



# **QB Net Holdings Co., Ltd.**

Q1 FYE June 2024

Financial Results Briefing Material

November 13, 2023

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# Executive Summary

## (Consolidated)

- Revenue was 6,311 million yen, 113.3% of the same period of the previous year. Operating profit came to 873 million yen, 142.6% of the same period of the previous year. **Both revenue and profit increased mainly due to price revisions.**
- Compared with the plan, **operating profit for Q1 made steady progress, up 47 million yen from the plan.**

## (Domestic)

- **Although recruitment went well, the turnover rate failed to reach the target, making the net increase as planned.**
  - The number of regular employees hired in Q1 was 56 people (up 9 from the plan), and the net increase in Q1 was 17.
  - The turnover rate of regular employees for Q1 (on an annualized basis) was 9.2% (the target was 7.0%; down 2.1 percentage points year on year).
  - The main reasons for leaving the company are health, job change, starting own business, working hours, nursing care, etc.
- **The base salary was raised by an average of 7.4% for regular employees in August 2023. A regular wage hike in accordance with performance evaluation was conducted in October.**

## (Overseas)

- **Hong Kong remained on a recovery trend. A price revision is in preparation (a price revision is scheduled for April 2024)**
- **Neither Taiwan nor the U.S. was affected by a decrease in customers visiting their salons resulting from price revisions. Their revenue remained steady, compared with the same period of the previous year. However, the U.S. was temporarily influenced by events such as stylists' long holidays after the pandemic petered out.**
- **In Singapore, the number of customers visiting salons decreased year on year mainly due to the price revision in the previous fiscal year, competition and salon closures.**

# Consolidated Group Earnings (Summary)

- In Q1 FYE June 2024, **both revenue and profit increased** mainly due to price revisions.

## Consolidated Group Earnings (Summary)

Unit: Million yen	Q1 FYE June 2024		H1 FYE June 2024 Forecast			Full-year FYE June 2024 Forecast		
	Results	Year on year (%)	Forecast	Year on year (%)	Progress rate	Forecast	Year on year (%)	Progress rate
Revenue	6,311	113.3%	12,310	111.3%	51.3%	24,730	108.7%	25.5%
Operating profit	873	142.6%	1,305	121.1%	67.0%	2,400	112.3%	36.4%
Profit before tax	839	144.7%	1,237	122.4%	67.9%	2,264	113.7%	37.1%
Profit	587	148.7%	868	127.1%	67.6%	1,600	110.8%	36.7%
Basic earnings per share	44.95 yen		66.29 yen			121.89 yen		
Dividend per share	-		-			22.00 yen		

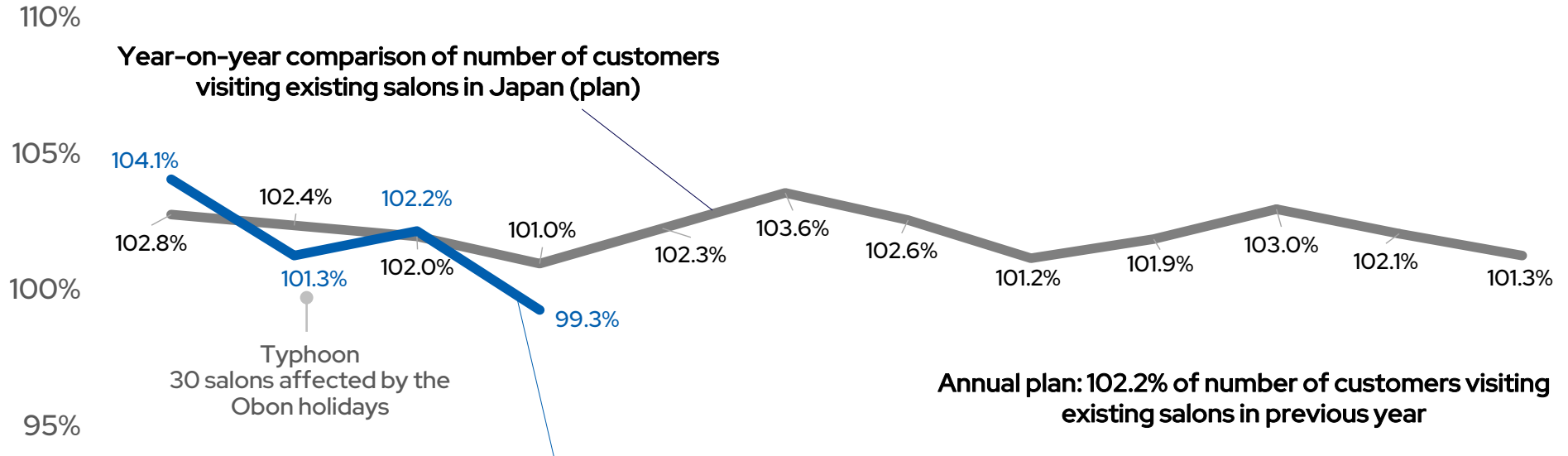
## [Consolidated] Track Records of New and Closed Salons

- [Domestic] As measures for improving the working environment, the opening of new salons was suppressed, and a total of six salons were closed primarily due to consolidation of salons.
- [Overseas] Two new salons, and two salons converted to other business formats in Singapore

Unit: Salons	Business format	End - FYE June 2023	New salon	Business format change	Closures	Change	End-Q1
Japan	QB HOUSE	557	1		-6	-5	552
	QB PREMIUM	6	0		0	0	6
	FaSS	12	0		0	0	12
<b>Subtotal in Japan</b>		<b>575</b>	<b>1</b>		<b>-6</b>	<b>-5</b>	<b>570</b>
Singapore	QB HOUSE	21	0	-2	0	-2	19
	QB PREMIUM	8	0	2	0	2	10
	QB HOUSE Kids	1	0		0	0	1
Hong Kong	QB HOUSE	61	1		0	1	62
Taiwan	QB HOUSE	30	1		0	1	31
U.S.	QB HOUSE	5	0		0	0	5
<b>Subtotal in overseas</b>		<b>126</b>	<b>2</b>		<b>0</b>	<b>2</b>	<b>128</b>
<b>Consolidated group total</b>		<b>701</b>	<b>3</b>		<b>-6</b>	<b>-3</b>	<b>698</b>

# [Domestic] Plan and Results of Year-on-Year Comparison of Number of Customers Visiting Existing Salons

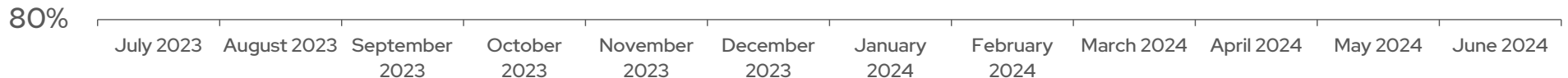
- The number of customers visiting salons is almost in line with the plan despite the positive effect of high temperatures and the negative effect of typhoons.
- Results of August were affected by typhoons and the Obon summer holidays of stylists.



**Year-on-year comparison of number of customers visiting existing salons in Japan (results)**

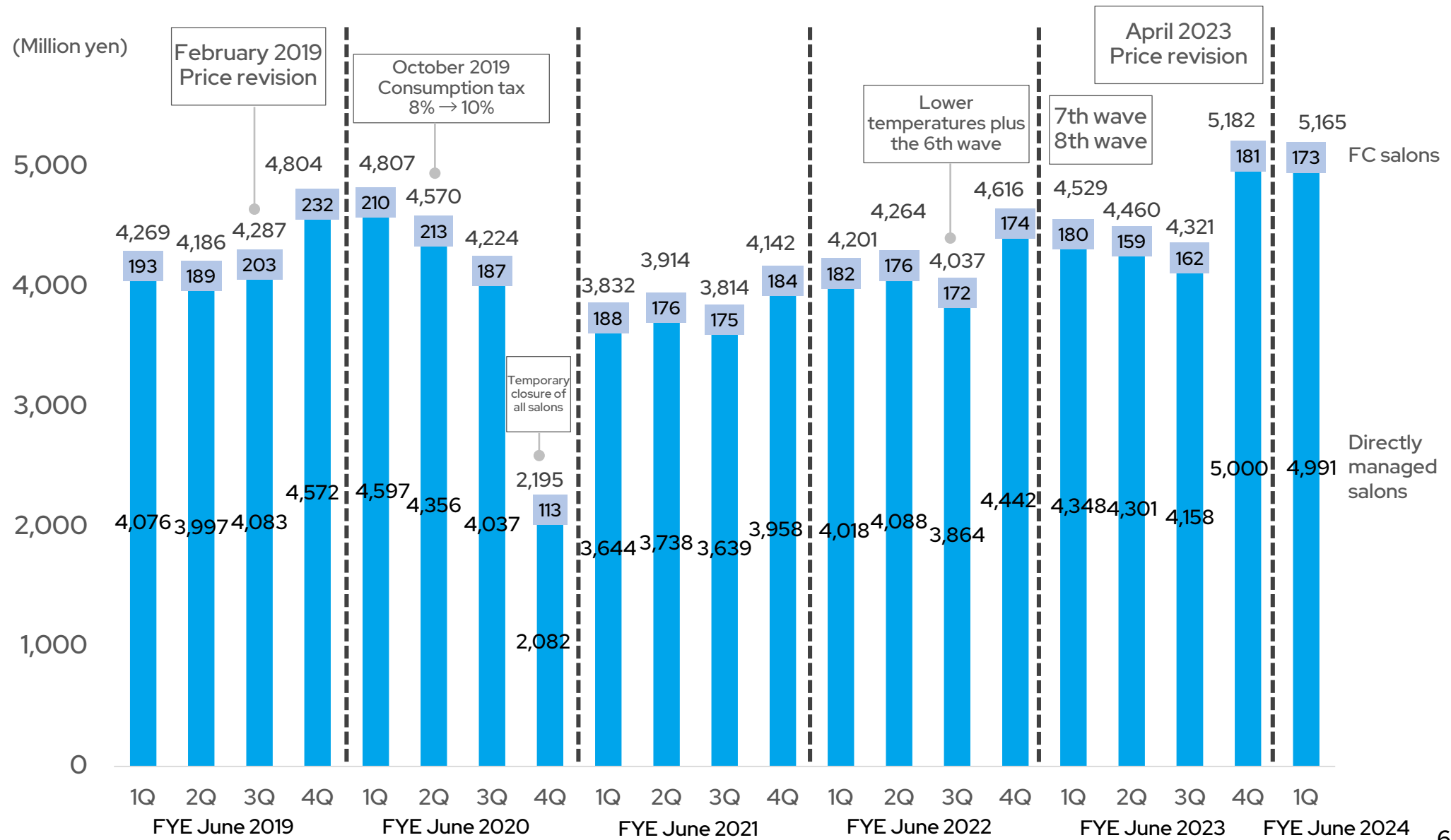
**Number of salons with regular holidays (Unit: Salons)**

	End of July	End of August	End of September	End of October
FYE June 2023	67	80	86	96
FYE June 2024	88	91	94	93



# [Domestic] Trend in Revenue

- Domestic revenue for Q1 **increased** due to price revisions (Q1 and Q4 are busy seasons under normal circumstances).



