



QB Net Holdings Co., Ltd.

First Half FYE June 2023
Financial Results Briefing Material
February 17 2023

(Table of Contents)

■ Results of H1 FYE June 2023

[Consolidated] Summary	P.2-3
[Consolidated] Track Records of New, Relocated, and Closed Salons	P.4
[Domestic] Results and Assumptions of Recovery Rate in Number of Customers Visiting Salons	P.5
[Domestic] Trend in Revenue	P.6
[Overseas] Overseas Situation	P.7-8
[Consolidated] Breakdown of Changes in Profit or Loss (YoY)	P. 9, P. 11-13
[Consolidated] Breakdown of Changes in Profit or Loss (vs. Plan)	P.14
[Consolidated] Trends in Revenue and Operating Profit	P. 10, P. 15
[Domestic] Situation of Personnel (Number of New Recruits and Employees)	P.16
[Domestic] Trend in Turnover Rate	P.17

■ Key Measures and Progress for This Fiscal Year

P.18-27

■ Appendix

P.28-37

Consolidated Statements of Profit or Loss, Balance Sheets and Cash Flows

P.34-36

Salon Opening Plan for This Fiscal Year

P.37

H1 Executive Summary

- Revenue was 11,055 million yen, 108.6% of the same period of the previous year, **marking a year-on-year increase** despite the impact of the 7th and 8h waves of COVID-19.
- Operating profit was 1,077 million yen, 133.9% of the same period of the previous year, **posting a year-on-year increase** mainly due to a recovery in salon revenue.
- Regarding change in management formats, **30 salons operated by consignees were switched to our direct management.**
- **Revised prices overseas.**

Region	Revision period	Business format	Content of revision	Price increase rate
Singapore	August 2022 October 2022	QB PREMIUM QB HOUSE	SG\$15 to SG\$18 (about 1,480 yen to about 1,780 yen) SG\$12 to SG\$14 (about 1,190 yen to about 1,390 yen)	+20% +16.7%
Taiwan	January 2023	QB HOUSE	300 yuan to 350 yuan (about 1,300 yen to about 1,520 yen)	+16.7%
U.S.	December 2022 January 2023	Regular price for online booking	\$30 to \$35 (about 3,900 yen to about 4,550 yen) \$25 to \$30 (about 3,250 yen to about 3,900 yen)	+16.7% +20%

- **A domestic price revision is scheduled for April 2023.**

Region	Revision period	Business format	Content of revision	Price increase rate
Domestic	April 2023	QB HOUSE QB PREMIUM FaSS	1,200 yen to 1,350 yen 1,650 yen to 1,800 yen 2,200 yen to 2,400 yen	+12.5% +9.1% +9.1%

Consolidated Group Earnings (Summary)

- Revenue recovered steadily mainly at existing salons. On the other hand, profit exceeded the plan primarily due to the failure to reach the planned number of salon personnel and foreign currency effects.

Consolidated Group Earnings (Summary)

Unit: million yen	H1 FYE June 2023		H1 FYE June 2023 Forecast		vs. Plan	Full-year FYE June 2023 Forecast		Progress rate
	Results	Year on year (%)	Initial plan	Year on year (%)		Initial plan	Year on year (%)	
Revenue	11,055	108.6%	10,700	105.1%	103.3%	21,670	105.4%	51.0%
Operating profit	1,077	133.9%	840	104.4%	128.3%	1,500	107.3%	71.9%
Profit before tax	1,010	138.9%	747	102.7%	135.3%	1,328	106.2%	76.1%
Profit	682	138.4%	512	103.8%	133.3%	907	105.9%	75.3%
Basic earnings per share	52.63 yen		39.41 yen			69.54 yen		
Dividends per share	—		—			12.00 yen		

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

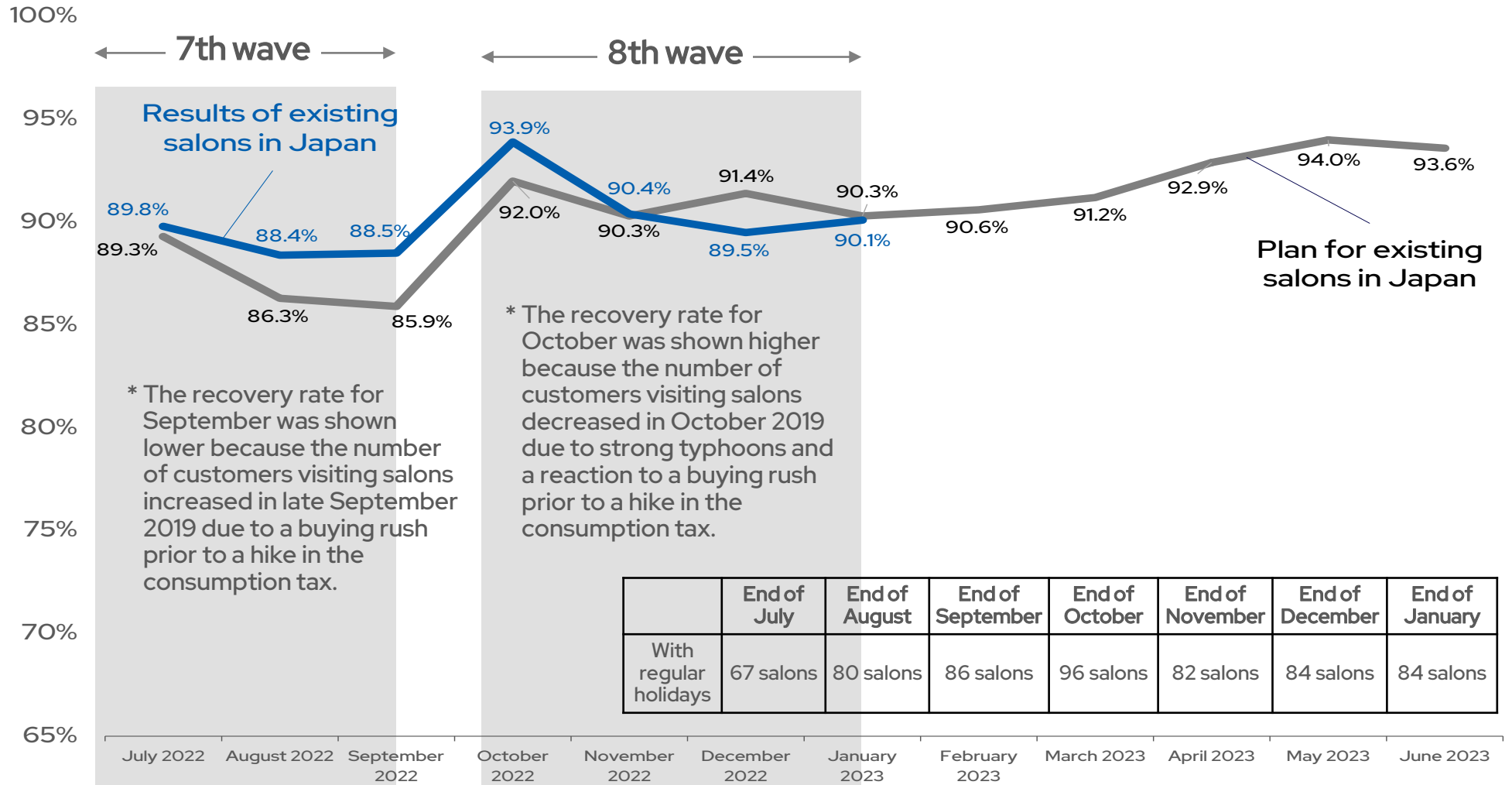
- (Domestic) As a measure for improving working conditions, nine salons were consolidated, and three salons were closed due to the convenience of developers.
- (Overseas) One salon in the center of a big city was consolidated, three were closed due to the convenience of developers, and one salon was closed associated with relocations.

Unit: Salons	Business format	End of FYE			Change	End of H1
		June 2022	New salon	Relocation		
Japan	QB HOUSE	576	6	0	-12	570
	QB PREMIUM	4	1	0	0	5
	FaSS	11	1	0	0	12
Subtotal in Japan		591	8	0	-12	587
Singapore	QB HOUSE	22	0	0	-1	21
	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	1	1	-2	29
U.S.	QB HOUSE	5	0	0	0	5
Subtotal of overseas		129	1	1	-5	126
Consolidated group total		720	9	1	-17	713

* Closures include those associated with relocations

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

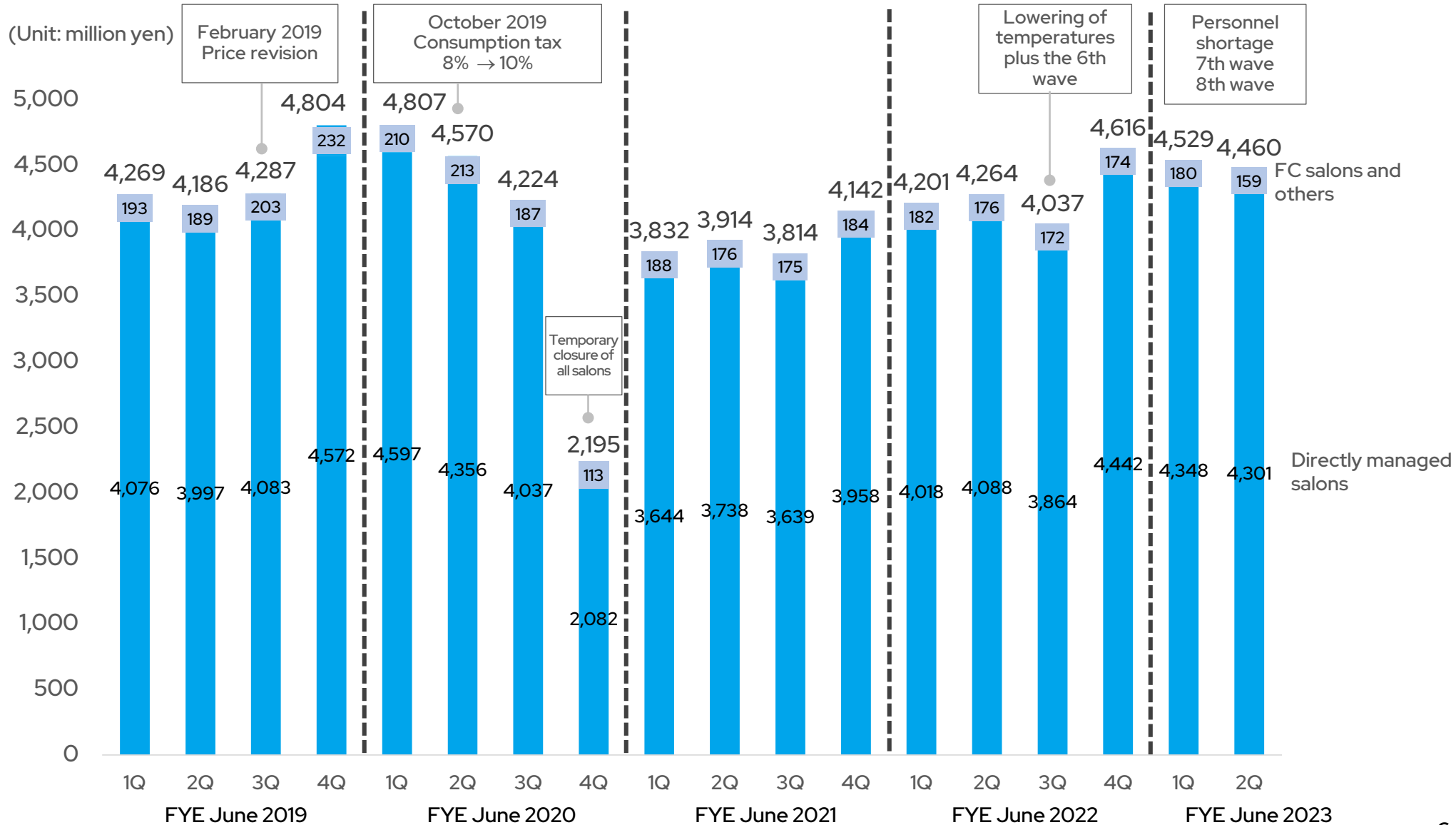
- The recovery rate surpassed the plan up to November although the number of salons that closed temporarily increased due to the impact of the 7th and 8th waves of COVID-19 infections, and salons were forced to set regular holidays in the wake of the failure to reach the planned number of salon personnel.



