QB Net Holdings Co., Ltd.

Q1 FYE June 2025
Financial Results Briefing Material

November 12, 2024

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Consolidated Group Earnings (Summary)

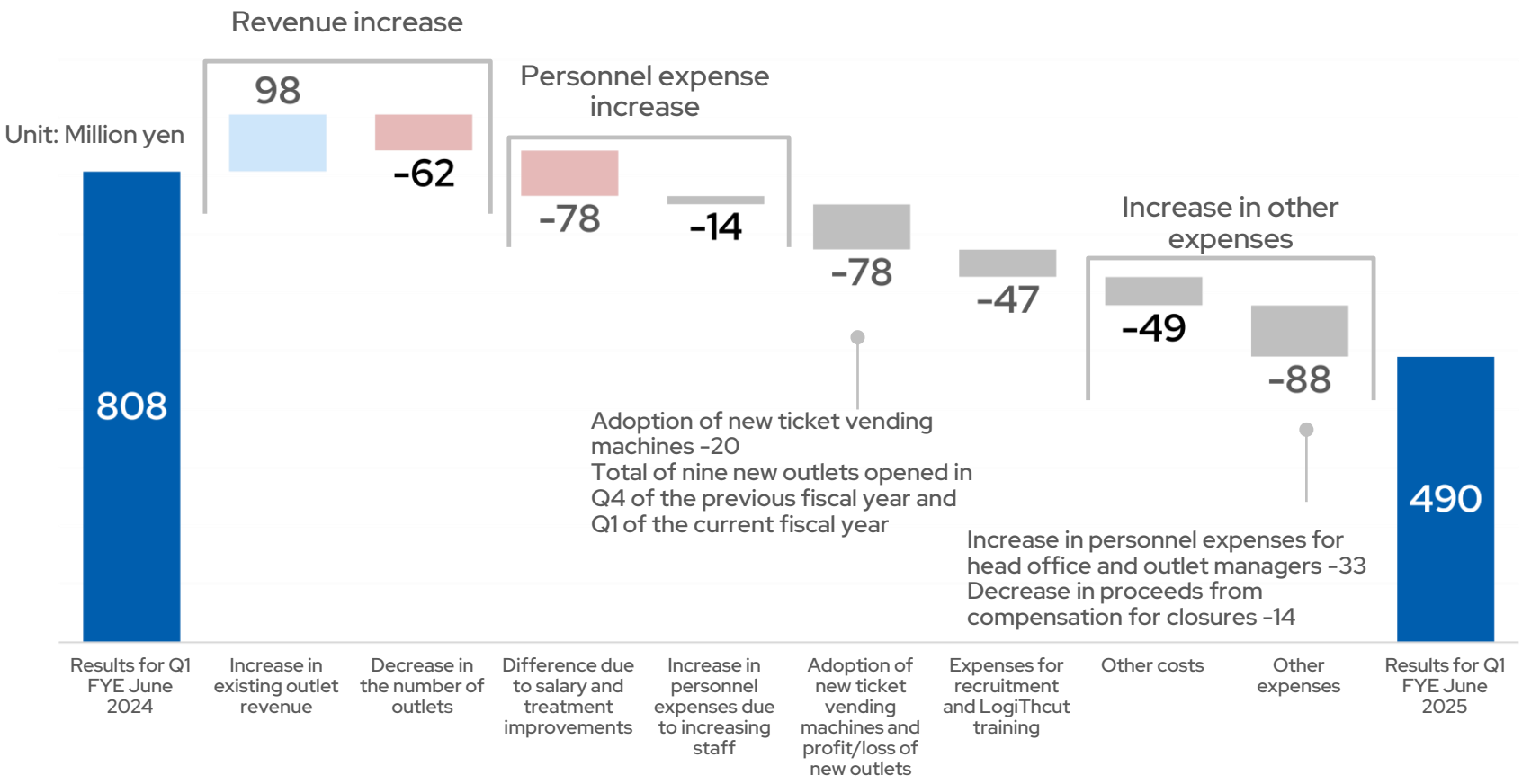
- Typhoons and other weather conditions affected both domestic and overseas businesses. However, revenue increased year on year as the difference in the total number of outlets in Japan between the previous fiscal year and the current fiscal year narrowed to a deficit of 7 outlets, which is the minimum gap in the past year, from a maximum deficit of 20 outlets, and the operational rate improved.
- Operating profit for Q1 alone was 62.1% of the same period of the previous year, which is almost aligned with the plan. The reason is attributable to the comparison of personnel expenses before and after the improvement in employee treatment.

Consolidated Group Earnings (Summary)

Unit: Million yen	Q1 FYE June 2025 Results	Q1 FYE June 2025 Year on year	Full-year FYE June 2025 Forecast Forecast	Full-year FYE June 2025 Forecast Year on year	Full-year FYE June 2025 Forecast Progress rate
Revenue	6,370	100.9%	25,710	103.8%	24.8%
Operating profit	542	62.1%	1,900	89.8%	28.6%
Profit before tax	498	59.4%	1,750	89.1%	28.5%
Profit	344	58.7%	1,220	93.7%	28.3%
Basic earnings per share	26.28 yen		91.70 yen		
Dividend per share	—		35.00 yen		

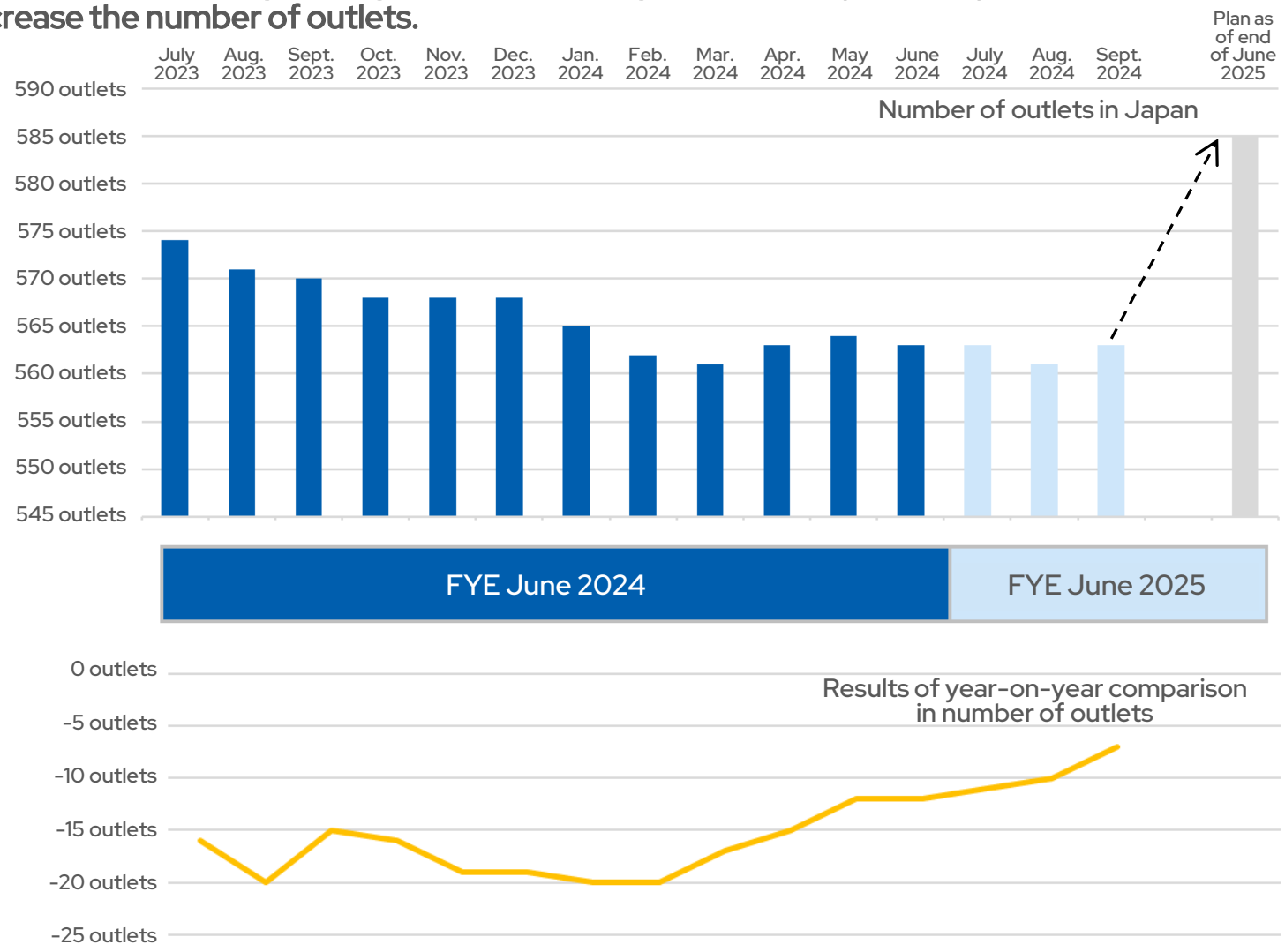
[Domestic] Breakdown of Changes in Operating Profit (YoY)

