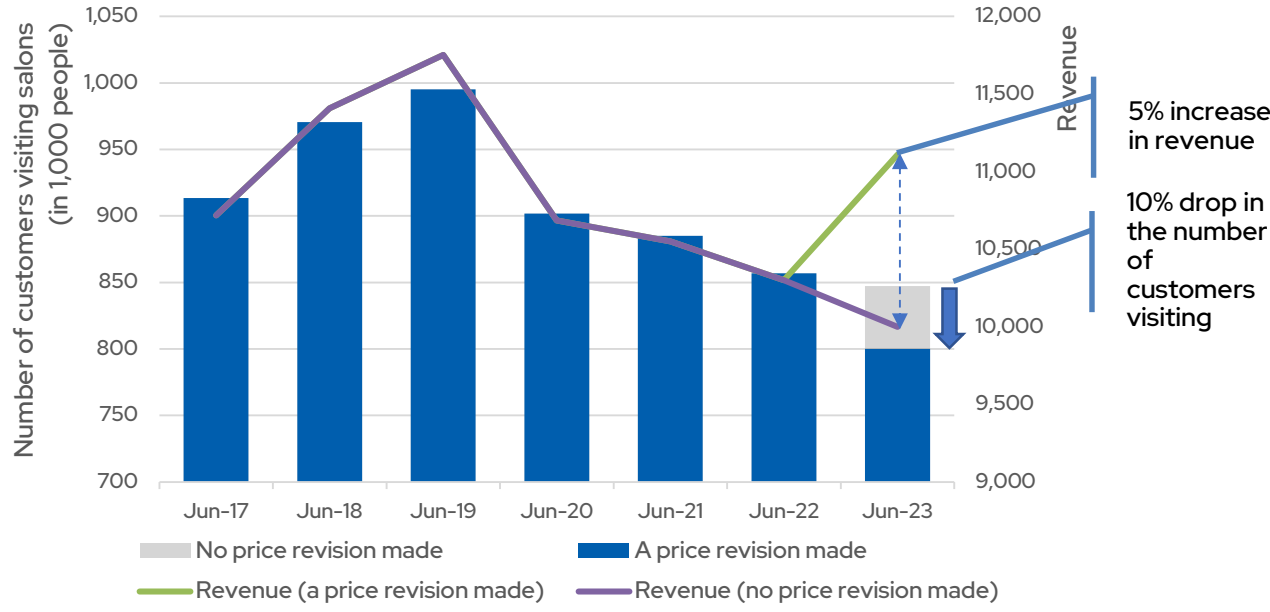
[Overseas] Action Plans

(ii) Improve profitability through price revisions

Conduct price revisions in Singapore with expectations of 5% revenue growth

 Price revisions in Singapore			
August 2022	QB HOUSE Premium	SG\$15→SG\$18	Up 20%
October 2022	QB HOUSE	SG\$12→SG\$14	Up 17%

The number of customers temporarily decreased 10%, but revenue increased 5% thanks to the neutralizing effect of an increase in unit price.



Status of price revisions under consideration in other countries



Hong Kong

Since the prices were revised as recently as July 2019, it is necessary to look into the timing.



Taiwan

Preparations will start for a price revision in FYE June 2024, which will be carried out in combination with measures to significantly raise customer satisfaction, such as opening Premium salons.



U.S.

Customers have found good value for money in the current price of US\$25, which has enabled some salons to revise prices on a trial basis.

Salon Opening Plan for FYE June 2023

(Domestic)

- Salon opening will be held down (personnel allocation to existing salons will be prioritized in the wake of the linking up of consigned salons).
- Regarding closure, some salons are planned to be closed or consolidated in the wake of the linking up of consigned salons.

(Overseas)

- In Singapore, price revisions and renovations will be prioritized, and salon opening will be minimized.
- In Hong Kong, Taiwan and the United States, the number of salon openings will be decided in line with staffing plans.

Plans for new openings and closures for FYE June 2023

Unit: Salons	Business format	End-FYE June			Change	End-FYE
		2022	New salon	Closure		June 2023
Japan	QB HOUSE	580	15	-22	-7	573
	QB PREMIUM					
	FaSS	11	2	0	2	13
Subtotal in Japan		591	17	-22	-5	586
Singapore	QB HOUSE	31	1	0	1	32
	QB HOUSE Premium Kids					
Hong Kong	QB HOUSE	64	3	0	3	67
Taiwan	QB HOUSE	29	4	-1	3	32
U.S.	QB HOUSE	5	1	0	1	6
Subtotal in overseas		129	9	-1	8	137
Consolidated group total		720	26	-23	3	723

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

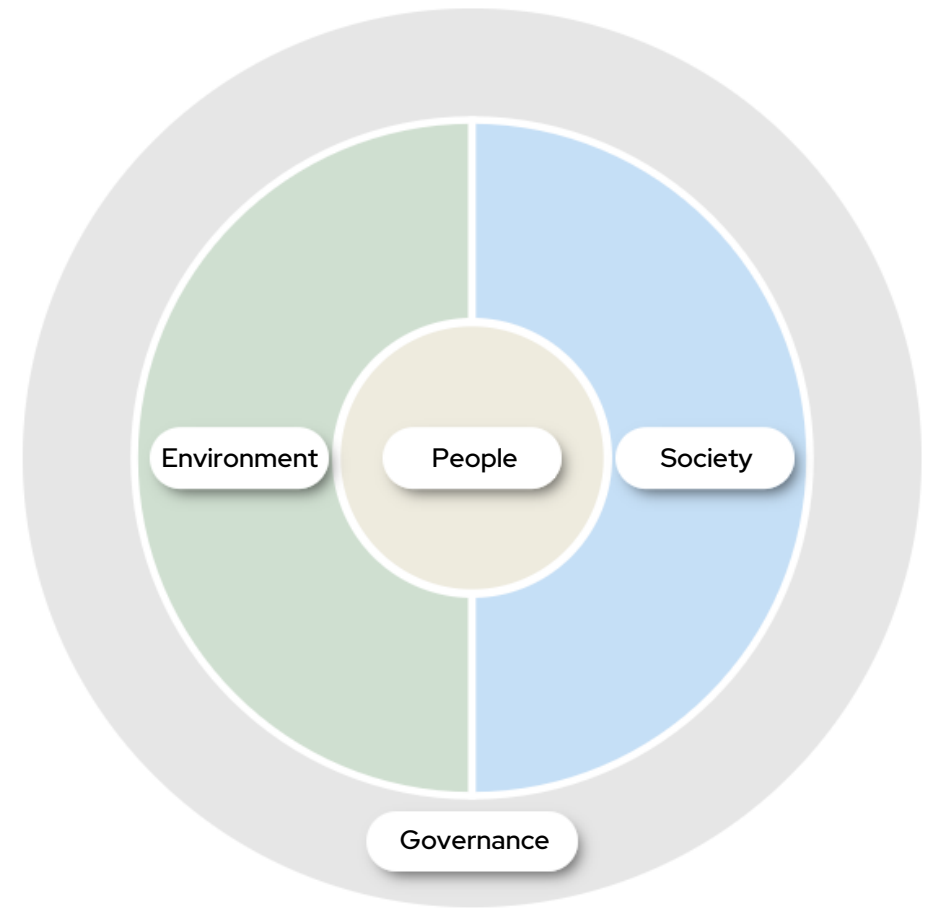
Overview of New Medium-term Management Plan

Basic Policy for New Medium-term Management Plan “Reborn for 2027”

Power-Saving, Labor-Saving, Time-Saving and Resource-Saving

We have a sense that while some values have changed, other values have become stronger by going through the coronavirus crisis. We place the next stage as the five years for rebuilding qualities that are suitable as a member of a new society by putting the pursuit of job satisfaction of and employee friendliness for working people, who are the source of the value of the “QB identity,” in the center while adjusting to changes in this era.

Our values, which have intensified, are to place working people in the center of everything. We are committed to becoming an organization that is chosen more ardently by working people, who are the source of the value of service. By doing so, we will establish an environment in which the largest number of stylists in the industry are able to work for long without worry, and further evolve the value of the “QB identity,” based on the values of Power-Saving, Labor-Saving, Time-Saving and Resource-Saving, whereby we aim to balance business activities with the solution of social issues and environmental protection.



