



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

First Nine Months of FYE June 2022  
Financial Results Briefing Material  
May 13, 2022

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# Executive Summary

## (Results for First Nine Months of FYE June 2022)

- Revenue was 14,992 million yen, 107.5% of the same period of the previous year. In Q3, revenue recovered in March mainly due to a rise in temperature although it was colder than usual in January and February and revenue was affected by the impact of the sixth wave of COVID-19.
- Operating profit was 901 million yen, 320.4% year on year. In addition to the recovery in sales, profit grew due in large part to the optimization of salon stylists (curbs in hiring in the H2 of the previous fiscal year and the Q1 of the current fiscal year) and cost reduction.
- Based on the progress of financial performance, the dividend per share forecast has been revised from “Undecided” to “9.00 yen.”
- There was the impact of a business suspension of all salons from February 10 to March 9 following the Hong Kong government’s order for a business suspension to the entire hair and beauty industry.
  - Subsidy is scheduled to be recorded in Q4.



## (Efforts in Q4)

- After the termination of the special price for senior customers in Japan, a limited-time campaign for seniors has been ongoing since April.  
(The charge for customers aged 65 and over will be reduced by 100 yen to 1,100 yen including tax when they visit the salon again within one month after their last visit.)
- To push forward with digital transformation (DX), development of the LINE mini app was completed, and QB HOUSE customer haircut charts are under development.
- A new cashless ticket vending machine is under development and is to be introduced at new salons in July 2022.
- The hiring of stylists has been strengthened in preparation for opening new salons in the next fiscal year.

# Consolidated Group Earnings

- In the first nine months of FYE June 2022, both revenue and profit increased year on year.
- The full-year earnings forecast remains unchanged from the initial one as COVID-19 infections have not ended yet.
- Dividend per share forecast has been revised from “Undecided” to “9.00 yen.”

## Consolidated Group Earnings (Summary)

Unit: million yen	First Nine Months of FYE June 2022		Full-year FYE June 2022		
	Results	Year on year	Forecast	Year on year	Progress rate
Revenue	14,992	107.5%	20,840	110.1%	71.9%
Operating profit	901	320.4%	1,100	237.3%	82.0%
Profit before tax	788	539.0%	920	321.2%	85.7%
Profit	519	322.9%	640	262.4%	81.2%
Basic earnings per share	40.42 yen		49.09 yen		
Dividends per share	—		9.00 yen		

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

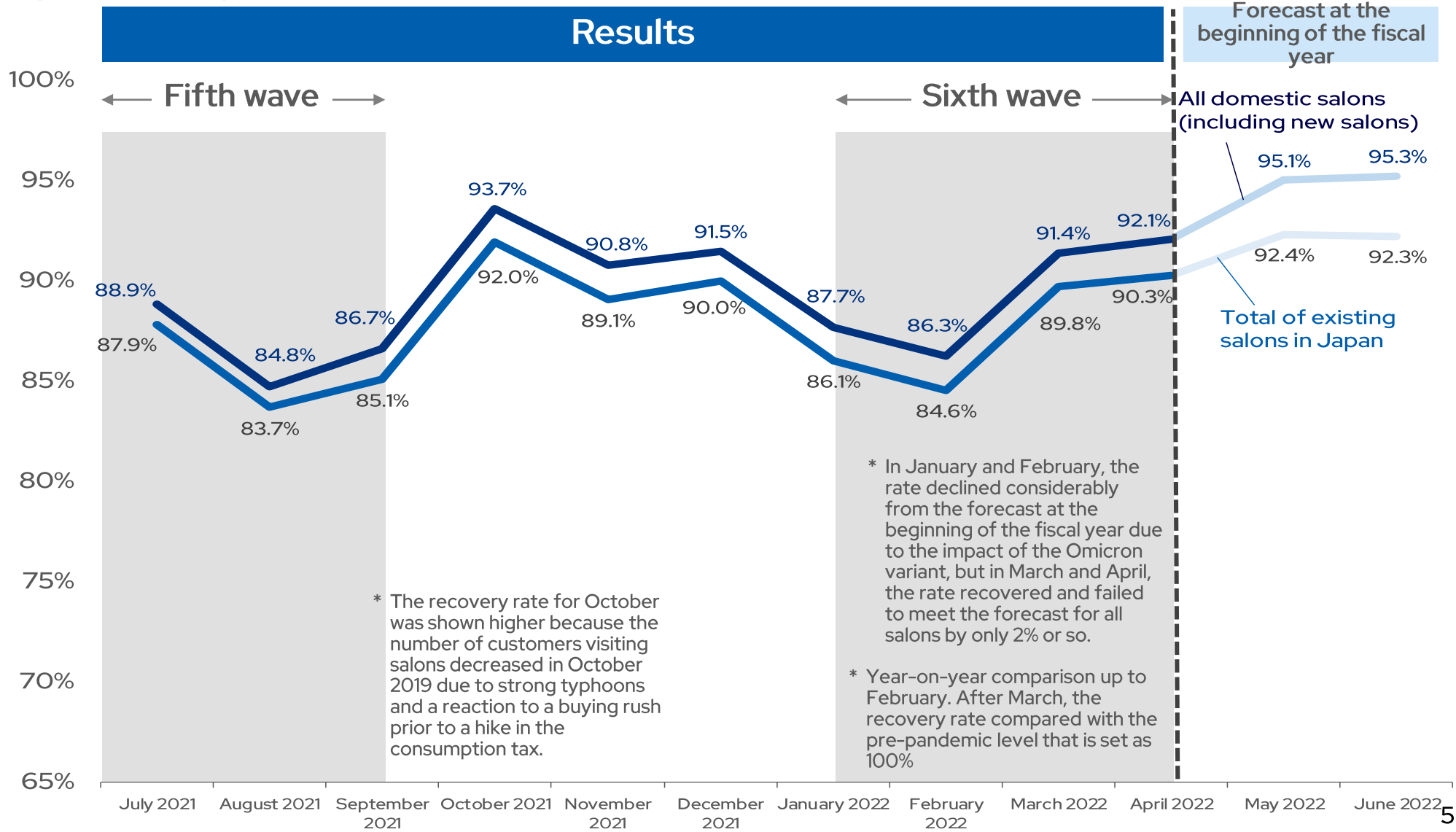
- Some new openings are scheduled to be postponed to the next fiscal year (compared with the full-year plan, six salons short in Japan and eight salons short overseas).
- Two closures in Japan and Hong Kong were primarily due to redevelopment projects and others of train stations and developers.
- Of the eight closures overseas, six were due to the impact of the pandemic.

Unit: Salons	Business form at	End-FYE June			Closure (*1)	Change	March 31, 2022
		2021	New salon	Relocation			
Japan	QB HOUSE	565	13	4	-7	10	575
	QB PREMIUM	1	2	0	0	2	3
	FaSS	13	0	0	-1	-1	12
Subtotal in Japan		579	15	4	△8	11	590
Singapore	QB HOUSE	23	0	0	-1	-1	22
	QB HOUSE Premium	9	0	0	0	0	9
	QB HOUSE Kids	2	0	0	-1	-1	1
Hong Kong	QB HOUSE	66	1	0	-3	-2	64
Taiwan	QB HOUSE	31	1	0	-3	-2	29
U.S.	QB HOUSE	4	1	0	0	1	5
Subtotal of overseas		135	3	0	-8	-5	130
Consolidated group total		714	18	4	-16	6	720

(\*1) The number of closures includes those by relocations.

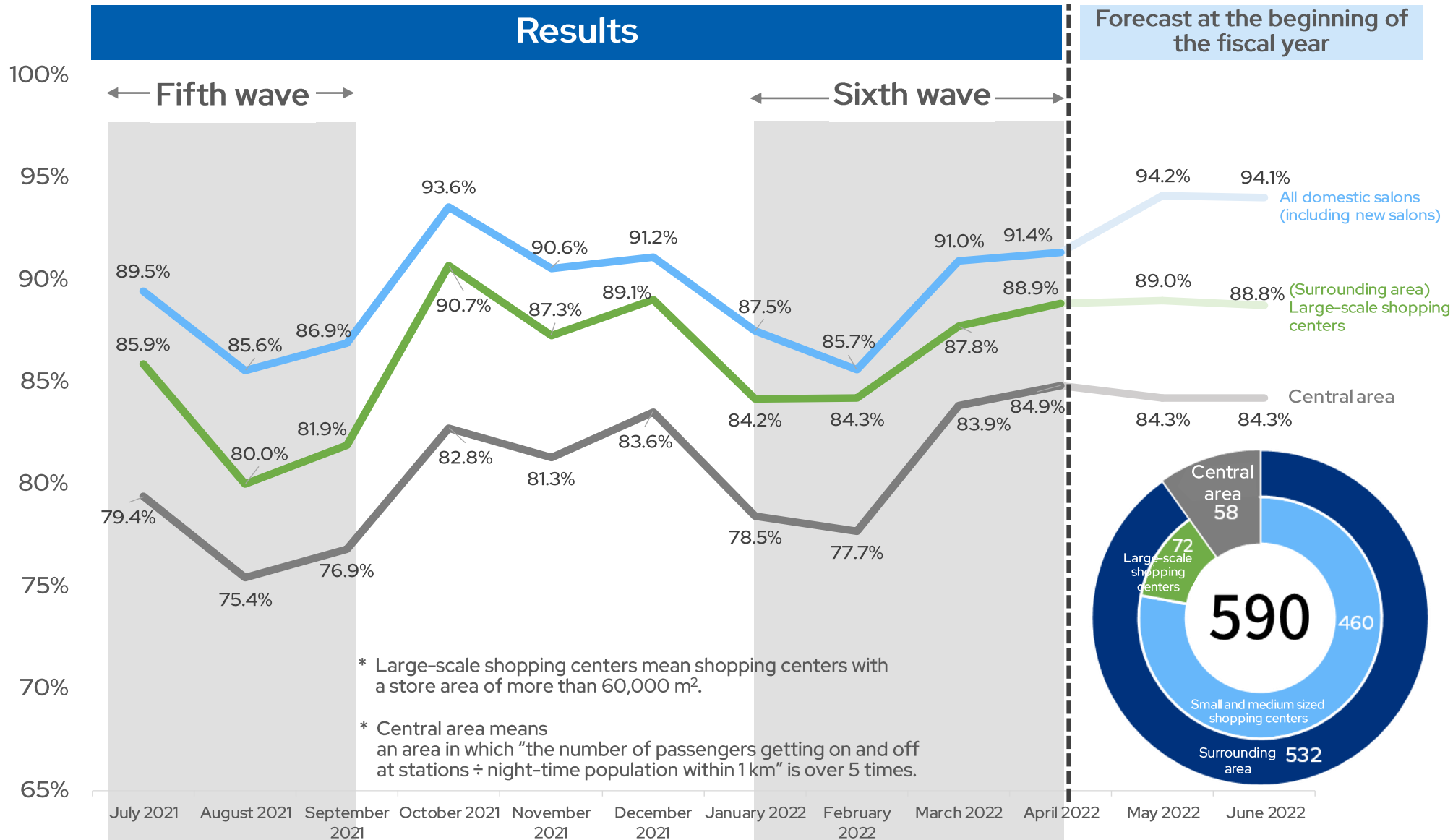
# [Domestic] Results and Assumptions of Recovery Rate in Number of Customers Visiting Salons

- In January and February, the recovery rate was affected by the impact of the sixth wave of infection in addition to lower temperatures this year than in usual years. In March and April, the recovery rate improved as temperatures rose and priority measures to prevent the spread of infections were lifted.