- **Revenue managed to increase (100.6% of the same period of the previous fiscal year)** despite the difference in the number of outlets (down seven outlets year on year) as a result of consolidation implemented in the previous fiscal year, and the impact of a temporary business suspension caused by typhoons in July and August.
- In Q1, profit amounts decreased due to anticipatory investments for future growth, such as **the difference caused by improvements in salary and employee treatment implemented in the previous fiscal year** and a total of nine new outlets opened in Q4 of the previous fiscal year and Q1 of the current fiscal year.



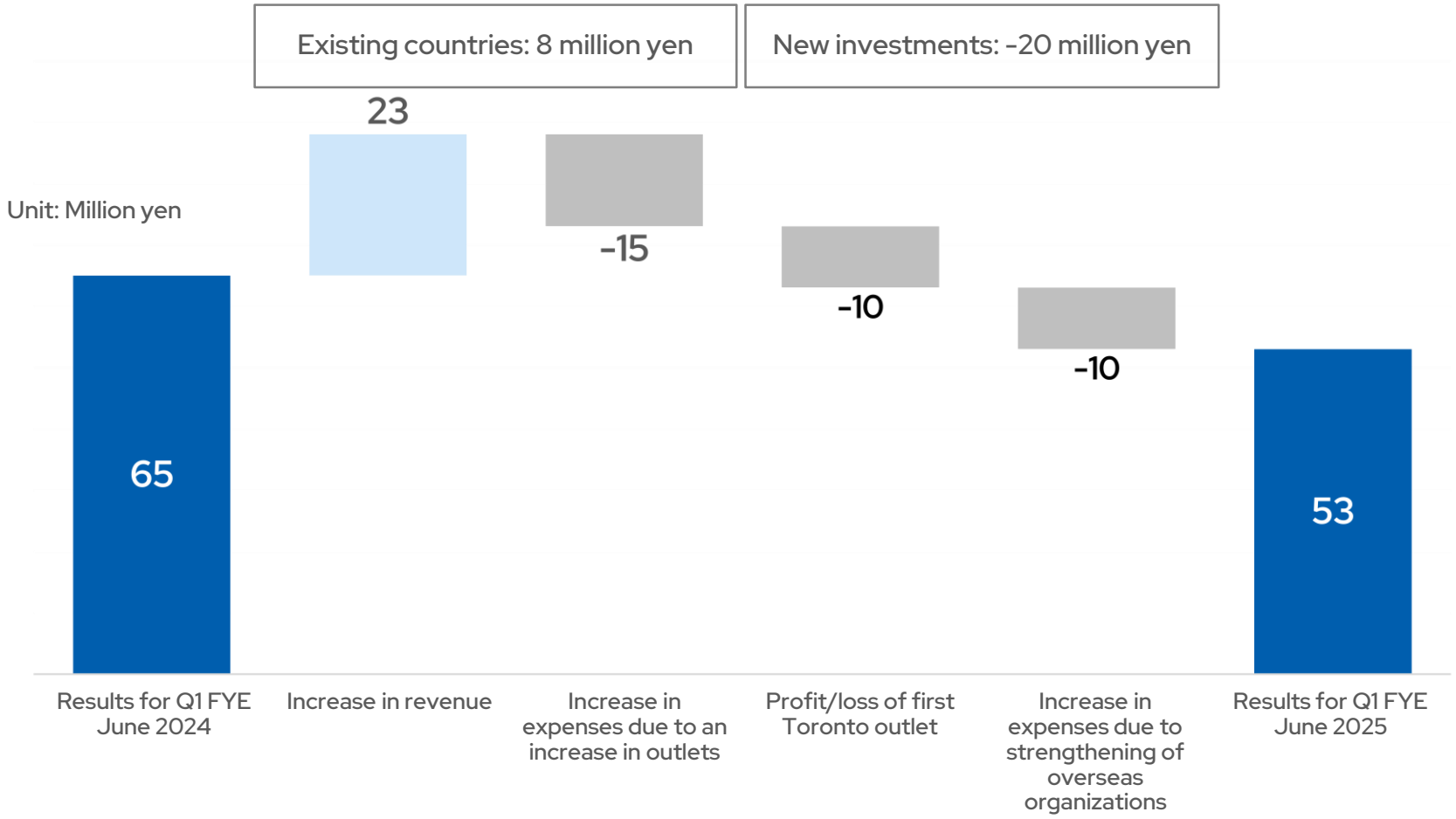
[Domestic] Trends in Number of Outlets and Difference from Previous Fiscal Year

- The impact of the difference in the number of outlets due to outlet consolidations, caused by a staff shortage in the previous fiscal year, reached a maximum deficit of 20 outlets.
- The difference in the number of outlets narrowed to a deficit of seven outlets thanks to the resumption of outlet openings from Q4 FYE June 2024.
- We expect the strengthening of outlet openings will end the year-on-year difference and increase the number of outlets.