# [Overseas] Business Situation

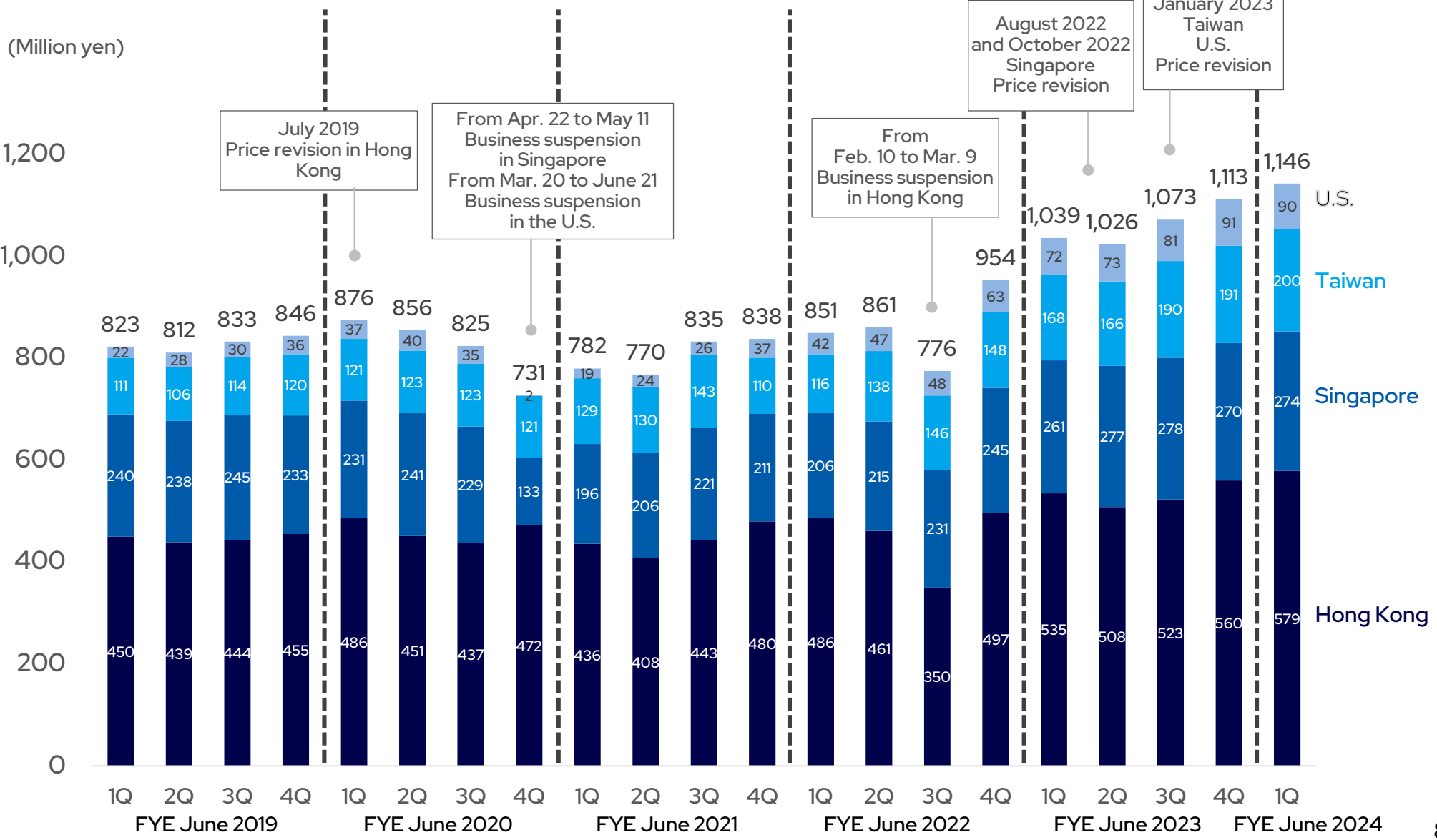
	Revenue for Q1 YoY	Number of customers visiting salons for Q1 YoY	Situation
Hong Kong	108.3%	103.3%	<ul style="list-style-type: none"> <li>➤ Affected by temporary business suspension due to typhoons (one day in July and three days in September)</li> <li>➤ Added some commission incentives in May</li> <li>➤ A price revision is in preparation (a price revision is scheduled for April 2024)</li> </ul>
Singapore	105.0%	83.5%	<ul style="list-style-type: none"> <li>➤ Affected by a decrease in the number of customers visiting salons, associated with price revisions in the previous fiscal year (August 2022: Up 20% in QB PREMIUM. October: Up 16.7% in QB HOUSE).</li> <li>➤ Affected by a decrease in customers visiting salons due to competition since competition is fierce particularly in Singapore among the four overseas countries.</li> <li>➤ Down 1 salon year-on-year due to closure (a 3.2% decrease in the number of salons)</li> </ul>
Taiwan	119.0%	101.4%	<ul style="list-style-type: none"> <li>➤ The recruitment of stylists went well.</li> <li>➤ A new position was established in salons without a salon manager in October for the purpose of revenue increase and others.</li> <li>➤ The office was relocated in November to expand the space of training facility LogiThcut.</li> </ul>
U.S.	124.7%	100.0%	<ul style="list-style-type: none"> <li>➤ August and September were temporarily influenced by events such as stylists' long holidays after the pandemic petered out.</li> <li>➤ A second wage hike after the price revision was conducted in September 2023.</li> </ul>
Canada	-	-	<ul style="list-style-type: none"> <li>➤ Preparing to open the first salon in Toronto</li> </ul>

\*Revenue includes foreign exchange impact



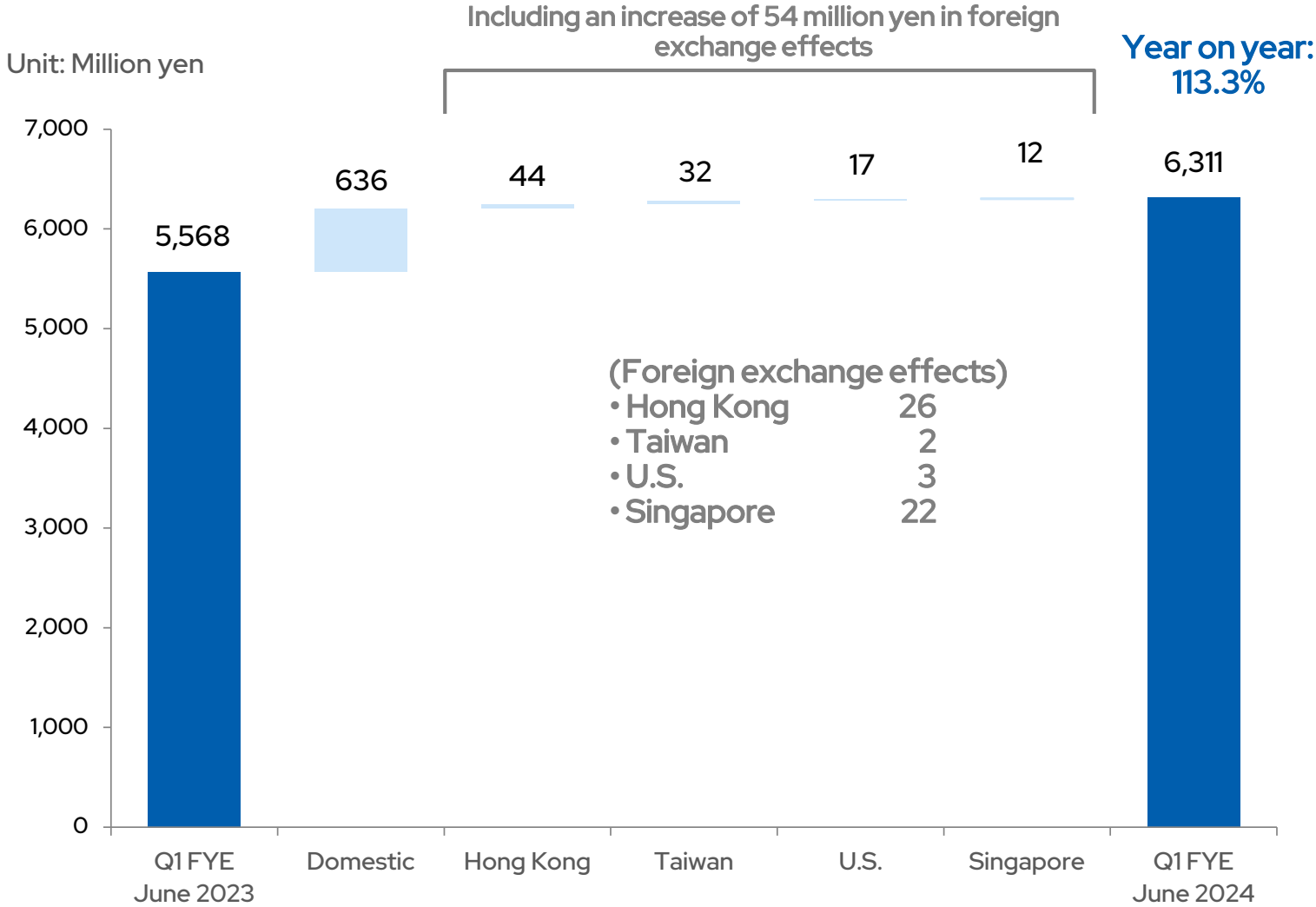
# [Overseas] Trend in Revenue

- Overseas revenue for Q1 posted a record high due in part to price revisions and the impact of foreign exchange rates.



