



QB Net Holdings Co., Ltd.

Q1 FYE June 2023

Financial Results Briefing Material

November 14, 2022

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Executive Summary

(Consolidated)

- Revenue increased 10.2% year on year to 5,568 million yen, and operating profit rose 41.8% year on year to 612 million yen. Both showed signs of recovery.
- With increases of 238 million yen in revenue and 102 million yen in cost of sales against the plan and SG&A expenses at almost the same level as the plan, **operating profit increased 115 million yen from the plan.**

(Domestic)

- Sales for Q1 exceeded the plan since the negative impact from the seventh wave of **COVID-19 infections was less severe than expected.**
- Regarding salon openings and closures, **there were two openings and eight closures.** Salons were consolidated and closed mainly in central Tokyo with the aim of improving the operating environment of consigned salons, etc.
- With regard to the change in the management format, 23 salons were changed to direct management after reaching the termination agreement with the consignees.

(Overseas)

- Q1 sales and the number of customers visiting our salons **in the U.S. and Taiwan recovered enough to surpass pre-pandemic results.**
- Q1 in Hong Kong saw a delay in recovery due to the continued restrictions on business, such as the need for customers to present their vaccine passport (to prove they have been vaccinated at least twice) when entering the salon.

Consolidated Group Earnings (Summary)

- In Q1 FYE June 2023, revenue increased year on year, resulting in profit surging.

Consolidated Group Earnings (Summary)

Unit: million yen	Q1 FYE June 2023		H1 FYE June 2023 Forecast			Full-year FYE June 2023 Forecast		
	Results	Year on year (%)	Forecast	Year on year (%)	Progress rate	Forecast	Year on year (%)	Progress rate
Revenue	5,568	110.2%	10,700	105.1%	52.0%	21,670	105.4%	25.7%
Operating profit	612	141.8%	840	104.4%	73.0%	1,500	107.3%	40.9%
Profit before tax	579	147.8%	747	102.7%	77.6%	1,328	106.2%	43.7%
Profit	394	150.5%	512	103.8%	77.1%	907	105.9%	43.5%
Basic earnings per share	30.48 yen		39.41 yen			69.54 yen		
Dividends per share	—		—			12.00 yen		

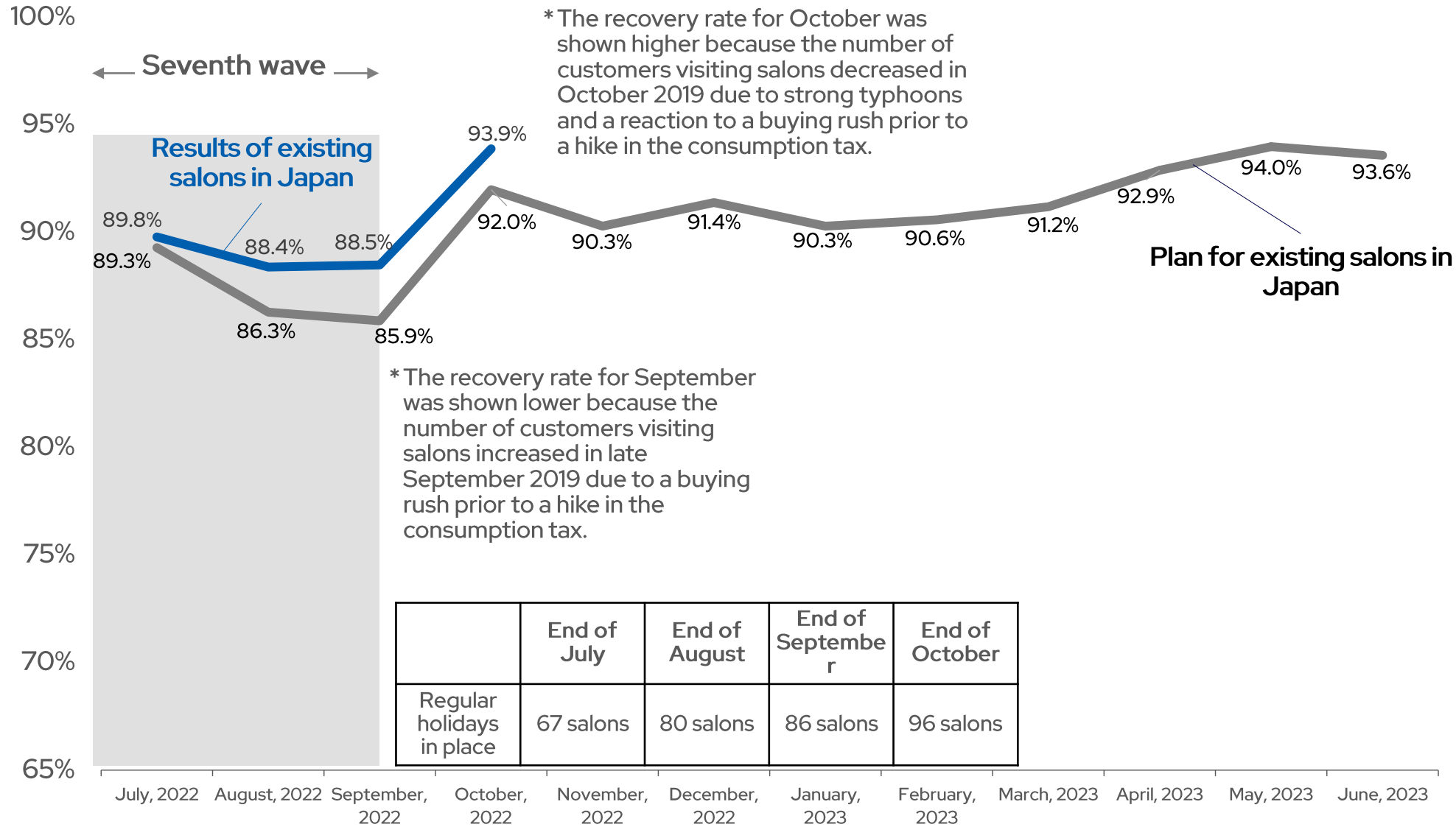
[Consolidated] Track Records of New and Closed Salons

- Salons were consolidated and closed mainly in central Tokyo while we curbed salon openings as a measure to improve the working conditions in Japan.

Unit: Salons	Business form	End-FYE June			Change	End-Q1
		2022	New salon	Relocation		
Japan	QB HOUSE	576	1	0	-8	569
	QB PREMIUM	4	0	0	0	4
	FaSS	11	1	0	0	12
Subtotal in Japan		591	2	0	-8	585
Singapore	QB HOUSE	22	0	0	0	22
	QB PREMIUM	8	0	0	0	8
	QB HOUSE Kids	1	0	0	0	1
Hong Kong	QB HOUSE	64	0	0	-2	62
Taiwan	QB HOUSE	29	0	1	-2	28
U.S.	QB HOUSE	5	0	0	0	5
Subtotal of overseas		129	0	1	-4	126
Consolidated group total		720	2	1	-12	711

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

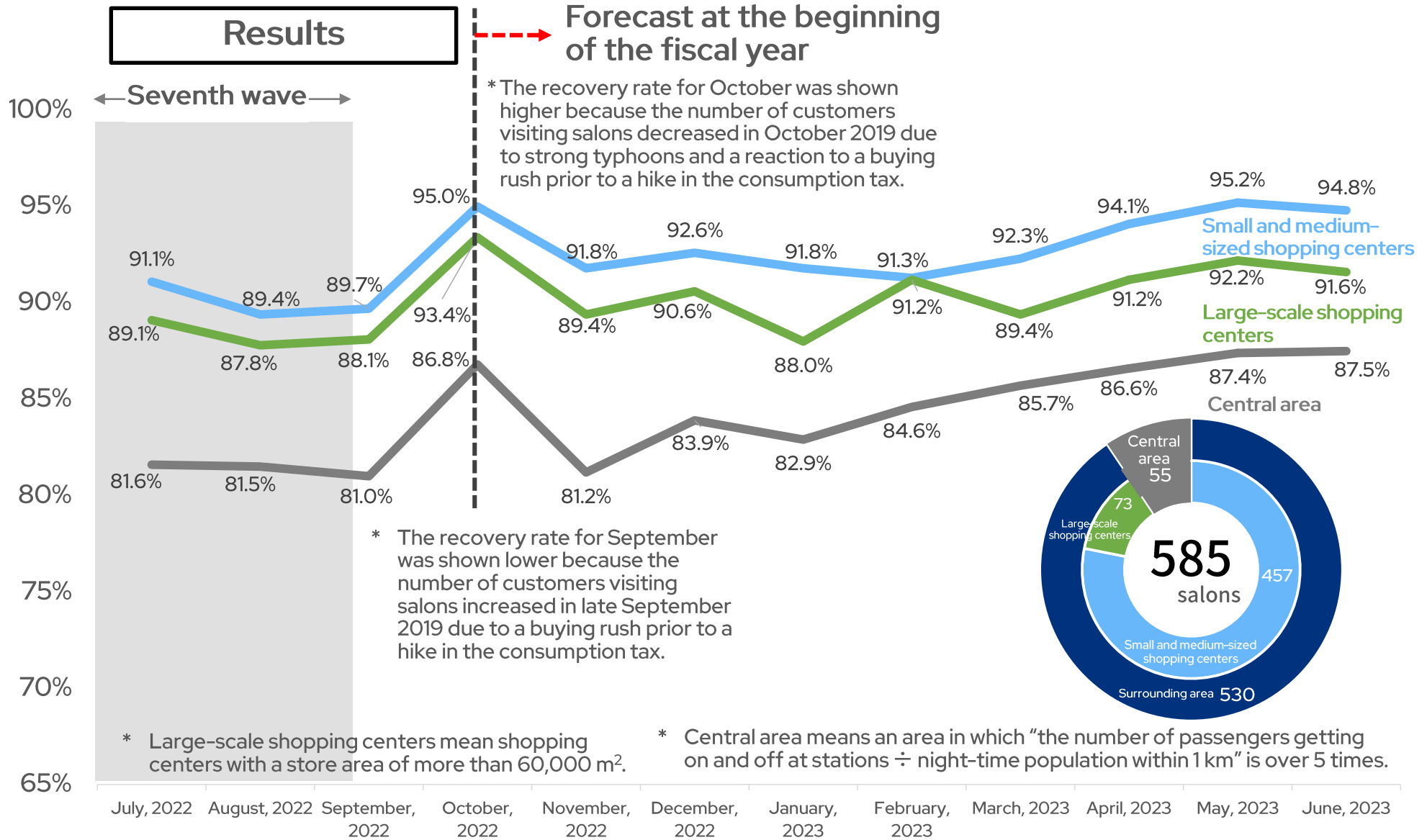
- In Q1, the number of temporarily closed salons increased due to the impact of the seventh wave, but the impact was minimal.