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

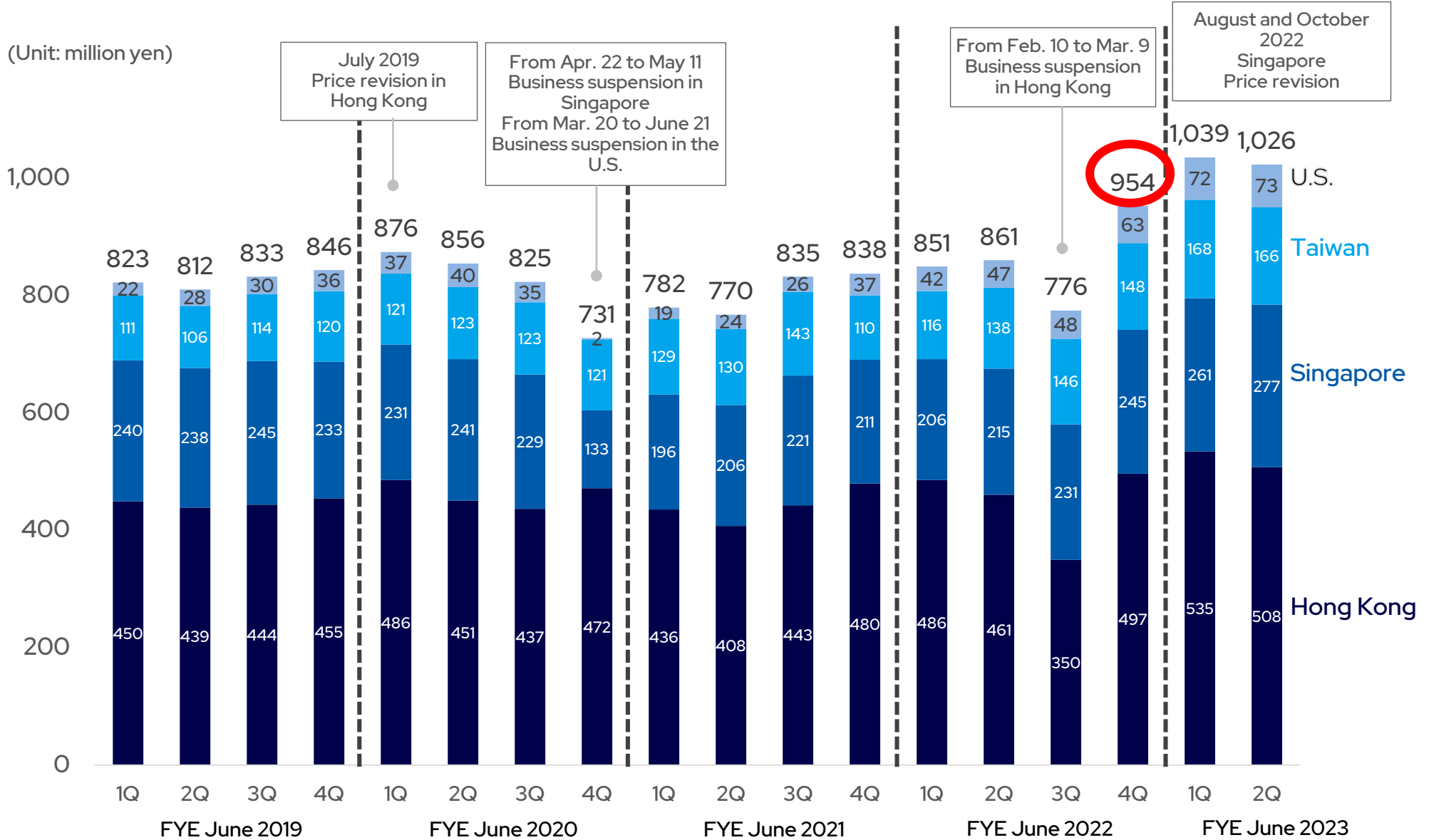
[Domestic] Trend in Revenue

- Domestic revenue remained on a recovery trend despite the impact of the 7th and 8th waves and the failure to achieve the planned number of salon personnel (Q1 and Q4 are busy seasons in usual years.)



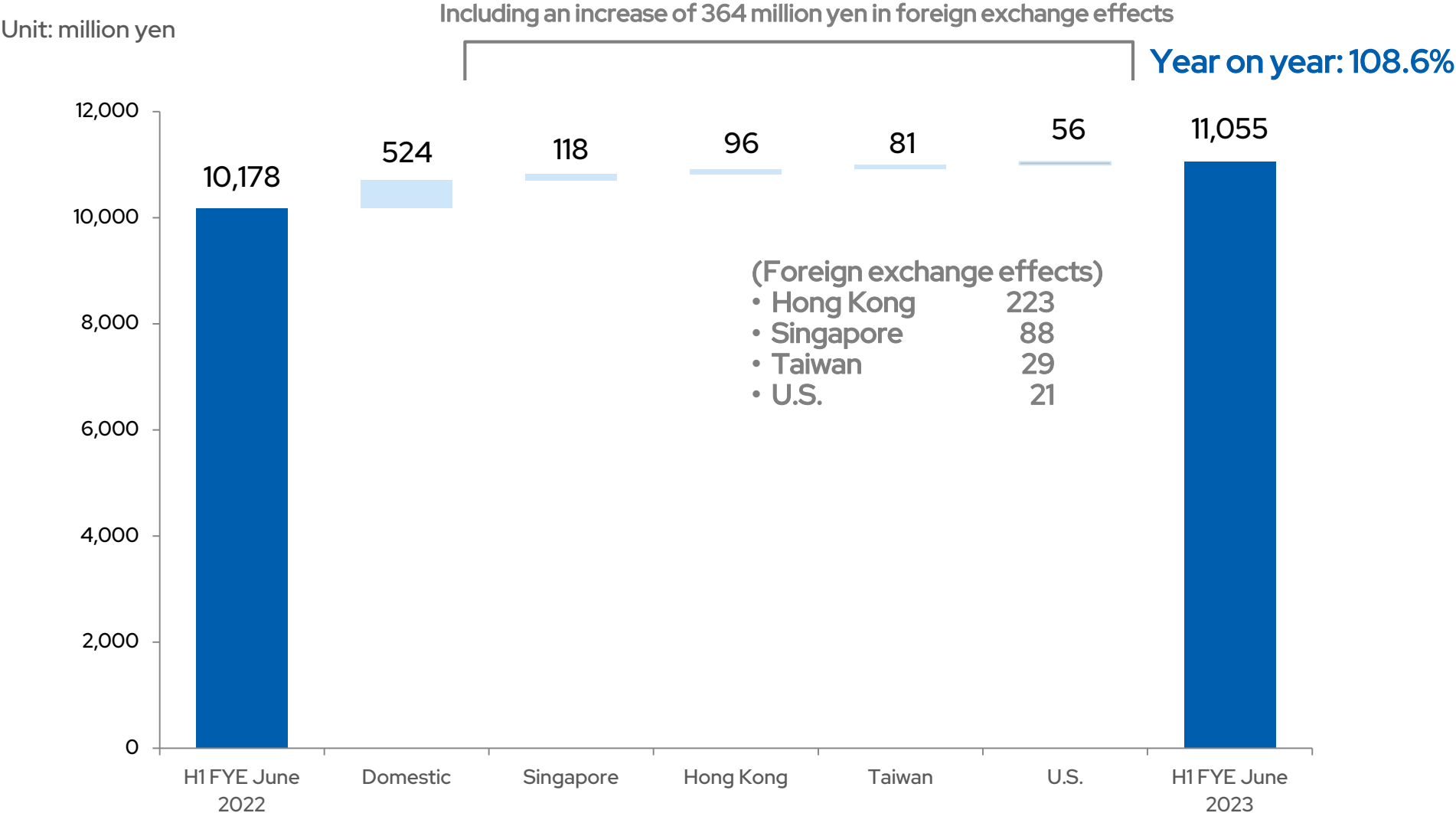
[Overseas] Trend in Revenue

- Revenue hit a record high, though including foreign exchange effects (up 194 million yen from Q1 of the previous year and up 164 million yen from Q2 of the previous fiscal year).



[Consolidated] Breakdown of Changes in Revenue (YoY)

- While domestic revenue recovered despite the impact of the 7th and 8th waves, Hong Kong saw revenue decrease 127 million yen year on year excluding foreign exchange effects, resulting in consolidated revenue increasing 877 million yen year on year.

