



# QB Net Holdings Co., Ltd.

First Nine Months of FYE June 2023

Financial Results Briefing Material

May 15, 2023

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# Executive Summary

## Summary

(Results for First Nine Months of FYE June 2023)

- Revenue was 16,450 million yen, 109.7% of the same period of the previous year, marking a year-on-year increase mainly due to a recovery in demand in Japan and overseas.
- Operating profit was 1,290 million yen, 143.0% of the same period of the previous year, posting a year-on-year increase mainly due to a recovery in revenue.

(Full-year earnings forecast and dividend per share forecast)

- The full-year earnings forecast has been revised upward to 2,100 million yen from 1,500 million yen.
- The dividend per share forecast has been revised upward to 19.00 yen from 12.00 yen.

(Price revision)

- In Singapore, a price revision was implemented in the first half of the fiscal year under review as planned at the beginning of the fiscal year.
- In Japan, Taiwan and the United States, price revisions were carried out ahead of schedule, though they had not been planned at the beginning of the fiscal year.

(Performance allowance, wage revision in Japan)

- Based on the performance, a provision has been made for a performance allowance in Japan at a level that was when the previous price revision had been made (to be paid in the next fiscal year).
- A wage revision that considers competitiveness in the industry is scheduled to take place in addition to a wage revision based on regular performance assessment.

(Improve the working conditions at consigned salons)

- Thirty-three salons operated by consignees (30 salons in the first half plus three salons during Q3) have been switched to our direct management.

# Consolidated Group Earnings (Summary)

- Results for the first nine months saw a revenue and profit increase primarily due to a recovery in demand in Japan and overseas.
- The full-year earnings forecast has been revised upward to a record high mainly due to price revisions that had not been planned at the beginning of the fiscal year under review.
- The dividend per share forecast has been revised to 19.00 yen from 12.00 yen.

## Consolidated Group Earnings (Summary)

Million yen	First Nine Months of FYE June 2023		Full-year FYE June 2023 Forecast			
	Results	Year on year (%)	Forecast at the beginning of the fiscal year	Revised forecast	Changes	Changes (%)
<b>Revenue</b>	<b>16,450</b>	<b>109.7%</b>	<b>21,670</b>	<b>22,650</b>	<b>980</b>	<b>4.5%</b>
<b>Operating profit</b>	<b>1,290</b>	<b>143.0%</b>	<b>1,500</b>	<b>2,100</b>	<b>600</b>	<b>40.0%</b>
<b>Profit before tax</b>	<b>1,175</b>	<b>149.0%</b>	<b>1,328</b>	<b>1,950</b>	<b>622</b>	<b>46.8%</b>
<b>Profit</b>	<b>812</b>	<b>156.2%</b>	<b>907</b>	<b>1,320</b>	<b>413</b>	<b>45.5%</b>
<b>Basic profit per share</b>	<b>62.56 yen</b>		<b>69.yen</b>	<b>101.yen</b>		
<b>Dividend per share</b>	<b>-</b>		<b>12.yen</b>	<b>19.yen</b>		

## [Consolidated] Track Records of New and Closed Salons

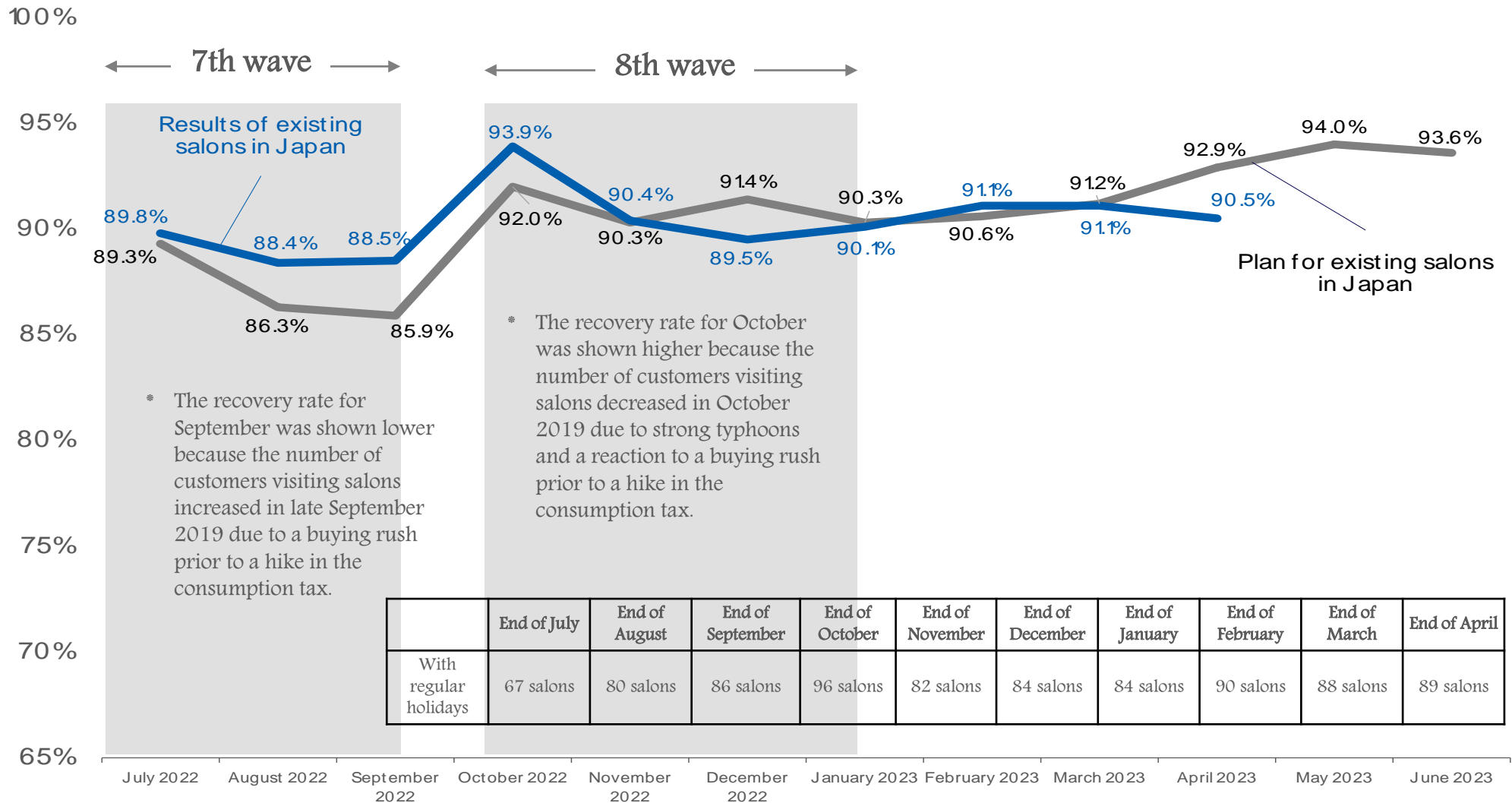
- [Domestic] As a measure for improving operational efficiency, 15 salons were consolidated, and eight salons were closed due to the convenience of developers.
- [Overseas] One salon (in Taiwan) was consolidated, and five were closed due to the convenience of developers (including a relocated salon).

Unit: Salons	Business format	End of FYE			End of March		
		June 2022	New salon	Relocation	Closure	Change	2023
Japan	QB HOUSE	576	8	0	- 23	- 15	561
	QB PREMIUM	4	1	0	0	1	5
	FaSS	11	1	0	0	1	12
<b>Subtotal in Japan</b>		<b>591</b>	<b>10</b>	<b>0</b>	<b>- 23</b>	<b>- 13</b>	<b>578</b>
Singapore	QB HOUSE	22	0	0	- 1	- 1	21
	QB PREMIUM	8	0	0	0	0	8
	QB HOUSE Kids	1	0	0	0	0	1
Hong Kong	QB HOUSE	64	0	0	- 2	- 2	62
Taiwan	QB HOUSE	29	2	1	- 3	0	29
U.S.	QB HOUSE	5	0	0	0	0	5
<b>Subtotal of overseas</b>		<b>129</b>	<b>2</b>	<b>1</b>	<b>- 6</b>	<b>- 3</b>	<b>126</b>
<b>Consolidated group total</b>		<b>720</b>	<b>12</b>	<b>1</b>	<b>- 29</b>	<b>- 16</b>	<b>704</b>

\* Closures include those associated with relocations

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

- The recovery rate in Q3 remained largely as planned although regular holidays continued to take place.



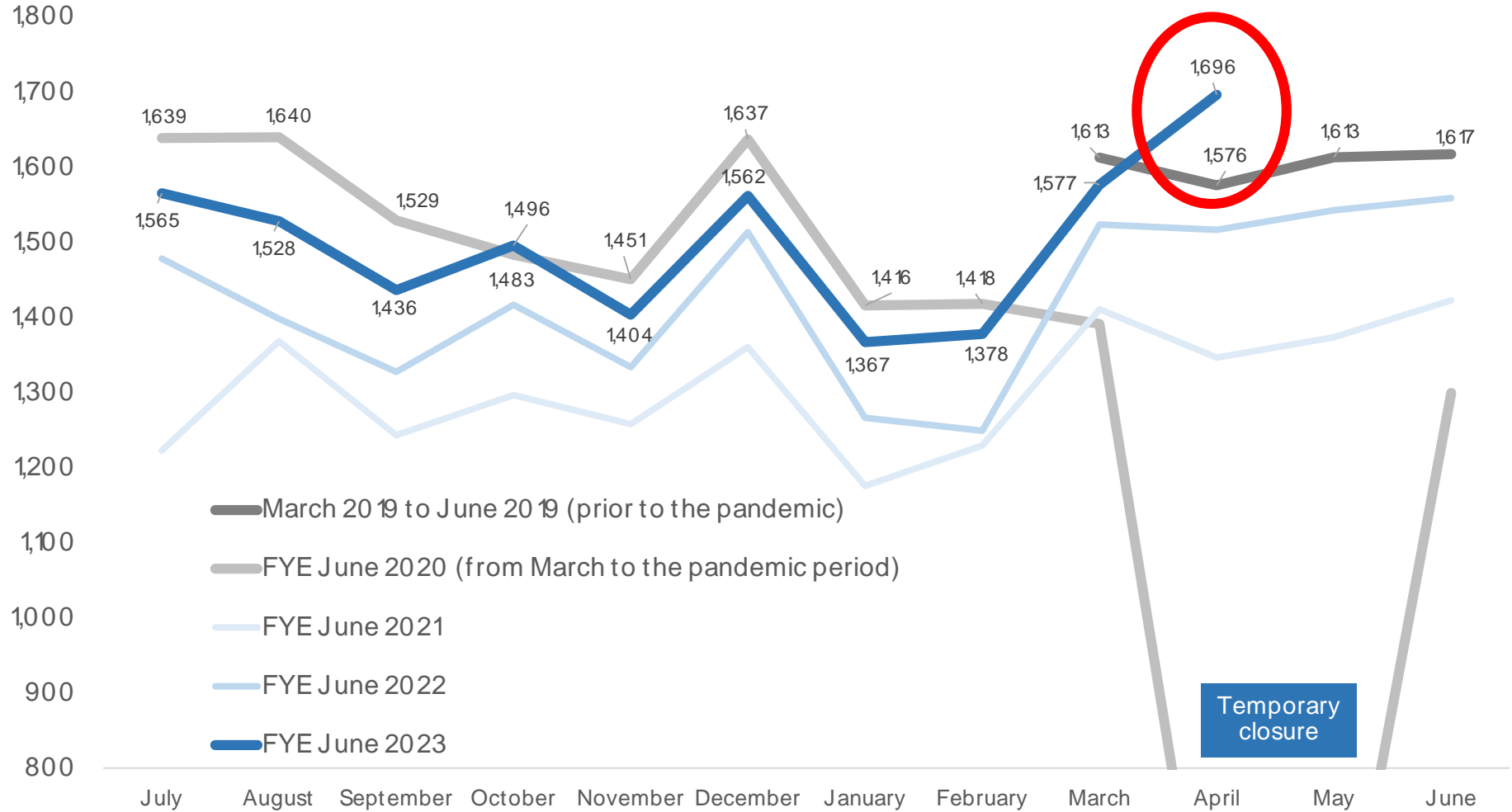
\* Recovery rate compared with pre-pandemic figures)

# [Domestic] Monthly Trend in Revenue

- Thanks to price revisions, domestic revenue for April exceeded pre-pandemic levels.