# [Domestic] Results and Assumptions of Recovery Rate in Number of Customers Visiting Salons by Location

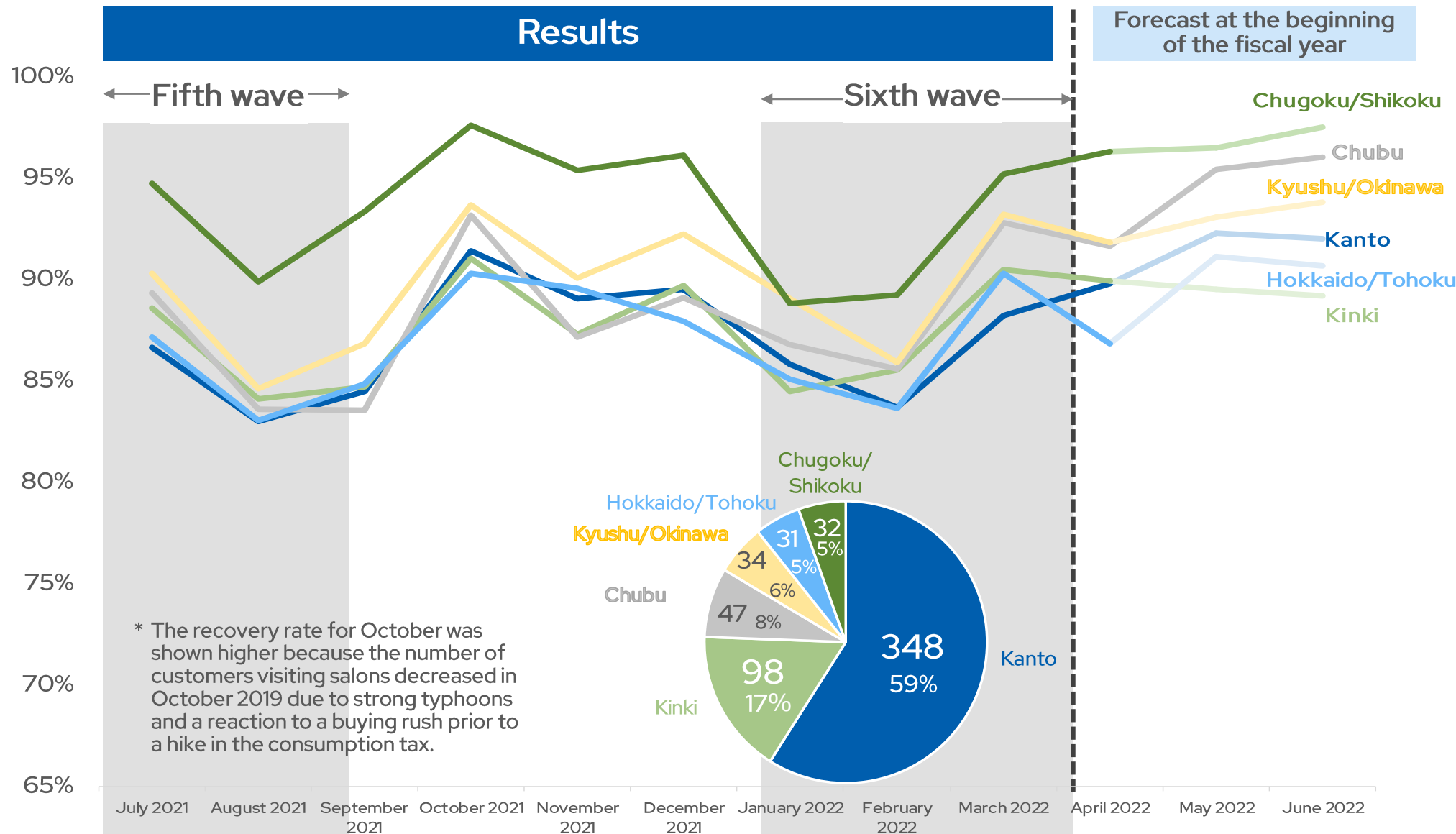
- By location, recovery has been delayed in train stations and central areas mainly due to the continued impact of teleworking taking root.



\* Year-on-year comparison up to February. After March, the ratio compared with the pre-pandemic level that is set as 100%

# [Domestic] Results and Assumptions of Recovery Rate in Number of Customers Visiting Salons by Region

- By region, recovery primarily in urban areas (Kinki, Kanto, etc.) slowed down when infections expanded.

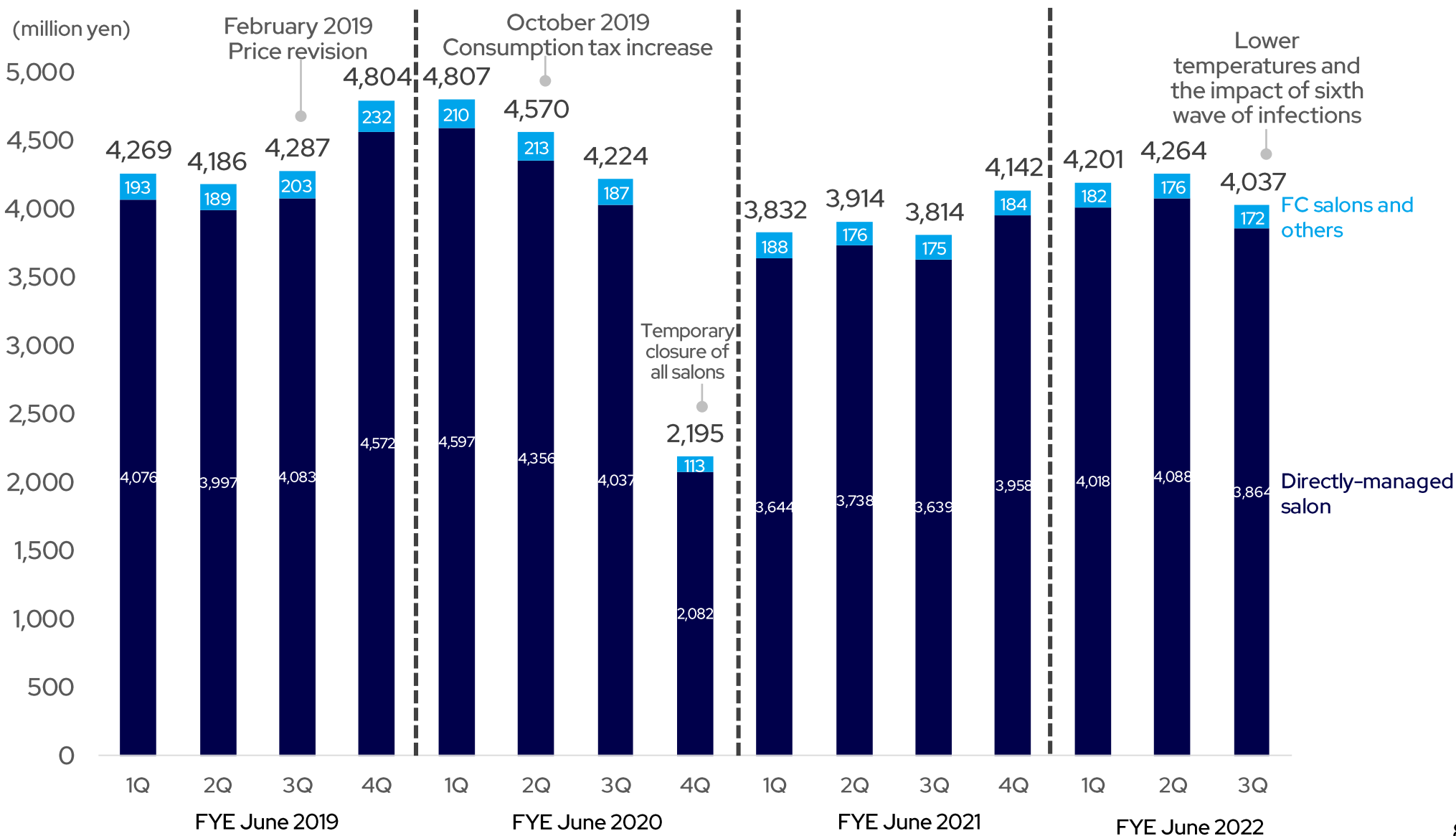


\* Year-on-year comparison up to February. After March, the ratio compared with the pre-pandemic level that is set as 100%



# [Domestic] Trend in Revenue

- Domestic revenue for Q3 was affected by lower temperatures and the sixth wave of infections (Q1 and Q4 are busy seasons in usual years).



# [Overseas] Business Situation, etc.

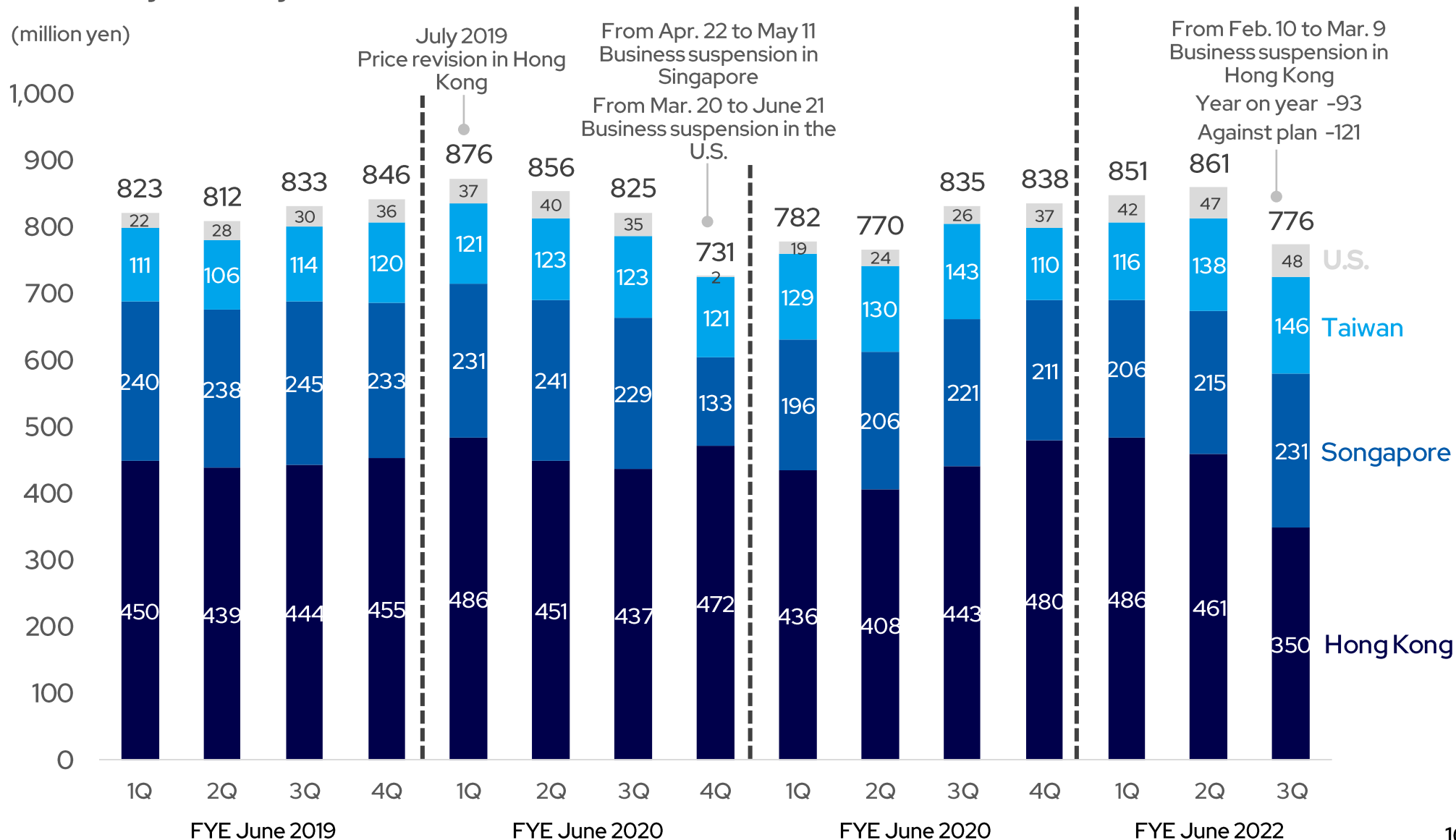
	Revenue Q3 only Compared with the pre- pandemic level.	Number of customers Q3 only Compared with the pre-pandemic level.	Situation
Hong Kong	72.8% * Including the impact of the weaker yen	67.1%	<p>All salons were closed from February 10 to March 9 due to the Hong Kong government's order for the suspension of operations to the entire hair and beauty industry. → Subsidy is scheduled to be recorded in Q4. The salary for stylists during the business suspension is guaranteed.</p> <p>After reopening on March 10, the presentation of a vaccination passport to prove people have been vaccinated twice has become necessary for entering stores, and this affects some business (the ratio of people vaccinated twice is 85.5% [as of May 10]).</p> <p>Revenue in April was on a recovery path at 82% of the plan with the number of infections on the decline.</p>
Singapore	97.0% * Including the impact of the weaker yen	86.4%	<p>From January, unvaccinated workers were prohibited from coming to the office in person in principle. Restrictions on attendance in the workplace were eased to 50% capacity on March 15, and to 75% capacity on March 29.</p> <p>On April 26, restrictions on attendance in the workplace were lifted.</p> <p>In March and April, business was on a recovery path as the number of infections was on the decline.</p>
Taiwan	111.4% * Including the impact of the weaker yen	96.4%	<p>On January 10, measures were put into effect, such as the mandatory wearing of masks outdoors as well and a limit to the number of people in stores.</p> <p>On March 1, prevention measures were eased (no need to wear a mask when exercising outdoors, etc.)</p> <p>In April and May, the number of infections increased (a record high), and this affected the number of customers visiting our salons.</p>
U.S.	110.7% * Including the impact of the weaker yen * Including price increases	82.4%	<p>There was the impact of the price revisions (to \$23 from \$20 in June 2020 and to \$25 in November 2020).</p> <p>Business is on a recovery path as the number of infections has been decreasing since late January.</p> <p><b>On March 7, New York City lifted the indoor mask mandate and eliminated the need to present a vaccination certificate.</b></p> <p>Revenue in April hit a record high, even excluding the impact of the weaker yen (in dollar terms), due to the recovery in the number of customers visiting our salons and the impact of the price hike.</p>