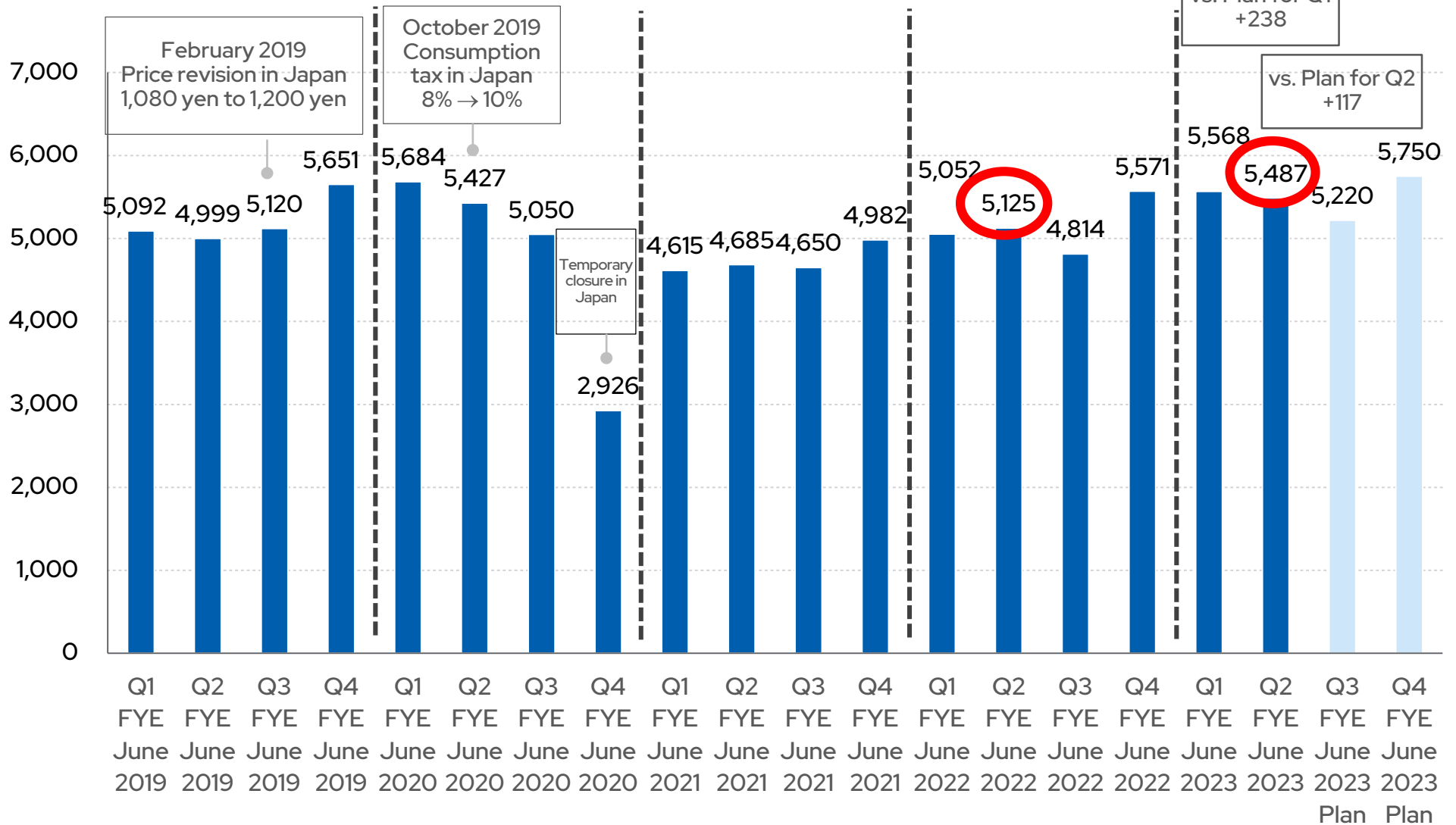


[Consolidated] Trend in Revenue

Results

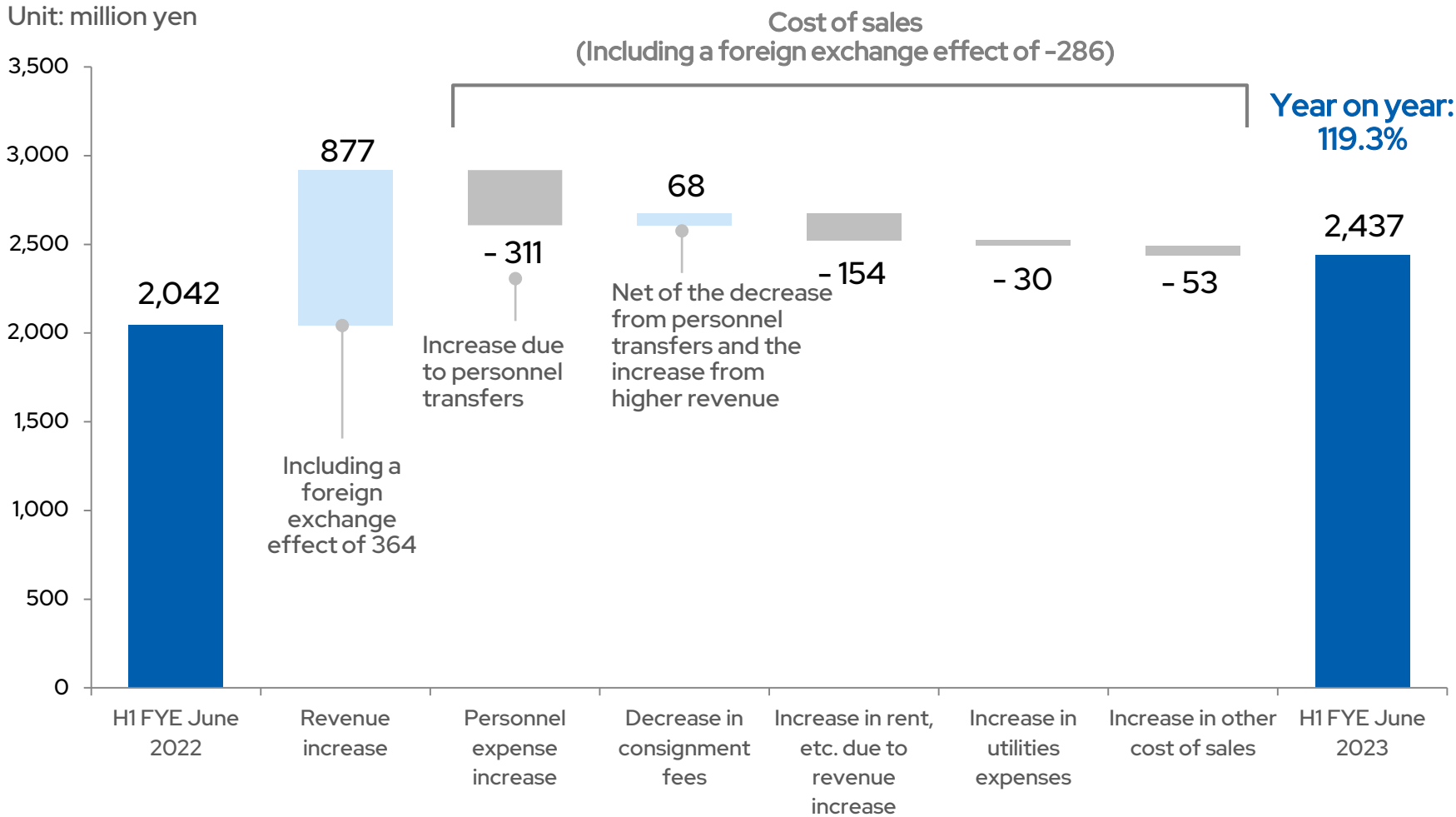
Forecast at the beginning of the fiscal year

Unit: million yen



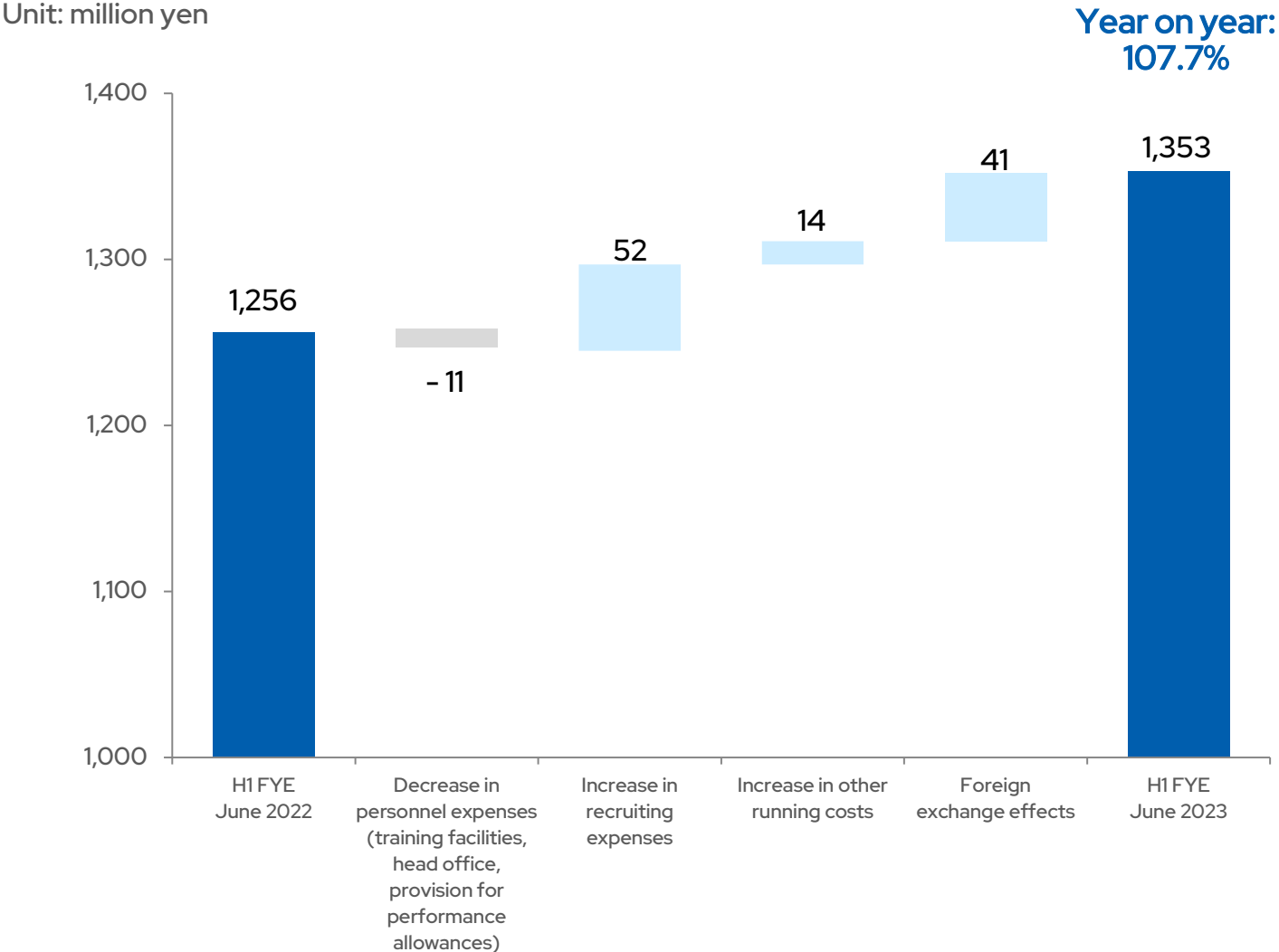
[Consolidated] Breakdown of Changes in Gross Profit (YoY)

- Gross profit increased 395 million yen year on year mainly due to an increase in revenue, an increase in personnel expenses associated with personnel transfers from consignees, a rise in revenue-linked rent due to higher revenue, and higher electricity costs.



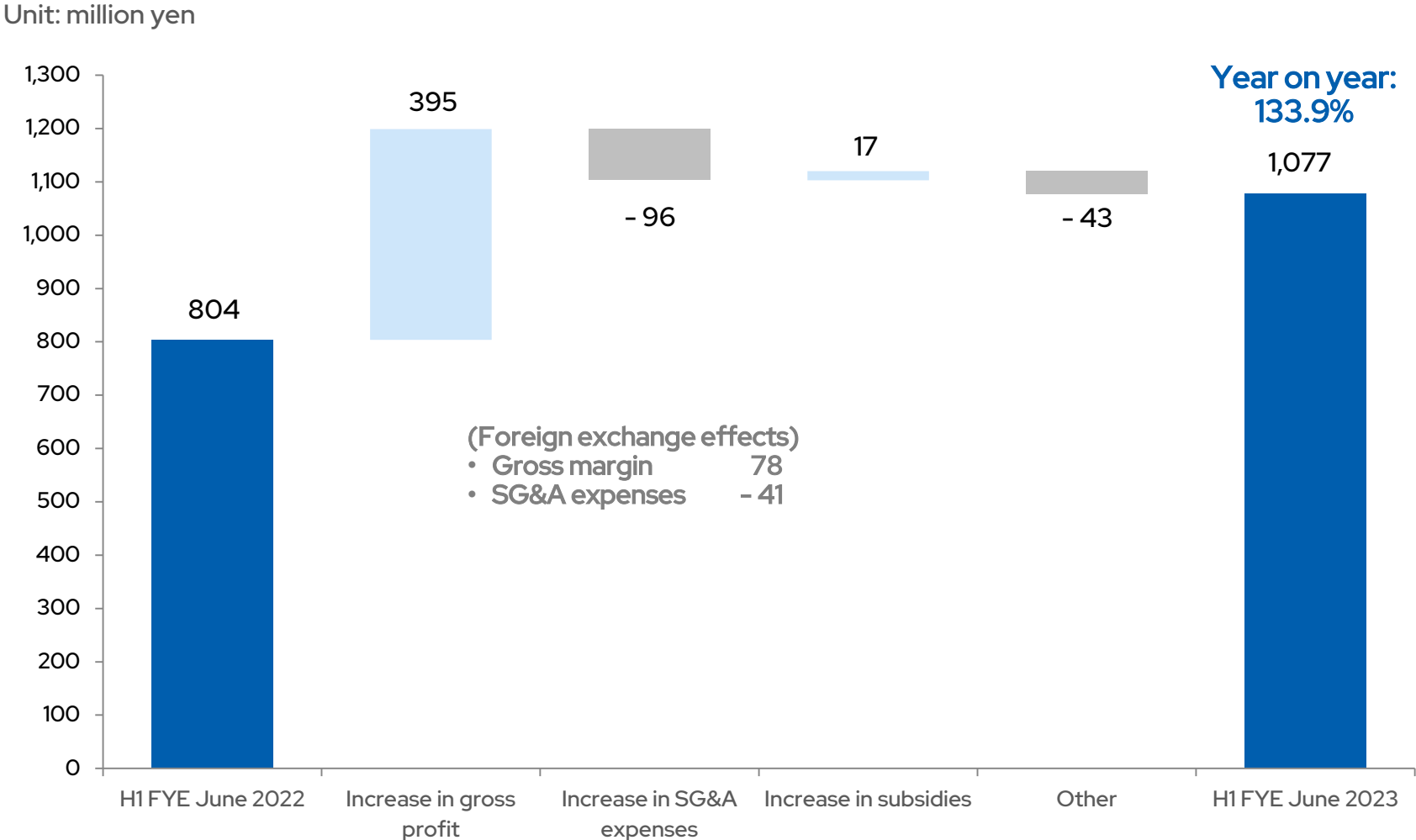
[Consolidated] Breakdown of Changes in SG&A Expenses (YoY)

- SG&A expenses grew 96 million yen year on year primarily due to an increase in recruiting expenses and foreign exchange effects.



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

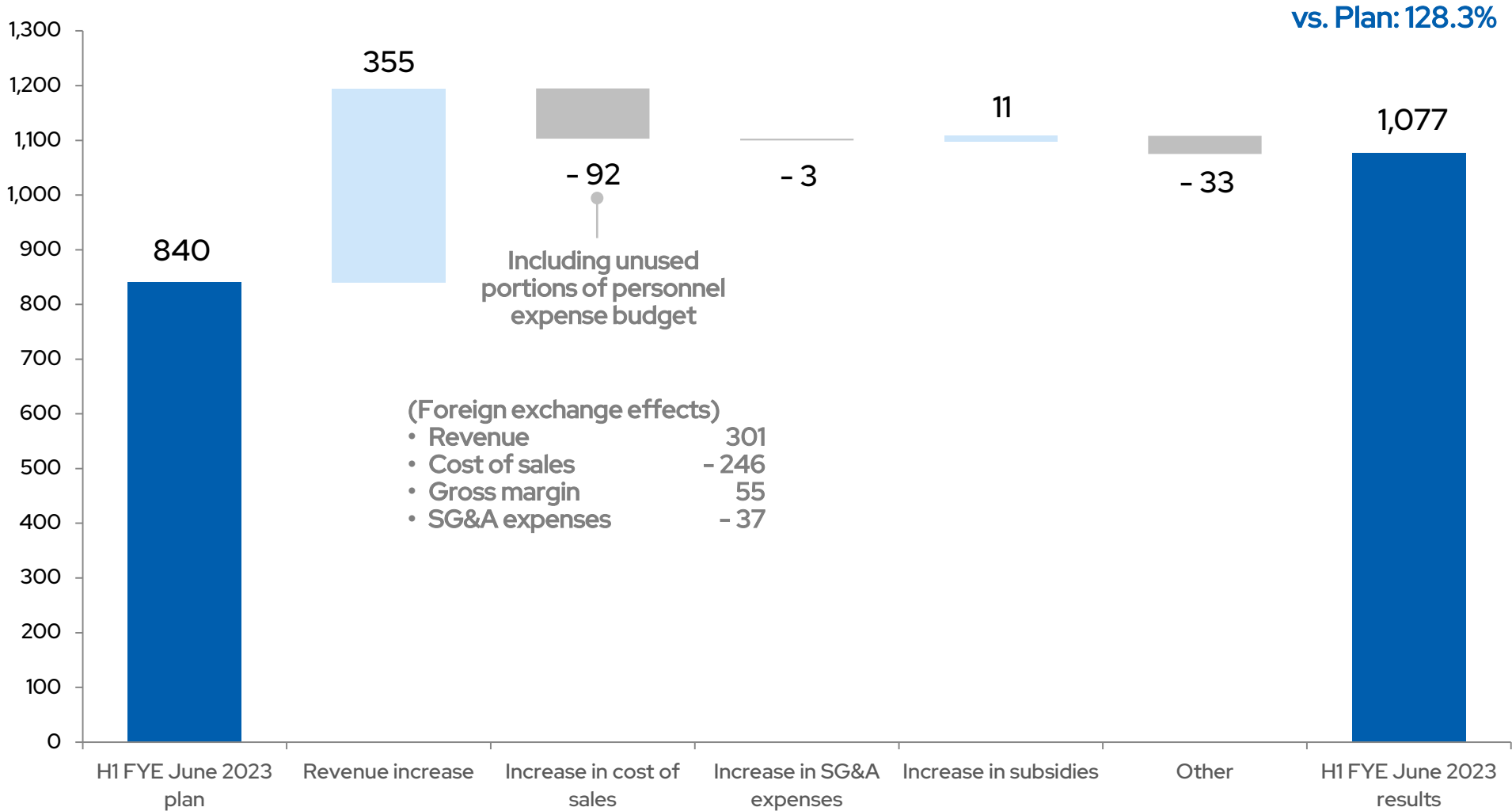
- Operating profit rose 272 million yen year on year due to an increase in gross profit despite higher SG&A expenses, including foreign exchange effects. Subsidy increased 17 million yen year on year mainly because a subsidy was distributed in Hong Kong.



