QB Net Holdings Co., Ltd.

FYE June 2024
Financial Results and Medium-term Management Plan
Briefing Material

August 13, 2024

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Results for FYE June 2024

Consolidated Group Earnings (Summary)

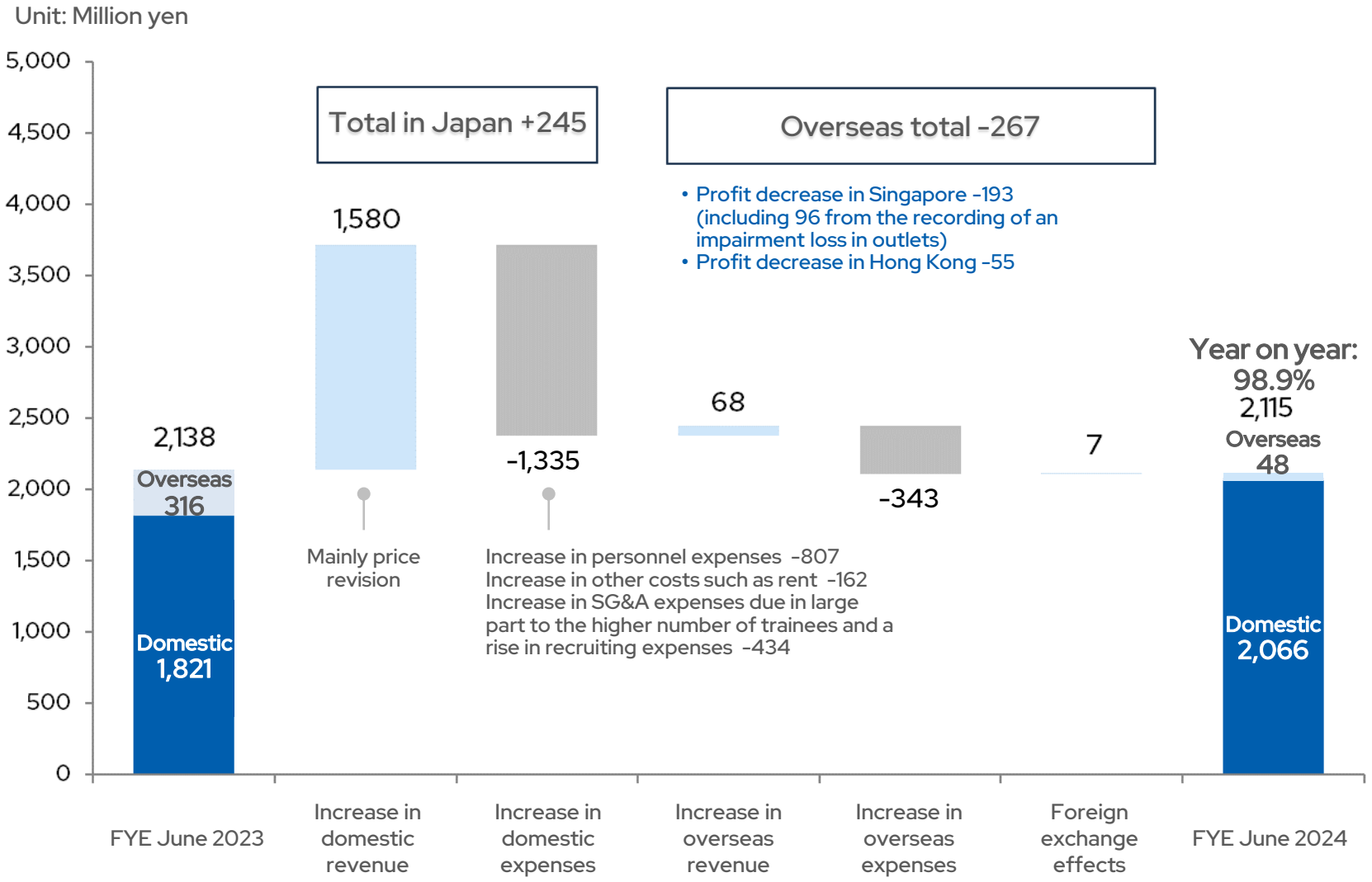
- Revenue **increased to 108.8% of the previous fiscal year** mainly due to price revisions. Operating profit **fell to 98.9% of the previous fiscal year** due to a revenue decrease overseas.
- The dividend per share is **27 yen, an increase of 7 yen from the previous fiscal year**, following **the policy for strengthening shareholder returns**.

Consolidated Group Earnings (Summary)

	FYE June 2023	FYE June 2024			
Unit: Million yen	Results	Plan	Results	vs. Plan	Year on year
Revenue	22,746	24,730	24,757	100.1%	108.8%
Operating profit	2,138	2,400	2,115	88.1%	98.9%
Profit before tax	1,990	2,264	1,964	86.8%	98.7%
Profit	1,444	1,600	1,301	81.3%	90.1%
Basic earnings per share	111.13 yen	121.89 yen	99.37 yen		
Dividend per share	20.00 yen	27.00 yen	27.00 yen		

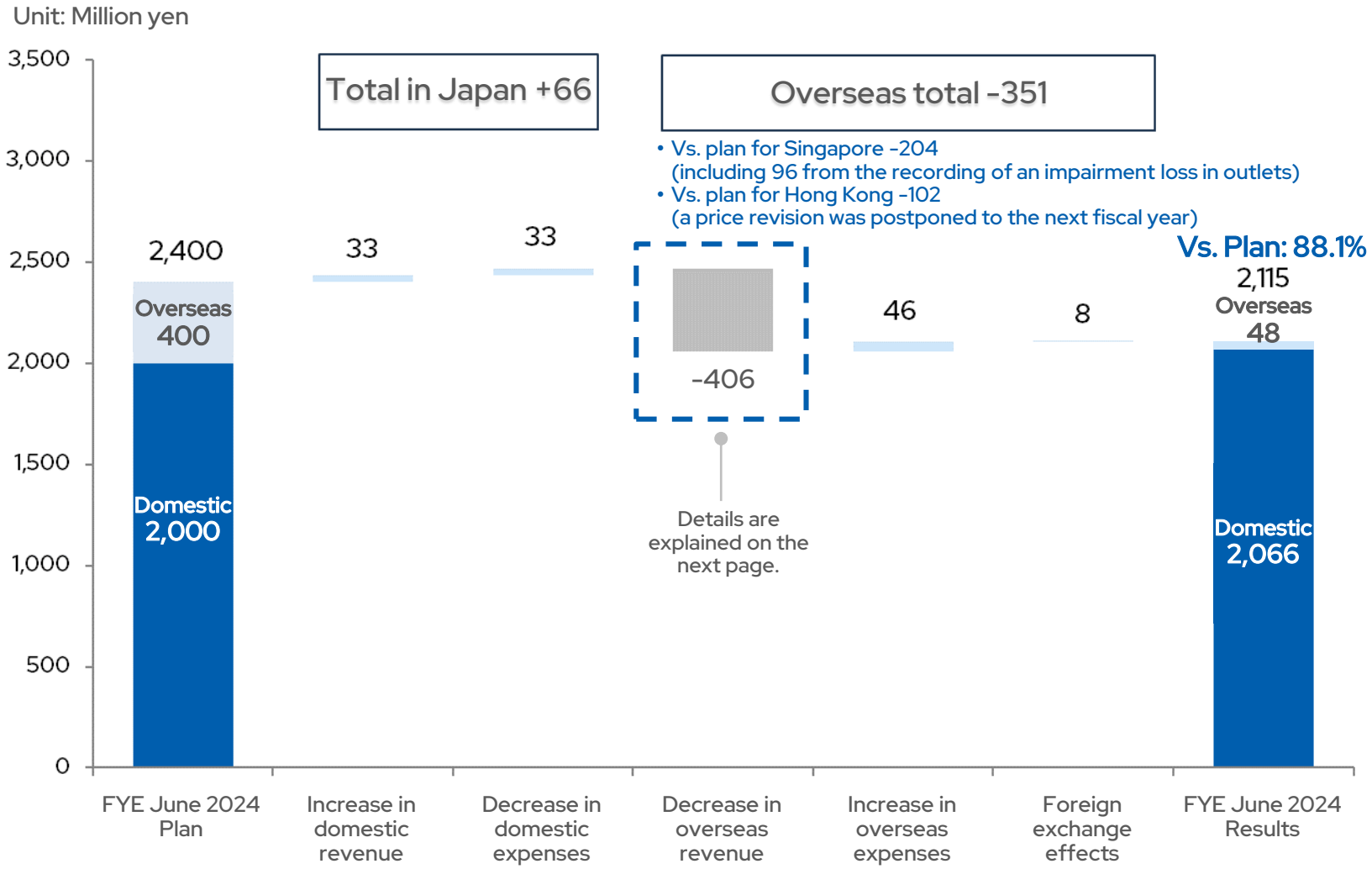
[Consolidated] Breakdown of Changes in Operating Profit (YoY)

– **Operating profit decreased 22 million yen year on year due to a profit fall in Singapore and Hong Kong despite a profit increase in Japan.**



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

– **Operating profit was down 284 million yen from the plan due to an overseas revenue shortfall although the domestic business achieved its plan.**

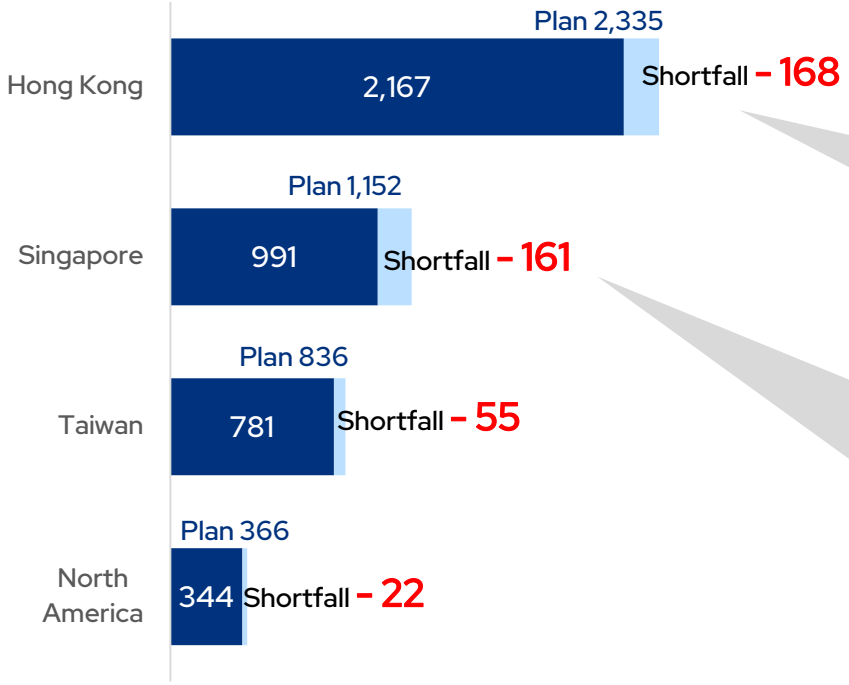


[Overseas] Details of Revenue Shortfall from Plan

– The main reason for the revenue shortfall was business difficulties in Hong Kong and Singapore.

Sales results vs. plan by overseas region
(Excluding foreign exchange effects)

Unit: Million yen



Market conditions in Hong Kong

— Hong Kong was half a year to a year later than other regions in recovering from the COVID-19 pandemic, and the number of customers visiting outlets failed to rise as much as expected in FYE June 2024.

— With an insufficient recovery in the number of customers visiting outlets, Hong Kong postponed a price revision, initially planned for the later part of FYE June 2024.

— The market is recovering moderately, and the postponed price revision has been rescheduled for FYE June 2025.

Market conditions in Singapore

— As unoccupied floor spaces increased in commercial facilities due to the COVID-19 pandemic, more competitors have moved to the same facility or neighboring districts.

— It is difficult to attract customers due to the post-pandemic change in consumer mindset and the rise of competing outlets.

— The uniform pricing and business measures for all outlets will be suspended from FYE June 2025, changing to outlet-by-outlet measures based on area characteristics and competitive conditions.

[Consolidated] Track Records of New and Closed Outlets

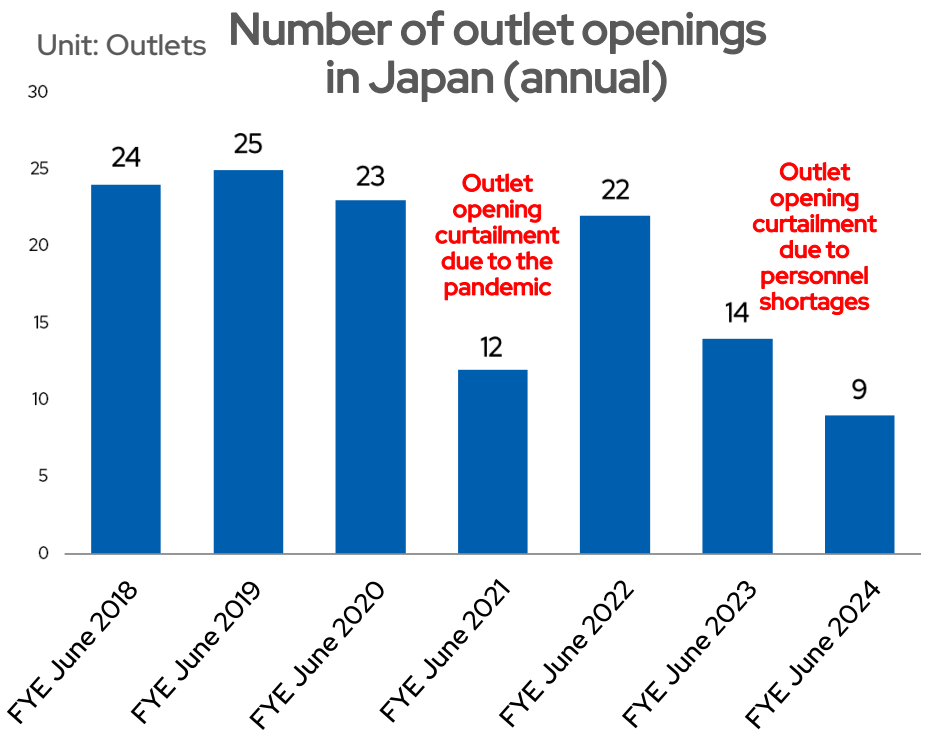
[Domestic] **Outlet consolidation was completed** by Q3, and new outlet openings resumed from Q4.

[Overseas] Although more outlets were closed owing to circumstances at developers, **a net increase in the number of outlets was secured by opening nine new outlets.**

Unit: Outlets	Business format	End of FYE June 2023	New outlets	Relocation	Business format change	Closures	Change	End of FYE June 2024
Japan	QB HOUSE	557	8			-20	-12	545
	QB PREMIUM	6	1			0	1	7
	FaSS	12	0			-1	-1	11
Subtotal in Japan		575	9			-21	-12	563
Singapore	QB HOUSE	21	2		-1	-3	-2	19
	QB PREMIUM	8	0	1	1	0	2	10
	QB HOUSE Kids	1	0			0	0	1
Hong Kong	QB HOUSE	61	3	1		-6	-2	59
Taiwan	QB HOUSE	30	4			0	4	34
U.S.	QB HOUSE	5	0			0	0	5
Subtotal of overseas		126	9	2		-9	2	128
Consolidated group total		701	18	2		-30	-10	691

[Domestic] Situation Regarding New and Closed Outlets

- **New outlet openings have resumed since Q4** in the wake of an improvement in personnel conditions mainly resulting from upgraded employee treatment.
- **A net increase in the number of outlets was achieved in Q4** despite closures primarily owing to circumstances at developers.



Outlet openings and closures in Japan (results) (Unit: Outlets)

	Results for Q1	Results for Q2	Results for Q3	Results for Q4	Total
Openings	1	1	1	6	9
Closures	-6	-3	-8	-4	-21
Change	-5	-2	-7	2	-12

Outlet openings and closures in Japan (plan) (Unit: Outlets)

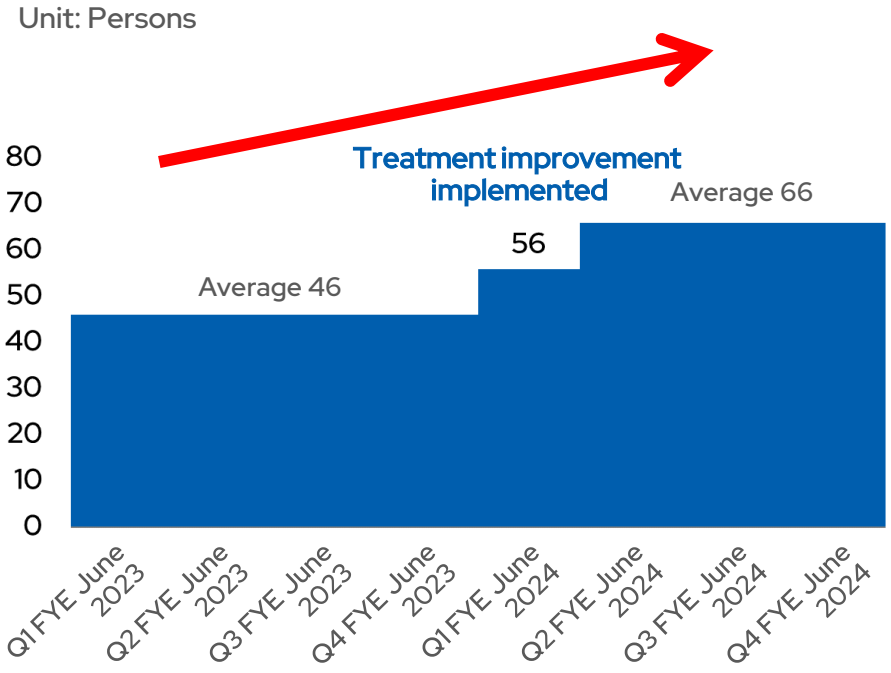
	Q1 Plan	Q2 Plan	Q3 Plan	Q4 Plan	Total
Openings	2	0	1	8	11
Closures	-6	-5	-5	-1	-17
Change	-4	-5	-4	7	-6

[Domestic] Personnel Situation (Trends in Number of Recruits and Turnover Rates)

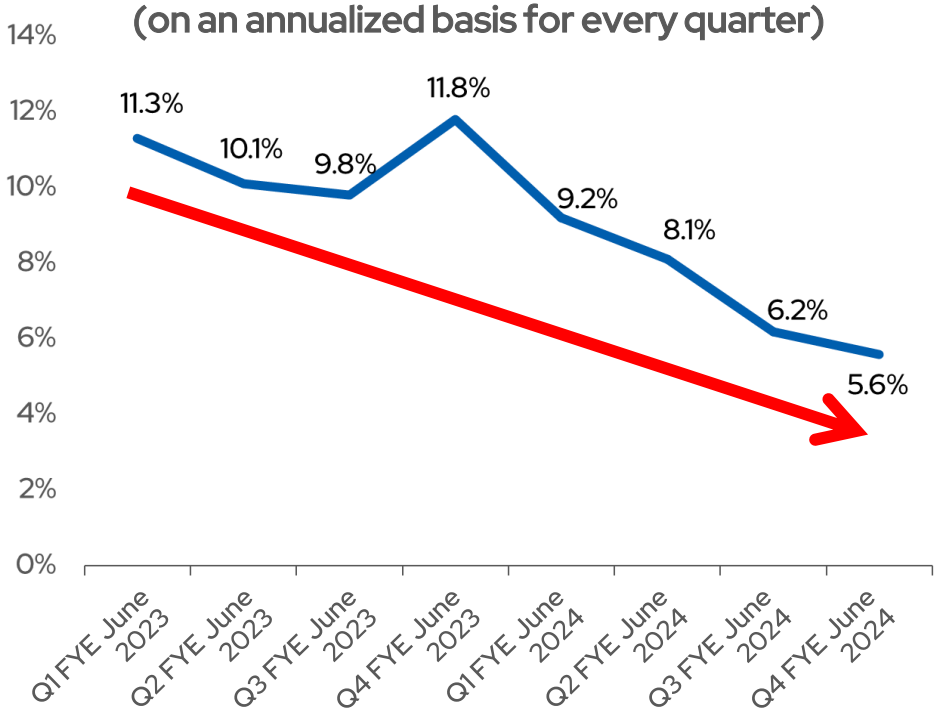
Recruitment **progressed well, and the turnover rate declined.**

- The number of regular employees **hired was 255 people (up 72 from the previous fiscal year, including 16 new graduates)**
- The actual annual turnover rate was **7.3% (down 3.3% points from the previous fiscal year)**, and **the rate declined to 5.6%** in Q4 on an annualized basis.