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

- Revenue for Q1 increased 743 million yen year on year on a consolidated basis mainly owing to price revisions and the impact of foreign exchange.

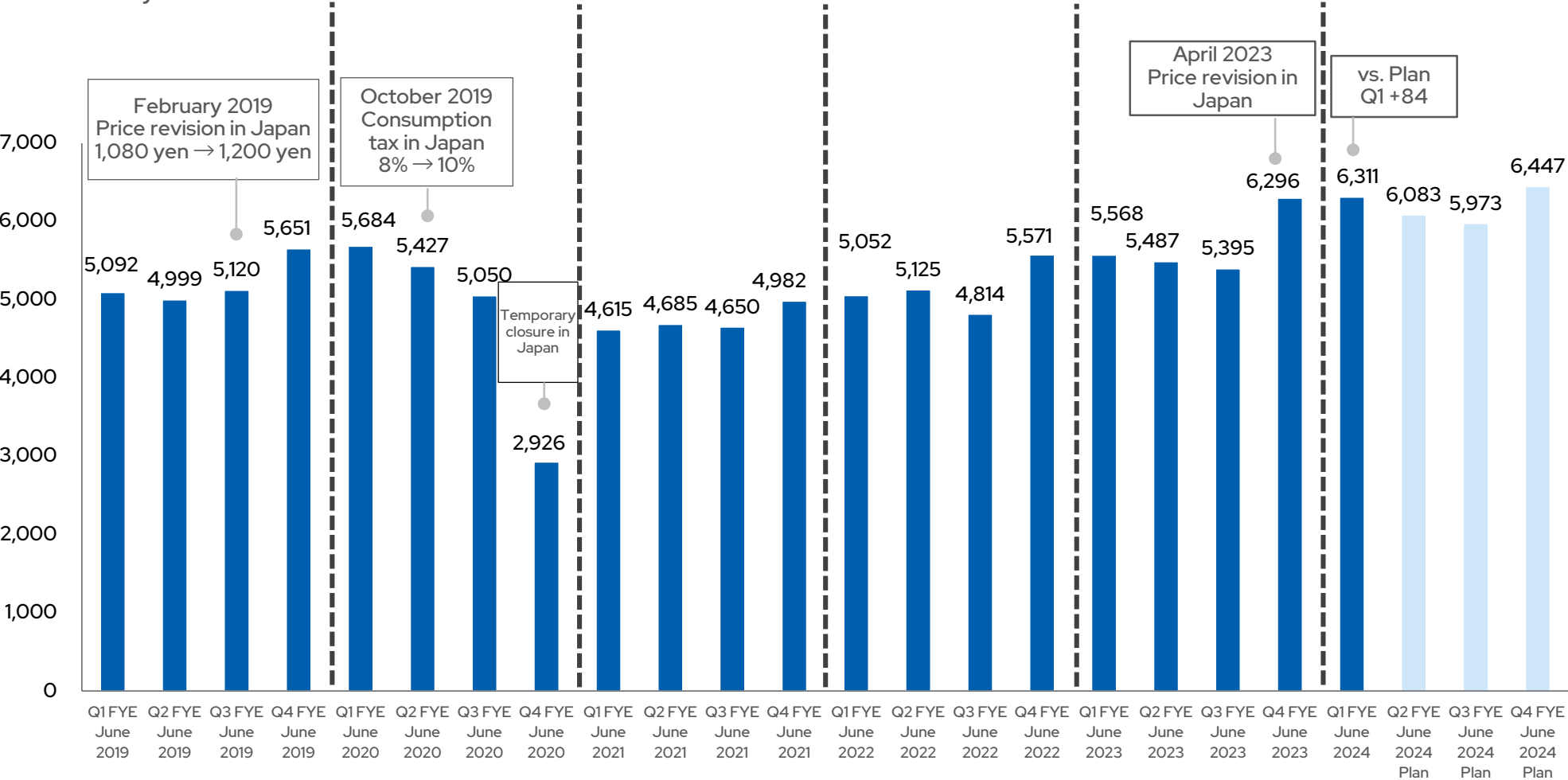


# [Consolidated] Trend in Revenue

## Results

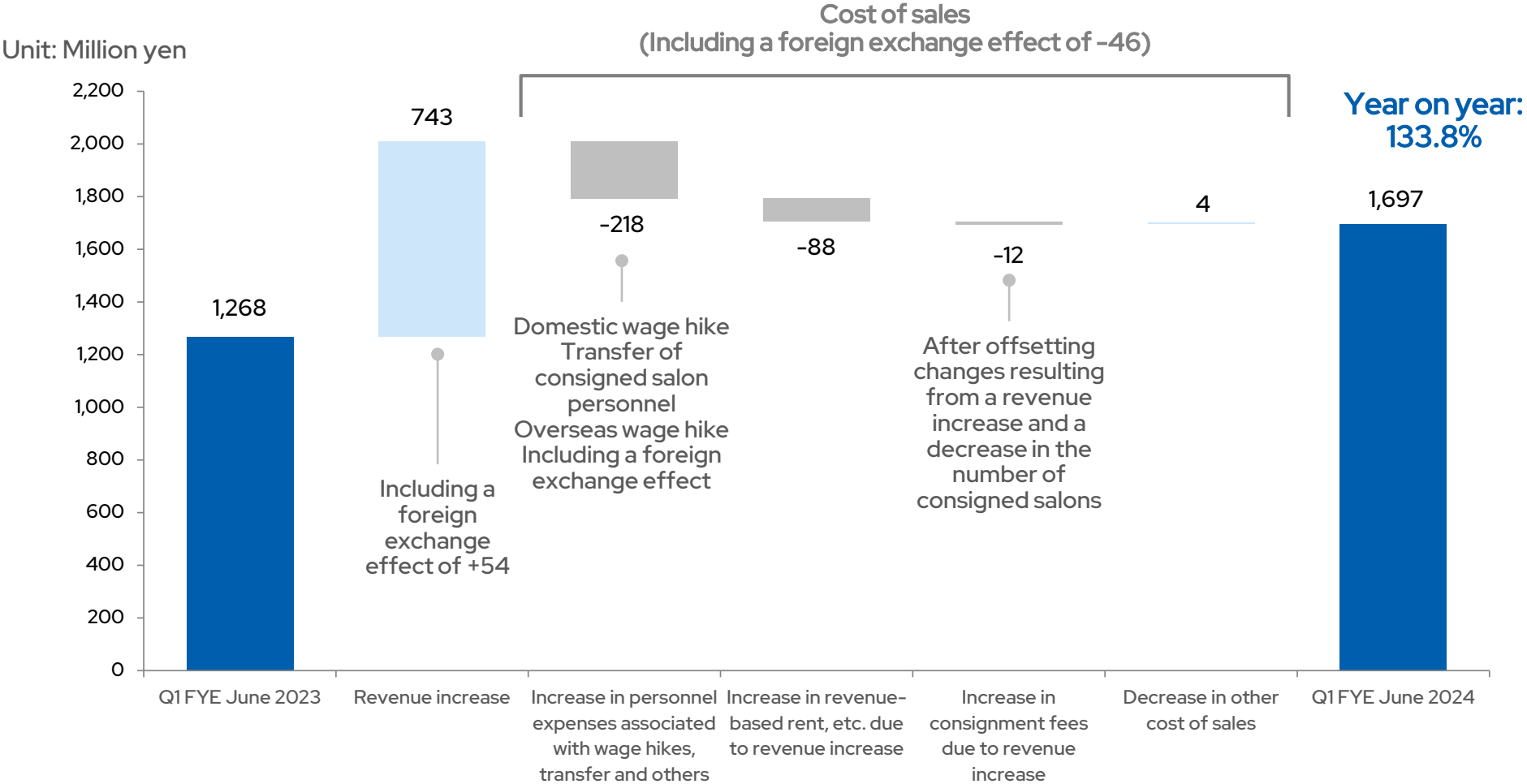
Forecast at the beginning of the fiscal year

Unit: Million yen



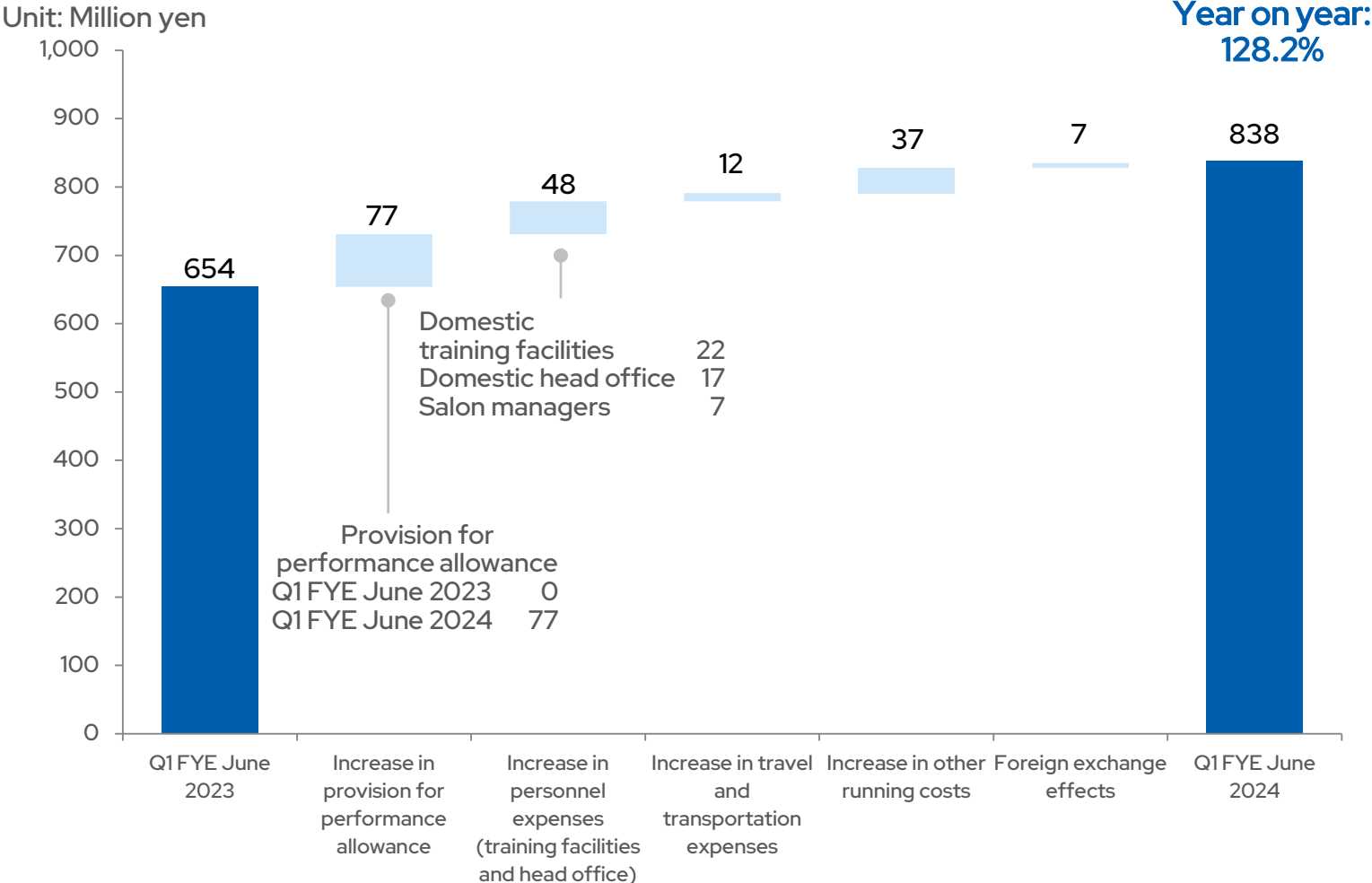
# [Consolidated] Breakdown of Changes in Gross Profit (YoY)