\* Revenues are compared in yen terms, so they include the effects of exchange rate differences (a depreciation of the yen).

\* The pre-pandemic level (= budget made prior to the pandemic × progress rate) is set at 100%.

# [Overseas] Trend in Revenue

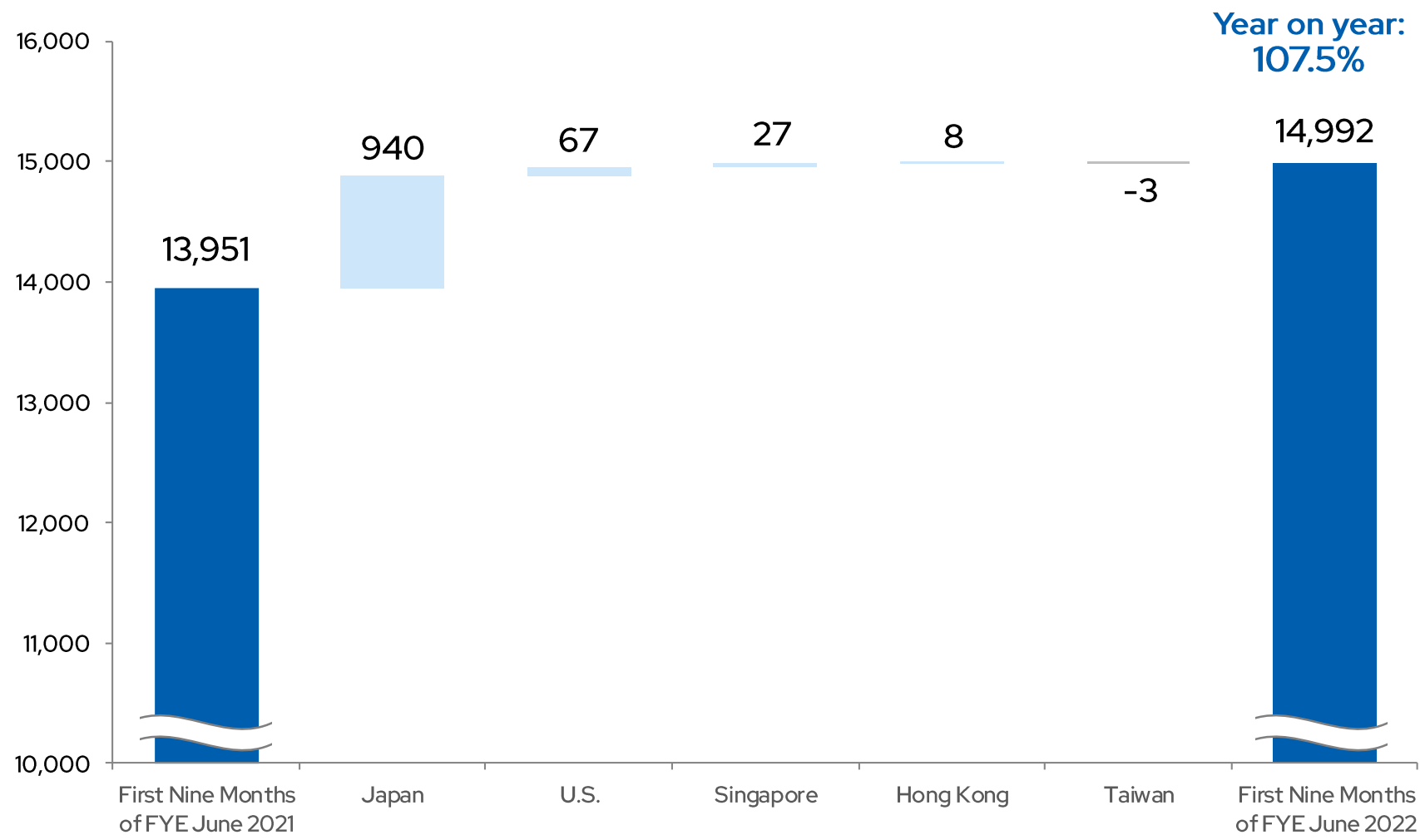
- There was the impact of a business suspension of all salons from February 10 to March 9 following the Hong Kong government's order for a business suspension to the entire hair and beauty industry.



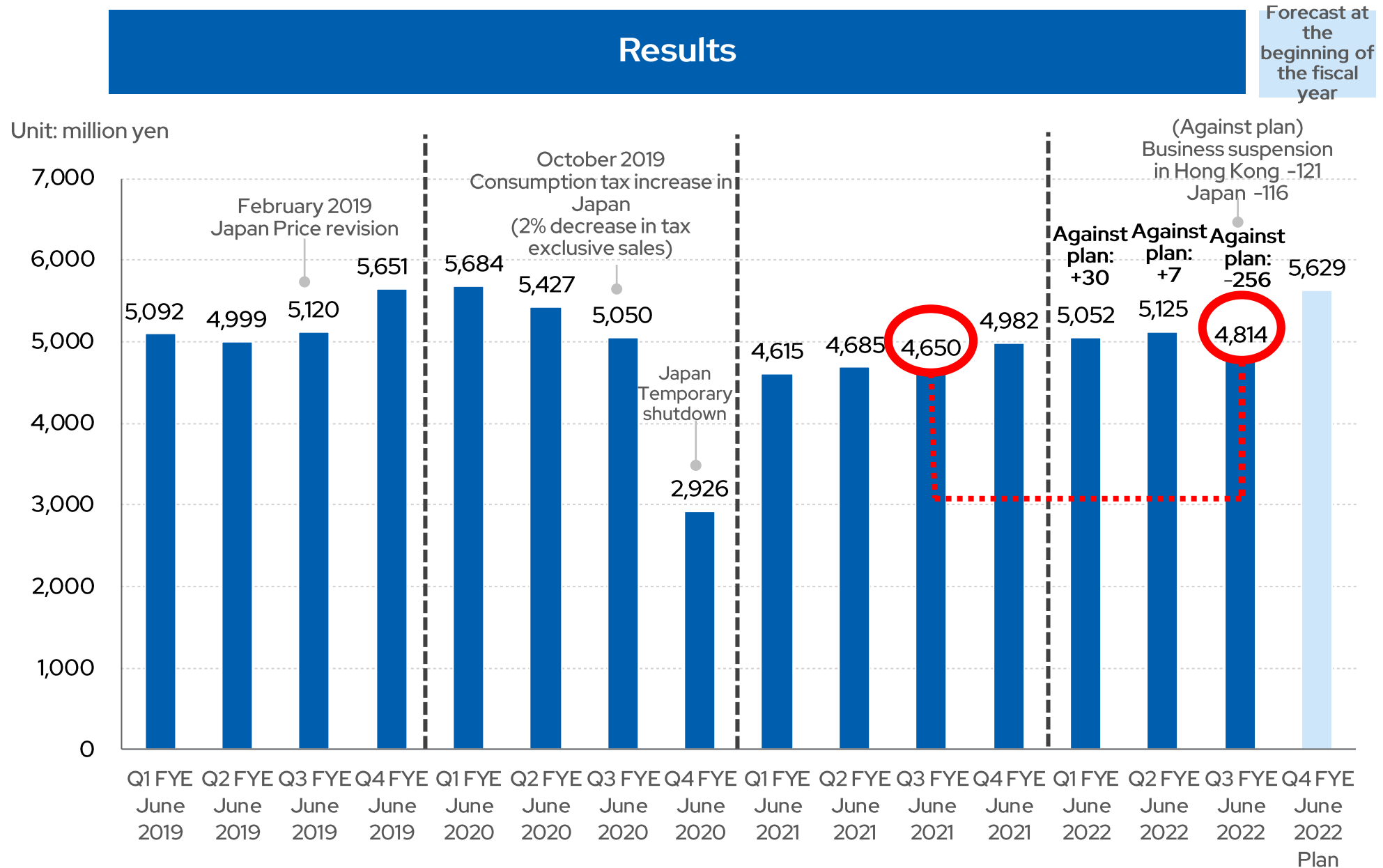
# [Consolidated] Breakdown of Changes in Revenue (YoY)

- Revenue increased 1,041 million yen year on year primarily due to the continued recovery in Japan and the U.S. from the previous fiscal year.