Number of regular employees hired in Japan



Turnover rate of regular employees in Japan (on an annualized basis for every quarter)



Earnings Forecast for FYE June 2025

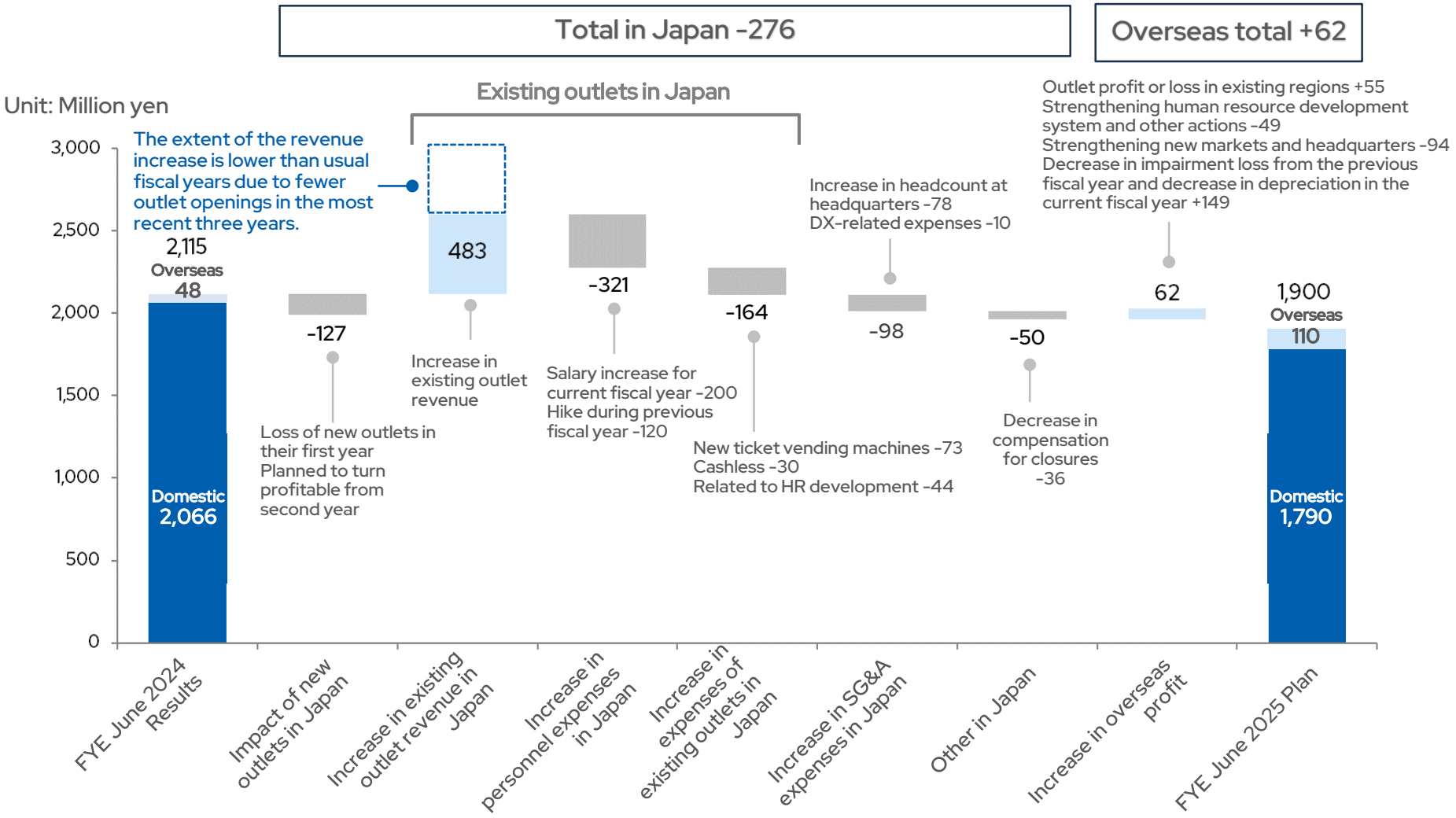
Earnings Forecast for FYE June 2025 (Plan)

- In FYE June 2025, the Company will prioritize an outlet expansion to achieve the Medium-term Management Plan, and **has planned a temporary decrease in profit by making this term a period of making upfront investment.**
- The dividend per share forecast is **35.00 yen, an increase of 8 yen year on year.**

	FYE June 2024	FYE June 2025		
Unit: Million yen	Results	Plan	Difference	Year on year
Revenue	24,757	25,710	952	103.8%
Operating profit	2,115	1,900	- 215	89.8%
Profit before tax	1,964	1,750	- 214	89.1%
Profit	1,301	1,220	- 81	93.7%
Basic earnings per share	99.37 yen	91.70 yen		
Dividend per share	27.00 yen	35.00 yen		

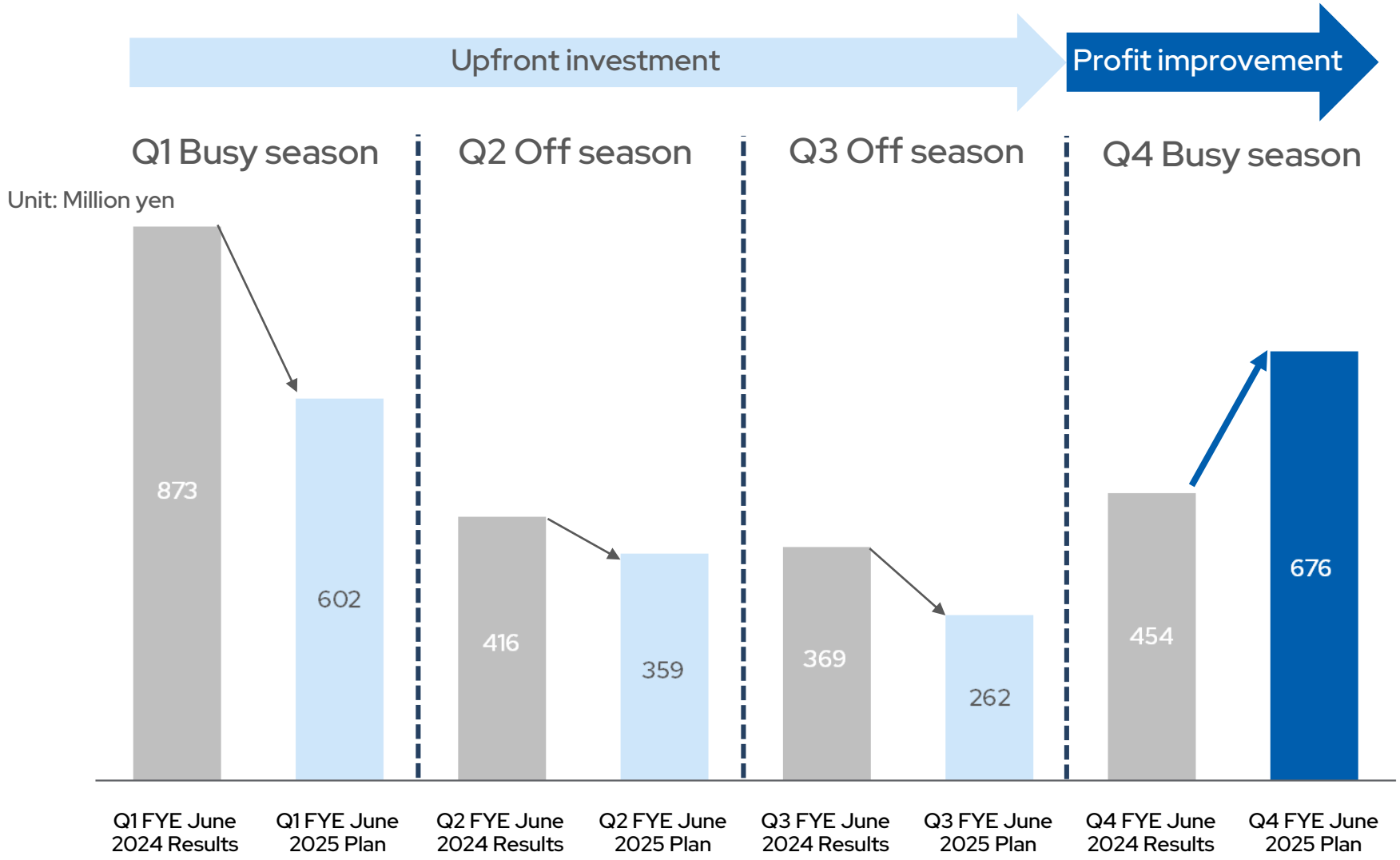
[Consolidated] Breakdown of Changes in Operating Profit Plan (YoY)

– Aim to **move on to the "profit improvement phase"** in the Medium-term Management Plan **at an early stage** by **ramping up investment in human resources and outlets with a view to expanding outlets**.



[Consolidated] Supplementary Explanation of Quarterly Operating Profit (Plan) for FYE June 2025

– Aim to **move on to the "profit improvement phase" in the Medium-term Management Plan from Q4** although profit is expected to decrease from Q1 to Q3, which is an "upfront investment phase" that speeds up the expansion of outlets.



Outlet Opening and Closure Plan for FYE June 2025

(Domestic) Plan to open 30 new outlets and close 8 outlets

(Overseas) Plan a net increase of 11 outlets in overseas total with new outlets scheduled to open in Vietnam and Malaysia

Plan for new openings and closures of outlets for FYE June 2025

Unit: Outlets	Business format	End of FYE June 2024	New outlets	Closures	Change	End of FYE June 2025
Japan	QB HOUSE QB PREMIUM	552	28	-8	20	572
	FaSS	11	2	0	2	13
Subtotal in Japan		**563**	**30**	**-8**	**22**	**585**
Singapore	QB HOUSE QB PREMIUM QB HOUSE Kids	30	0	-1	-1	29
Hong Kong	QB HOUSE	59	5	-1	4	63
Taiwan	QB HOUSE	34	5	-1	4	38
U.S.	QB HOUSE	5	1	0	1	6
Canada	QB HOUSE	0	1	0	1	1
Vietnam	QB HOUSE	0	1	0	1	1
Malaysia	QB HOUSE	0	1	0	1	1
Subtotal of overseas		**128**	**14**	**-3**	**11**	**139**
Consolidated group total		**691**	**44**	**-11**	**33**	**724**

Medium-term Management Plan

Medium-term Management Plan "NEXUS"

Vision of QB Group

– Realize "Coexistence" = "People live together"

"People" who are offered haircut technology and "people" who offer haircut technology
draw creativity from each other by binding themselves more tightly and
build up an environment that enables a mutually "favorable state" to thrive.
The more people use the service and the more people offer it,
the longer the "favorable state" can prosper.

An environment where "people" can continue to live with their favorite hairstyles.
An environment where "people" can continue to live their favorite lifestyles.

An "environment" in the "favorable state" can thrive by eliminating excess.



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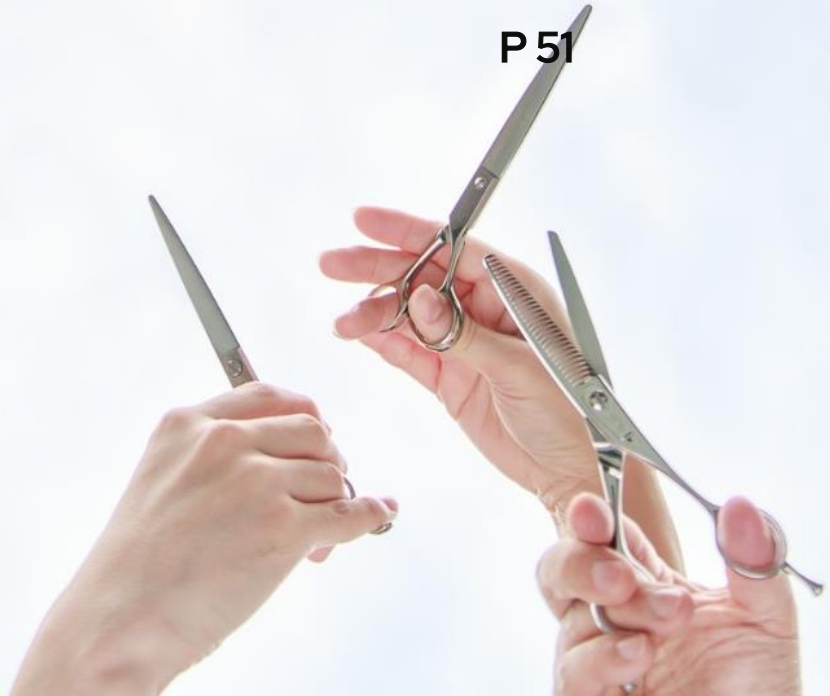




Formulating the Medium-term Management Plan

QB Group Medium-term Goals

Grow into a global enterprise that provides professional service across the world while steadily expanding the scale and pursuing profit improvement toward the medium-term goals for FYE June 2029.

Performance indicators

Consolidated revenue
35.5 billion yen

Consolidated operating profit
3.4 billion yen

Financial indicators

ROE
10% or more

EPS growth rate
+8% a year or more

Payout ratio
Distribute stable dividends with a dividend payout ratio of 40% as a guideline.

Domestic business

Offer professional service and achieve sustainable growth.

- Build a system that realizes a net increase of 35 new outlets
- Annual number of customers visiting outlets 20 million people
- Aim to have a stylist average annual salary of 5 million yen

Overseas business

Become an essential business deeply rooted in each region.

- Overseas revenue ratio 20% or more
- Annual number of customers visiting outlets 5 million people
- Become a key business worth 10 billion yen

Services and Value We Want to Realize

Pursue the enhancement of value for each stakeholder by realizing "usual" around the world.

Enhance value for society

- Contribute to labor mobility and longer working life by providing reskilling support.
- Contribute to environmental preservation by reducing excessive consumption of things such as water resources and beauty materials.

Enhance value for customers

- Customers can have their hair cut more easily and conveniently.
- Eliminate frustrating waiting time.
- Customers can have their hairstyles close to their desired ones by saying "The usual one."

QB HOUSE

"The usual one" everywhere. (to anyone)

We provide One-to-One Styling that is not affected by place or person.

Human capital investment
Haircut techniques converted into words (Common haircut techniques)

DX investment
Visualize and share customers' preferred styles



Customer

I wish I could convey my wish better.

It is difficult to make a stylist whom a customer meets for the first time understand his/her desired style.



Stylist

I wish I could understand better.

It is difficult to understand the desired hairstyle of a first-time user. It is difficult to predict how the characteristics of hair quality and hair flow will affect the finish of a haircut.

Enhance value for workers

- Realize an environment that enables employees to work for many years with continuous treatment improvement and flexible work formats.
- Support for the "Mastership of Haircut" by passing down professional skills.

Enhance value for shareholders

- Increase revenue opportunities by raising the efficiency of outlet operations.
- Realize stable and continuous dividends by improving earnings power.

Goals to Reach and Shareholder Returns

■ Achieve stable growth in Japan and overseas through acquisition of human resources and well-balanced outlet openings

		FYE June 2024 (Results)	FYE June 2029 (Plan)
Earnings	Revenue	24.76 billion	35.5 billion
	(Average annual growth rate)	7.5%	
	Operating profit	2.12 billion	3.4 billion
	(Average annual growth rate)	10.1%	
	Profit	1.3 billion	2.1 billion
	(Average annual growth rate)	10.8%	

■ Strengthen shareholder returns by revising the financial balance while prioritizing growth investment

		FYE June 2024 (Results)	FYE June 2029 (Plan)
Financial	Outstanding borrowings	8.25 billion	5.65 billion
	(Repaid amount during the period)	-2.6 billion yen	
	Payout ratio	27.2%	40% set as the target
	ROE	9%	10%
	ROIC	*32%	25%

* ROIC for FYE June 2024 was on a higher level than usual years due to a decrease in the book value of business assets resulting from curtailing openings and postponing renovation investment, caused by the COVID-19 pandemic.

■ Create a virtuous cycle of increased customer experience value and better treatment for stylists through DX investment

	Domestic	FYE June 2024 (Results)	FYE June 2029 (Plan)	Overseas	FYE June 2024 (Results)	FYE June 2029 (Plan)
Management indicators	Number of outlets	563	716	Number of outlets	128	250
	(Increase in outlets)	153		(Increase in outlets)	122	
	Number of recruits	255 people	300 people or more			
	Turnover rate	7.3%	5% or less	Turnover rate	18%	10% or less
	Stylist annual income	4.2 million yen	5.0 million yen			

* Regarding the domestic business, we expect to open more outlets once we achieve both our recruitment and turnover targets.



Key Measures that Support Business Growth

Four Pillars for Growth

We have set four pillars for solving key issues in order to achieve sustainable growth with an eye on pursuing our management philosophy and “Vision.”

1. Strengthening human resource plan
2. Strengthening customer contact points
3. Strengthening overseas business
4. Systematic business operation

Value Creation Brought by Human Resource Development

- **Develop people with no haircutting experience into professional stylists in an average of three years**

In the case of getting a job at a standard barber's or hairdressing salon

It takes a lot of time for trainees to learn under a tough environment and become a self-reliant stylist. Therefore, many trainees leave the hair and beauty industry at an early stage.