* Recovery rate compared with three years ago (vs. pre-pandemic figures)

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

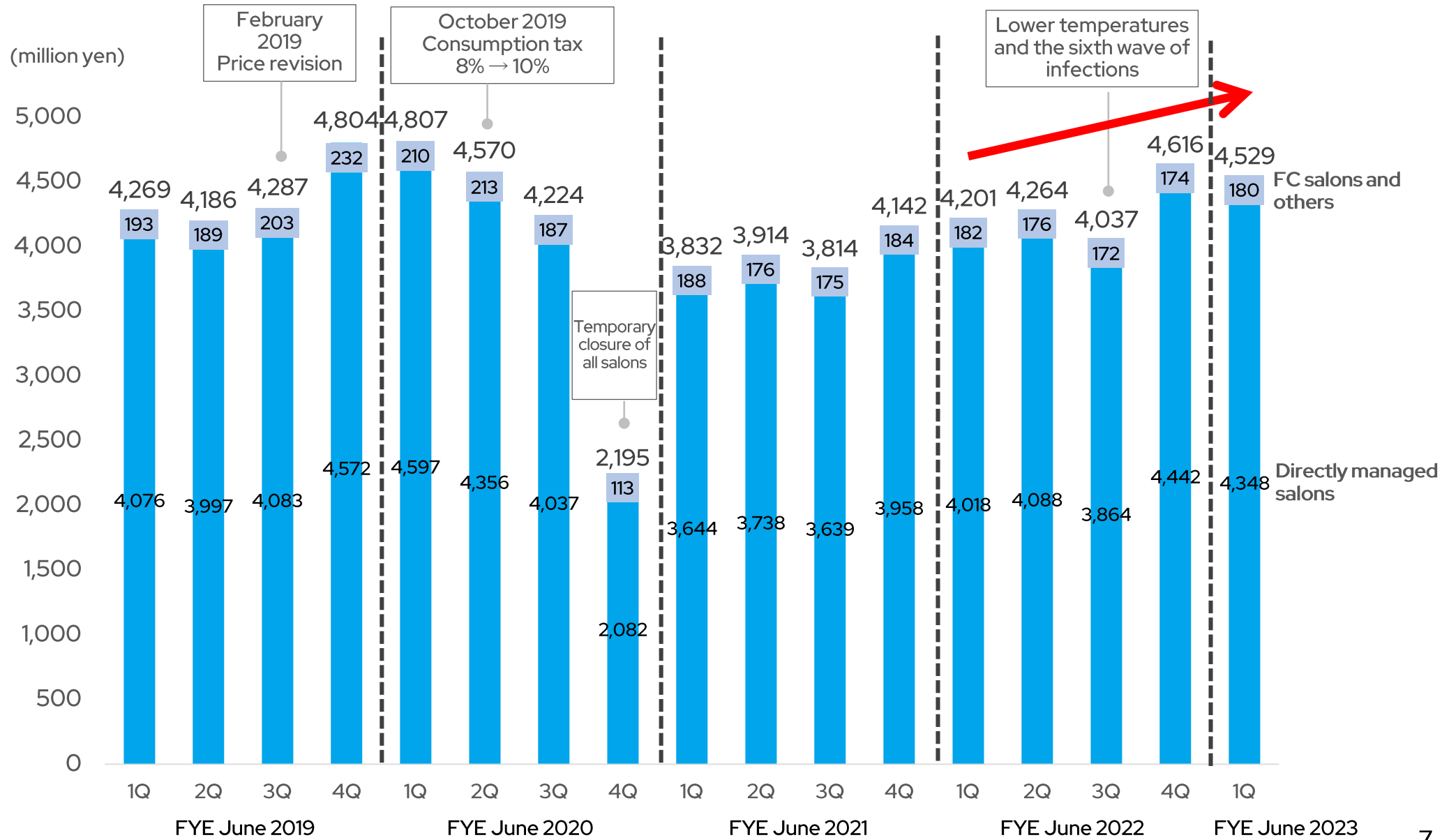
- The broad trend is the same although there are differences in the level of recovery by location.



* Recovery rate compared with three years ago (vs. pre-pandemic figures)

[Domestic] Trend in Revenue

- Revenue for Domestic Q1 remained on a recovery trend (Q1 and Q4 are busy seasons in usual years).



[Overseas] Business Situation

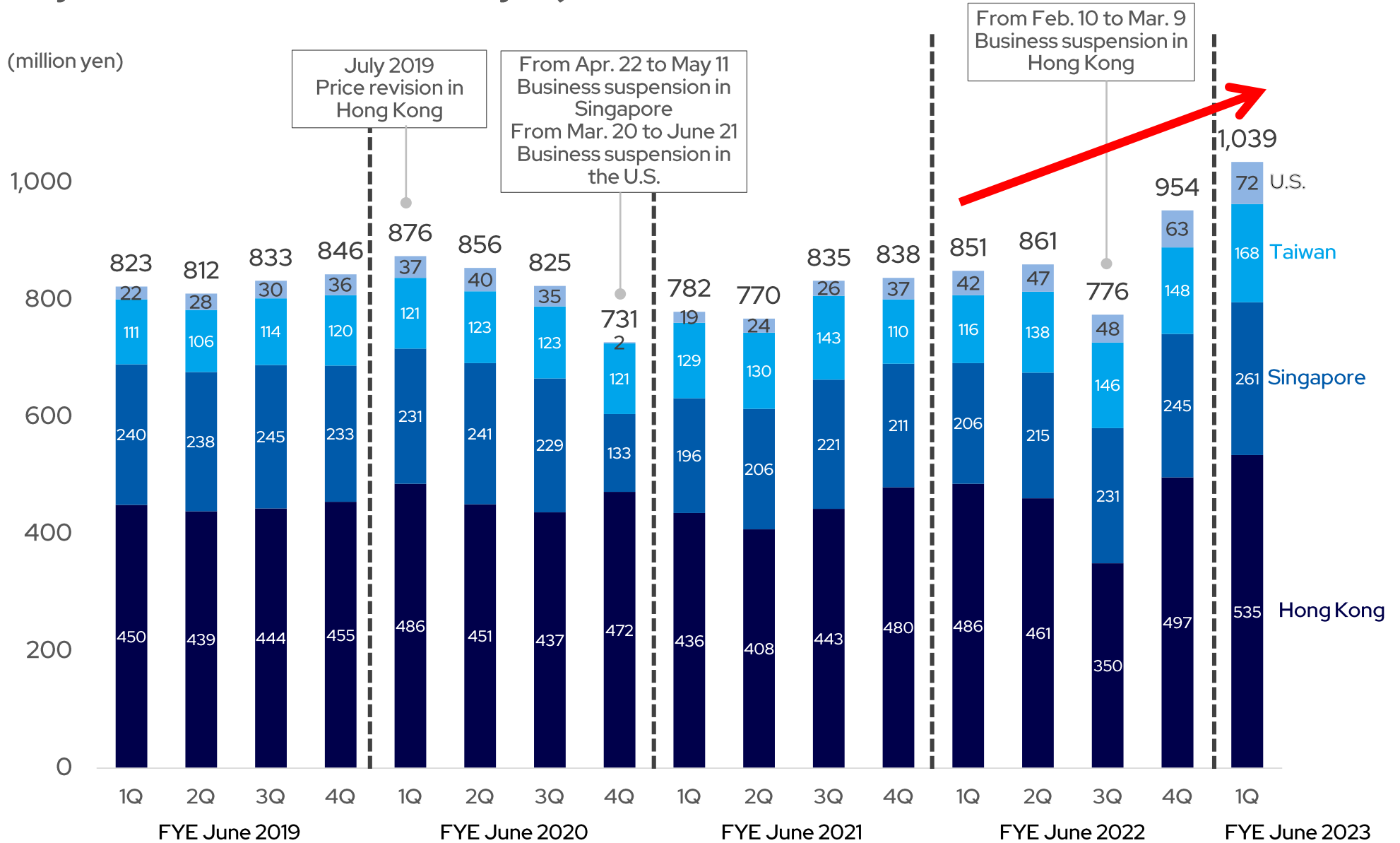
	Revenue Q1 Vs. pre- pandemic levels	Number of customers Q1 Vs. pre- pandemic levels	Situation
Hong Kong	110.1%	85.3%	The number of infections in September was 4,000 to 5,000 cases per day. → Easing of quarantine at the time of entry into the country effective September 26. Vaccine passports must be presented to prove the holder has been vaccinated at least twice, resulting in lost business opportunities (the ratio of people vaccinated twice is about 92%). Subsidy of 21 million yen recorded in Q1.
Singapore	113.2%	85.4%	Infections in September were 2,000 to 3,000 cases a day. In August 2022, the price of eight QB PREMIUM salons was revised [SG\$15 (approx. 1,570 yen) → SG\$18 (approx. 1,880 yen), a hike of 20%]. In October 2022, the price of 22 QB HOUSE salons was revised [SG\$12 (approx. 1,250 yen) → SG\$14 (approx. 1,460 yen), a hike of 17%].
Taiwan	139.4%	105.2%	The number of infections in September was 40,000 to 50,000 cases per day. → Easing of restrictions on entry into the country effective October 13. As things were returning to normal, the number of customers visiting salons recovered enough to exceed pre-pandemic figures. Plan to launch a LogiTHcut Professional Stylist School (training facility) in December 2022.
U.S.	191.8%	117.3%	The number of customers visiting salons and sales posted new highs from the previous pre-pandemic highs. Partly due to the effect of price revisions [\$20 (approx. 2,960 yen) in June 2020 → \$23 (approx. 3,400 yen), and to \$25 (approx. 3,700 yen) in November 2020] The price when booking online was revised to \$30 (approx. 4,440 yen) from July 2022.

* Revenues are compared in yen terms, so they include the effect of the depreciation of the yen.

* Compared with the results (of all salons) of three years ago in order to see differences from pre-pandemic figures.