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

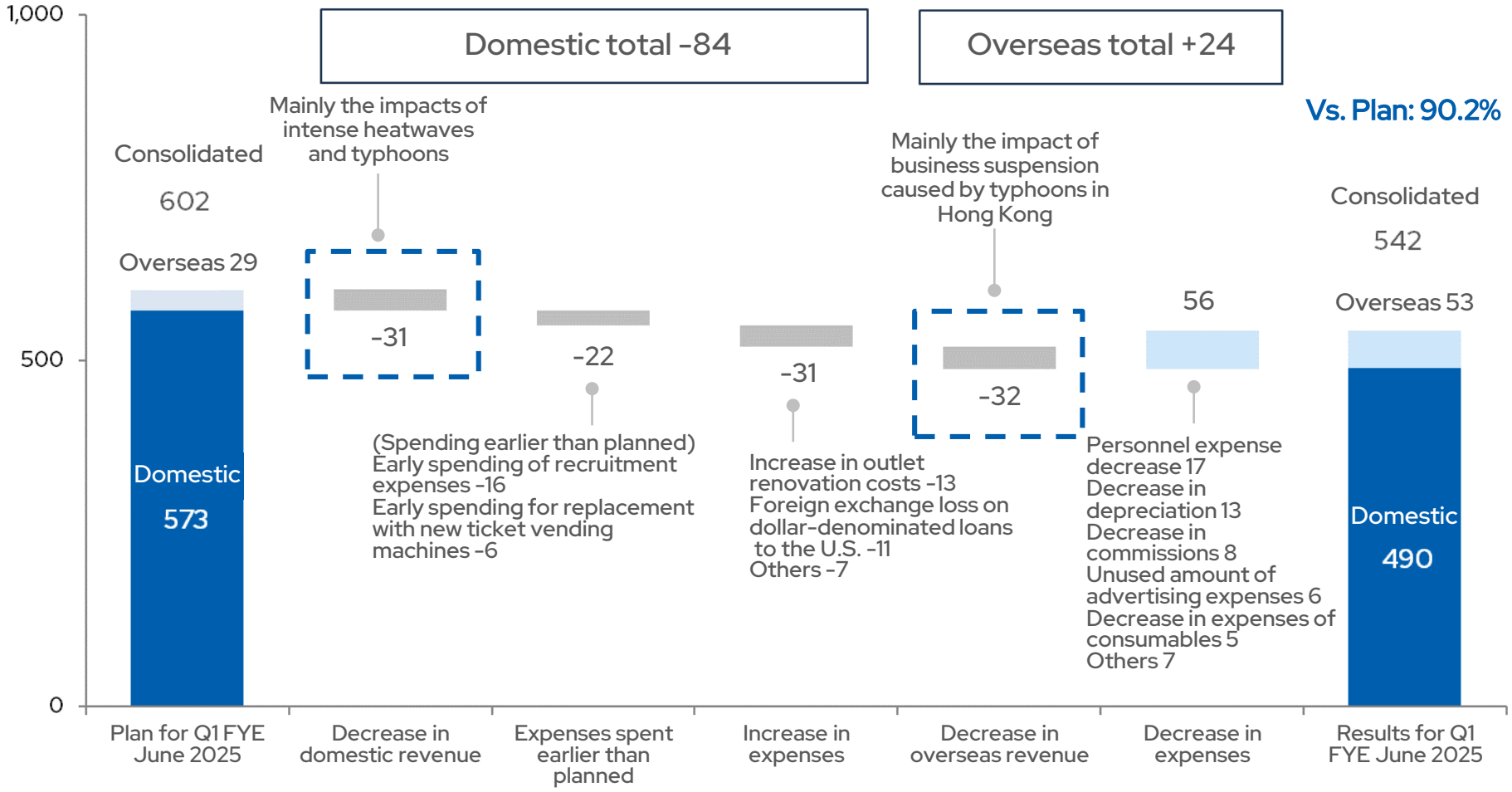
- Revenue increased year on year except for Singapore (including the impact of currency exchange rates).
- The first outlet in Toronto, Canada, a country that the Group expanded into for the first time, commenced business in August.
- The Overseas Business Headquarters were established in November of the previous fiscal year to drive the expansion of overseas operations.



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

- Domestic operating profit was down 84 million yen from the plan. However, **expenses progressed almost as planned** in recognition of the significant impact of the earlier-than-planned occurrence of recruitment expenses and the cost for replacing with new ticket vending machines, in addition to the fact that the impact of grueling heatwaves and typhoons in July and August was not neutralized in September.
- Overseas operating profit was up 24 million yen from the plan due to expense cutting **despite the impact of the suspension of business due to massive typhoons in Hong Kong**.

Unit: Million yen



[Consolidated] Track Records of New and Closed Outlets

- Japan: 3 new outlet openings, 2 closures for the convenience of developers and 1 outlet closure due to agreement expiration
- Overseas: 2 new outlets opened as planned

Unit: Outlets	Business format	End of FYE June 2024	New outlets	Closures	Change	End-Q1
Japan	QB HOUSE	545	3	-3	0	545
	QB PREMIUM	7	0	0	0	7
	FaSS	11	0	0	0	11
Subtotal in Japan		**563**	**3**	-3	**0**	**563**
Singapore	QB HOUSE	19	0	0	0	19
	QB PREMIUM	10	0	0	0	10
	QB HOUSE Kids	1	0	0	0	1
Hong Kong	QB HOUSE	59	1	0	1	60
Taiwan	QB HOUSE	34	0	0	0	34
U.S.	QB HOUSE	5	0	0	0	5
Canada	QB HOUSE	0	1	0	1	1
Subtotal in overseas		**128**	**2**	**0**	**2**	**130**
Consolidated group total		**691**	**5**	-3	**2**	**693**

[Domestic/Overseas] Newly Opened Outlets

- Three new outlets opened in Japan

Opened on July 23, 2024
QB HOUSE at YUMEGAOKA SORATOS



Opened on September 19, 2024
QB HOUSE at Emi Terrace TOKOROZAWA



Opened on September 21, 2024
QB HOUSE at KITE MITE MATSUDO



- Two new outlets opened overseas

Hong Kong: Opened on July 6, 2024
QB HOUSE at Kennedy Town Station



Canada: Opened on August 20, 2024
QB HOUSE at York Ville

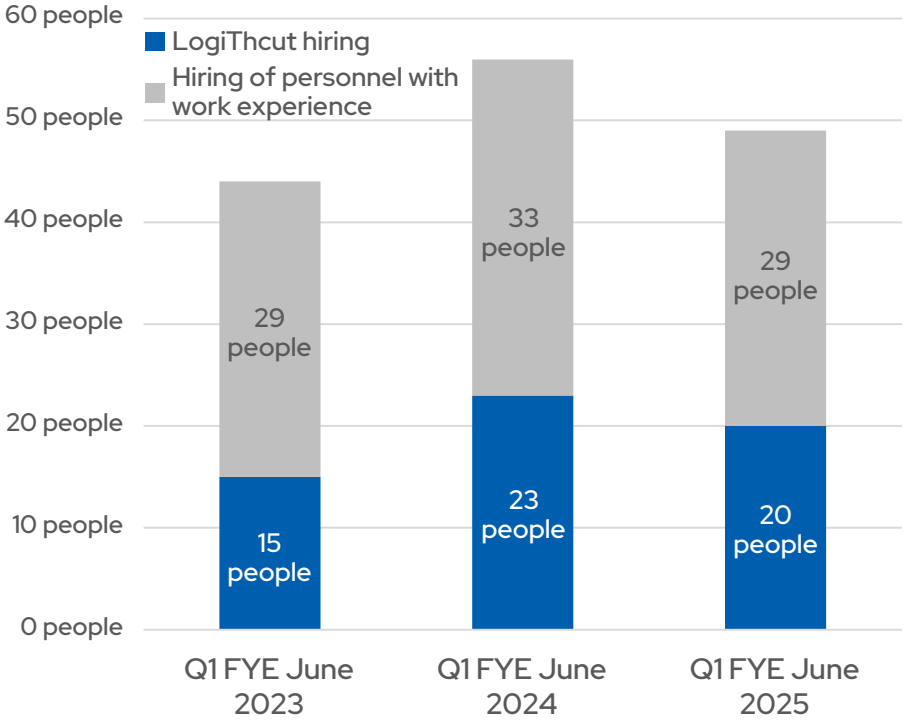


[Domestic] Personnel Situation (Trends in Number of Recruits and Turnover Rates)