General tasks	×	Voluntary training	×	Long apprenticeship period
Miscellaneous tasks, etc. for assistants		About 2 hours a day		About 2 years or so

Start cutting customers' hair

Become stylists whom customers ask for

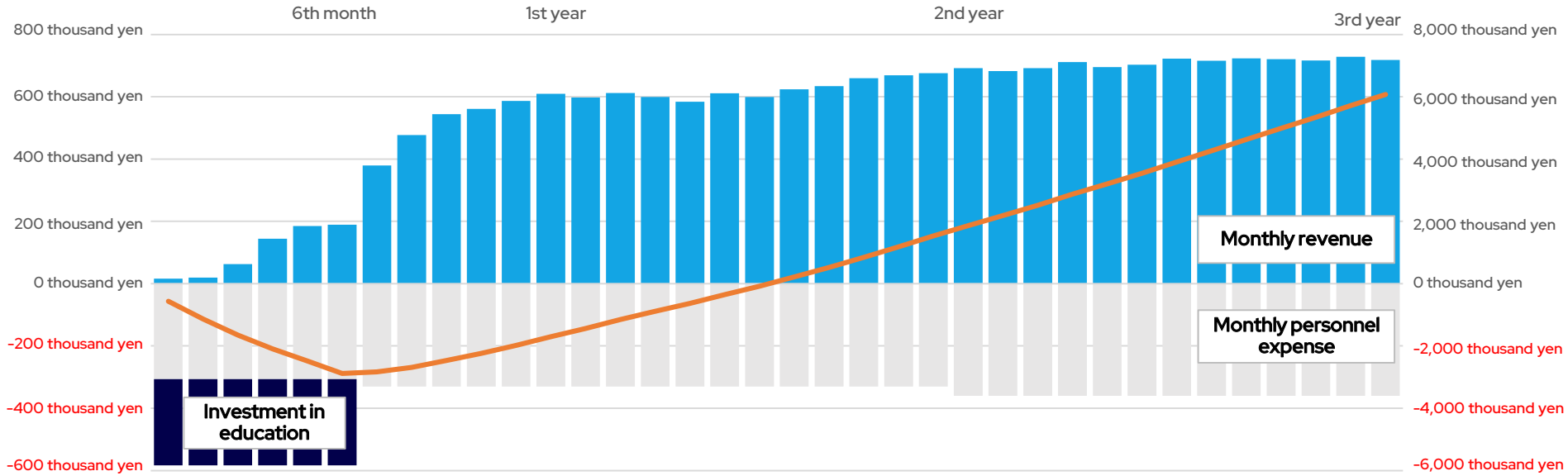
6th month | 1st year | 2nd year | 3rd year

Start cutting customers' hair

Become a self-reliant stylist with 80% to 90% of our stylists' technical skills

Become a human asset that supports busy outlets

LogiThcut Professional Stylist School

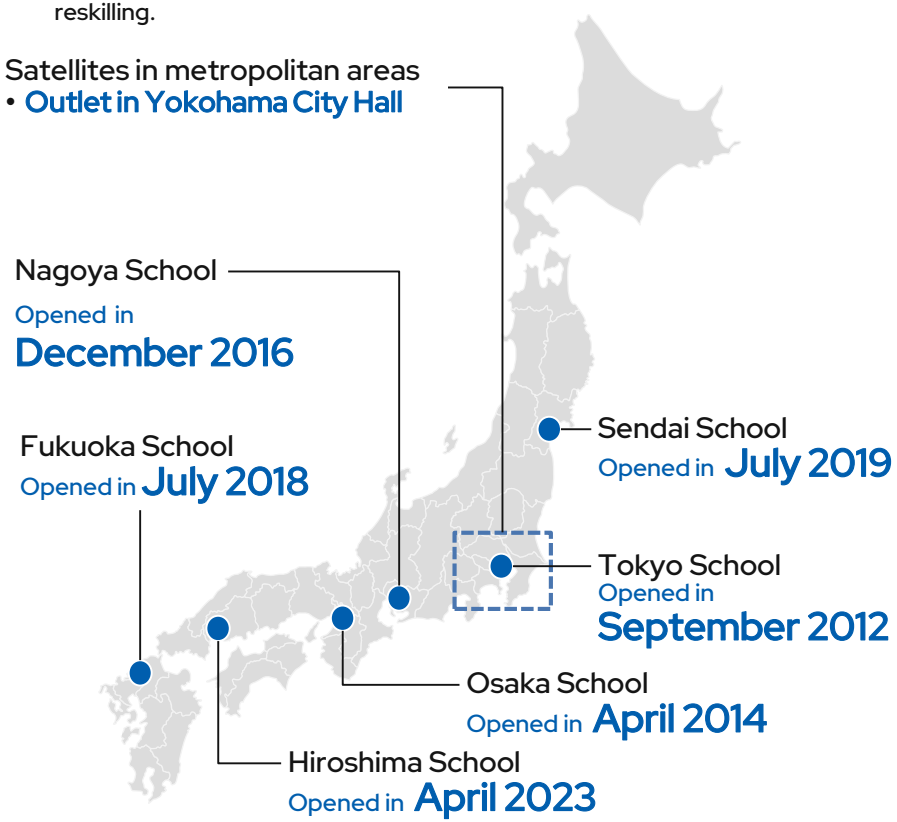


Globally Expanding Network of Training Centers

Establish human resource development bases in key outlet-opening areas

Domestic

- Step up the recruitment of new graduates by providing endowed courses to hair and beauty schools nationwide.
- Expand and reinforce the training system and curriculum for existing stylists.
- Boost support in labor mobility and the prolongation of working lives through reskilling.



Overseas

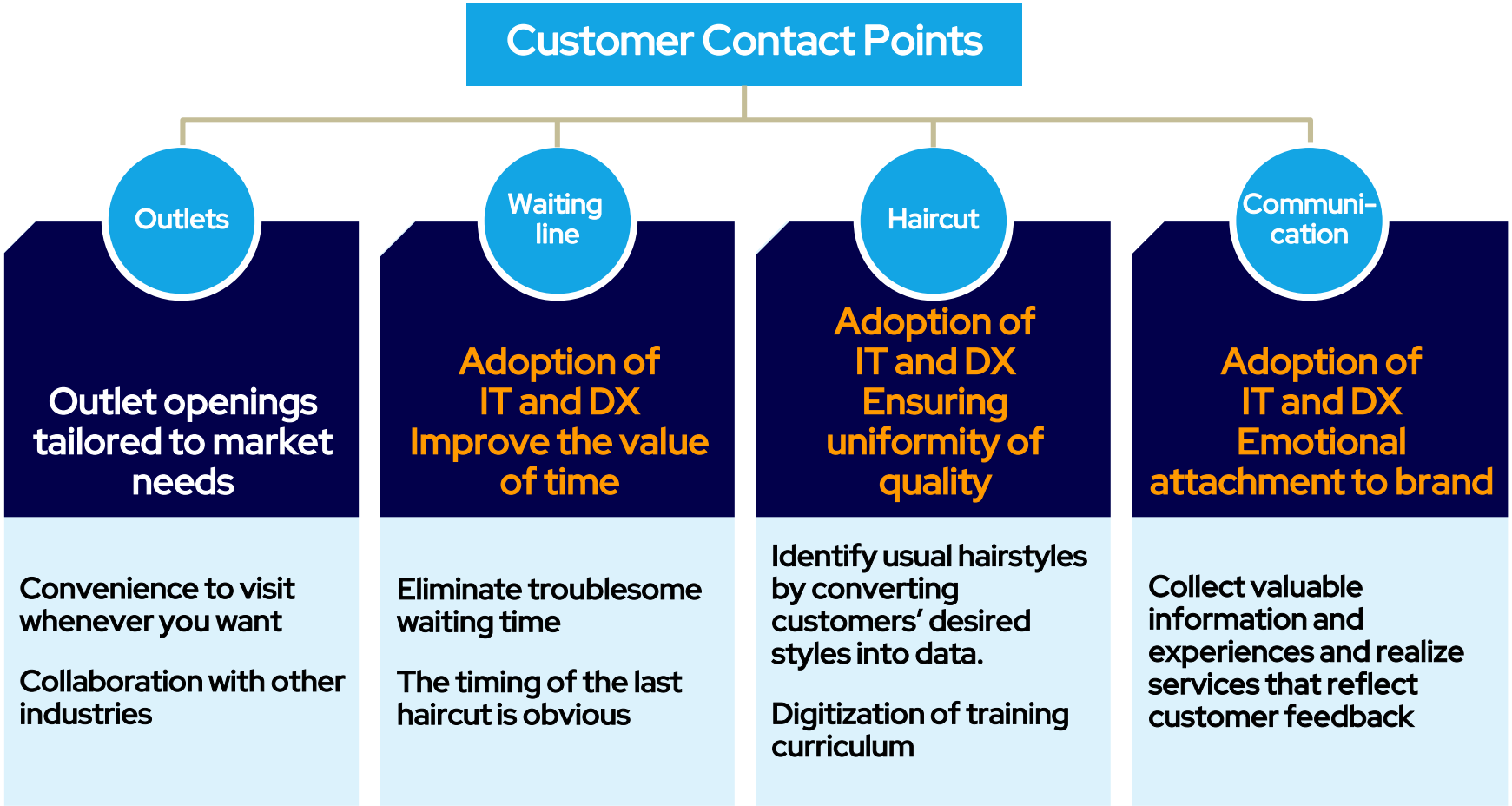
- Strengthen the capability of acquiring human resources by establishing human resource development bases in Asian countries in which we are operating and that do not have national qualifications.
- There is a higher need for reskilling there than in Japan because of the absence of national qualifications.





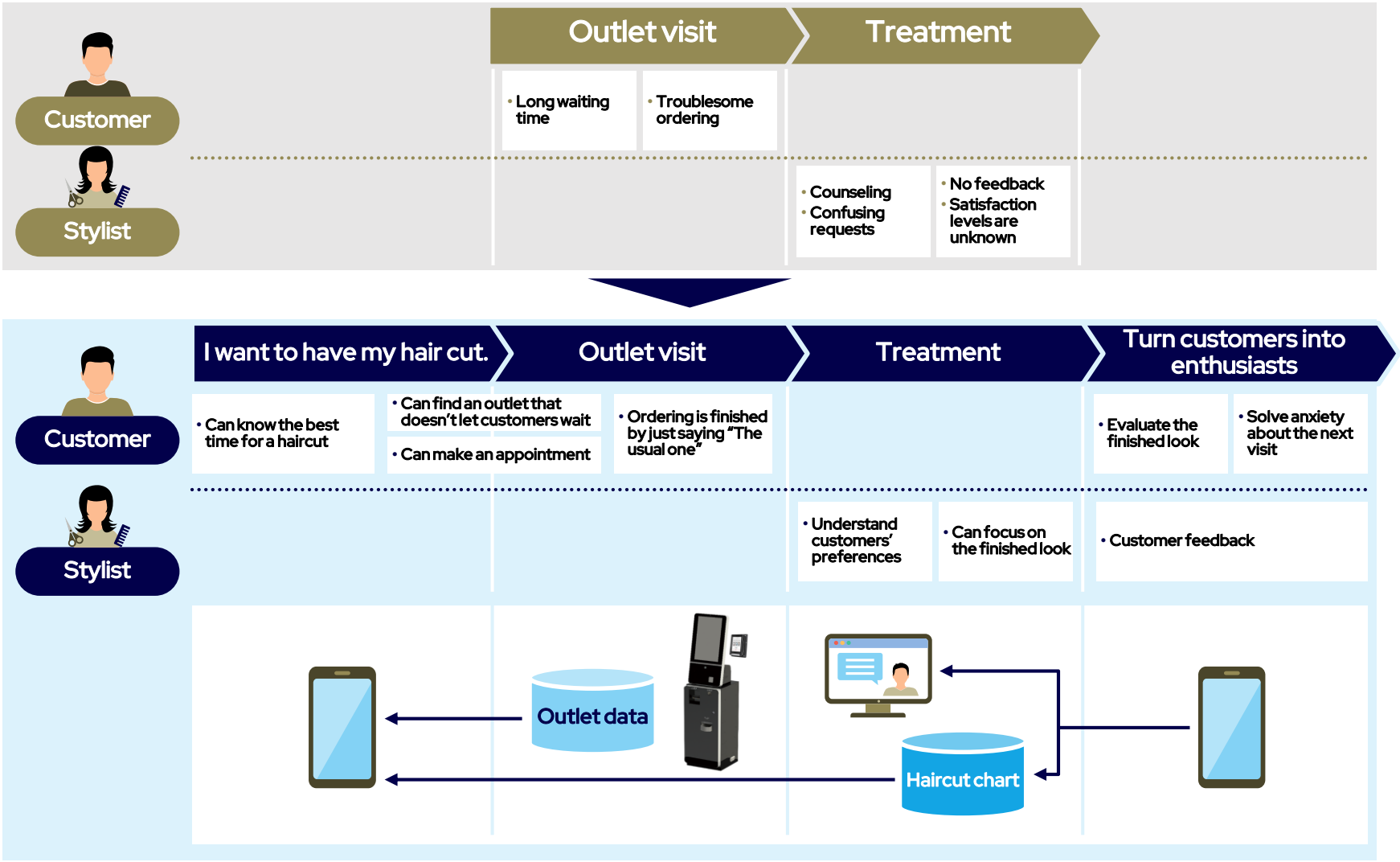
Strengthening Customer Contact Points to Meet Market Needs

- Select locations for outlet openings and enhance service quality that are tailored for market needs. Update the technical level in foreign countries under the leadership of Japan's technical department. → Expand and reinforce reskilling support.
- Reforms of the outlet operational system and enhancement of customers' convenience through adopting DX.

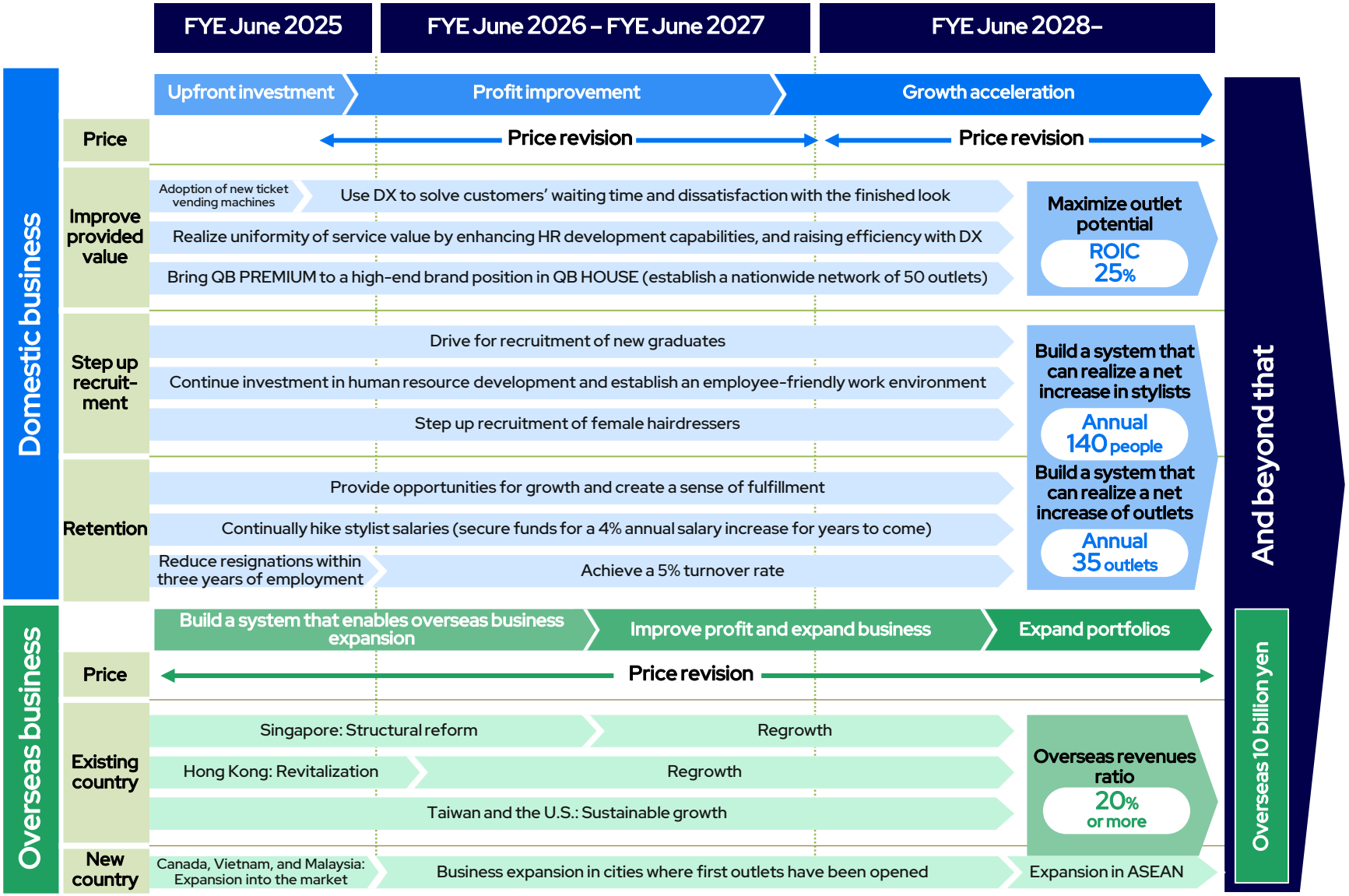


Improvement of Customer Convenience

- Realize “ease of use” for customers and “ease of haircutting” for stylists



Schedule for Implementation of Strategies for Medium-term Management Plan





Domestic Business Growth and Business Strategy

Changes in the Environment of Domestic Business and Its Growth

- The Company's influence and market share will further grow as more and more sole proprietor salons are expected to be closed.

Future social changes	Changes in the hair and beauty industry	Business opportunities for the Company
• **Current status of the hair and beauty industry in Japan** Plethora of salons (380,000 beauty and hair salons) 94% of the total are sole proprietor salons 72% of the total have no successor 41% of the total are run by employers who are 60 years old or older The hair and beauty market decreased slightly (2 trillion yen)	• **Increase in the number of closures of sole proprietor salons due to the lack of their successors**	• **Increase in market share in the domestic market** • Room for growth will expand for the domestic business • The power to determine prices will magnify
• **Demographic change** (Declining population, declining birthrate, aging and longer lives)	• **Demand for affordable services and the desire to cut down on spending will rise in an aging society**	
• **Changes in workers' attitudes** (Diverse working styles and reskilling)	• **The need to become technicians will grow** (Utilize national qualifications)	• **Acquisition of human resources by hiring workers of various ages** (LogiThcut Professional Stylist School)
• **Decline in the working-age population** (Shortage of work force that supports basic services)	• **The competition for hiring people will intensify and wages will rise** (Only companies that can withstand wage increases can survive)	
• **Technological advancement** (Advancement in AI, 5G, and others and digitalization)	• **The digitalization of sales promotions, customer management, and service improvements will speed up**	• **Increase in profit by improving operational efficiency**
• **Aggravation of environmental problems** (Global warming and energy depletion)	• **Expanded response to service models that pay attention to environmental resources**	• **Enhancement of corporate value and brand value**

Key policies

- Provide excellent value to customers in a way that benefits the Company and its partners, thereby realizing sustainable growth.
- Expand the customer base and realize growth through evolving and deepening the four pillars.

