



QB Net Holdings Co., Ltd.


First Half FYE June 2024
Financial Results Briefing Material
February 19, 2024

(Table of Contents)

■ Executive Summary	P.2
■ Results of H1 FYE June 2024	
[Consolidated] Consolidated Group Earnings (Summary)	P.3
[Consolidated] Year-on-Year Comparison of Quarterly Operating Profit	P.4
[Consolidated] Track Records of New and Closed Outlets	P.5–7
[Domestic] Year-on-Year Comparison of Number of Customers	P.8
[Overseas] Overseas Situation	P.9
[Consolidated] Breakdown of Changes in Profit or Loss (YoY)	P.10, P.12–14
[Consolidated] Trend in Revenue	P. 11
[Domestic] Situation of Personnel and Trend in Turnover Rate	P.15–17
■ Current Domestic Situation and Key Measures for H2	P.18–22
■ Appendix	P.23–34
Breakdown of Changes in Profit or Loss (vs. Plan)	P.24
Trends in Revenue and Operating Profit	P.25–28
Consolidated Statements of Profit or Loss, Balance Sheets and Cash Flows	P.30–32
Outlet Opening Plan for This Fiscal Year	P.33–34

Executive Summary

(H1 FYE June 2024 results)

- Revenue was 12,338 million yen, 111.6% of the same period of the previous year. Operating profit came to 1,290 million yen, 119.8% of the same period of the previous year. **Both revenue and profit increased without the impact of a decrease in the number of customers resulting from domestic price revisions.**
 - **Gross profit increased by 24.8%** as salary improvements by price revisions were carried out as planned.
 - With an average 9.8% wage hike, **recruitment in Japan has continued to be strong (up 32 people from the plan).**
 - To improve the working environment, **the business hours were shortened (by approximately 30 to 60 minutes at 30% or so of domestic outlets).**
 - Although overseas revenue increased as a whole, **Singapore was slow to recover after price revisions.**
- 

(Initiatives in H2)

- Domestically, **decrease the number of people leaving the company and aim at achieving a turnover rate of 7.0%.**
- **Remove regular holidays, prioritize the operation of non-operating seats and resume sales promotional measures as the personnel situation improved.**
- Implement the H2 plan for outlet opening (Domestic: **Seven of nine openings for the H2 plan have been already decided**).
- In existing countries overseas, **continue pushing the structural reform for securing personnel (LogiThcut) and ensuring revenue (price revision).**

Consolidated Group Earnings (Summary)

- In H1 FYE June 2024, **both revenue and profit increased** as business progressed as planned without the impact of a decrease in the number of customers resulting from price revisions in Japan.

Consolidated Group Earnings (Summary)

Unit: Million yen	H1 FYE June 2024		H1 FYE June 2024 Forecast			Full-year FYE June 2024 Forecast		
	Results	Year on year (%)	Initial plan	Year on year (%)	vs. Plan	Initial plan	Year on year (%)	Progress rate
Revenue	12,338	111.6%	12,310	111.3%	100.2%	24,730	108.7%	49.9%
Operating profit	1,290	119.8%	1,305	121.1%	98.9%	2,400	112.3%	53.8%
Profit before tax	1,219	120.7%	1,237	122.4%	98.6%	2,264	113.7%	53.9%
Profit	844	123.7%	868	127.1%	97.3%	1,600	110.8%	52.8%
Basic earnings per share	64.57 yen		66.29 yen			121.89 yen		
Dividend per share	-		-			22.00 yen		

[Consolidated] Year-on-Year Comparison of Quarterly Operating Profit

– Profits are expected to grow in each quarter when excluding the impacts from the timing of recording a provision for year-end allowance and the implementation of salary revisions.

① Impact of year-end allowance

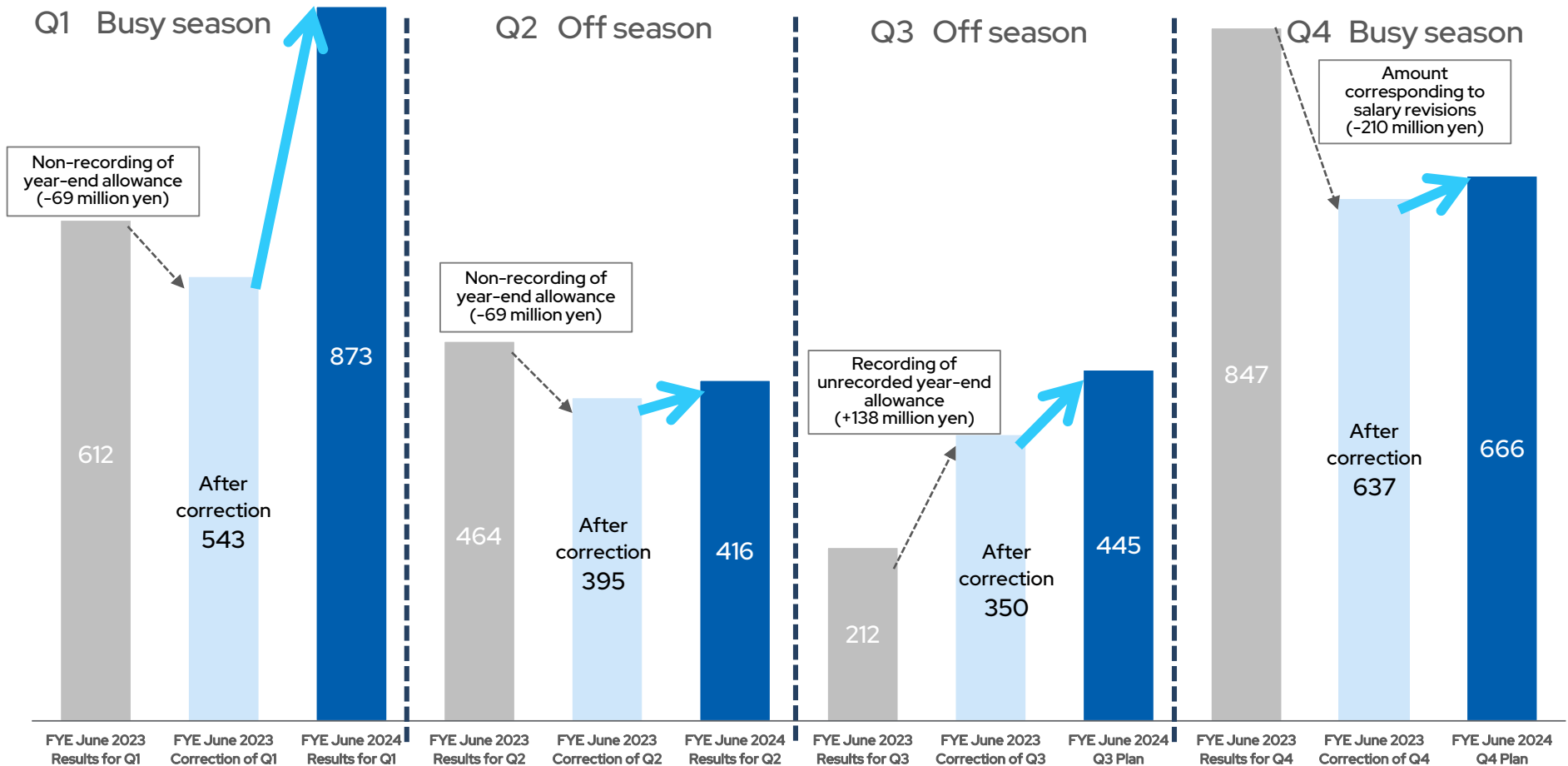
FYE June 2023: Payment results: 280 million yen. Taking the impact of the pandemic into account, there was no recording in H1, and the nine-month portion was recorded in the third quarter.

FYE June 2024: Planned payments: 300 million yen. The amount is recorded as an expense every month.

② Impact of salary revisions: A base salary increase in August 2023 and a regular wage hike based on performance evaluation in October 2023.

The following comparison table was prepared after correcting for ① and ②.

Unit: Million yen



[Consolidated] Track Records of New and Closed Outlets

- [Domestic] Consolidation of outlets was carried out as planned as a measure to improve the working environment
- [Overseas] Five new outlets, and one relocation and two format changes in Singapore

Unit: Outlets	Business format	End of FYE June 2023	New outlet	Relocation	Business format change	Closures	Change	End of H1
Japan	QB HOUSE	557	2			-9	-7	550
	QB PREMIUM	6	0			0	0	6
	FaSS	12	0			0	0	12
Subtotal in Japan		575	2			-9	-7	568
Singapore	QB HOUSE	21	0		-2	-1	-3	18
	QB PREMIUM	8	0	1	2	0	3	11
	QB HOUSE Kids	1	0			0	0	1
Hong Kong	QB HOUSE	61	3			-2	1	62
Taiwan	QB HOUSE	30	2			0	2	32
U.S.	QB HOUSE	5	0			0	0	5
Subtotal of overseas		126	5	1		-3	3	129
Consolidated group total		701	7	1		-12	-4	697

[Domestic Outlet Openings]

- New outlets were opened as planned in H1 (Seven of nine openings for the H2 plan have been already decided)

	H1	H2	Total
Opening plan	2 outlets	9 outlets	11 outlets

Opened in September 2023
Outlet at Soyora Musashisayama



Opened in November 2023
Outlet at LaLa terrace TOKYO-BAY



[Overseas Outlet Openings]

New outlets in Hong Kong: 3

Opened in September 2023
Outlet in Hung Hom
(Railway station in MTR)



Opened in October 2023
Outlet at 8½
(Residential and commercial area)



Opened in November 2023
Two outlets at APITA
(Residential area of Hong Kong Island)



New outlets in Taiwan: 2

Opened in September 2023
Outlet at Chenpin Yuronchen
(Large commercial facility)