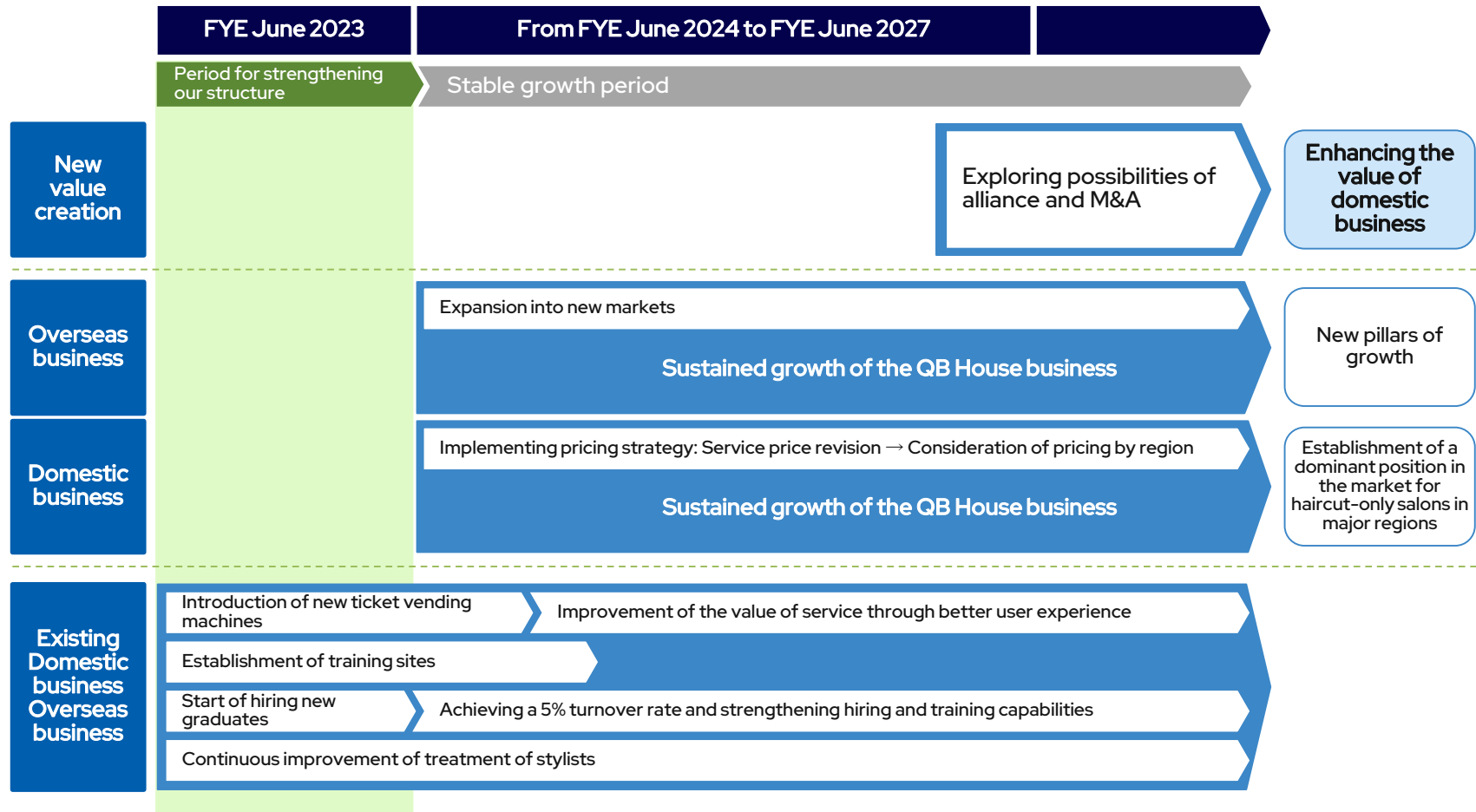
Financial Summary of New Medium-term Management Plan

- We aim to realize a revenue of 30 billion yen for FYE June 2027, which is equal to the revenue level of the final year of the former medium-term management plan.
- We will take operating margin back to about 10% in FYE June 2025, which is the year of the halfway point of this Medium-term Management Plan.
- We will make business investments for long-term and stable growth, and distribute stable dividends that accompany profit growth while reducing borrowings.

	Results for FYE June 2022	Previous Medium- term Management Plan	New Medium-term Management Plan	
		Final year FYE June 2024	FYE June 2025	Final year FYE June 2027
Revenue	20.5 billion yen	30.0 billion yen	26.1 billion yen	30.0 billion yen
Domestic	17.1 billion yen	24.5 billion yen	21.3 billion yen	24.5 billion yen
Overseas	3.4 billion yen	5.5 billion yen	4.8 billion yen	5.5 billion yen
Profit				
Operating profit	1.4 billion yen	3.3 billion yen	2.5 billion yen	3.0 billion yen
Operating margin	7%	11%	10%	10%
ROIC	5%	10% or more	9.0%	9.0% or more
Dividends	10 yen per share			

Outline of New Medium-term Management Plan

- Since business has been stagnant due to the COVID-19 crisis, the previous medium-term management plan was revised each year for three years.
- Positioning FYE June 2023 as the period for strengthening our structure, we will take business back to a sustainable growth path.



Recruitment Strategy that Supports the Growth of Domestic Businesses

|| Realize a 5% turnover rate

- We will continue improving employee treatment by allocating funds obtained from business growth systematically, thereby aiming to establish a working environment that enables employees to work for long without worry.

|| Stable acquisition of human resources

- Ramp up the **hiring of new graduates** by expanding and reinforcing human resource development sites.

Action Plans	Objectives of Action Plans	Hiring target	
		People engaged in beauty service	People with no experience working in beauty service
Expansion and reinforcement of human resource development sites	Training will broaden the scope of targets for hiring, and trained people will become human resources that are capable of providing the service of the Company.	- People without experience haircutting (Human resources as candidates for assistants)	- New graduates - Those who wish to return to the beauty service industry
Improvement of the value of service → Price revision	Enhance salary competitiveness with funds to be earned from price revision	- People currently engaged in beauty service	

Stable acquisition of human resources

Strengthening salon opening in Japan

Achievement of opening **30** new salons a year

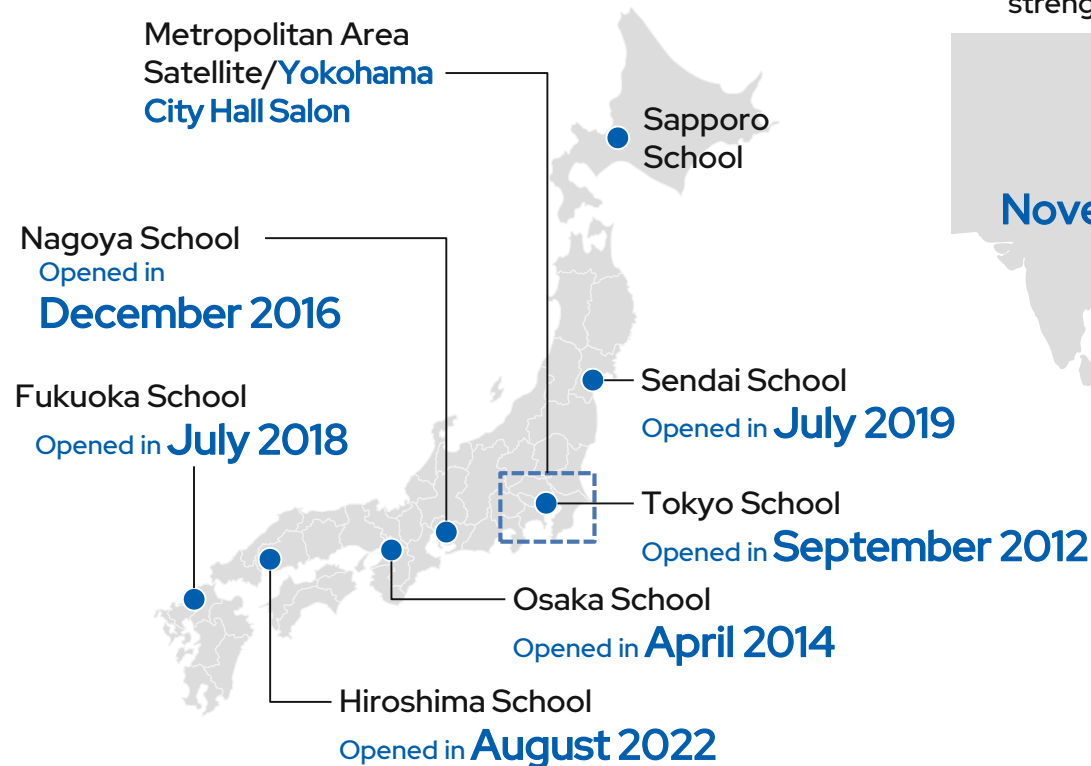
[Measure (i)] Expansion and Reinforcement of Human Resource Development Sites

- Domestic: Expand training sites and recruitment channels that have been behind in development
- Overseas: Roll out LogiTHcut Professional Stylist Schools overseas.

Establish human resource development sites in priority areas for salon opening

Domestic Expansion of recruitment channels

- Reinforce the hiring of new graduates.
- Unearth a pool of people who wish to return to the beauty service industry.



Overseas

- Roll out LogiTHcut Professional Stylist Schools into Asian countries we have a presence in and that do not have a hairdresser qualification system for the purpose of strengthening the ability to capture human resources.

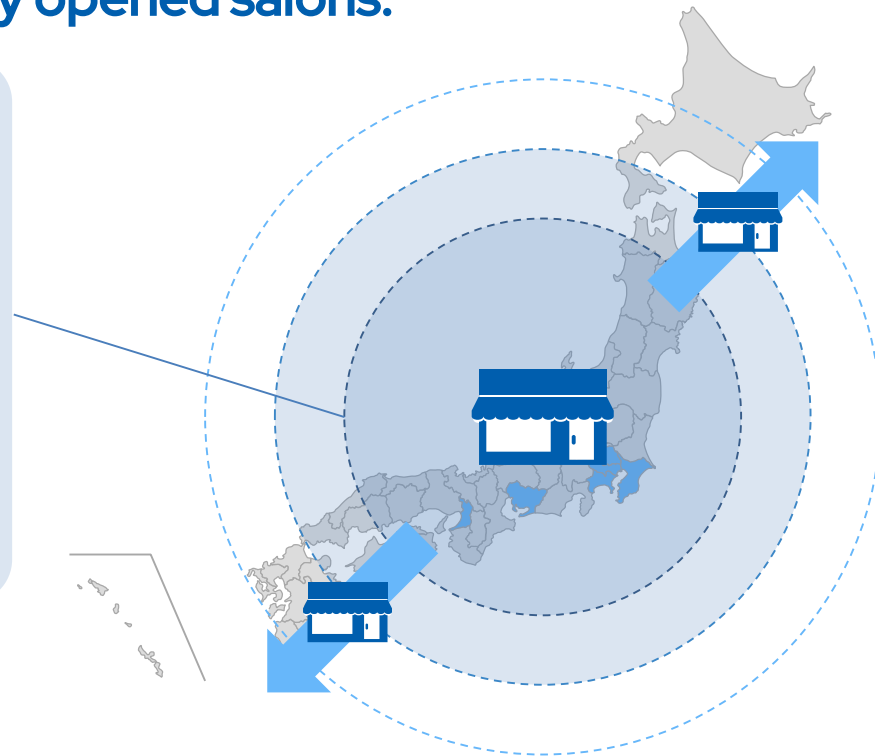
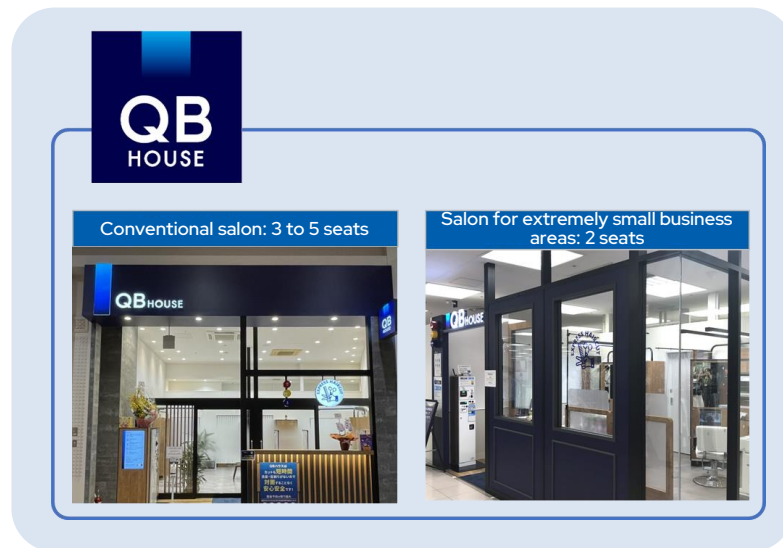


[Measure (ii)] Ramp up Salon Opening in Japan

Strengthen market penetration strategy in areas where we already have salons.