Key measures for domestic business

- Step up outlet openings and maximize outlet potential.
- Strengthen human resource development and overcome shortages of human resources.
- Boost expansion of each brand and rebuild businesses.
- Improvement of customer convenience

Strengthening of Outlet Openings
(Outlet opening plan that takes appropriate personnel allocation into consideration)

Step up outlet openings and maximize outlet potential.

- Develop good locations and expand into ultra-small commercial areas. Promote the growth of existing stores (simultaneous progress of measures for each outlet including the utilization of non-operational seats, elimination of regular holidays, year-round promotions for all outlets and countermeasures against poorly performing outlets)

Surefire personnel acquisition

- Improvement of employee treatment, improvement of the working environment, establishment of organizational strength and management system, creation of growth opportunities through the operation of a new evaluation system, enhancement of education and training

Increase in salaries with the fund from price revisions

Outlet revenue 26.8 billion yen

Toward a system for a net increase of 35 outlets per year

Maximize the potential of existing outlets

Advance pricing strategy

Stylist annual income 5.0 million yen

Boost new outlet openings

Net increase in personnel

Net increase of 140 stylists or more a year

A working environment that **all stylists** find employee-friendly

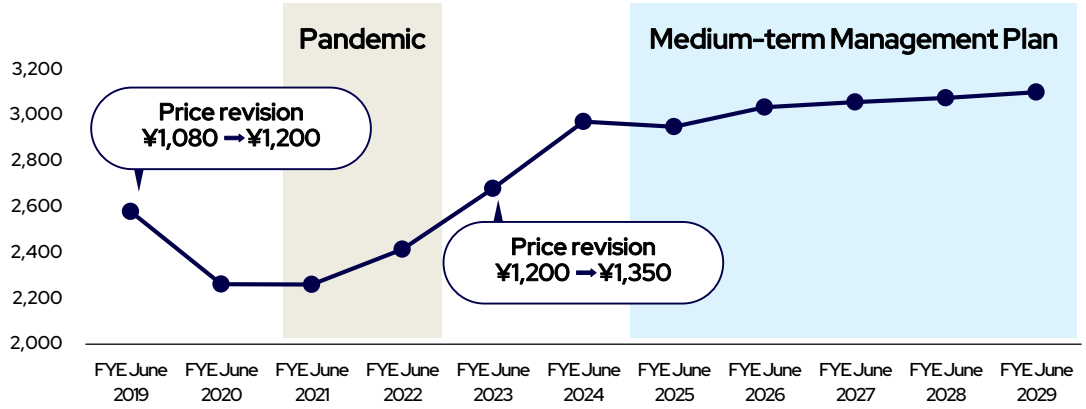
Step up recruitment of new graduates
Step up recruitment of female stylists
Expand and reinforce a reskilling system

Turnover rate target of 5% or less

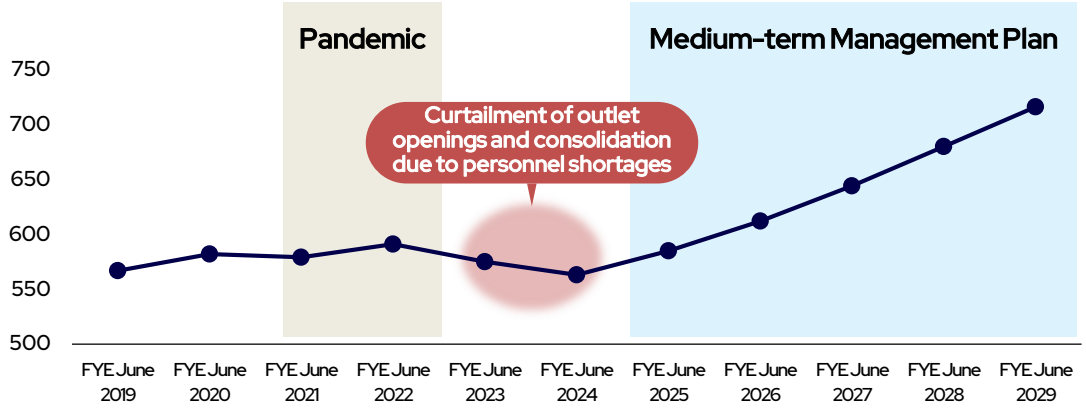
Maximize Outlet Potential

- Ramp up outlet openings while maintaining the outlet potential that was magnified by the price revision in April 2023.

Trend in monthly average outlet revenue



Trend in number of outlets in Japan



Utilization of the potential of existing outlets

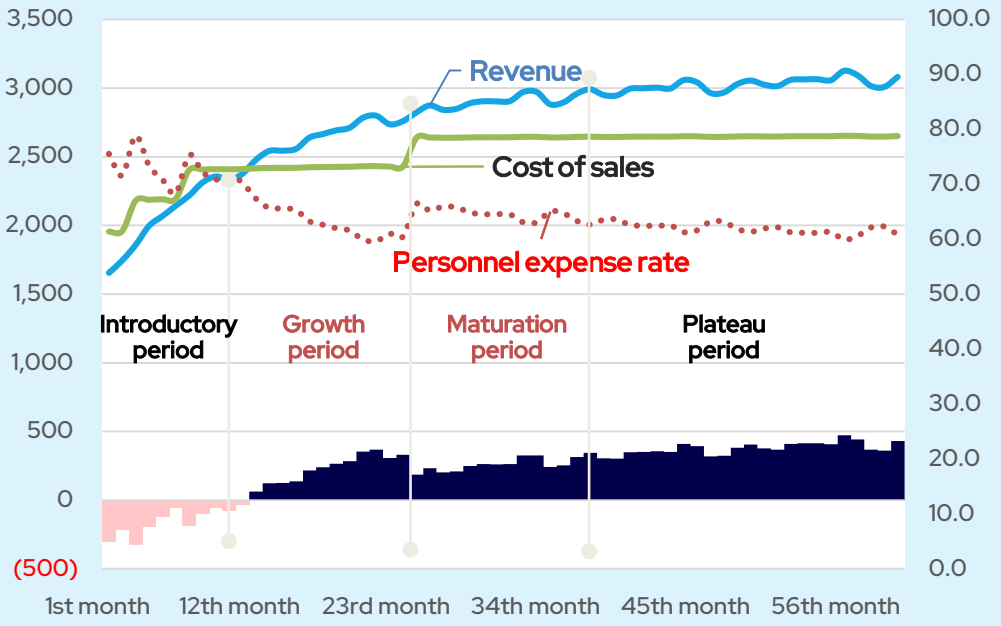
- Efficient use of non-operating seats and elimination of regular holidays
- Year-round promotion for all outlets (Collaboration with other companies, etc.)
- Advance pricing strategy
- Establishment and operation of incentive plans (Customers and stylists)

Policy for outlet openings

- Resumption of openings in seven major cities
- Promotion of business expansion in Niigata Prefecture, where our first outlet was opened in FYE June 2024, and consideration of openings in other regions where we do not have outlets (There are 12 prefectures where there are no outlets.)
- Development of outlets that have a high degree of operational latitude in preparation for changes in working styles and market risks

Growth Cycle and Earnings of QB HOUSE Outlets

- In QB HOUSE, new outlets have grown into busy ones in two to three years after their opening.
- The QB HOUSE outlets that have grown into prosperous ones have maintained revenue and profits without falling into stagnancy for a long time.



Introductory period

- A period when profit is hard to come by since initial investments and advertising expenses run up, and revenue cannot catch up with such spending

Growth and maturation period

- A period when profit expands since the recognition of outlets spreads, profit surges and more investments are recouped.
- A period when profit reaches the highest level though the pace of sales growth becomes moderate.

Plateau period

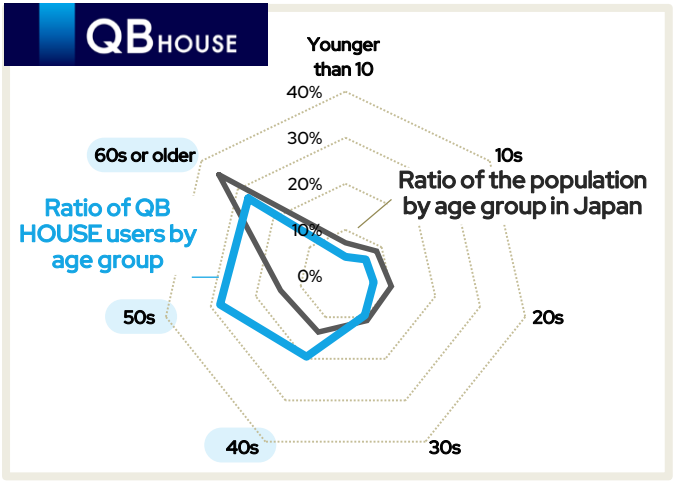
- A period when no decline comes and stable earnings can be ensured for a long time since demand continues to exist as in the case of the characteristics of essential services

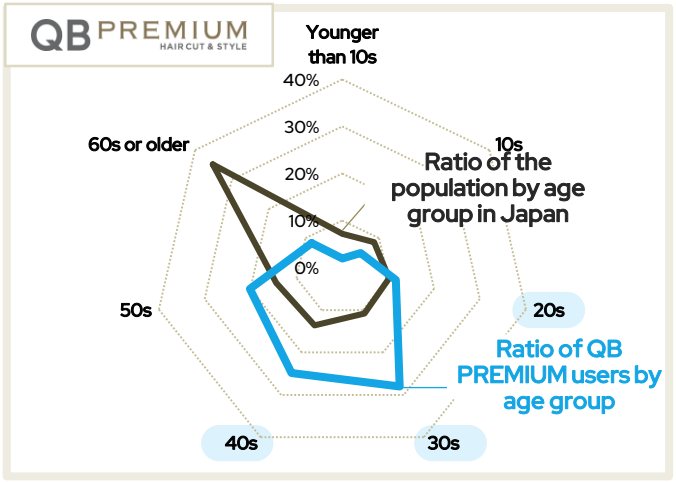
Strengthen new outlet openings, which have been held down since the COVID-19 pandemic, and by raising the proportion of outlets that are in **the growth and maturation periods**, boost the growth of existing stores.

Boost Expansion of Each Brand and Rebuild Businesses

- By carrying out the two steps of solidifying the dominance of city-center areas, where traffic is recovering, and entering suburban areas, aim to expand market share by further developing good locations.

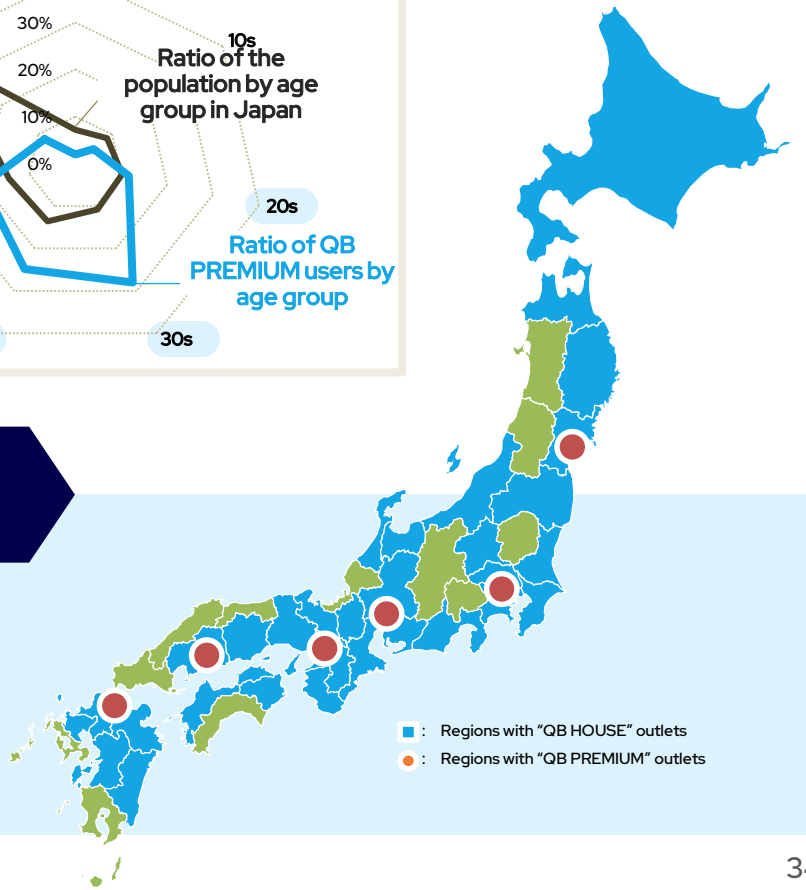
Distribution of users by age group





Toward solid dominance by fusing QB HOUSE and QB PREMIUM

- In addition to QB HOUSE, which is popular among customers in their 40s and older, by adding QB PREMIUM, which is popular among customers in their 30s and 40s, aim at expanding the target audience.
- Toward a 50-QB PREMIUM outlet system nationwide



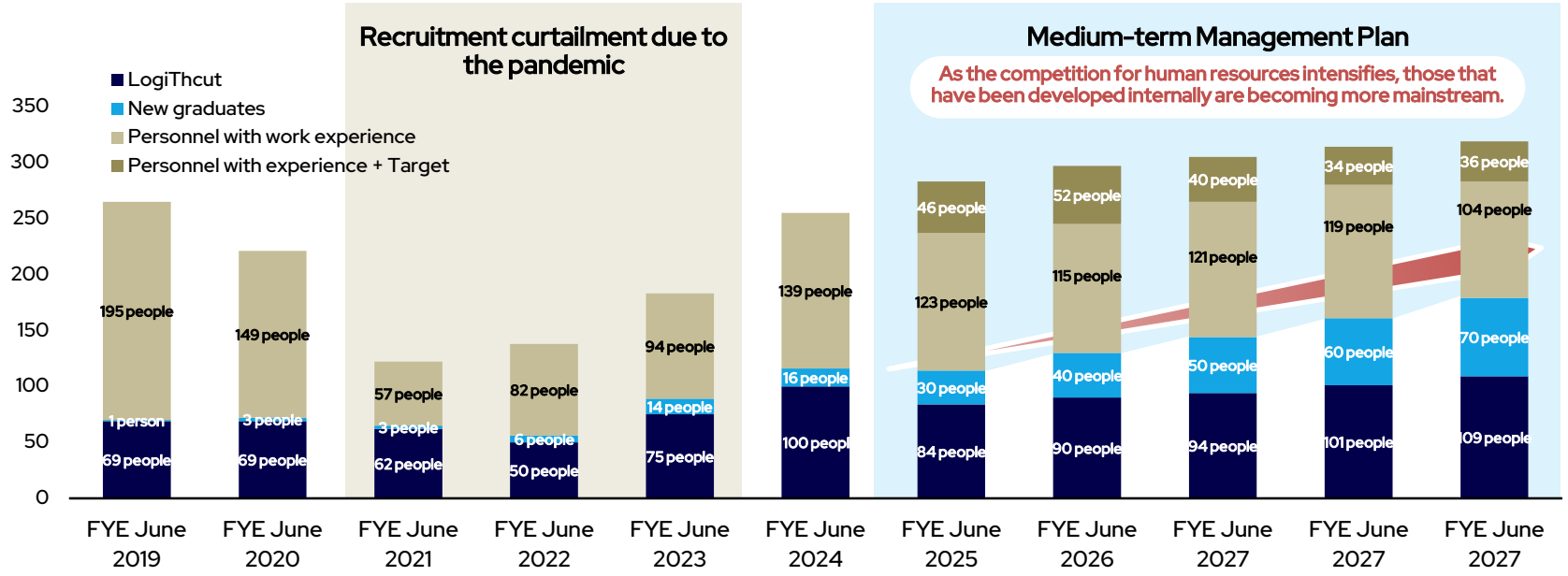
Recruitment of Human Resources

- Ensure a net increase of 140 people a year by stepping up recruitment and reducing job separations.

Recruitment policy

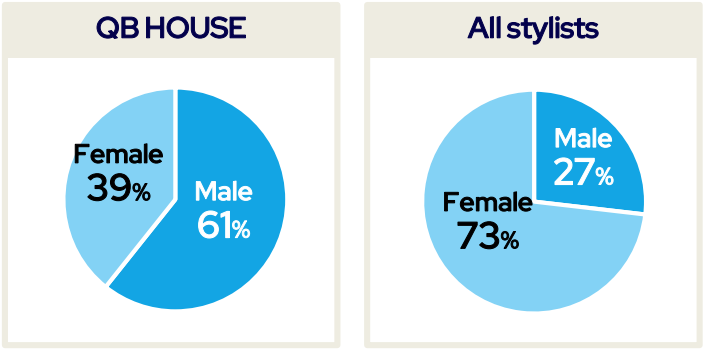
- Regarding recruitment of people with work experience, engage in the effort to increase hires during the plan period, based on the level of FYE June 2024.
- To hire new graduates, recruit people in a wide range of age groups that switch their careers by reskilling, in addition to people in their 20s.
- Maintain recruitment competitiveness by raising salaries by approximately 4% annually.

Hiring results and plan

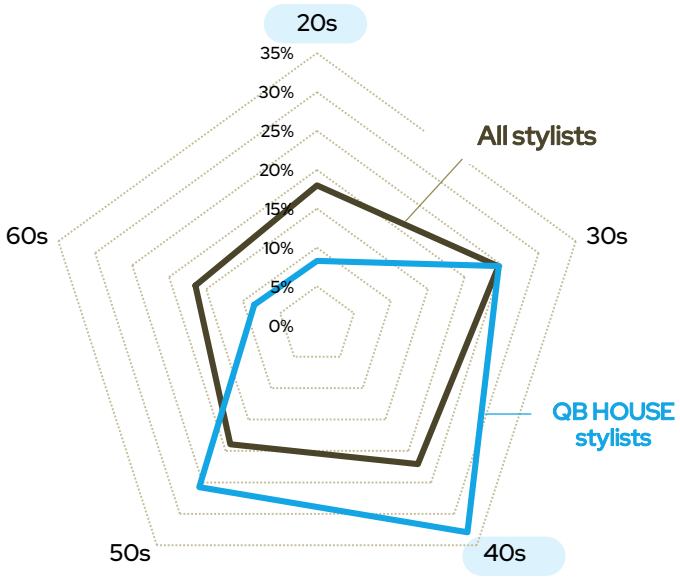


Recruitment Targets and Retention

Ratio of male and female stylists to all



Distribution of stylists by age



Conquer the weaknesses of recruitment targets
(LogiThcut Professional Stylist School)

- **Recruit female stylists**
  Meet the needs of women who want to come back as stylists
- **Recruit stylists in their 20s**
  Plus strengthen the recruitment of new graduates

Strengths and opportunities of recruitment targets

- The number of stylists aged 34 to 44 is the largest, and in the future, they will become a generation that wants stable treatment.