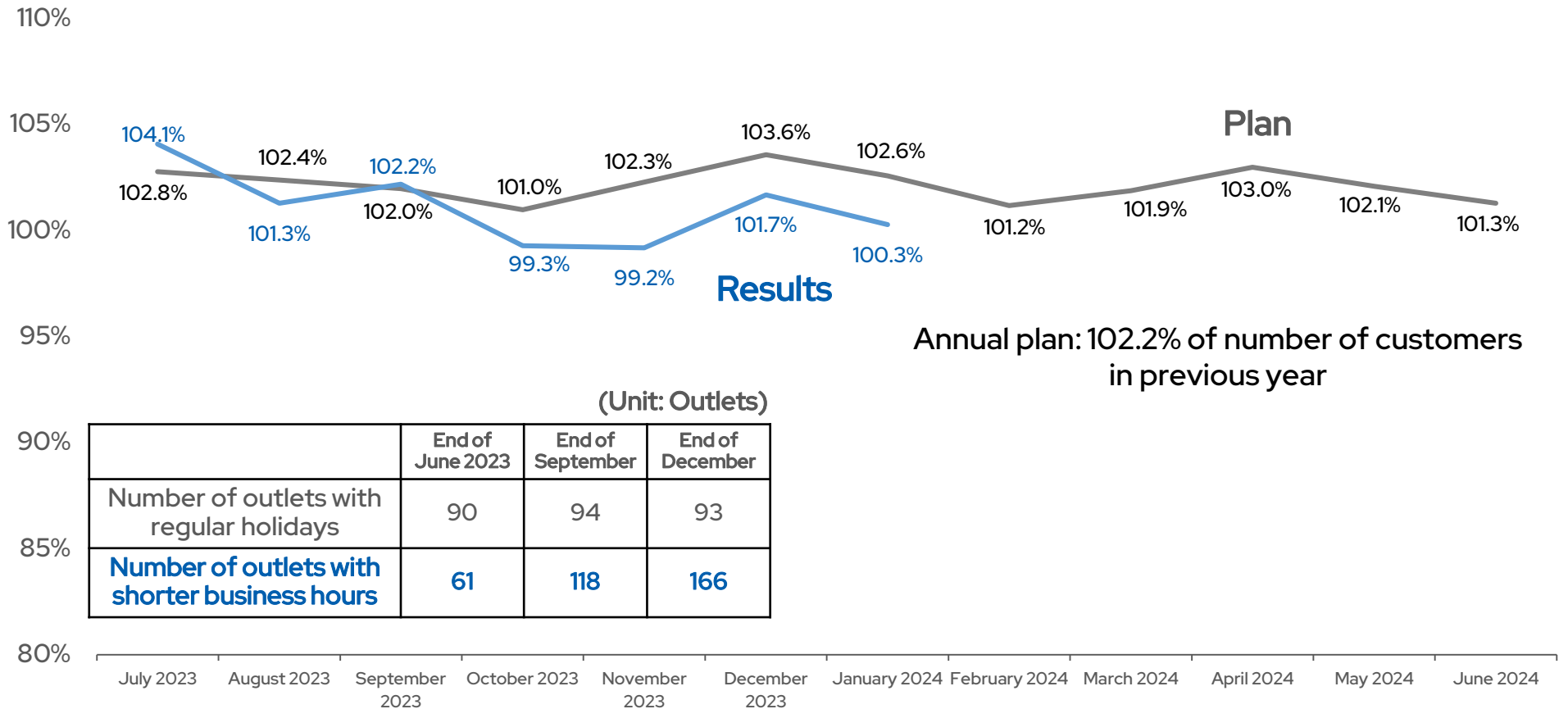


Opened in November 2023
Outlet at Kitasha K-ku
(a subterranean shopping area in Taipei Station)



[Domestic] Plan and Results of Year-on-Year Comparison of Number of Customers

- As measures to improve the working environment, **the business hours have been shortened in addition to setting regular holidays.**
(The effect from shorter business hours became noticeable in the number of customers in October and November, both of which are an off-season.)
- **Regular holidays are planned to be removed in the future** as the personnel situation has improved.



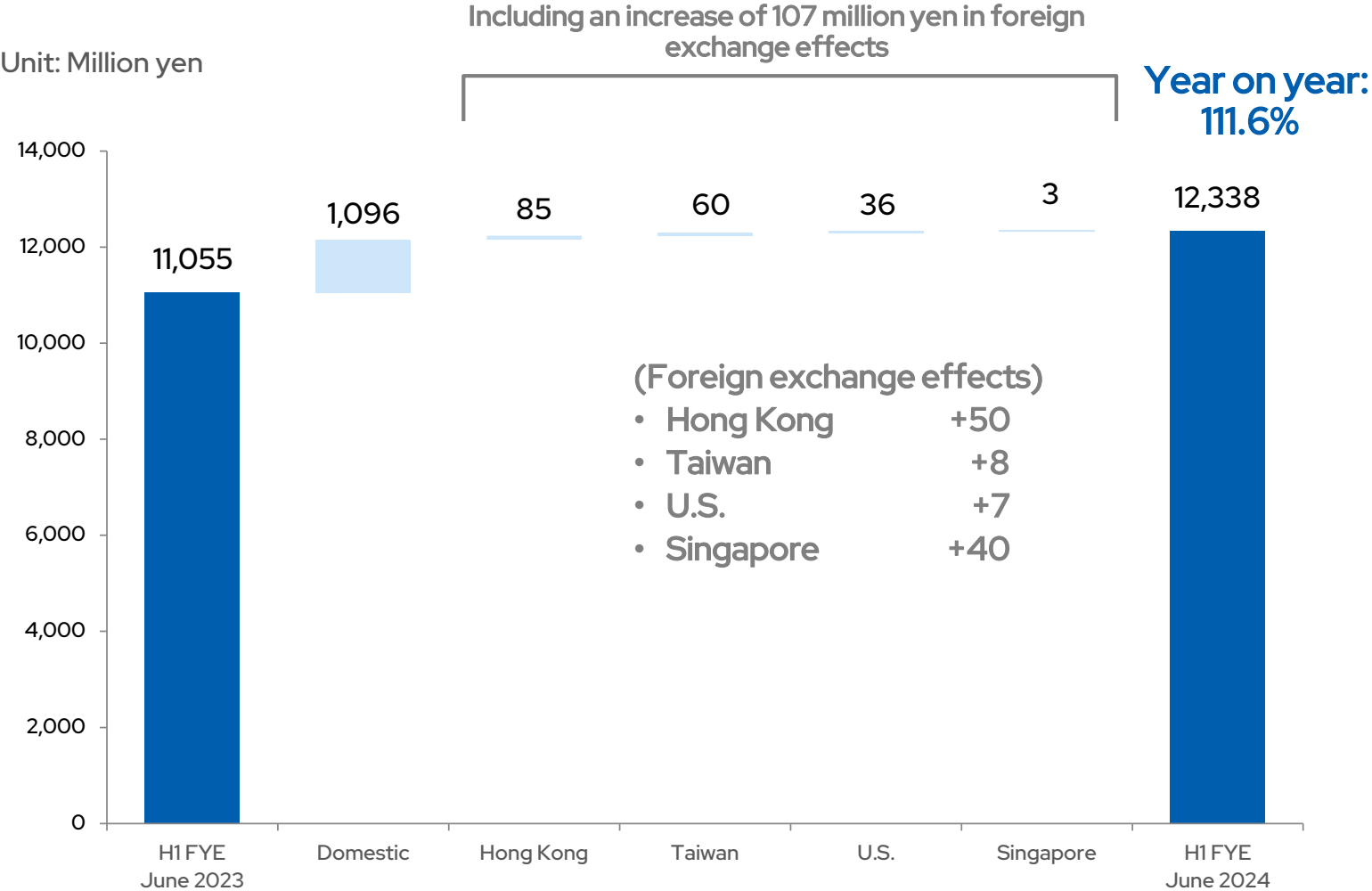
[Overseas] Business Situation

	Revenue for 2Q YoY	Number of customers for 2Q YoY	Situation
Hong Kong	108.1%	103.5%	<ul style="list-style-type: none"> ➤ Opening of three new outlets in H1 ➤ Recovery trend. Partly affected by a typhoon in October and a cold wave in December ➤ Net increase in personnel was almost as planned
Singapore	96.6%	89.0%	<ul style="list-style-type: none"> ➤ One outlet was relocated in H1 (Opened as QB PREMIUM) ➤ The format of two outlets changed from QB HOUSE to QB PREMIUM ➤ The number of customers decreased due to price revisions in the previous fiscal year and competition
Taiwan	117.3%	97.3%	<ul style="list-style-type: none"> ➤ Opening of two new outlets in H1 ➤ Partly affected by a typhoon in October and a cold wave in December ➤ The office was relocated in November 2023 to expand training space ➤ Revenue was affected by the price revision in January 2023
U.S.	125.0%	100.5%	<ul style="list-style-type: none"> ➤ Temporarily influenced by the homecoming of stylists after the pandemic petered out. ➤ Partly affected by a cold wave in December ➤ Operating profit for the month of October reached a new monthly record ➤ Revenue was affected by the price revision in January 2023

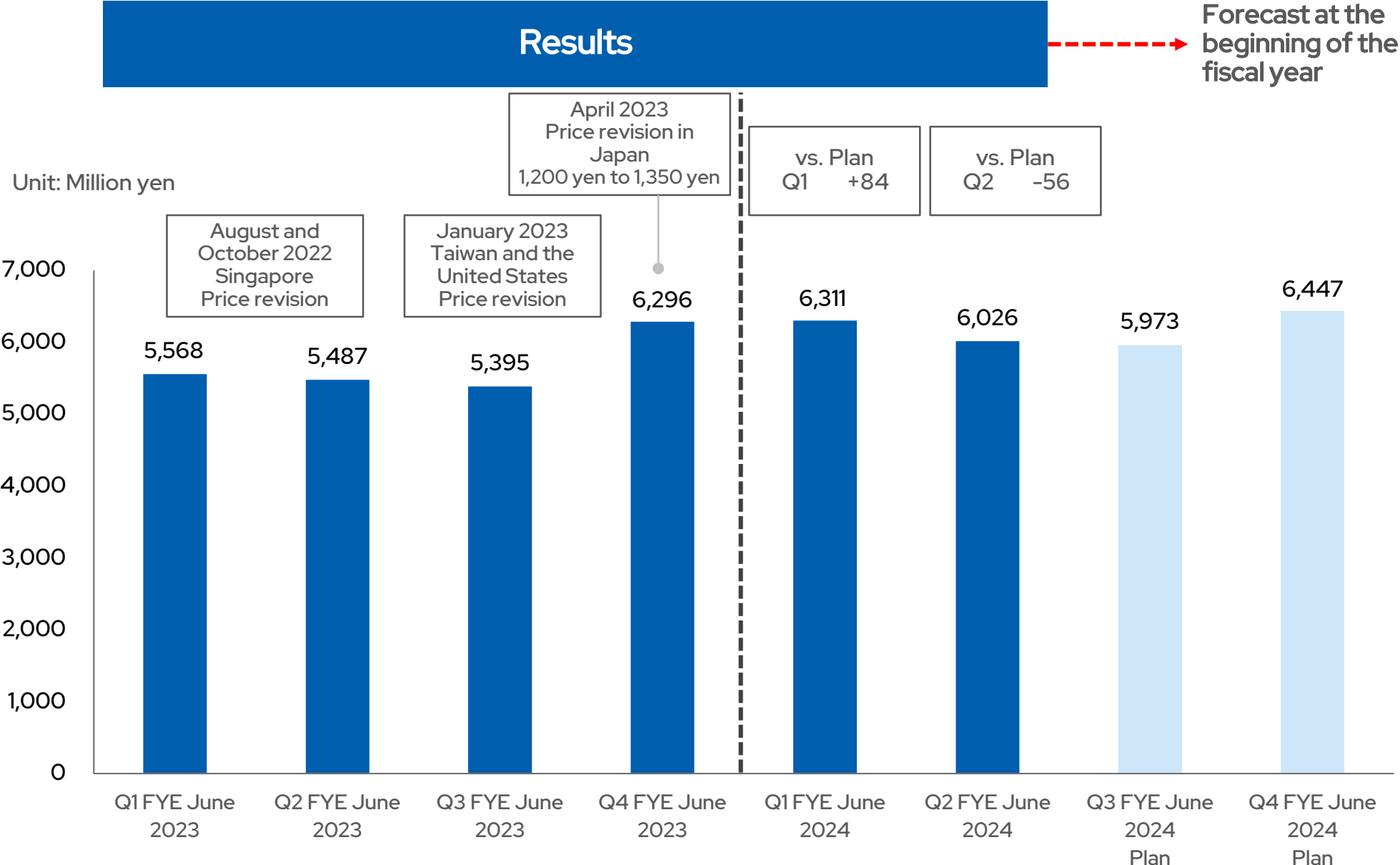
* Revenue includes foreign exchange effects

[Consolidated] Breakdown of Changes in Revenue (YoY)

- Revenue for H1 increased by 1,282 million yen year on year on a consolidated basis mainly owing to price revisions.
- Only Singapore experienced a decrease of 36 million yen when excluding foreign exchange effects.