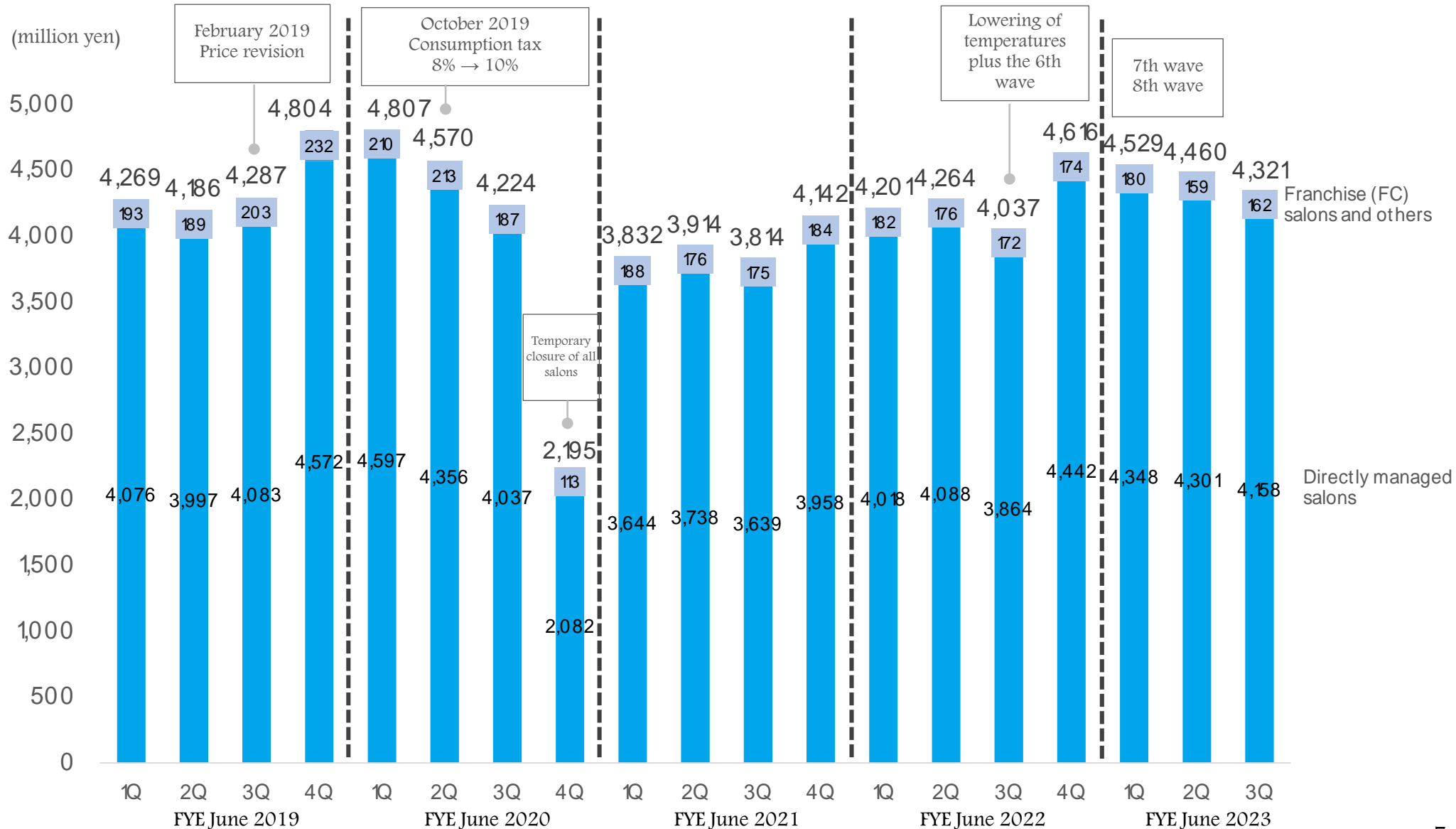
(Million yen)

Trend in Domestic Revenue



# [Domestic] Trend in Revenue

- Domestic revenue remained in a recovery trend (Q1 and Q4 are busy seasons, and Q3 is an off-season in usual years)





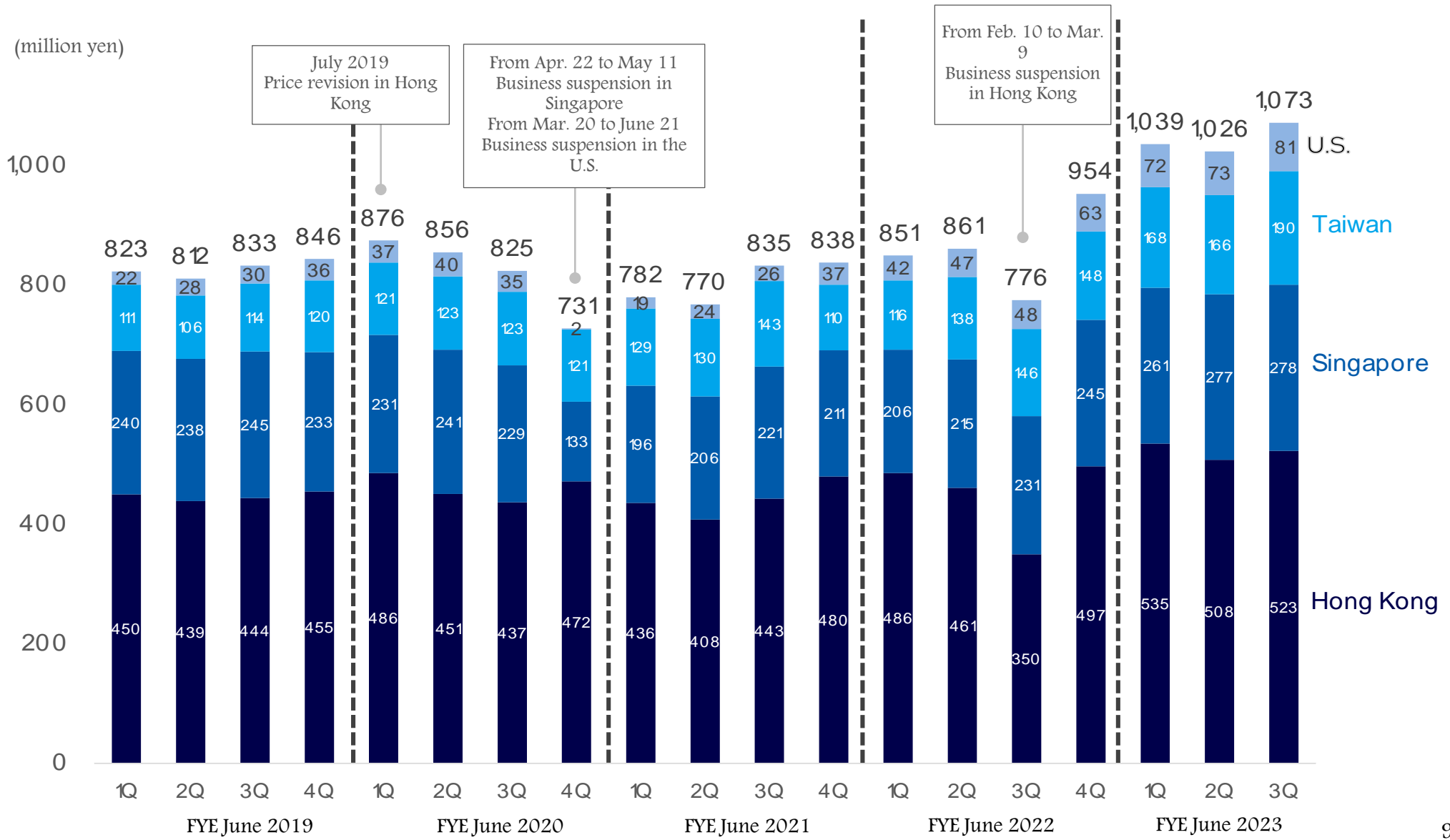
# [Overseas] Business Situation

	Revenue of Q3 Vs. pre-pandemic levels	Number of customers visiting salons for Q3 Vs. pre-pandemic levels	Situation
Hong Kong	108.7%	89.8%	The 64 salons that existed before the pandemic were consolidated into 62 salons including closures due to the convenience of developers. Infection-prevention measures have been totally lifted since December 28, 2022. → The numbers of customers visiting existing salons for the single month of March has returned to pre-pandemic levels. A wage hike is scheduled for May 2023.
Singapore	116.7%	74.6%	Thirty-seven salons in the pre-pandemic years were consolidated into 30 salons (down about 19%) due to changes in the number of people working in urban centers in the wake of the spread of telework, resulting from the pandemic. Price revision: QB PREMIUM : Up 20% QB HOUSE : Up 16.7% → The impact of the decrease in customers visiting salons in the wake of a price revision is within the scope of assumption. Wages were already raised in December 2022.
Taiwan	145.0%	102.7%	Opened LogiThcut (training facility) in December 2022. Recruitment of salon personnel went well (a net increase). Price revision (January 2023): Up 16.7% → The impact of the decrease in customers visiting salons in the wake of a price revision is minor. Wages were already raised in January 2023. Effective May 1, COVID-19 was downgraded to the same category as influenza.
U.S.	185.9%	100.7%	The number of customers visiting salons and revenue have continued marking new highs. Price revision: Up 20% (up 16.7% in online bookings) → There is no impact of the decrease in customers visiting salons in the wake of a price revision. Wages were already raised in January 2023.

\* Revenue includes foreign exchange effects. Compared with the results (the total of all salons) of three years ago in order to see differences from pre-pandemic figures.

# [Overseas] Trend in Revenue

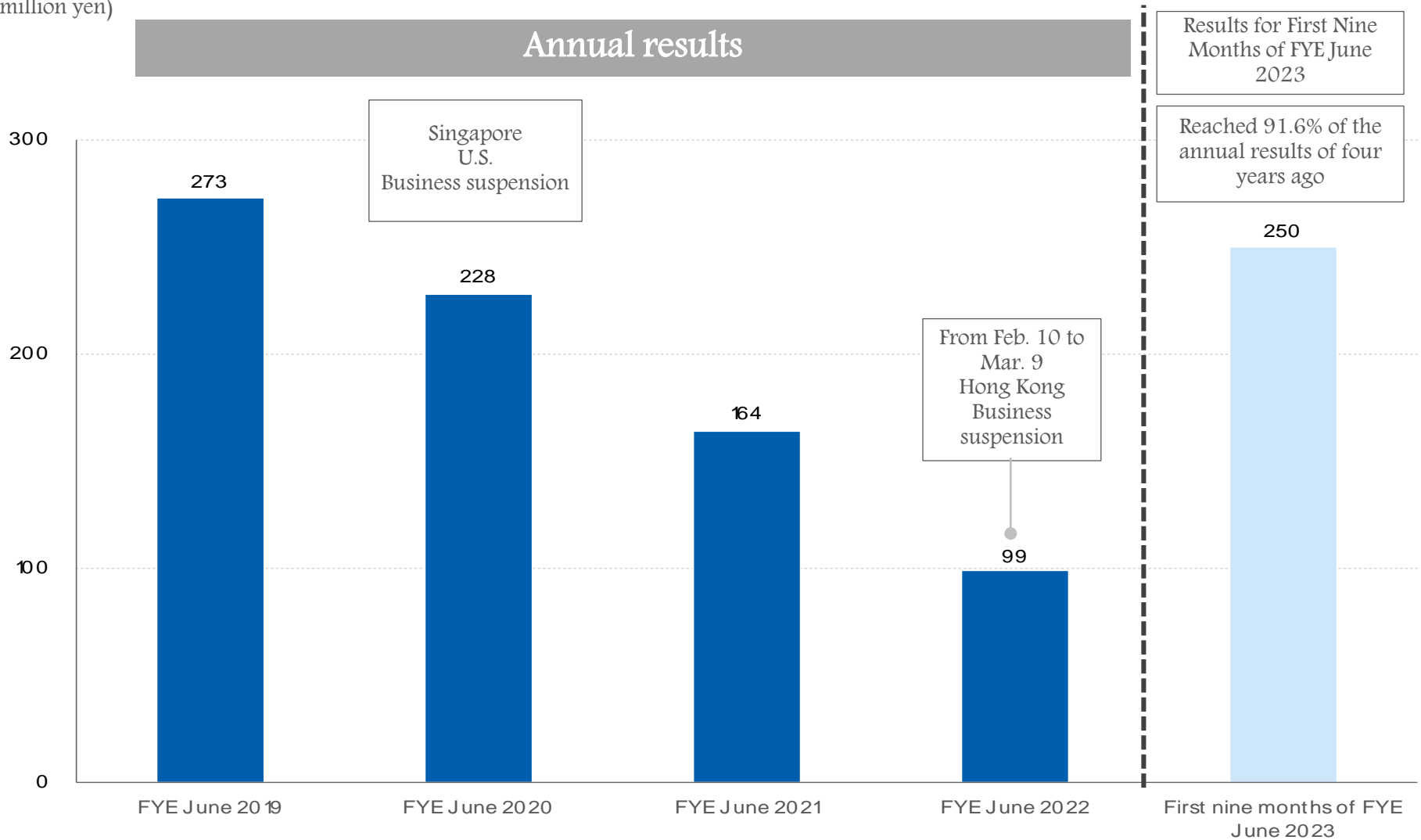
- Q3 overseas revenue marked a record high thanks to price revisions and foreign exchange effects (salons in Hong Kong were closed for a month in the Q3 of the previous fiscal year).