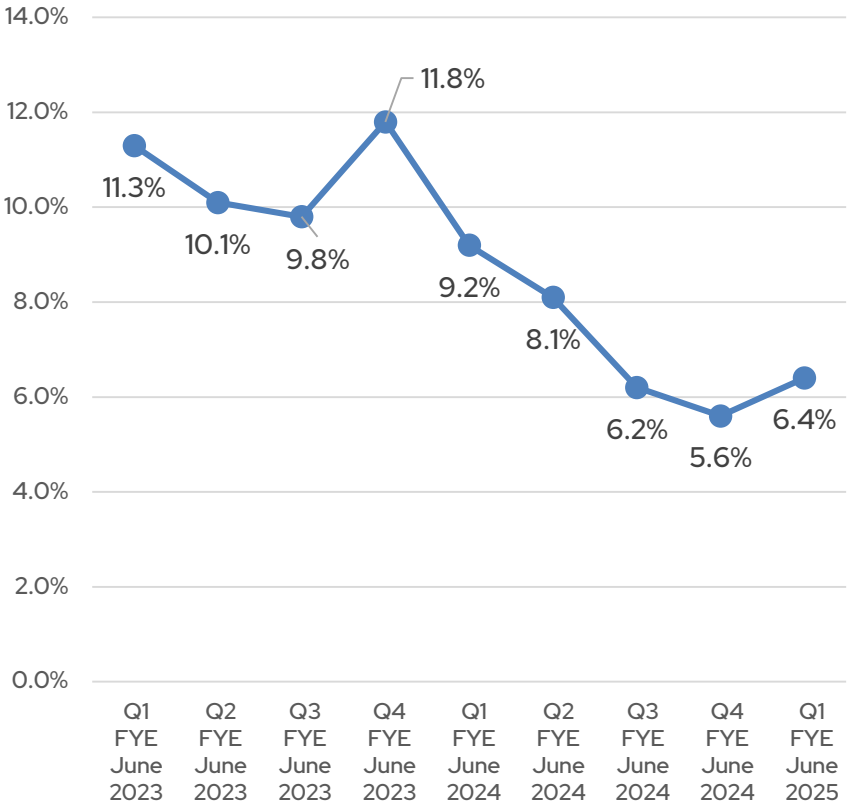
The number of recruits and turnover rates remained within the range of assumption.

- The number of regular employees recruited in Q1 remained high at 49 people (down 7 year on year).
- The actual turnover rate for Q1 (on an annualized basis) remained low at 6.4% (down 2.8 percentage points year on year).

Number of regular employees hired in Japan
(Q1 year-on-year comparison, excluding staff transfers)



Turnover rate of regular employees in Japan
(Quarterly and on an annualized basis)



* Excluding those joining the Company due to transfer from consigned outlets

[Domestic] Strengthening of Sales Promotion for All Outlets

- Comedian Yasuko has taken the position of “QB Ambassador” (The tenure is one year from October 2024)
- Implemented sales promotions for all outlets, including big customer-appreciation events to commemorate a cumulative total of 300 million customers since the opening of our first outlet.



Big customer-appreciation events to commemorate a cumulative total of 300 million customers since the opening of our first outlet (Campaign from October 11 to December 10)



[Overseas] Business Situation

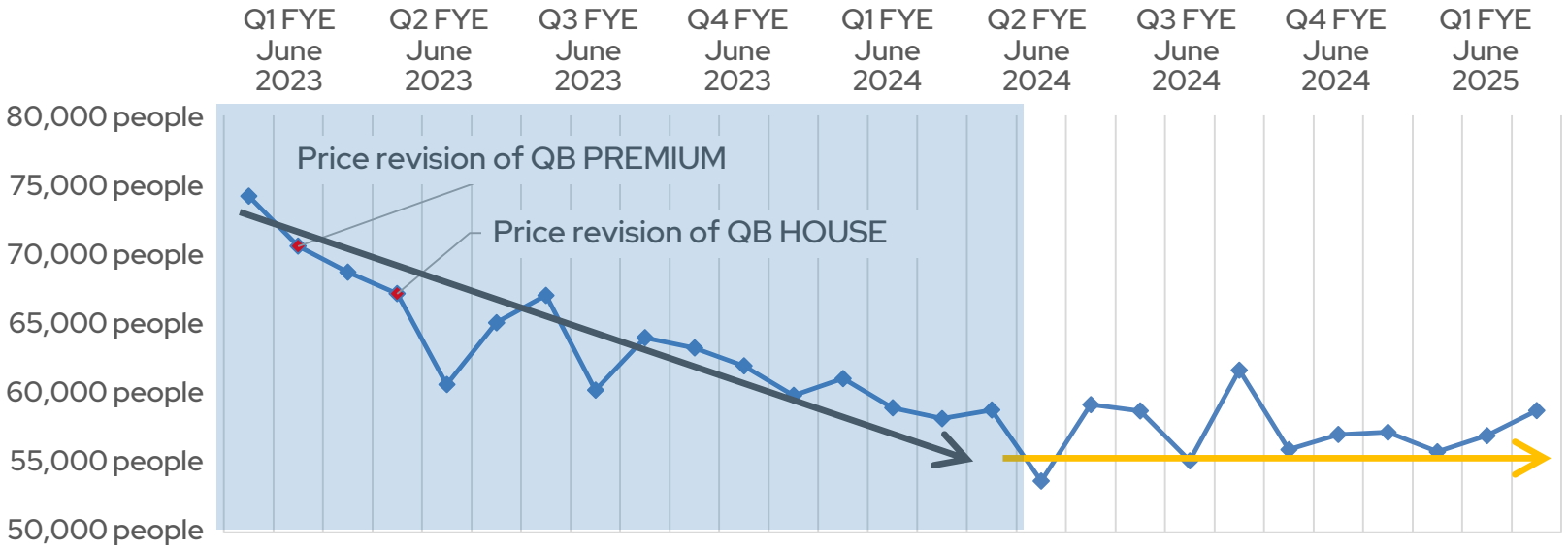
	Existing outlets Number of customers visiting outlets Q1 YoY	All outlets Number of customers visiting outlets Q1 YoY	Situation
Hong Kong	101.0% (Existing outlets)	99.7% (All outlets)	➢ "All outlets" are affected by a decrease of two outlets (year on year) in the number of outlets. ➢ Business is on a moderate recovery trend partly due to the impact of a temporary business suspension, caused by strong typhoons (on July 17 and September 5), in addition to the stagnant Chinese economy and consumer spending pattern changes after the pandemic. ➢ A price revision is planned for the second half of the current fiscal year after a price revision for the previous fiscal year was postponed and necessary measures are taken.
Singapore	99.3%	96.2%	➢ Implement more fine-tuned measures that enable individual outlets to attract more customers as a countermeasure against changes to the external environment and market competition. ➢ Outlets were consolidated at the end of the previous fiscal year. Speed up the process for newly opened outlets to penetrate in their areas, and plan relocations to good locations. ➢ The number of customers visiting existing outlets between September and October was on a recovery trend, reaching more than 100% of the same period of the previous fiscal year.
Taiwan	98.9%	109.2%	➢ The number of customers visiting outlets and revenue are growing steadily even after the price revision of January 2023. ➢ Influenced by a temporary business suspension, caused by strong typhoons, as in the case of Hong Kong. ➢ Strengthening new outlet openings through a joint project with Taipei MRT.
U.S.	103.5%	103.5%	➢ The number of customers visiting outlets is on a growing trend even after three rounds of price revisions implemented in the past.
Canada	-	-	➢ Although the opening was delayed from initially planned timing due to the progress of various permissions and authorizations, a license was obtained in August, and the first outlet started business. ➢ An initiative is ongoing to build and expand brand recognition as early as possible by dispatching skilled stylists from Japan to provide Japan's high levels of haircutting techniques and services.
Vietnam Malaysia	-	-	➢ Preparing to establish a corporation to enter the market.