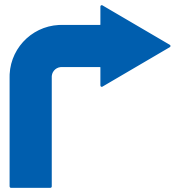
- There remains room* for opening more than 800 salons in prefectures in Japan in which we have already opened ones. (Important areas for salon opening: 500 salons. Areas for salon opening outside the important areas: 300 salons)
- Establish more solid regional dominance by developing salons for extremely small business areas and designating supermarkets, etc. with a strong connection with the community as candidate locations for salon opening.
- An increase of 143 salons is planned in Japan during the period of this Medium-term Management Plan.

There is room for opening an additional 800 salons in areas in which we have already opened salons.



*Of the 1,196 areas nationwide (cities, counties and the 23 wards of Tokyo), areas in which new salons can be opened total 578 (with a population of 50,000 people or more).

[Measure (iii)] Enhance Customer Experience



Haircut service

Investment in human resource development

Enhancement of haircut technique and customer service

Salon opening strategy

Highly convenient locations



Investment in new ticket vending machines (Japan)

Carry out investments totaling 723 million yen over three years

- Respond to the cashless payment trend
- Connect flexible pricing with developed apps



Development of apps

Solidify contact points with customers by turning customers into our members

- LINE mini app
- Haircut chart



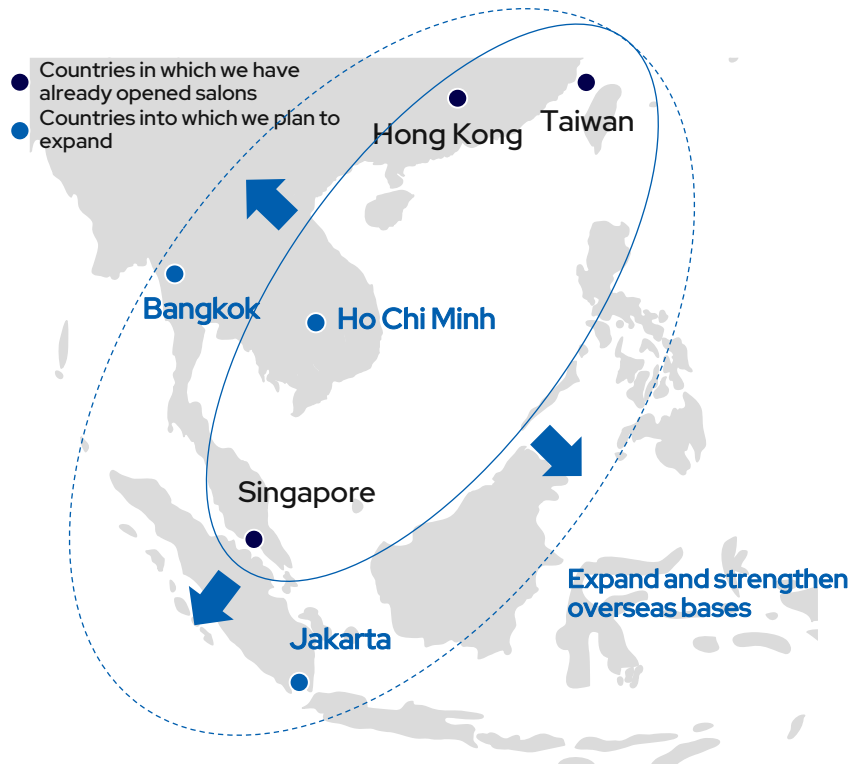
Connect flexible menu configuration with apps

通常料金	1,200円
前回の予約から1か月以内の月 ツキ / 1	1,100円
ドルコプレミアムカミソリ (3本入)	300円

Price revision

Growth Strategy in Asia

- We will ensure that three existing regions recover from the pandemic's impact on their business. Using profit to be obtained in existing countries in which we will establish a foundation for regrowth, we will consider expanding into other cities in Asia.
- Regarding new markets in Asia, we will explore new expansion methods, including forming alliances with local companies, also with local regulations on foreign capital in mind.



- We will also consider forming alliances with local companies in countries, including Bangkok and Jakarta, which are expected to realize economic growth, with local regulations on foreign capital in mind.
- It is also possible to incorporate a company in Vietnam without local capital involved. We will consider business expansion, including training facilities, from a long-term perspective.

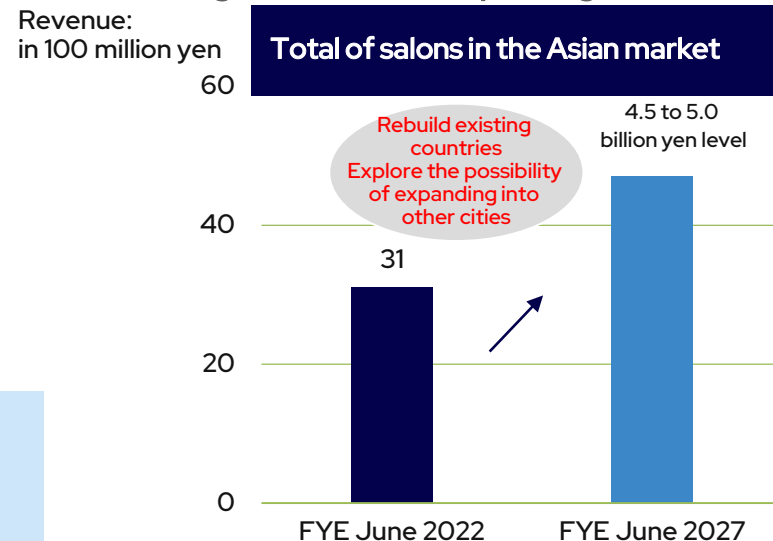
Hong Kong salon



Taiwan salon

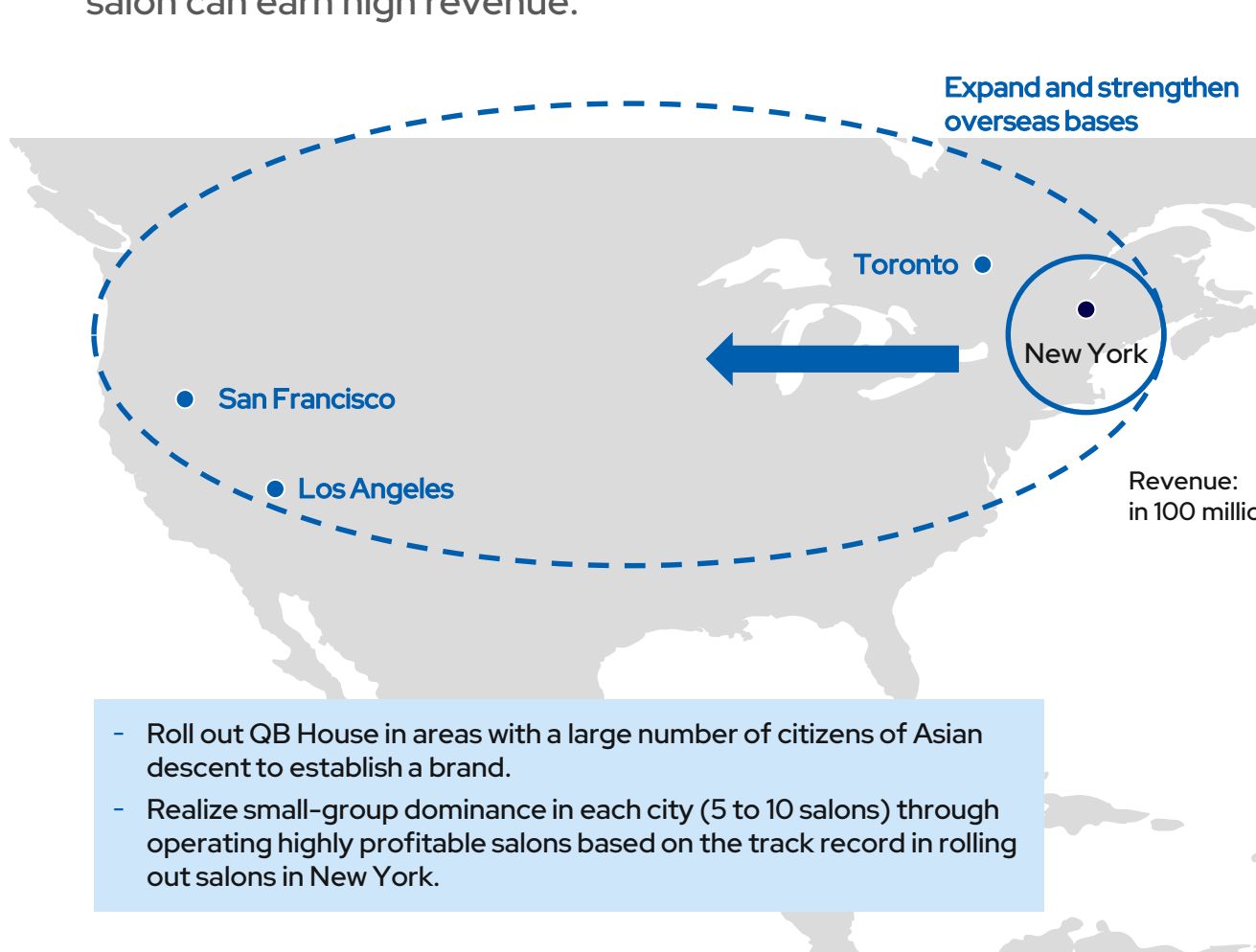


Realize regrowth in three existing regions that were affected by the coronavirus crisis.
Earn a growth fund for expanding into new markets.