# [Overseas] Trend in Total of Overseas Operating Profit (excluding subsidies)

- Overseas operating profit (excluding subsidies) for the fiscal year under review is expected to surpass pre-pandemic levels and reach a record high, due to price revisions, a steady recovery in Taiwan, and the U.S. returning to profitability.

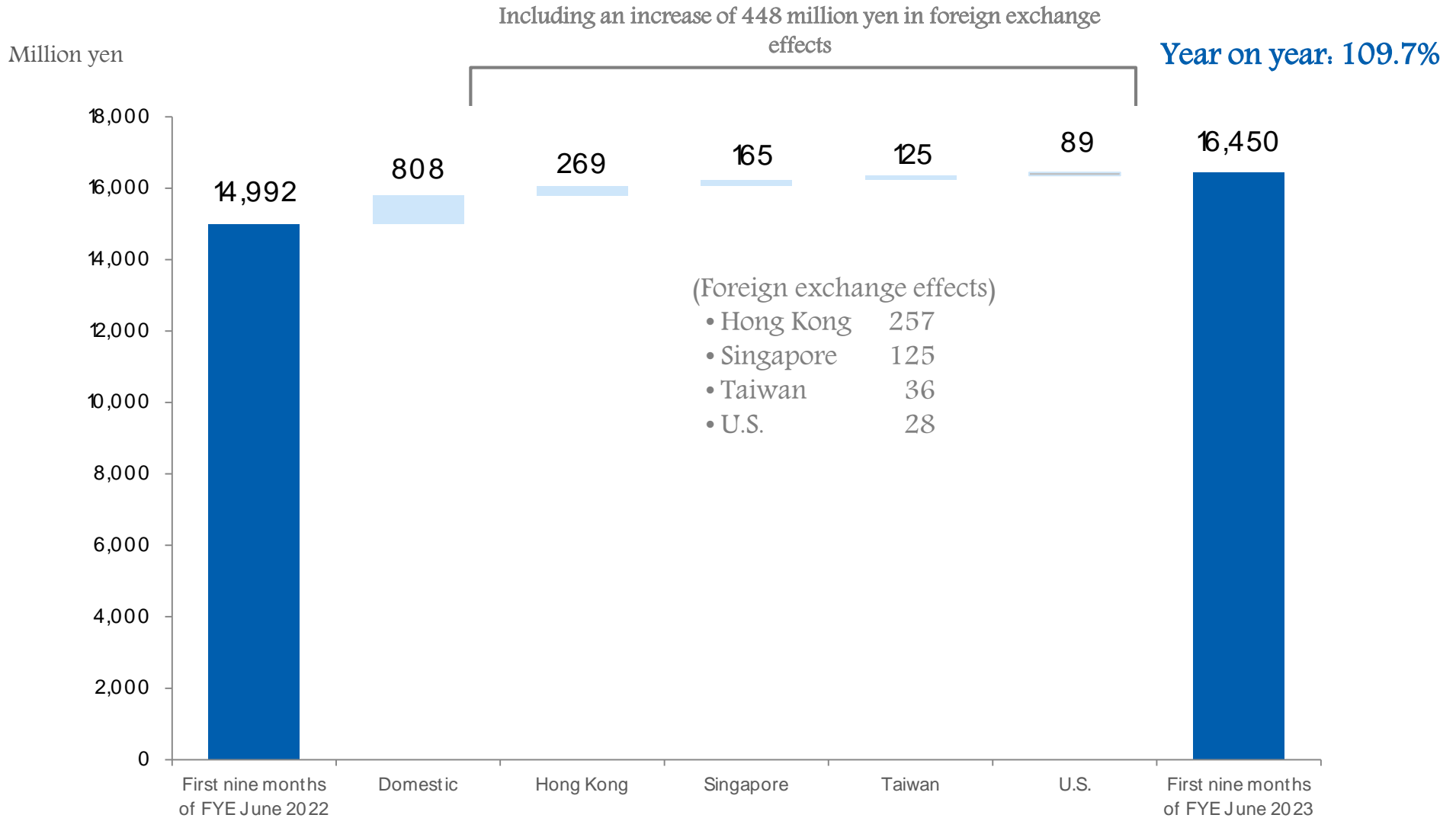
(million yen)



\* Excluding overseas subsidies (117 million yen for FYE June 2020, 191 million yen for FYE June 2021, 79 million yen for FYE June 2022 and 40 million yen for Q3 of FYE June 2023)

# [Consolidated] Breakdown of Changes in Revenue (YoY)

- Revenue increased 1,458 million yen year on year on a consolidated basis due to foreign exchange effects in addition to a recovery in sales.