* Reference Material: Number of Stylists by Age, Estimated from the Number of Hair and Beauty School Graduates

Retention

- **Realize a good work life balance for each stylist**
  Work styles that can be chosen
  Improve treatment and the working environment continually



Overseas Business Growth and Business Strategy

Changes in the Overseas Business Environment and Business Opportunities

- Business opportunities will be expanded with a stronger need for the haircut technology that we possess.

Future social changes	Changes in the hair and beauty industry	Business opportunities for the Company
• Increase in Asian immigrants in North America	• Stronger need for haircuts among Asian immigrants (High technical skills are needed.)	• Expansion of business opportunities in North America
• Economic growth in Southeast Asia	• Rise in demand for personal grooming	• Expansion of business opportunities in Southeast Asia
	• Rise in demand for stylists (Hair and beauty industry without national qualifications that Japan has)	• Acquisition of human resources by hiring workers of various ages (LogiThcut Professional Stylist School)
• Rise in inbound demand due to the weak yen (High-quality Japanese services are recognized anew.)	• Rise in recognition of Japanese-brand services in overseas markets	
• Technological advancement (Advancement in AI, 5G, and others and digitalization)	• The digitalization of sales promotions, customer management, and service improvements will speed up	• Increase in profit by improving operational efficiency
• Aggravation of environmental problems (Global warming and energy depletion)	• Expanded response to service models that pay attention to environmental resources	• Enhancement of corporate value and brand value

Key policies

- Continuous activities in locations that welcome Japanese techniques in terms of values and businesses that put importance on human assets in QB's unique way
- Business expansion by re-establishing the foundation for recovery and regrowth in existing countries, and expanding into new markets

Key measures for overseas business

- Strengthening human resource plan
- Strengthening customer contact points (outlet opening, renovation, and business expansion of individual outlets)
- Systematic business operation
- Expansion into untapped countries

Growth Strategy

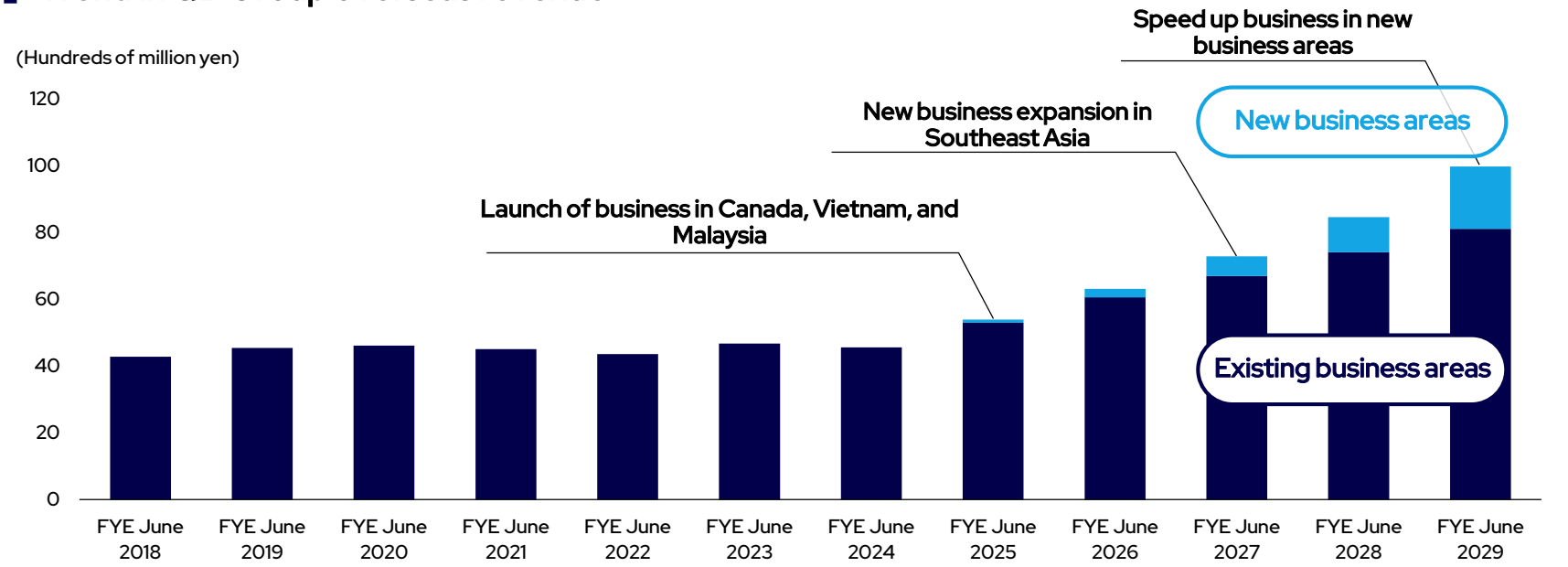
Existing business areas

- Outlet opening strategy: Strike the right balance between HR plans and outlet openings.
- Human resource strategy: Expand recruitment and enhance HR development.
- Asia: Improve offered quality and expand market share.
- U.S.: Leverage the operational structure of high-profit outlet operation and expand into other cities.

New business areas

- In Canada, aim to stabilize the operation in Toronto and plan to expand into other cities.
- Leverage knowledge, human resources and funds in existing Asian countries and expand into untapped countries in Southeast Asia.

Trend in QB Group overseas revenue



Expansion Positioning Strategy

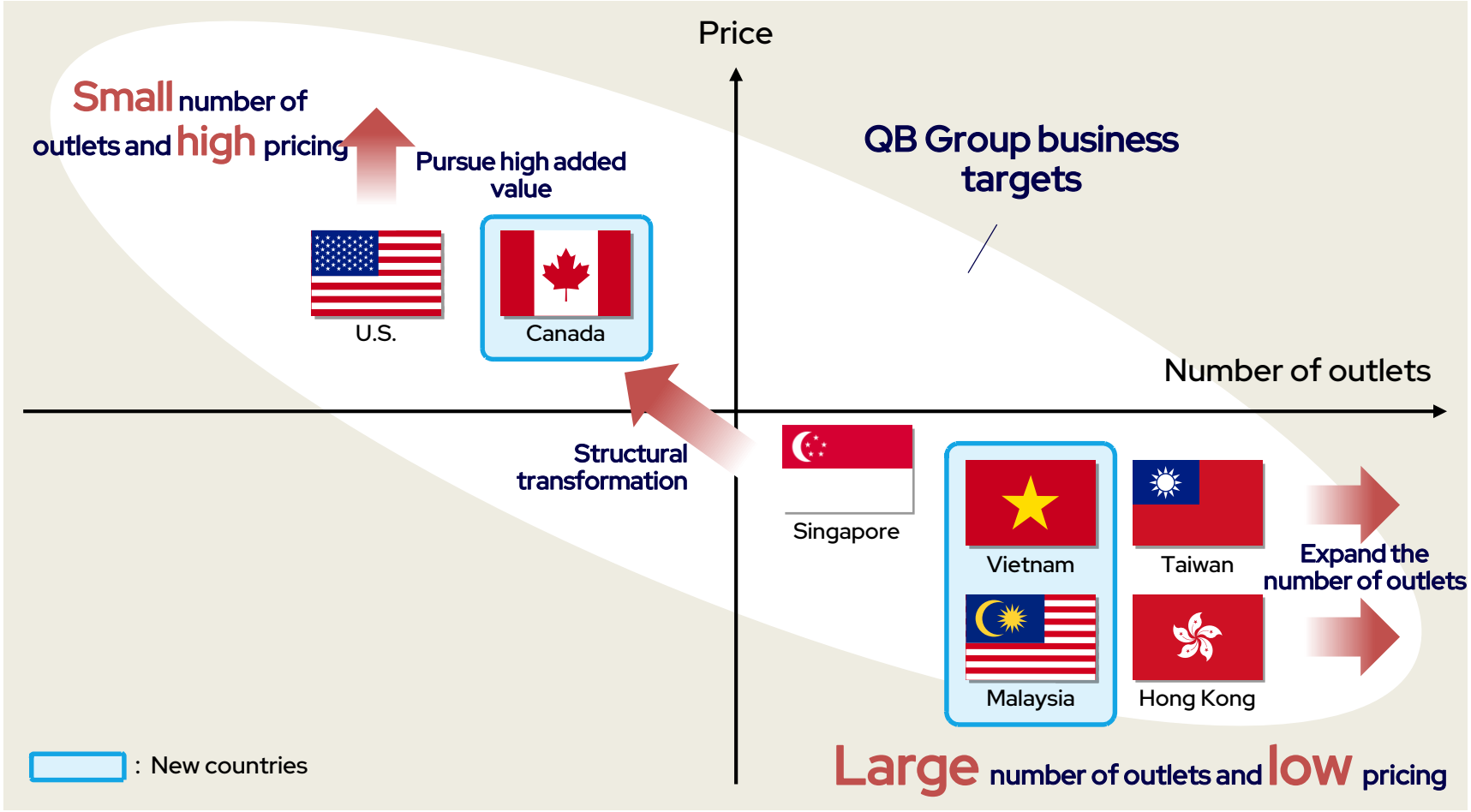
[Small number of outlets and high pricing]

Expand the business of a small number of outlets and a high price range in the U.S. and Canada (pursue further high-added value in the U.S.)

[Large number of outlets and low pricing]

In Asia (Hong Kong, Taiwan, Vietnam, and Malaysia), continue the business model of a large number of outlets and a low price range and increase the number of outlets

In Singapore, shift to a business model that meets market changes from the business of a large number of outlets and a low price range



Strengthening Human Resource Plan

Increase overseas human resource structure from a 600 to a 1,200 one

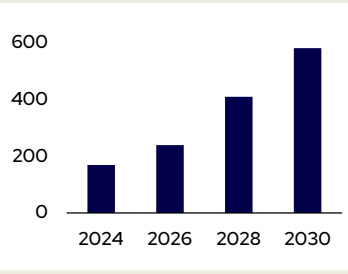
- Expand recruitment by reinforcing the function of LogiThcut Professional Stylist School
- Stabilize the personnel situation by reducing the turnover rate (from the 20% level to 10% or less)
- Maintain appropriate staff allocation and the working environment by striking the right balance between recruitment and outlet openings.
- Utilize human resources through global career paths within the QB Group.

Asian region

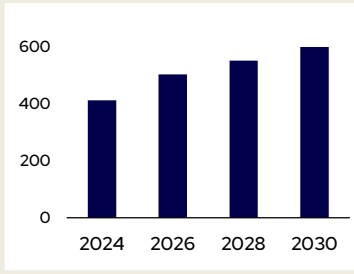
- Expansion of a large number of outlets and low pricing HR development centered on LogiThcut Professional Stylist School



Trend in number of stylists in Southeast Asia (plan)



Trend in number of stylists in East Asia (plan)

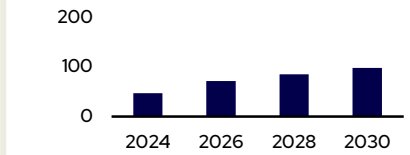


North America region

- Expansion of a small number of outlets and high pricing Maintain the high technical quality that meets Japanese standards through cooperation with Japanese technical departments

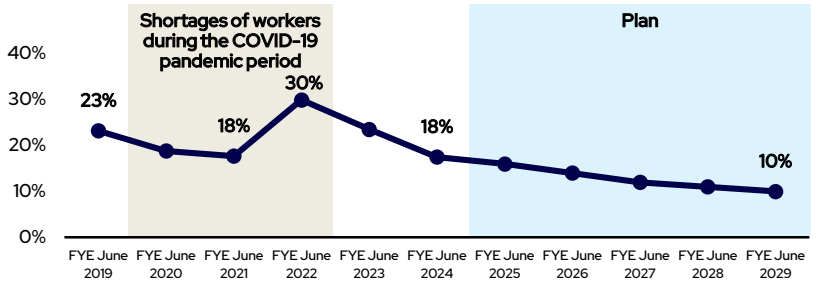


Trend in number of stylists in North America (plan)



Trend in turnover rate

- Reduce the turnover rate to 10% or less in order to maintain a stable human resource supply system



Expansion into Untapped Countries

[New market development during the current Medium-term Management Plan]

- Southeast Asian countries
- Cities in North America

[Action plan for growth in countries that QB has expanded into]

- Promote business development and market penetration in Canada, Vietnam and Malaysia.
- Implement operational standardization for efficient business expansion.
- Dispatch instructors for local management and technology and establish HR development programs.

Expansion into Southeast Asia

Spread the knowledge of existing countries to other Southeast Asian countries.



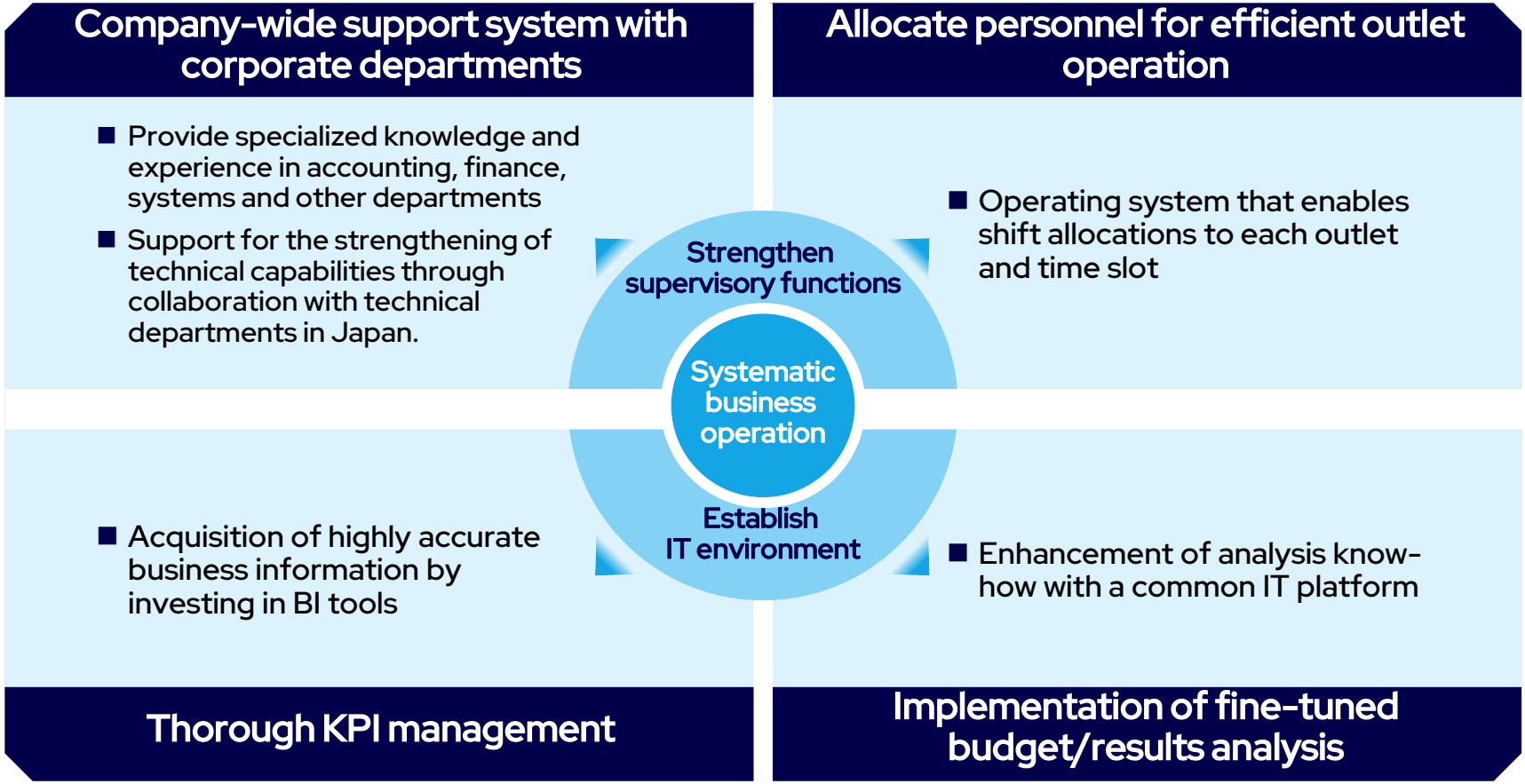
Scenario for expansion in North America

Spread the business model in New York and Toronto to other cities in North America.

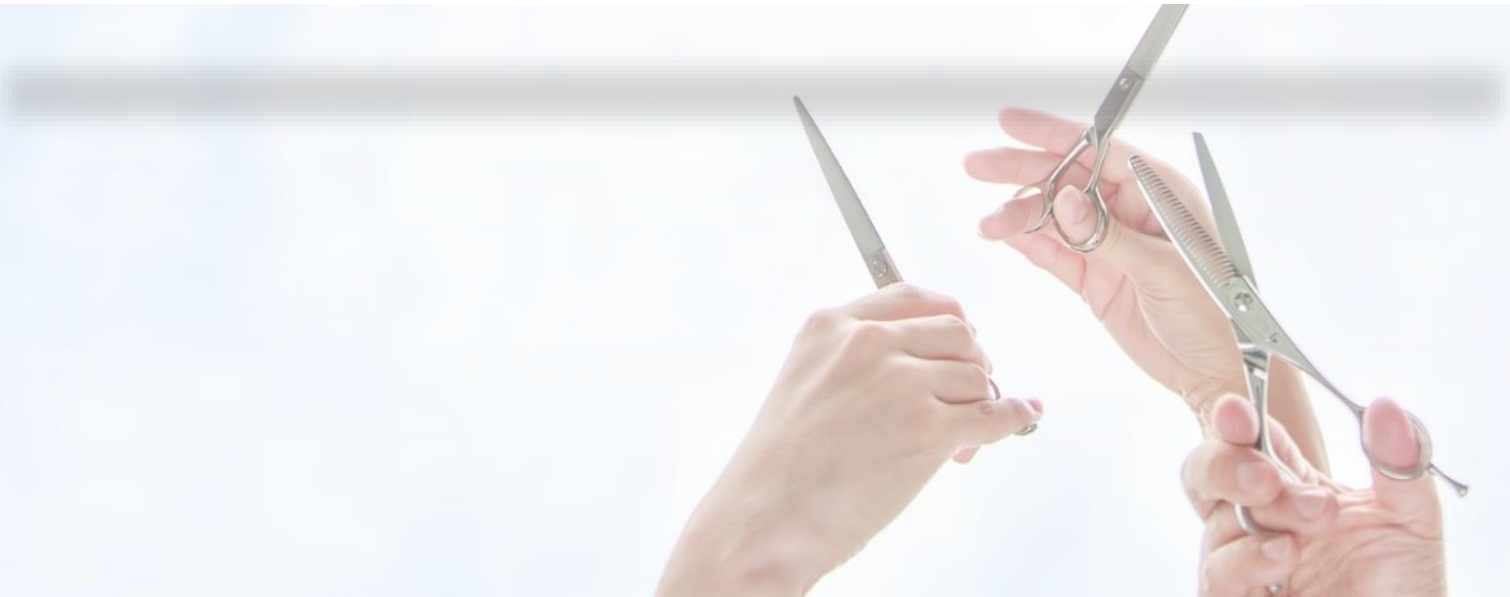


System that Supports Growth of Overseas Businesses

- Develop supervisory functions and an IT environment and build a foundation to implement a growth strategy.
  1. Improve accuracy in budget and results, and KPI management.
  2. Maximize revenue through personnel allocation for efficient outlet operation, and sales promotion plans
  3. Create a support system for overseas business by company-wide responsible departments.