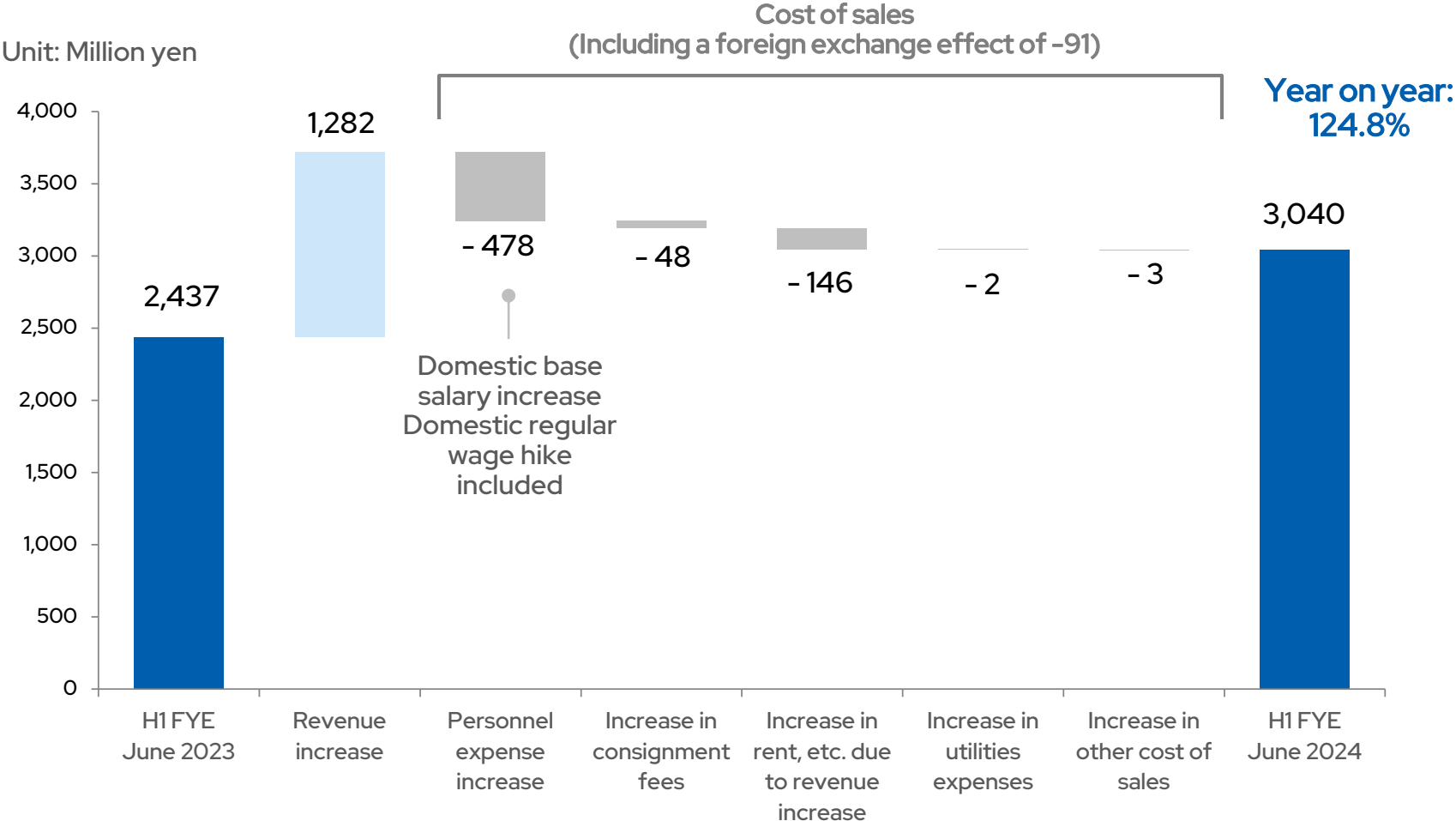
[Consolidated] Trend in Revenue



* Revenue includes foreign exchange effects

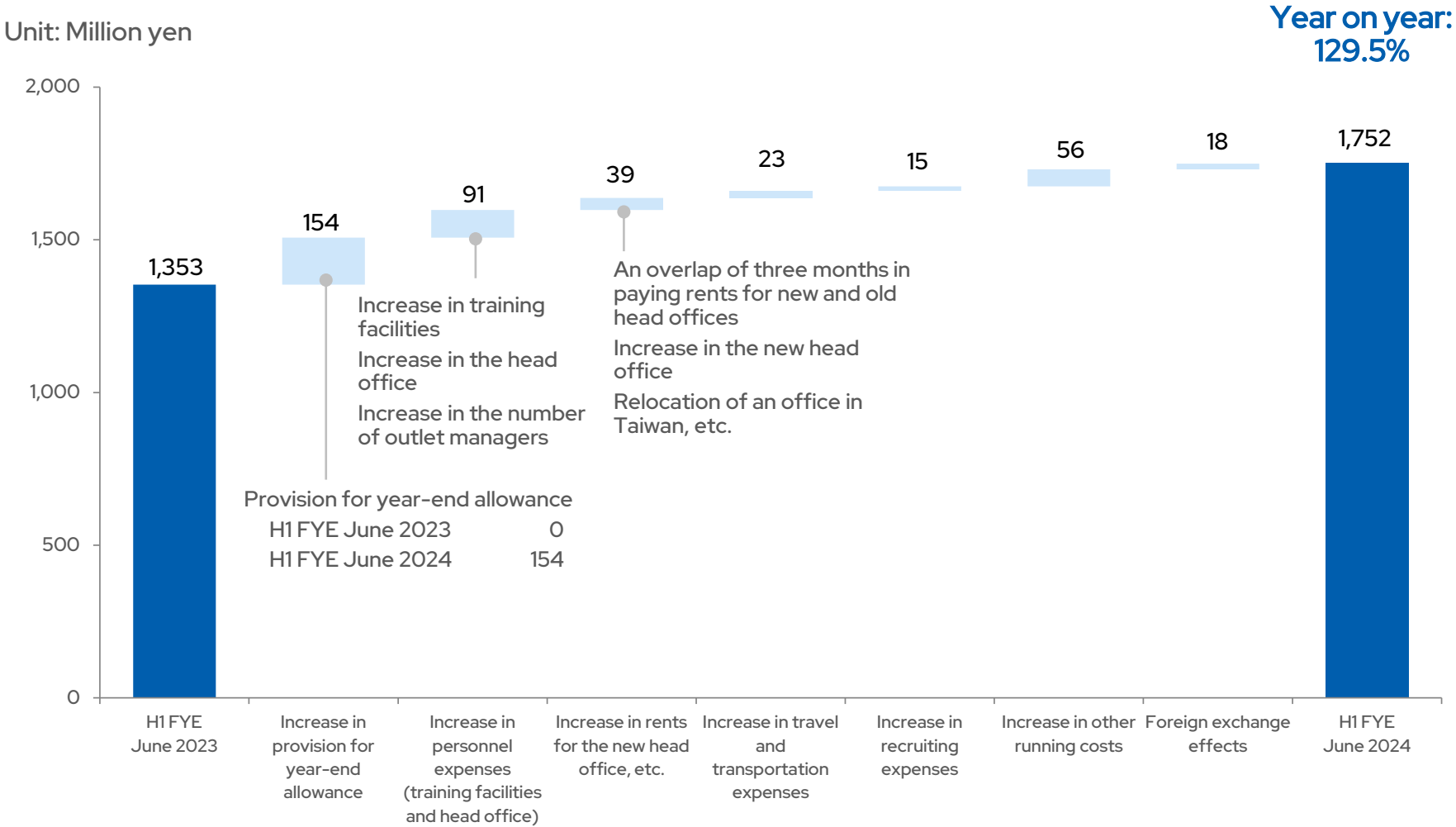
[Consolidated] Breakdown of Changes in Gross Profit (YoY)

- Gross profit increased by 603 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 and an average 9.8% regular wage hike in October) and a rise in revenue-based rent.



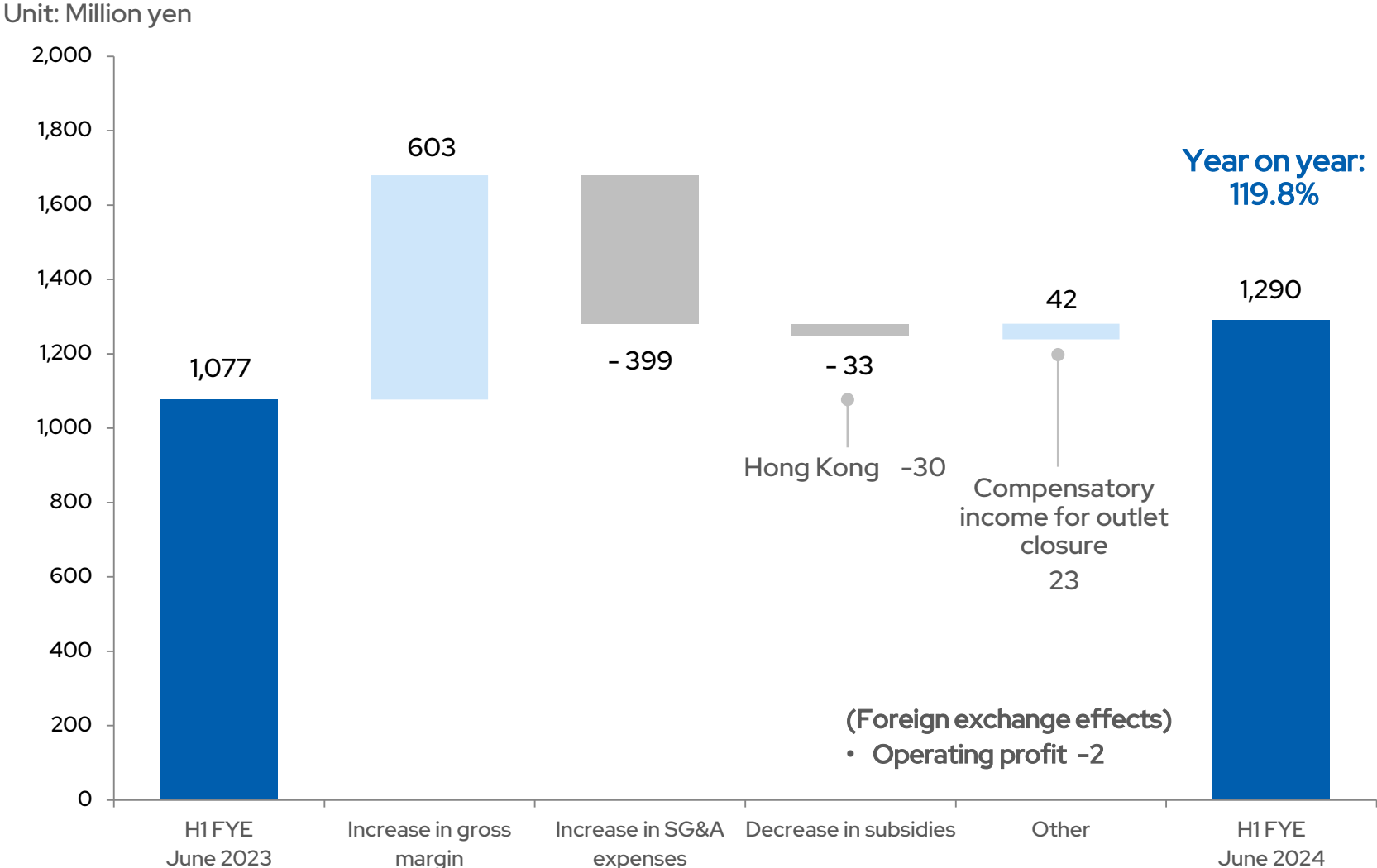
[Consolidated] Breakdown of Changes in SG&A Expenses (YoY)

- SG&A expenses increased by 399 million yen year on year due to the recording of a provision for year-end allowance and increases in personnel expenses including training facilities, rents associated with the relocation of a new head office, etc., travel and transportation expenses accompanying more business trips, costs for recruitment, and others.