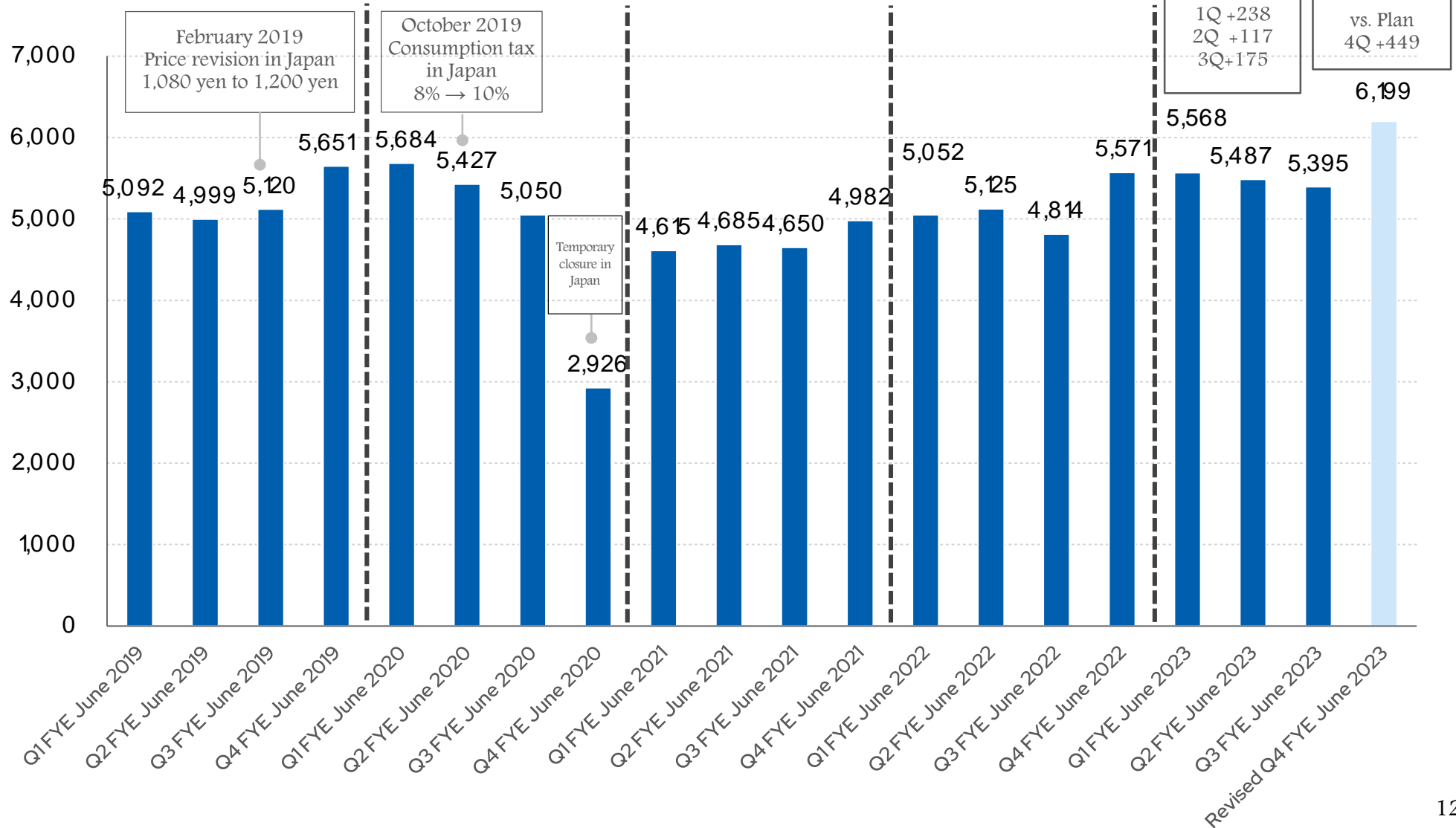


# [Consolidated] Trend in Revenue

## Results

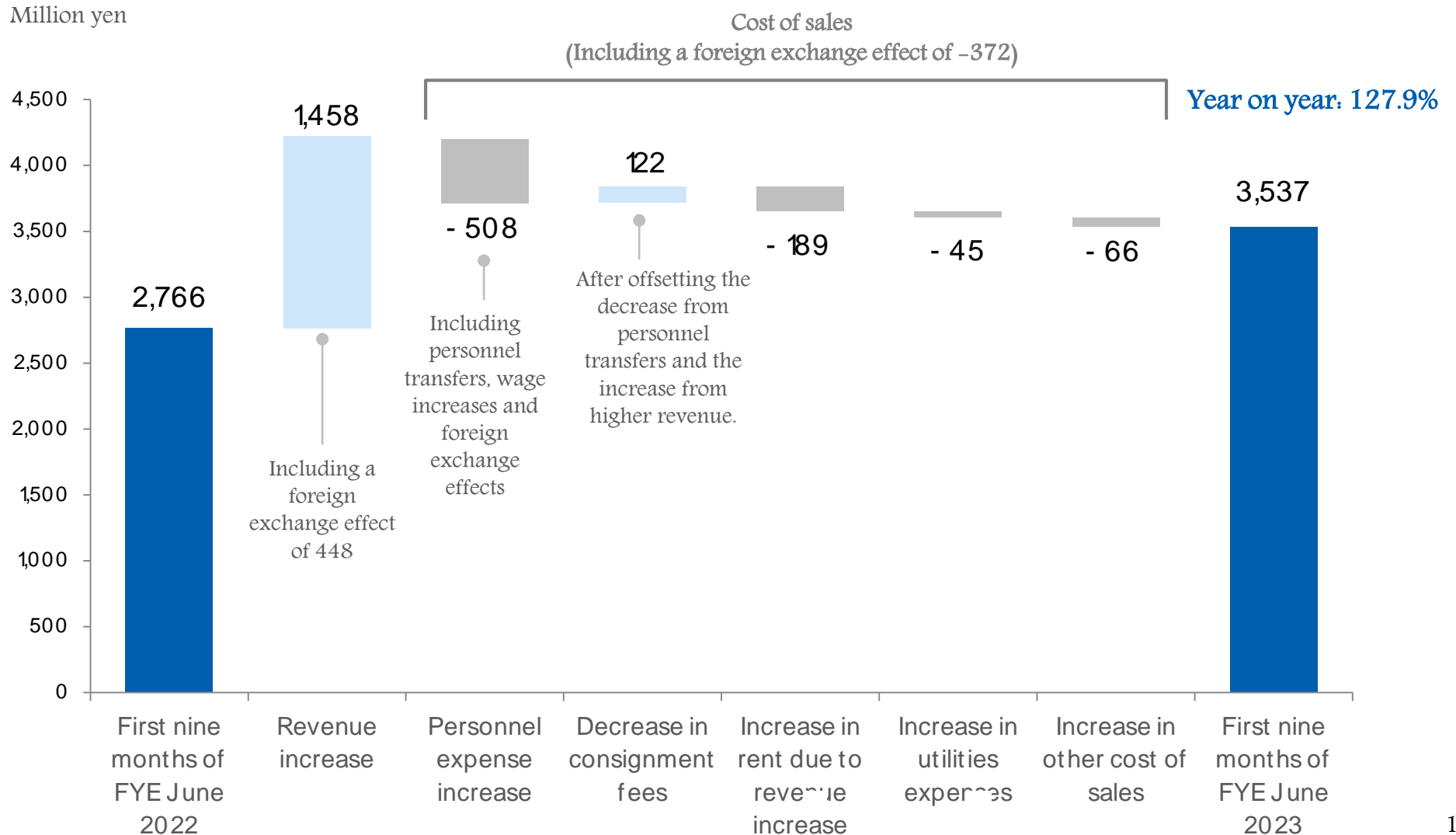
Revised  
forecast

Million yen



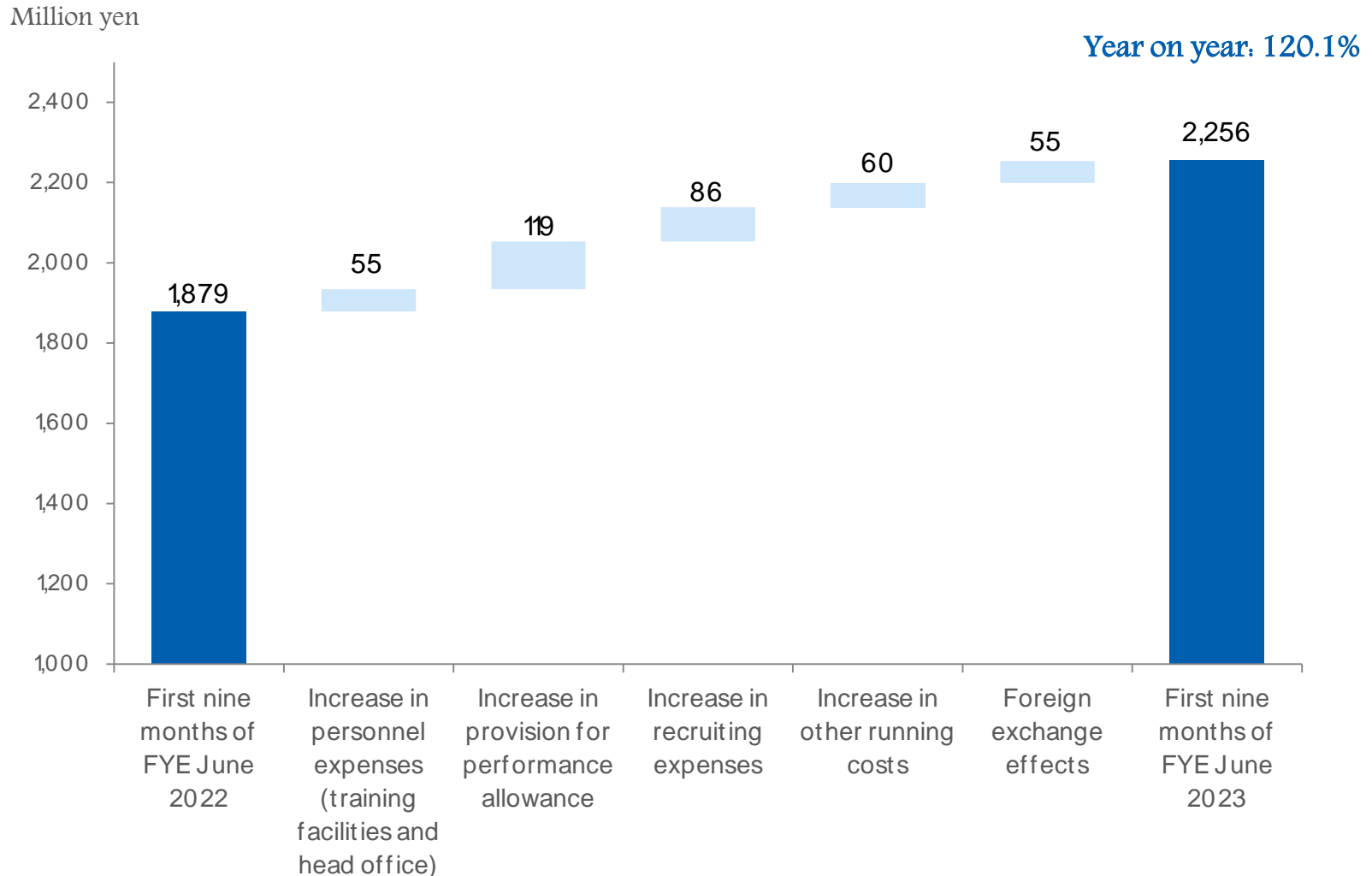
# [Consolidated] Breakdown of Changes in Gross Profit (YoY)

- Gross profit increased 771 million yen year on year mainly due to an increase in revenue, a rise in personnel expenses associated with personnel transfers from consignees, the wage increase of October 2022 (in Japan), increases in revenue-linked rent and electricity costs, and foreign exchange effects among others.



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

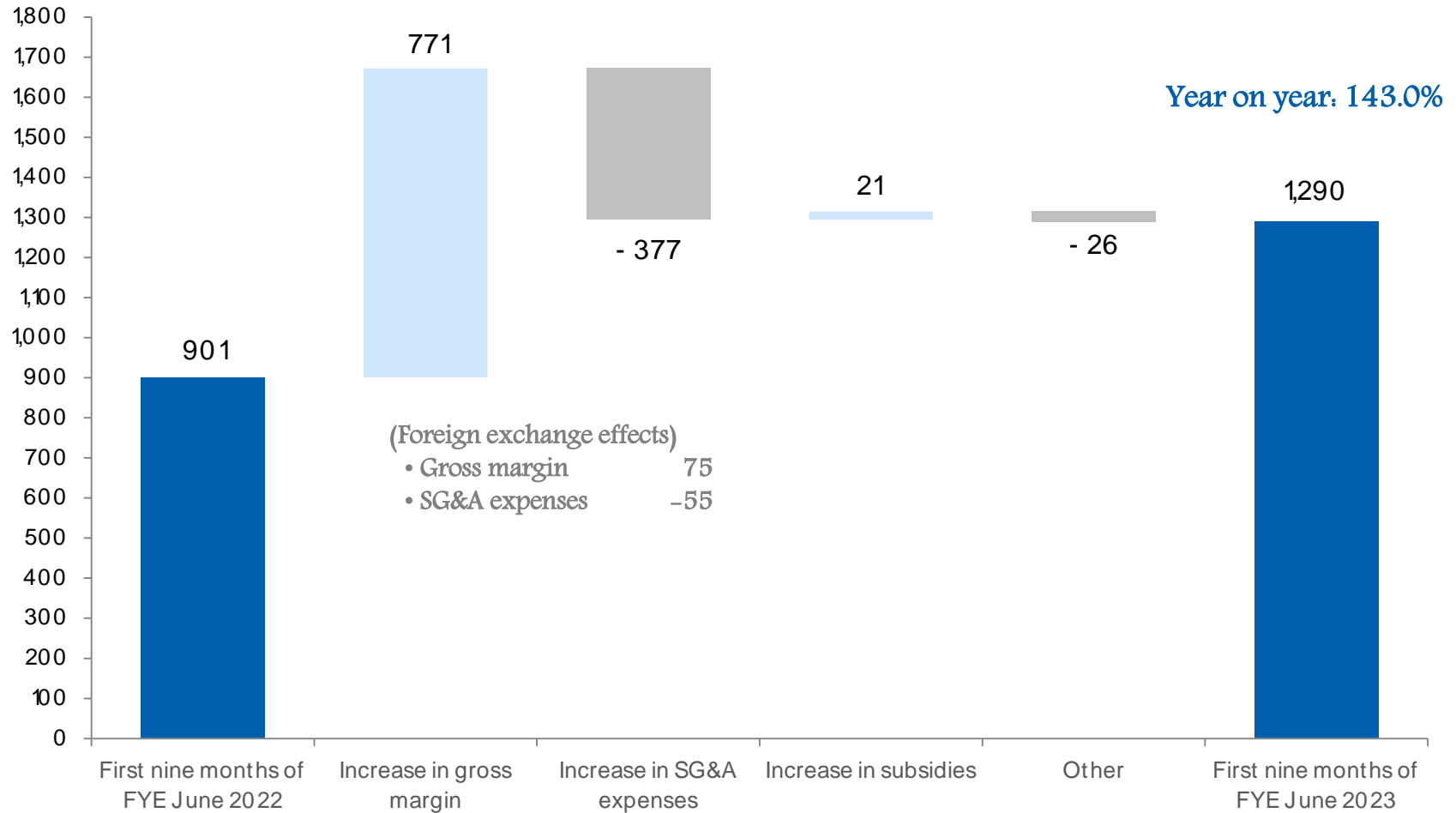
- SG&A expenses grew 377 million yen year on year primarily due to a provision for performance allowance, an increase in recruiting expenses and foreign exchange effects.



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

- Operating profit rose 388 million yen year on year due to an increase in gross margin despite higher SG&A expenses.