- Gross profit increased 428 million yen year on year due to an increase in revenue and growth in personnel expenses, associated with the domestic wage hikes (an average 7.4% base salary increase in August 2023 and an average 4% regular wage hike in October 2022) and a rise in revenue-based rent.



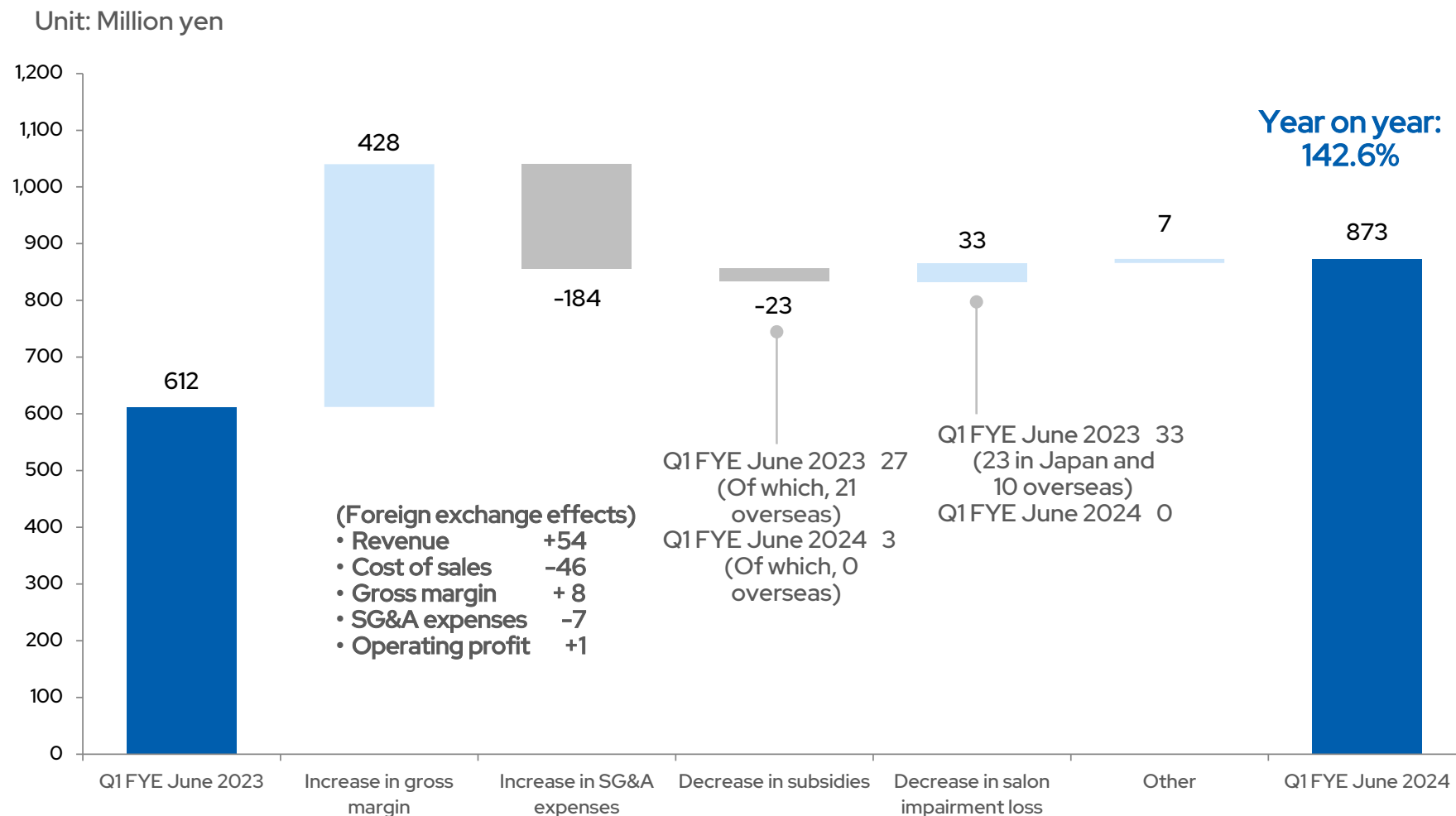
# [Consolidated] Breakdown of Changes in SG&A Expenses (YoY)

- SG&A expenses increased 184 million yen year on year mainly due to the recording of a provision for performance allowance and increases in personnel expenses and transportation expenses including overseas business trips.



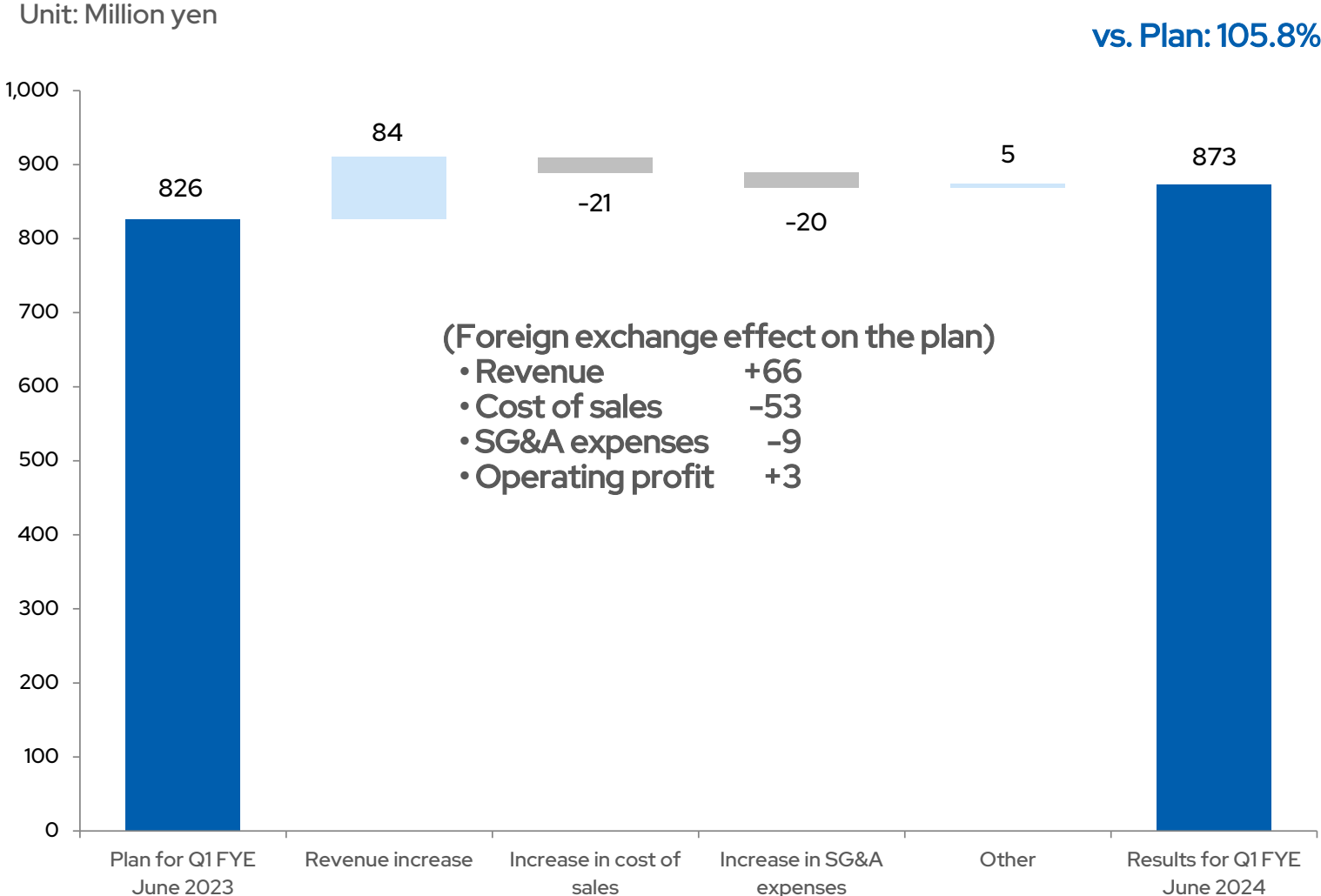
# [Consolidated] Breakdown of Changes in Operating Profit (YoY)

- Operating profit rose 261 million yen year on year due to an increase in gross margin despite higher SG&A expenses.
- Costs and SG&A expenses too were exposed to foreign exchange effects, and the foreign exchange effect on operating profit for Q1 is +1 million yen.