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

- Operating profit increased 237 million yen from the plan mainly due to the recovery of revenue, part of the personnel expense budget being left unused and foreign exchange effects.

Unit: million yen

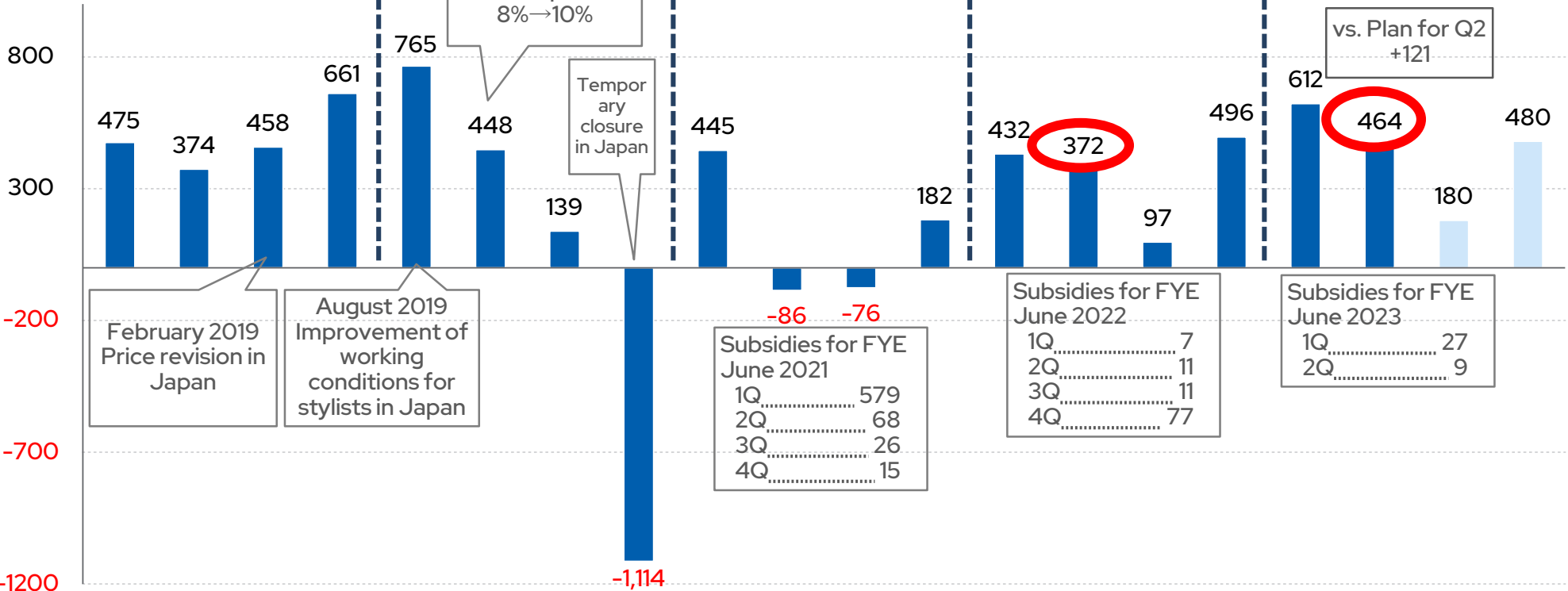


[Consolidated] Trend in Operating Profit

Results

Forecast at the beginning of the fiscal year

Unit: million yen



February 2019 Price revision in Japan

August 2019 Improvement of working conditions for stylists in Japan

October 2019 Consumption tax in Japan 8%→10%

Temporary closure in Japan

Subsidies for FYE June 2021

1Q	579
2Q	68
3Q	26
4Q	15

Subsidies for FYE June 2022

1Q	7
2Q	11
3Q	11
4Q	77

vs. Plan for Q1 +115

vs. Plan for Q2 +121

Subsidies for FYE June 2023

1Q	27
2Q	9

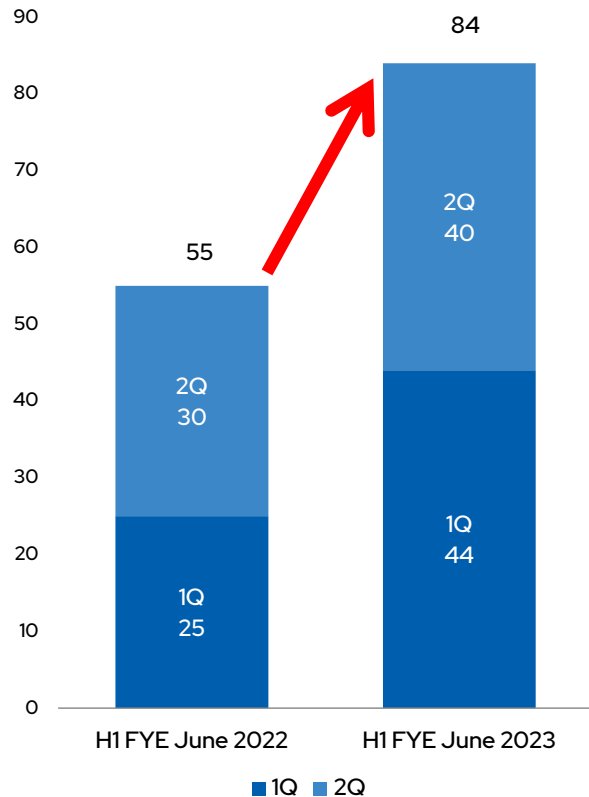
Q1 FYE June 2019 Q2 FYE June 2019 Q3 FYE June 2019 Q4 FYE June 2019 Q1 FYE June 2020 Q2 FYE June 2020 Q3 FYE June 2020 Q4 FYE June 2020 Q1 FYE June 2021 Q2 FYE June 2021 Q3 FYE June 2021 Q4 FYE June 2021 Q1 FYE June 2022 Q2 FYE June 2022 Q3 FYE June 2022 Q4 FYE June 2022 Q1 FYE June 2023 Q2 FYE June 2023 Q3 FYE June 2023 Q4 FYE June 2023
 Plan Plan

[Domestic] Situation of Salon Personnel

Recruitment remained almost as planned. Furthermore, accepted personnel transfers in the wake of placing consigned salons in direct management.

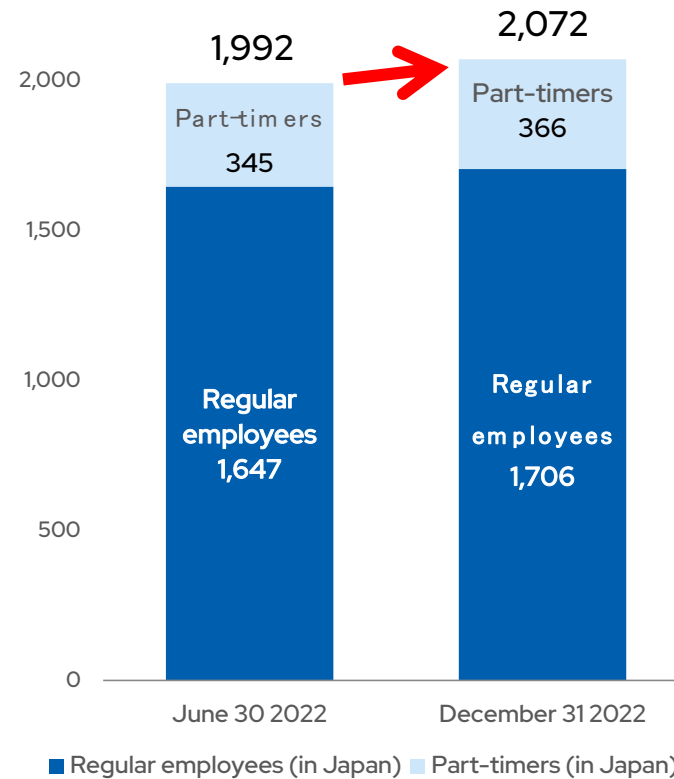
- The number of full-time employees hired in the first half of the fiscal year was 84 (up 29 from the previous fiscal year).
- One hundred employees were transferred from consigned salons (Breakdown: 72 full-time and 28 part-time employees)

Number of regular employees hired in Japan during H1
Unit: person
100



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

Number of employees in Japan as of December 31 2022
Unit: person
2,500

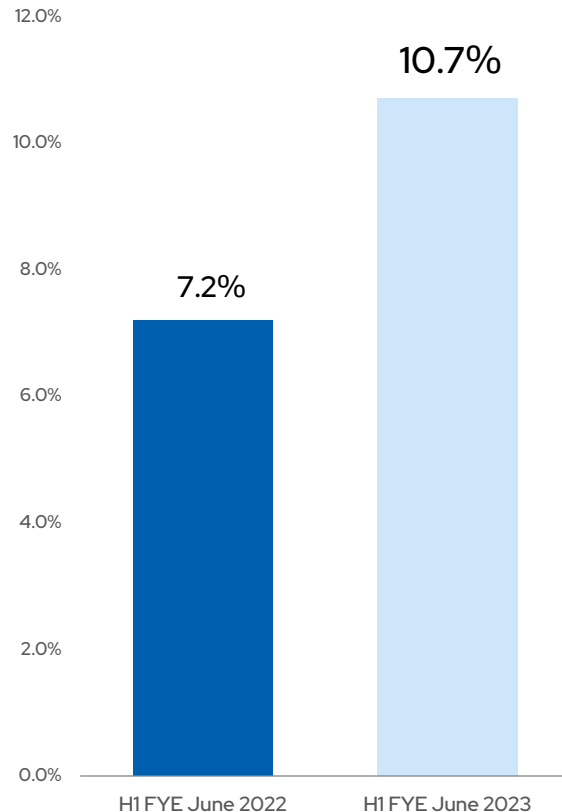


* Including personnel transfers from consigned salons. Excluding the head office. Including training facilities (LogiTHcut Professional Stylist School).

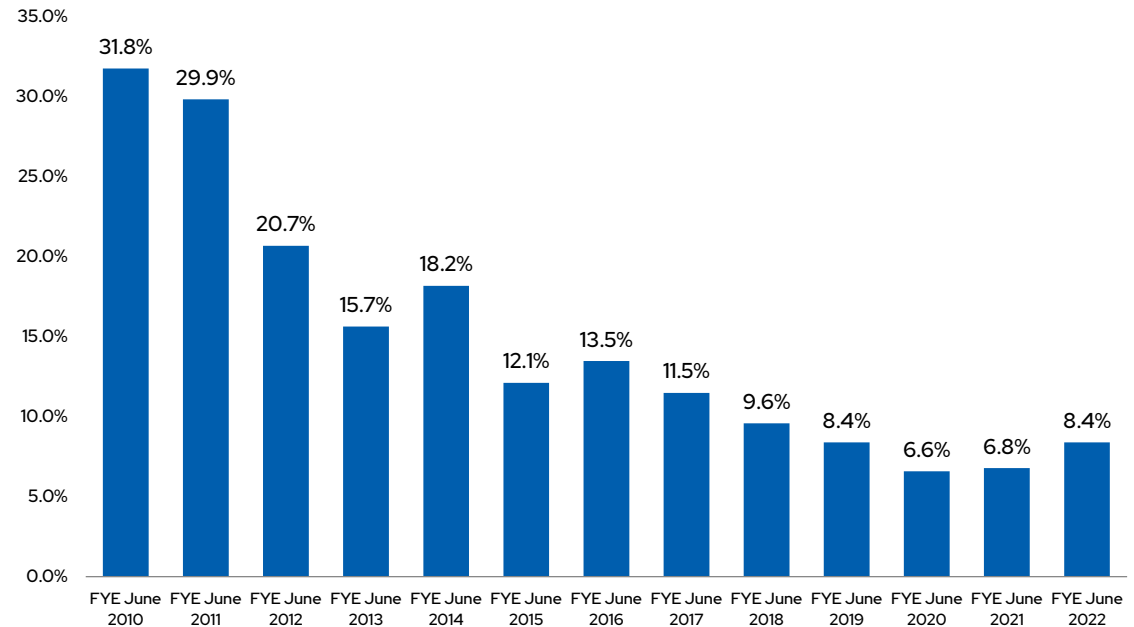
[Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees in Japan for H1 was 10.7% on an annualized basis (up 3.5 points year on year and 11.3% as Q1 results).
- The number of regular employees leaving the Company in the first half of the fiscal year in Japan was up 30 people year on year.