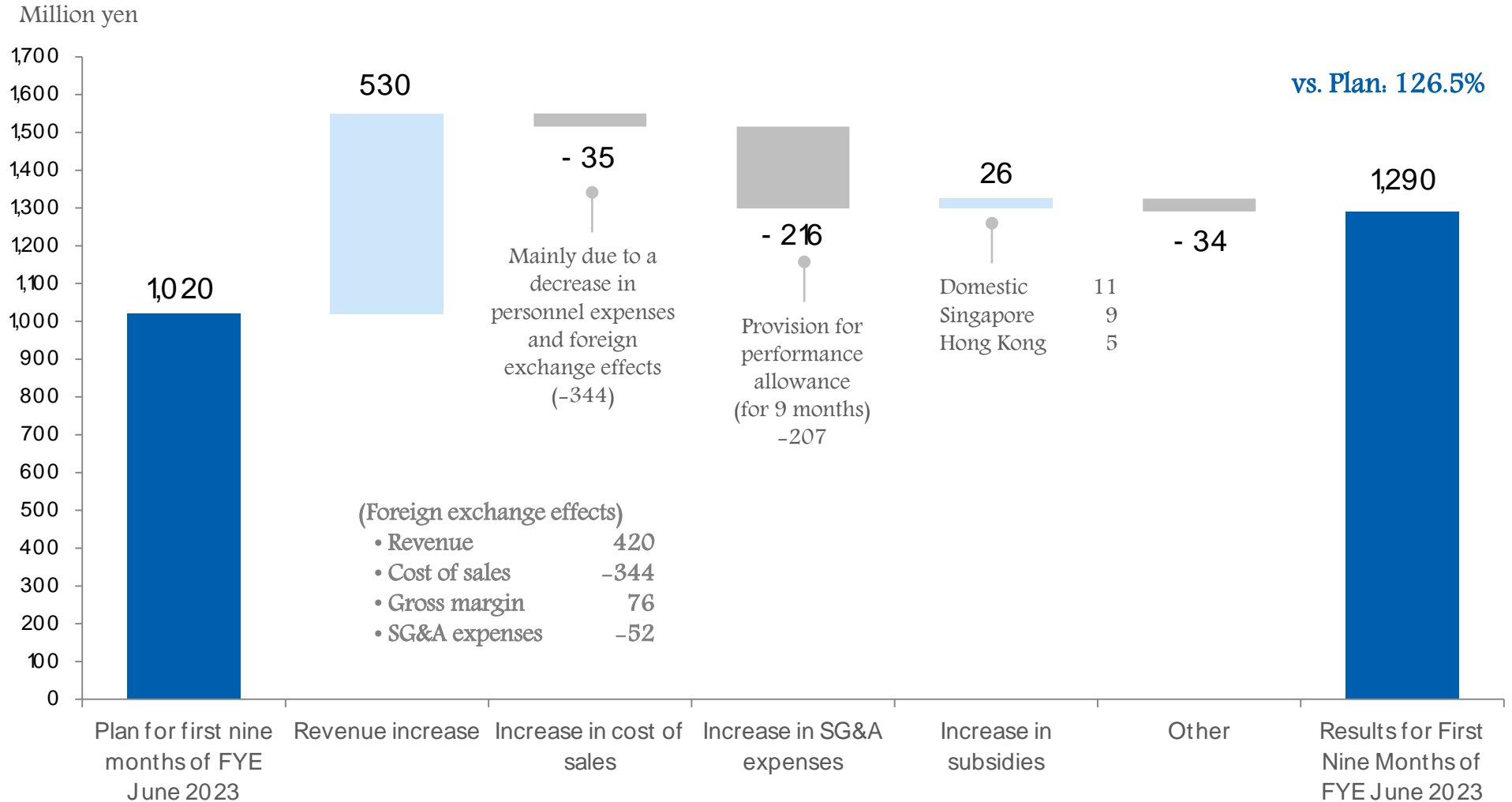
Million yen



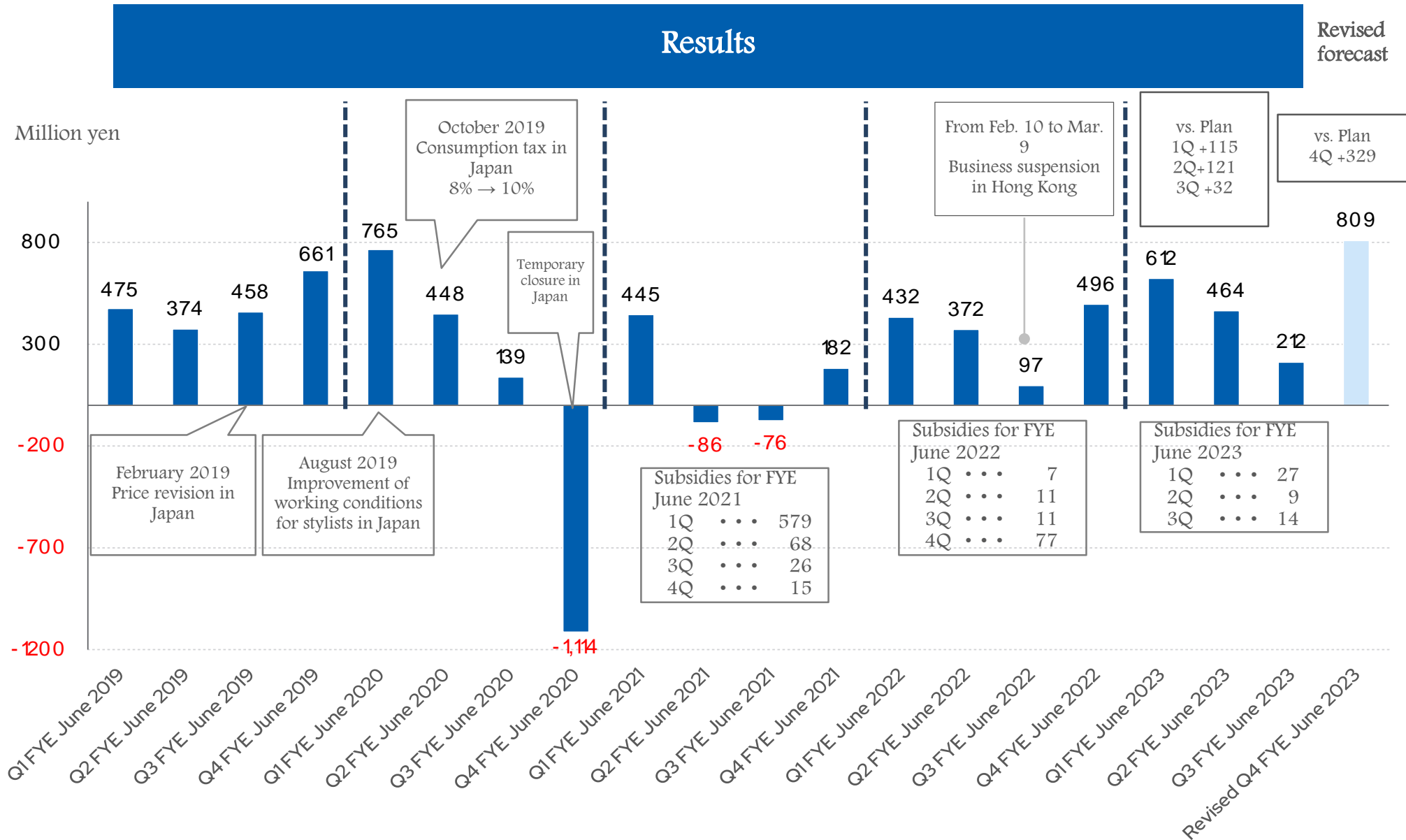


# [Consolidated] Reference: Breakdown of Changes in Operating Profit (vs. Plan)

- Operating profit increased 270 million yen from the plan due to a recovery in revenue and a provision for performance allowance.



# [Consolidated] Trend in Operating Profit

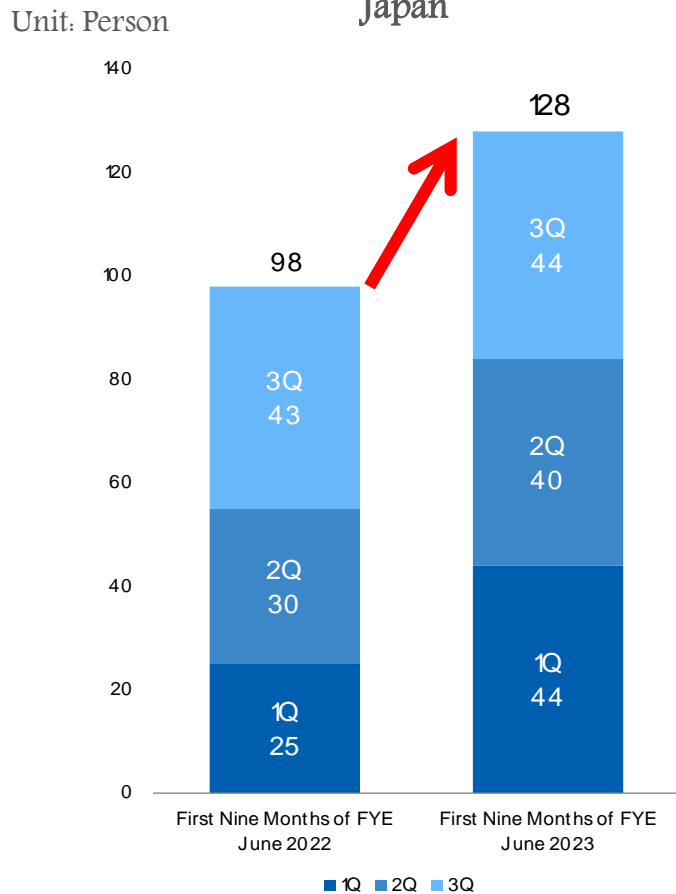


# [Domestic] Situation of Salon Personnel

Recruiting is going well. After accepting personnel transfers in the wake of placing consigned salons in direct management,

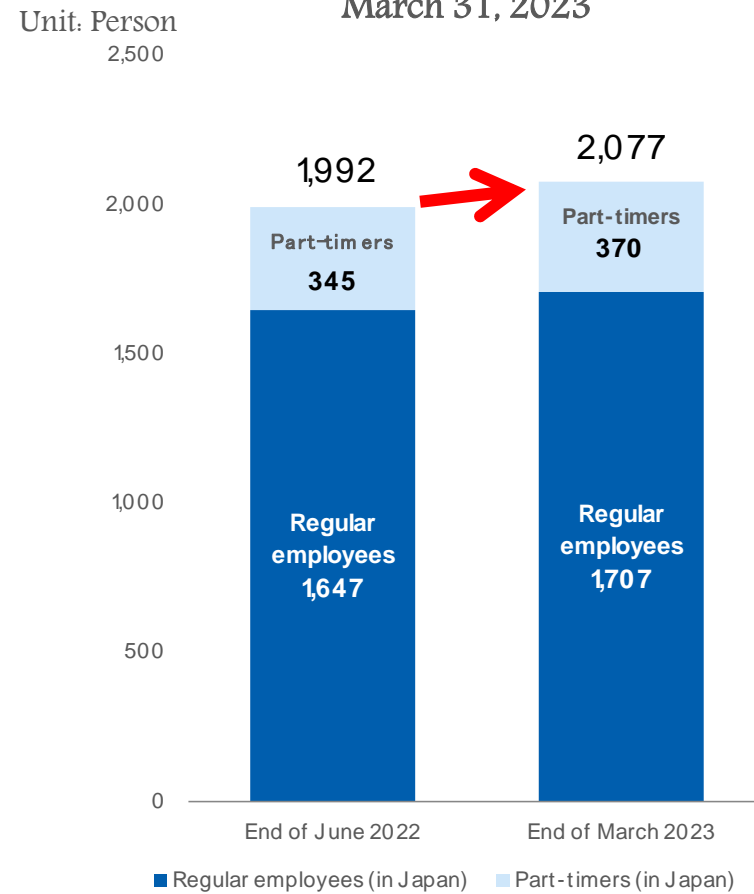
- The number of full-time employees hired was 128 (up 30 people from the previous fiscal year).
- And 112 people were transferred from consigned salons (Breakdown: 82 regular employees and 30 part-time workers)

Number of regular employees hired in Japan



\* 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 March 31, 2023

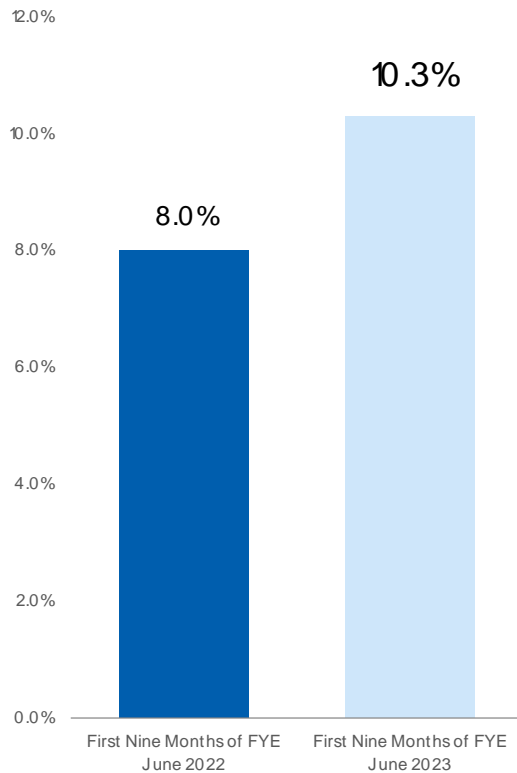


\* Including personnel transfers from consigned salons.  
Excluding the head office. Including training facilities (LogiThcut Professional Stylist School).

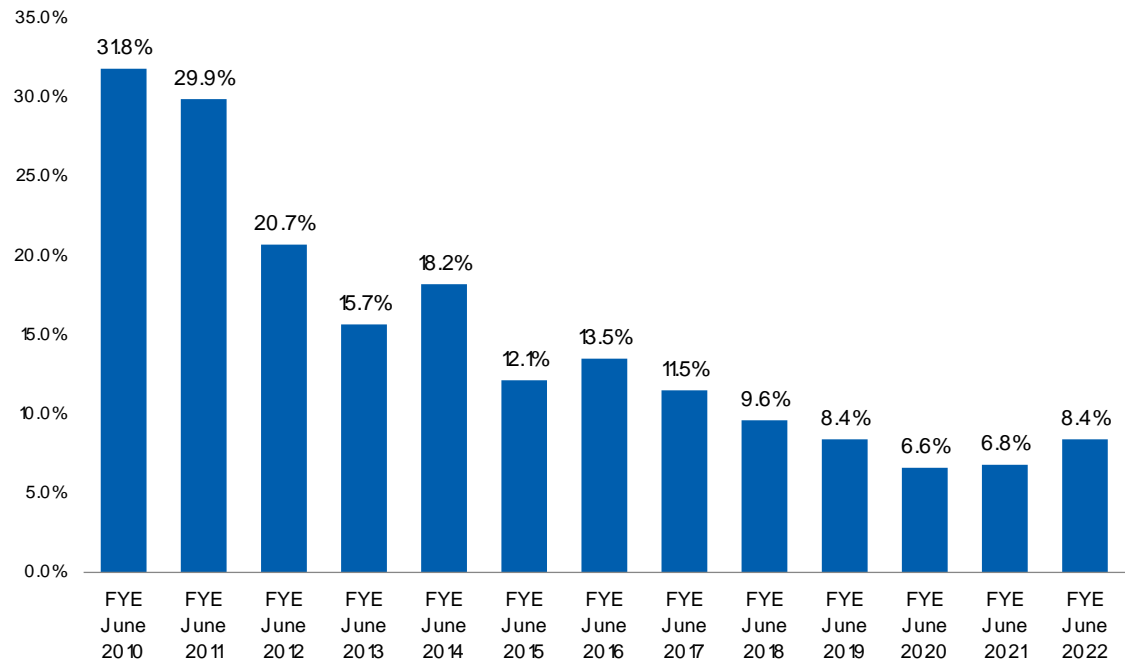
# [Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees in Japan was 10.3% on an annualized basis (up 2.3% points year on year, and 11.3% as Q1 results).
- The number of regular employees leaving the Company in Japan was up 30 people year on year.