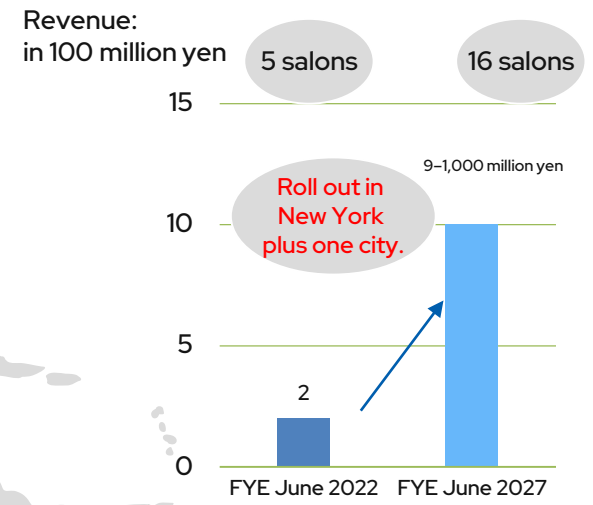
Growth Strategy in North America

- Put highly profitable salons in New York on a growth path after the pandemic comes to an end.
- Aim to deploy the dominance strategy of a small group of salons (5 to 10 salons per city) in cities with a large number of citizens and migrants of Asian descent (West Coast and Toronto).
- Aim to expand earnings power in salons preferentially in North America in which even only one salon can earn high revenue.



New York 5th salon

Total of North American market



- Roll out QB House in areas with a large number of citizens of Asian descent to establish a brand.
- Realize small-group dominance in each city (5 to 10 salons) through operating highly profitable salons based on the track record in rolling out salons in New York.

STATEMENT

LESS IS MORE

This is a sense of values that if we take away things that lead to excess and waste and concentrate on truly necessary quality, that effort will connect us to richness.

Here comes the space and freedom from pressure, created by the benefits of energy-saving, labor-saving, time-saving and resource-saving which are based on this sense of value.

This brings people and the Earth genuine richness. We believe that it is our raison d'être to pursue that richness and keep on with the pursuit.

FRESH HAIR, FRESH MIND

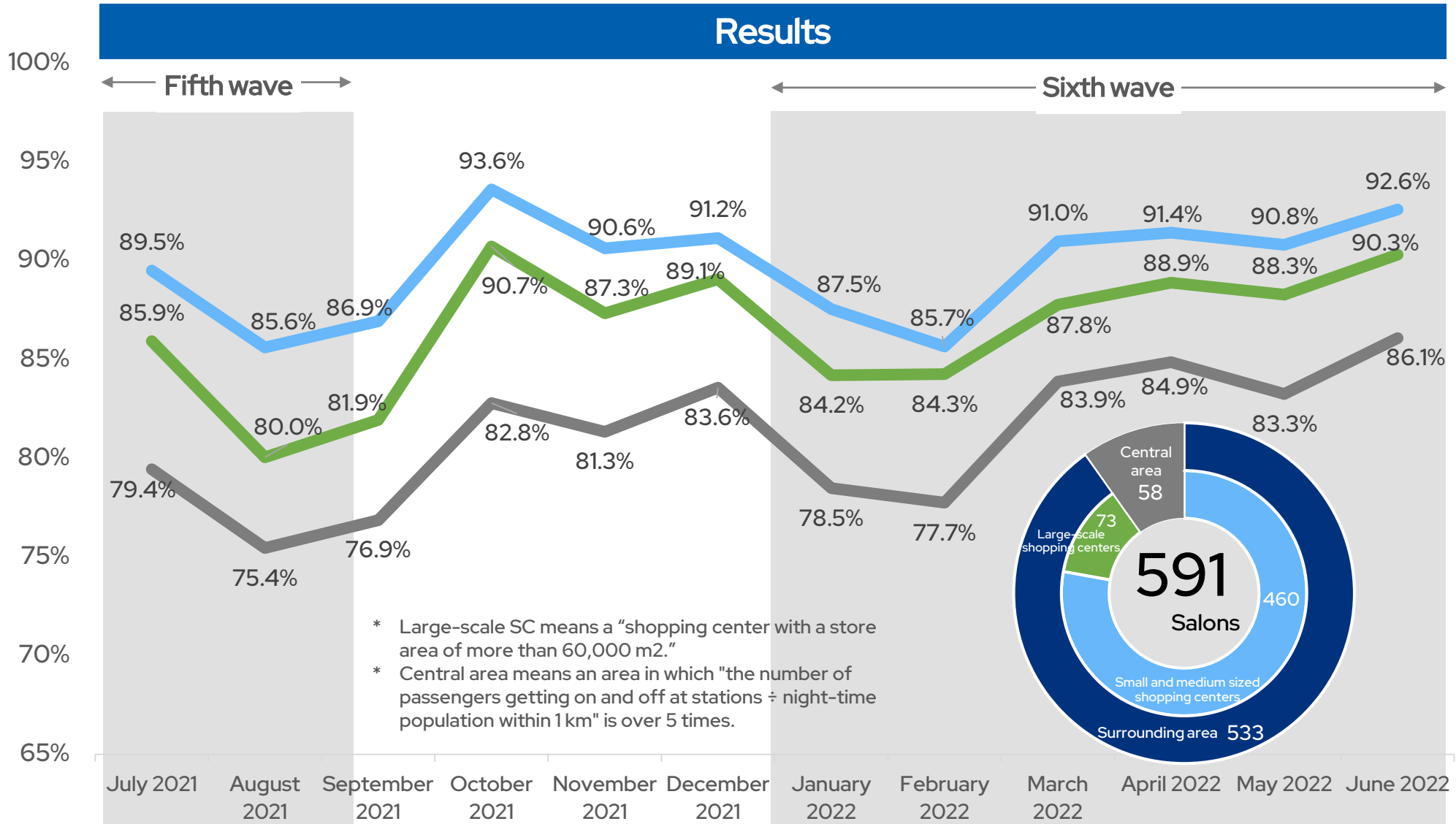
QBHOUSE

Appendix

Full-Year Results for FYE June 2022

[Domestic] Results of Rate of Recovery in Number of Customers Visiting Salons (by location)

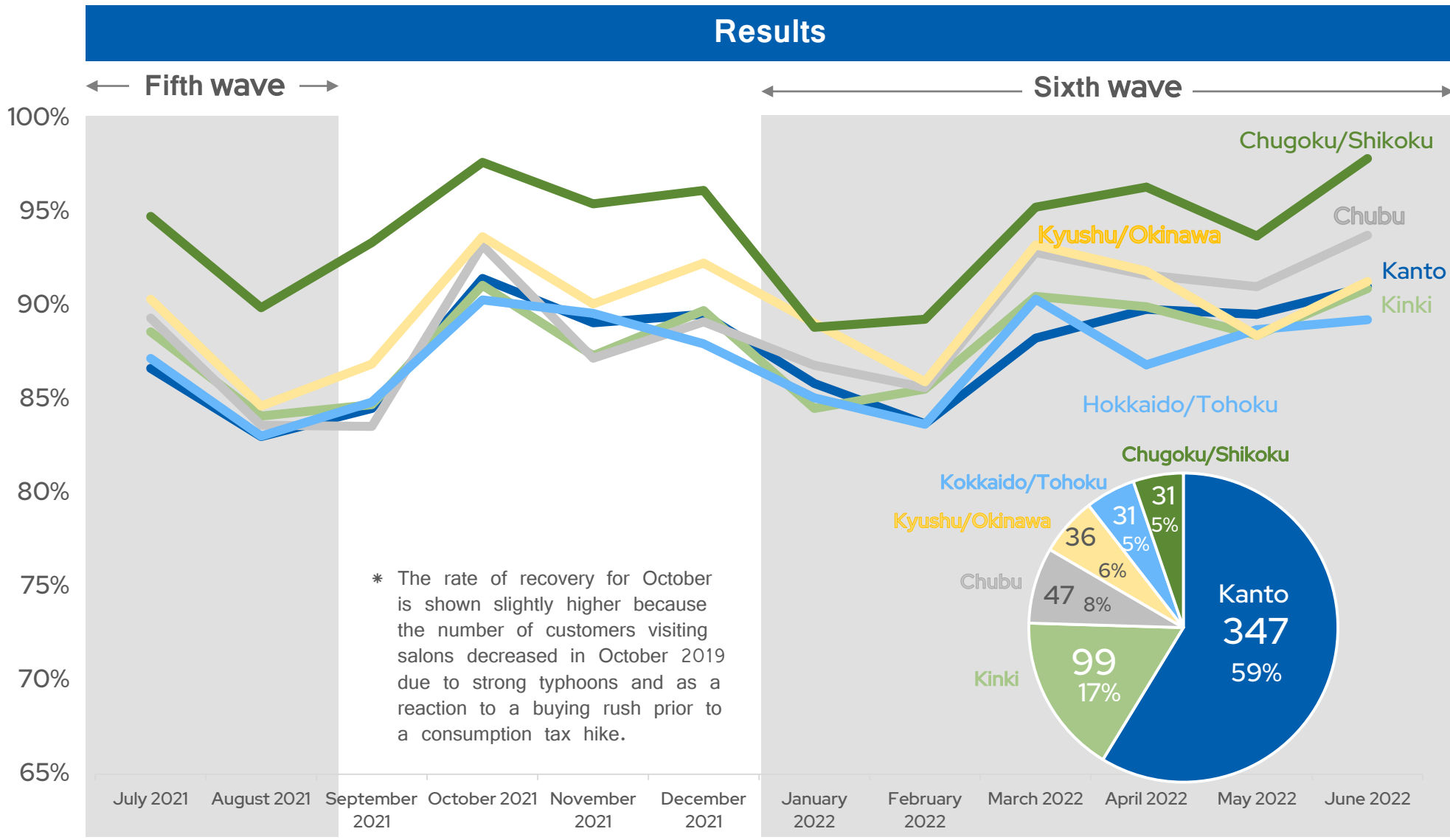
- In H1, all locations recovered as the state of emergency was lifted at the end of September.
- In H2, the central area (58 salons) in particular continued to be affected by factors, such as telework.