Turnover rate (annualized rate) of regular employees in H1 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).

Key Measures and Progress for This Fiscal Year

(1) Enhance the retention rate and strengthen recruitment.

(2) Consider the launch of a preparatory projects for price revisions.

(3) Improve the working conditions at consigned salons.

(4) Consolidate existing salons and open salons of new formats (QB PREMIUM, FaSS, and salons designed for narrow sales areas)



(Progress and Issues)

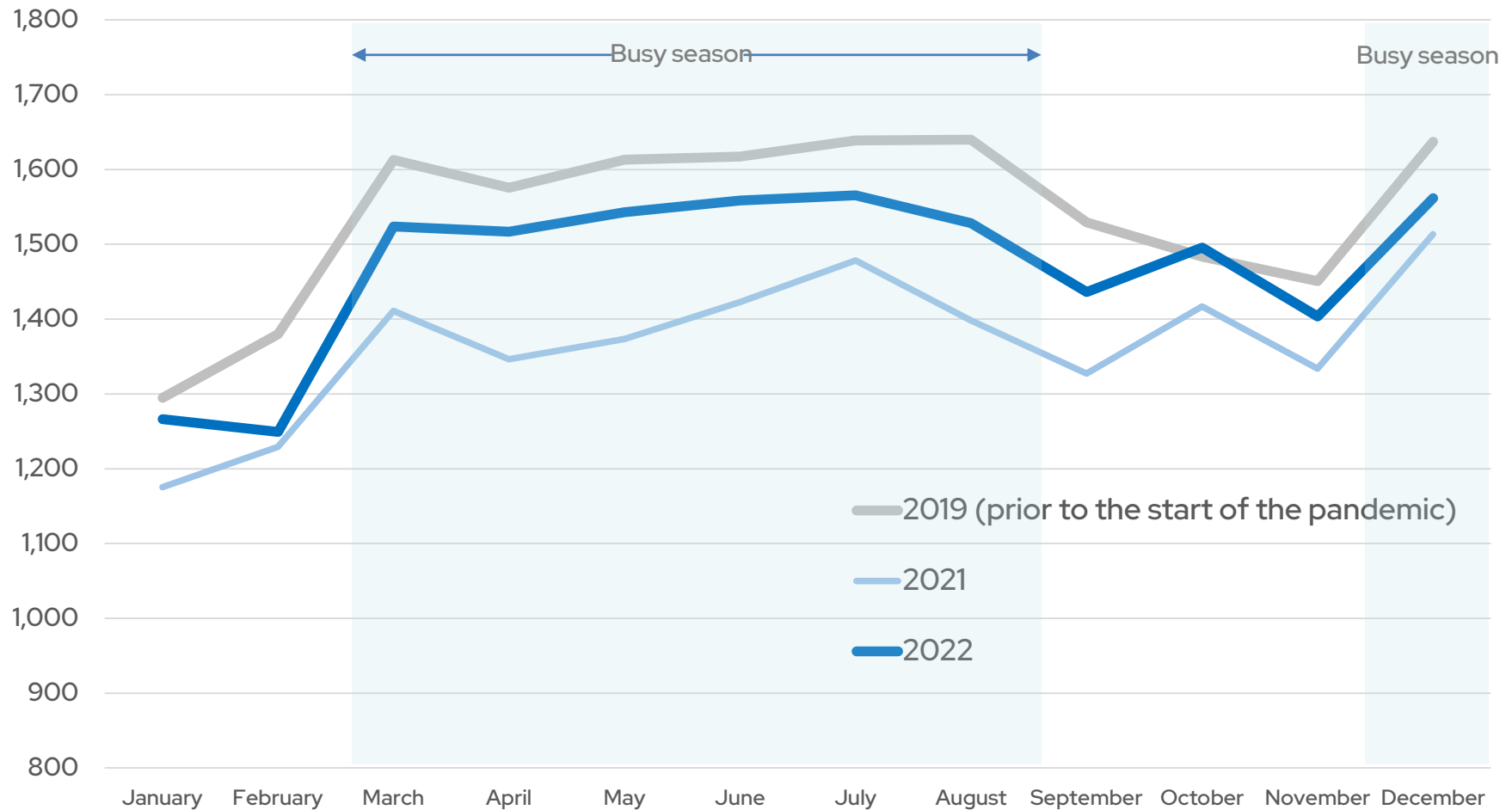
- ✓ The turnover remained high at 10.7% although the treatment of stylists was improved (wage raise) in October 2022.
- ✓ Many of the 30 cosigned salons that were placed in direct management had suffered personnel shortage.
- ✓ Although the status of congestion at salons has returned to the pre-pandemic level, the total number of seats for haircuts in operation remains below the pre-pandemic level.
- ✓ The top priority issue is to consolidate existing salons and increase salon personnel in order to rebuild a growth foundation.

Current Domestic Situation (1): Domestic revenue steadily recovered.

- **Domestic revenue is coming close to the pre-pandemic level** mainly due to a recovery in the movement of people resulting from an easing of infection preventive measures, the end of the special price for senior customers, the introduction of a once-a-month campaign, and placing cosigned salons in direct management.

(Unit: million yen)

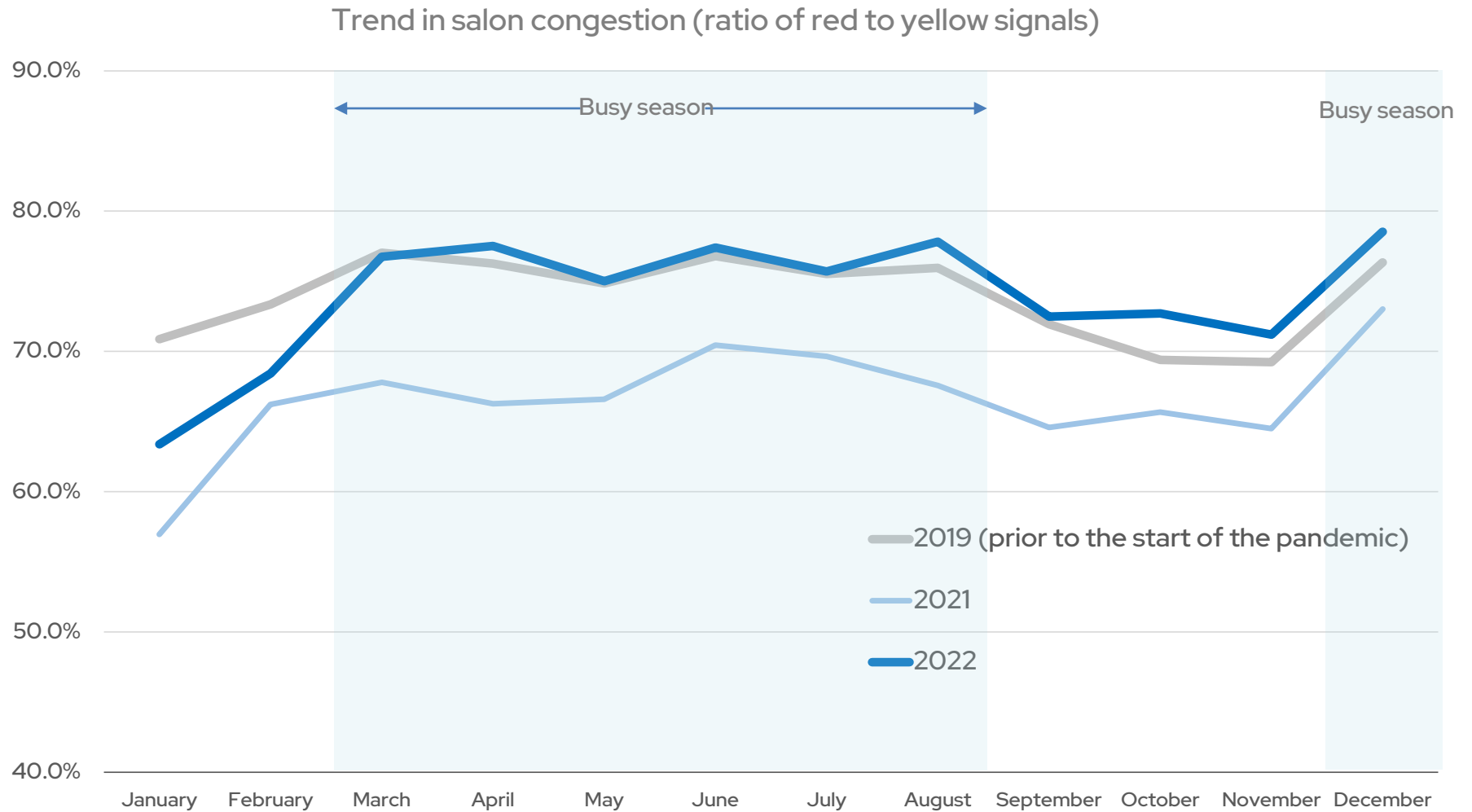
Trend in domestic revenue



* The once-a-month campaign is one that gives customers aged 65 or over a discount of 100 yen if they visit our salon again within one month after their last visit.

Current Domestic Situation (2): Congestion in domestic salons is rising.

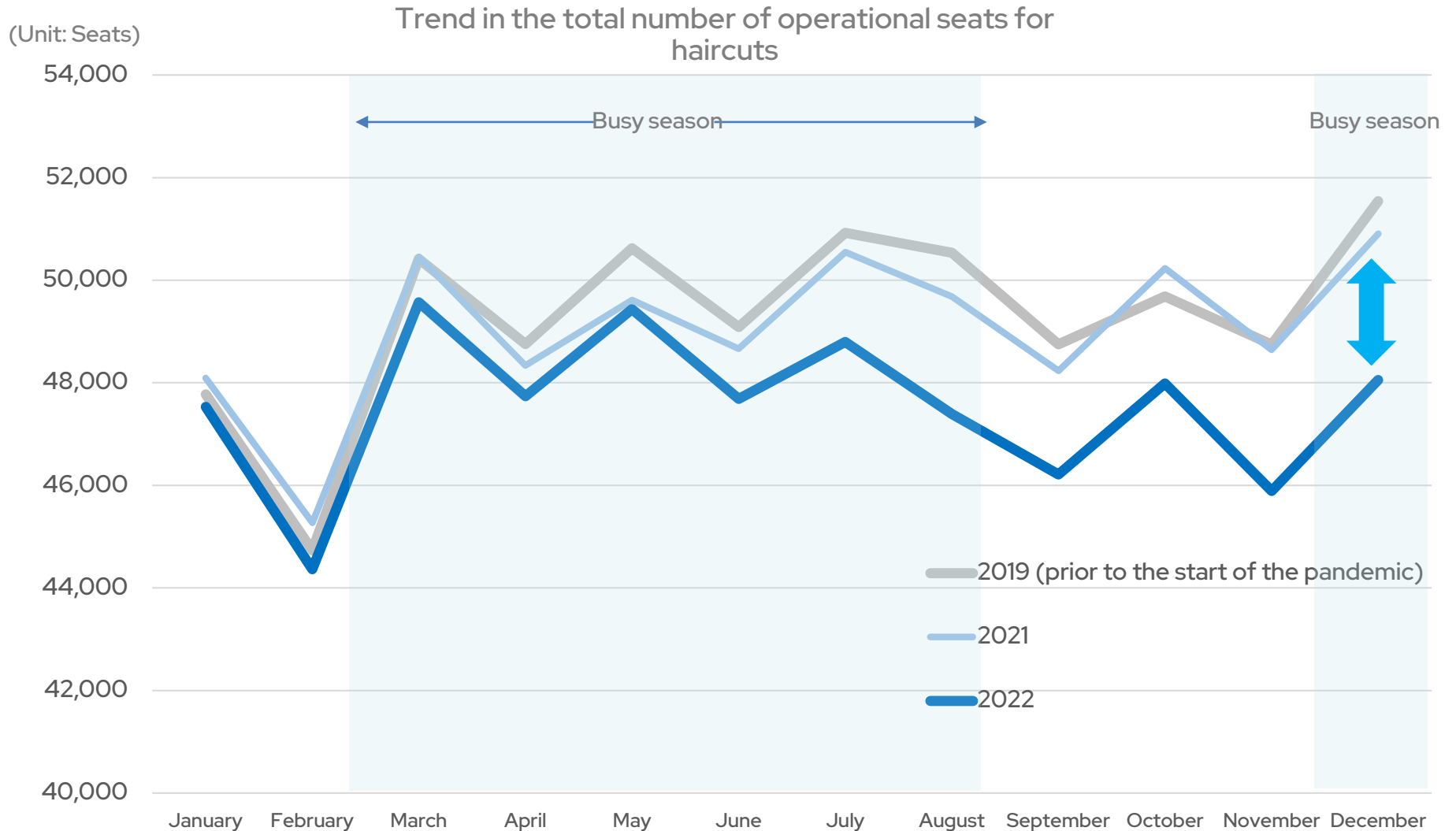
- The internal indicator showing the status of congestion in salons **exceeds the pre-pandemic level, resulting in lost opportunities.**



* A display was installed in salons to show approximate wait times. Red means a wait of more than 15 minutes, yellow for 5 to 10 minutes, blue for your turn right now. The higher the ratio of red to yellow, the higher the congestion.