Unit: million yen

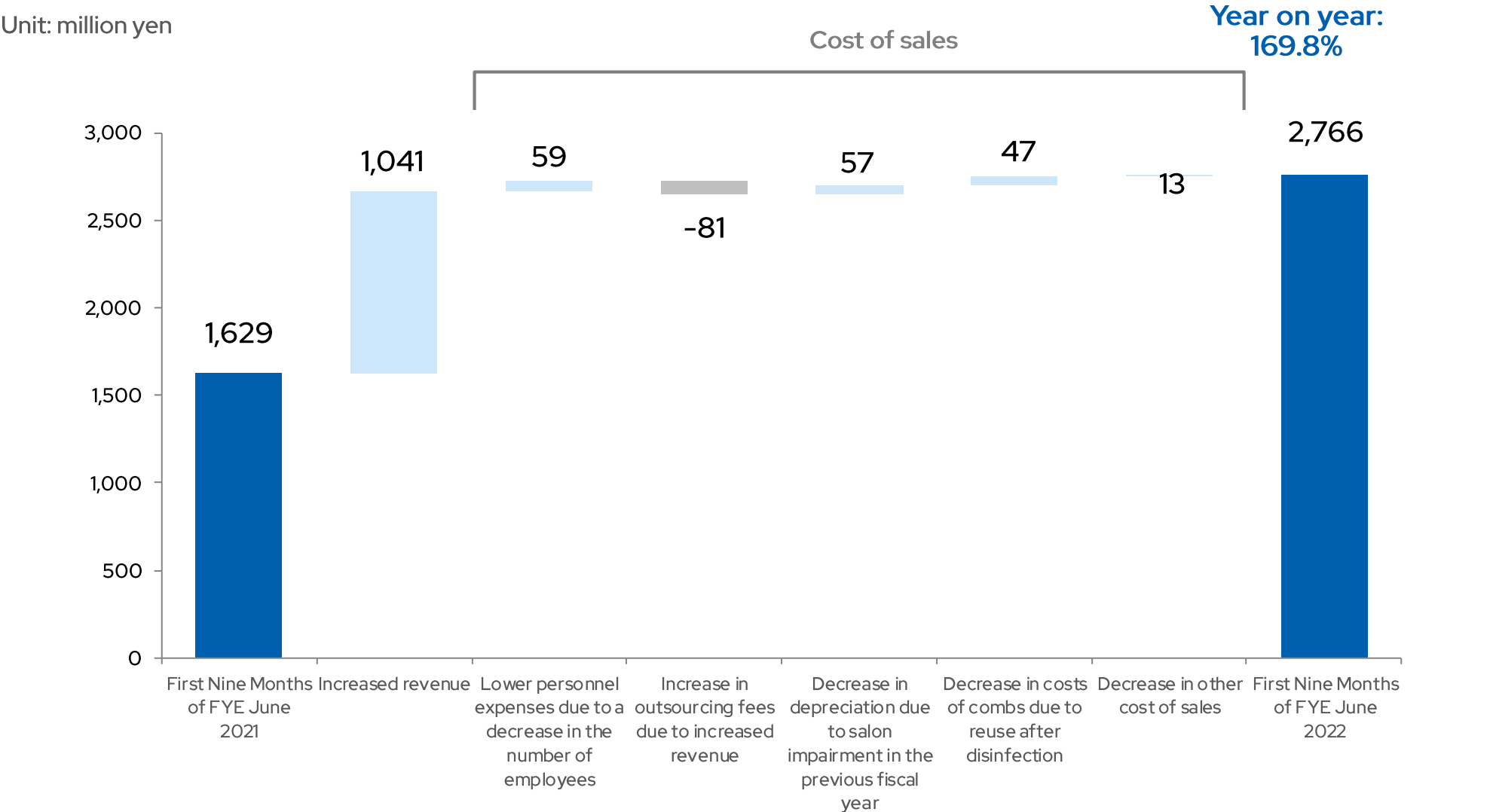


# [Consolidated] Trend in Revenue



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

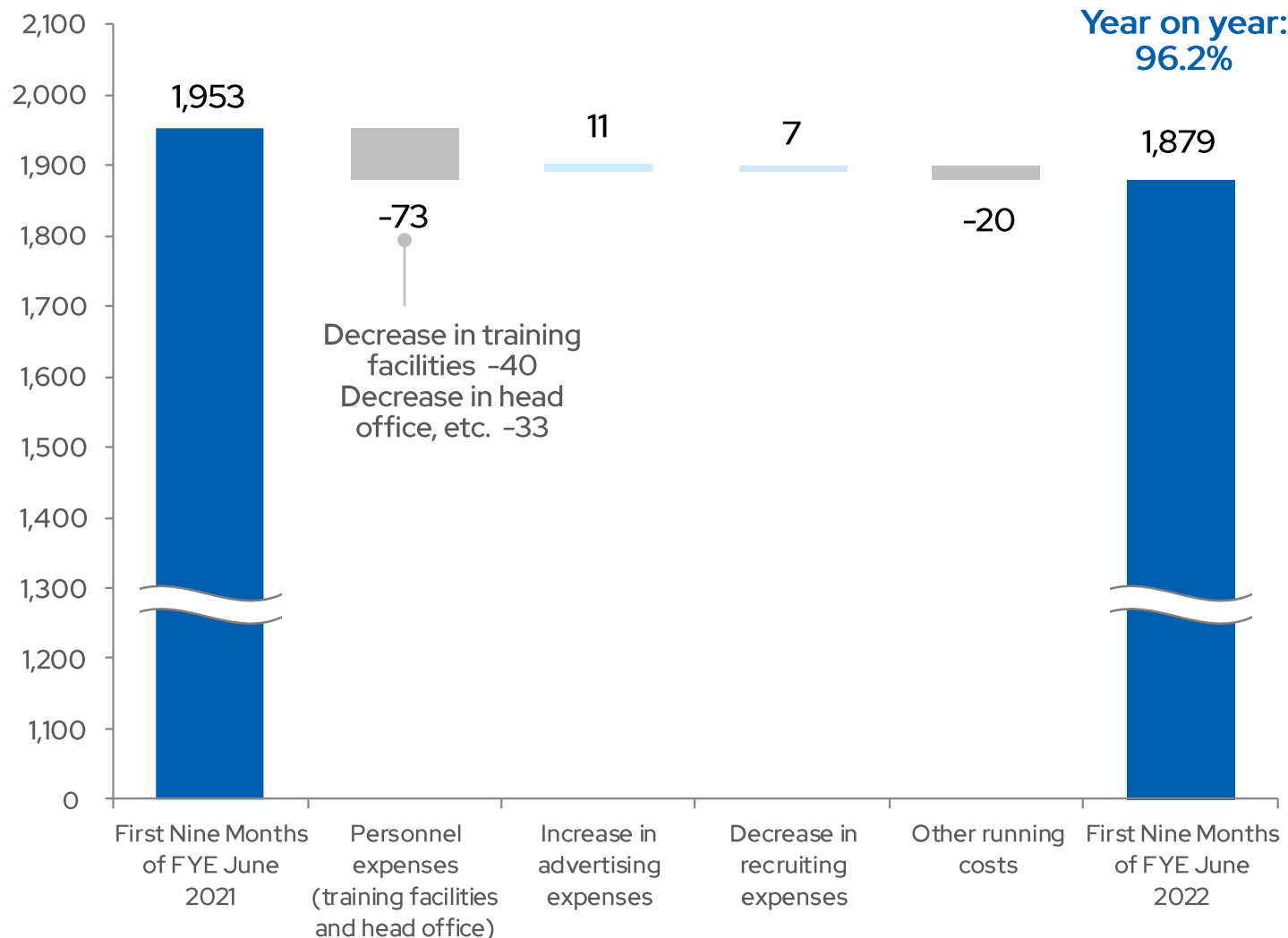
- Gross profit increased 1,137 million yen mainly due to a salon impairment loss recognized in the previous year and a decrease in costs for combs due to their reuse in addition to the recovery in revenue.



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

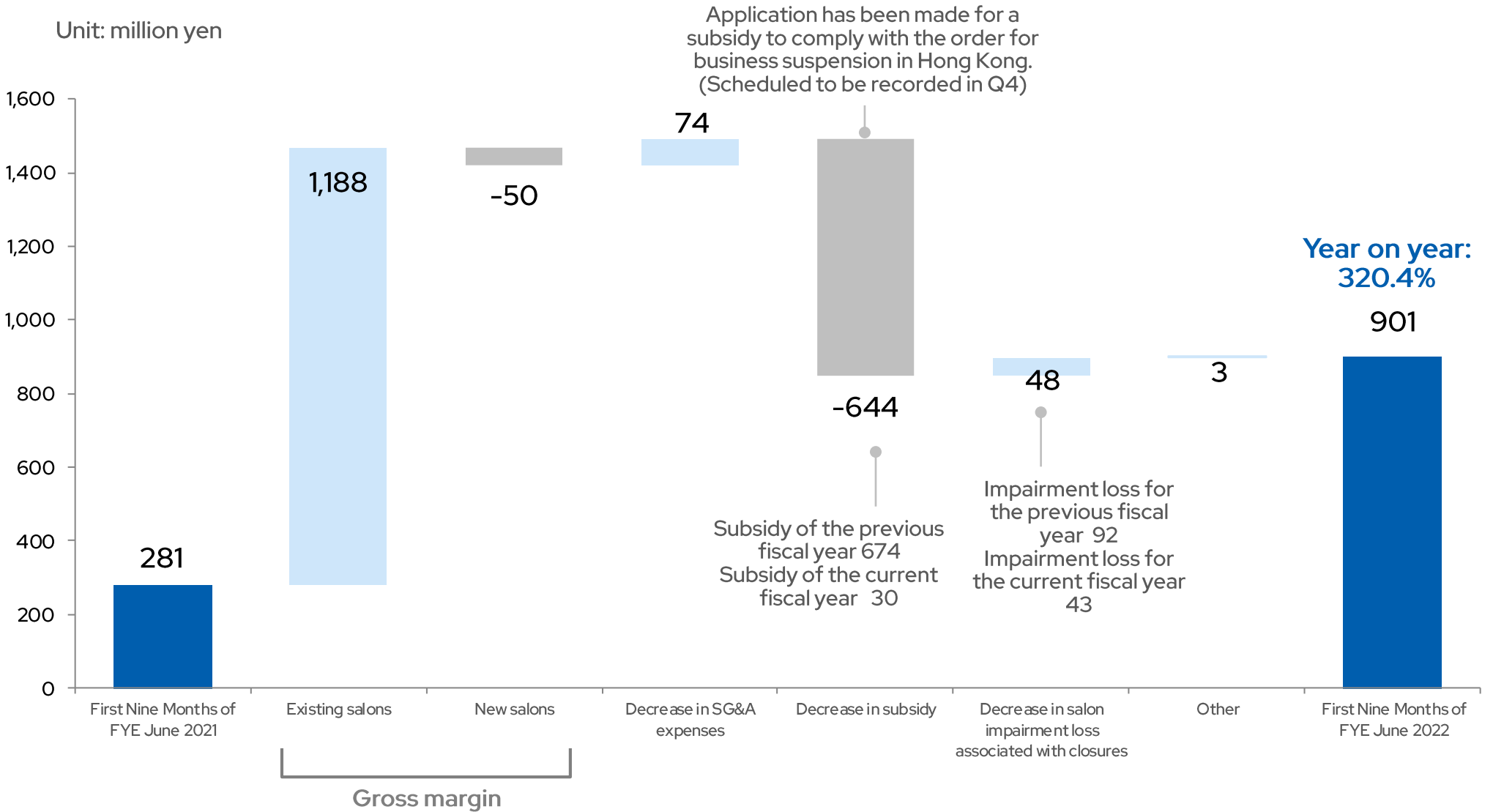
- SG&A expenses decreased 74 million yen year on year due in large part to a drop in personnel expenses at training facilities (a decrease in the number of trainees recruited) and the head office (reduction in the number of new recruits to replace retiring people).

Unit: million yen



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

- Operating profit increased 620 million yen year on year due to a recovery in gross profit, decreases in SG&A expenses and salon impairment loss associated with closures, despite a decrease in subsidy.