* Up to February, compared with numbers of two years ago After March, the ratio compared with the pre-pandemic level that is set as 100%

[Domestic] Results of Rate of Recovery in Number of Customers Visiting Salons (by region)

- In H1, especially local regions recovered as the state of emergency was lifted at the end of September.
- In H2, urban areas in particular saw the number of customers plunge due to the spread of Omicron variant infections.

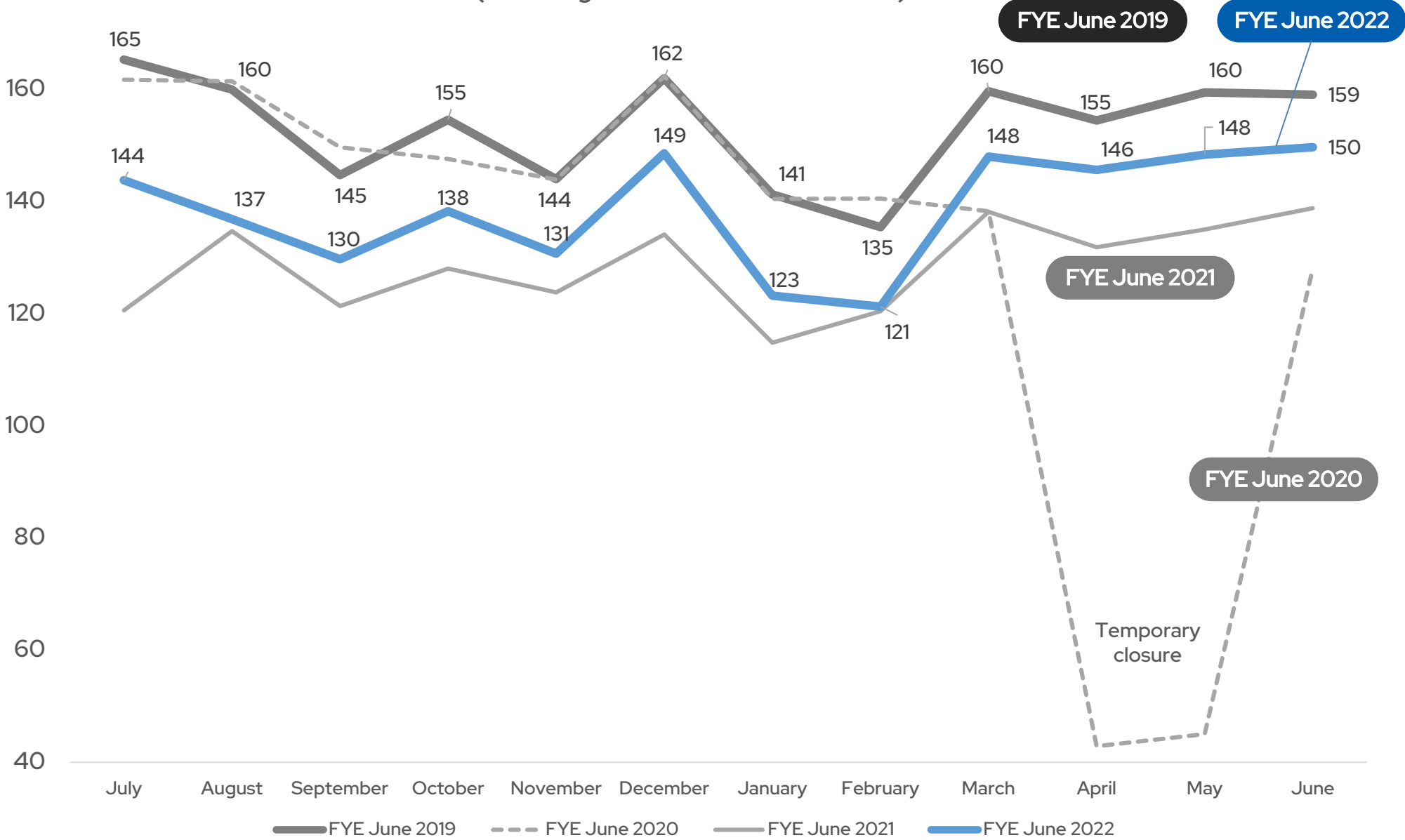


* Up to February, compared with numbers of two years ago After March, the ratio compared with the pre-pandemic level that is set as 100%

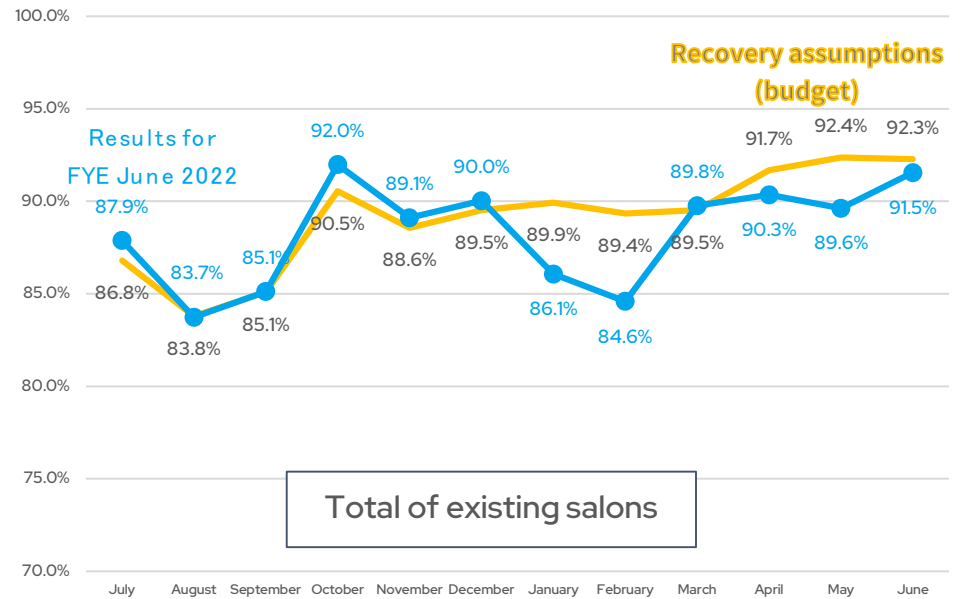
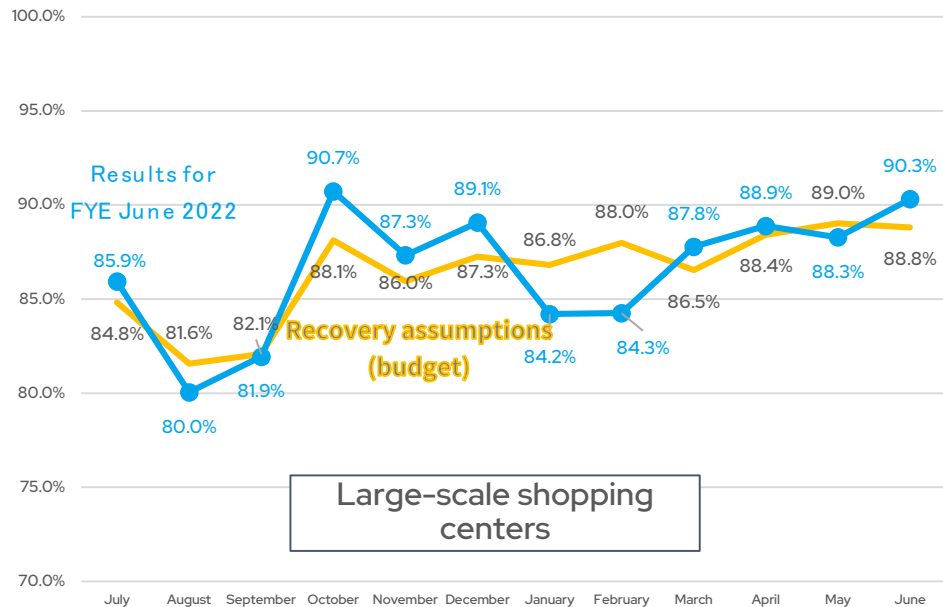
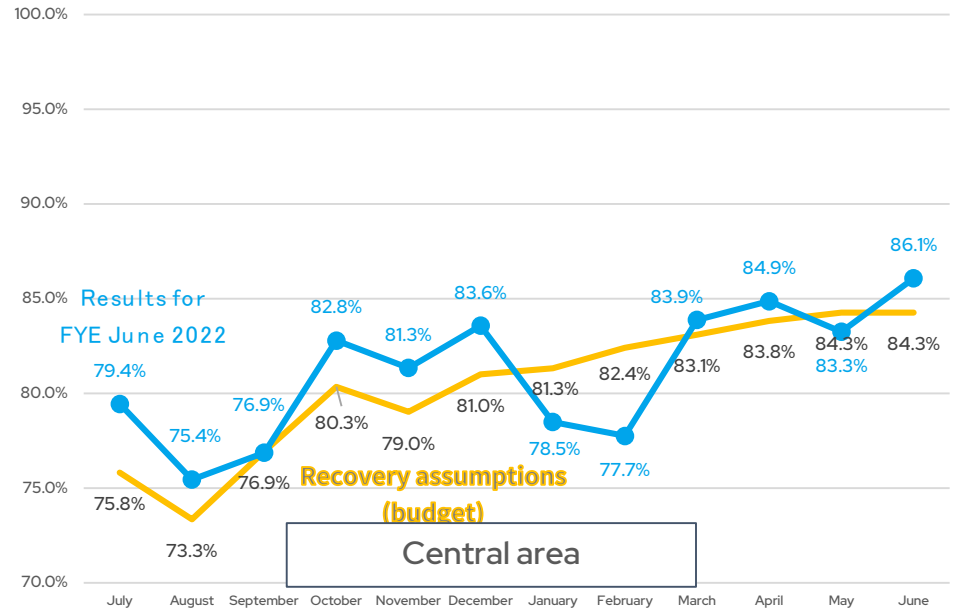
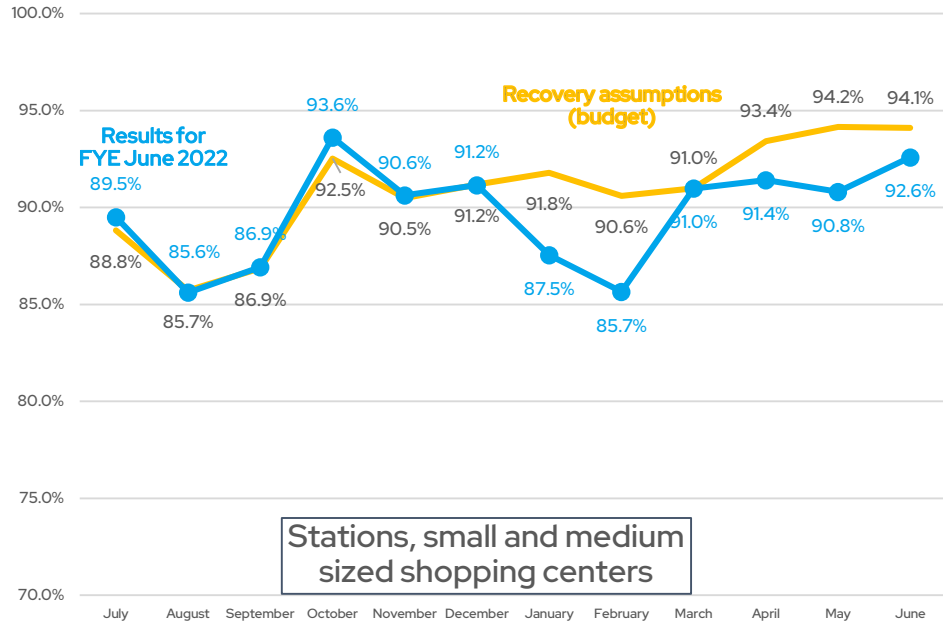
[Domestic] Year-on-Year Comparison of Number of Customers Visiting Salons