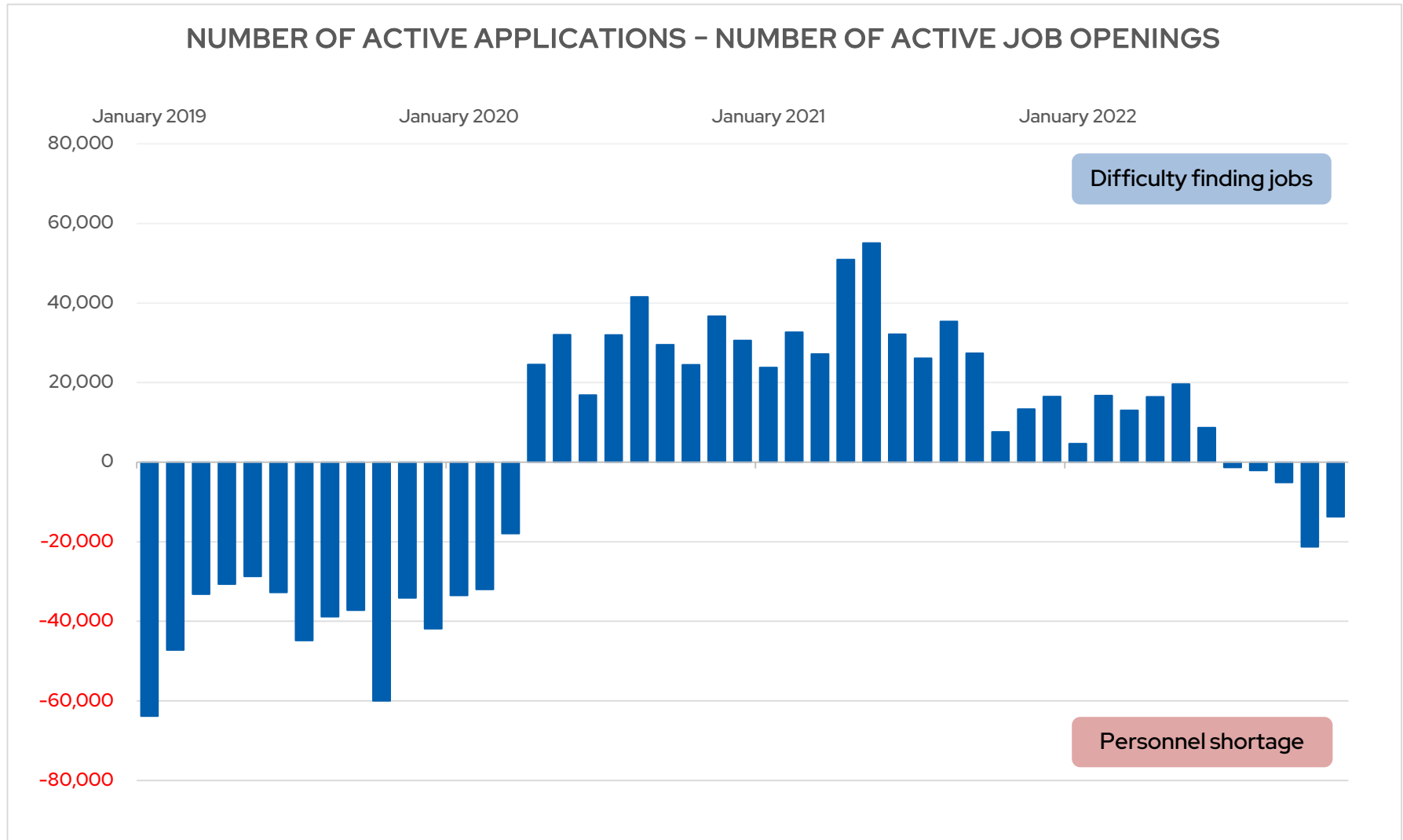
Current Domestic Situation (3): The total number of operational seats for haircuts has decreased in Japan.

- In Japan, the number of operational seats out of all seats for haircuts has decreased from the pre-pandemic number due to the failure to achieved the planned number of salon personnel.



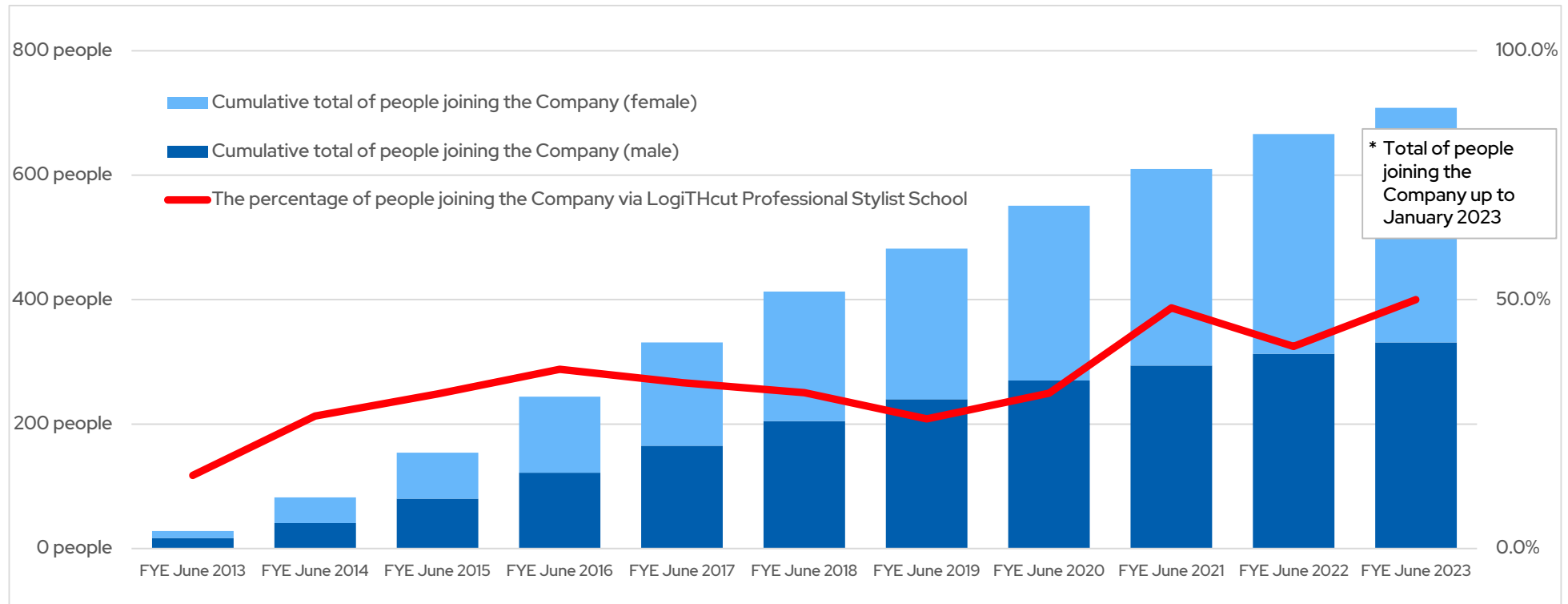
[Reference] Changes in the labor environment surrounding the domestic service industry (from Employment Security Service Statistics)

- While a lessening of the threat of the pandemic led to a recovery in domestic demand and a rise in job openings, human resources working in Japan's service industry declined over the period of the pandemic, **causing competition for recruiting to further intensify.**



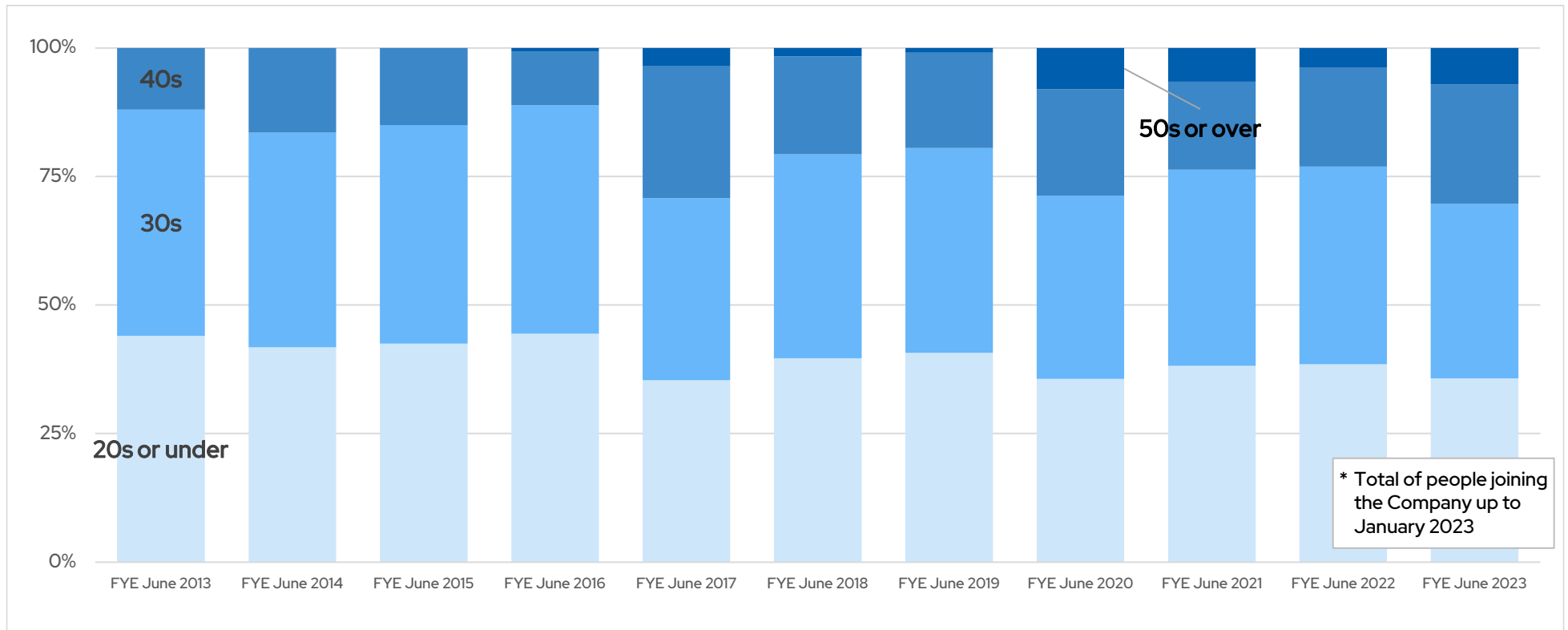
Rising Importance of LogiTHcut Professional Stylist School (hereinafter referred to as LogiTHcut School)

- With this year marking the 11th since the initiative was launched, a cumulative total of over 700 people have joined LogiTHcut School by January 2023.
- As its importance in the recruitment process mounted year after year, as much as 50% of new recruits have joined the Company from LogiTHcut School at present.



Recruits of LogiTHcut School

- The initial target of recruitment was assistant personnel working in the hairdressing and beauty industry, but by developing a training environment, the recruitment target came to include people in their 40s and 50s returning to the workforce, which makes it possible to hire a diverse range of human resources.



Domestic Key Measures

(1) Schedule for implementing price revisions

- Moved up the timing of the price revision that was scheduled for the fiscal year ending June 2024 in the Medium-term Management Plan.
- Revised the domestic QB HOUSE price from 1,300 yen in the Medium-term Management Plan to 1,350 yen.
- Aim for further growth by strengthening recruitment, further improving the working environment, and boosting investment in human resource development after securing the source of funds.

April 2023	QB HOUSE	1,200 yen to 1,350 yen	Up 12.5%
	QB PREMIUM	1,650 yen to 1,800 yen	Up 9.1%
	FaSS	2,200 yen to 2,400 yen	Up 9.1%

(2) Reinforcement of LogiTHcut Professional Stylist School (training facility)

- Aim to secure salon personnel in a stable manner through reinforcing **LogiTHcut School (training facility)**, from which recruitment has remained strong.
- Efforts are ongoing in preparation for employing new graduates of April 2023 and April 2024.