* Existing outlets refer to ones in operation between July and September 2023 and remain in operation in July and September 2024 (comparison on the basis of the same number of outlets).

[Overseas] Status of Declining Number of Customers and Revenue in Singapore

- The decrease in customers visiting outlets after the price revision stopped with the number of customers being low. The number of customers for Q1 FYE June 2025 trended almost as planned.

Number of customers visiting outlets in Singapore



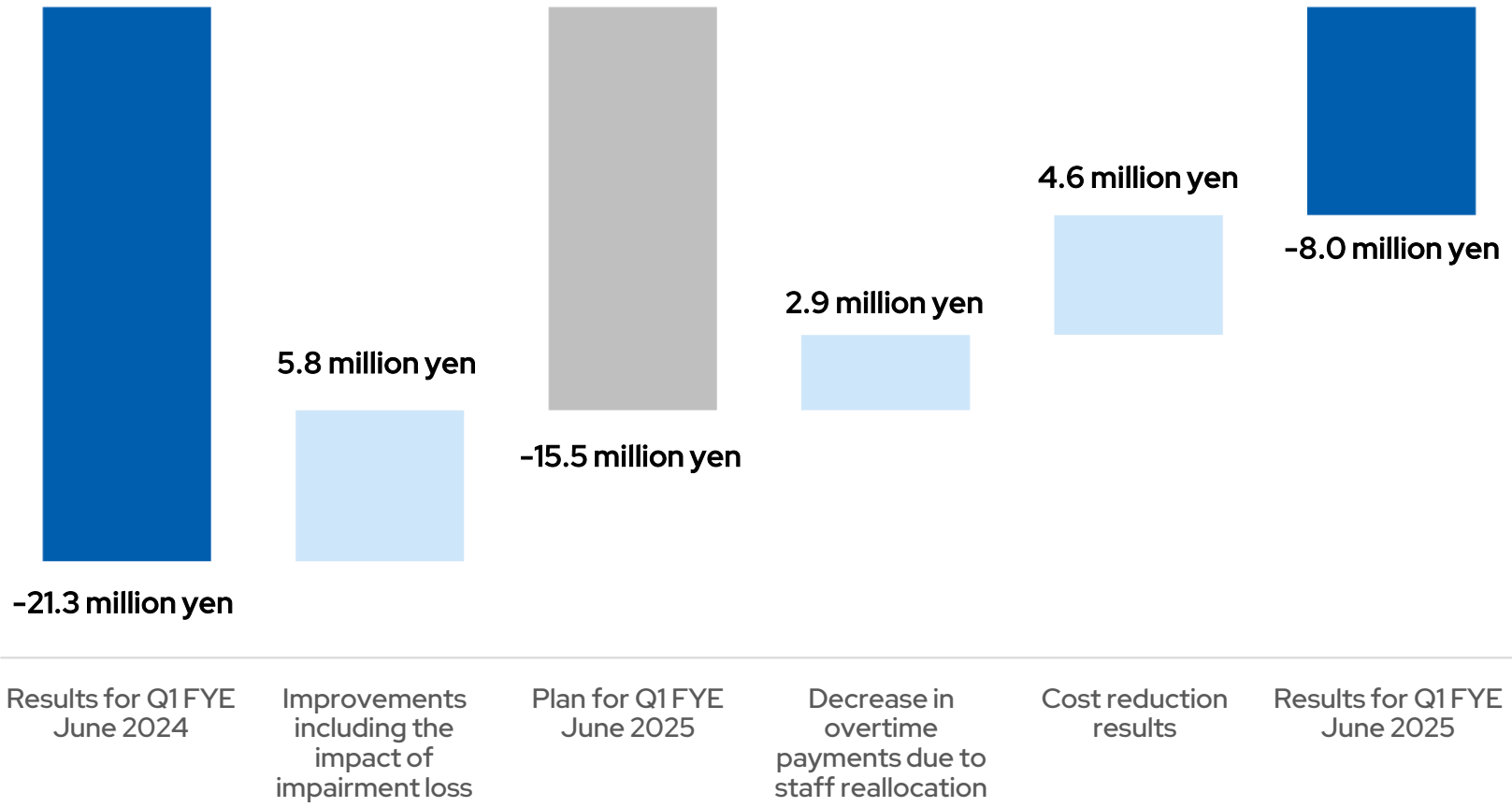
- Number of customers for Q1 vs. Plan: 100.9%. Revenue for Q1 vs. Plan: 102.3%

	July	Aug.	Sept.	Q1 cumulative total
Number of customers visiting outlets	55,700 people	56,900 people	56,800 people	171,400 people
vs. Plan	100.3%	99.1%	103.3%	100.9%
Revenue	86.2 million yen	89.0 million yen	88.1 million yen	263.3 million yen
vs. Plan	102.4%	100.3%	104.1%	102.3%