Trend of Number of Customers Visiting Salons in Japan
(including new salons and FC salons)

(10,000 people)

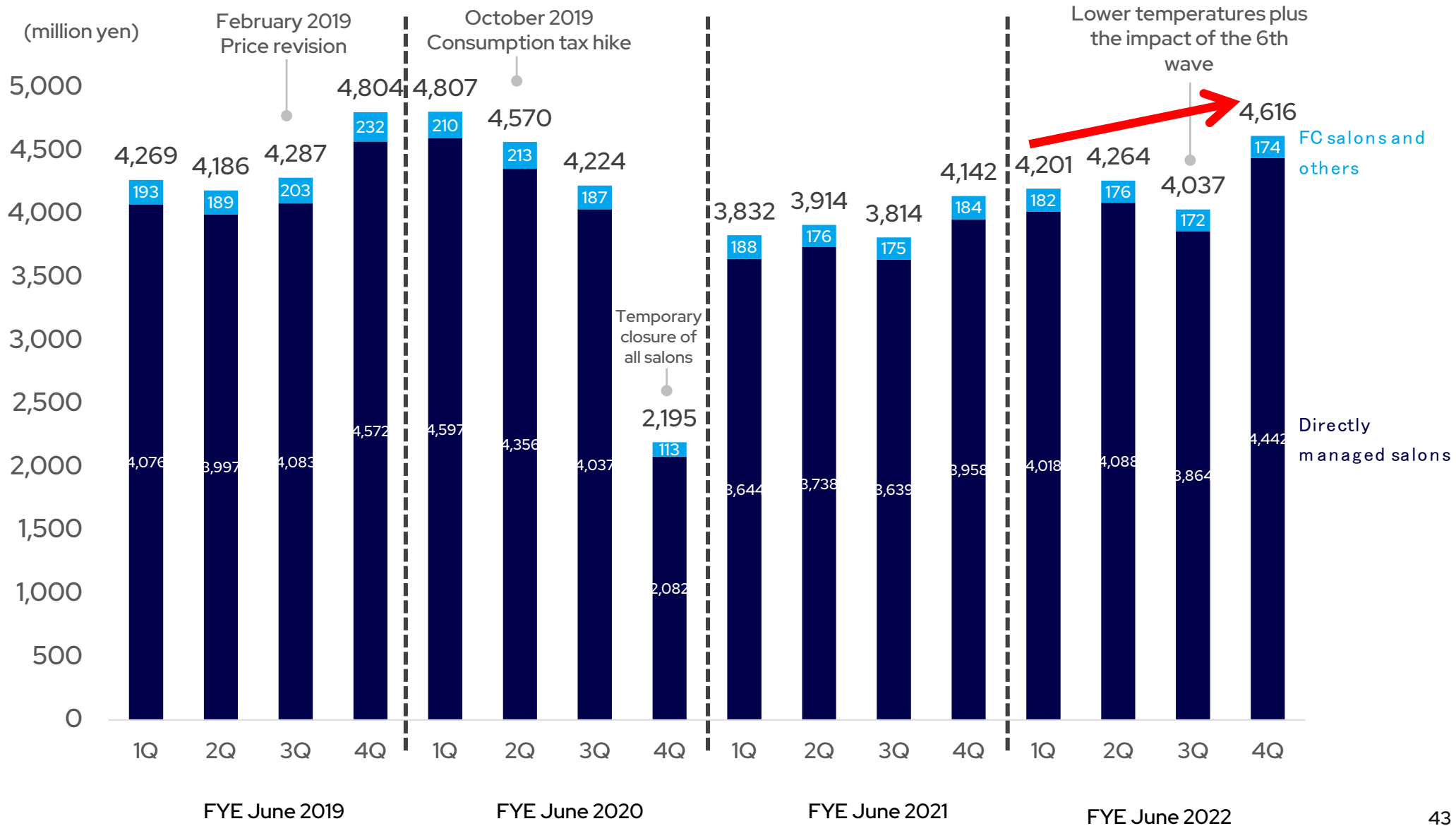


[Domestic] Assumptions of Recovery and Results of Number of Customers Visiting Salons (Existing Stores)



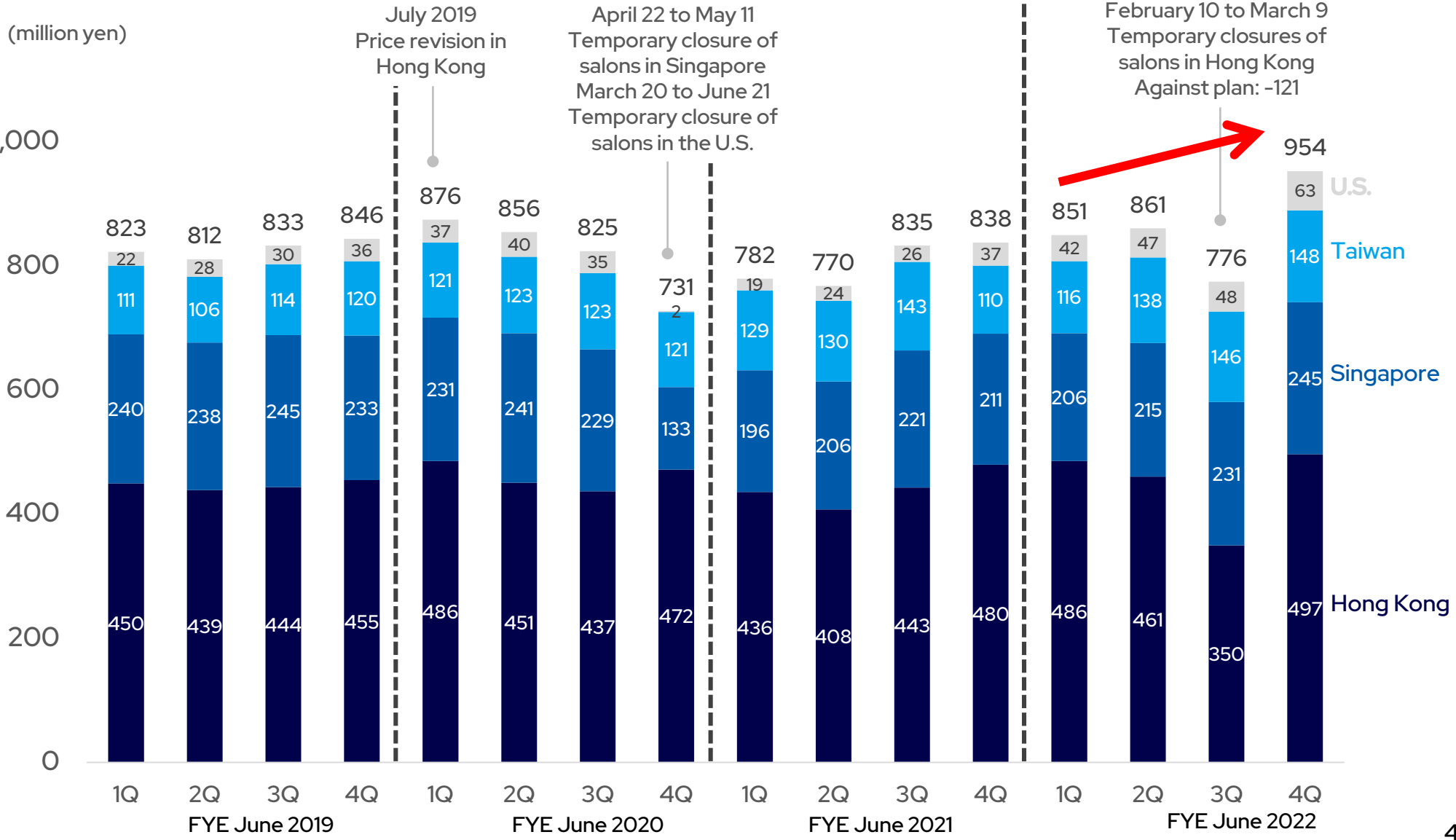
[Domestic] Trend of Revenue

- Domestic revenue in Q4 was the highest since the pandemic hit the world. (In normal times, Q1 and Q4 are busy seasons.)