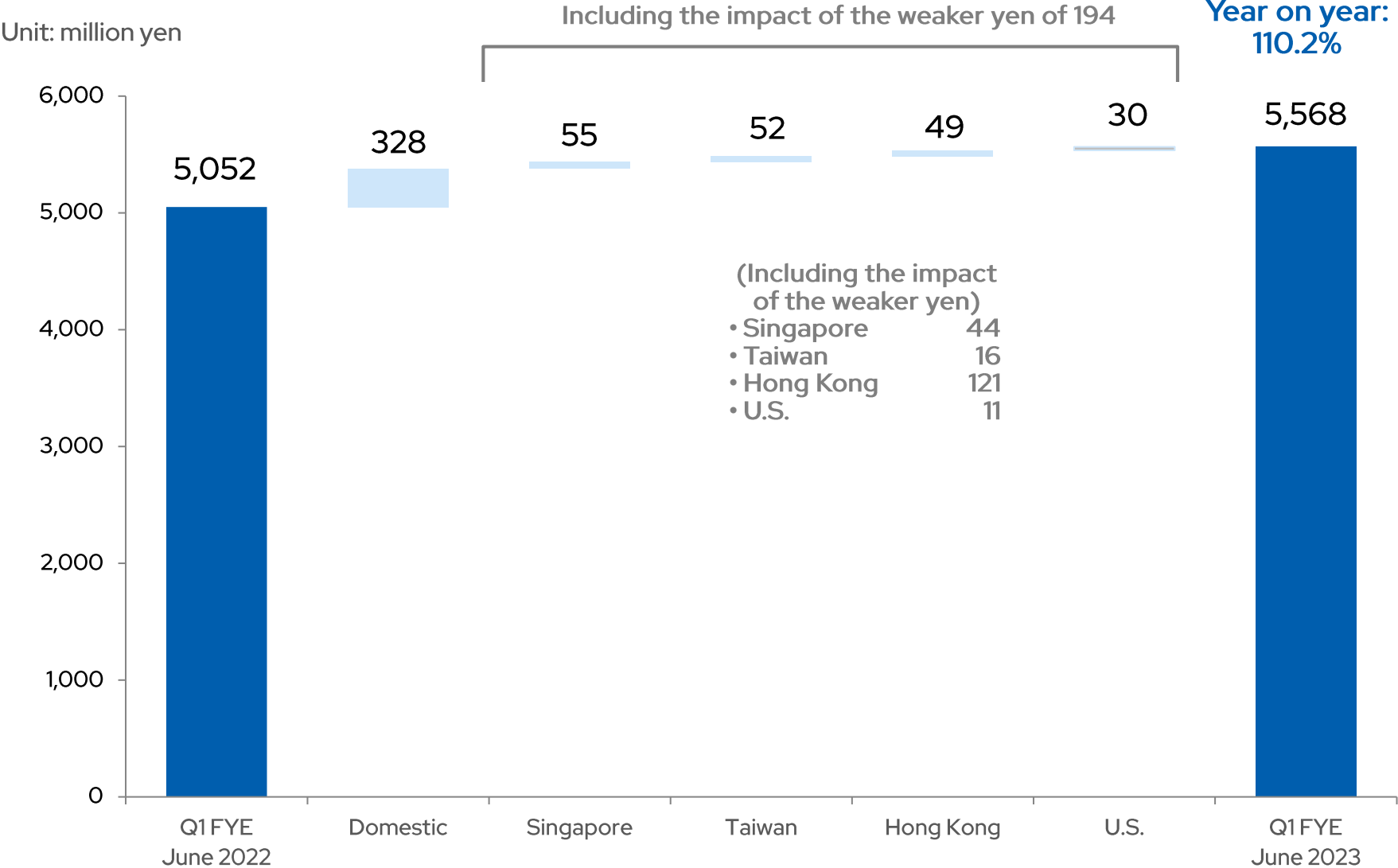
[Overseas] Trend in Revenue

- Overseas sales in Q1 include the effect of the depreciation of the yen (a year-on-year increase of 194 million yen).



[Consolidated] Breakdown of Changes in Revenue (YoY)

- Revenue picked up to mark a year-on-year increase of 516 million yen including the effect of the depreciation of the yen on the overseas business (an increase of 194 million yen in total overseas) although the domestic business was affected by the impact of the seventh wave.

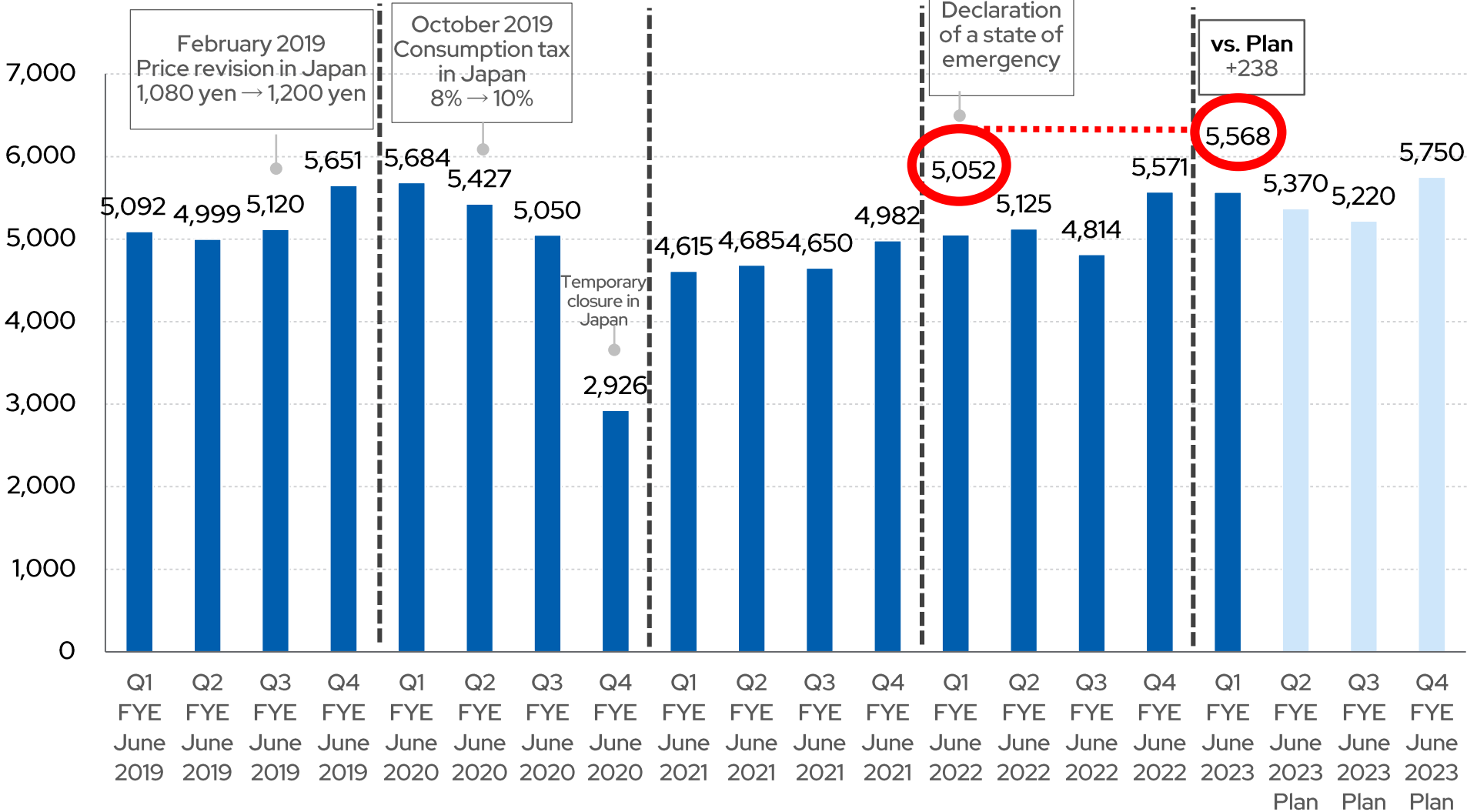


[Consolidated] Trend in Revenue

Results

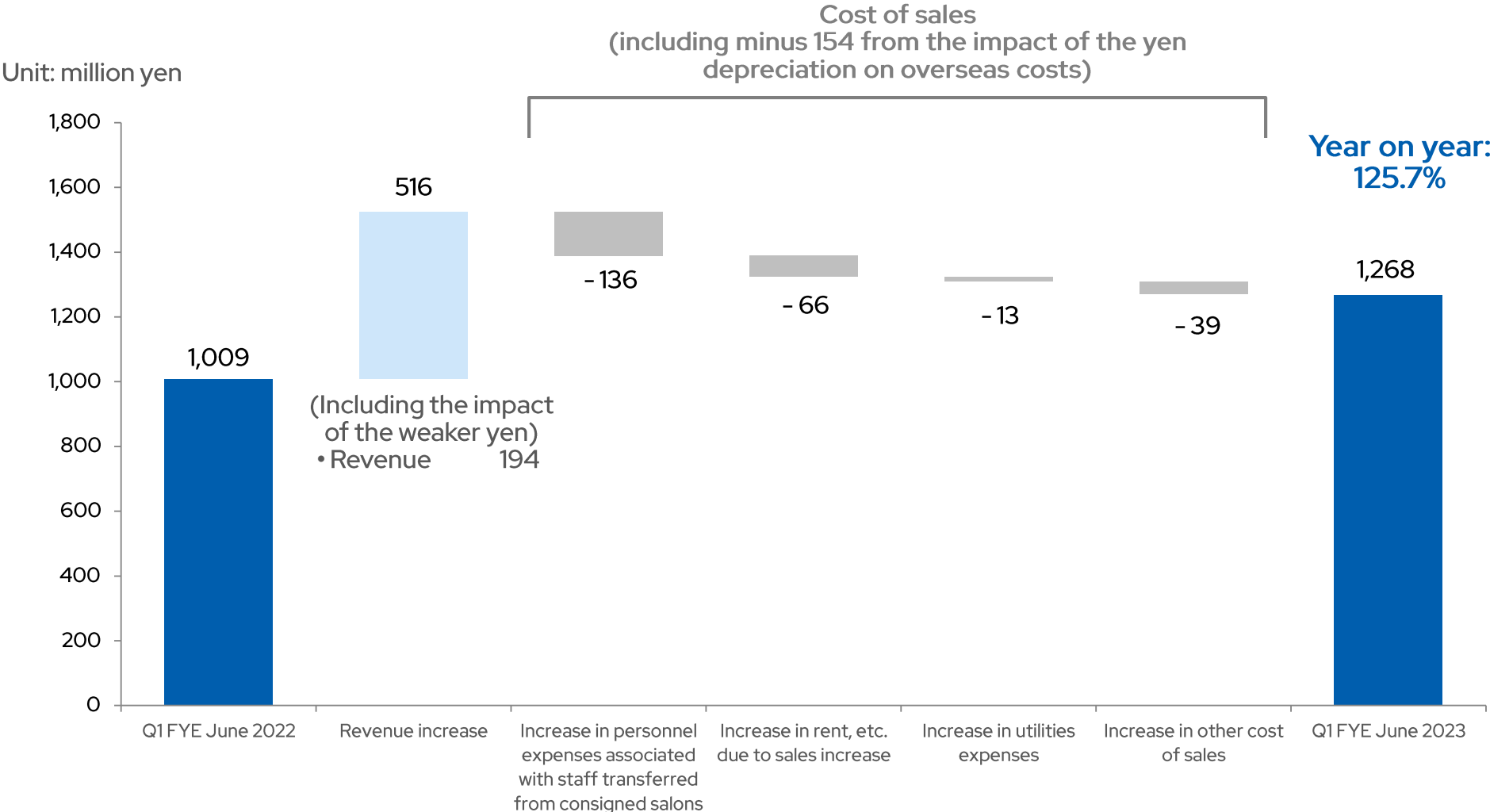
Forecast at the beginning of the fiscal year