Plan Outline
(Financial Strategy and Shareholder Returns)



Growth of Revenue and Operating Profit

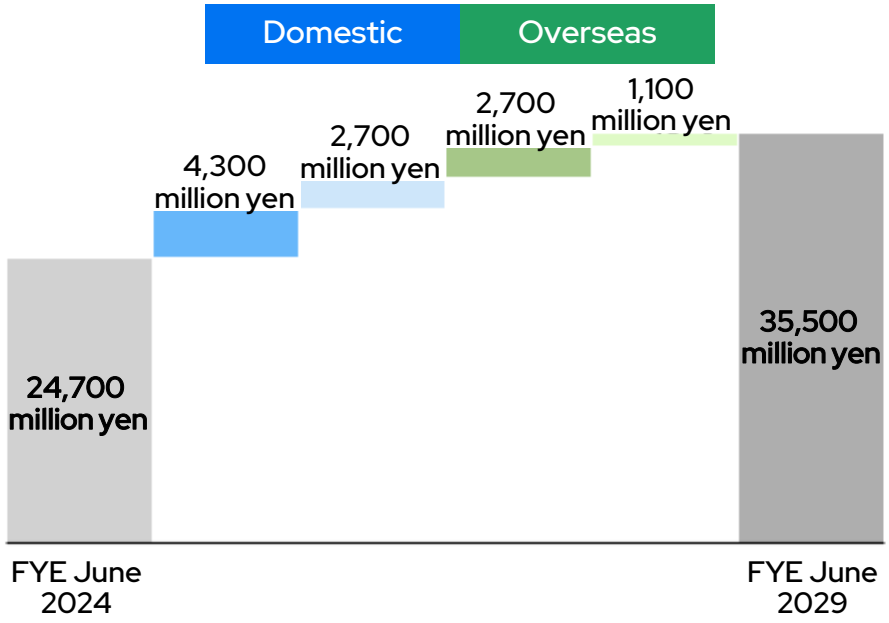
- Domestic business: Maximize the potential of new openings and existing outlets and realize stable growth through price revisions.
- Overseas business: Increase revenue and recover profits by entering untapped countries and invigorating existing countries.

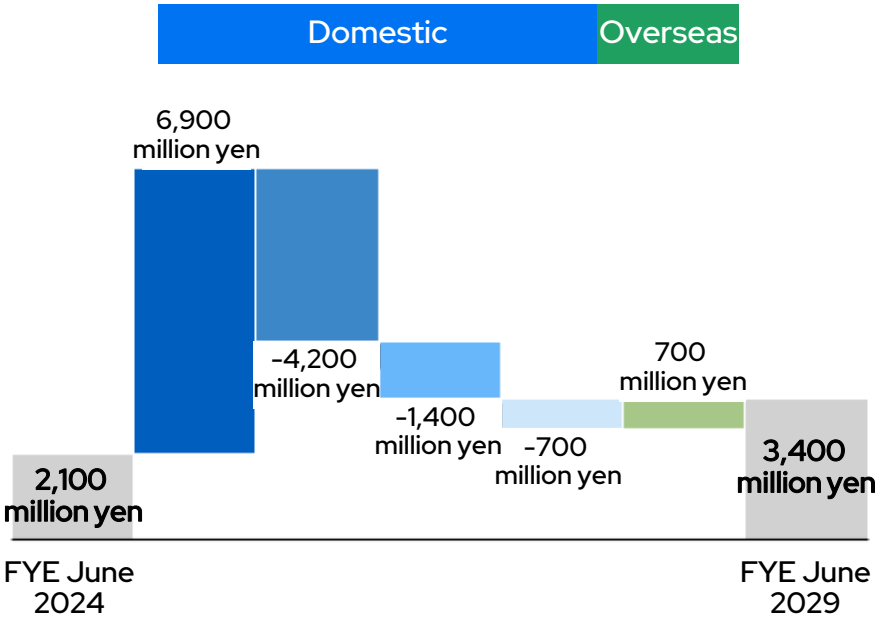
Increase in revenue

Domestic	New openings and the growth of existing outlets	4,300 million yen
	Price revision	2,700 million yen
Overseas	Growth of existing regions	2,700 million yen
	Growth of new regions	1,100 million yen
		10,800 million yen

Increase in operating profit

Domestic	Increase in domestic revenue	+6,900 million yen
	Personnel expense increase	-4,200 million yen
	Increase in outlet expenses	-1,400 million yen
	Increase in SG&A expenses	-700 million yen
Overseas	Increase in overseas business profit	+700 million yen
		+1,300 million yen

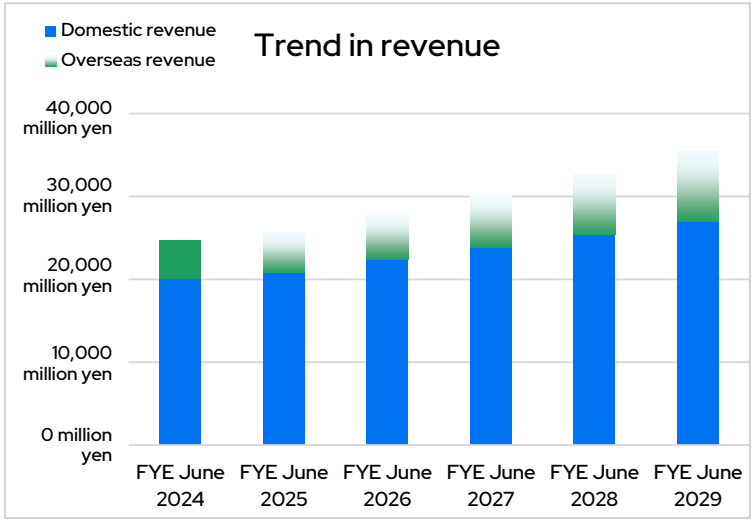


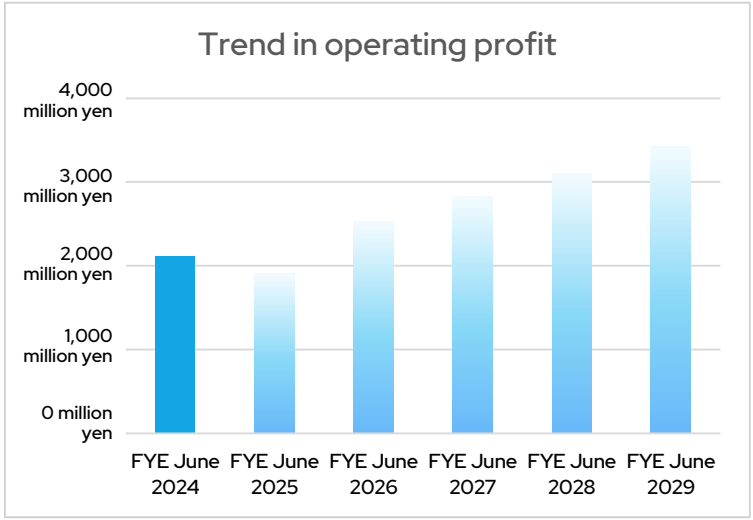


Earnings Plan

- **For FYE June 2025, although profit will decrease due to upfront investments both in Japan and overseas, the annual average revenue growth rate and the annual average operating profit growth rate are planned to be 7.5% and 10.1% during the plan period, respectively.**

	Results	Plan	
	FYE June 2024	FYE June 2025	FYE June 2029
Revenue	24,760 million yen	25,710 million yen	35,500 million yen
Domestic	20,080 million yen	20,790 million yen	27,000 million yen
Overseas	4,680 million yen	4,920 million yen	8,500 million yen
Operating profit	2,120 million yen	1,900 million yen	3,400 million yen
Profit before tax	1,960 million yen	1,750 million yen	3,200 million yen
Profit	1,300 million yen	1,220 million yen	2,100 million yen
Revenue growth rate	8.8%	3.8%	7.5%
Overseas ratio	18.9%	19.1%	23.9%
Operating profit margin	8.5%	7.4%	9.6%
Growth rate of operating profit	-1.1%	-10.2%	10.1%
			Average annual growth rate
(Reference indicators)			
ROE	9%	8%	10%
* ROIC (excluding goodwill)	32%	27%	25%

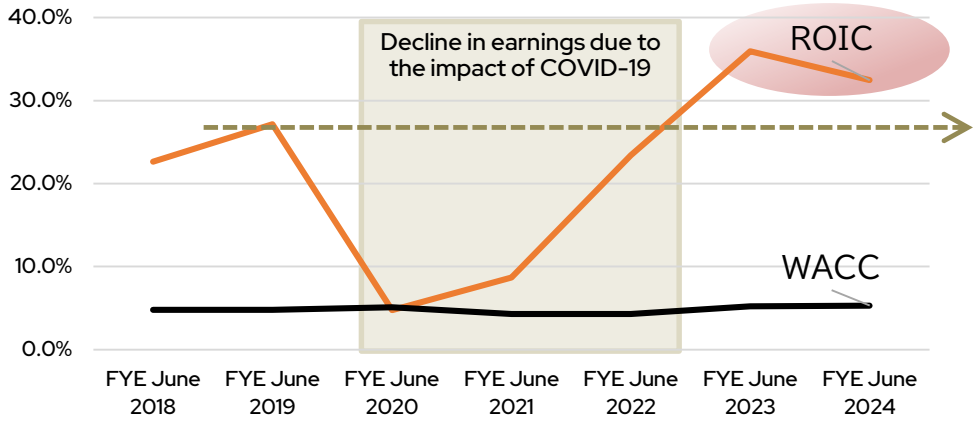




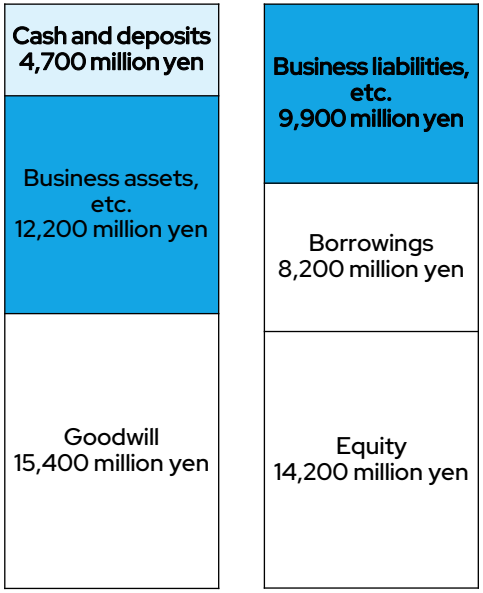
* ROIC is calculated excluding goodwill.
In FYE June 2024, the book value of business assets decreased due to the curtailment of outlet openings in Japan after the COVID-19 pandemic.

Our Approach to ROIC

- Goodwill and borrowings related to LBOs executed in the past are recorded in the Company's consolidated balance sheets.
- Investments in the haircut business itself consist of business assets excluding goodwill, and the ROIC of this business is 25% or more, achieving high investment efficiency.



- The book value of business assets decreased resulting from curtailment of outlet openings and renovation investment in the face of personnel shortages during and after the COVID-19 pandemic.
- In the Medium-term Management Plan, outlet openings and renovation will be strengthened, and ROIC will be kept at 25% or so, which is the pre-pandemic level.



ROIC calculation for FYE June 2024

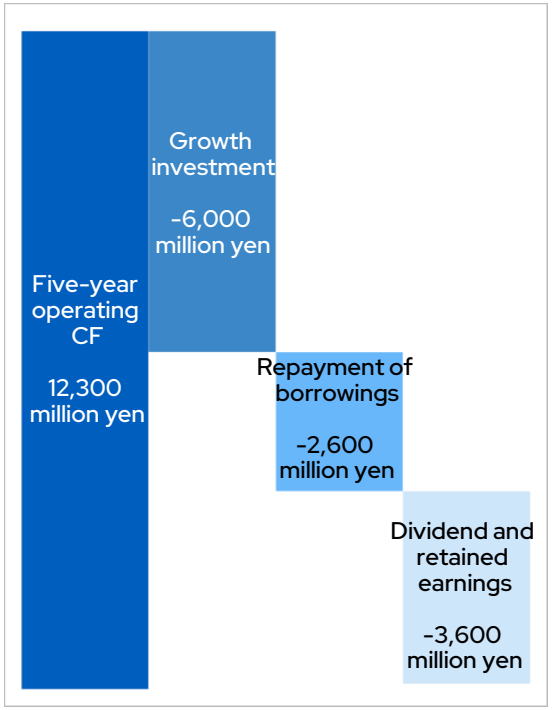
	Operating profit	2,100 million yen
−	Taxes	700 million yen
	NOPAT	1,400 million yen
	Business assets, etc.	12,200 million yen
+	Working capital	2,100 million yen
−	Business liabilities, etc.	9,900 million yen
	Invested capital	4,300 million yen

$$\text{ROIC} = \frac{\text{NOPAT}}{\text{Invested capital}} = 32.5\%$$

* NOPAT: Net Operating Profit after Tax

Calculated with average monthly revenue
Revenue ÷ 12

Capital Allocation and Shareholder Returns

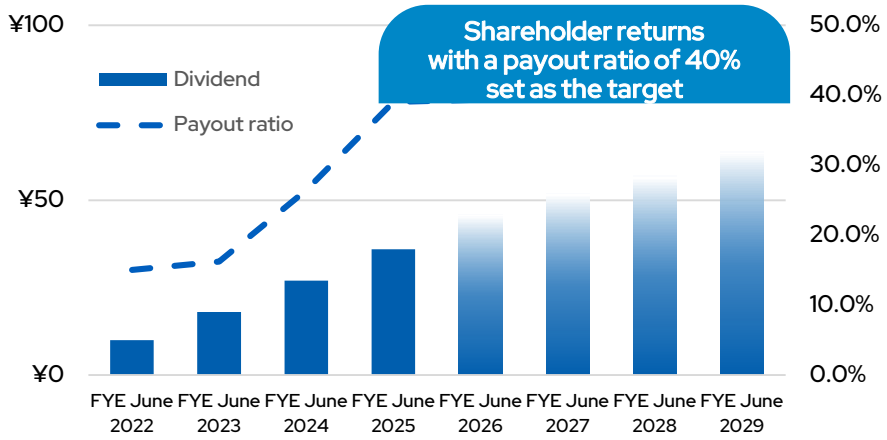


Growth investment

- Prioritize investment in outlet openings and renovation for growth.
- DX investment for the creation of time value
- Utilize lease agreements for outlet equipment and fixtures

Repayment of liabilities

- Change in the pace of contractual repayment of LBO loans
- An additional 2,000 million yen was procured to revise the balance of funds.
  (Loan term: 5 years. Repayment: Lump sum repayment when 5 years have passed)



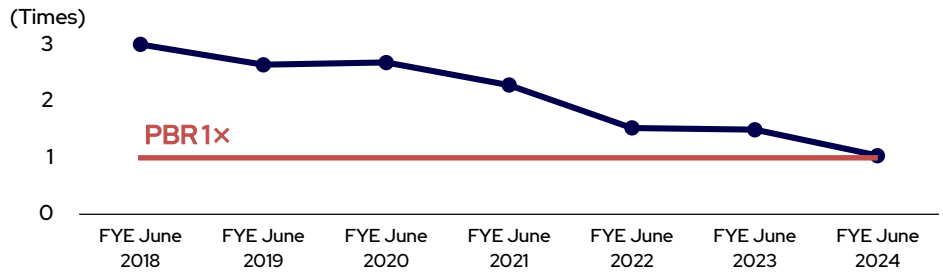
Shareholder returns and retained earnings

[Dividend policy]
Distribute stable dividends with a dividend payout ratio of 40% as a guideline.

Response to Realization of Management that Is Conscious of Cost of Capital and Stock Price

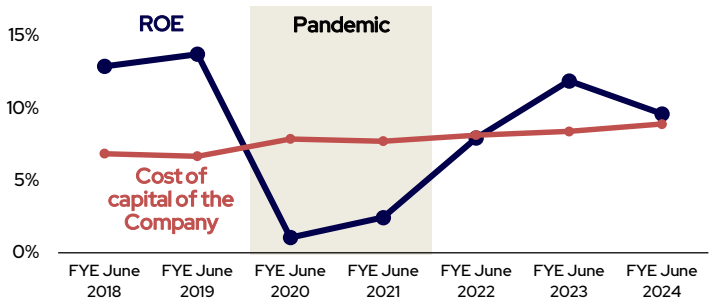
- PBR and PER remain low in the wake of the low stock prices although profits have recovered after the end of the pandemic.
- ROE remains above the cost of capital.

PBR level after listing on stock exchange



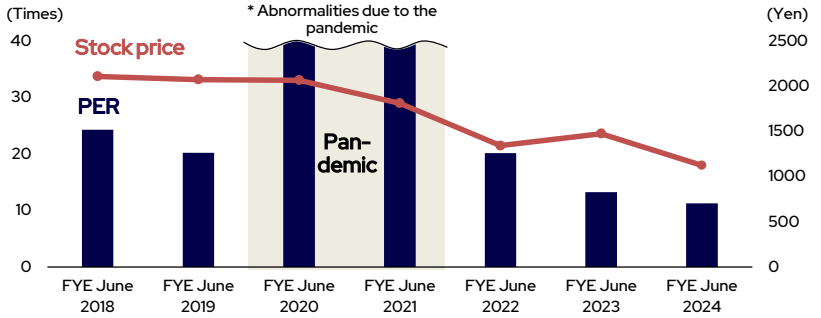
- Owners' equity per share is on an upward trend. However, PBR remains low due to the low stock prices.