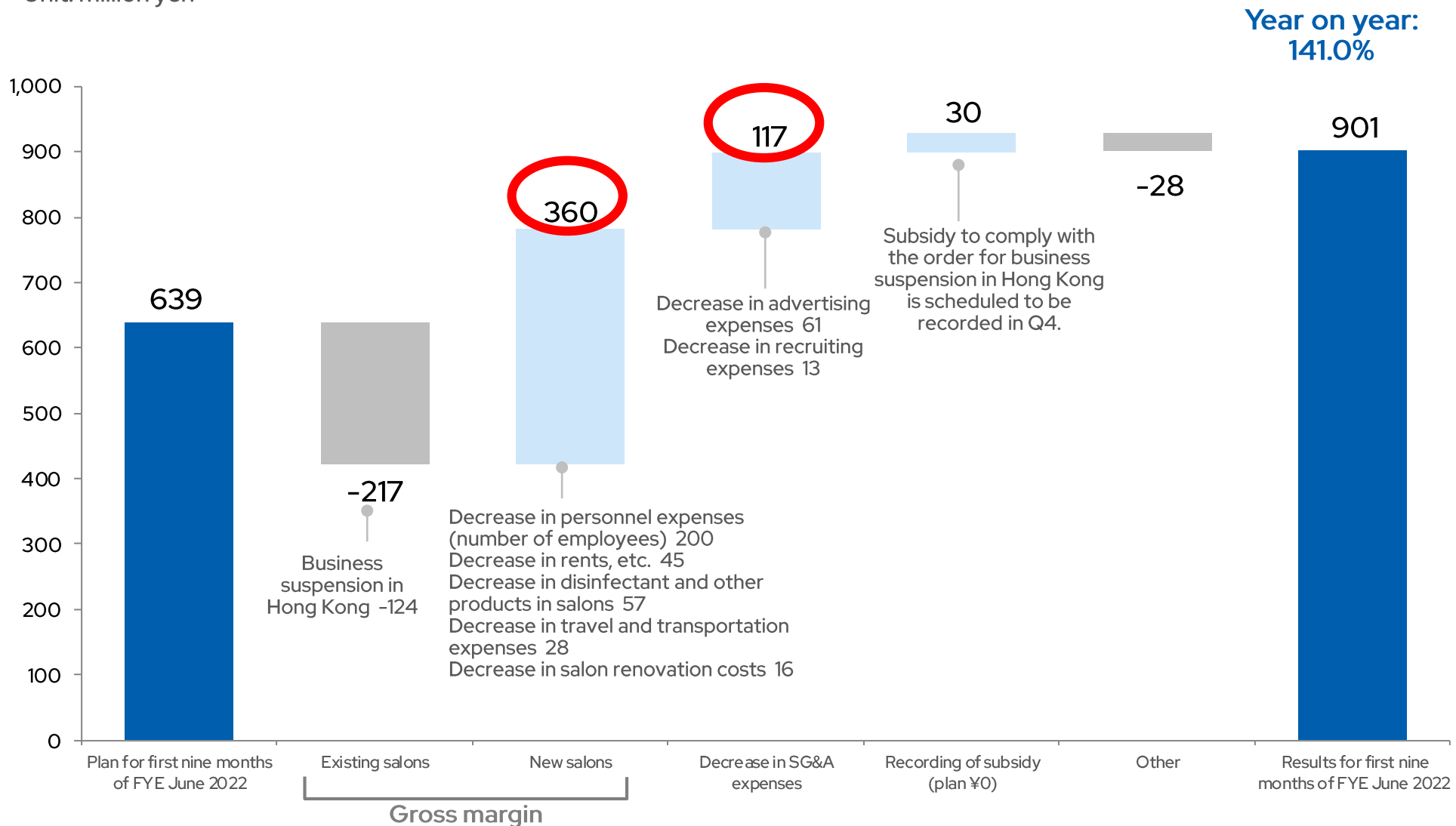
\* New salons are those less than 13 months since opening



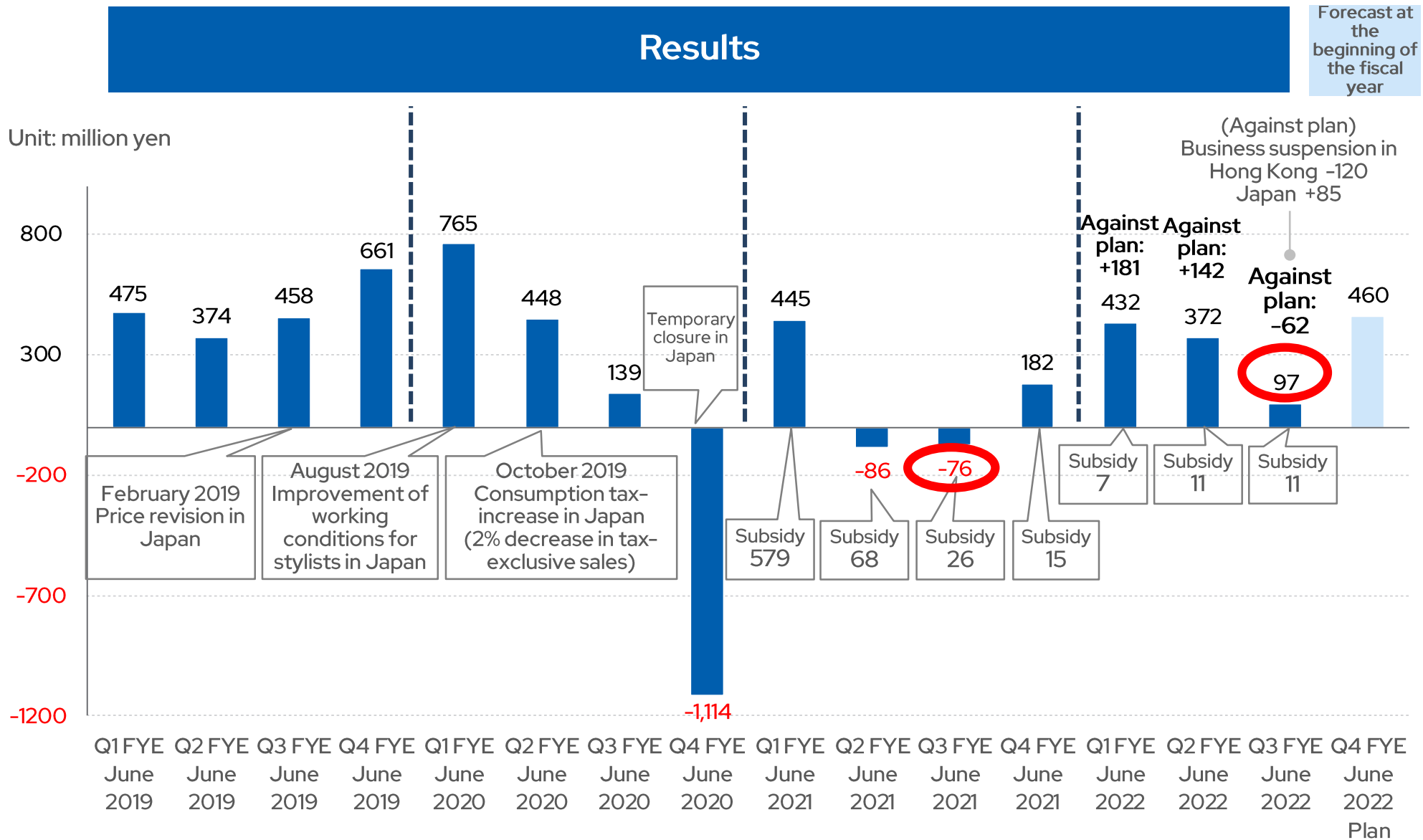
# [Consolidated] Breakdown of Changes in Operating Profit (Against Plan)

- Operating profit increased 262 million yen against the plan, due in large part to decreases in cost of sales and SG&A expenses, such as personnel expenses and rent, although revenue fell short of the plan partly because of a business suspension in Hong Kong.

Unit: million yen



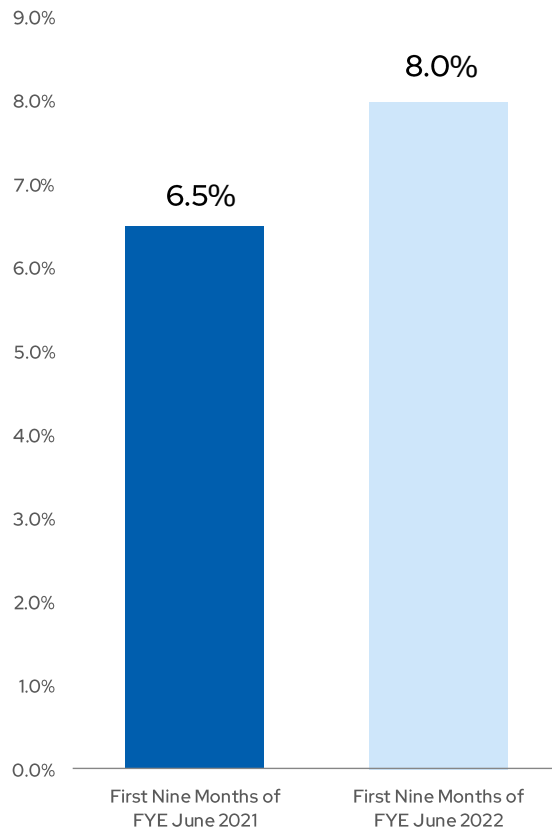
# [Consolidated] Trend in Operating Profit



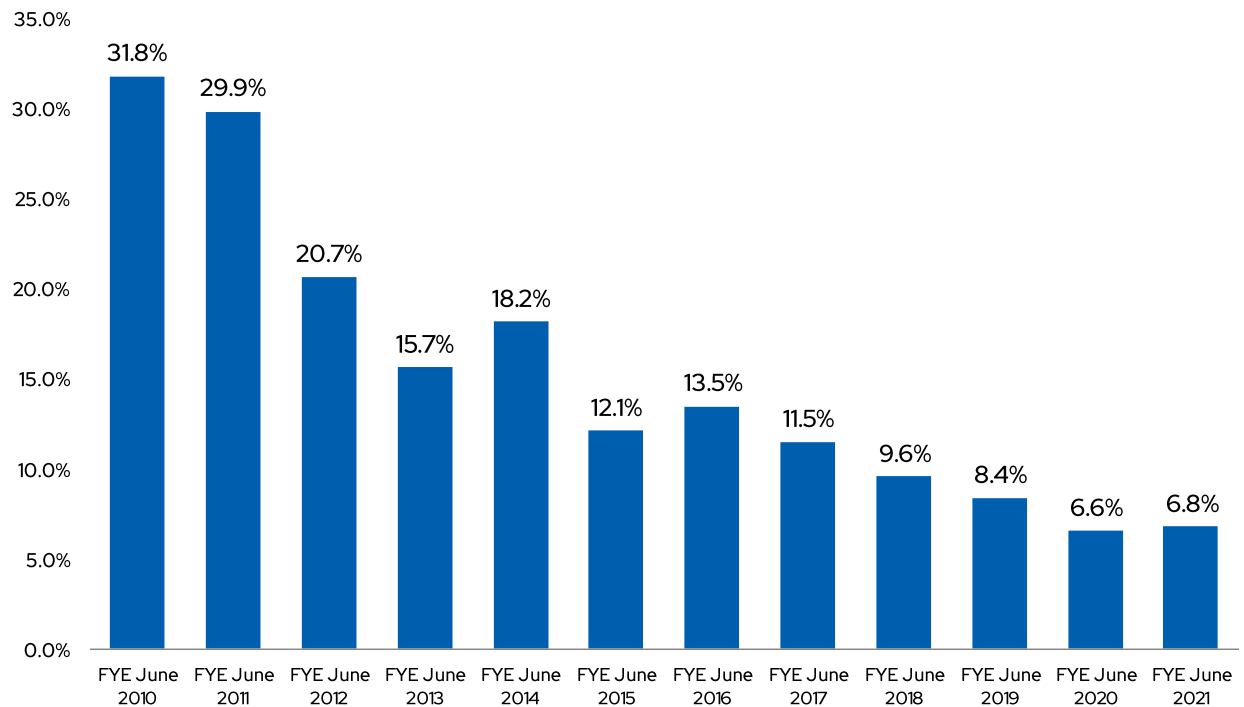
## [Domestic] Trend in Turnover Rate of Stylists (Regular Employees)

- The turnover rate of regular employees in Japan was 8.0% on an annualized basis (up 1.5 percentage points from the previous year)
- The rise was due to 16 more regular employees leaving the company than in the previous year and a decrease in the number of regular employees that is the denominator of the turnover rate.