Turnover rate of regular employees in the first nine months in Japan (Annualized)



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

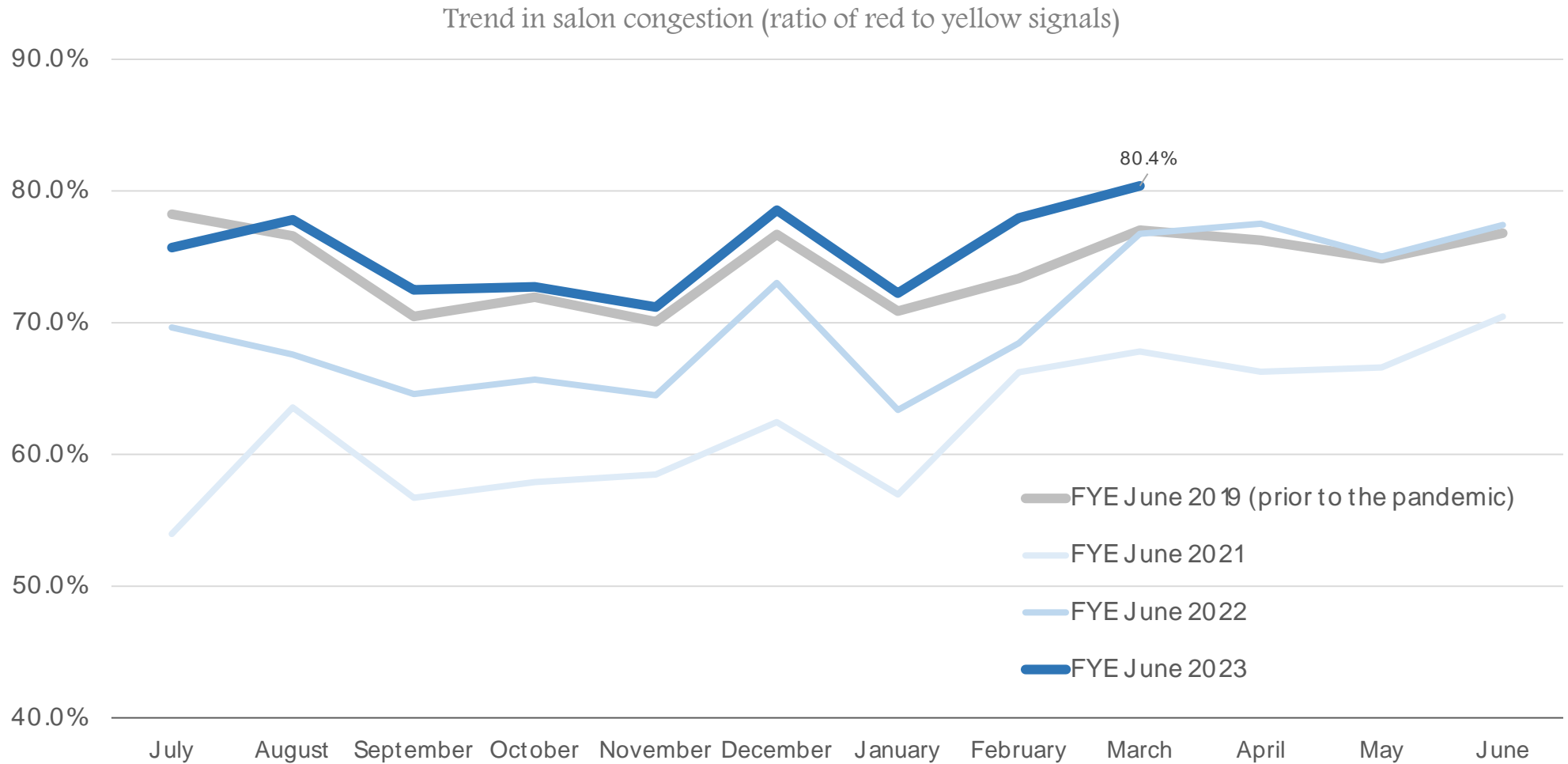


\* Excluding the head office.

\* Including training facilities (LogiThcut Professional Stylist School).

# Current Domestic Situation (1): Congestion in Domestic Salons

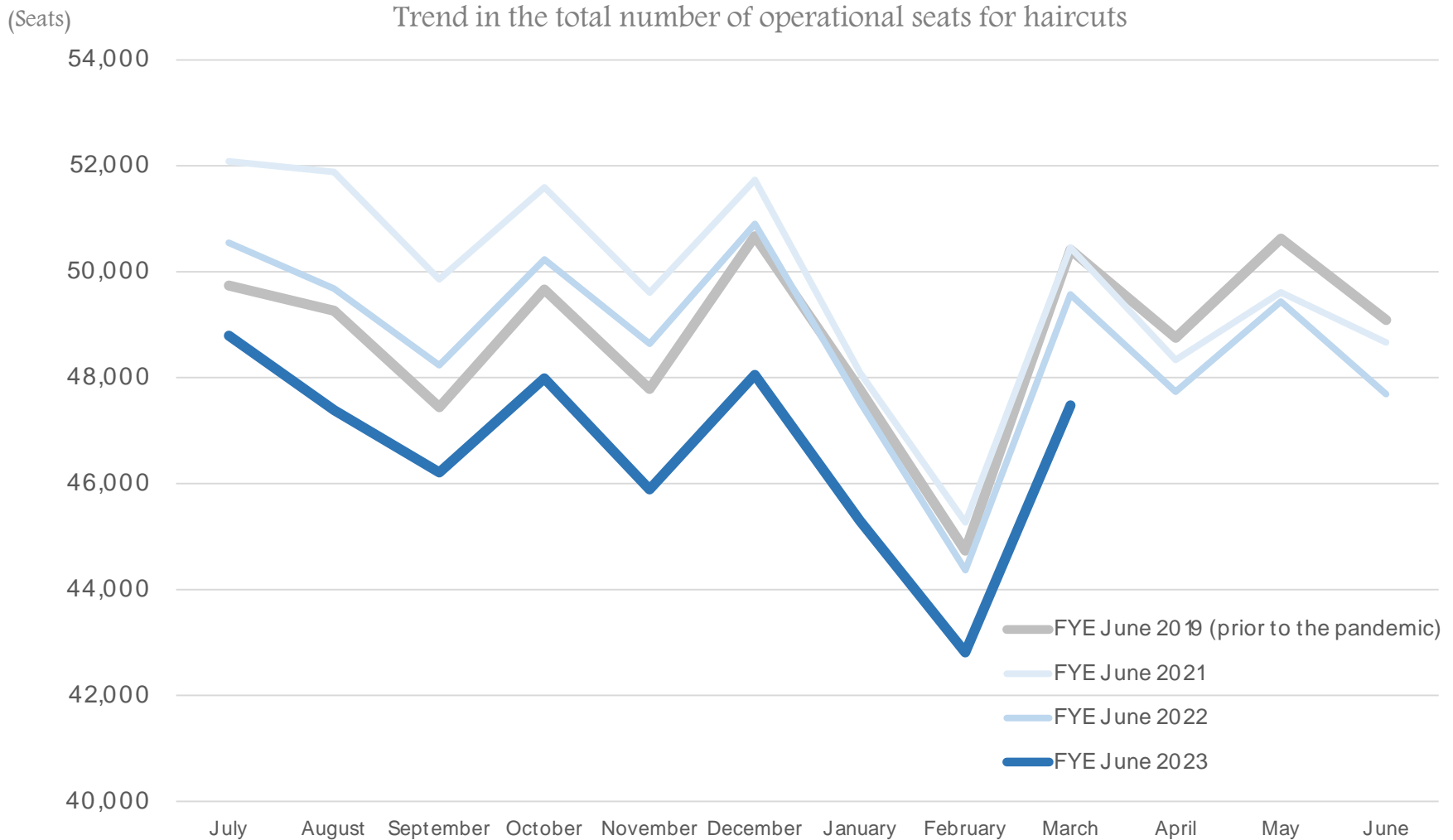
- The internal indicator showing the status of congestion in salons **has exceeded pre-pandemic levels, resulting in ongoing lost opportunities.**



• 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 (2): Total Number of Operational Seats for Haircuts in Japan.

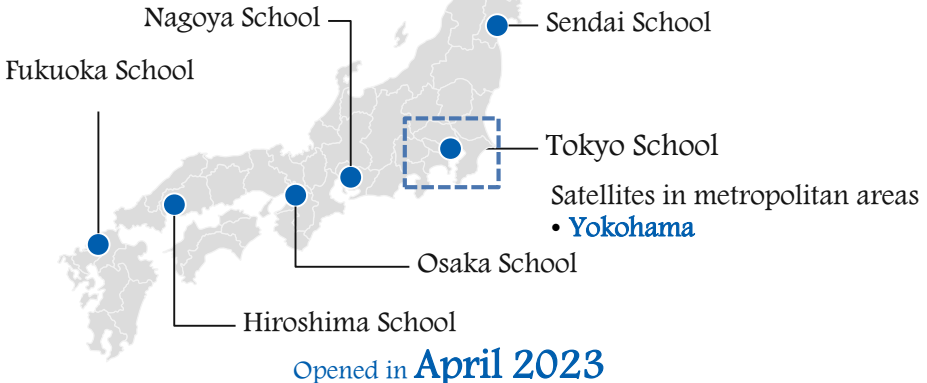
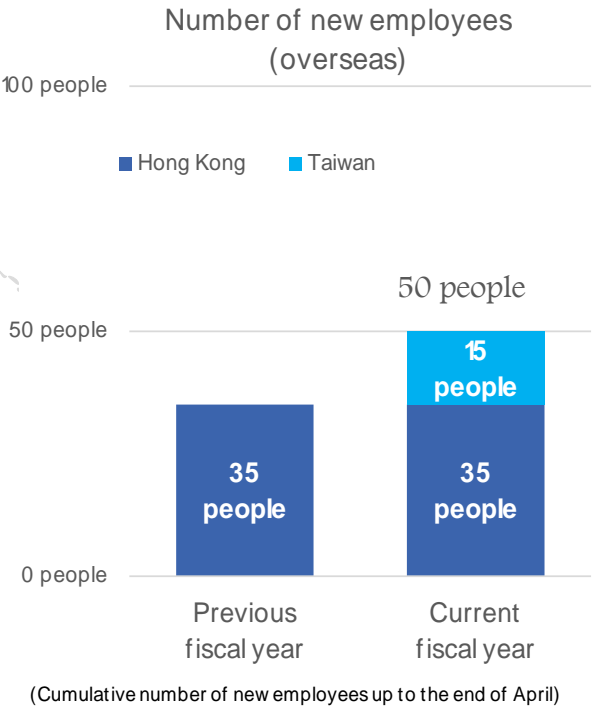
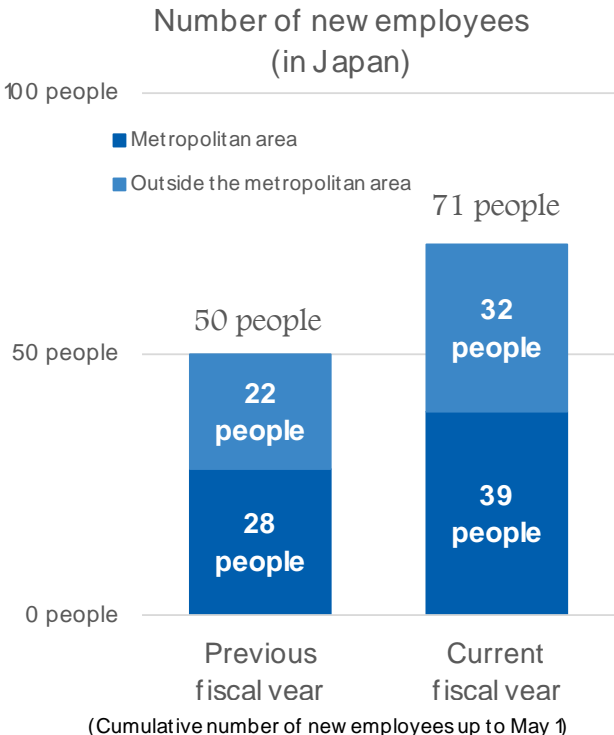
- The number of operational seats out of all seats for haircuts has **decreased from pre-pandemic levels due to the failure to achieve the planned number of salon personnel.**