[Overseas] Breakdown of Changes in Operating Profit in Singapore

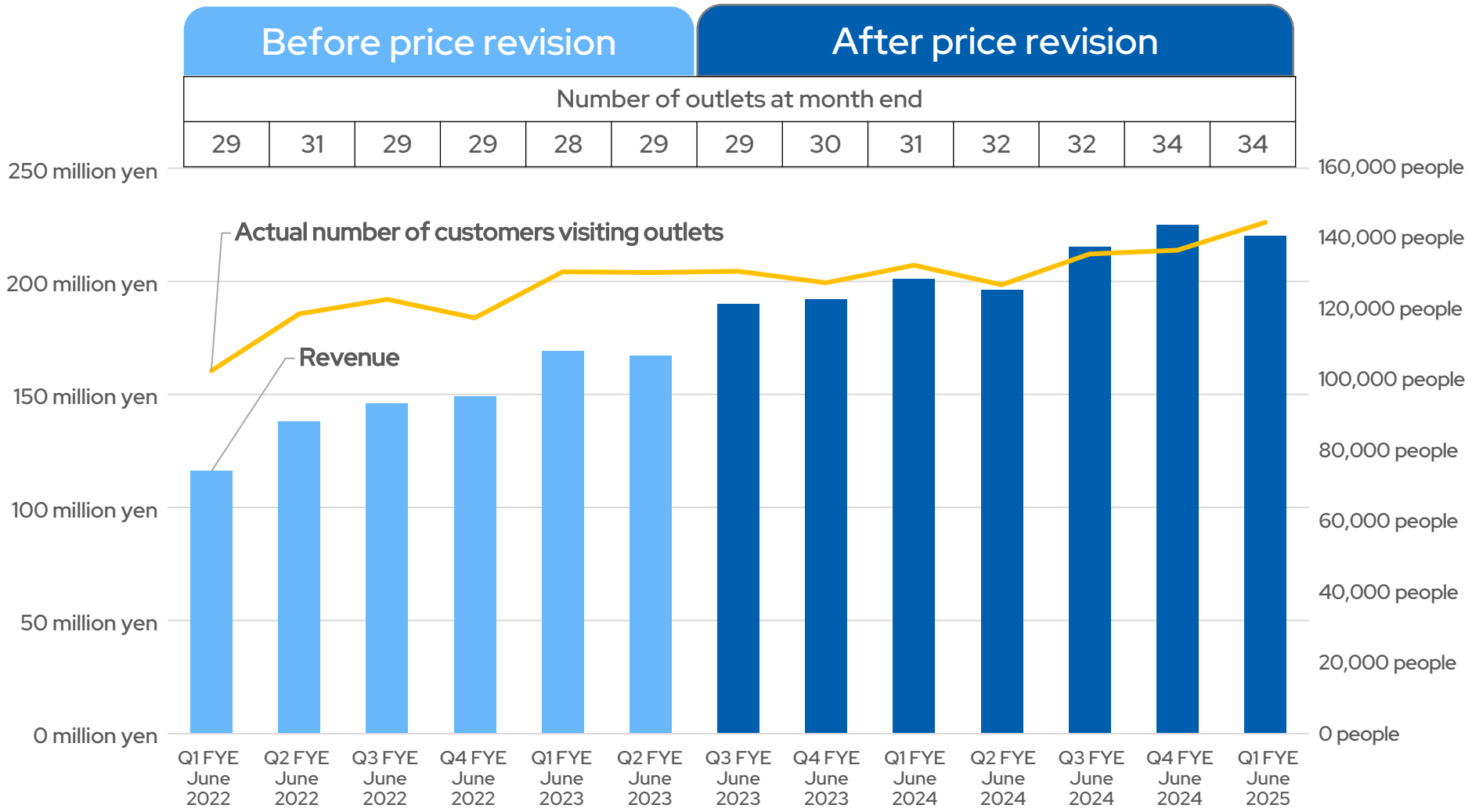
– **Loss decreased** year on year (an improvement of 13 million yen).
Cost reduction measures have been taken in addition to a decline in outlet rents due to an impairment loss recorded in the previous fiscal year.

Breakdown of changes in operating profit in Singapore



[Overseas] Growth in Taiwan

- **The number of customers and revenue increased steadily, hardly affected by a decline in customers after a price revision.**

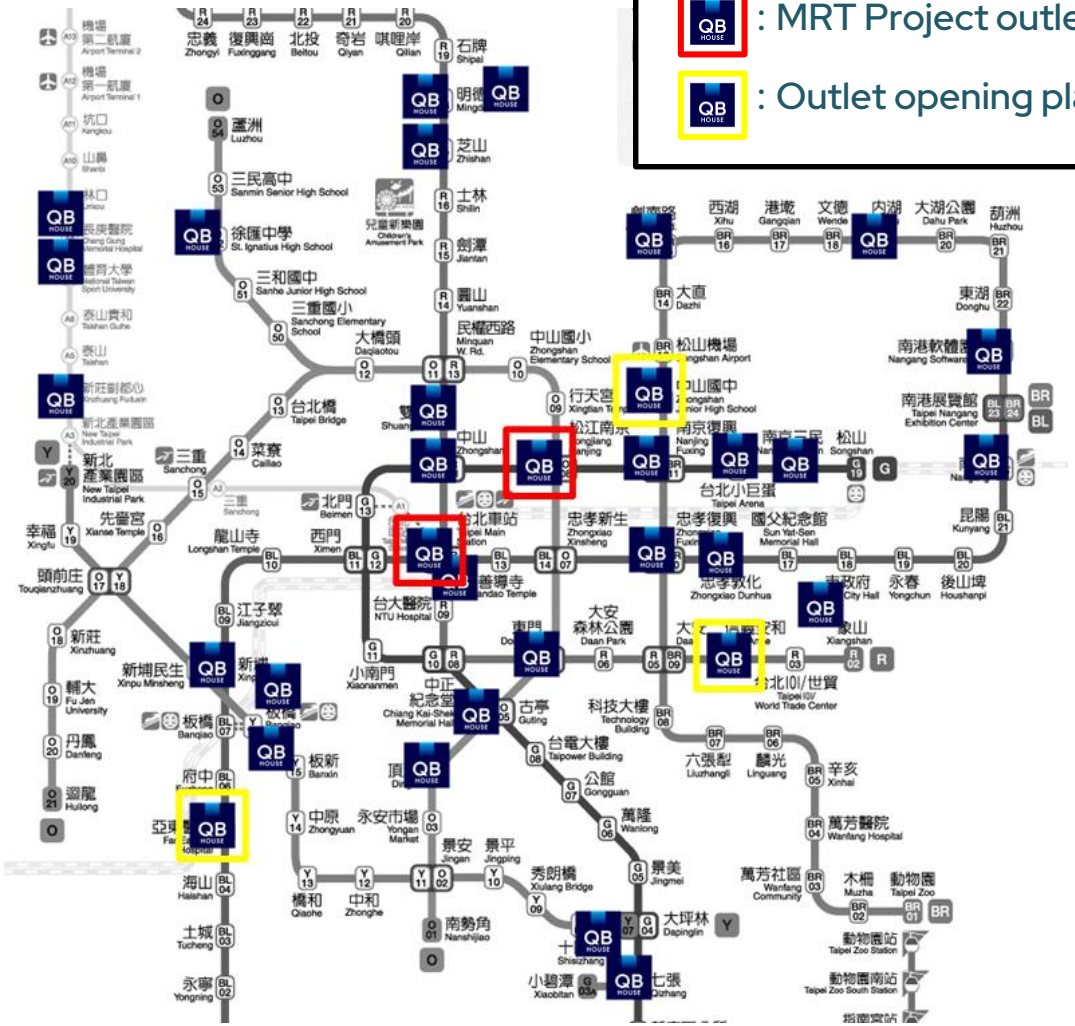


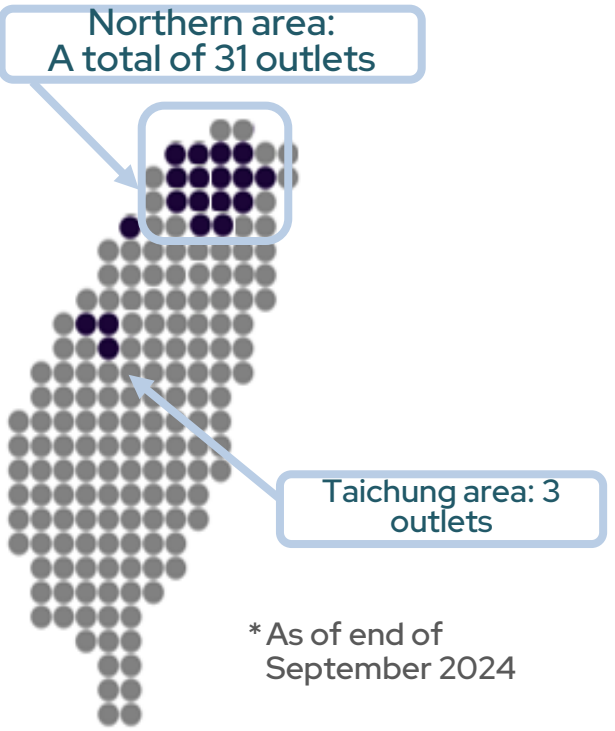
[Overseas] Outlet Opening in Taiwan

- Strengthen business locations at subway stations through the MRT (Taipei Rapid Transit System) project.
- Ramp up outlet openings in Taichung in addition to Taipei.