[Overseas] Trend of Revenue

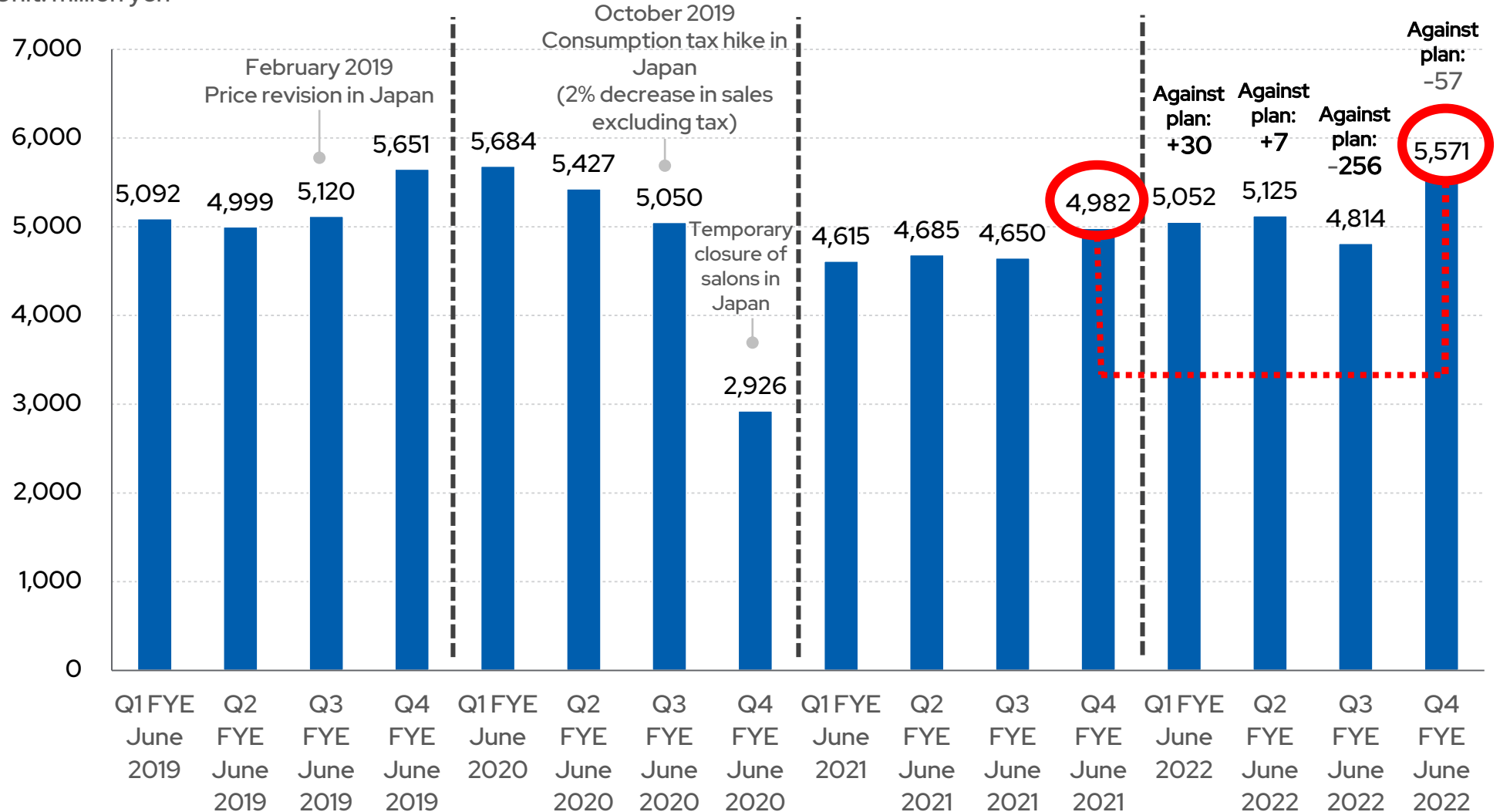
Overseas revenue in Q4 was on a recovery trend partly due to recovery in Hong Kong.



[Consolidated] Trend of Revenue

Results

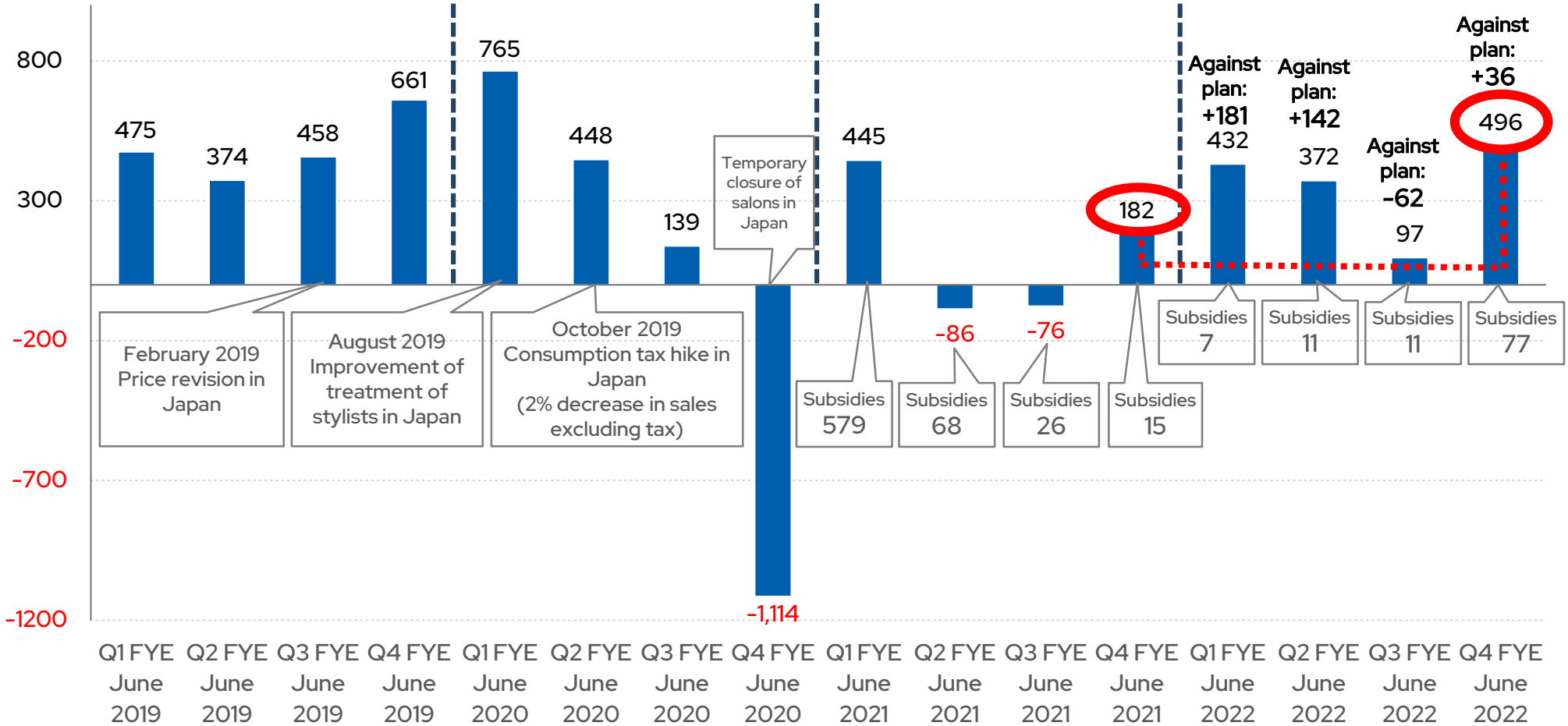
Unit: million yen



[Consolidated] Trend of Operating Profit

Results

Unit: million yen



Overview of Consolidated Group Earnings (Results)

Consolidated statement of profit or loss

Unit: million yen	FYE June 2021		FYE June 2022			
	Results	Sales ratio	Results	Sales ratio	Changes	Year on year
Revenue	18,933	100.0%	20,564	100.0%	1,630	108.6%
Cost of sales	-16,433		-16,537		-104	100.6%
Gross profit	2,500	13.2%	4,026	19.6%	1,526	161.1%
Other operating income	742 * Subsidies 690		156 * Subsidies 107		-585	
Selling, general and administration	-2,466		-2,621		-155	106.3%
Other operating expenses	-312 * Salon impairment 282		-163 * Salon impairment 147		148	
Operating profit	463	2.4%	1,398	6.8%	934	301.6%
Finance income	12		13		1	109.6%
Finance costs	-189		-161		28	85.1%
Profit before tax	286	1.5%	1,250	6.1%	964	436.6%
Income tax expense	-42		-393		-351	924.9%
Profit	243	1.3%	856	4.2%	612	351.4%

Overview of Consolidated Group Earnings (Results)

Consolidated statement of financial position

Unit: million yen	End of FYE June	End of FYE June	Changes
	2021	2022	
Total current assets	5,641	4,912	- 728
Cash and cash equivalents	4,601	3,724	- 877
Trade and other receivables	781	915	133
Inventories	104	92	- 12
Other	152	181	28
Total non-current assets	24,992	24,823	- 169
Property, plant and equipment	1,502	1,360	- 141
Right-of-use assets	5,313	5,116	- 197
Goodwill	15,430	15,430	-
Other financial assets	1,854	1,937	83
Deferred tax assets	654	748	94
Other	238	230	- 8
Total assets	30,634	29,736	- 898
Total liabilities	20,477	18,348	- 2,128
Trade and other payables	202	235	32
Interest-bearing liabilities	12,843	10,147	- 2,696
Lease obligations	5,366	5,197	- 168
Other	2,065	2,768	702
Total equity	10,156	11,387	1,230
Total liabilities and equity	30,634	29,736	- 898

Repayment of overdraft of 1 billion yen plus increase in profit
A little more cash reserves than in normal times were held
(Cash reserves in normal times are about 2 billion yen.)