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

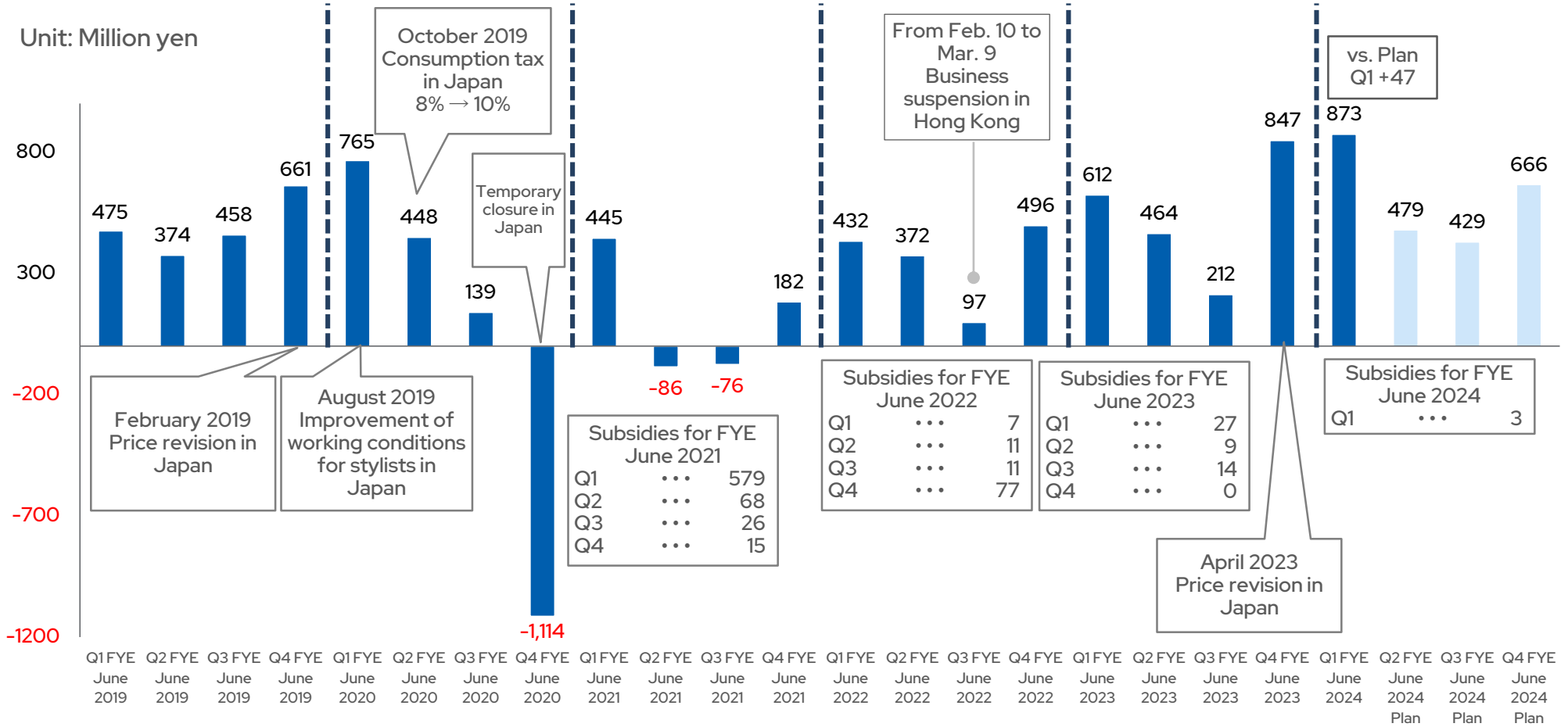
- Operating profit for Q1 was up 47 million yen from the plan primarily due to a revenue increase from the plan.
- The foreign exchange effect on operating profit for Q1 was up 3 million yen from the plan.



# [Consolidated] Trend in Operating Profit

## Results

Forecast at the beginning of the fiscal year



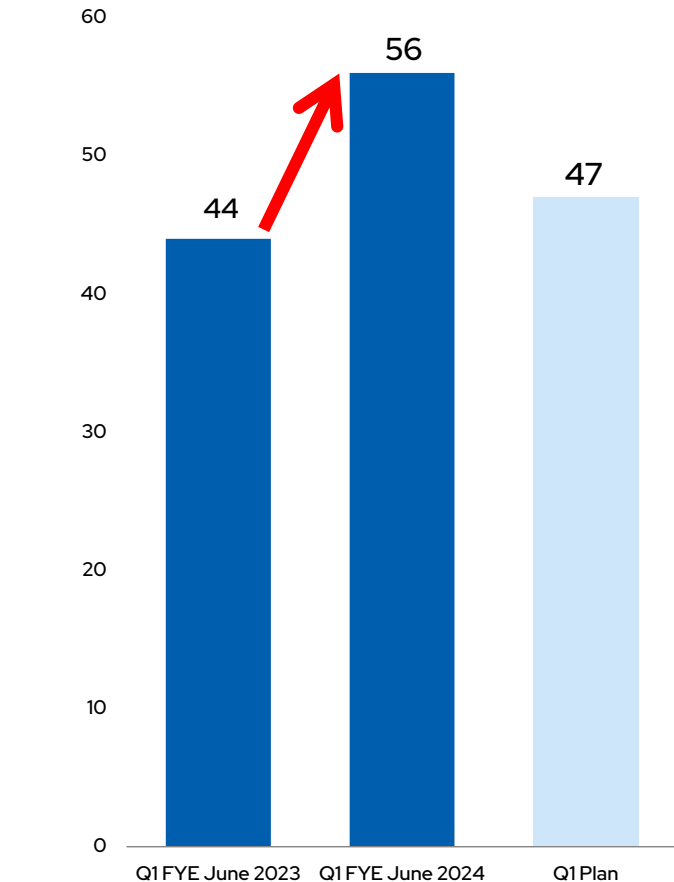


# [Domestic] Situation of Salon Personnel

## Recruiting activities went well.

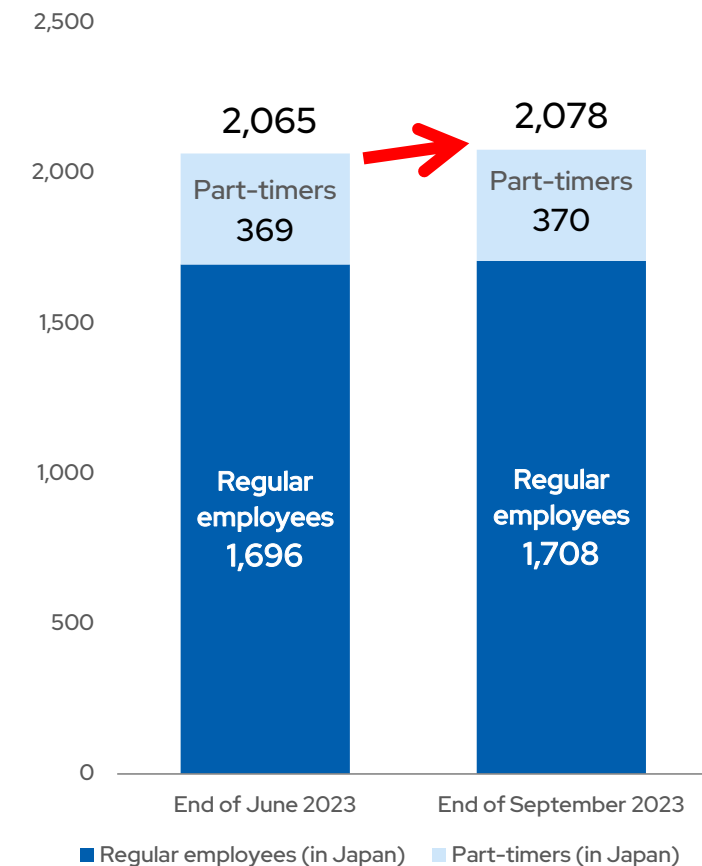
- The number of regular employees hired in Q1 was 56 people (up 12 year on year and up 9 from the plan)
- The net increase of regular employees in Q1 was 17, as planned.
- Number of most recent hires: 25 joining the Company in October (up 7 from the plan) and 29 joining the Company on November 1 (up 13 from the plan)

Number of regular employees hired in Japan  
Unit: Persons



\* 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  
Unit: Persons

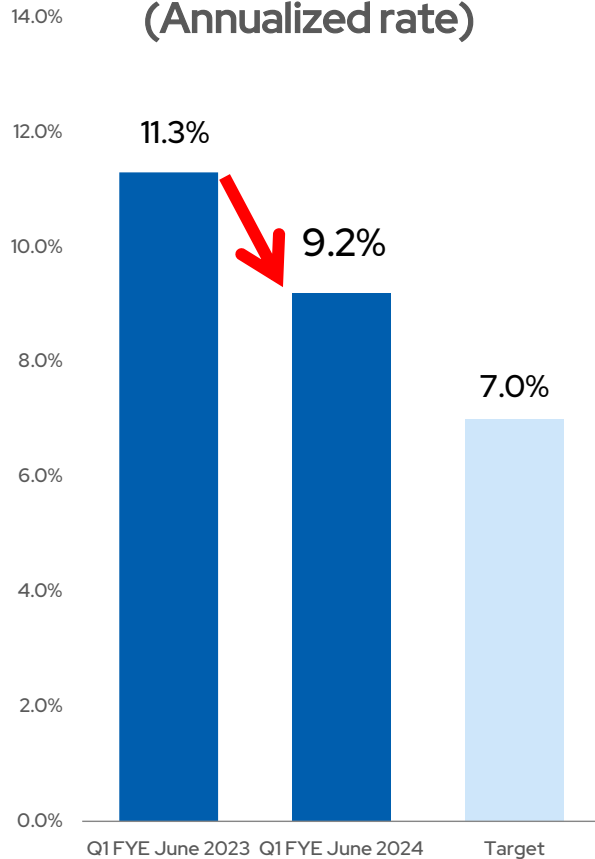


\* Excluding the head office. Including training facilities (LogiThcut Professional Stylist School).