Relationship between ROE and the cost of capital after listing



- ROE > Cost of capital when excluding the impact of the COVID-19 pandemic

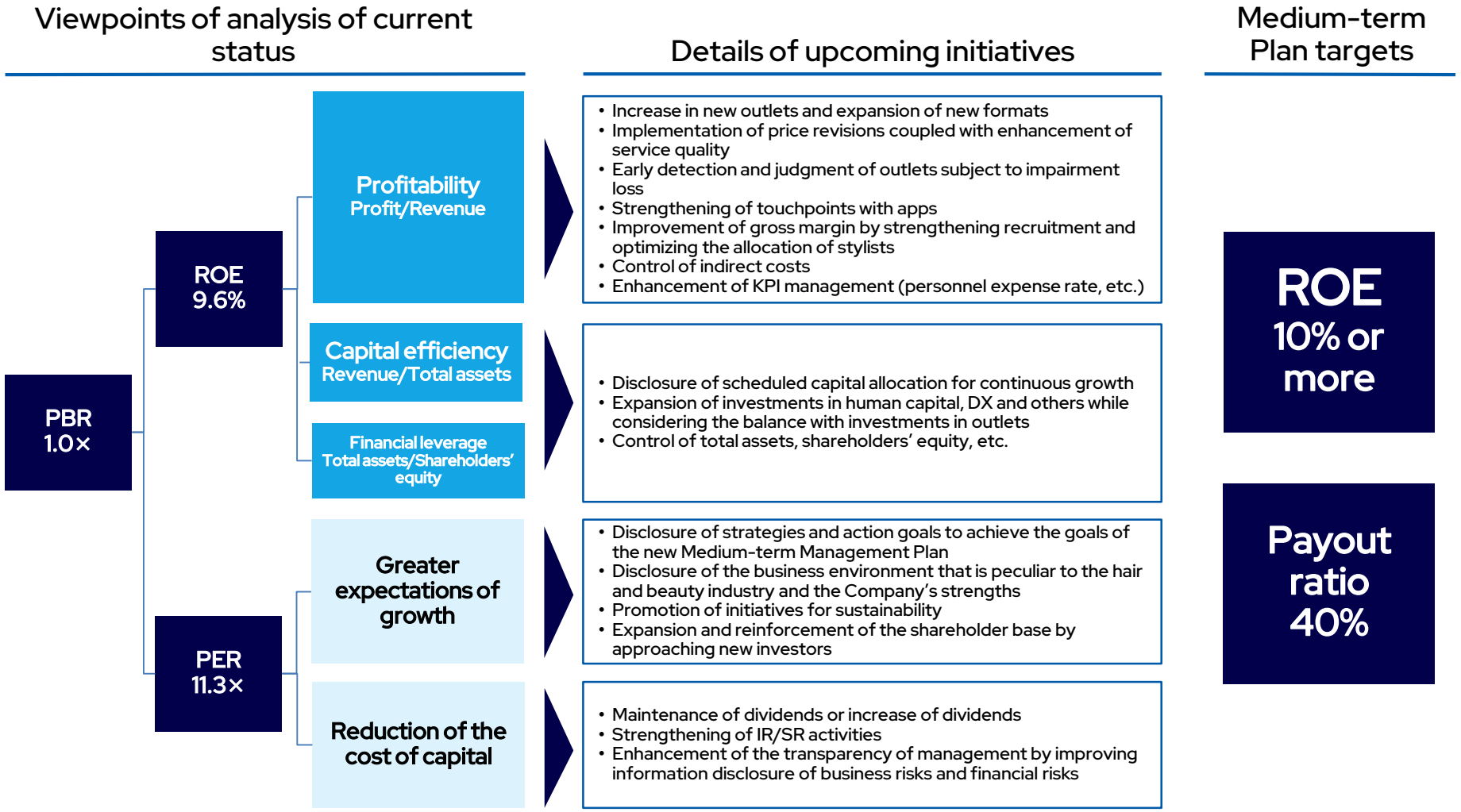
PER and stock price after listing



- Stock prices fell, and PER too remained low.
- Operating profit
  (FYE June 2019: 1,960 million yen → FYE June 2024: 2,110 million yen)

Response to Realization of Management that Is Conscious of Cost of Capital and Stock Price

- ROE: Improve profitability and control capital allocation, etc.
- PER: Engage in measures such as enhancing disclosure of each requirement, improving the dividend policy, stepping up IR/SR activities.



Reference Material: Number of Stylists by Age, Estimated from the Number of Hair and Beauty School Graduates

The number of hairdressers increased due to the impact of *"Beautiful Life."* Now, they are 34 to 44 years old.

Hiring of personnel with work experience

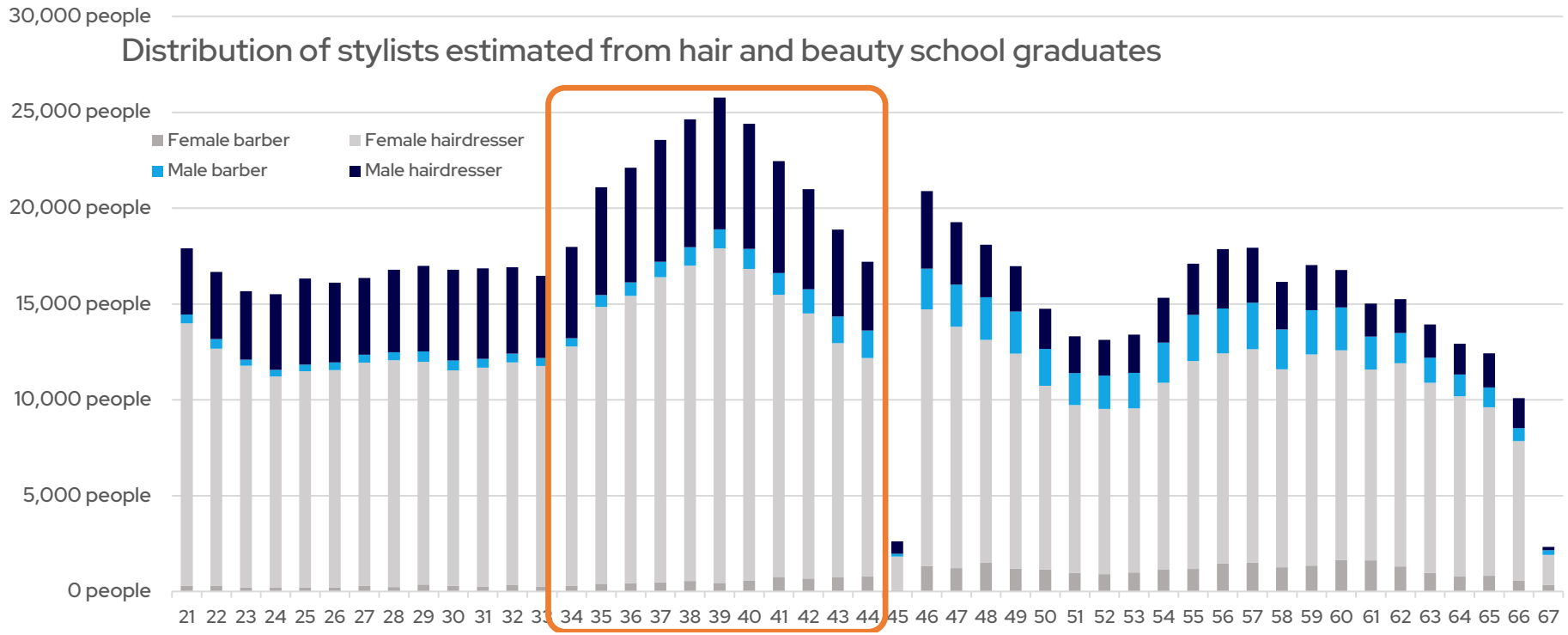
- Experienced stylists, who form the largest internal group, belong to the Company, as well (the average age of the Company workers is 45.0).

Hiring of personnel without work experience

- Demand for female hairdressers with a career break will rise in the future.

Stylists under the age of 33 will decrease.
With the competition for hiring people with work experience increasingly intensifying, recruitment will be difficult.

Hiring stylists who want to come back is a great recruitment opportunity for the Company, which has training programs in place.



Appendix

[Consolidated] Supplementary Explanation of Quarterly Operating Profit (Results)

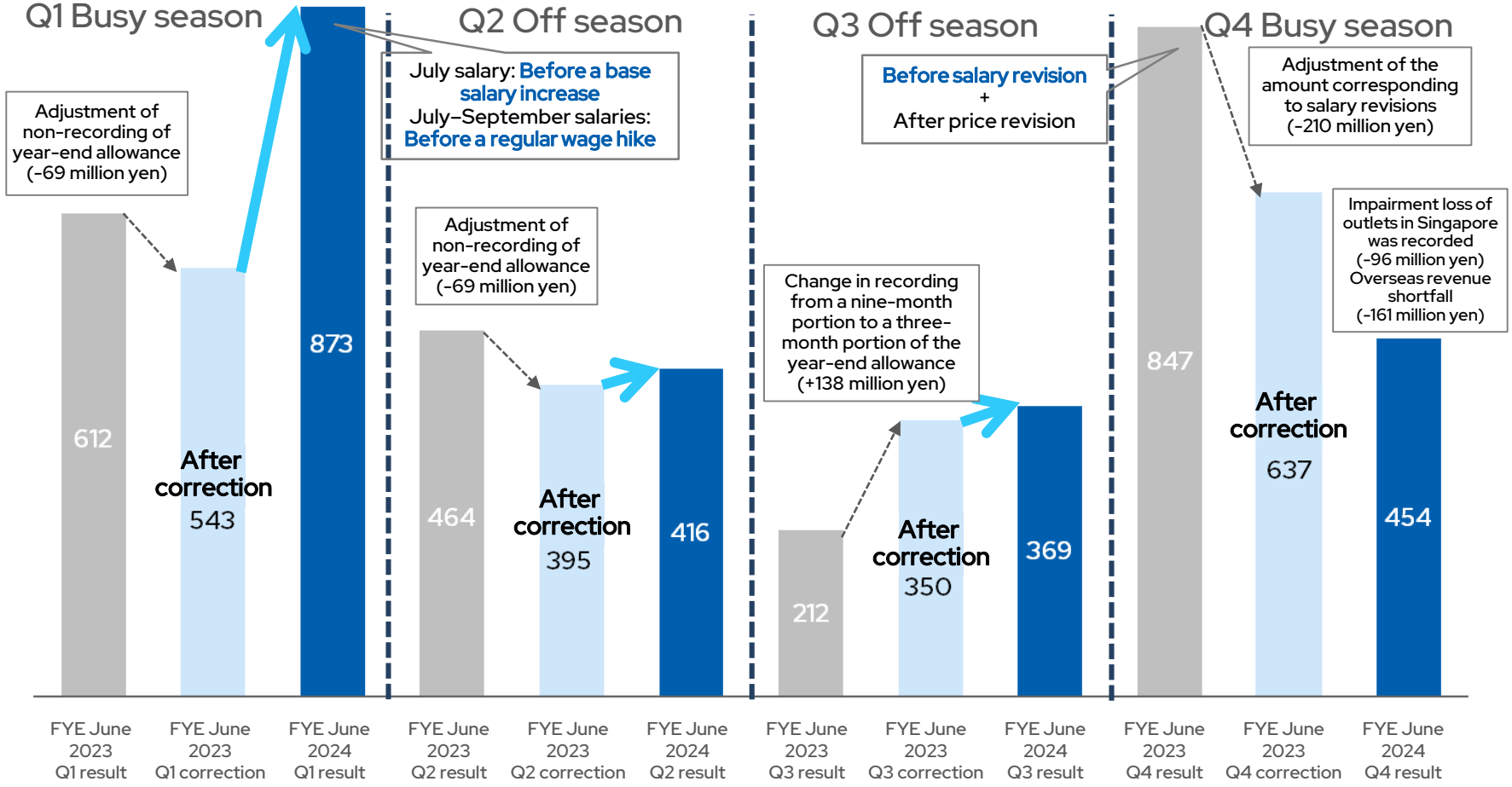
– In Q4, **due to the recording of an outlet impairment loss of 96 million yen in Singapore and a shortfall in overseas revenue**

(i) Impact of year-end allowance

FYE June 2023: Payment of 280 million yen. Taking the impact of the pandemic into account, **there was no recording in the H1 of the previous fiscal year, and a nine-month portion was recorded in the Q3 of the previous fiscal year**.
FYE June 2024: Planned payments of 300 million yen. The amount is to be recorded as an expense every month.

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

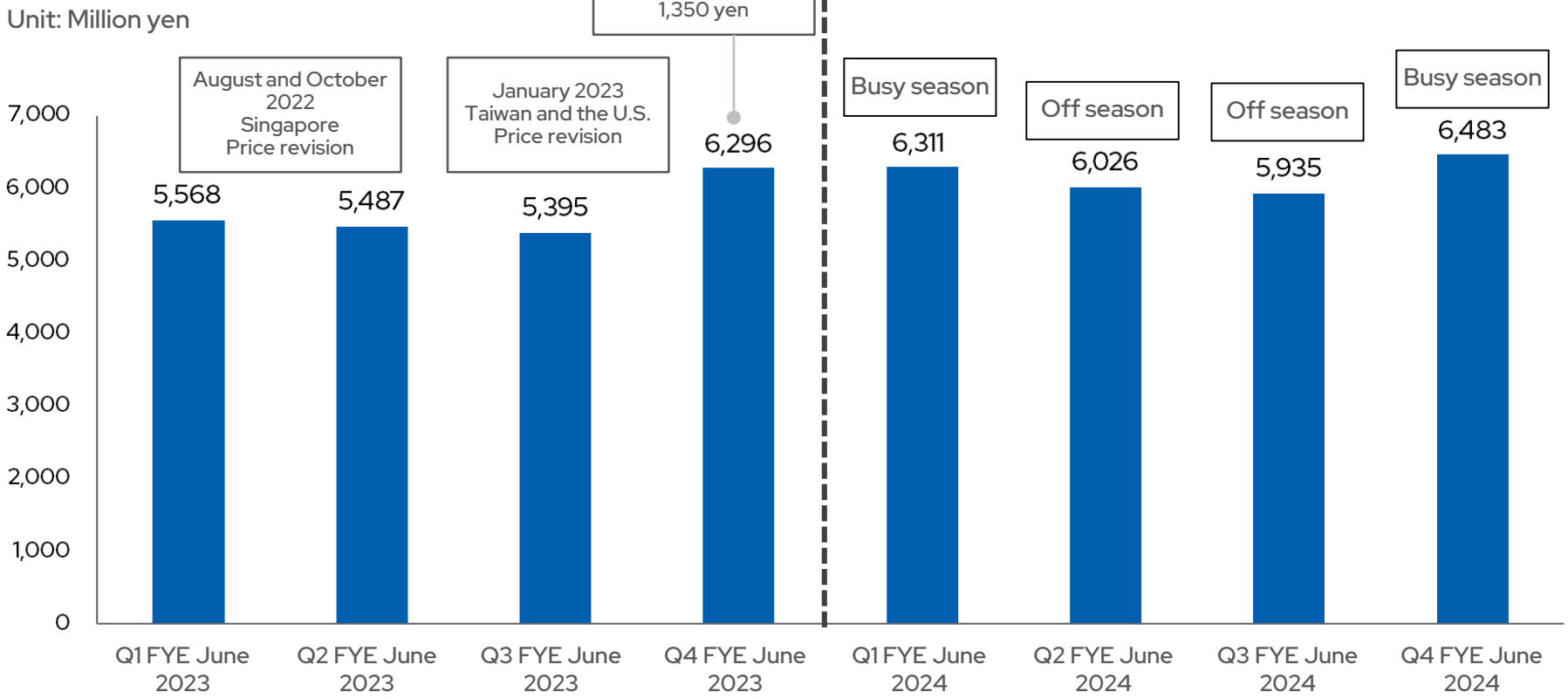
"After correction" shows numbers after correcting (i) and (ii). Unit: Million yen