Overseas Key Measures

(1) Implementation of price revisions

- Implemented price revisions in consideration of the current situation in each country (ongoing high inflation, rising minimum wage, etc.)
- Already improved personnel treatment alongside price revisions, and aim to strengthen recruitment and the development of human resources as in the case of Japan.

Singapore	August 2022	QB PREMIUM	SG\$15 to SG\$18 (approx. 1,480 yen to approx. 1,780 yen)	Up 20%
	October 2022	QB HOUSE	SG\$12 to SG\$14 (approx. 1,190 yen to approx. 1,390 yen)	Up 16.7%
Taiwan	January 2023	QB HOUSE	300 yuan to 350 yuan (approx. 1,300 yen to approx. 1,520 yen)	Up 16.7%
U.S.	December 2022	Only for online booking	\$30 to \$35 (approx. 3,900 yen to approx. 4,550 yen)	Up 16.7%
	January 2023	Regular price	\$25 to \$30 (approx. 3,250 yen to approx. 3,900 yen)	Up 20%

(2) Reinforcement of LogiTHcut Professional Stylist School (training facility)


- Opened LogiTHcut School in Taiwan in December 2022 (Hong Kong LogiTHcut School was already opened in the previous fiscal year.)

Future Growth Strategies

Secure funds for better treatment of stylists by means of price revision.



Continuously improve treatment.

- Raise wage levels: Increase base salary and allowances and secure funds for wage raise each year
 - Respond to the diverse needs of working styles: Working structure and holiday system
 - Expand human resource development bases: Strengthen the development of a wide range of personnel, from new graduates to senior members
- 

Secure stylists in a stable manner.

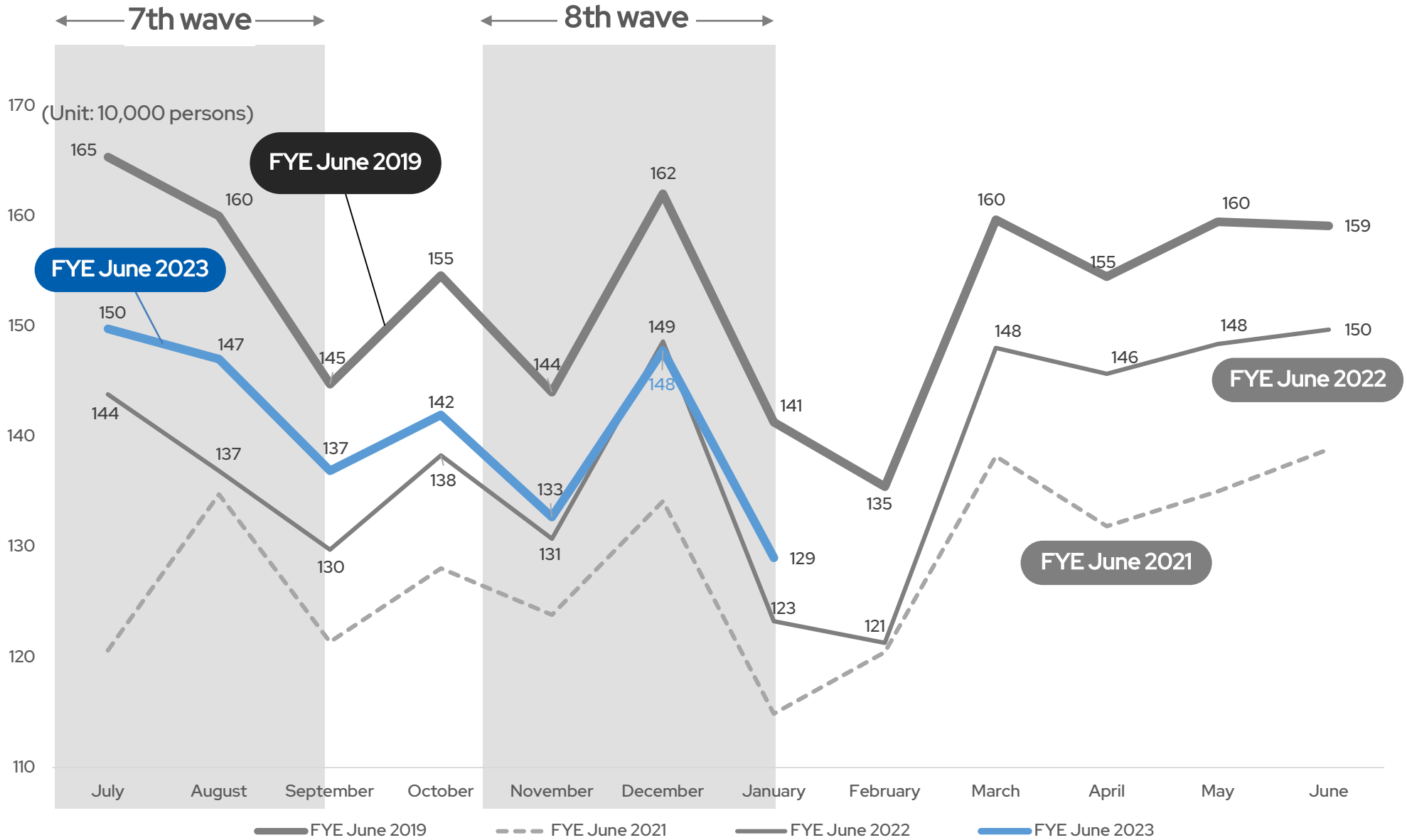
- Boost the ability to recruit: Provide diverse options tailored to working people
 - Enhance the retention rate: Offer to working people a more secure working environment that allows them to work longer in the Company.
- 

Grow existing salons and speed up new salon openings.

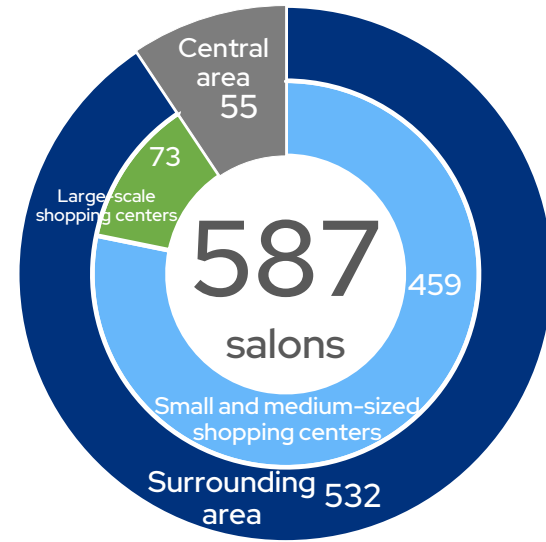
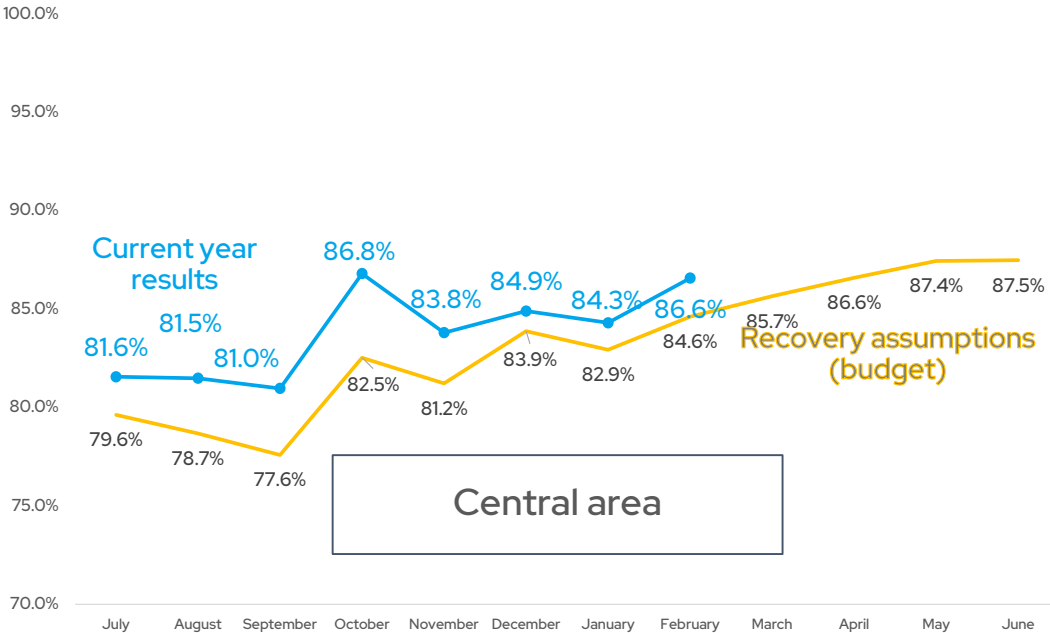
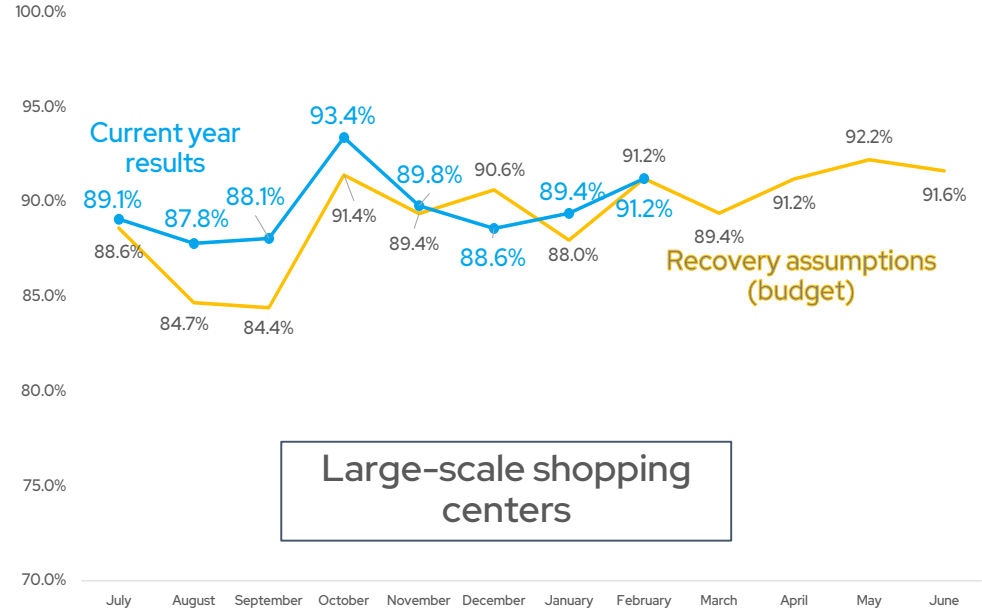
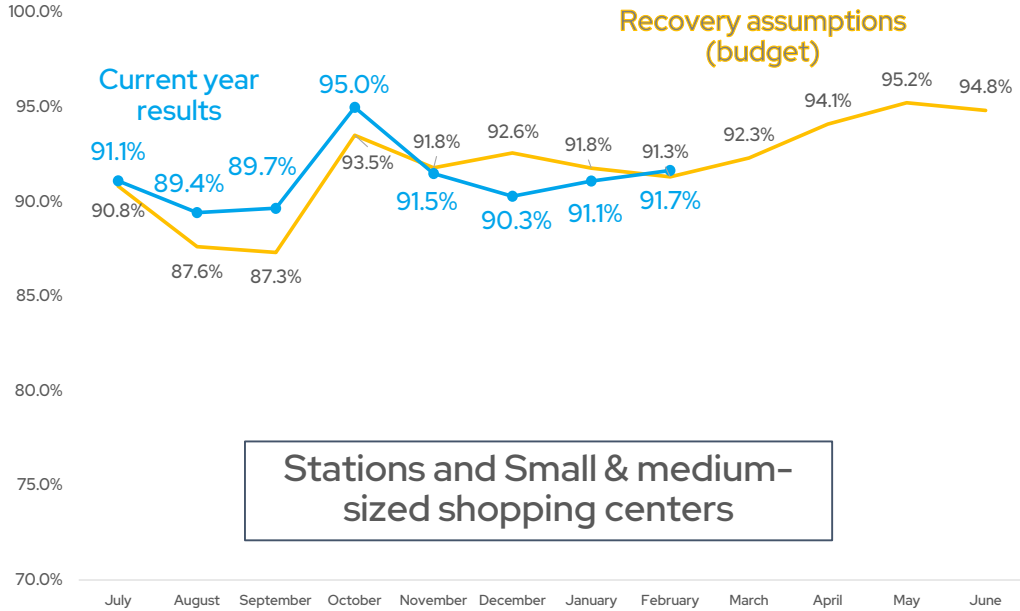
Build a virtuous cycle of business growth by further improving personnel treatment with funds gained from salon expansion.