Unit: million yen



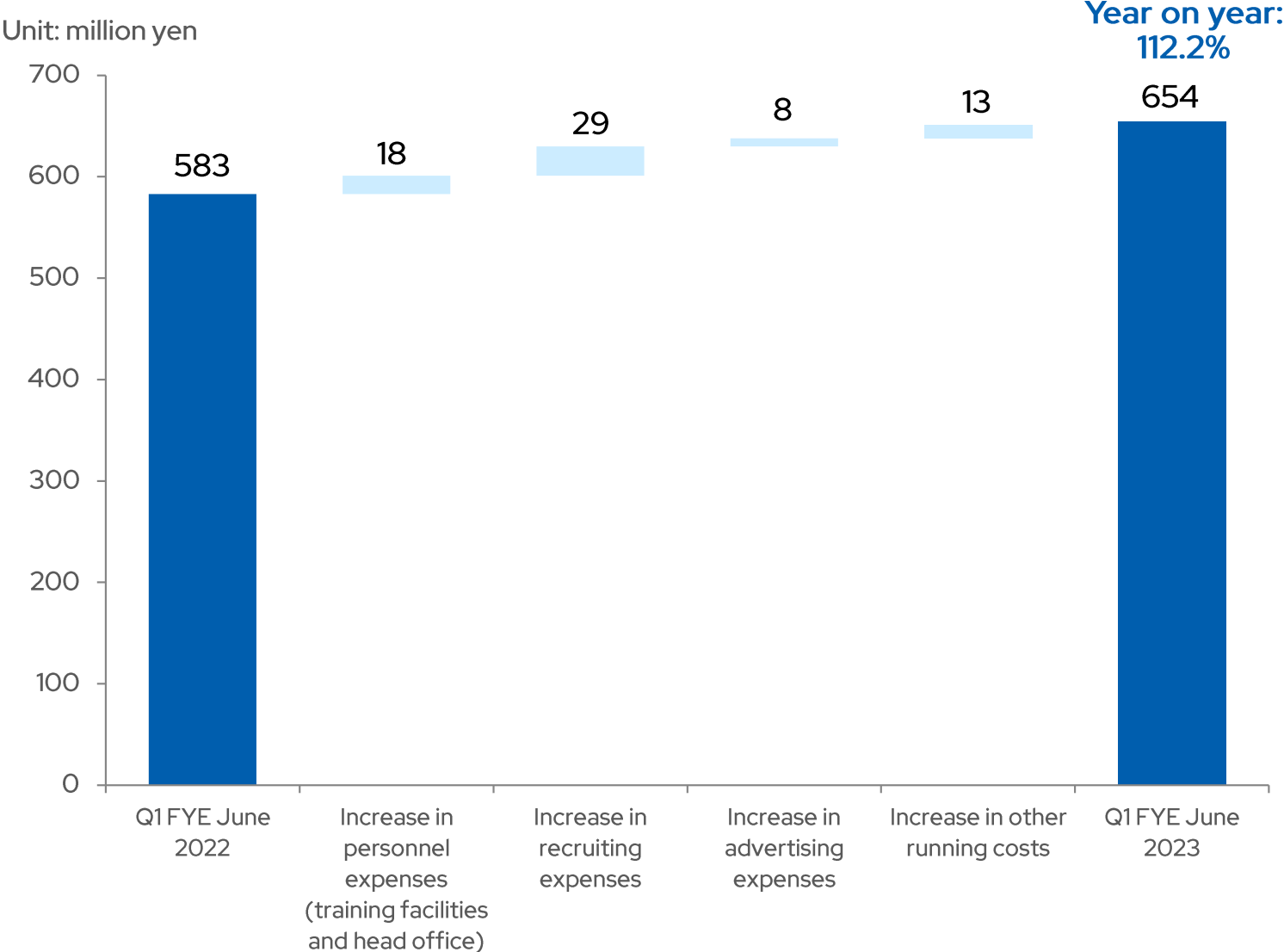
[Consolidated] Breakdown of Changes in Gross Profit (YoY)

- Gross profit grew 259 million yen year on year mainly due to increases in revenue, personnel expenses, rents and electricity expenses.



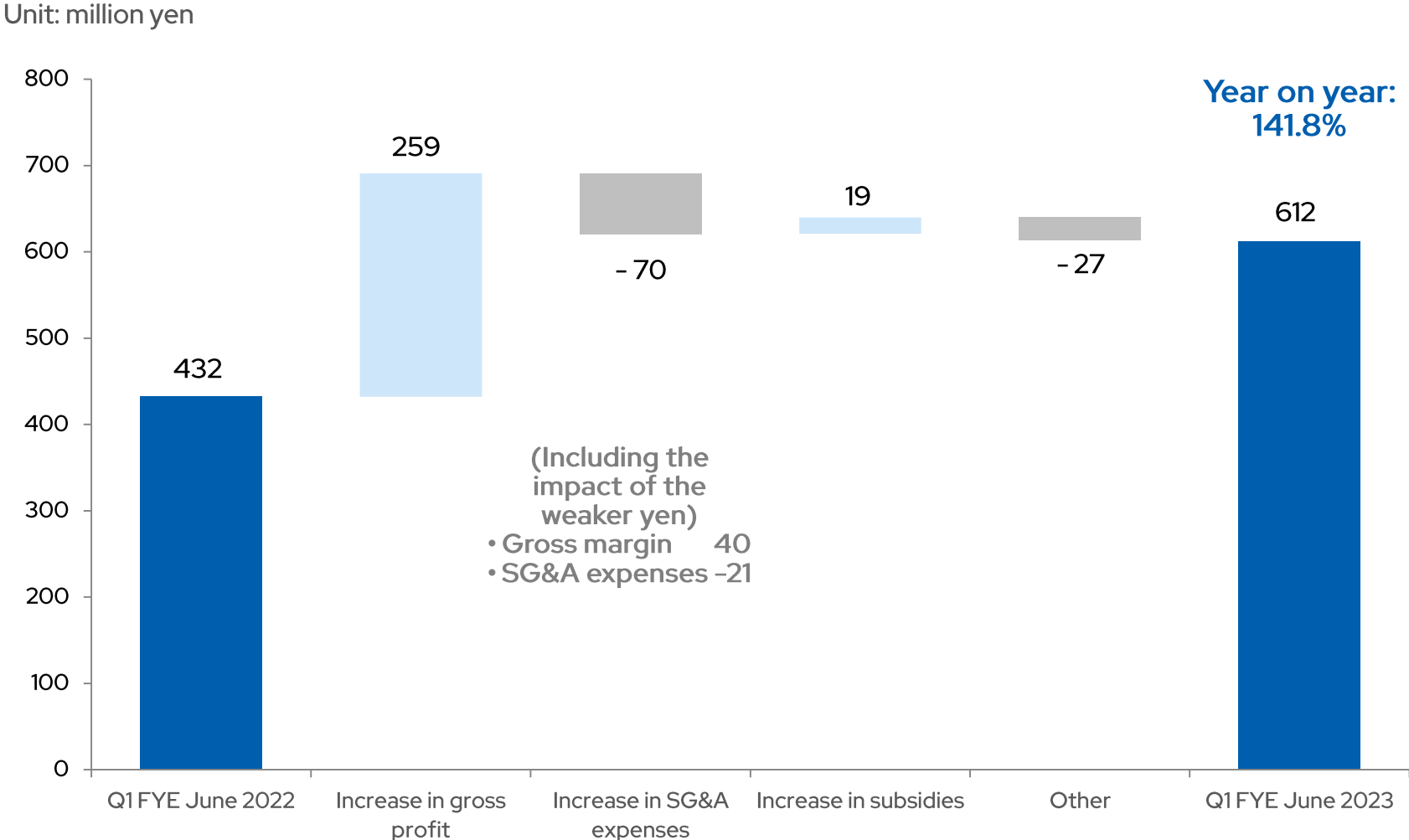
[Consolidated] Breakdown of Changes in SG&A Expenses (YoY)

- SG&A expenses grew 70 million yen year on year (including an increase of 21 million yen from the depreciation of the yen) mainly due to increases in advertising expenses (sales promotion) and recruiting expenses.