[Consolidated] Trend in Revenue

Results

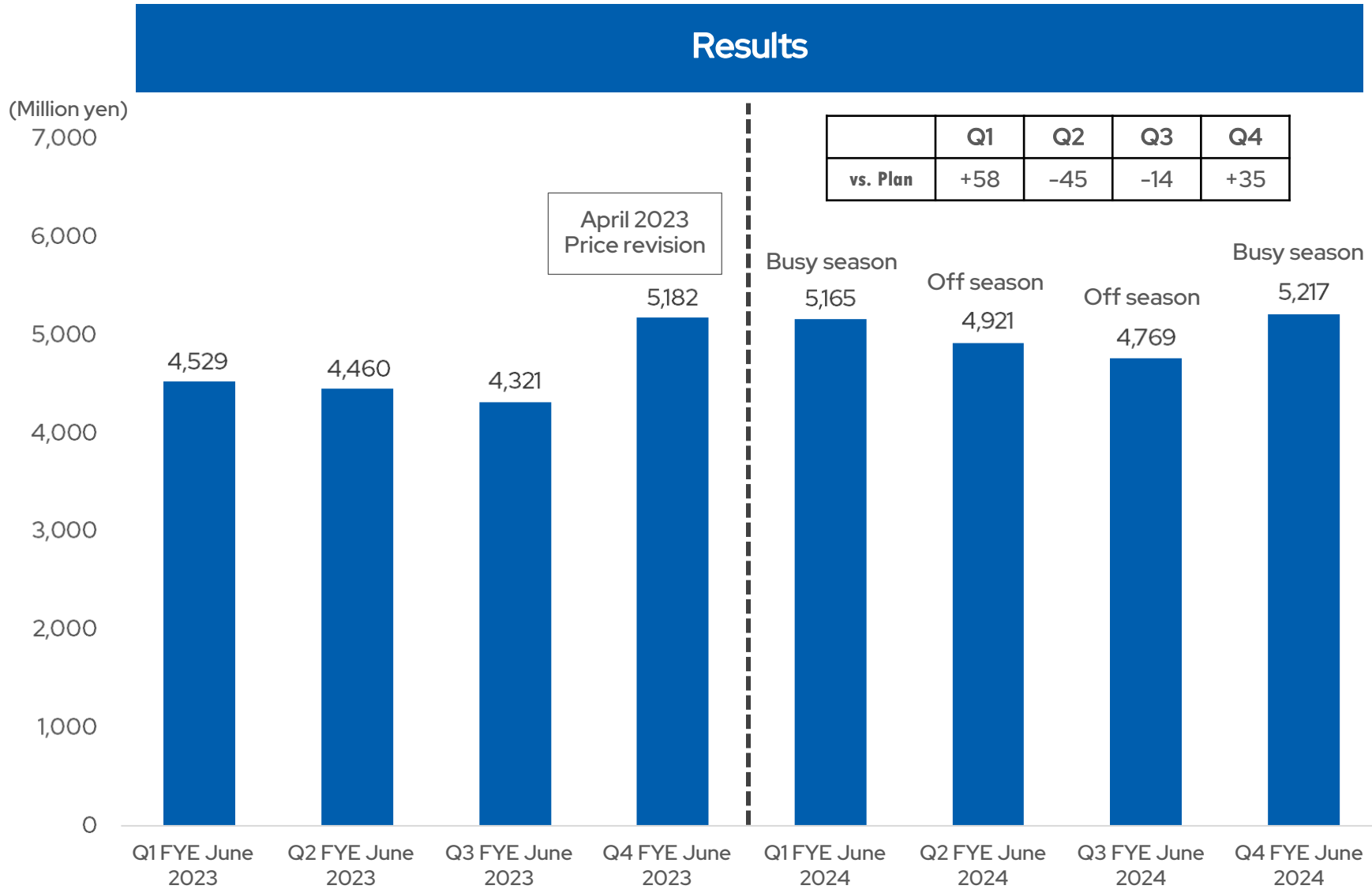
	1Q	2Q	3Q	4Q
vs. Plan	+84	-56	-37	+36



* Including foreign exchange effects

[Domestic] Trend in Revenue

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

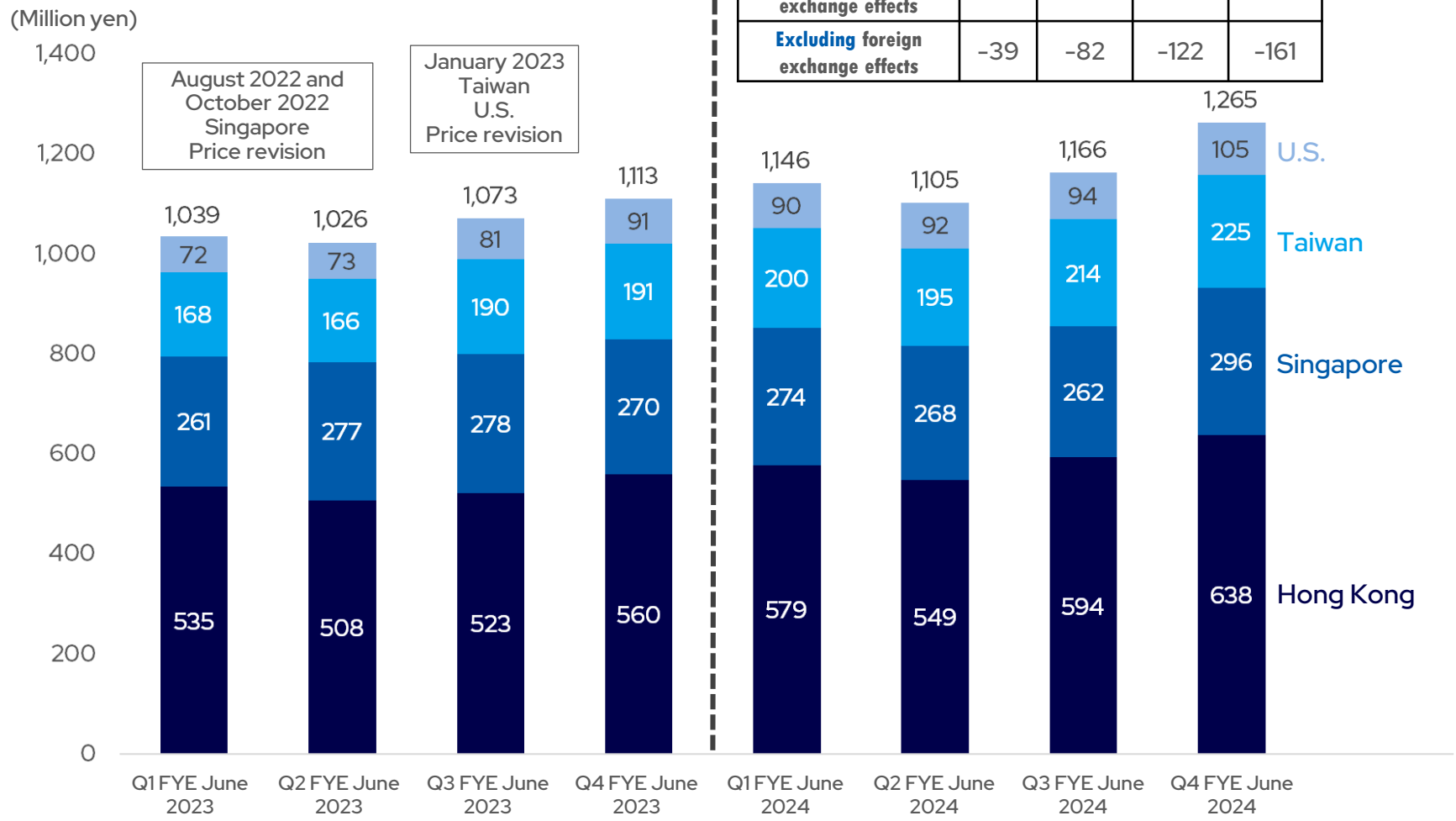


	Q1	Q2	Q3	Q4
vs. Plan	+58	-45	-14	+35

[Overseas] Trend in Revenue

Results

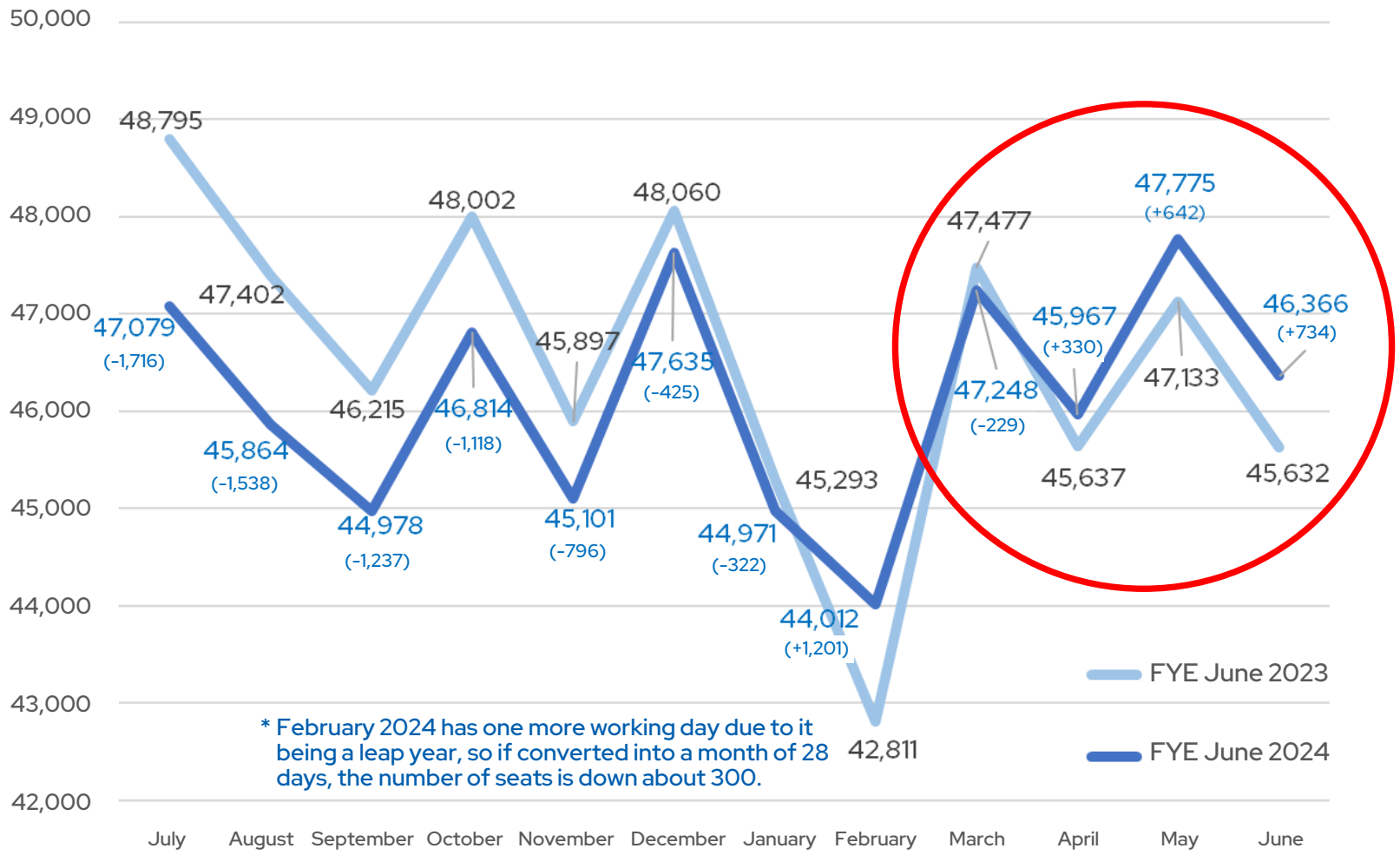
vs. Plan	Q1	Q2	Q3	Q4
Including foreign exchange effects	+26	-10	-22	0
Excluding foreign exchange effects	-39	-82	-122	-161



* Including foreign exchange effects

[Domestic] Situation Regarding Total Number of Operational Seats for Haircuts

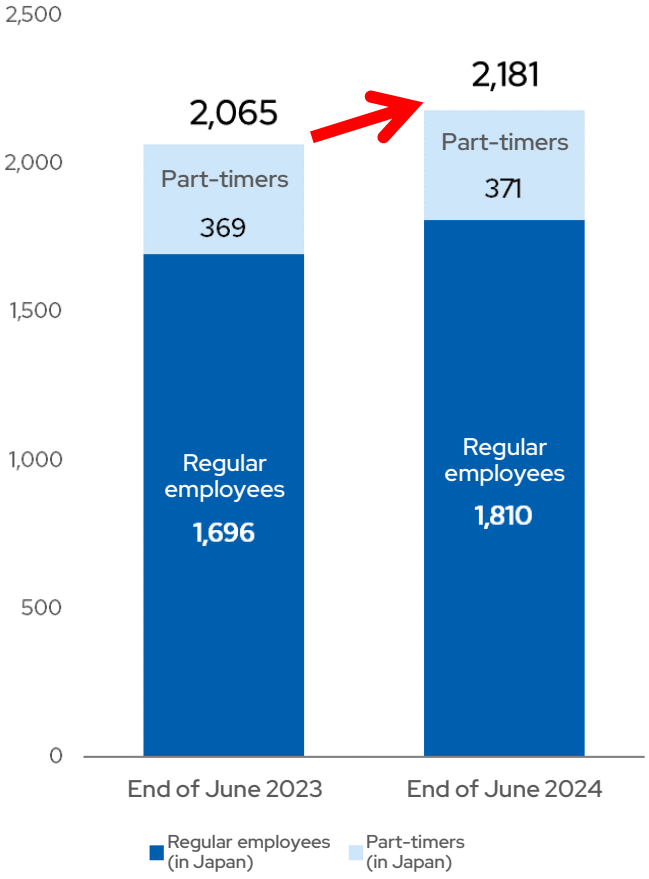
– The total number of operational seats for haircuts, which had been lower than that of a year earlier due to staff shortages, has started to pick up, coupled with an improvement in the number of personnel. **As a result, the total number has exceeded that of a year earlier since April.**



[Domestic] Number of Employees and Turnover Rate

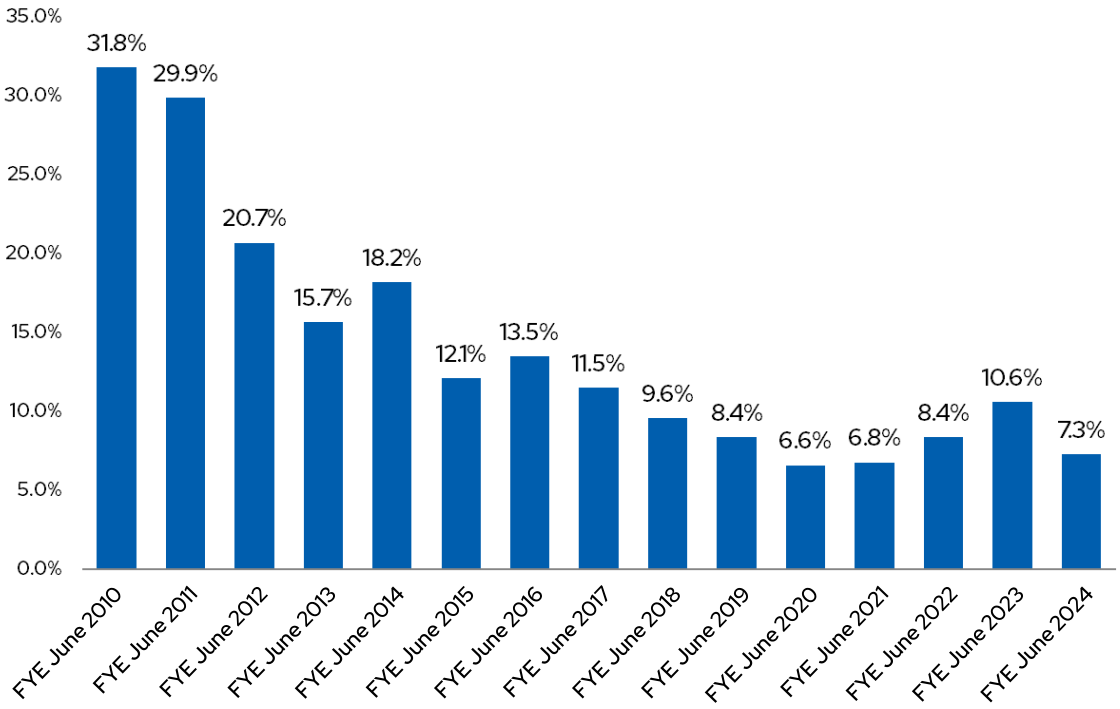
Number of employees in Japan

Unit: Persons



* Excluding the head office and including training facilities
* Including changes from regular employees to part-timers or vice versa

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



* Excluding the head office and including training facilities

Overview of Consolidated Group Earnings

Consolidated statement of profit or loss

Unit: Million yen	FYE June 2023 Results	FYE June 2023 vs. Revenue	FYE June 2024 Results	FYE June 2024 vs. Revenue	Changes	Year on year
Revenue	**22,746**	**100.0%**	**24,757**	**100.0%**	**2,010**	**108.8%**
Cost of sales	- 17,460		- 18,926		- 1,465	108.4%
Gross profit	**5,285**	**23.2%**	**5,830**	**23.6%**	**544**	**110.3%**
Other operating income	65		78		12	
Selling, general and administrative expenses	- 3,121		- 3,661		- 539	117.3%
Other operating expenses	- 91		- 132		- 40	
Operating profit	**2,138**	**9.4%**	**2,115**	**8.5%**	**- 22**	**98.9%**
Finance income	18		23		4	124.7%
Finance costs	- 165		- 174		- 8	105.1%
Profit before tax	**1,990**	**8.8%**	**1,964**	**7.9%**	**- 26**	**98.7%**
Income tax	- 546		- 662		- 116	121.2%
Profit	**1,444**	**6.3%**	**1,301**	**5.3%**	**- 142**	**90.1%**

Overview of Consolidated Group Earnings

Consolidated statement of financial position

Unit: Million yen	End of FYE June 2023	End of FYE June 2024	Changes
Total current assets	5,800	6,482	682
Cash and cash equivalents	4,432	4,701	268
Trade and other receivables	972	1,398	426
Inventories	237	233	- 3
Other	158	149	- 8
Total non-current assets	25,308	25,814	506
Property, plant and equipment	1,213	1,389	176
Right-of-use assets	5,605	5,933	328
Goodwill	15,430	15,430	-
Other financial assets	2,004	1,993	- 11
Deferred tax assets	822	799	- 22
Other	233	268	34
Total assets	31,108	32,297	1,188
Total liabilities	18,233	18,126	- 107
Trade and other payables	261	280	18
Interest-bearing liabilities	9,407	8,214	- 1,192
Lease obligations	5,464	5,917	452
Other	3,100	3,714	614
Total equity	12,874	14,170	1,295
Total liabilities and equity	31,108	32,297	1,188

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

Scheduled repayment of loans (700 million yen)
Repayment prior to due date (100 million yen)
Repayment of commitment line (400 million yen)

Overview of Consolidated Group Earnings

Consolidated statement of cash flows

Unit: Million yen	FYE June 2023	FYE June 2024	Changes
Cash flows from operating activities	**4,694**	**5,058**	**363**
Profit before tax	1,990	1,964	- 26
Depreciation and amortization	3,284	3,466	182
Decrease (increase) in trade and other receivables	- 41	- 367	- 326
Interest paid	- 128	- 166	- 38
Proceeds from subsidy income	51	22	- 29
Income taxes refund	-	20	20
Income taxes paid	- 710	- 664	46
Other	247	782	534
Cash flows from investing activities	**- 484**	**- 846**	**- 362**
Purchase of property, plant and equipment	- 390	- 823	- 432
Purchase of intangible assets	- 48	- 69	- 21
Other	- 45	46	91
Free cash flows	**4,210**	**4,211**	**1**
Cash flows from financing activities	**- 3,597**	**- 4,116**	**- 518**
Repayments of short-term borrowings	- 22	- 400	- 377
Repayments of long-term borrowings	- 700	- 800	- 100
Dividends paid	- 130	- 260	- 130
Repayments of lease obligations	- 2,835	- 2,914	- 79
Other	91	259	168
Exchange differences of cash and cash equivalents	**95**	**173**	**78**
Net increase (decrease) in cash and cash equivalents	**708**	**268**	**- 439**
Cash and cash equivalents at end of period	**4,432**	**4,701**	**268**

Borrowings of 1,000 million yen in the commitment line were reduced 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: History of Price Revisions

Region	History of price revisions (including tax)	
Domestic	• 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 to 2,000 yen (2 outlets only)
Singapore	• December 2012:	SG$10 (about 1,140 yen) to SG$12 (about 1,360 yen)
	• August 2022:	QB PREMIUM: SG$15 (about 1,700 yen) to SG$18 (about 2,050 yen)
	• October 2022:	QB HOUSE: SG$12 (about 1,360 yen) to SG$14 (about 1,590 yen)
	• September 2023:	QB HOUSE: SG$14 to SG$14 for males (about 1,590 yen) and SG$18 for females (about 2,050 yen) QB PREMIUM: SG$18 to SG$18 for males (about 2,050 yen) and SG$22 for females (about 2,500 yen)
Hong Kong	• July 2014:	HK$50 (about 980 yen) to HK$60 (about 1,170 yen)
	• July 2019:	HK$60 (about 1,170 yen) to HK$70 (about 1,370 yen)
Taiwan	• January 2023:	300 yuan (about 1,390 yen) to 350 yuan (about 1,620 yen)
New York	• June 2020:	$20 (about 3,050 yen) to $23 (about 3,510 yen)
	• November 2020:	$23 (about 3,510 yen) to $25 (about 3,810 yen)
	• July 2022:	$25 to $30 (about 4,570 yen) only for online booking
	• December 2022:	$30 to $35 (about 5,340 yen) only for online booking
	• January 2023:	$25 (about 3,810 yen) to $30 (about 4,570 yen)
Canada	• C$39.55 (about 4,350 yen)	

* Exchange rates as of the end of July 2024

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