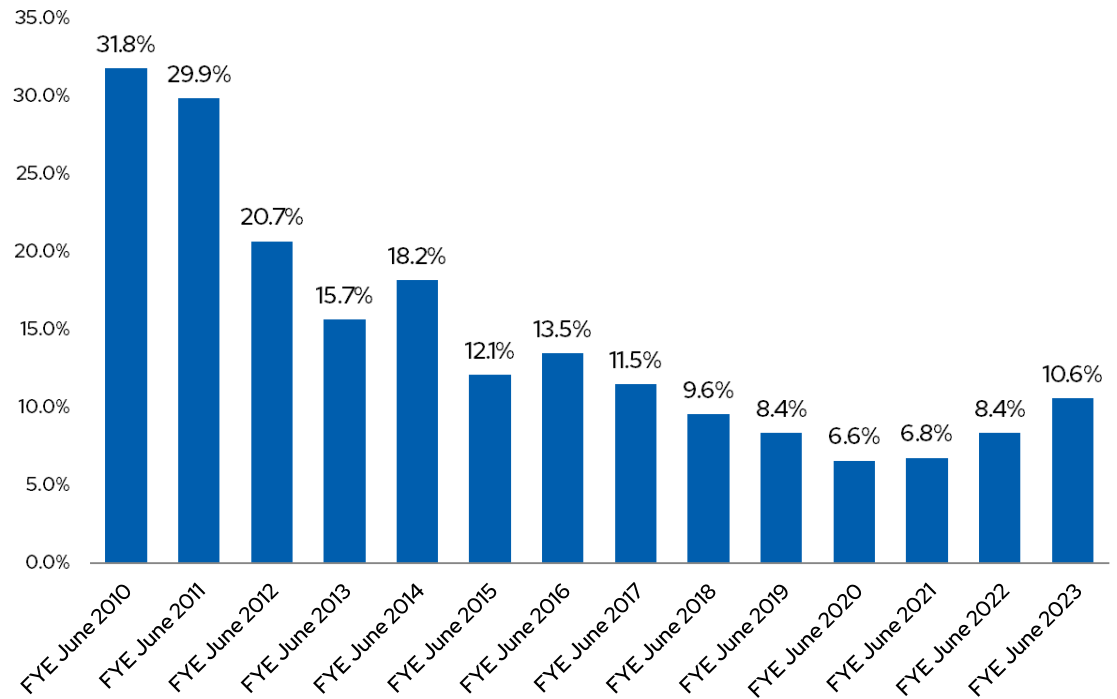
# [Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees for Q1 (on an annualized basis) was 9.2% (down 2.1 percentage points year on year; the target was 7.0%).
- The number of regular employees leaving the Company in Q1 was 39 people (up 9 from the target).
- The main reasons for leaving the company are health, job change, starting own business, working hours, nursing care, etc.

Turnover rate of regular employees in Japan (Annualized rate)



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

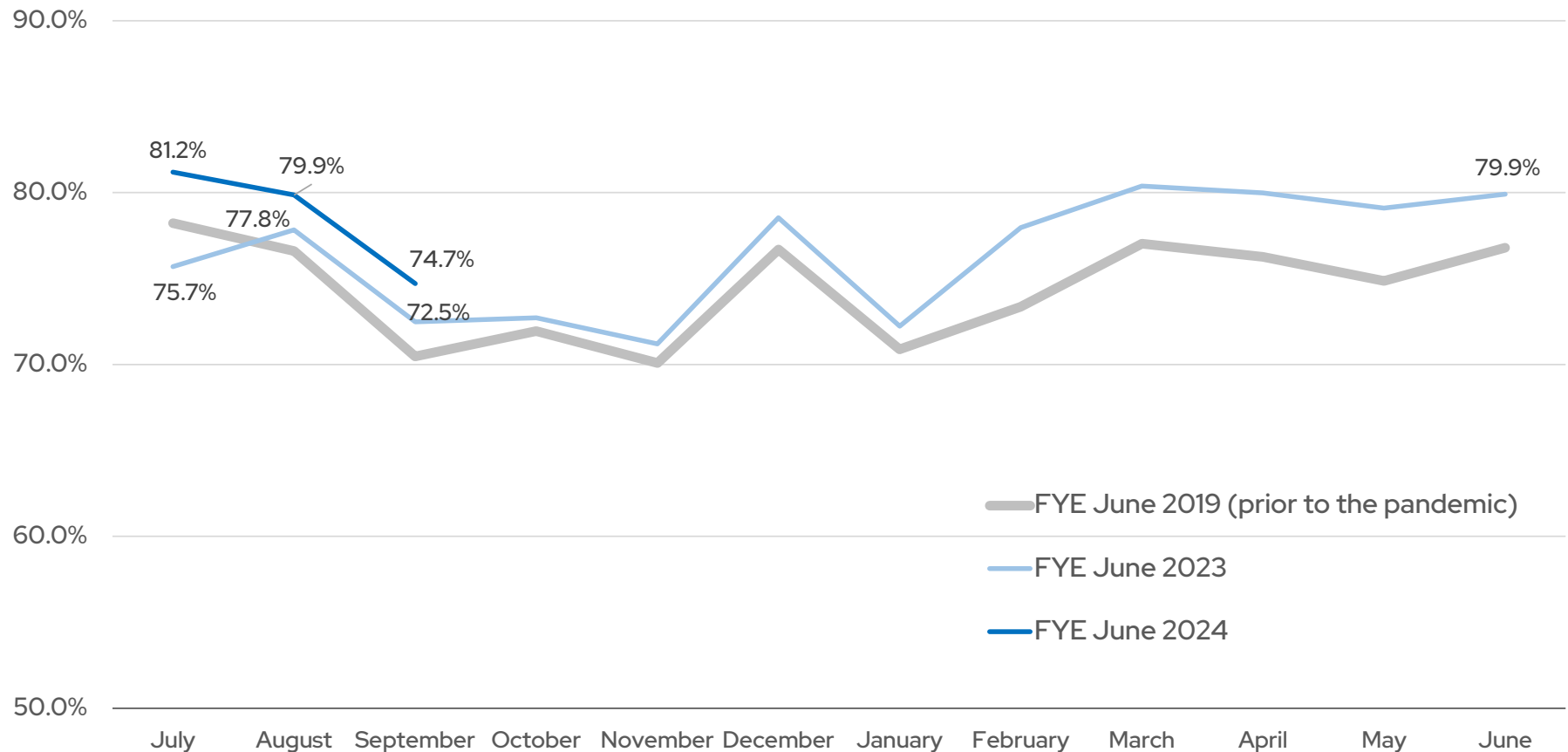


\* Excluding the head office and overseas salons.  
 \* Including training facilities (LogiThcut Professional Stylist School).

# [Domestic] 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.**

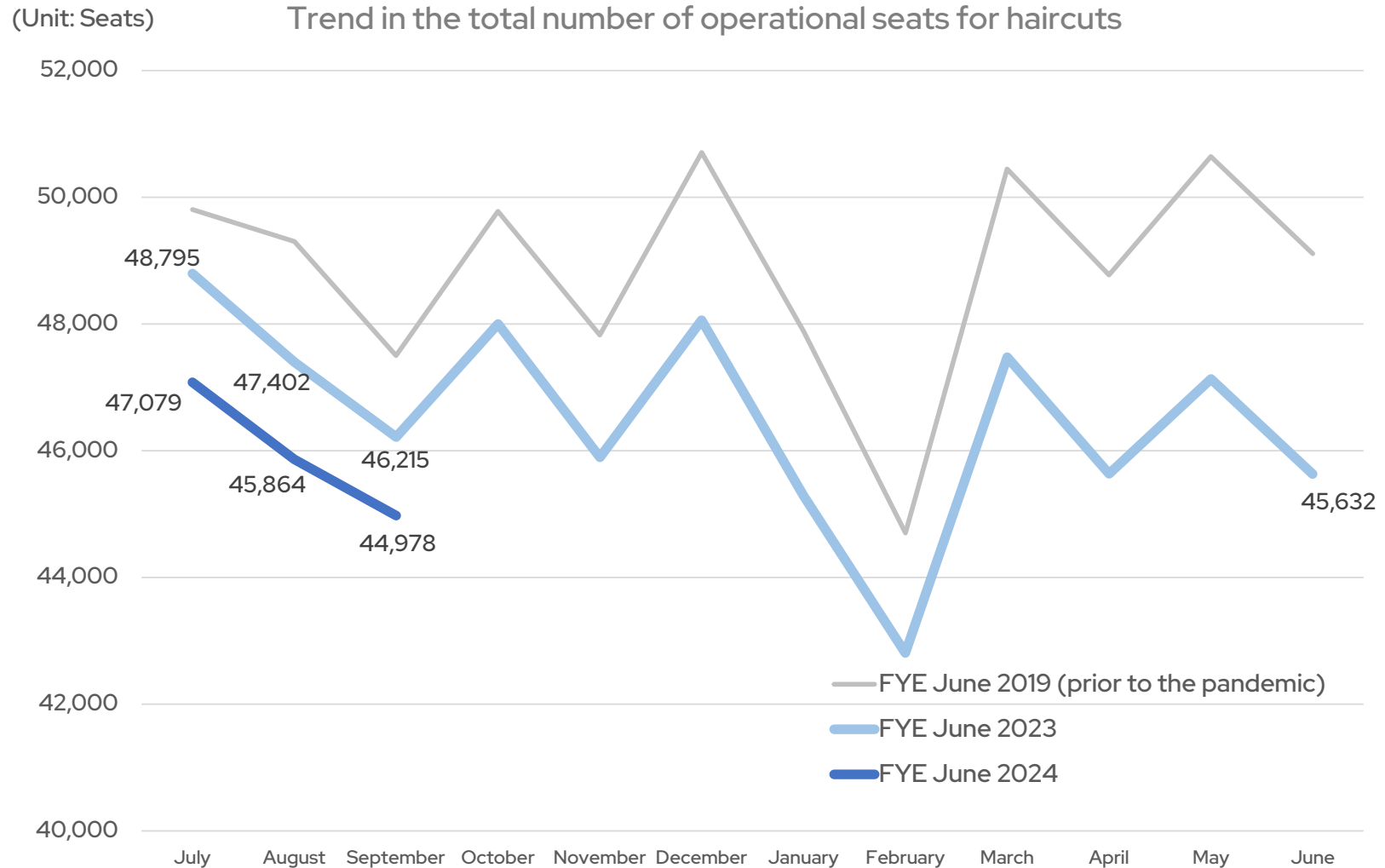
Trend in salon congestion (ratio of red to yellow signals)



\* A display was installed in salons to show approximate wait times. Red means a wait of 15 minutes or more, yellow means 5 to 10 minutes, and green means it's your turn right now. The higher the ratio of red to yellow, the higher the congestion.