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

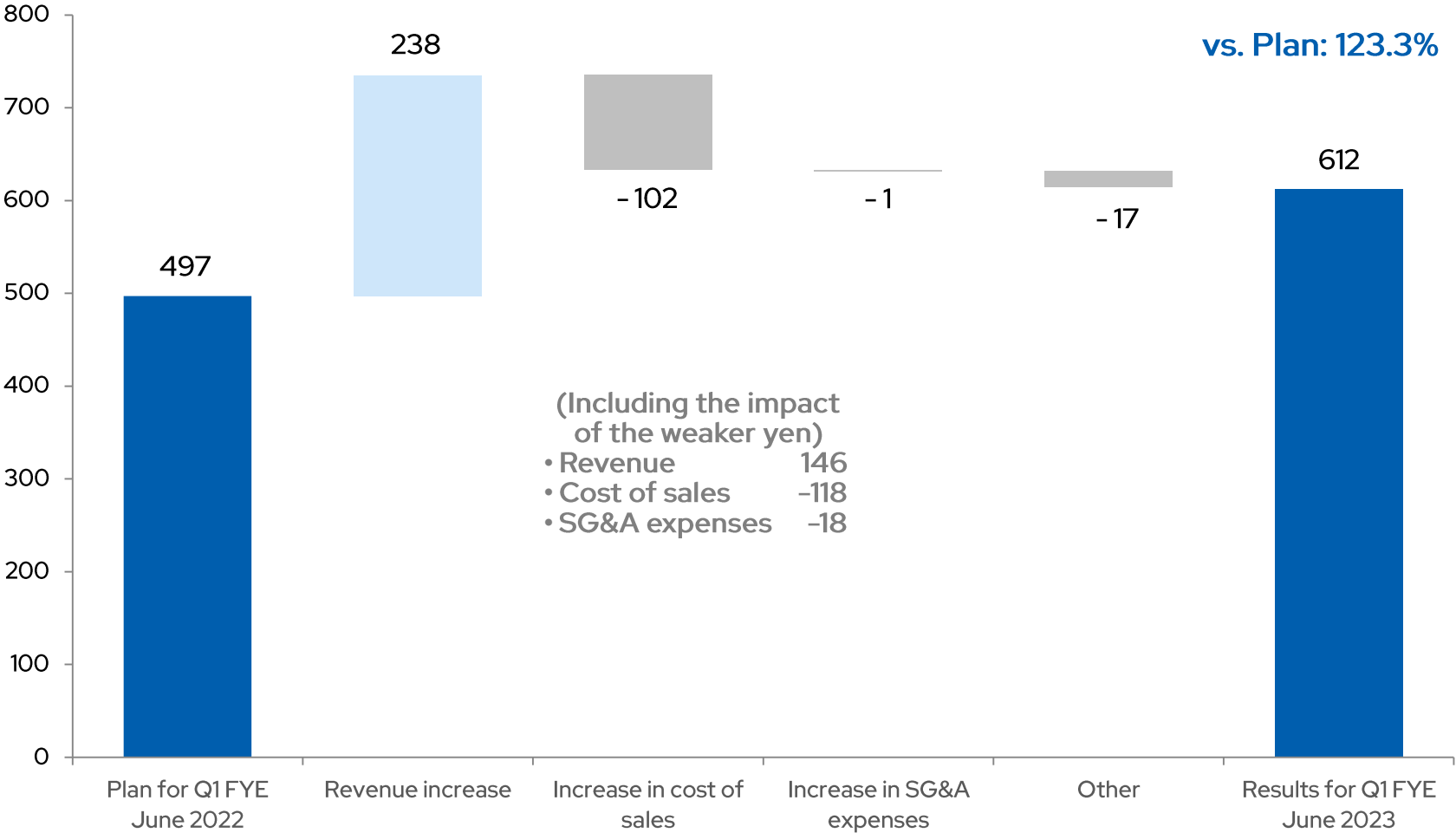
- Operating profit rose 180 million yen year on year due to an increase in gross profit despite higher SG&A expenses.



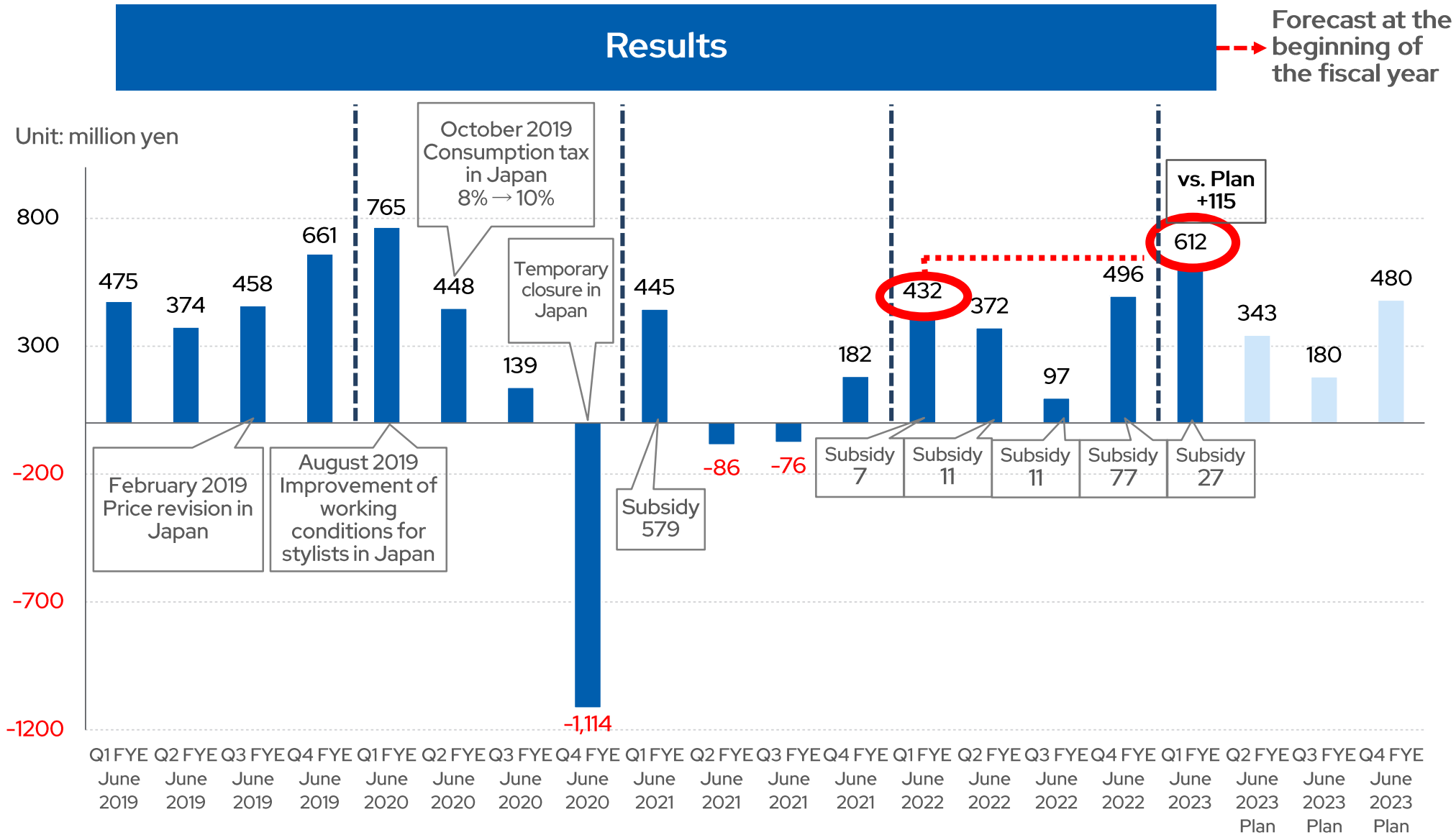
[Consolidated] Reference: Breakdown of Changes in Operating Profit (vs. Plan)

– Operating profit increased 115 million yen from the plan mainly due to a recovery in sales.

Unit: million yen



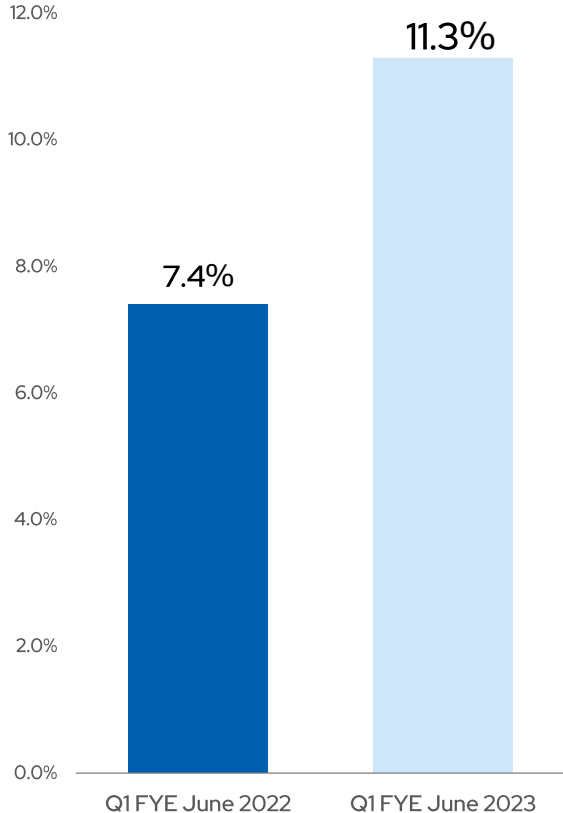
[Consolidated] Trend in Operating Profit



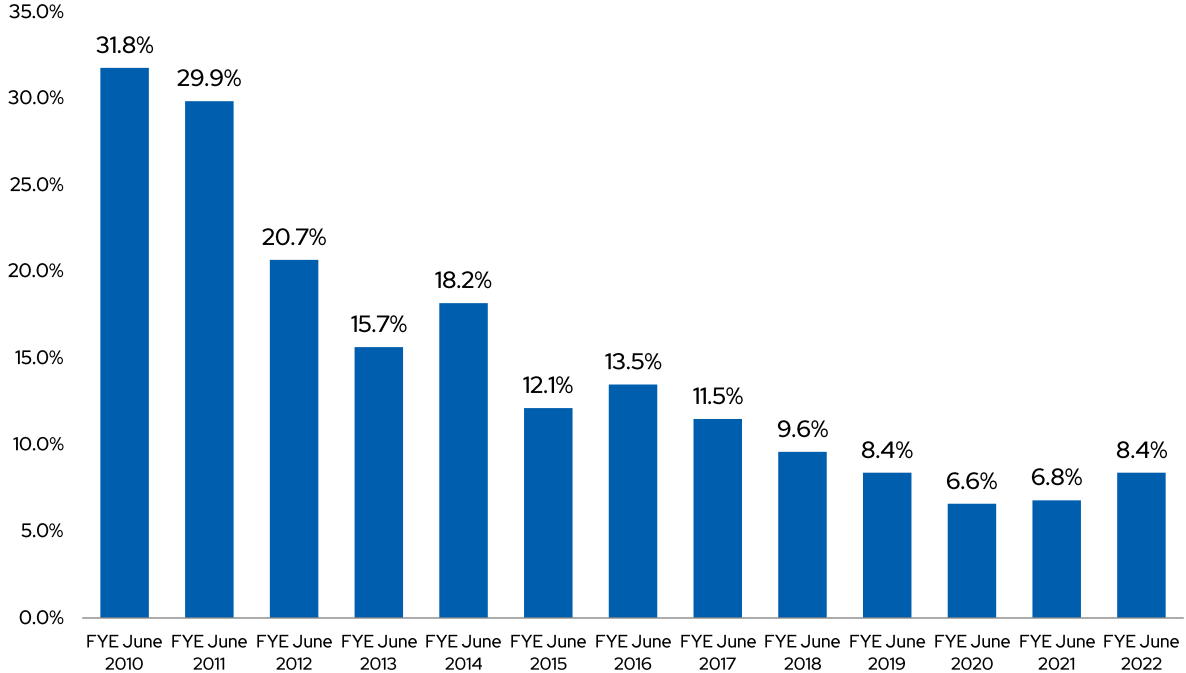
[Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees in Japan for Q1 was 11.3% on an annualized basis (up 3.9 points year on year).