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

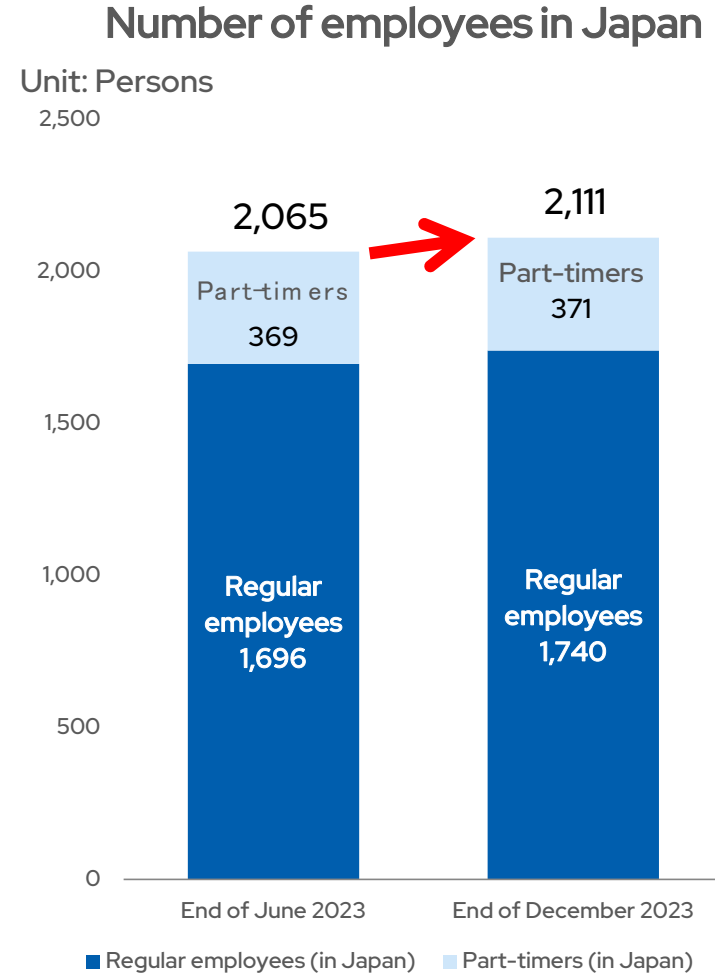
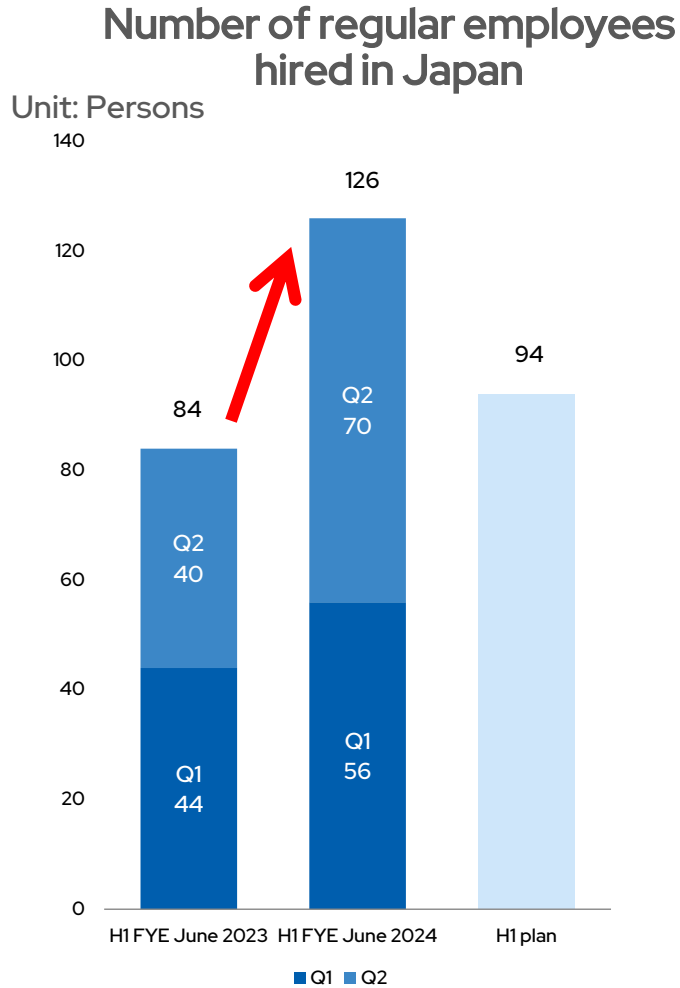
- Operating profit rose by 213 million yen year on year due to an increase in gross margin despite higher SG&A expenses.



[Domestic] Situation of Outlet Personnel

Recruitment remained strong, outpacing the plan.

- The number of regular employees hired in H1 was 126 people (up 42 from the previous fiscal year and up 32 from the plan).
- The net increase in the number of regular employees in H1 was 52 (up 18 from the plan).

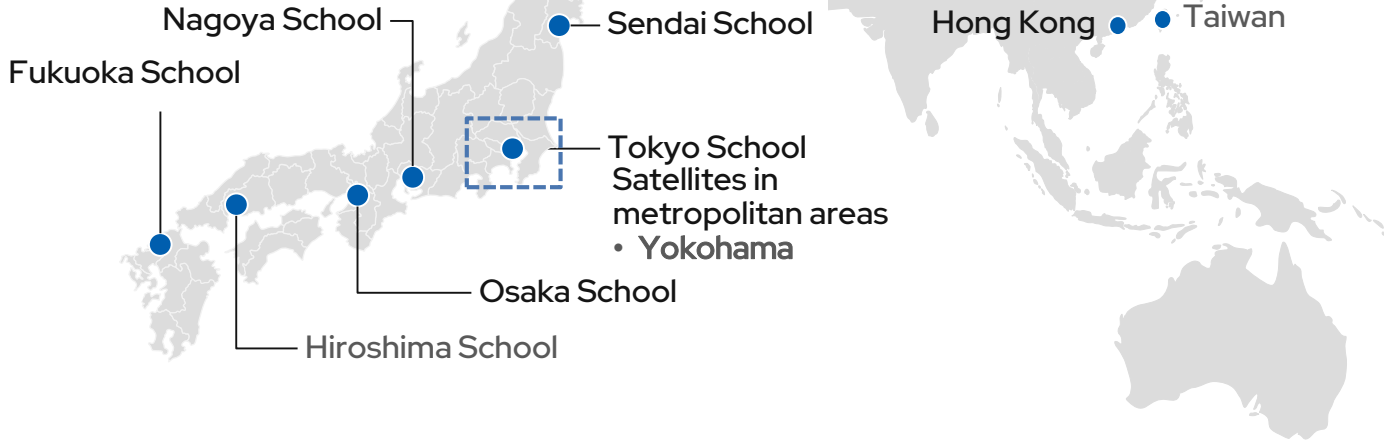
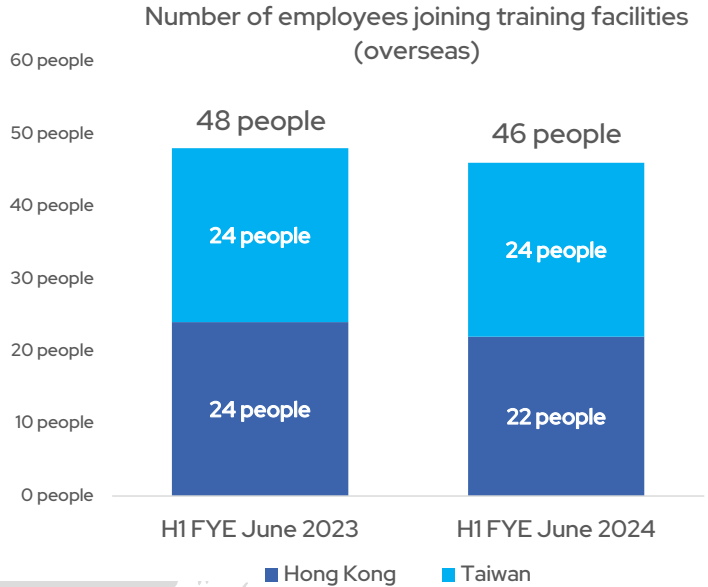
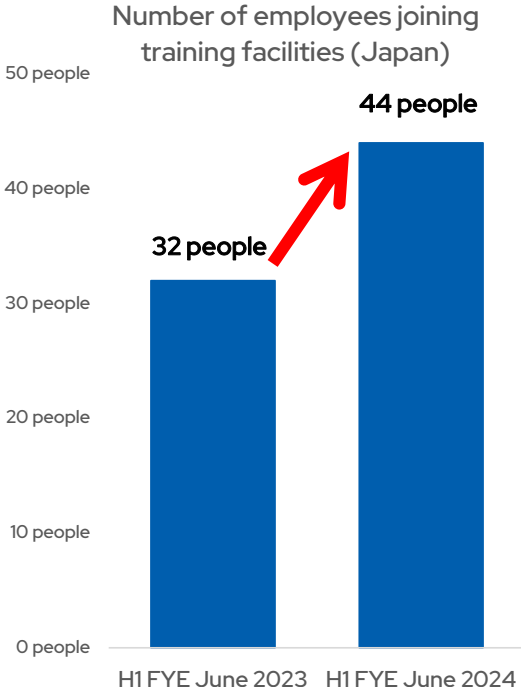


* Excluding regular employees who were transferred from consigned outlets. Excluding the head office. Including training facilities (LogiThcut Professional Stylist School).

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Recruitment of LogiThcut Professional Stylist School (training facilities)

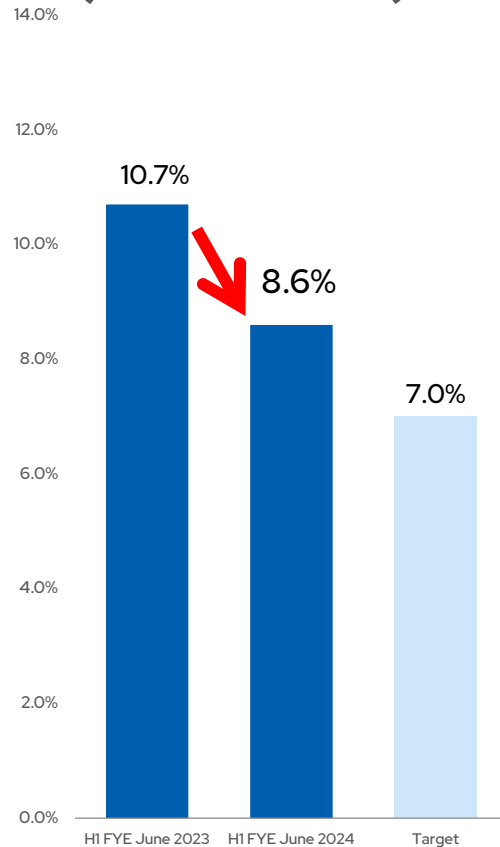
– Recruitment of LogiThcut Professional Stylist School (training facilities) went well both in Japan and overseas.