: MRT Project outlets (currently two outlets)

: Outlet opening plan under MRT Project





* As of end of September 2024

[Overseas] DX Investment and Measures toward Price Revision in Hong Kong

- An app will start operation in Hong Kong in order to coincide with a price revision scheduled for January 2025.
- January 2025: A member management function is planned to be released.
- June 2025: Sales promotional functions such as points and coupons are scheduled to be released.

Member management function scheduled to be released in January 2025

Login screen



Customer information



Sales promotional function scheduled to be released in June 2025

Sales promotion screen (points card)



Sales promotion screen (coupon)

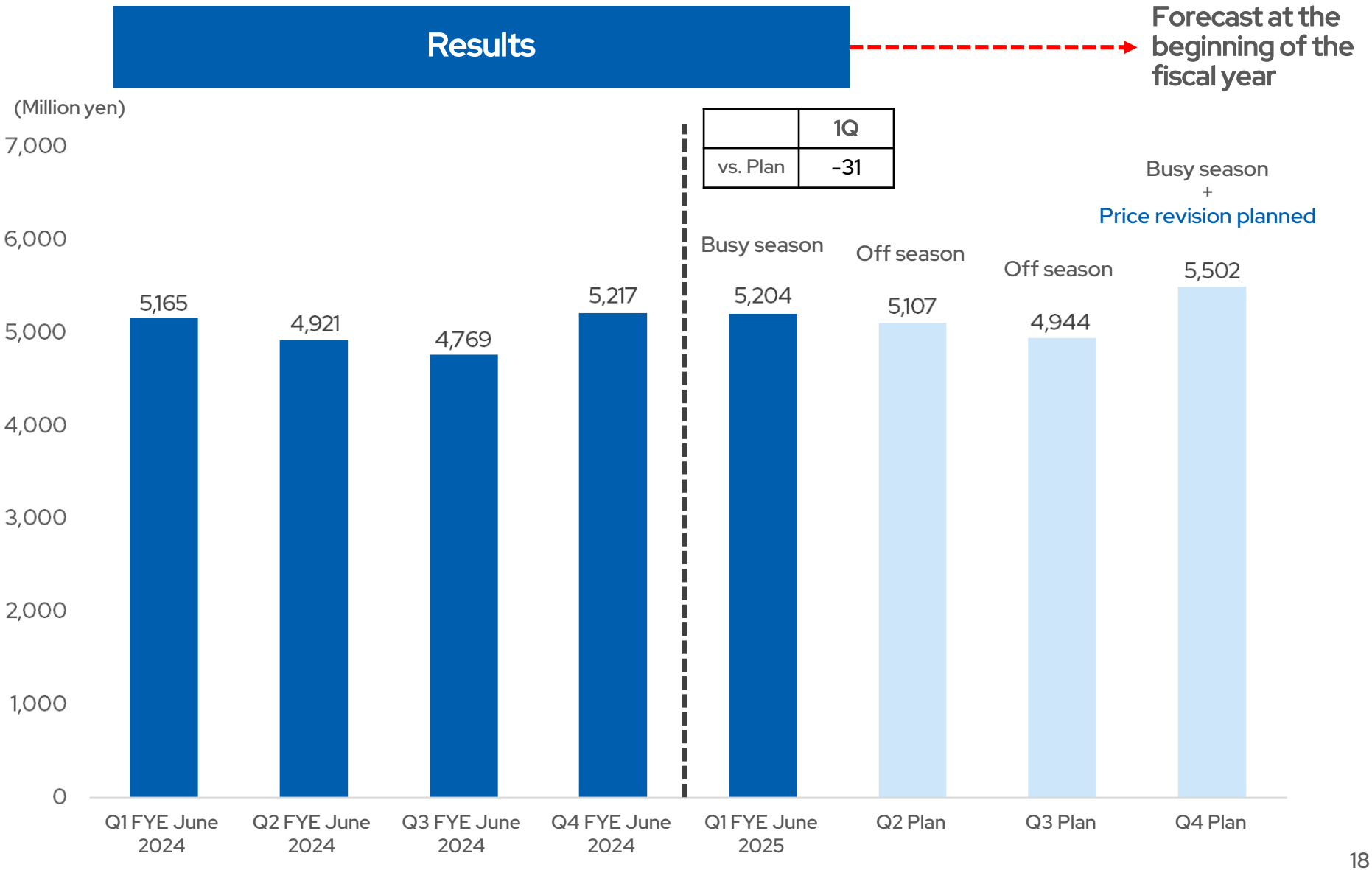


To be developed in the second phase

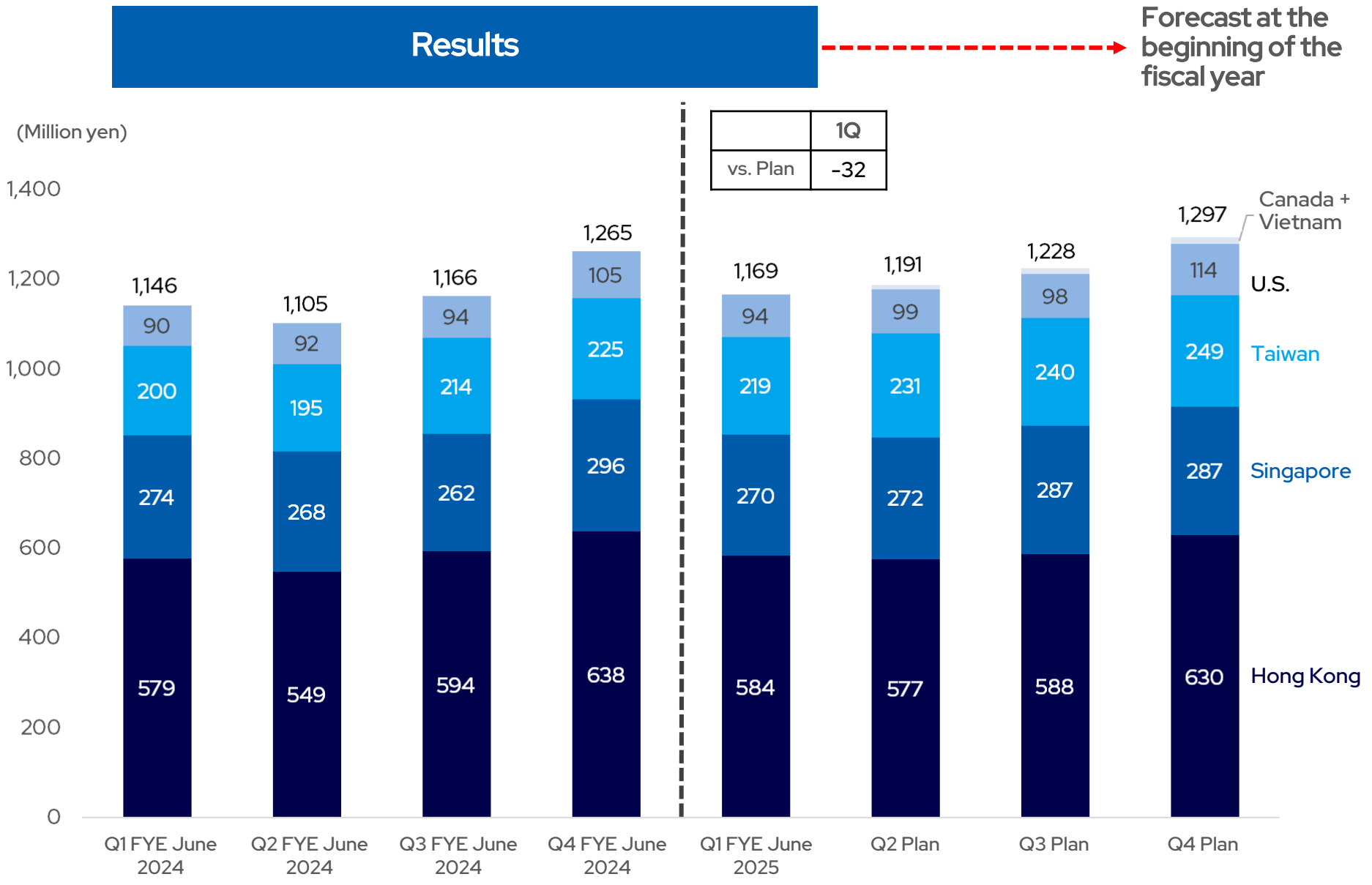