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



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



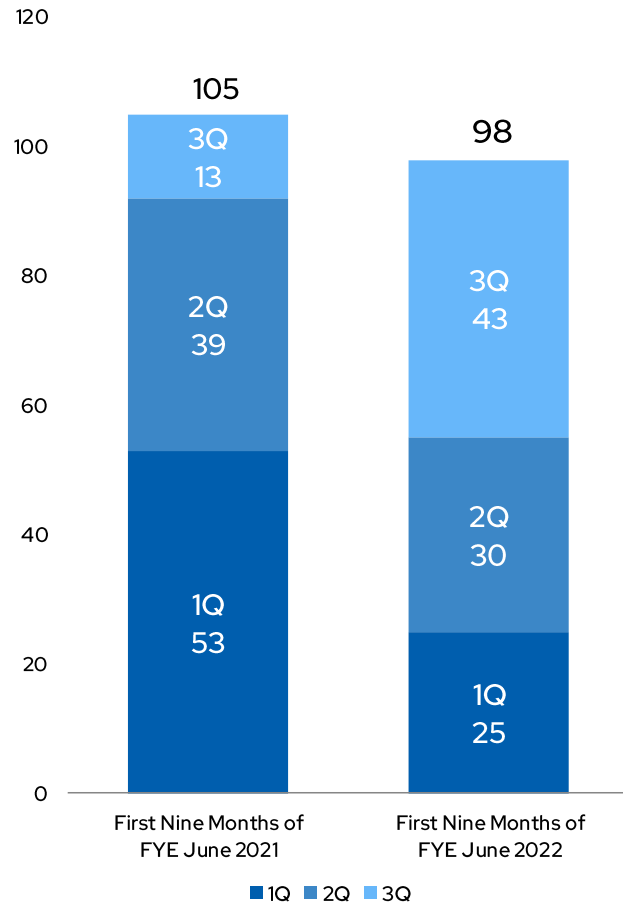
\* Excluding the head office

\* Including training facilities (LogiTHcut Professional Stylist School)

# [Domestic] Situation of Number of Stylists

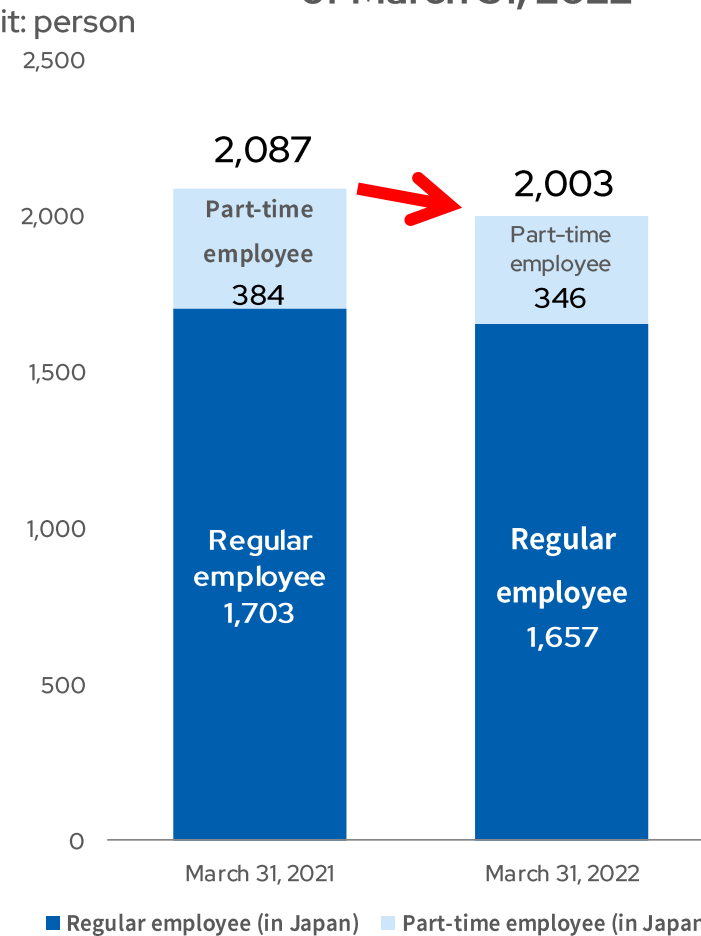
- The number of regular employees hired in Japan was 98 (down 7 year on year) as recruitment has been strengthened (hiring was curbed in Q3 of the previous year).
- The number of employees decreased by 84 for a year (decreases of 46 regular employees and 38 part-time employees)

Unit: person  
Number of regular employees newly hired in Japan



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

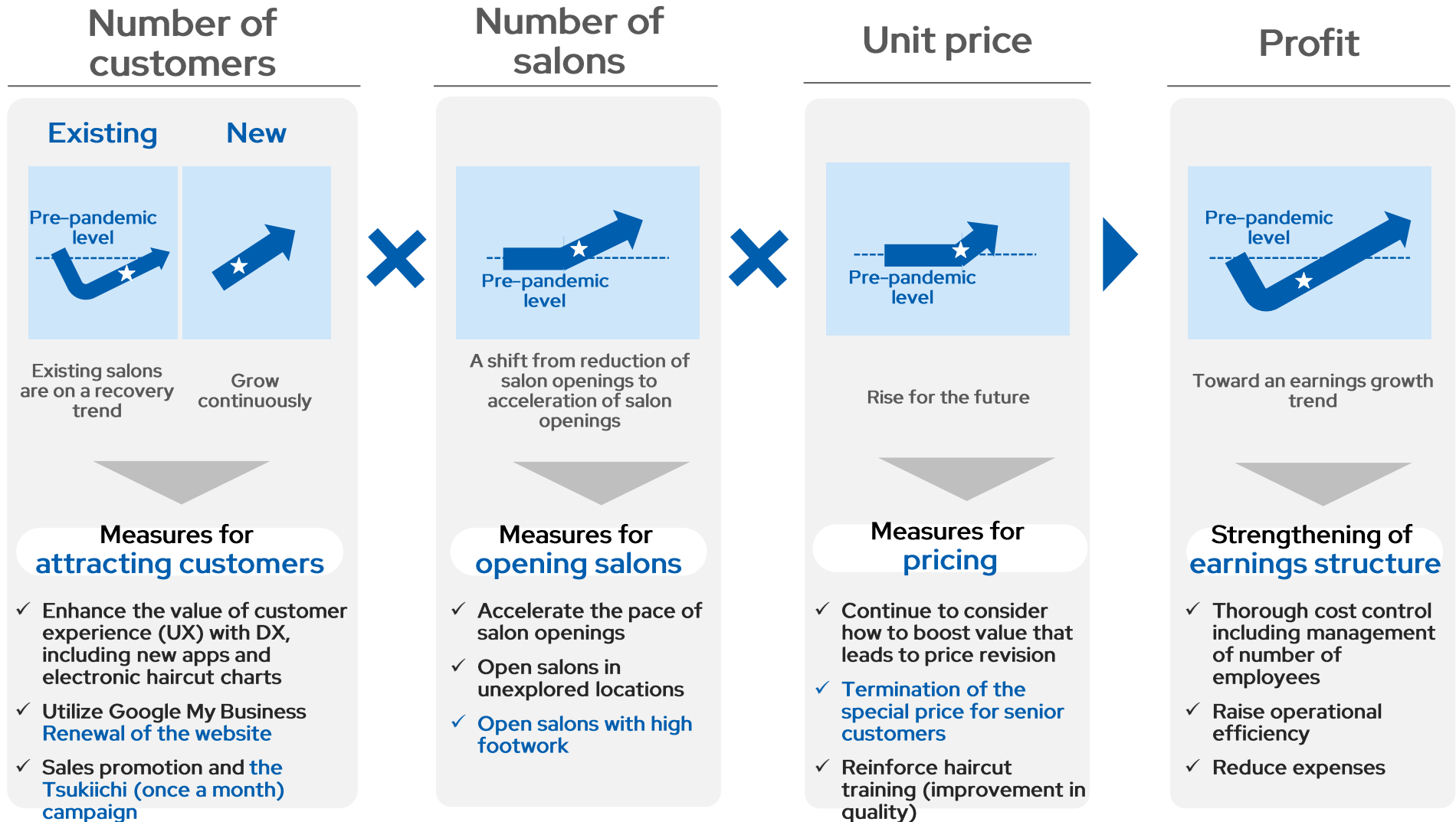
Unit: person  
Number of employees in Japan as of March 31, 2022



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

# Business KPIs in Future

- **Aim to exceed pre pandemic profit levels** by making up for the decline in the number of customers visiting existing salons with other items



\*A white star indicates progress made up to the present.

# Key measures (1) Asking customers to join membership via the LINE mini app and development of electronic haircut charts



- Asking customers to become a member via the LINE mini app. (Development of the LINE mini app was completed.)
- The QB HOUSE electronic haircut charts are under development. (Electronic haircut charts for FaSS and QB PREMIUM are already in operation.)



- Increase customer contacts and strengthen digital sales promotion
- Enhance work efficiency through electronic haircut charts
  - Reduce communication problems when customers make requests for hairstyles
  - Shortening counseling time

## Key measures (2) Start of introducing a new ticket vending machine (plan)



Payment terminal

- **New ticket vending machines will be introduced in July 2022, starting with new salons.**



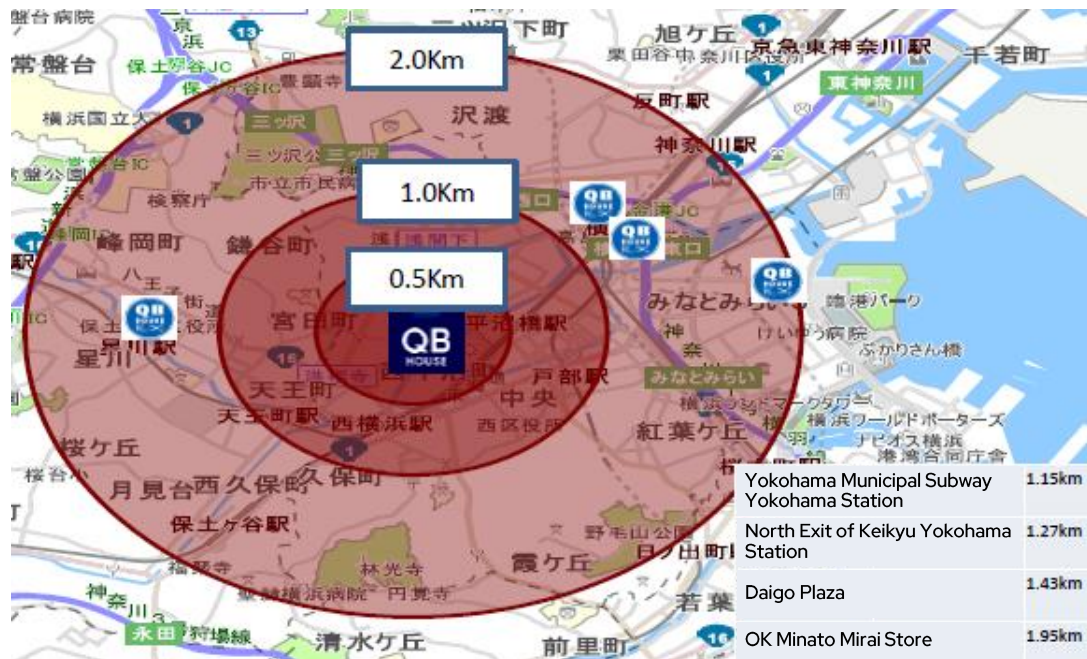
- Response to cashless payments
- Software changes will also enable pricing to be set flexibly.
- Response to new banknotes  
To arrange for all salons to handle new notes, new vending machines will replace current ones in sequence to be timed for the issuance of new banknotes between April and September in 2024.