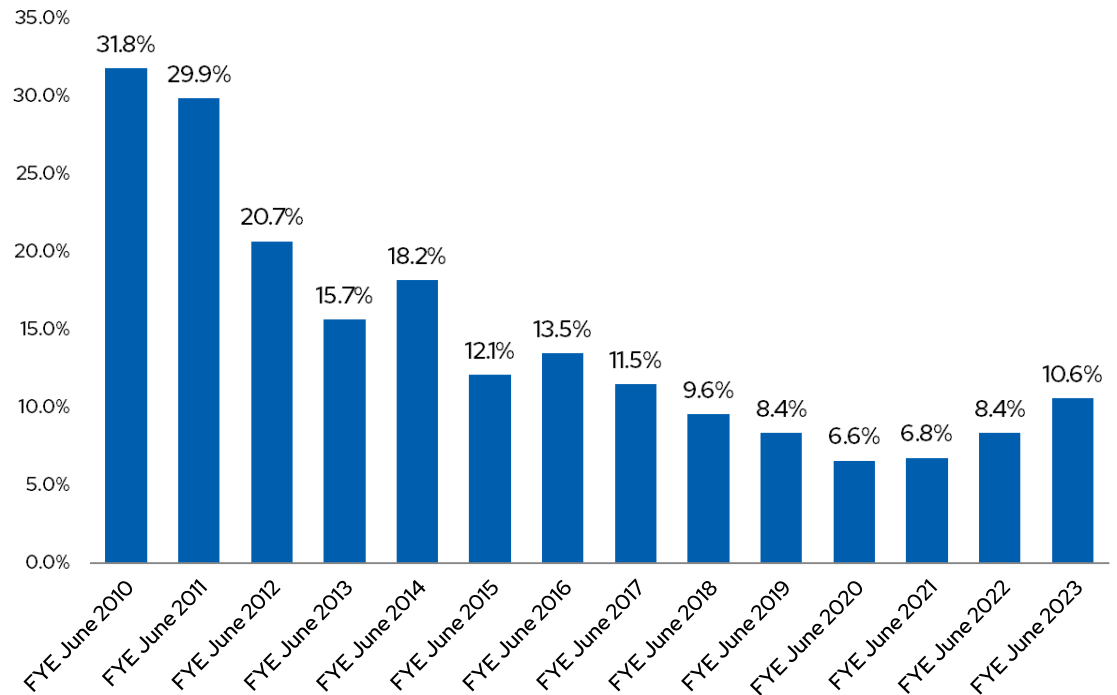
[Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees for H1 (on an annualized basis) was 8.6% (down 2.1 percentage points year on year; the rate for Q1 was 9.2%).
- 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)

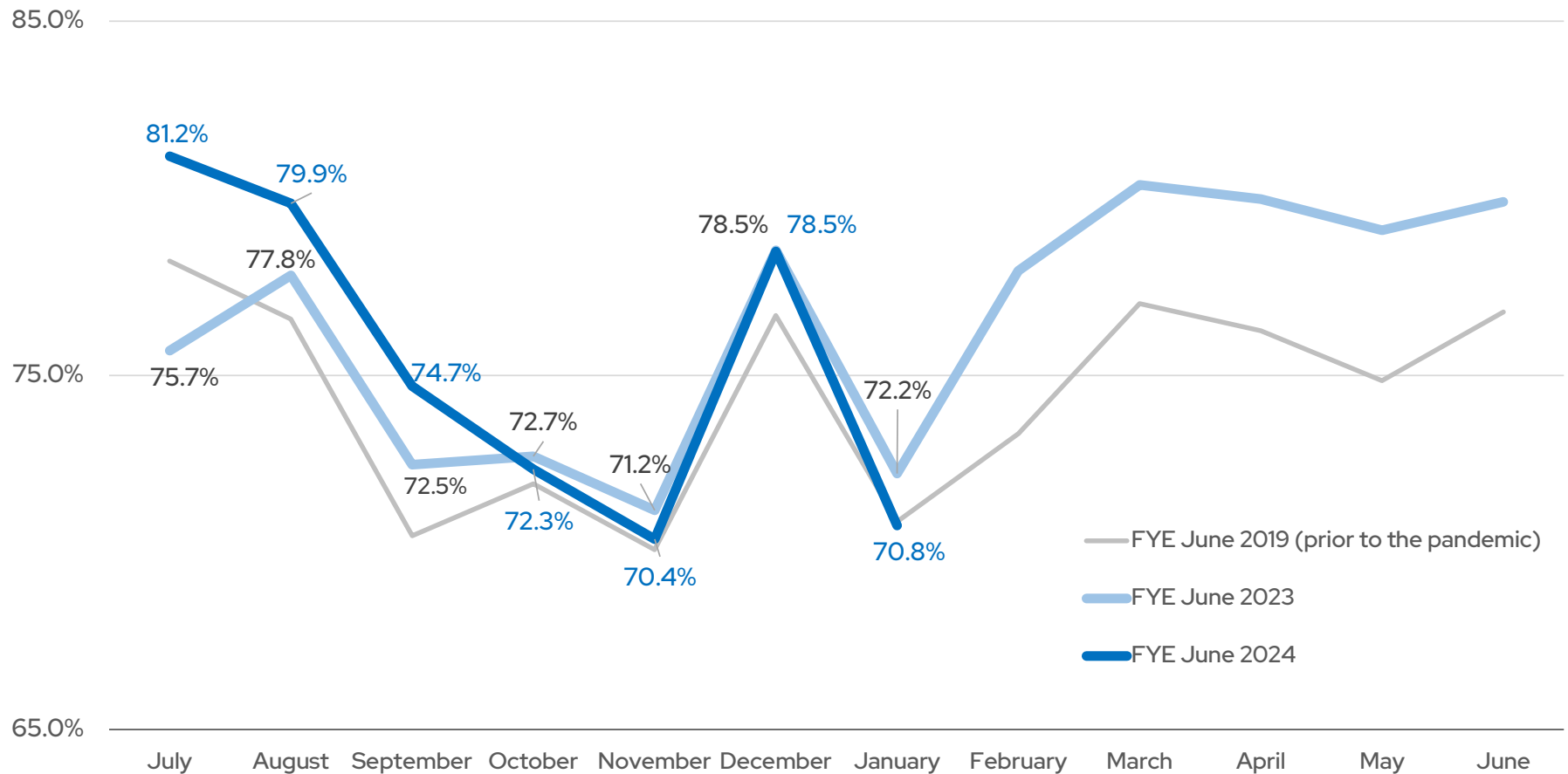


* Excluding the head office and overseas outlets
 * Including training facilities (LogiThcut Professional Stylist School).

[Domestic] Current Domestic Situation (1): Congestion in Domestic Outlets

- The internal indicator that shows the degree of outlet congestion **has been below the previous fiscal year since October, showing a trend of improvement.**
- **Burden on stylists also reduced.**

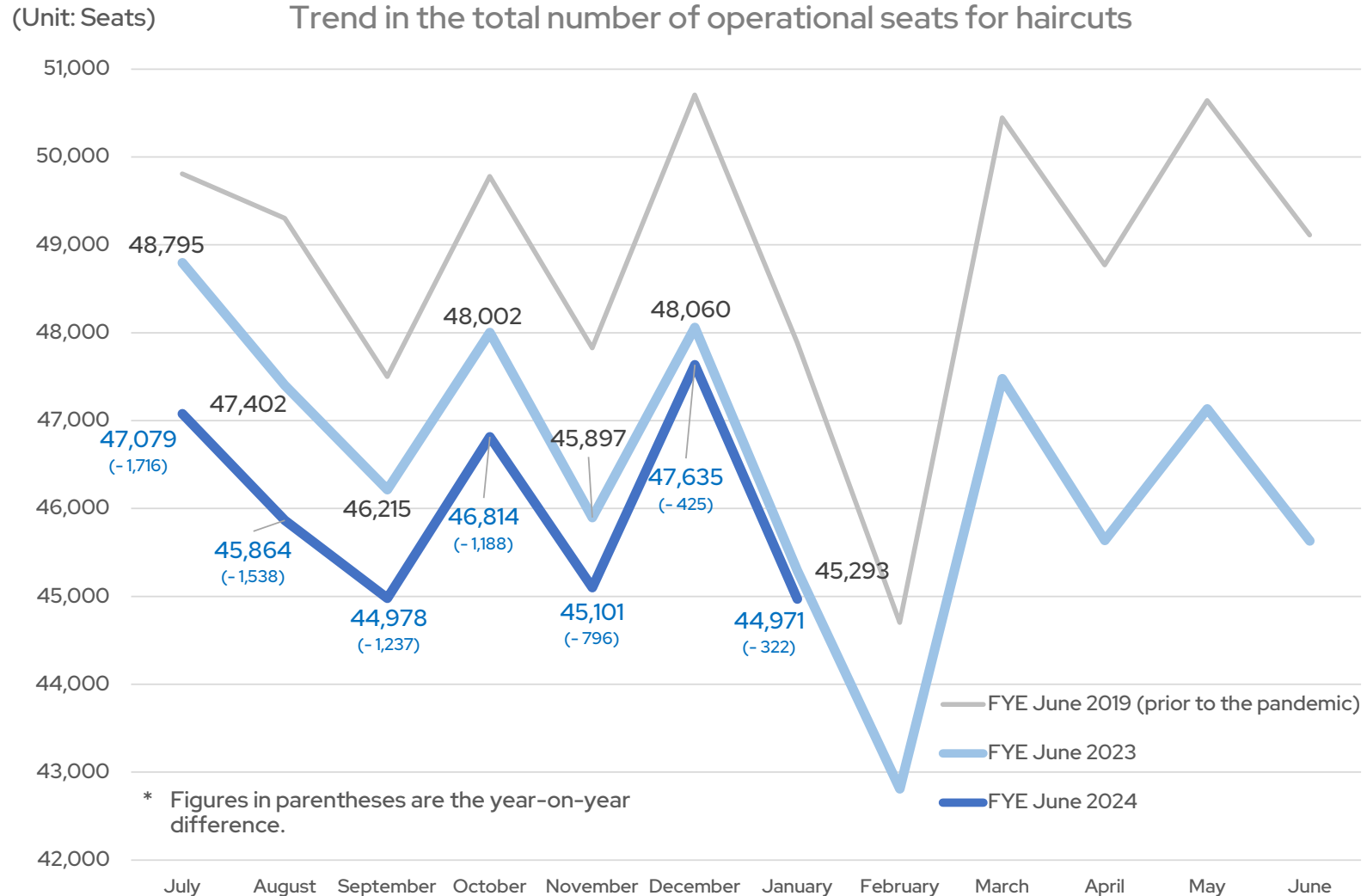
Trend in outlet congestion (ratio of red to yellow signals)



* A display was installed in outlets 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

- The total number of operational seats for haircuts is on an improving trend and is expected to surpass the same period of the previous fiscal year from around the spring.



[Domestic] Sales Promotional Measures for H2

- Large-scale sales promotion through collaboration is scheduled to be implemented in the wake of the improvement in the personnel situation

Purpose: To acquire new customers by mutually introducing customers with retail stores in the vicinity

Subject product: Shampoo for men from Sunstar Inc.