Repayment of overdraft of 1 billion yen
Repayment of a commitment line of 1 billion yen
(Loan balance after repayment: 1 billion yen)
Scheduled repayment of borrowings of 700 million yen

Overview of Consolidated Group Earnings (Results)

Consolidated statement of cash flows

Unit: million yen

	FYE June 2021	FYE June 2022	Changes	
Cash flows from operating activities	4,050	4,706	656	
Profit before tax	286	1,250	964	
Depreciation and amortization	3,254	3,168	- 85	
Decrease (increase) in trade and other receivables	- 10	- 130	- 119	
Interest paid	- 151	- 146	4	
Proceeds from subsidy income	634	107	- 526	(Subsidies in current fiscal year) Hong Kong 75, Japan 27 and Singapore 5
Income taxes refund	271	29	- 241	Refund of the amount of interim payment in the previous fiscal year
Income taxes paid	- 95	- 73	21	
Other	- 139	500	640	Difference in subsidy income adjustment (the adjustment had no impact on cash)
Cash flows from investing activities	- 393	- 558	- 164	
Purchase of property, plant and equipment	- 377	- 447	- 69	
Purchase of intangible assets	- 10	- 33	- 23	
Other	- 5	- 77	- 71	
Free cash flows	3,656	4,147	491	
Cash flows from financing activities	- 4,216	- 5,245	- 1,029	
Net increase (decrease) in short-term borrowings	- 1,018	- 2,020	- 1,002	Previous fiscal year: Repayment of a commitment line of 1 billion yen Current fiscal year: Repayment of overdraft of 1 billion yen plus repayment of a commitment line of 1 billion yen
Repayments of long-term borrowings	- 700	- 700	-	
Dividends paid	-	-	-	
Repayments of lease obligations	- 2,599	- 2,704	- 105	
Other	102	179	77	
Exchange differences of cash and cash equivalents	44	220	176	
Net increase (decrease) in cash and cash equivalents	- 515	- 877	- 361	
Cash and cash equivalents at end of period	4,601	3,724	- 877	

Key Management Indicators of New Medium-term Management Plan

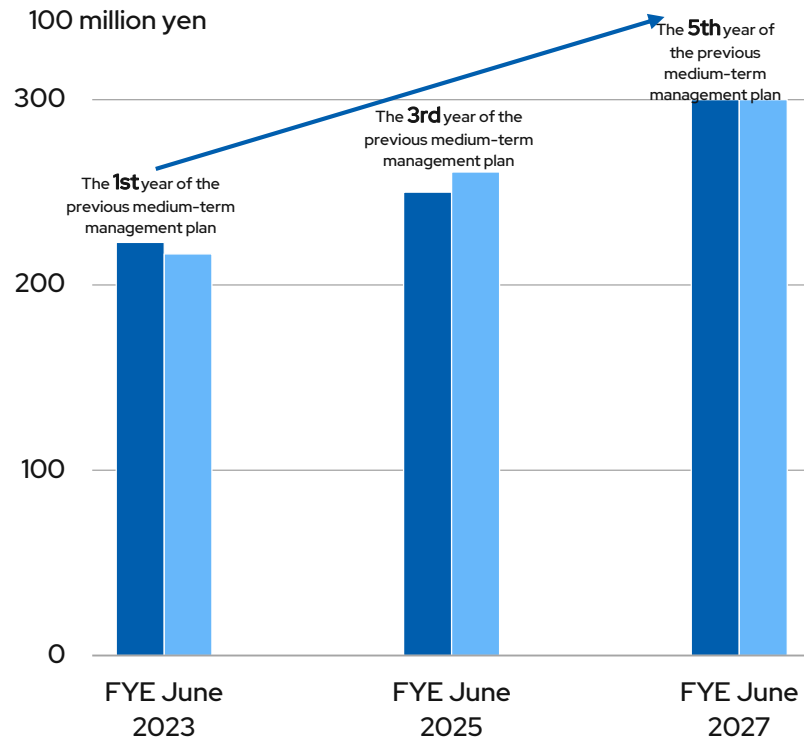
Consolidated Results

Unit: in 100 million yen	Results	Plan		Targets
	FYE June 2022	FYE June 2023	FYE June 2025	FYE June 2027
Revenue	205	217	261	300
Domestic	171	180	213	245
Overseas	34	37	48	55
Operating profit	14	15	25	30
Profit before tax	12	13	24	28
Profit	8	9	16	19
Overseas revenue ratio	17%	17%	18%	18%
Operating margin	7%	7%	10%	10%

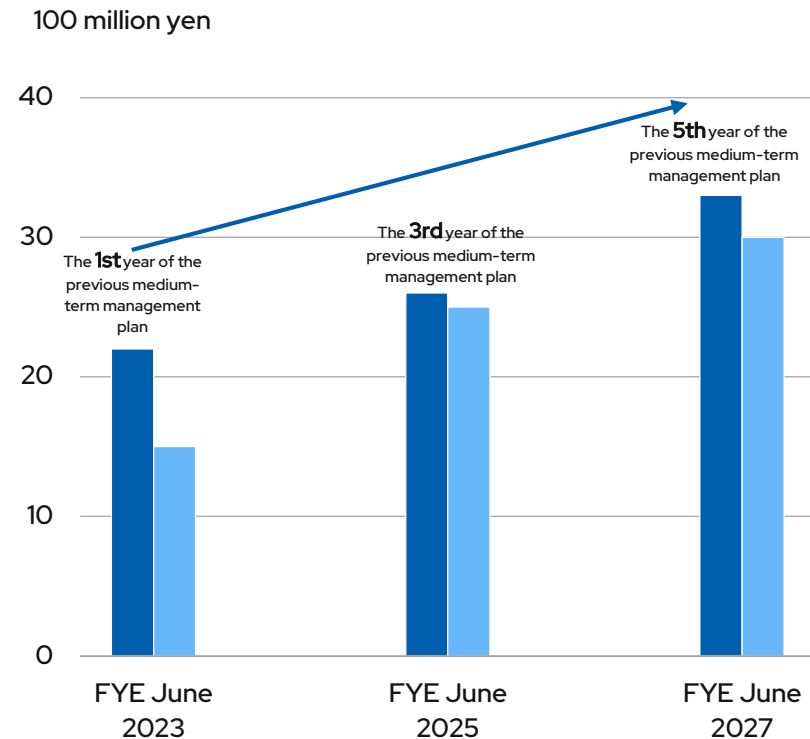
Supplementary Explanation on Consolidated Financial Results

- The first year of the new medium-term management plan will come short of the level of the previous medium-term management plan due to the improvement of disparity in treatment for stylists at cosigned salons and stepping up improvement of treatment in the face of personnel shortages.
- From the third year onwards, while expecting steady growth, the Company aims at an operating margin of 10% since labor allocation will be ramped up in order to acquire human resources.

Revenue



Operating profit



Consolidated Financial Position

Unit: in 100 million yen	FYE June 2022	Plan		Targets
		FYE June 2023	FYE June 2025	FYE June 2027
Total current assets	49	52	60	64
Cash and cash equivalents	37	40	48	51
Other	12	12	12	12
Total non-current assets	248	254	268	289
Property, plant and equipment	13	14	20	26
Goodwill	154	154	154	154
Right-of-use assets	51	57	62	72
Other	30	28	33	36
Total assets	297	305	328	352
Total liabilities	184	189	181	174
Lease obligations (including right-of-use assets)	52	65	72	83
Borrowings	101	95	79	59
Other	31	29	31	32
Total equity	113	117	147	178
Total liabilities and equity	297	305	328	352
Ratio of equity attributable to owners of the parent	38.3%	38.3%	44.8%	50.5%

[Reference Indicators]

ROIC = NOPAT ÷ (Invested capital – Right-of-use assets)

NOPAT = Operating profit – Tax (Operating profit × Tax rate)

Invested capital = Total assets – Current liabilities for business (Operating obligations, etc.) – Non-business assets (surplus funds, deferred tax assets, etc.)

Salon Plan

- Domestic: Although the plan for FYE June 2023 is to post a net decrease, the Company plans a net increase of 30 or so salons on average each year.
- Overseas: The Company plans a net increase of 10 or so salons on average each year.

Unit: Salons	Results	Plan		Targets
	FYE June 2022	FYE June 2023	FYE June 2025	FYE June 2027
Japan	591	586	650	734
Subtotal in Japan	591	586	650	734
Singapore	31	32	36	40
Hong Kong	64	67	73	79
Taiwan	29	32	40	48
U.S.	5	6	10	16
Overseas subtotal	129	137	159	183
Consolidated group total	720	723	809	917

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