## Key measures (3) Salon opening strategy

Summit Yokohama Okano Salon  
(10 minutes' walk from Hiranumabashi Station on the Sotetsu Line)



- Prior to the pandemic, new openings were concentrated in “train stations” and “suburban large shopping centers” with large traffic before salons.





- Double down on openings at shopping centers in residential areas in which there are no salons by leveraging dominance along the railway lines.



## Key measures (4) Termination of the special price for senior customers in QB HOUSE in Japan

### (History of special prices for senior customers)

- April 2014: When the regular price was revised from 1,000 yen including tax to 1,080 yen including tax, **the special price for senior customers of 1,000 yen including tax was introduced for the first time (age 65 or over and only for weekdays)** mainly for the purpose of levelling out the number of customers visiting our salons between weekends/national holidays and weekdays.
  - February 2019: When the regular price was revised to 1,200 yen including tax from 1,080 yen including tax, **the senior price was changed to 1,100 yen including tax from 1,000 yen including tax.**
  - End of March 2022: **The special price for senior customers was terminated (the price has been raised to 1,200 yen including tax from 1,100 yen including tax).**
  - April 2022: Start of “Tsukiichi” campaign  
**(a time-limited campaign as a transitional measure)**
- \* The ratio of senior customers to all customers: 15.3% (F.Y.E June 2015) → 17.8% (F.Y.E June 2021)

## Key measures (5) *Tsukiichi* (once a month) Campaign (limited to customers aged 65 or over)

Idea of tickets for *Tsukiichi* campaign



シニア(65歳以上)のお客さま限定

有効期限:

2022 年      月      日

① ご利用の際は、必ず券売機の「ツキイチボタン」からチケットをご購入ください。  
② 当カードをお忘れの場合、本キャンペーンのご利用はできません。ご注意ください。  
③ 他のキャンペーンとの併用はできません。

From April to the end of June 2022

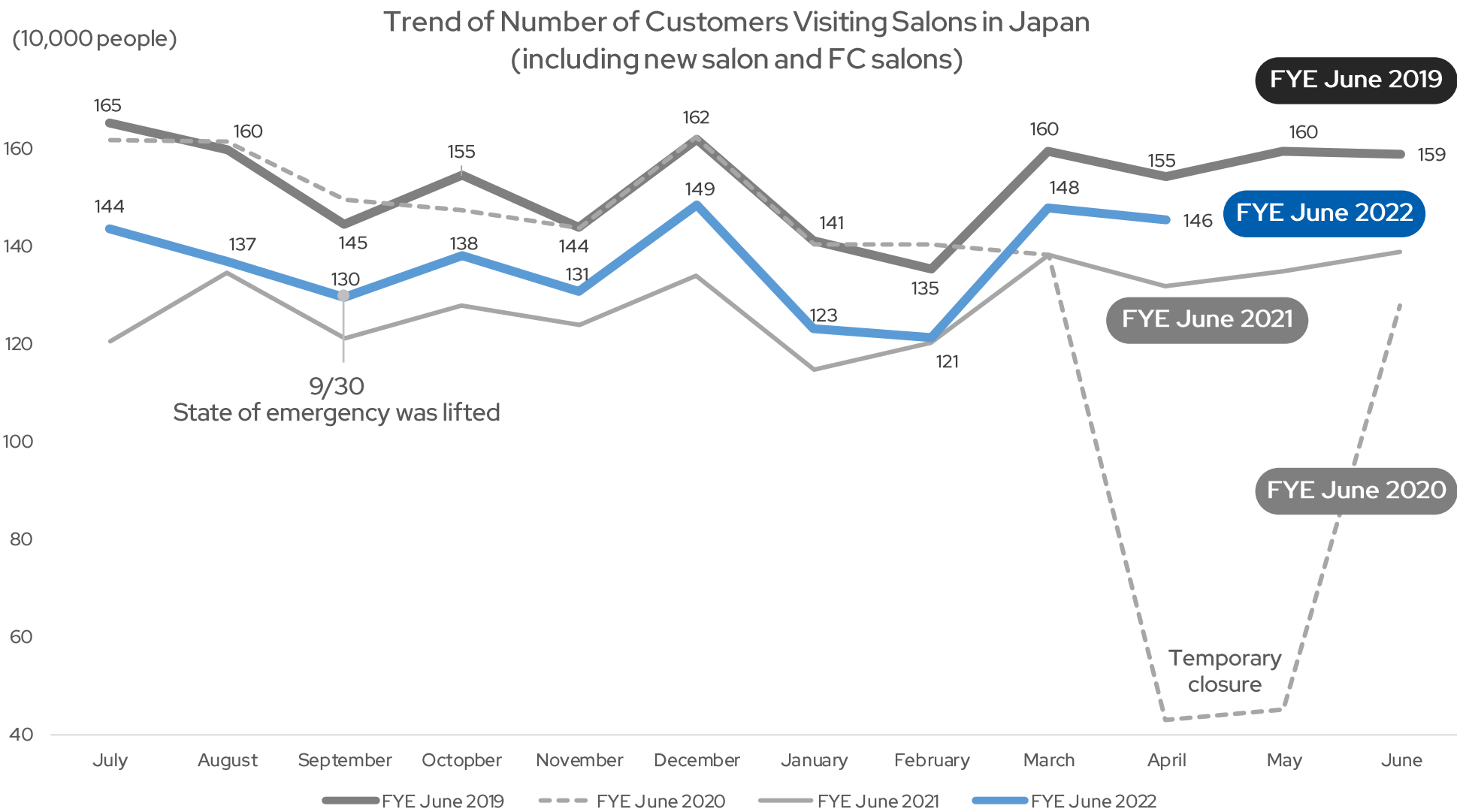
If customers aged 65 or over visit a salon within a month after their last visit, a 100 yen discount will be offered.



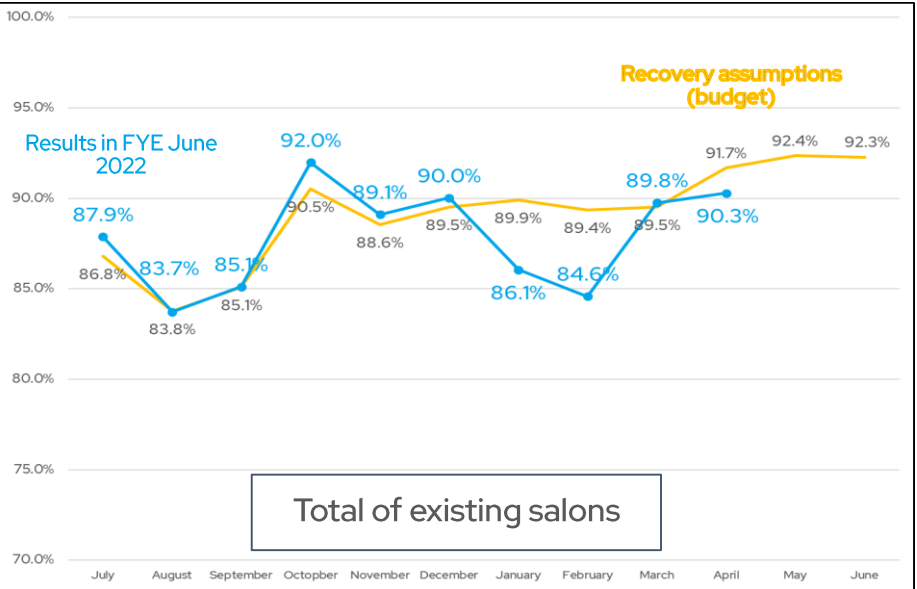
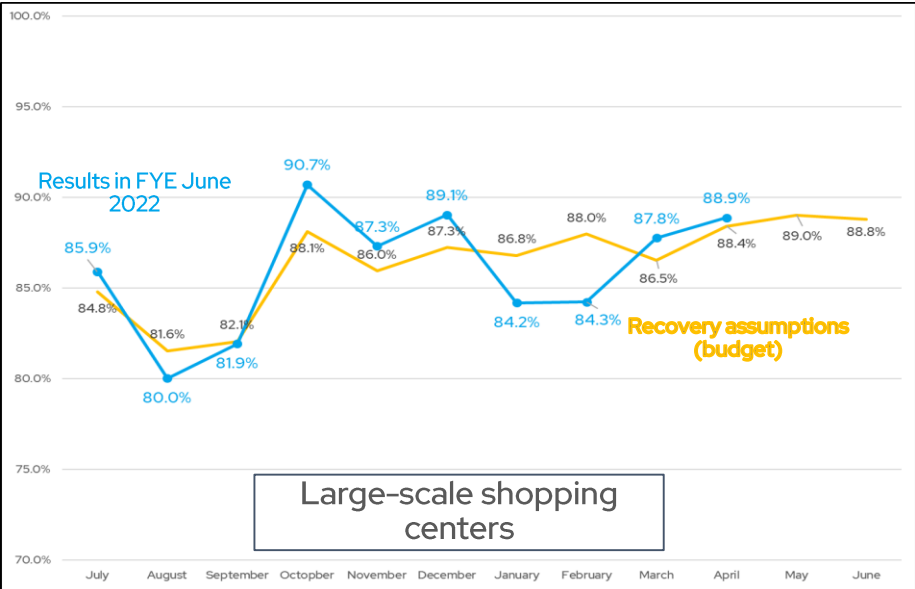
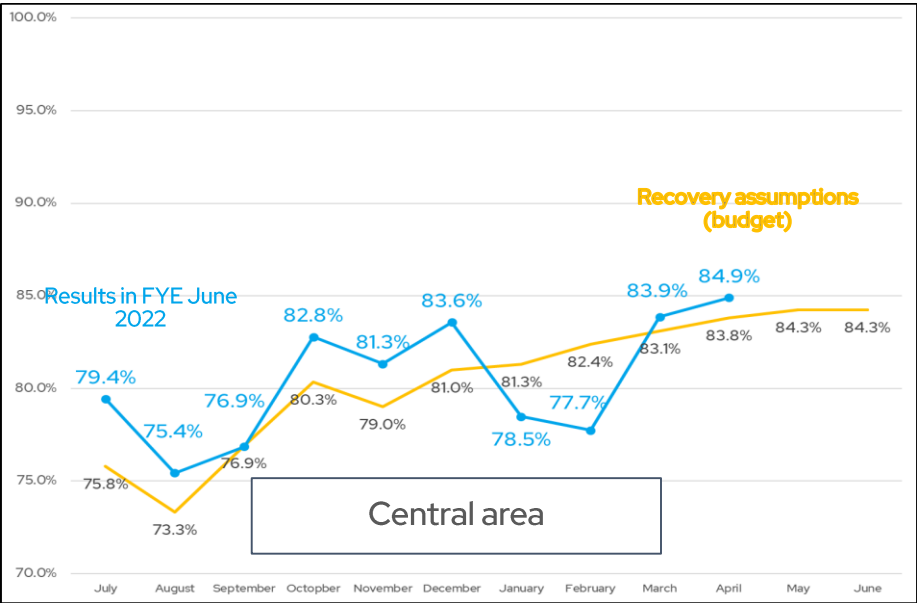
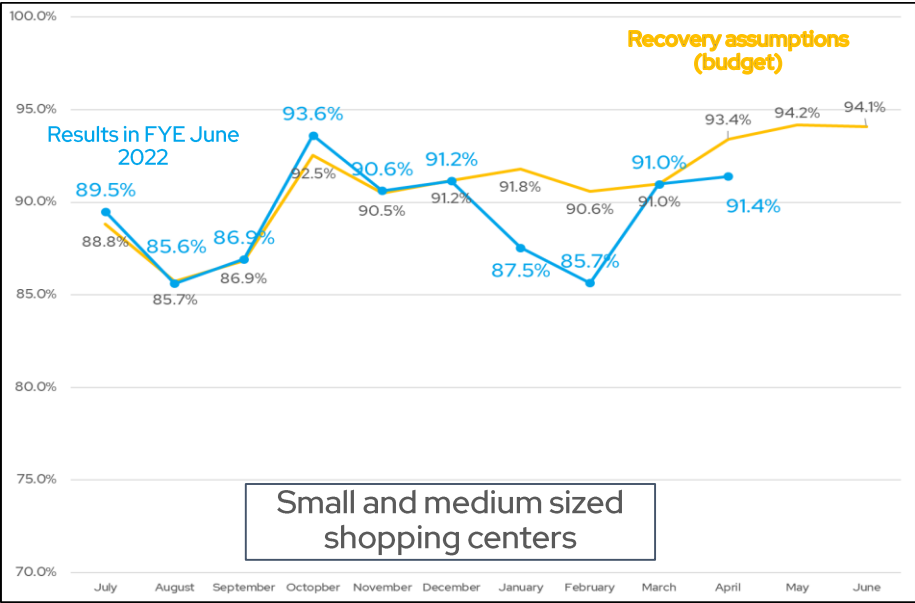
➤ Transitional measure for the termination of the special price for senior customers