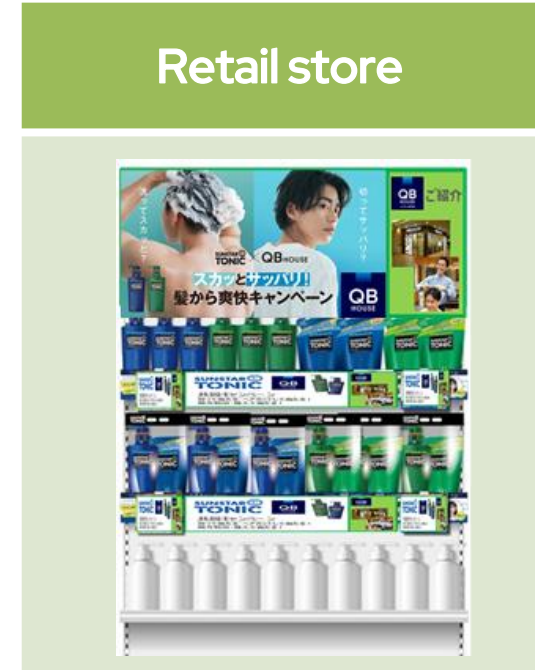
Scheduled start: From May 2024 (under adjustment)



Visuals for campaigns

© Sunstar Inc.

About 50 outlets nationwide Offer free samples	About 400 outlets nationwide Campaign announcement
<p><u>Free samples</u></p> 	<p><u>QB video in display screen</u> <u>Advertisement distribution including posters</u></p> 



[Domestic] Outlet Openings for H2 (First outlet in Niigata Prefecture)

- Outlet opening in Niigata City, which is the last ordinance-designated city without any QB HOUSE outlet
- Build dominance and raise brand recognition through two months in a row of outlet opening



May 2024
Outlet of QB HOUSE at CoCoLo
Niigata



April 2024
Outlet of QB HOUSE at Aeon Mall
Niigata Minami



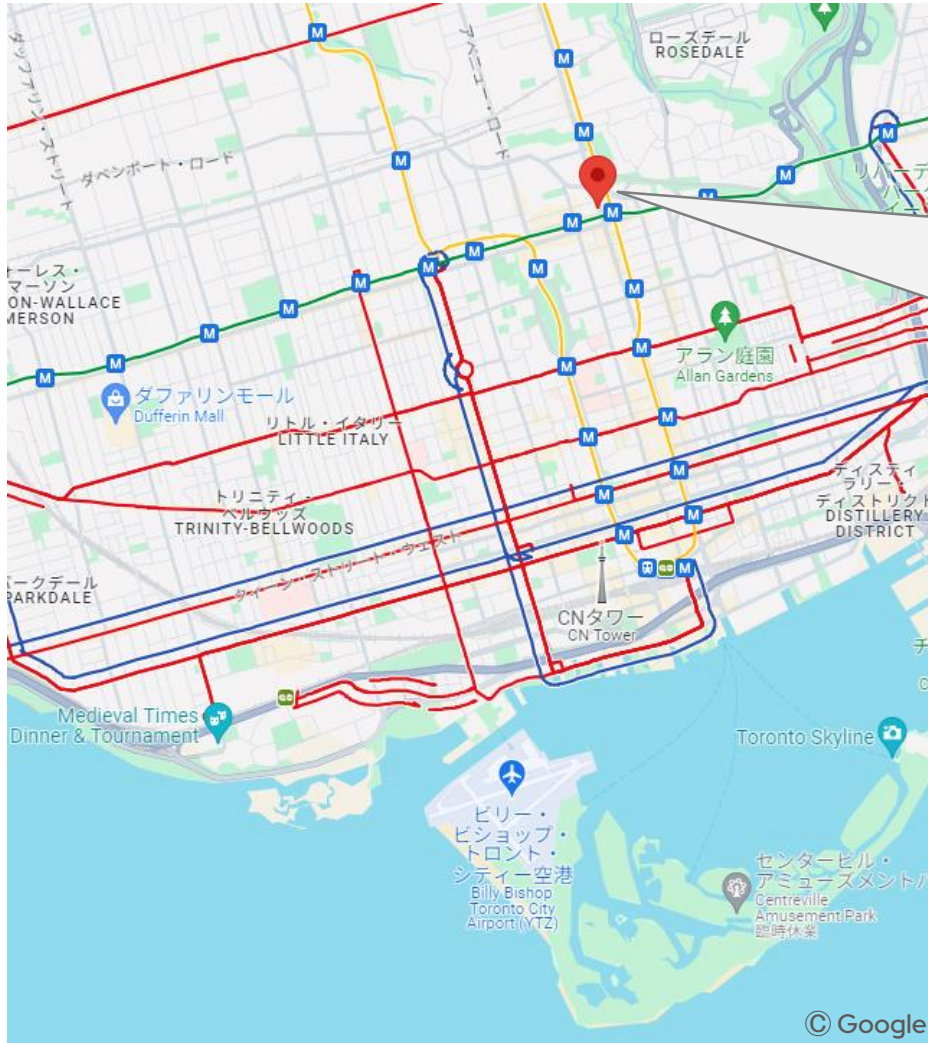
Both outlets will be located about four kilometers apart from each other in a straight line.

[Overseas] Opening of First Outlet in Canada (Toronto)

- The first outlet in Toronto will be opened. Toronto is ranked fourth in the North American large city population ranking (New York at No. 1, Los Angeles at No. 2, and Chicago at No. 3).
- Haircut price after tax C\$39.55 (Approx. 4,350 yen)

Scheduled to open during the current fiscal year

First outlet: Yorkville



To raise brand recognition, an outlet is planned to be opened on the first floor of a historic building that is highly visible and that every citizen knows.

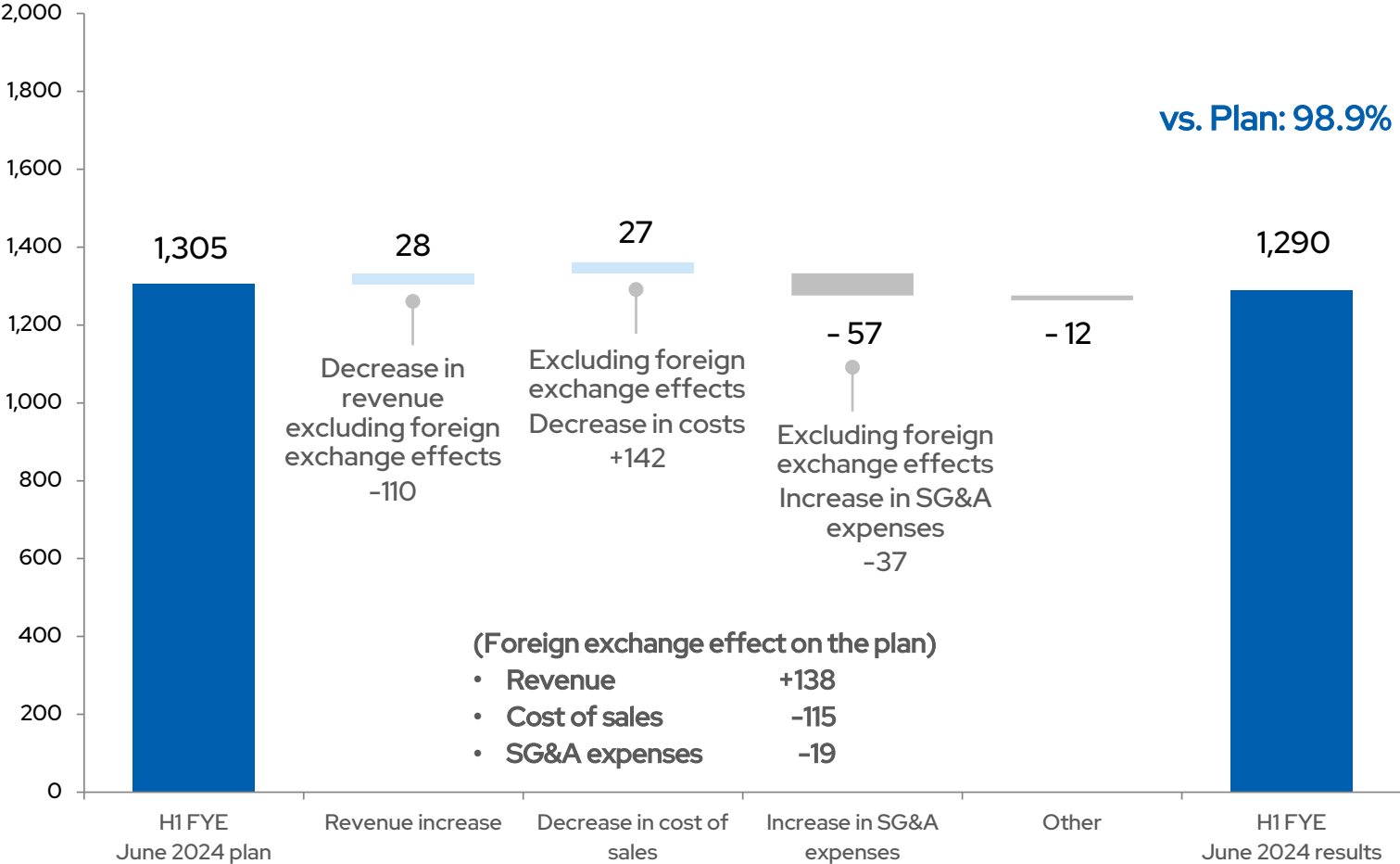
Appendix

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

Almost as planned after the shortfall in sales budgets mainly overseas was offset by an unused portion of the domestic personnel expense budget.