Turnover rate (annualized rate) of regular employees in Q1



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



* Excluding the head office
 * Including training facilities (LogiTHcut Professional Stylist School).

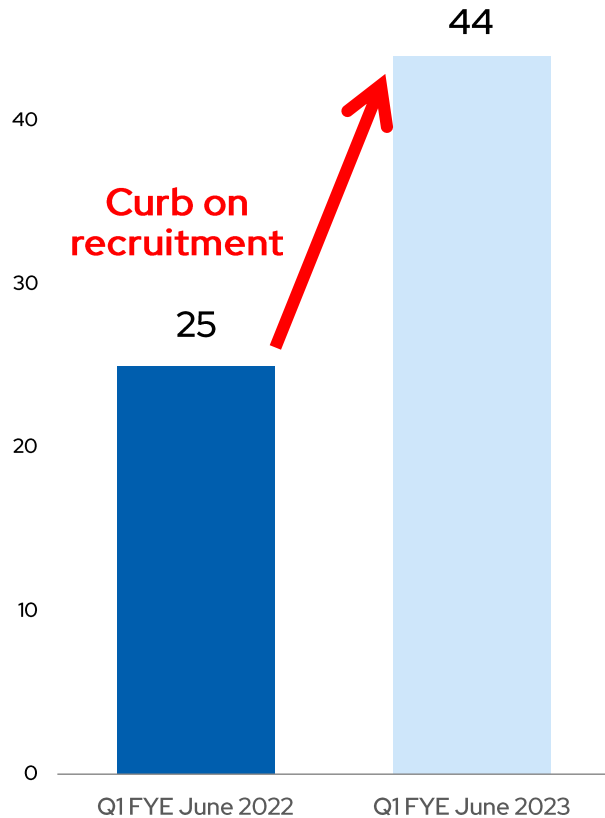
[Domestic] Situation of Number of Stylists

- The number of regular employees hired in Japan in Q1 (excluding transfers) was 44 people (a year on year increase of 19 people).
- The number of employees **increased by 73 people** from the end of June 2022 partly due to the transfer of stylists resulting from consigned salons changing to direct management.

Number of regular employees hired in Japan during Q1

Unit: person

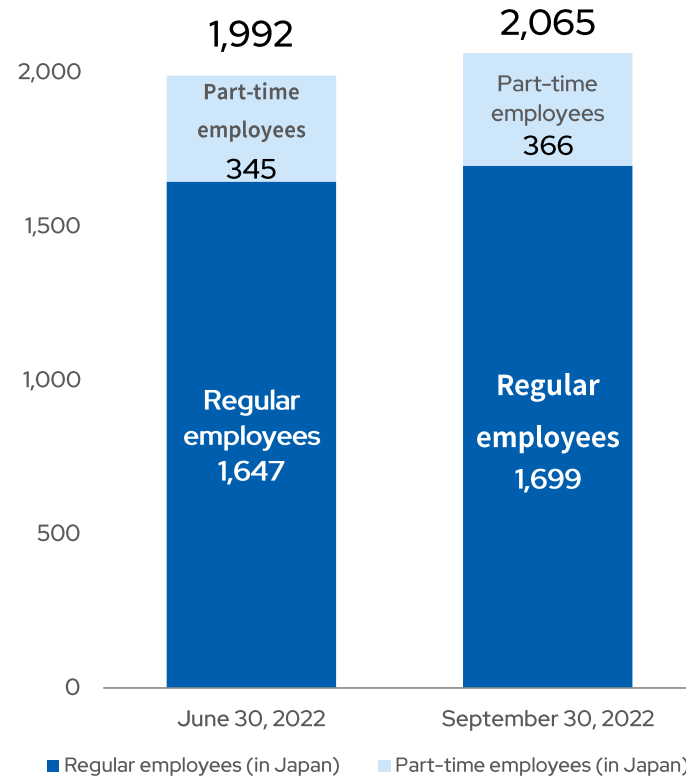
50



Number of employees in Japan as of September 30, 2022

Unit: person

2,500

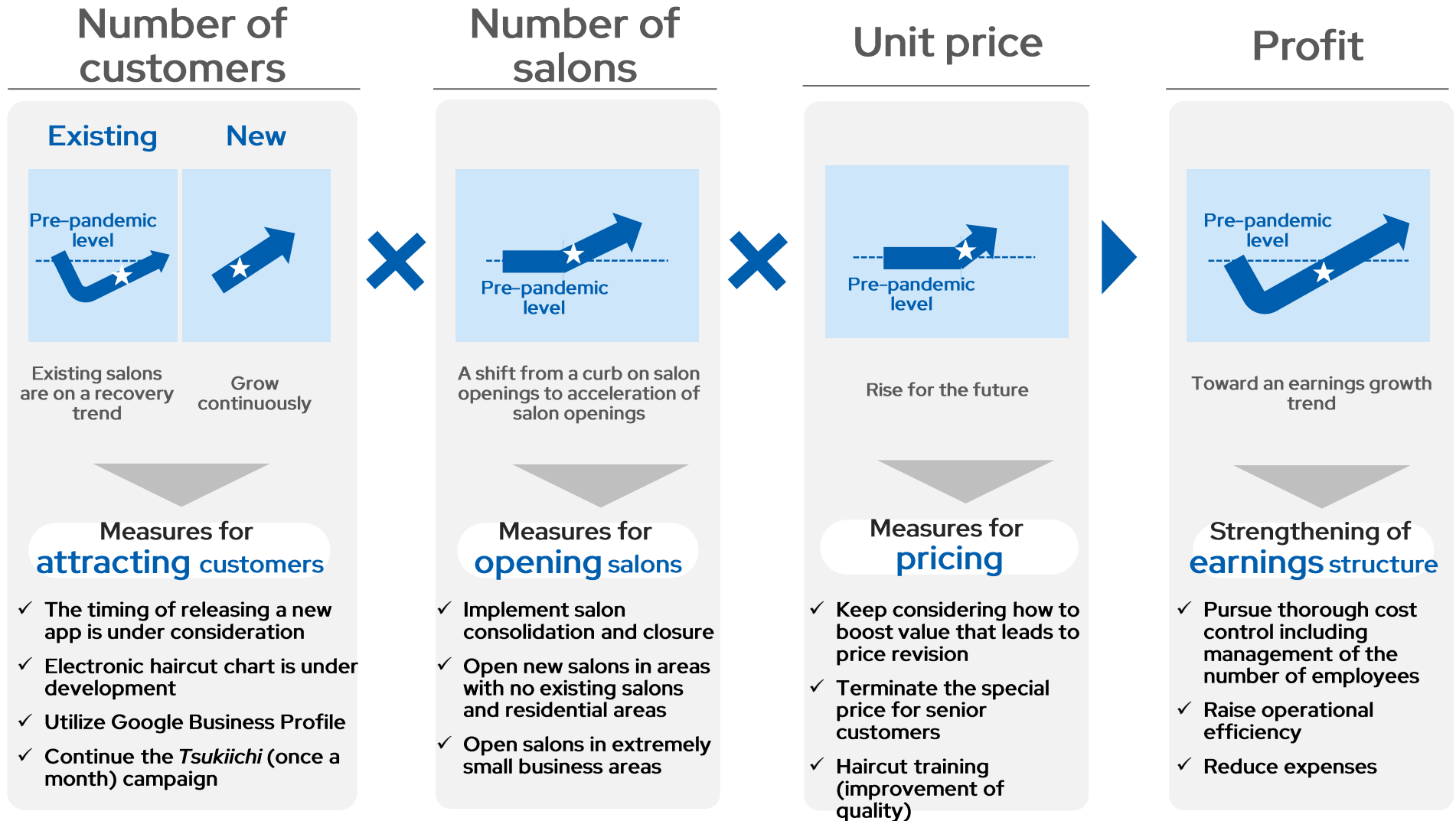


* Excluding regular employees who were transferred from consigned salons. Excluding the head office. Including training facilities (LogiTHcut Professional Stylist School).

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

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

Price Revision in Singapore

- First price revision in Singapore in about 10 years (the last revision was in December 2012)

Price Revision in Singapore			
August 2022	QB PREMIUM 8 salons	SG\$15 (1,570 yen) ↓ SG\$18 (1,880 yen)	Up 20%
October 2022	QB HOUSE 22 salons	SG\$12 (1,250 yen) ↓ SG\$14 (1,460 yen)	Up 17%

*Exchange rates as of November 4

Suntec City salon



Bugis Junction salon

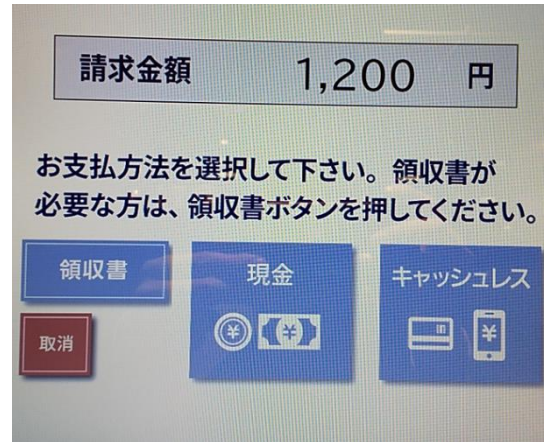


Introduction of New Ticket Vending Machine

Dojima Avanza salon



Screen for making payments



➤ **Pilot introduction has started at two salons**



➤ **Accept cashless payments**

➤ **Software changes will also enable pricing to be set flexibly**

➤ **Accept new banknotes**
New machines are planned to replace current ones, one after another, approximately between April and September 2024, when new banknotes will be issued

QB PREMIUM

Shin-Yurigaoka Opa salon (the 4th salon: opened on May 27, 2022)



MAGNET by SHIBUYA109 salon (the 5th salon: opened on October 3, 2022)



QB PREMIUM

Price

1,650 yen (tax included)