Appendix

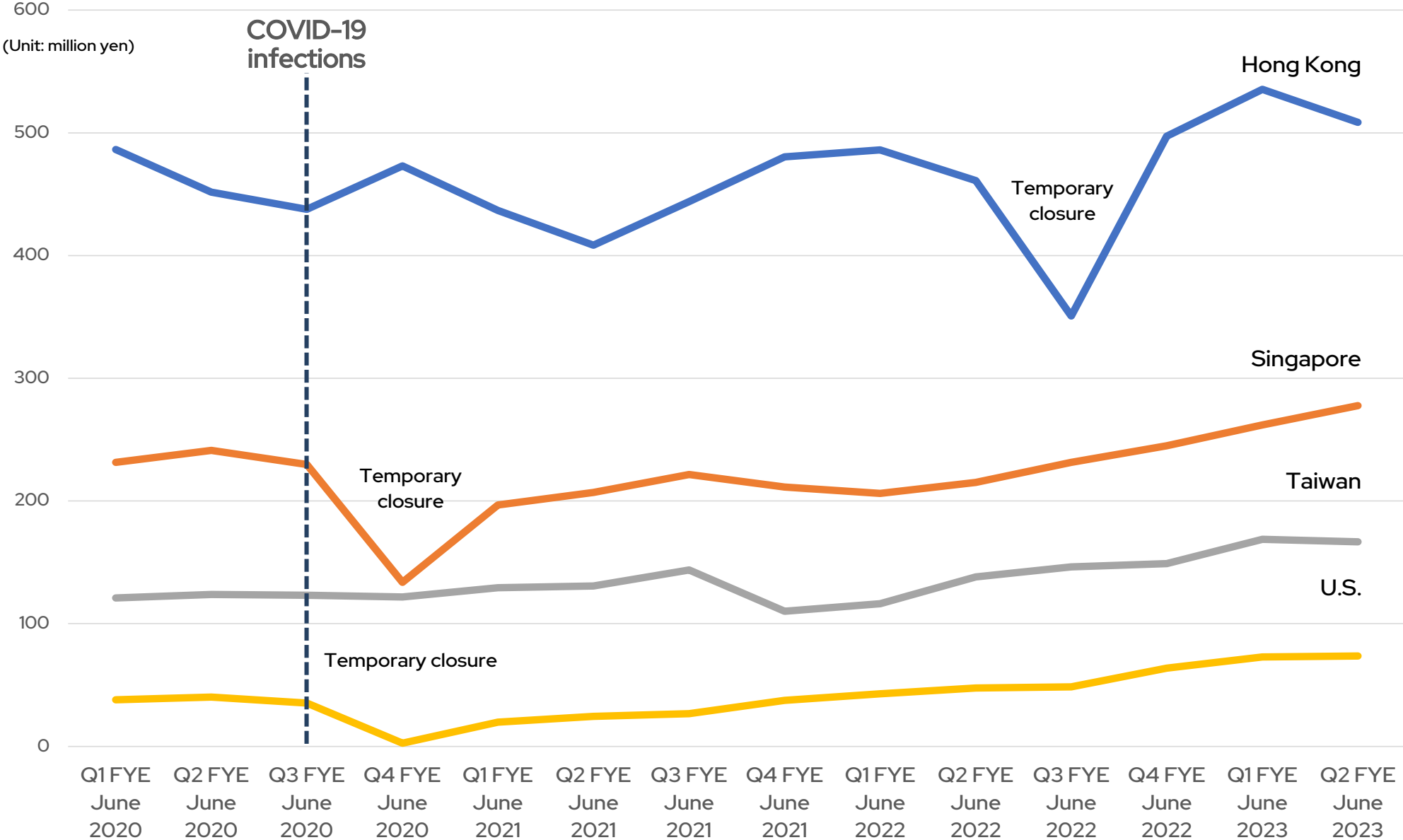
[Domestic] Trend in Number of Customers Visiting Salons (Including New Salons)



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



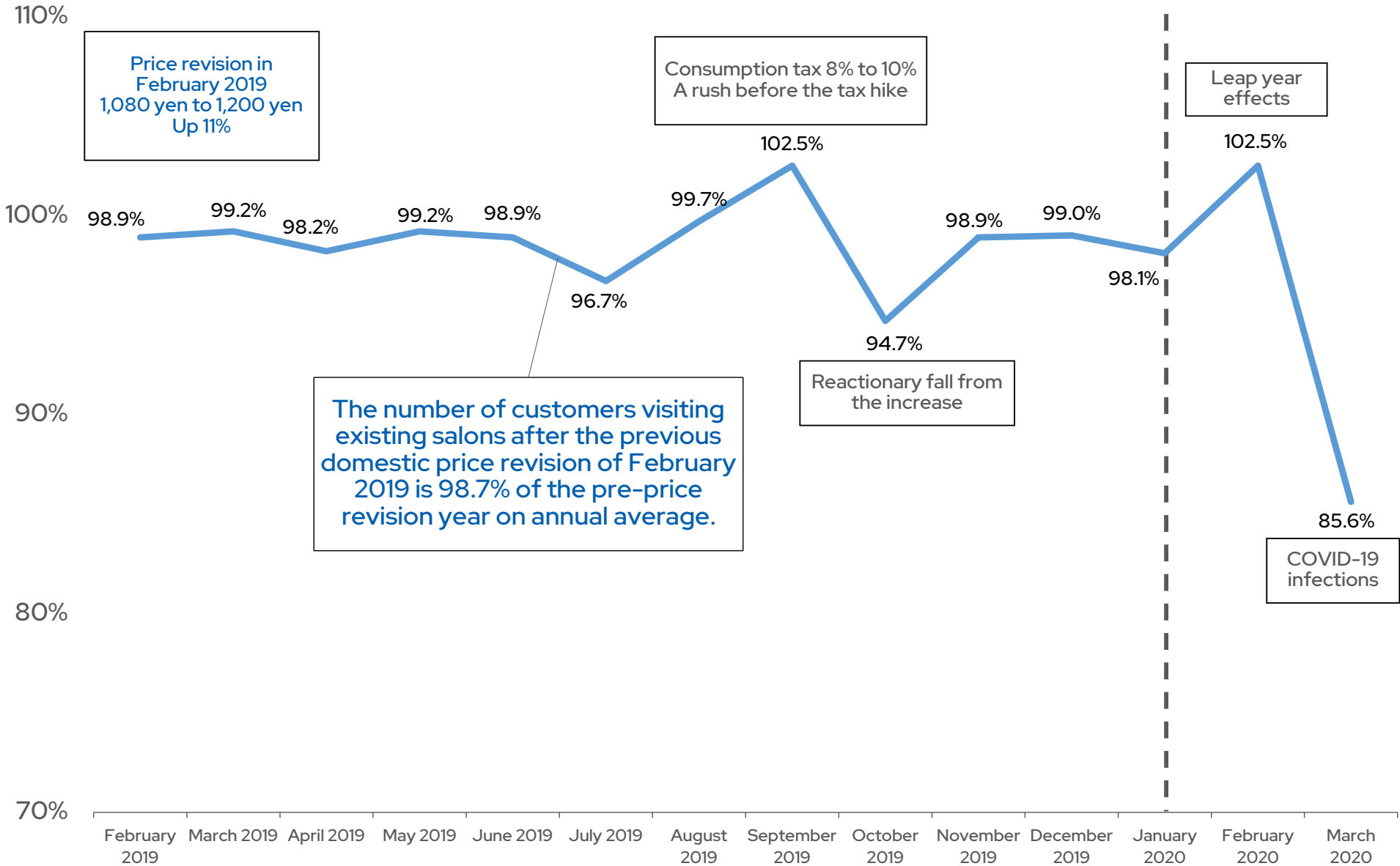
[Overseas] Trend in Revenue (Quarterly, in Yen Terms)



Reference: History of Price Revisions

History of price revisions (including tax)	
Domestic	<p>(QB HOUSE)</p> <ul style="list-style-type: none"> • April 2014: 1,000 yen to 1,080 yen (1,000 yen on weekdays for customers aged 65 or over) • February 2019: 1,080 yen to 1,200 yen (1,100 yen on weekdays for customers aged 65 or over) • March 2022: The special price of 1,100 yen for senior customers was terminated. • April 2023: 1,200 yen to 1,350 yen
Singapore	<ul style="list-style-type: none"> • December 2012: SG\$10 (about 990 yen) to SG\$12 (about 1,190 yen) • August 2022: QB PREMIUM SG\$15 (about 1,480 yen) to SG\$18 (about 1,780 yen) • October 2022: QB HOUSE SG\$12 (about 1,190 yen) to SG\$14 (about 1,390 yen)
Hong Kong	<ul style="list-style-type: none"> • July 2014: HK\$50 (approx. 830 yen) to HK\$60 (approx. 1,000 yen) • July 2019: HK\$60 (approx. 1,000 yen) to HK\$70 (approx. 1,160 yen)
Taiwan	<ul style="list-style-type: none"> • January 2023: 300 yuan (about 1,300 yen) to 350 yuan (about 1,520 yen)
New York	<ul style="list-style-type: none"> • June 2020: \$20 (about 2,600 yen) to \$23 (about 2,990 yen) • November 2020: \$23 (about 2,990 yen) to \$25 (about 3,250 yen) • July 2022: \$30 (about 3,900 yen) only for online booking • December 2022: \$30 to \$35 (about 4,550 yen) only for online booking • January 2023: \$25 (about 3,250 yen) to \$30 (about 3,900 yen)

Reference: Year-on-year comparison in the number of customers visiting salons after the implementation of the last domestic price revision (existing stores)



Overview of Consolidated Group Earnings

Consolidated statement of profit or loss

Unit: million yen	H1 FYE June 2022		H1 FYE June 2023			
	Results	Sales ratio	Results	Sales ratio	Changes	Year on year
Revenue	10,178	100.0%	11,055	100.0%	877	108.6%
Cost of sales	- 8,136		- 8,618		- 482	105.9%
Gross profit	2,042	20.1%	2,437	22.0%	395	119.3%
Other operating income	41 * Subsidy 18		43 * Subsidy 36		2	
Selling, general and administrative	-1,256		-1,353		-96	107.7%
Other operating expenses	- 21		- 49		- 27	
Operating profit	804	7.9%	1,077	9.7%	272	133.9%
Finance income	6		8		1	126.6%
Finance costs	- 84		- 75		8	90.0%
Profit before tax	727	7.1%	1,010	9.1%	283	138.9%
Income tax expense	- 233		- 327		- 93	140.1%
Profit	493	4.8%	682	6.2%	189	138.4%

Overview of Consolidated Group Earnings

Consolidated statement of financial position

Unit: million yen	End of Q4 FYE June 2022	End of H1 FYE June 2023	Changes	
Total current assets	4,912	4,927	14	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	3,373	- 350	
Trade and other receivables	915	1,143	228	
Inventories	92	173	81	
Other	181	237	55	
Total non-current assets	24,823	24,693	- 129	
Property, plant and equipment	1,360	1,275	- 85	
Right-of-use assets	5,116	5,059	- 57	
Goodwill	15,430	15,430	-	
Other financial assets	1,937	1,947	10	
Deferred tax assets	748	751	3	
Other	230	228	- 1	
Total assets	29,736	29,621	- 115	
Total liabilities	18,348	17,682	- 666	Scheduled repayment of borrowings (a decrease of 350 million yen)
Trade and other payables	235	207	- 28	
Interest-bearing liabilities	10,147	9,799	- 347	
Lease obligations	5,197	5,104	- 92	
Other	2,768	2,570	- 197	
Total equity	11,387	11,938	551	
Total liabilities and equity	29,736	29,621	- 115	

Overview of Consolidated Group Earnings

Consolidated statement of cash flows

Unit: million yen

	H1 FYE June 2022	H1 FYE June 2023	Changes
Cash flows from operating activities	2,036	1,715	- 321
Profit before tax	727	1,010	283
Deprecation and amortization	1,590	1,640	49
Decrease (increase) in trade and other receivables	- 340	- 225	115
Interest paid	- 65	- 70	- 4
Proceeds from subsidy income	26	36	10
Income taxes paid	- 61	- 483	- 422
Other	160	- 192	- 353
Cash flows from investing activities	- 226	- 219	7
Purchase of property, plant and equipment	- 170	- 170	- 0
Purchase of intangible assets	- 6	- 22	- 15
Other	- 48	- 25	22
Free cash flows	1,809	1,495	- 314
Cash flows from financing activities	- 1,581	- 1,820	- 238
Net increase (decrease) in short-term borrowings	-	-	-
Repayments of long-term borrowings	- 350	- 350	-
Dividends paid	- 0	- 130	- 130
Repayments of lease obligations	- 1,295	- 1,411	- 115
Other	64	71	7
Exchange differences of cash and cash equivalents	45	- 26	- 71
Net increase (decrease) in cash and cash equivalents	273	- 350	- 624
Cash and cash equivalents at end of period	4,875	3,373	- 1,502

Associated with an increase in taxable income

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 June 2022	New salon	Closure	Change	End of FYE 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
Subtotal of 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.

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