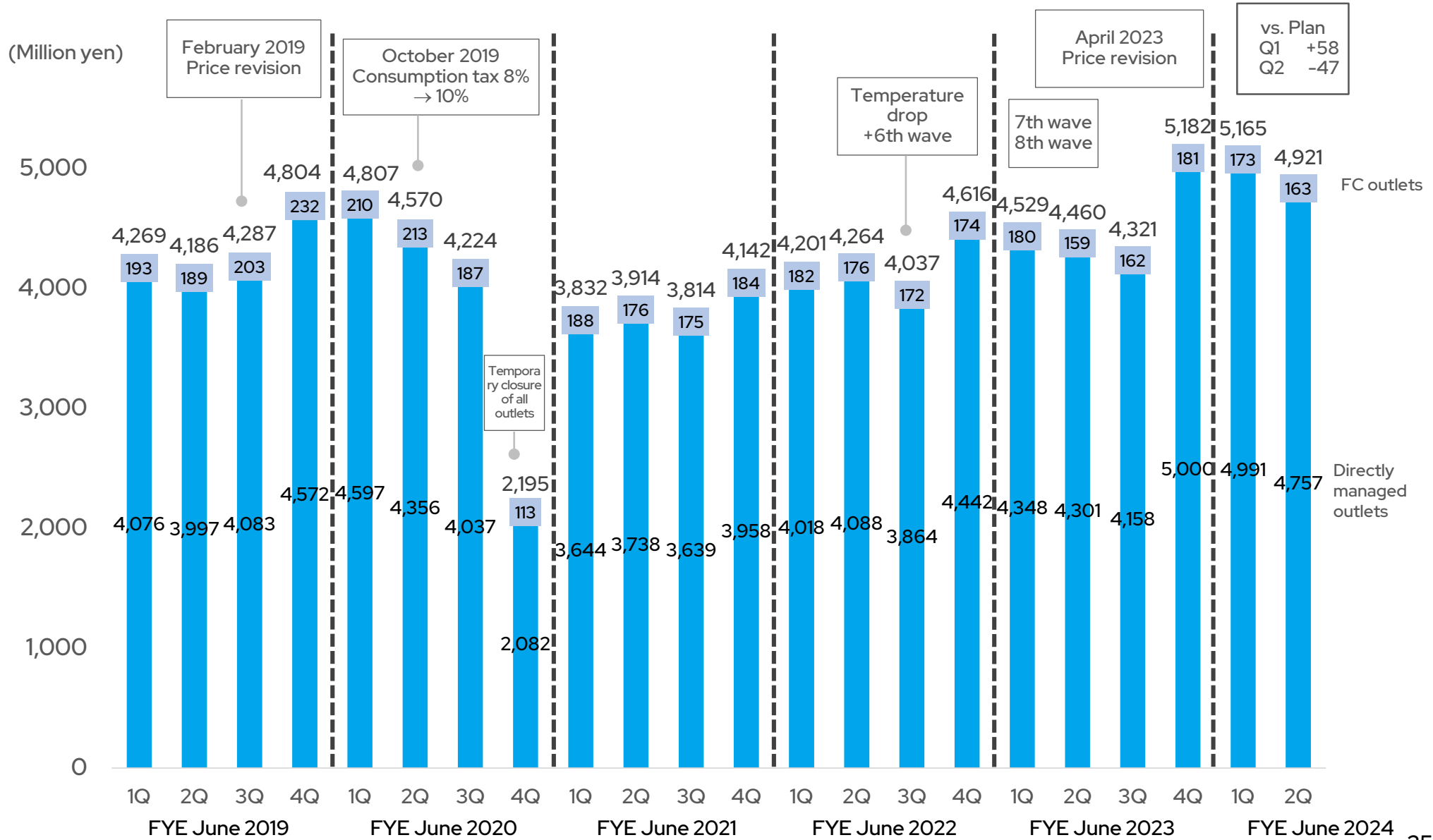
- Revenue was down 110 million yen from the plan when excluding foreign exchange effects (mainly due to shortfalls from sales budget overseas).
- Costs were down 142 million yen from the plan when excluding foreign exchange effects (mainly due to an unused portion of the budget for domestic personnel expenses).

Unit: Million yen



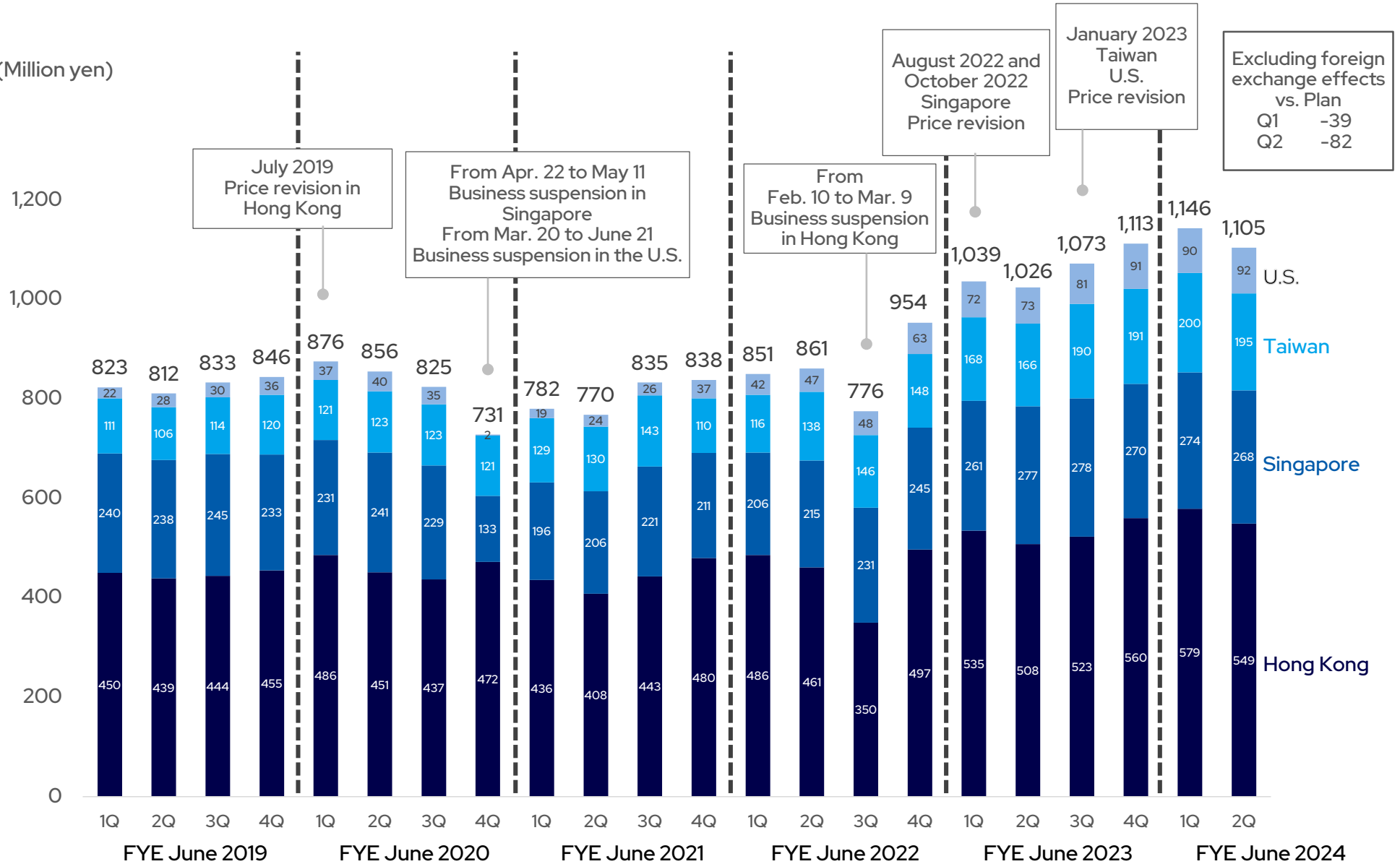
[Domestic] Trend in Revenue

For domestic revenue, Q1 and Q4 are usually busy seasons.



[Overseas] Trend in Revenue

(Million yen)



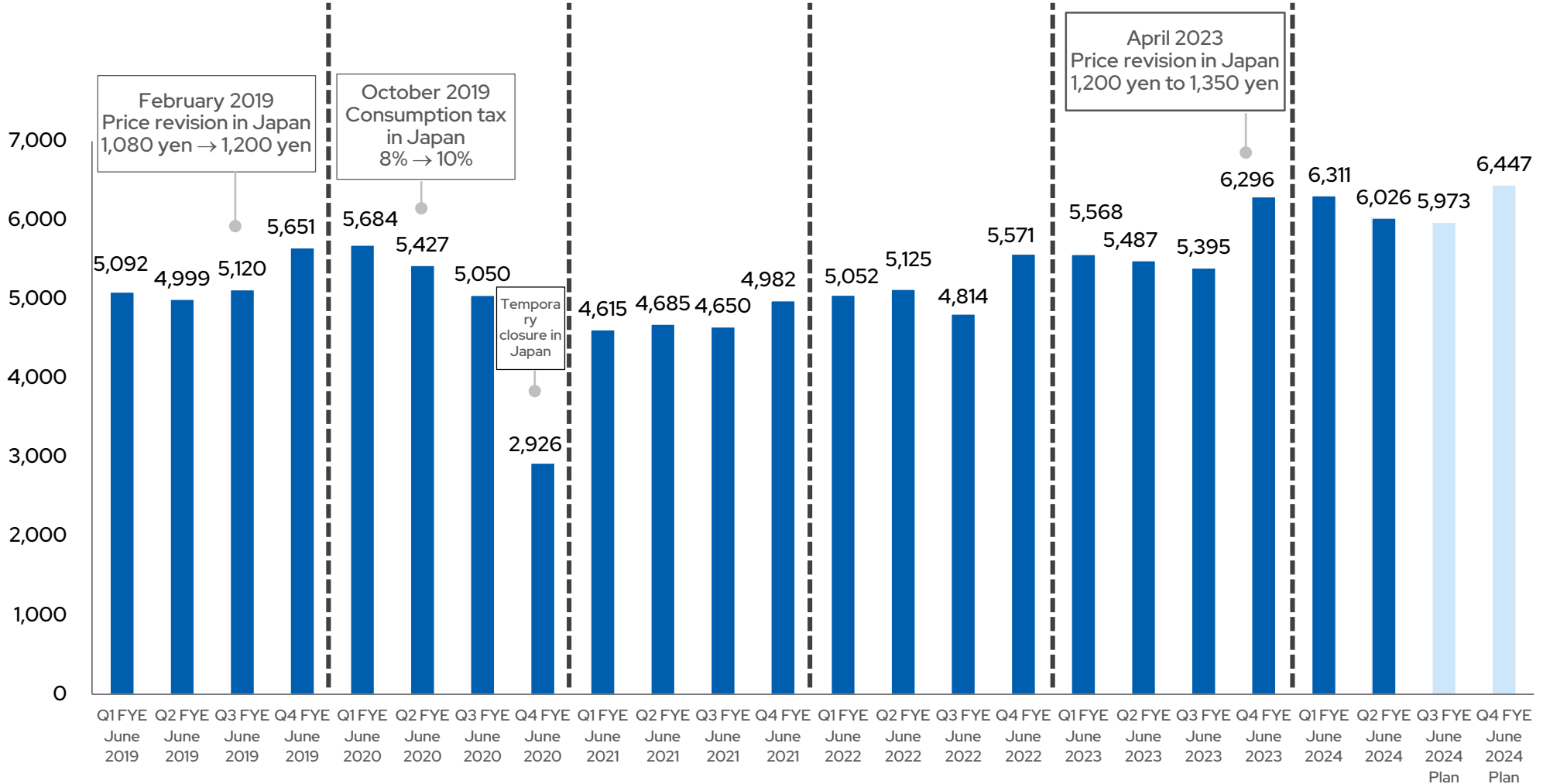
Excluding foreign exchange effects vs. Plan
 Q1 -39
 Q2 -82