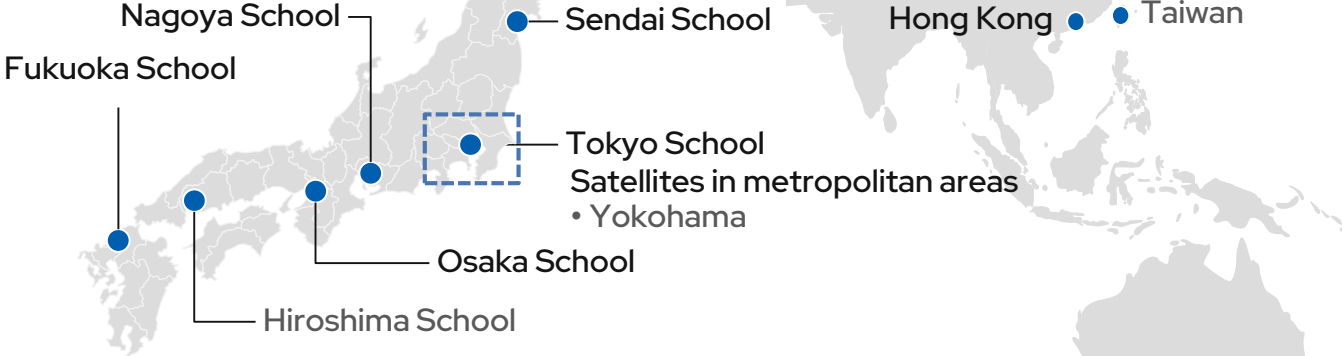
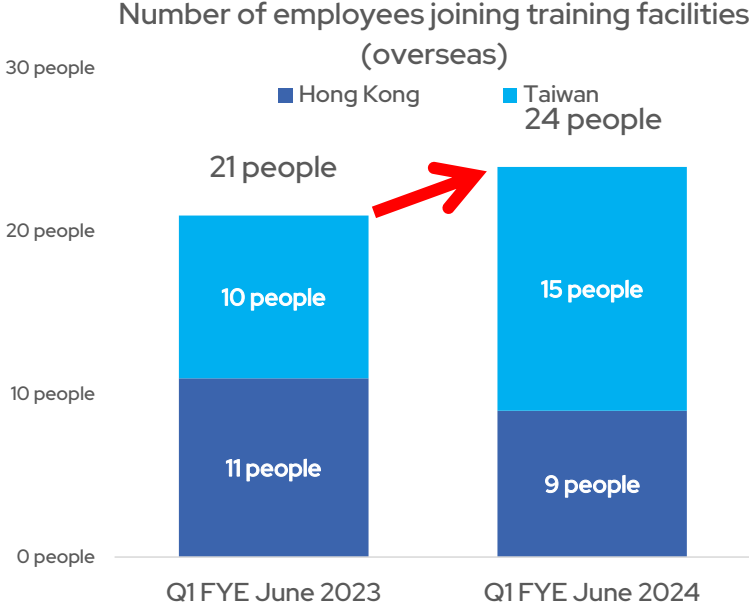
# [Domestic] Current Domestic Situation (2): Total Number of Operational Seats for Haircuts in Japan.

- Although the total number of operating seats was lower than that of the same period of the previous year, personnel assigned to salons are **on the increase with June 2023 as the bottom**. The total number of operational seats too is expected to recover.



# Recruitment of LogiThcut Professional Stylist School (training facilities)

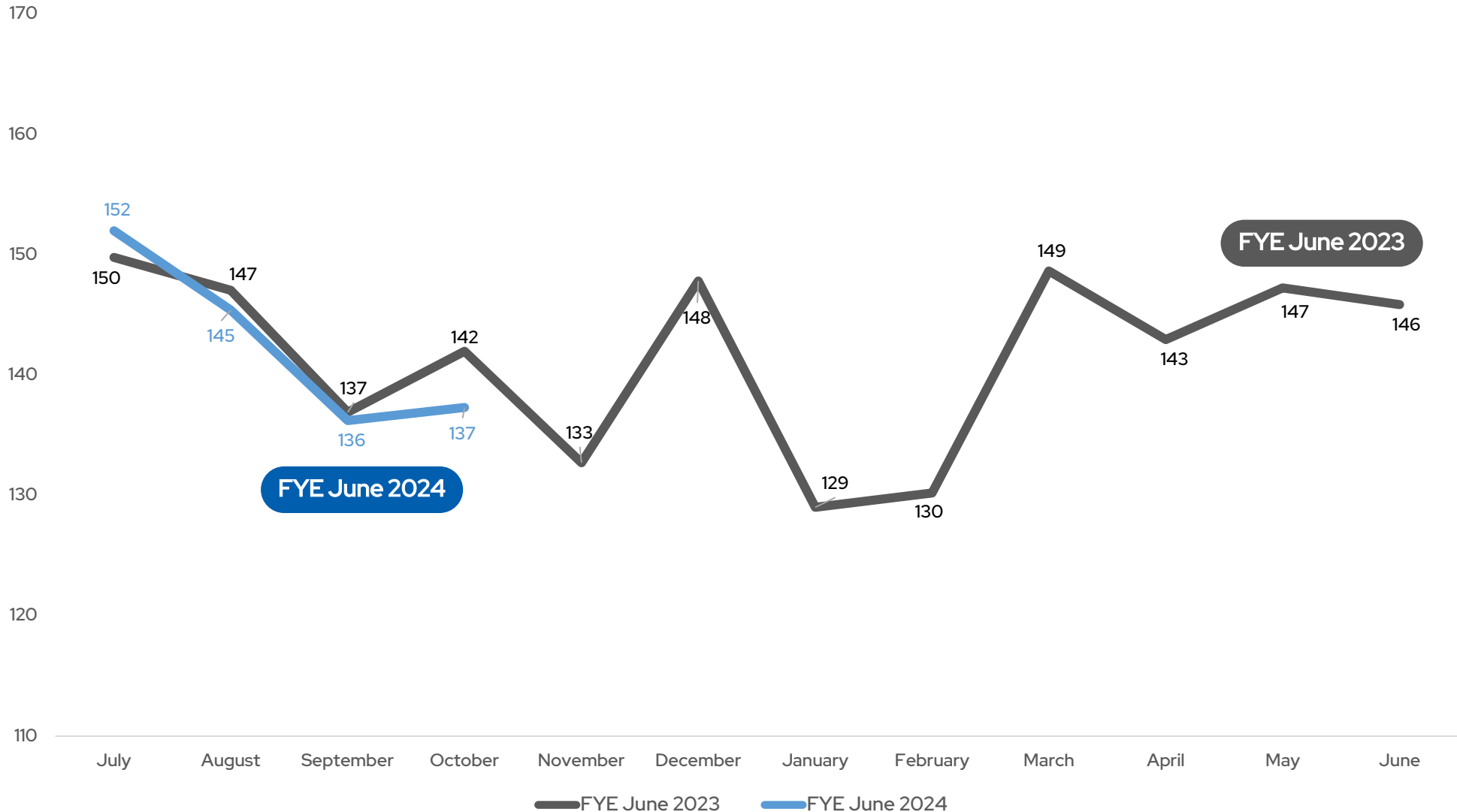
– Recruitment of LogiThcut Professional Stylist School (training facilities) is going well in Japan and overseas.



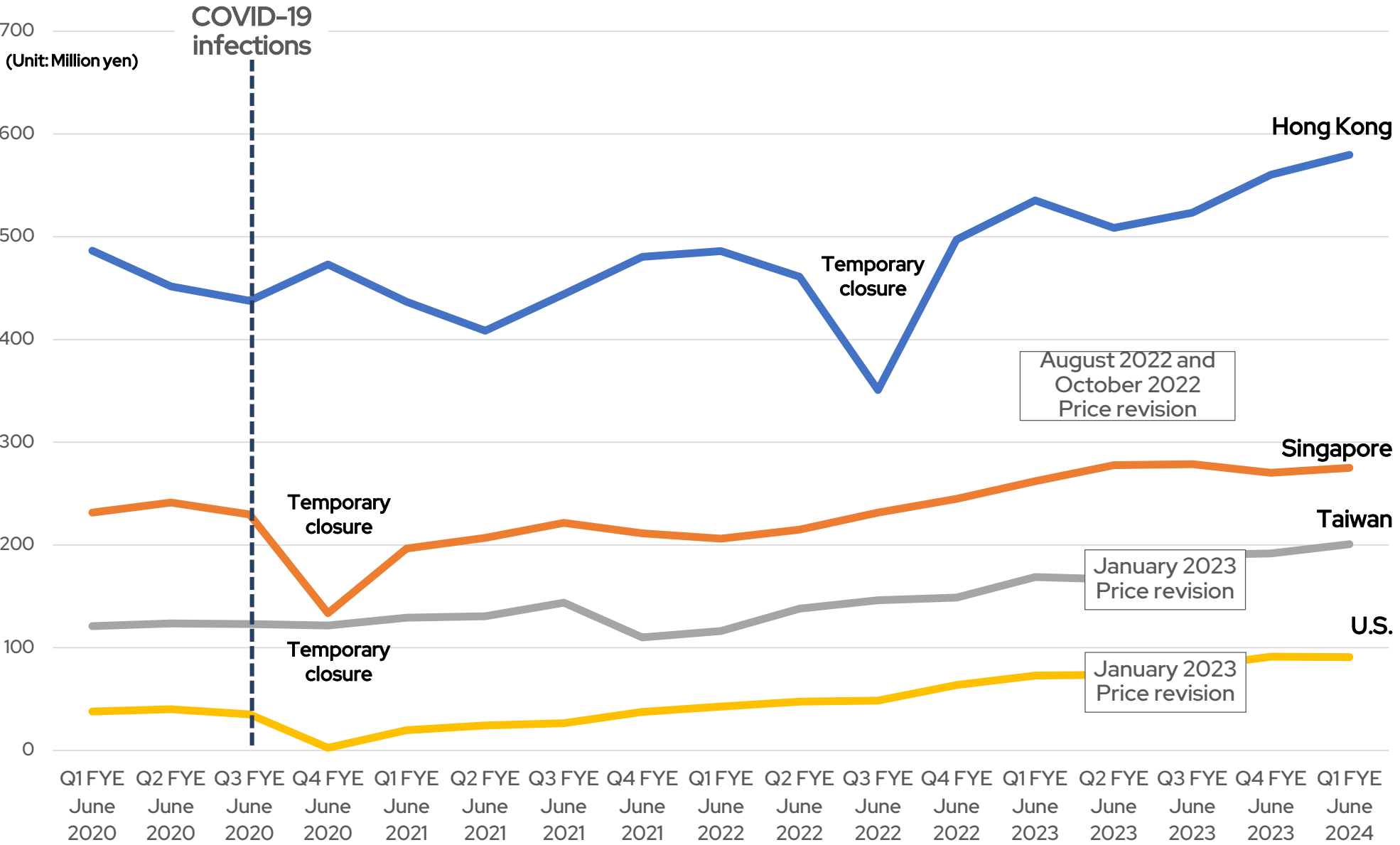
# Appendix

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

(Unit: 10,000 persons)