# Results of LogiThcut Professional Stylist School (training facility)

## Step up investment in human resource development

- The number of training facilities in Japan and abroad was increased, and the number of new hires too remains above the previous year
- LogiThcut Hiroshima School (in Japan) was opened in April 2023
- LogiThcut Taiwan (overseas) was opened in December 2022



# Status of Implementation of Price Revisions and Improvement of Employee Treatment (wage revisions)

- Revised wages using funds acquired through price revisions (planned for the next fiscal year in Japan)

## Secure funds through price revisions

Region	Revision period	Price increase rate	Impact of a decrease in the number of customers
Domestic	April 2023	9.1% to 12.5%	The impact is currently minor.
Singapore	August 2022 and October 2022	16.7% to 20%	A decrease of about 5% to 6%
Taiwan	January 2023	16.7%	Minor
U.S.	August 2022 and January 2023	16.7% to 20%	None

## Status of implementation of wage revision

Region	Revision period	Content of implementation
Singapore	Implemented in December 2022	Raised wage levels that considered competitiveness in the industry.
Taiwan	Implemented in January 2023	
U.S.	Implemented in January 2023	

Region	Planned revision period	Content of planned revision
Domestic	August 2023	Plan to pay performance allowance at the same level as when prices were last revised.
	October 2023	Regular wage revision
	–	A wage revision that considers competitiveness in the industry is scheduled to take place in addition to the above regular wage revision.



# Future Growth Strategies


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



Continuously improve treatment.

- Increase in wage levels
  - 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.

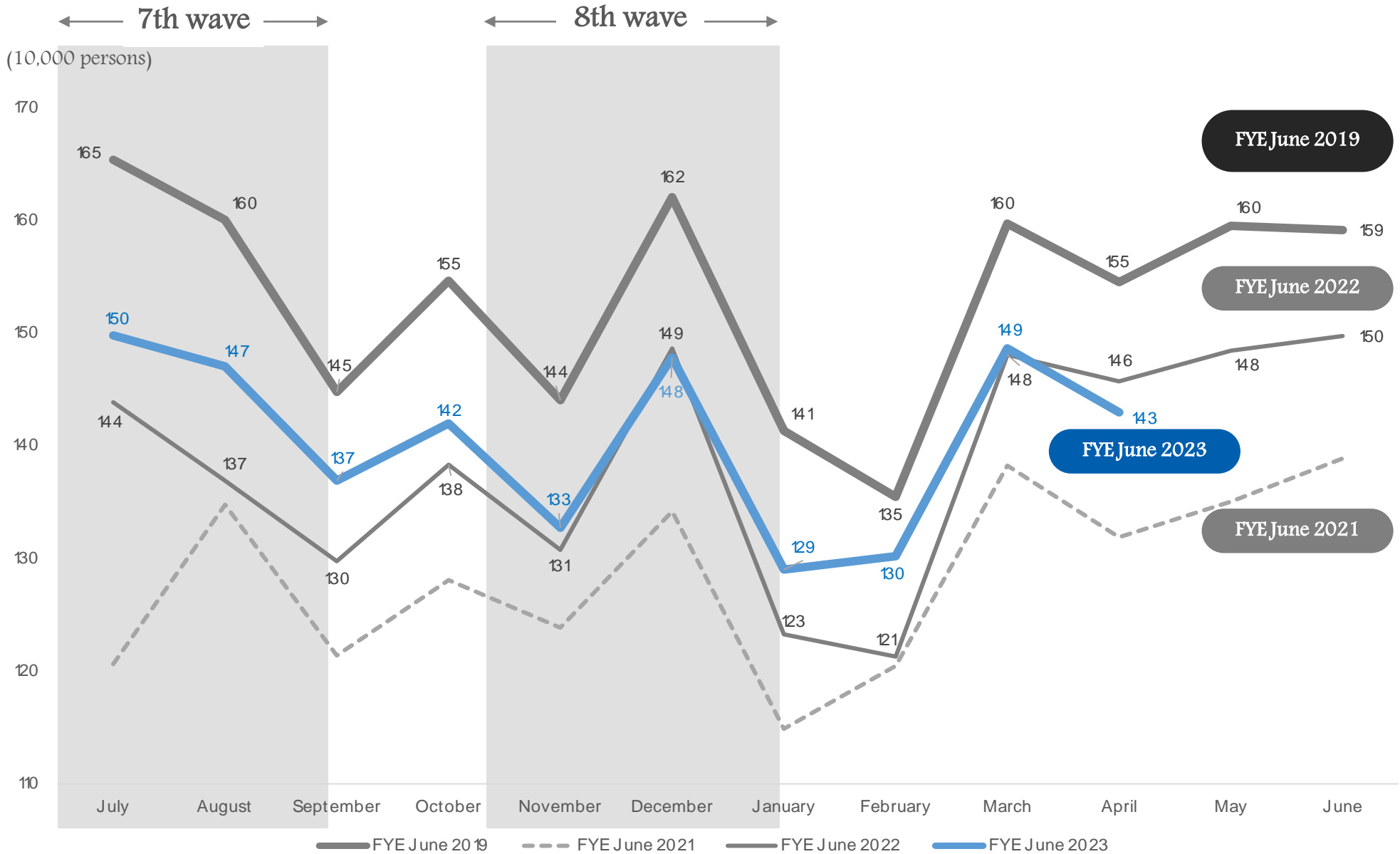
- Boost the ability to recruit: Provide diverse options tailored to working people
  - Enhance the retention rate: Offer to working people a more secure working environment that allows them to work longer in the Company.
- 

Grow existing salons and speed up new salon openings.

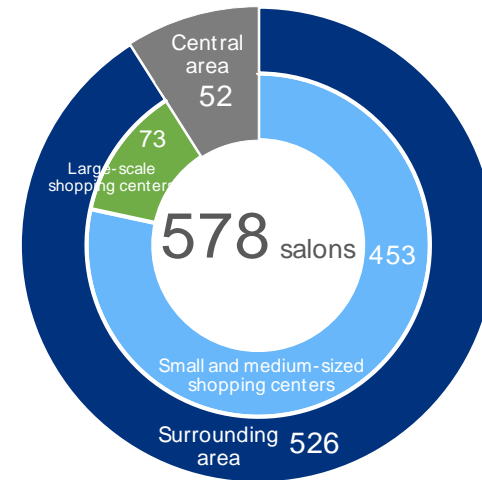
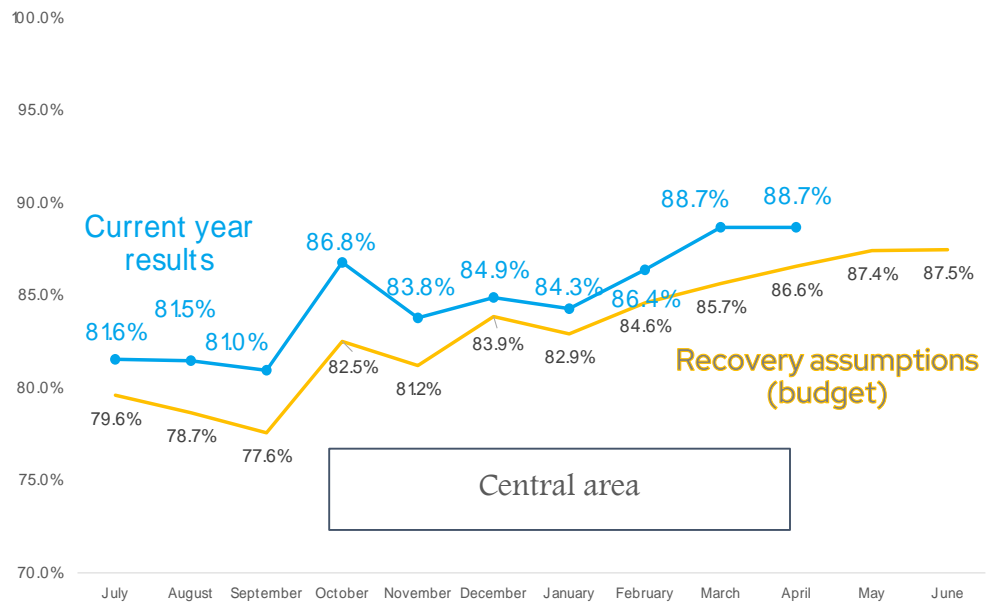
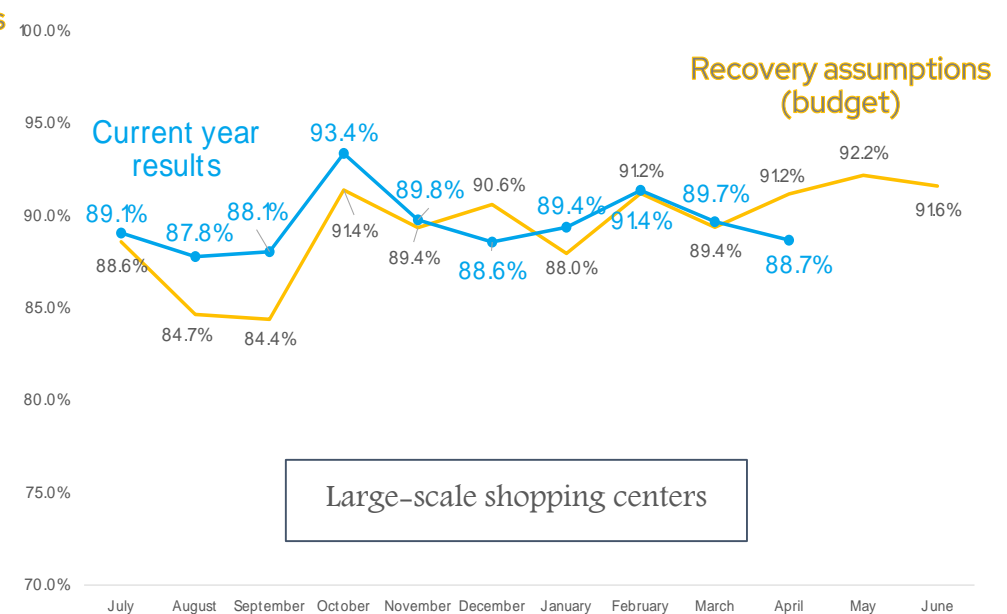
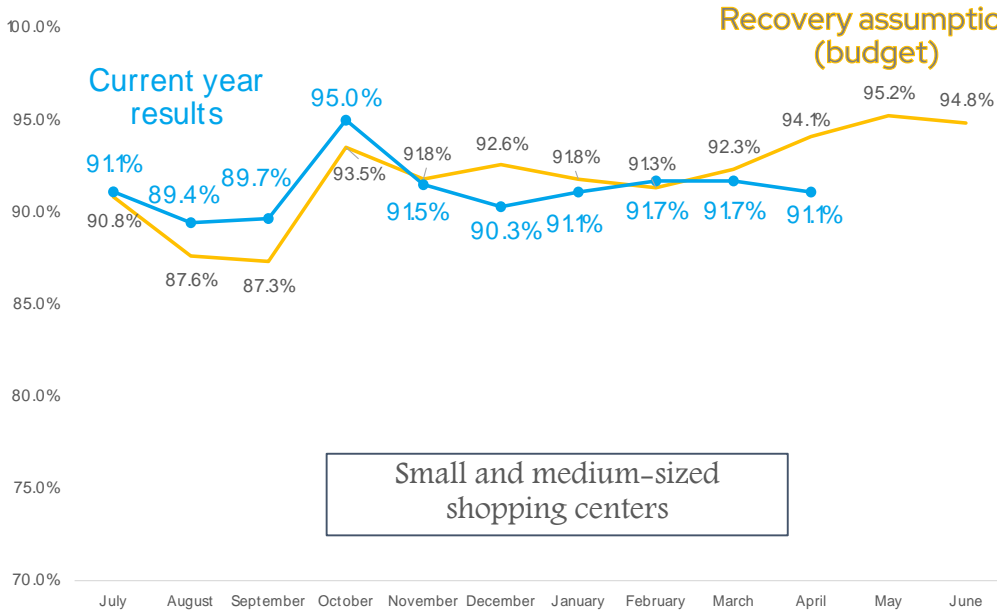
Build a virtuous cycle of business growth by further improving personnel treatment with funds gained from salon expansion.