# Appendix

# [Domestic] Number of Customers Visiting Salons Year-on-Year Comparison



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

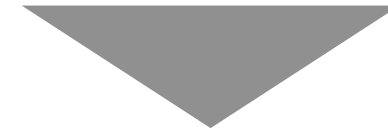


# New App (Already Introduced to 12 FaSS Salons and 3 Salons of QB PREMIUM)

The ratio of use for bookings in FaSS is rising and has reached 47%  
(As high as 61% at salons that have higher usage rates)



Introduction of the new app will make possible:



- Booking with priority on appointment time Improve convenience and reduce opportunity loss
- Enhance customer satisfaction  
Use of electronic haircut charts to ease the communication problem when customers try to inform stylists of their style preferences  
Greater efficiency of salon operation
- Cashless payment and shorter counseling time

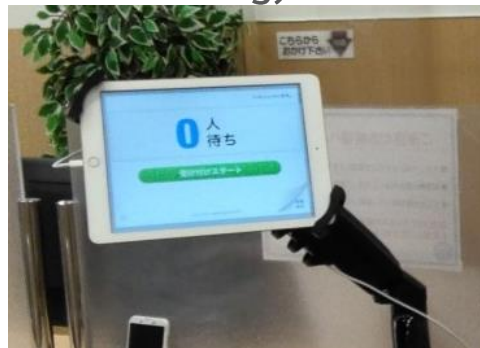
# New Your Turn Information System (Domestic QB HOUSE)

New Your-Turn Information System has been used on a trial basis (Ito-Yokado Kiba salon). The system allows users to put themselves on the waiting list for a haircut by using a smartphone, etc.

Your Turn Information System V2.0  
(a version for online booking)



Smartphone screen



本社テスト店			待ち数: 23
現在の順番待ち状況			
さいとう 様	17	やまぐち 様	
わたべ 様	18	いのうえ 様	
いしかわ 様	19	きむら 様	
やまもと 様	20	はやし 様	
なかむら 様	21	しみず 様	

In-store monitor

- The timing of deploying the new Your Turn Information System is under consideration.
- Planned to be introduced with new ticket vending machines.



- The need of wanting to avoid waiting inside a salon Reduce the length of time that customers have to stay inside a salon by making their appointment online.
- Effective use of waiting time

## Reference: History of Price Revisions (Unit Price)

History of price revisions (including tax)	
In Japan	<p>(QB HOUSE)</p> <ul style="list-style-type: none"> <li>• April 2014: 1,000 yen → 1,080 yen (1,000 yen for customers aged 65 or over on weekdays)</li> <li>• February 2019: 1,080 yen → 1,200 yen (1,100 yen for customers aged 65 or over on weekdays)</li> </ul> <p>(FaSS, QB PREMIUM)</p> <ul style="list-style-type: none"> <li>• April 2014: FaSS 2,000 yen → 2,160 yen</li> <li>• October 2019: FaSS 2,160 yen → 2,200 yen (the increased amount of the consumption tax was added)</li> <li>• March 2020: QB PREMIUM 1,650 yen</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• December 2012: \$10 (about 940 yen) → \$12 (about 1,128 yen)</li> <li>• QB HOUSE Premium: \$15 (about 1,410 yen)</li> <li>• QB HOUSE Kids (Aged 12 or under): \$22 (about 2,068 yen)</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>• July 2014: \$50 (about 820 yen) → \$60 (about 984 yen)</li> <li>• July 2019: \$60 (about 984 yen) → \$70 (about 1,148 yen)</li> </ul>
Taiwan	<ul style="list-style-type: none"> <li>• 300 yuan (about 1,320 yen)</li> </ul>
New York	<ul style="list-style-type: none"> <li>• June 2020: \$20 (about 2,572 yen) → \$23 (about 2,958 yen)</li> <li>• November 2020: \$23 (about 2,958 yen) → \$25 (about 3,215 yen)</li> </ul>

\* Calculated with exchange rates as of April 20, 2022



# Overview of Consolidated Group Earnings

## Consolidated statement of profit or loss

Unit: million yen	First Nine Months of FYE June 2021		First Nine Months of FYE June 2022			
	Results	Sales ratio	Results	Sales ratio	Changes	Year on year
<b>Revenue</b>	<b>13,951</b>	<b>100.0%</b>	<b>14,992</b>	<b>100.0%</b>	<b>1,041</b>	<b>107.5%</b>
Cost of sales	-12,321		-12,225		96	99.2%
<b>Gross profit</b>	<b>1,629</b>	<b>11.7%</b>	<b>2,766</b>	<b>18.5%</b>	<b>1,137</b>	<b>169.8%</b>
Other operating income	703	* Subsidy: 674	65	* Subsidy: 30	-637	
Selling, general and administ	-1,953		-1,879		74	96.2%
Other operating expenses	-97	* Store Impairment loss due to closures 92	-51	* Store Impairment loss due to closures 43	45	
<b>Operating profit</b>	<b>281</b>	<b>2.0%</b>	<b>901</b>	<b>6.0%</b>	<b>620</b>	<b>320.4%</b>
Finance income	9		10		0	107.8%
Fina nee costs	-144		-123		21	85.2%
<b>Profit before tax</b>	<b>146</b>	<b>1.0%</b>	<b>788</b>	<b>5.3%</b>	<b>642</b>	<b>539.0%</b>
Income tax expense	14		-268		-283	-
<b>Profit</b>	<b>160</b>	<b>1.2%</b>	<b>519</b>	<b>3.5%</b>	<b>358</b>	<b>322.9%</b>

# Overview of Consolidated Group Earnings

## Consolidated statement of financial position

Unit: million yen	End of 04 FYE June 2021	End of 03 FYE June 2022	Changes
<b>Total current assets</b>	<b>5,641</b>	<b>5,181</b>	<b>- 459</b>
Cash and cash equivalents	4,601	4,020	- 581
Trade and other receivables	781	860	78
Inventories	104	95	- 9
Other	152	205	52
<b>Total non-current assets</b>	<b>24,992</b>	<b>24,961</b>	<b>- 31</b>
Property, plant and equipment	1,502	1,410	- 92
Right-of-use assets	5,313	5,268	- 45
Goodwill	15,430	15,430	-
Other financial assets	1,854	1,926	72
Deferred tax assets	654	676	22
Other	238	249	10
<b>Total assets</b>	<b>30,634</b>	<b>30,143</b>	<b>- 490</b>
<b>Total liabilities</b>	<b>20,477</b>	<b>19,281</b>	<b>- 1,196</b>
Trade and other payables	202	281	78
Interest-bearing liabilities	12,843	11,339	- 1,503
Lease obligations	5,366	5,294	- 71
Other	2,065	2,365	299
<b>Total equity</b>	<b>10,156</b>	<b>10,862</b>	<b>705</b>
<b>Total liabilities and equity</b>	<b>30,634</b>	<b>30,143</b>	<b>- 490</b>

Repayment of overdraft of 1 billion yen  
+ increase in profit  
More cash on hand than at normal  
times (Cash on hand at normal times is  
approx. 2 billion yen)

Repayment of overdraft of 1 billion yen  
Scheduled repayment of borrowings  
of 525 million yen

# Overview of Consolidated Group Earnings

## Consolidated statement of cash flows

Unit: million yen

	First Nine Months of FYE June 2021	of FYE June 2022	Changes	
<b>Cash flows from operating activities</b>	<b>2,884</b>	<b>3,122</b>	<b>237</b>	
Profit before tax	146	788	642	
Deprecation and amortization	2,462	2,393	- 68	
Decrease (increase) in trade and other receivables	- 15	- 51	- 36	
Interest paid	- 115	- 93	21	
Proceeds from subsidy income	619	30	- 589	(Subsidy of the current fiscal year) Japan 26, Singapore 4
Income taxes refund	271	29	- 241	Refund of interim payment in the previous fiscal year
Income taxes paid	- 83	- 74	9	
Other	- 401	98	500	Difference in adjustment for subsidy income (No impact of the adjustment on cash)
<b>Cash flows from investing activities</b>	<b>- 327</b>	<b>- 373</b>	<b>- 46</b>	
Purchase of property, plant and equipment	- 303	- 275	28	
Purchase of intangible assets	- 10	- 27	- 16	
Other	- 13	- 71	- 57	
<b>Free cash flows</b>	<b>2,557</b>	<b>2,748</b>	<b>191</b>	
<b>Cash flows from financing activities</b>	<b>- 3,464</b>	<b>- 3,443</b>	<b>20</b>	
Net increase (decrease) in chert-term borrowings	- 1,000	- 1,000	-	Previous fiscal year: Repayment of commitment lines of 1 billion yen
Repayments of long-term borrowings	- 525	- 525	-	
Dividends paid	- 0	- 0	- 0	Current fiscal year: Repayment of overdraft of 1 billion yen
Repayments of lease obligations	- 2,017	- 2,011	5	
Other	78	93	15	
<b>Exchange differences of cash and cash equivalents</b>	<b>62</b>	<b>113</b>	<b>51</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>- 844</b>	<b>- 581</b>	<b>263</b>	
<b>Cash and cash equivalents at end of period</b>	<b>4,272</b>	<b>4,020</b>	<b>- 252</b>	

# Reference: Store Opening Plan for This Fiscal Year

Plans for new openings and closures of salons for FYE June 2022

Unit: Salons	Business form at	End-FYE June 2021	New salon	Closure	Change	End-FYE June 2022
Japan	QB HOUSE	566	30	- 6	24	590
	QB PREMIUM					
	FaSS	13	2	0	2	15
Subtotal in Japan		579	32	- 6	26	605
Singapore	QB HOUSE	34	0	0	0	34
	QB HOUSE Premium					
	QB HOUSE Kids					
Hong Kong	QB HOUSE	66	5	0	5	71
Taiwan	QB HOUSE	31	5	-1	4	35
U.S.	QB HOUSE	4	1	0	1	5
Subtotal of overseas		135	11	- 1	10	145
Consolidated group total		714	43	- 7	36	750

(\*) 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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