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





## Reference: History of Price Revisions

Region	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 1,110 yen) to SG\$12 (about 1,330 yen)</li> <li>• August 2022: QB PREMIUM SG\$15 (about 1,660 yen) to SG\$18 (about 1,990 yen)</li> <li>• October 2022: QB HOUSE SG\$12 (about 1,330 yen) to SG\$14 (about 1,550 yen)</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>• July 2014: HK\$50 (about 950 yen) to HK\$60 (about 1,150 yen)</li> <li>• July 2019: HK\$60 (about 1,150 yen) to HK\$70 (about 1,340 yen)</li> </ul>
Taiwan	<ul style="list-style-type: none"> <li>• January 2023: 300 yuan (about 1,400 yen) to 350 yuan (about 1,630 yen)</li> </ul>
New York	<ul style="list-style-type: none"> <li>• June 2020: \$20 (about 3,000 yen) to \$23 (about 3,450 yen)</li> <li>• November 2020: \$23 (about 3,450 yen) to \$25 (about 3,750 yen)</li> <li>• July 2022: \$30 (about 4,500 yen) only for online booking</li> <li>• December 2022: \$30 to \$35 (about 5,250 yen) only for online booking</li> <li>• January 2023: \$25 (about 3,750 yen) to \$30 (about 4,500 yen)</li> </ul>

# Overview of Consolidated Group Earnings

## Consolidated statement of profit or loss

Unit: Million yen	Q1 FYE June 2023		Q1 FYE June 2024			
	Results	vs. Revenue	Results	vs. Revenue	Changes	Year on year
<b>Revenue</b>	5,568	100.0%	6,311	100.0%	743	113.3%
Cost of sales	- 4,299		- 4,614		- 314	107.3%
<b>Gross profit</b>	1,268	22.8%	1,697	26.9%	428	133.8%
Other operating income	37		19		- 18	
Selling, general and administrative expenses	- 654		- 838		- 184	128.2%
Other operating expenses	- 39		- 4		35	
<b>Operating profit</b>	612	11.0%	873	13.8%	261	142.6%
Finance income	4		5		1	142.7%
Finance costs	- 37		- 40		- 3	109.0%
<b>Profit before tax</b>	579	10.4%	839	13.3%	259	144.7%
Income tax expense	- 185		- 252		- 67	136.3%
<b>Profit</b>	394	7.1%	587	9.3%	192	148.7%

# Overview of Consolidated Group Earnings

## Consolidated statement of financial position

Unit: Million yen	End of FYE June 2023	End of Q1 FYE June 2024	Changes	
<b>Total current assets</b>	5,800	5,922	122	
Cash and cash equivalents	4,432	4,331	- 100	
Trade and other receivables	972	1,172	200	Differences in the timing of debt collection due to the holiday of banks at the end of September
Inventories	237	224	- 13	
Other	158	194	35	
<b>Total non-current assets</b>	25,308	25,532	223	
Property, plant and equipment	1,213	1,239	26	
Right-of-use assets	5,605	5,832	227	Increase in rent for the remaining period of the contracts mainly due to the renewal of salon contracts and the contract of the new head office.
Goodwill	15,430	15,430	-	
Other financial assets	2,004	1,979	- 24	
Deferred tax assets	822	811	- 10	
Other	233	238	5	
<b>Total assets</b>	31,108	31,454	346	
<b>Total liabilities</b>	18,233	18,184	- 49	
Trade and other payables	261	186	- 75	
Interest-bearing liabilities	9,407	9,134	- 273	Scheduled repayment of borrowings and the payment of 100 million yen before the due date in the case that operating profit exceeds 2 billion yen
Lease obligations	5,464	5,695	231	
Other	3,100	3,168	68	
<b>Total equity</b>	12,874	13,270	395	
<b>Total liabilities and equity</b>	31,108	31,454	346	

# Overview of Consolidated Group Earnings

## Consolidated statement of cash flows

Unit: Million yen	Q1 FYE June 2023	Q1 FYE June 2024	Changes
<b>Cash flows from operating activities</b>	<b>841</b>	<b>1,195</b>	<b>354</b>
Profit before tax	579	839	259
Deprecation and amortization	816	850	34
Decrease (increase) in trade and other receivables	165	- 205	- 371
Interest paid	- 29	- 38	- 8
Proceeds from subsidy income	27	3	- 23
Income taxes paid	- 448	- 324	123
Other	- 269	71	341
<b>Cash flows from investing activities</b>	<b>- 93</b>	<b>- 137</b>	<b>- 43</b>
Purchase of property, plant and equipment	- 73	- 158	- 84
Purchase of intangible assets	- 15	- 4	11
Other	- 4	25	29
<b>Free cash flows</b>	<b>748</b>	<b>1,058</b>	<b>310</b>
<b>Cash flows from financing activities</b>	<b>- 985</b>	<b>- 1,194</b>	<b>- 208</b>
Repayments of long-term borrowings	- 175	- 275	- 100
Dividends paid	- 130	- 260	- 130
Repayments of lease obligations	- 702	- 718	- 15
Other	22	60	37
<b>Exchange differences of cash and cash equivalents</b>	<b>53</b>	<b>34</b>	<b>- 19</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>- 183</b>	<b>- 100</b>	<b>82</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,540</b>	<b>4,331</b>	<b>790</b>

The payment of 100 million yen before the due date in the case that operating profit exceeds 2 billion yen

# Reference: Salon Opening and Closure Plan for FYE June 2024

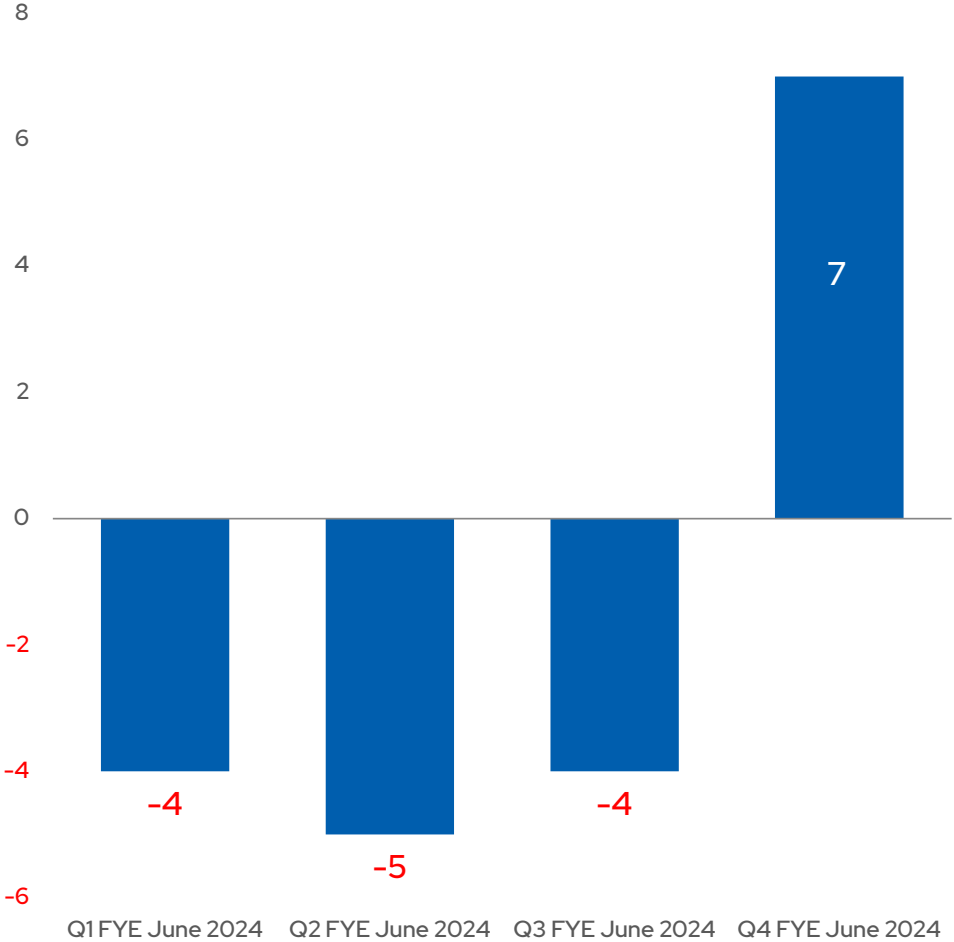
## Plan for new openings and closures of salons for FYE June 2024

Unit: Salons	Business format	End of FYE June 2023	New salon	Closures	Change	End of FYE June 2024
Japan	QB HOUSE QB PREMIUM	563	10	-17	-7	556
	FaSS	12	1	0	1	13
<b>Subtotal in Japan</b>		<b>575</b>	<b>11</b>	<b>-17</b>	<b>-6</b>	<b>569</b>
Singapore	QB HOUSE QB PREMIUM QB HOUSE Kids	30	3	-2	1	31
Hong Kong	QB HOUSE	61	4	-1	3	64
Taiwan	QB HOUSE	30	4	0	4	34
U.S.	QB HOUSE	5	1	0	1	6
Canada	QB HOUSE	0	1	0	1	1
<b>Subtotal in overseas</b>		<b>126</b>	<b>13</b>	<b>-3</b>	<b>10</b>	<b>136</b>
<b>Consolidated group total</b>		<b>701</b>	<b>24</b>	<b>-20</b>	<b>4</b>	<b>705</b>

# Reference: [Domestic] Quarterly Opening and Closure Plan for FYE June 2024

Quarterly Plan for Net Increase or Decrease  
(Number of Salons in Japan)

(Unit: Salons)



Salon Opening and Closure Plan in Japan (Unit: Salons)

	Q1 Plan	Q2 Plan	Q3 Plan	Q4 Plan	Total
Openings	2	0	1	8	11
Closures	-6	-5	-5	-1	-17
Change	-4	-5	-4	7	-6

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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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