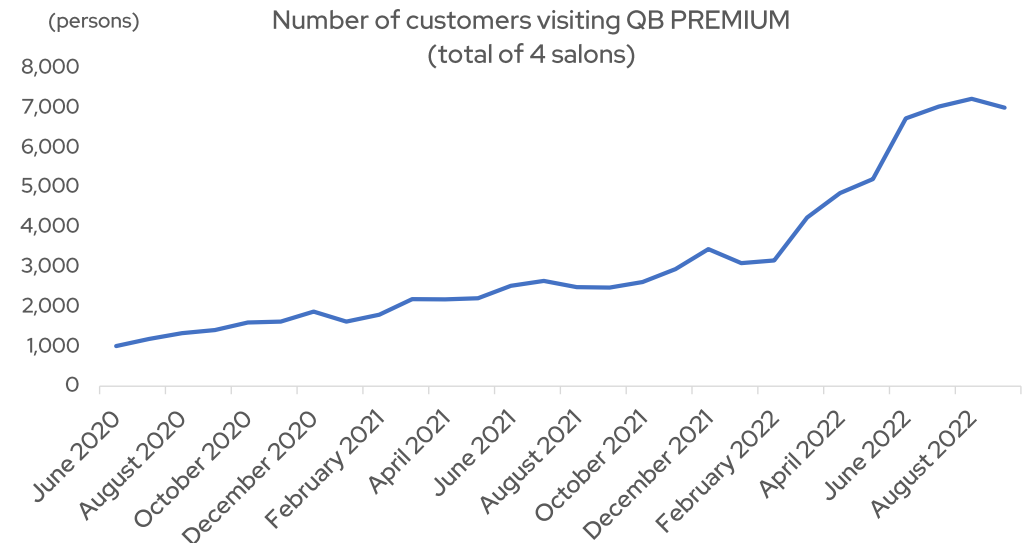
Payment

Cash and cashless payment at checkout counter

Services

Haircut and styling

Booking through app and haircut chart



Appendix

New York (5 existing salons)

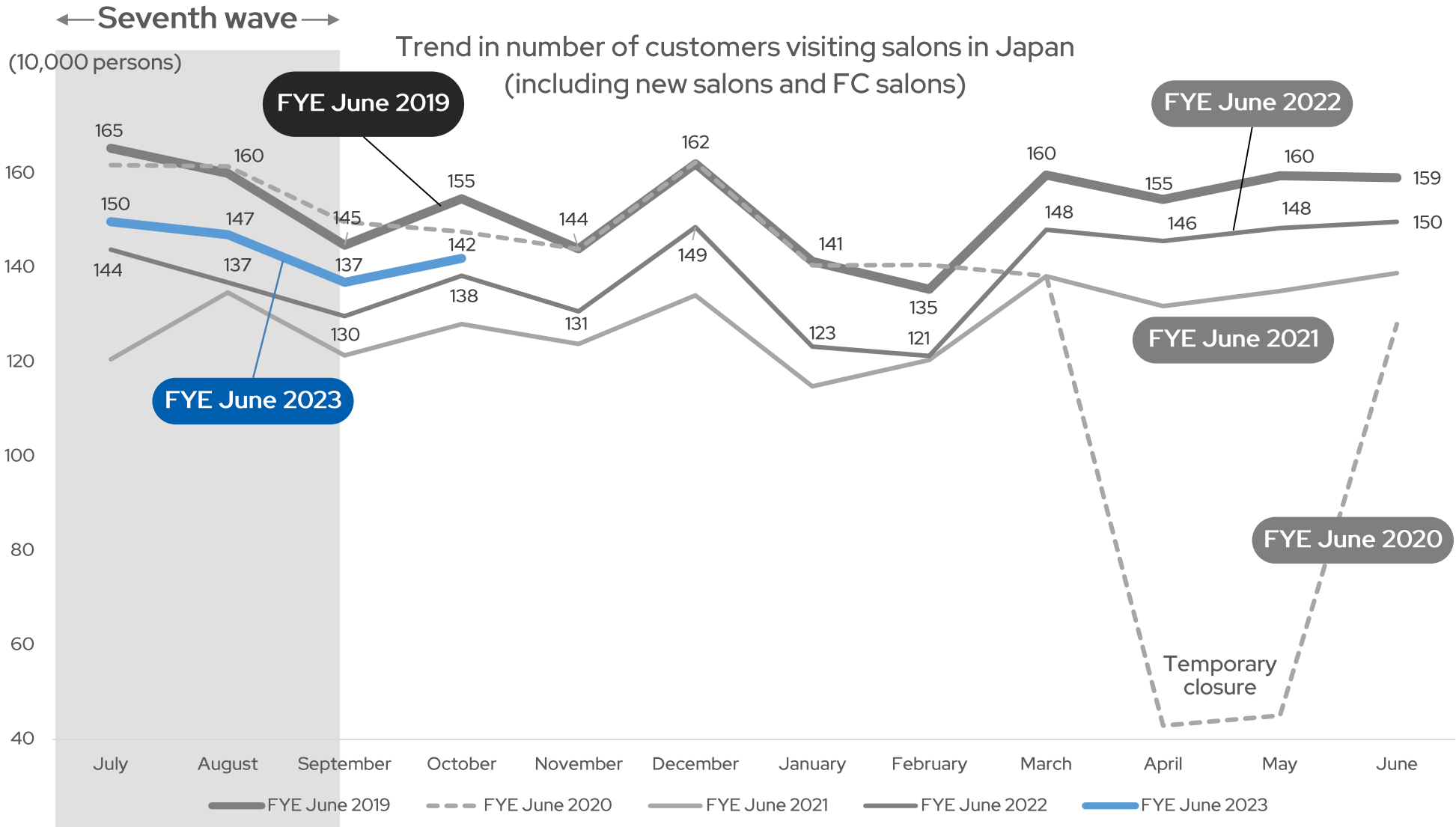
Location (New York)



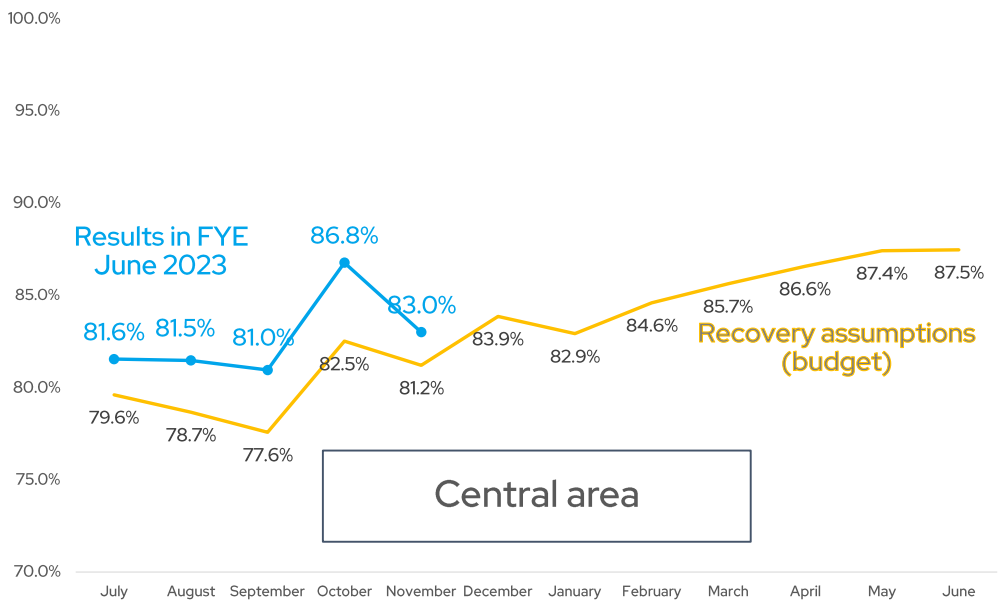
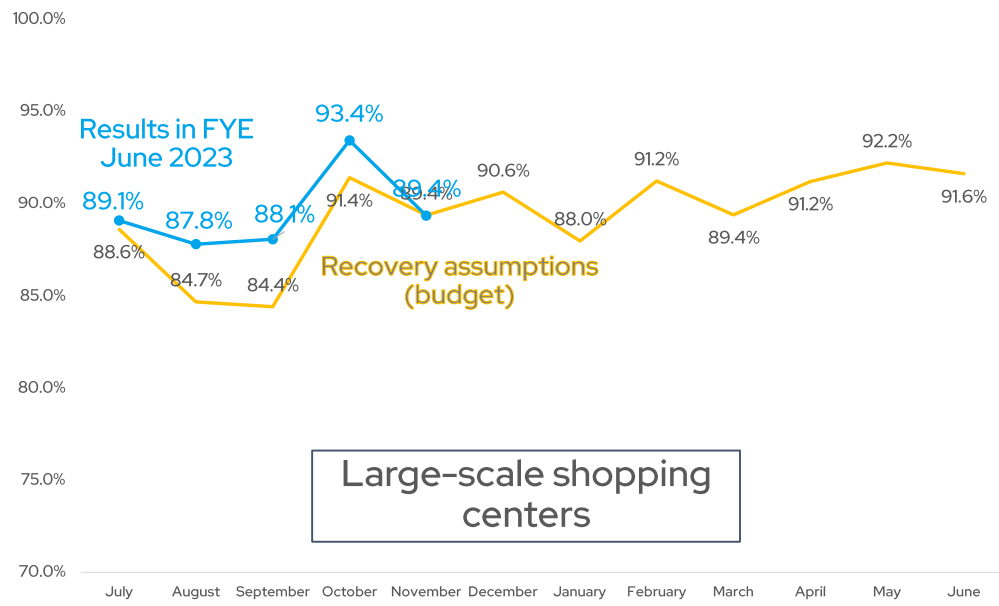
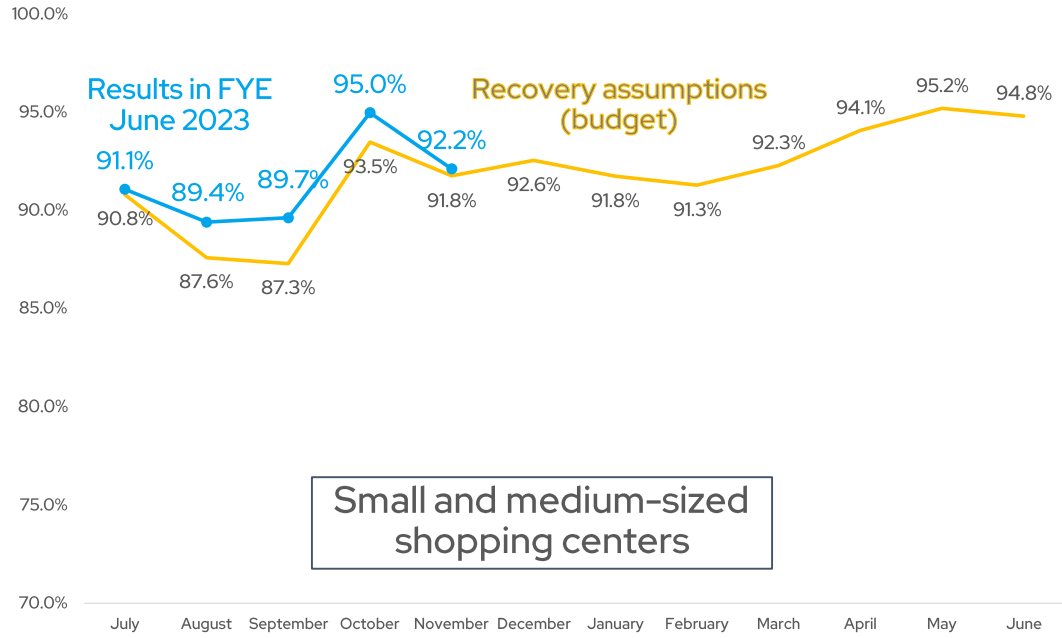
WEST VILLAGE salon (the 5th salon: opened on December 31, 2021)