[Consolidated] Trend in Revenue

Results

Forecast at the beginning of the fiscal year

Unit: Million yen

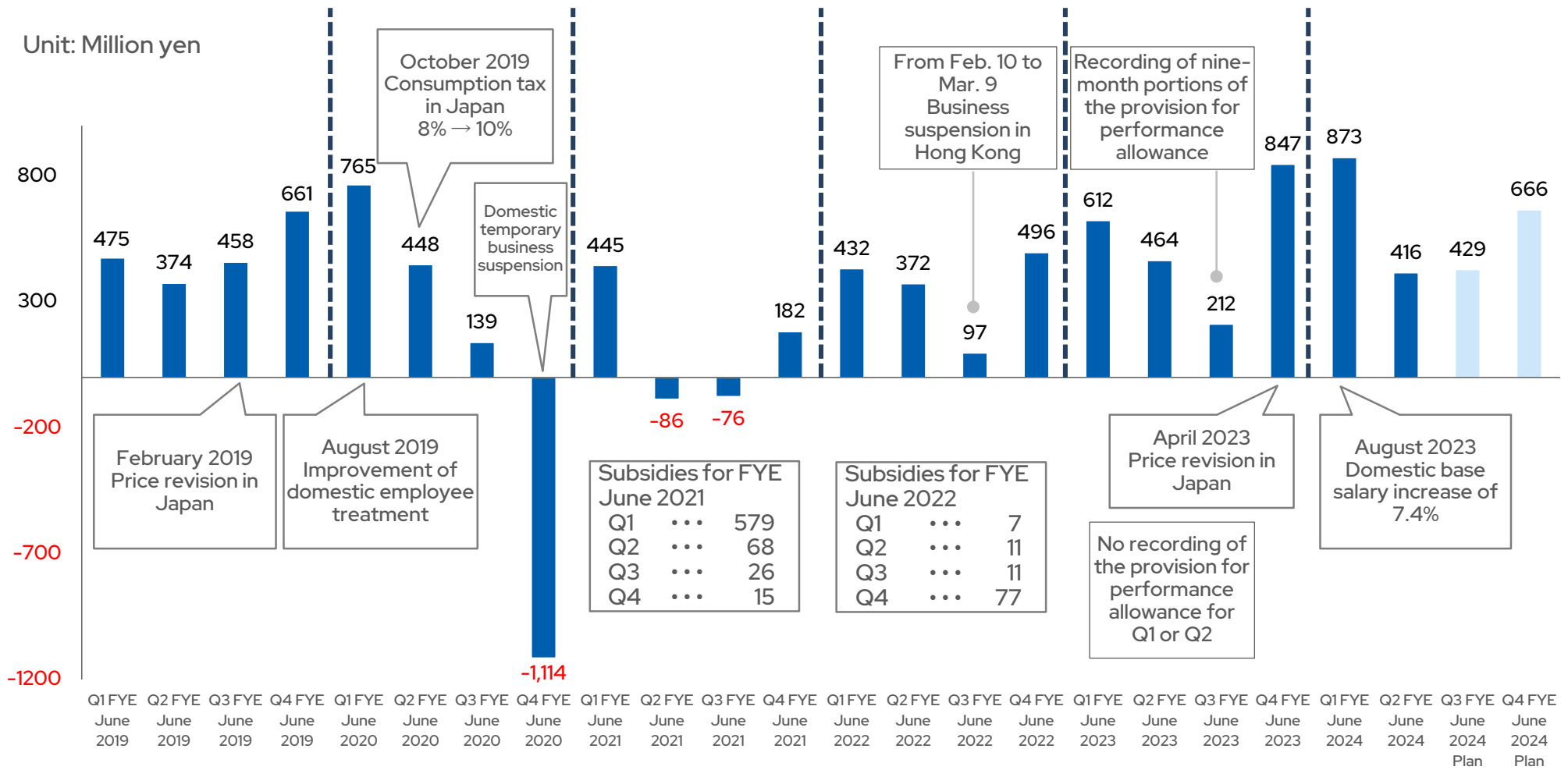


* Revenue includes foreign exchange effects

[Consolidated] Trend in Operating Profit

Results

Forecast at the beginning of the fiscal year



Reference: History of Price Revisions

Region	History of price revisions (including tax)
Domestic	<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: 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 • February 2024: QB PREMIUM: 1,800 yen → 2,000 yen (2 outlets only)
Singapore	<ul style="list-style-type: none"> • December 2012: SG\$10 (about 1,090 yen) to SG\$12 (about 1,310 yen) • August 2022: QB PREMIUM SG\$15 (about 1,640 yen) to SG\$18 (about 1,970 yen) • October 2022: QB HOUSE SG\$12 (about 1,310 yen) to SG\$14 (about 1,530 yen)
Hong Kong	<ul style="list-style-type: none"> • July 2014: HK\$50 (about 930 yen) to HK\$60 (about 1,120 yen) • July 2019: HK\$60 (about 1,120 yen) to HK\$70 (about 1,310 yen)
Taiwan	<ul style="list-style-type: none"> • January 2023: 300 yuan (about 1,400 yen) to 350 yuan (about 1,640 yen)
New York	<ul style="list-style-type: none"> • June 2020: \$20 (about 2,920 yen) to \$23 (about 3,360 yen) • November 2020: \$23 (about 3,360 yen) to \$25 (about 3,650 yen) • July 2022: \$30 (about 4,390 yen) only for online booking • December 2022: \$30 to \$35 (about 5,120 yen) only for online booking • January 2023: \$25 (about 3,650 yen) to \$30 (about 4,390 yen)

Overview of Consolidated Group Earnings

Consolidated statement of profit or loss

Unit: Million yen	H1 FYE June 2023		H1 FYE June 2024			
	Results	vs. Revenue	Results	vs. Revenue	Changes	Year on year
Revenue	11,055	100.0%	12,338	100.0%	1,282	111.6%
Cost of sales	- 8,618		- 9,297		- 678	107.9%
Gross profit	2,437	22.0%	3,040	24.6%	603	124.8%
Other operating income	43		32		- 11	
Selling, general and administrative expenses	- 1,353		- 1,752		- 399	129.5%
Other operating expenses	- 49		- 29		19	
Operating profit	1,077	9.7%	1,290	10.5%	213	119.8%
Finance income	8		11		3	137.2%
Finance costs	- 75		- 83		- 7	109.4%
Profit before tax	1,010	9.1%	1,219	9.9%	209	120.7%
Income tax	- 327		- 374		- 47	114.4%
Profit	682	6.2%	844	6.8%	161	123.7%

Overview of Consolidated Group Earnings

Consolidated statement of financial position

Unit: Million yen	End of FYE June 2023	End of H1 FYE June 2024	Changes
Total current assets	5,800	5,755	- 45
Cash and cash equivalents	4,432	4,005	- 427
Trade and other receivables	972	1,274	302
Inventories	237	269	32
Other	158	205	47
Total non-current assets	25,308	25,339	30
Property, plant and equipment	1,213	1,275	62
Right-of-use assets	5,605	5,603	- 2
Goodwill	15,430	15,430	-
Other financial assets	2,004	1,965	- 39
Deferred tax assets	822	818	- 3
Other	233	246	13
Total assets	31,108	31,094	- 14
Total liabilities	18,233	17,624	- 609
Trade and other payables	261	312	50
Interest-bearing liabilities	9,407	8,560	- 846
Lease obligations	5,464	5,494	30
Other	3,100	3,255	155
Total equity	12,874	13,470	595
Total liabilities and equity	31,108	31,094	- 14

Differences in the timing of debt collection due to the holiday of banks at the end of December

The repayment of 100 million yen before the due date in the case that the total of repayments of borrowings and operating profit exceeds 2 billion yen

Overview of Consolidated Group Earnings

Consolidated statement of cash flows

Unit: Million yen	H1 FYE June 2023	H1 FYE June 2024	Changes
Cash flows from operating activities	1,715	2,351	636
Profit before tax	1,010	1,219	209
Depreciation and amortization	1,640	1,713	72
Decrease (increase) in trade and other receivables	- 225	- 303	- 77
Interest paid	- 70	- 79	- 8
Proceeds from subsidy income	36	3	- 33
Income taxes paid	- 483	- 335	148
Other	- 192	133	326
Cash flows from investing activities	- 219	- 336	- 117
Purchase of property, plant and equipment	- 170	- 332	- 161
Purchase of intangible assets	- 22	- 26	- 3
Other	- 25	22	47
Free cash flows	1,495	2,015	519
Cash flows from financing activities	- 1,820	- 2,439	- 618
Net increase (decrease) in short-term borrowings	-	- 400	- 400
Repayments of long-term borrowings	- 350	- 450	- 100
Dividends paid	- 130	- 260	- 130
Repayments of lease obligations	- 1,411	- 1,434	- 22
Other	71	105	34
Exchange differences of cash and cash equivalents	- 26	- 3	23
Net increase (decrease) in cash and cash equivalents	- 350	- 427	- 76
Cash and cash equivalents at end of period	3,373	4,005	632

Borrowings in the former commitment line during the pandemic
Repayment from 1 billion yen to 600 million yen

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

Reference: Outlet Opening and Closure Plan for FYE June 2024

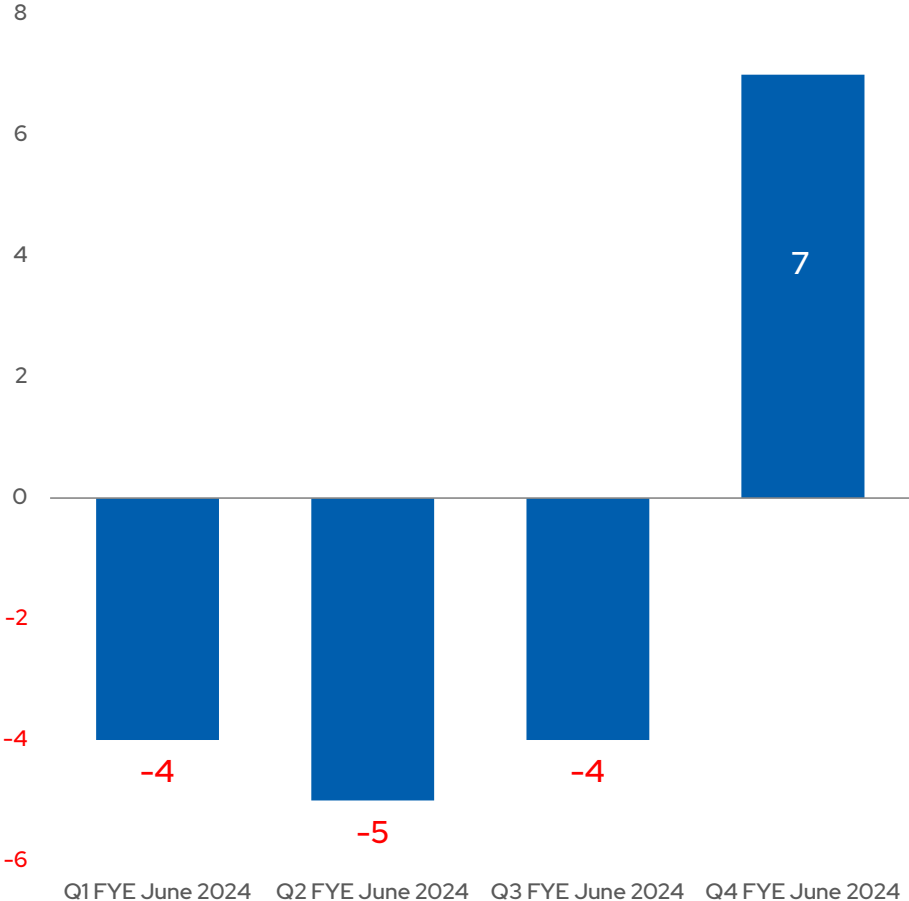
Plan for new openings and closures of outlets for FYE June 2024

Unit: Outlets	Business format	End of FYE June 2023	New outlet	Closures	Change	End of FYE June 2024
Japan	QB HOUSE QB PREMIUM	563	10	-17	-7	556
	FaSS	12	1	0	1	13
Subtotal in Japan		575	11	-17	-6	569
Singapore	QB HOUSE QB PREMIUM	30	3	-2	1	31
	QB HOUSE Kids					
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
Subtotal of overseas		126	13	-3	10	136
Consolidated group total		701	24	-20	4	705

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

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

(Unit: Outlets)



Outlet Opening and Closure Plan in Japan (Unit: Outlets)

	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

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
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