# Appendix

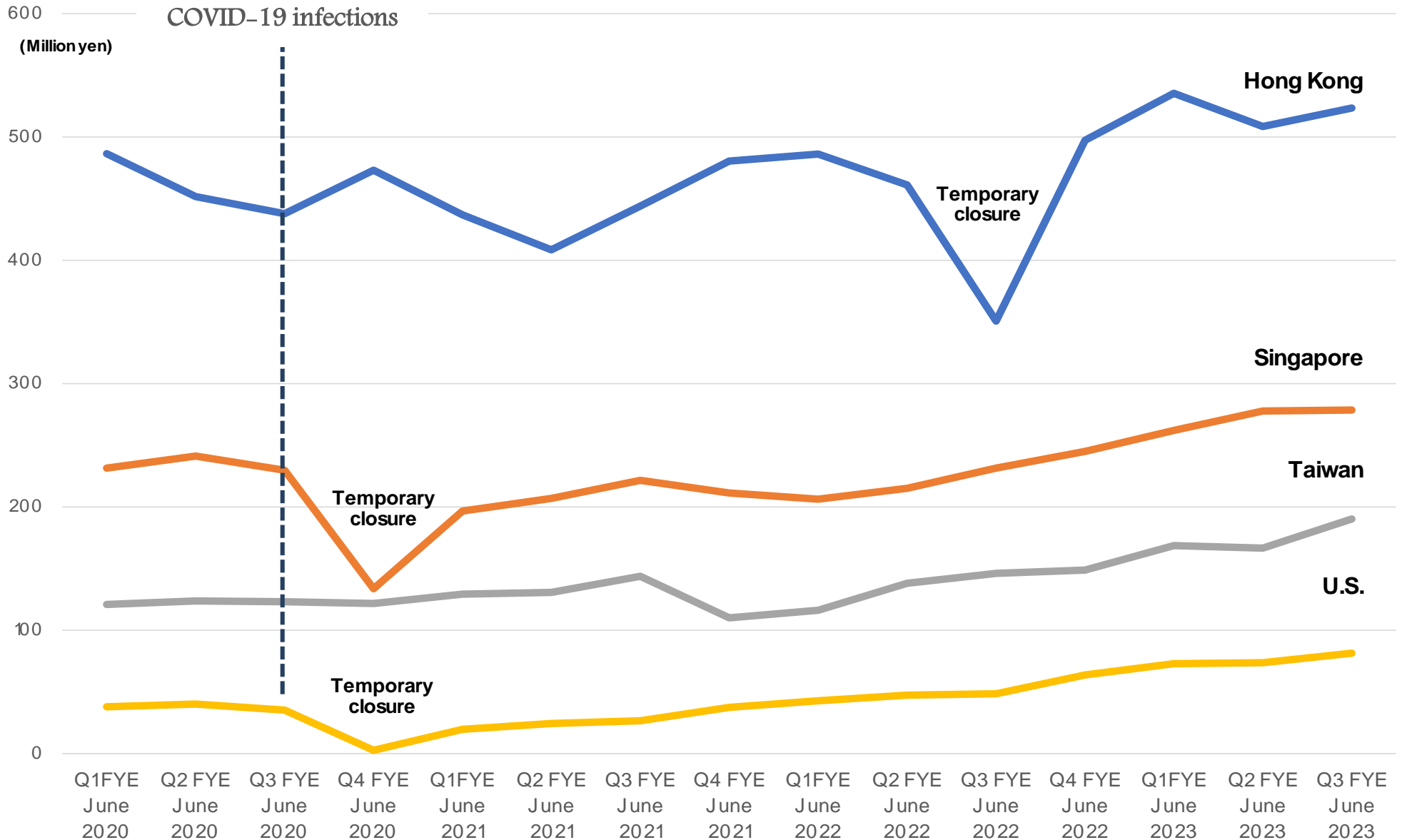
# [Domestic] Trend in Number of Customers Visiting Salons (Including New Salons)



# [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	<ul style="list-style-type: none"> <li>• April 2014: 1,000 yen to 1,080 yen (1,000 yen on weekdays for customers aged 65 or over)</li> <li>• February 2019: 1,080 yen to 1,200 yen (1,100 yen on weekdays for customers aged 65 or over)</li> <li>• March 2022: The special price of 1,100 yen for senior customers was terminated.</li> <li>• April 2023: QB HOUSE: 1,200 yen to 1,350 yen QB PREMIUM: 1,650 yen to 1,800 yen FaSS: 2,200 yen to 2,400 yen</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• December 2012: SG\$10 (about 1,010 yen) to SG\$12 (about 1,210 yen)</li> <li>• August 2022: QB PREMIUM SG\$15 (about 1,510 yen) to SG\$18 (about 1,820 yen)</li> <li>• October 2022: QB HOUSE SG\$12 (about 1,210 yen) to SG\$14 (about 1,410 yen)</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>• July 2014: HK\$50 (about 850 yen) to HK\$60 (about 1,020 yen)</li> <li>• July 2019: HK\$60 (about 1,020 yen) to HK\$70 (about 1,190 yen)</li> </ul>
Taiwan	<ul style="list-style-type: none"> <li>• January 2023: 300 yuan (about 1,310 yen) to 350 yuan (about 1,520 yen)</li> </ul>
New York	<ul style="list-style-type: none"> <li>• June 2020: \$20 (about 2,680 yen) to \$23 (about 3,080 yen)</li> <li>• November 2020: \$23 (about 3,080 yen) to \$25 (about 3,350 yen)</li> <li>• July 2022: \$30 (about 4,020 yen) only for online booking</li> <li>• December 2022: \$30 to \$35 (about 4,690 yen) only for online booking</li> <li>• January 2023: \$25 (about 3,350 yen) to \$30 (about 4,020 yen)</li> </ul>

# Overview of Consolidated Group Earnings

Consolidated statement of profit or loss

Million yen	First Nine Months of FYE June 2022		First Nine Months of FYE June 2023			
	Results	vs. Revenue	Results	vs. Revenue	Changes	Year on year
<b>Revenue</b>	<b>14,992</b>	<b>100.0%</b>	<b>16,450</b>	<b>100.0%</b>	<b>1,458</b>	<b>109.7%</b>
Cost of sales	- 12,225		- 12,912		- 687	105.6%
<b>Gross profit</b>	<b>2,766</b>	<b>18.5%</b>	<b>3,537</b>	<b>21.5%</b>	<b>771</b>	<b>127.9%</b>
Other operating income	65		61		- 4	
Selling, general and administrative	- 1,879		- 2,256		- 377	120.1%
Other operating expenses	- 51		- 52		- 1	
<b>Operating profit</b>	<b>901</b>	<b>6.0%</b>	<b>1,290</b>	<b>7.8%</b>	<b>388</b>	<b>143.0%</b>
Finance income	10		13		3	133.9%
Finance costs	- 123		- 128		- 5	104.4%
<b>Profit before tax</b>	<b>788</b>	<b>5.3%</b>	<b>1,175</b>	<b>7.1%</b>	<b>386</b>	<b>149.0%</b>
Income tax expense	- 268		- 362		- 93	134.9%
<b>Profit</b>	<b>519</b>	<b>3.5%</b>	<b>812</b>	<b>4.9%</b>	<b>292</b>	<b>156.2%</b>

# Overview of Consolidated Group Earnings

## Consolidated statement of financial position

Million yen	End of Q4 FYE	End of Q3 FYE	Changes
	June 2022	June 2023	
<b>Total current assets</b>	<b>4,912</b>	<b>4,772</b>	<b>- 140</b>
Cash and cash equivalents	3,724	3,432	- 292
Trade and other receivables	915	889	- 26
Inventories	92	258	166
Other	181	193	12
<b>Total non-current assets</b>	<b>24,823</b>	<b>24,811</b>	<b>- 11</b>
Property, plant and equipment	1,360	1,235	- 125
Right-of-use assets	5,116	5,147	31
Goodwill	15,430	15,430	-
Other financial assets	1,937	2,001	64
Deferred tax assets	748	764	16
Other	230	232	2
<b>Total assets</b>	<b>29,736</b>	<b>29,584</b>	<b>- 151</b>
<b>Total liabilities</b>	<b>18,348</b>	<b>17,498</b>	<b>- 849</b>
Trade and other payables	235	329	94
Interest-bearing liabilities	10,147	9,601	- 546
Lease obligations	5,197	5,163	- 33
Other	2,768	2,403	- 364
<b>Total equity</b>	<b>11,387</b>	<b>12,085</b>	<b>698</b>
<b>Total liabilities and equity</b>	<b>29,736</b>	<b>29,584</b>	<b>- 151</b>

Cash on hand at present is kept higher than normal times (cash on hand is about 2 billion yen in normal times)

Scheduled repayment of borrowings (a decrease of 525 million yen)



# Overview of Consolidated Group Earnings

## Consolidated statement of cash flows

Million yen	First Nine	First Nine	Changes	
	Months of FYE	Months of FYE		
	June 2022	June 2023		
<b>Cash flows from operating activities</b>	<b>3,122</b>	<b>2,864</b>	<b>- 257</b>	
Profit before tax	788	1,175	386	
Depreciation and amortization	2,393	2,443	50	
Decrease (increase) in trade and other receivables	- 51	55	107	
Interest paid	- 93	- 102	- 8	
Proceeds from subsidy income	30	51	20	
Income taxes refund	29	-	- 29	
Income taxes paid	- 74	- 706	- 632	Associated with an increase in taxable income
Other	98	- 52	- 151	
<b>Cash flows from investing activities</b>	<b>- 373</b>	<b>- 417</b>	<b>- 43</b>	
Purchase of property, plant and equipment	- 275	- 293	- 17	
Purchase of intangible assets	- 27	- 43	- 15	
Other	- 71	- 81	- 9	
<b>Free cash flows</b>	<b>2,748</b>	<b>2,447</b>	<b>- 300</b>	
<b>Cash flows from financing activities</b>	<b>- 3,443</b>	<b>- 2,721</b>	<b>721</b>	
Net increase (decrease) in short-term borrowings	- 1,000	-	1,000	Repayment of commitment line of the previous fiscal year
Repayments of long-term borrowings	- 525	- 525	-	
Dividends paid	-	- 130	- 130	
Repayments of lease obligations	- 2,011	- 2,110	- 98	
Other	93	44	- 48	
<b>Exchange differences of cash and cash equivalents</b>	<b>113</b>	<b>- 17</b>	<b>- 131</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>- 581</b>	<b>- 292</b>	<b>289</b>	
<b>Cash and cash equivalents at end of period</b>	<b>4,020</b>	<b>3,432</b>	<b>- 588</b>	

# 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
<b>Subtotal in Japan</b>		<b>591</b>	<b>17</b>	<b>- 22</b>	<b>- 5</b>	<b>586</b>
Singapore	QB HOUSE QB PREMIUM QB HOUSE Kids	31	1	0	1	32
	Hong Kong	64	3	0	3	67
Taiwan	QB HOUSE	29	4	- 1	3	32
U.S.	QB HOUSE	5	1	0	1	6
<b>Subtotal of overseas</b>		<b>129</b>	<b>9</b>	<b>- 1</b>	<b>8</b>	<b>137</b>
<b>Consolidated group total</b>		<b>720</b>	<b>26</b>	<b>- 23</b>	<b>3</b>	<b>723</b>

\* 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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