[Domestic] Trend in Number of Customers Visiting Salons

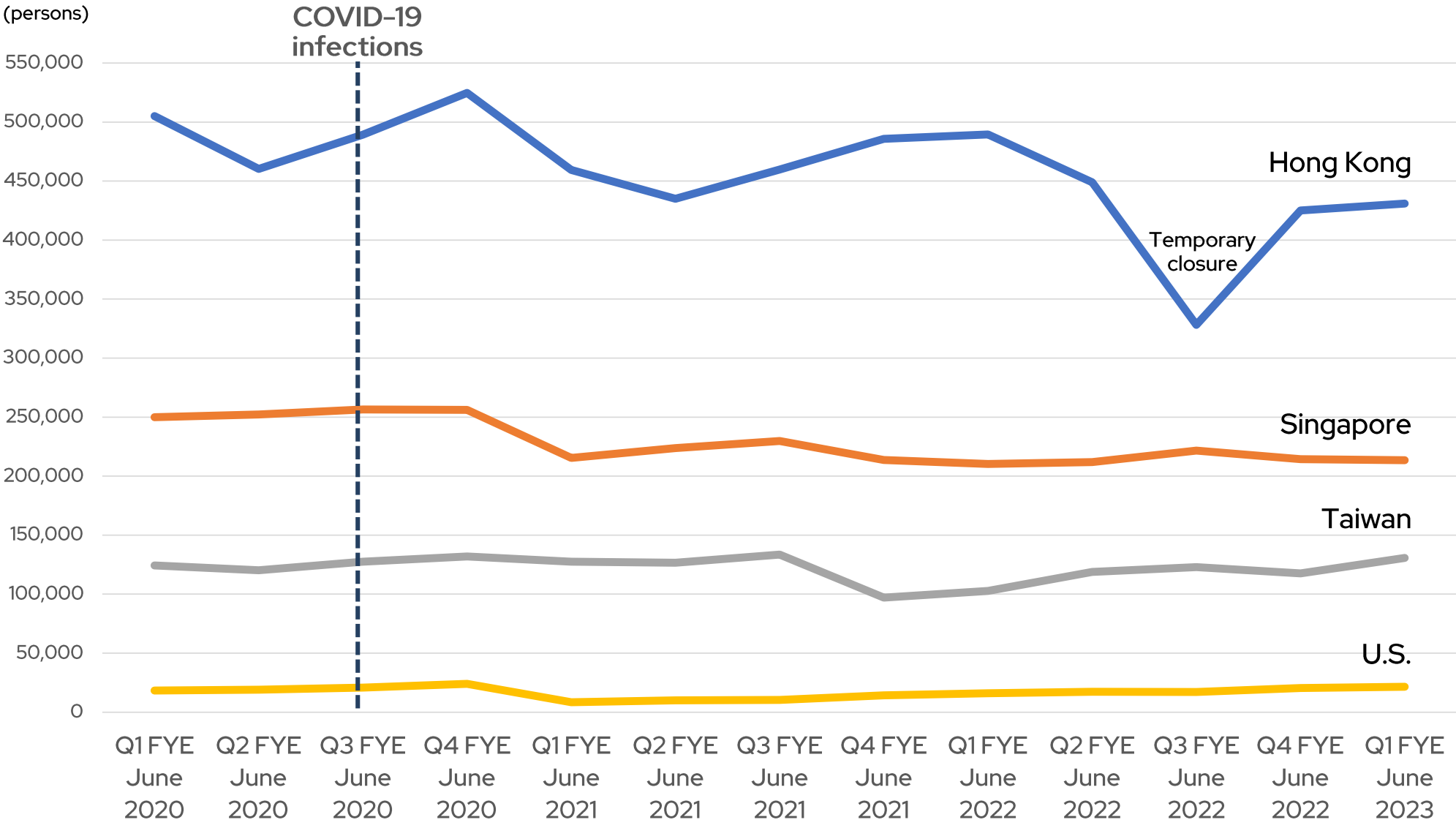


[Domestic] Recovery Assumptions and Results of Number of Customers Visiting Salons (Existing Salons)



[Overseas] Trend in Number of Customers Visiting Salons

Trend in the number of customers visiting salons overseas (quarterly)



Reference: History of Price Revisions (Unit Price)

History of price revisions (including tax)	
Domestic	<p>(QB HOUSE)</p> <ul style="list-style-type: none"> • April 2014: 1,000 yen → 1,080 yen (1,000 yen for 65 years old or older and on weekdays) • February 2019: 1,080 yen → 1,200 yen (1,100 yen for 65 years old or older and on weekdays) • March 2022: The special price for senior customers (1,100 yen) was terminated.
Singapore	<ul style="list-style-type: none"> • December 2012: \$10 (about 1,050 yen) → \$12 (about 1,250 yen) • August 2022: QB PREMIUM \$15 (about 1,570 yen) → \$18 (about 1,880 yen) • October 2022: QB HOUSE \$12 (about 1,250 yen) → \$14 (about 1,460 yen)
Hong Kong	<ul style="list-style-type: none"> • July 2014: \$50 (about 940 yen) → \$60 (about 1,130 yen) • July 2019: \$60 (about 1,130 yen) → \$70 (about 1,320 yen)
Taiwan	<ul style="list-style-type: none"> • 300 yuan (about 1,380 yen)
New York	<ul style="list-style-type: none"> • June 2020: \$20 (about 2,960 yen) → \$23 (about 3,400 yen) • November 2020: \$23 (about 3,400 yen) → \$25 (about 3,700 yen) • July 2022: \$30 (about 4,440 yen) only when booking online

Overview of Consolidated Group Earnings

Consolidated statement of profit or loss

Unit: million yen	Q1 FYE June 2022		Q1 FYE June 2023			
	Results	Sales ratio	Results	Sales ratio	Changes	Year on year
Revenue	5,052	100.0%	5,568	100.0%	516	110.2%
Cost of sales	-4,043		-4,299		-256	106.3%
Gross profit	1,009	20.0%	1,268	22.8%	259	125.7%
Other operating income	10 * Subsidy 7		37 * Subsidy 27		26	
Selling, general and administ	-583		-654		-70	112.2%
Other operating expenses	-4		-39		-34	
Operating profit	432	8.6%	612	11.0%	180	141.8%
Finance income	3		4		0	120.2%
Finance costs	-43		-37		6	85.6%
Profit before tax	392	7.8%	579	10.4%	187	147.8%
Income tax expense	-129		-185		-55	142.5%
Profit	262	5.2%	394	7.1%	132	150.5%

Overview of Consolidated Group Earnings

Consolidated statement of financial position

Unit: million yen	End of Q4 FYE June 2022	End of Q1 FYE June 2023	Changes	
Total current assets	4,912	4,707	- 205	Mainly due to the impact of taxes paid More cash on hand than at normal times (Cash on hand at normal times is approx. 2 billion yen)
Cash and cash equivalents	3,724	3,540	- 183	
Trade and other receivables	915	793	- 121	
Inventories	92	160	68	
Other	181	211	30	
Total non-current assets	24,823	24,718	- 104	
Property, plant and equipment	1,360	1,319	- 41	
Right-of-use assets	5,116	5,030	- 86	
Goodwill	15,430	15,430	-	
Other financial assets	1,937	1,954	17	
Deferred tax assets	748	753	5	
Other	230	231	1	
Total assets	29,736	29,426	- 309	
Total liabilities	18,348	17,692	- 655	
Trade and other payables	235	244	8	
Interest-bearing liabilities	10,147	9,976	- 170	Scheduled repayment of borrowings (a decrease of 175 million yen)
Lease obligations	5,197	5,109	- 88	
Other	2,768	2,362	- 405	Mainly due to income taxes paid
Total equity	11,387	11,733	345	
Total liabilities and equity	29,736	29,426	- 309	

Overview of Consolidated Group Earnings

Consolidated statement of cash flows

Unit: million yen	Q1 FYE June 2022	Q1 FYE June 2023	Changes	
Cash flows from operating activities	1,027	841	- 185	
Profit before tax	392	579	187	
Depreciation and amortization	787	816	28	
Decrease (increase) in trade and other receivables	27	165	138	
Interest paid	- 39	- 29	10	
Proceeds from subsidy income	7	27	19	
Income taxes paid	- 38	- 448	- 409	Associated with an increase in taxable income
Other	- 108	- 269	- 161	
Cash flows from investing activities	- 84	- 93	- 8	
Purchase of property, plant and equipment	- 68	- 73	- 4	
Purchase of intangible assets	- 2	- 15	- 12	
Other	- 13	- 4	8	
Free cash flows	943	748	- 194	
Cash flows from financing activities	- 805	- 985	- 179	
Net increase (decrease) in short-term borrowings	-	-	-	
Repayments of long-term borrowings	- 175	- 175	-	
Dividends paid	-	- 130	- 130	
Repayments of lease obligations	- 656	- 702	- 45	
Other	26	22	- 3	
Exchange differences of cash and cash equivalents	9	53	44	
Net increase (decrease) in cash and cash equivalents	146	- 183	- 329	
Cash and cash equivalents at end of period	4,748	3,540	- 1,207	

Reference: Salon Opening Plan for This Fiscal Year

Plans for new openings and closures of salons for FYE June 2023

Unit: Salons	Business format	End of FYE			Change	End of FYE
		June 2022	New salon	Closure		June 2023
Japan	QB HOUSE QB PREMIUM	580	15	- 22	- 7	573
	FaSS	11	2	0	2	13
Subtotal in Japan		591	17	- 22	- 5	586
Singapore	QB HOUSE QB PREMIUM Kids	31	1	0	1	32
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
Overseas subtotal		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.

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.



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訪問理美容サービス