Appendix

[Domestic] Trend in Revenue

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



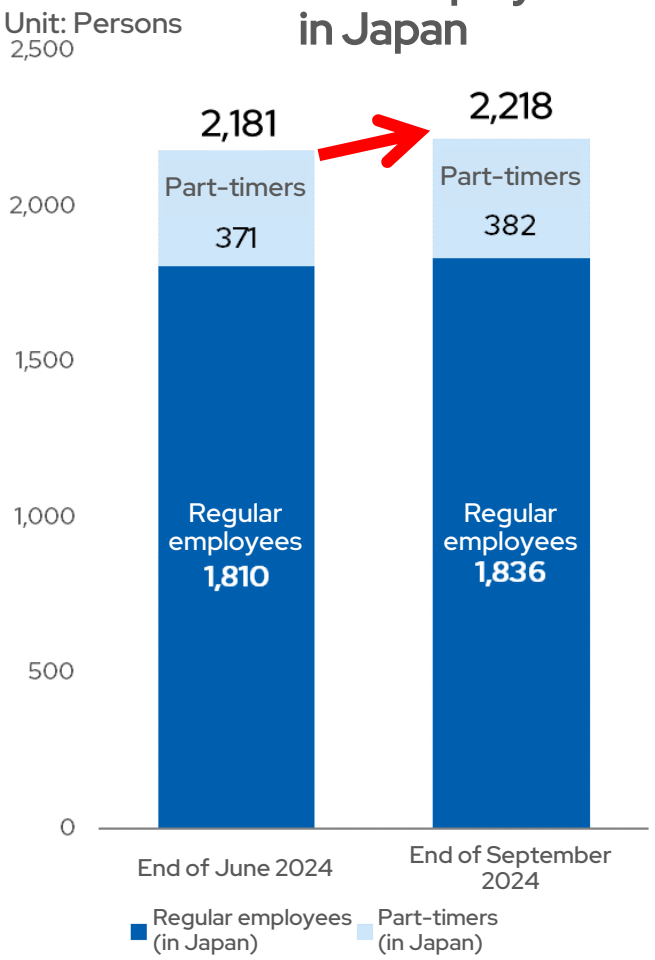
[Overseas] Trend in Revenue



* Including foreign exchange effects

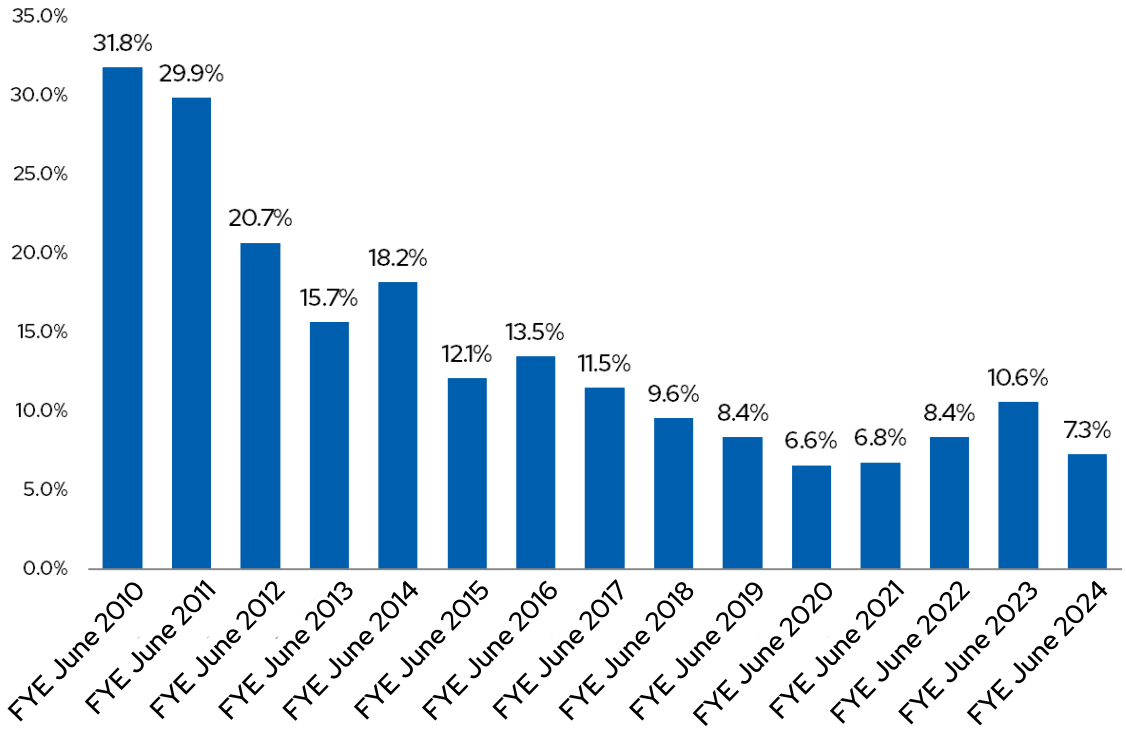
[Domestic] Trends in Number of Employees and Turnover Rate

Number of employees in Japan



* Excluding the head office and including training facilities
* Including changes from regular employees to part-timers or vice versa
* Including those joining the Company due to transfer from consigned outlets

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	Q1 FYE June 2024		Q1 FYE June 2025			
	Results	vs. Revenue	Results	vs. Revenue	Changes	Year on year
Revenue	**6,311**	**100.0%**	**6,370**	**100.0%**	**59**	**100.9%**
Cost of sales	- 4,614		-4,853		-238	105.2%
Gross profit	**1,697**	**26.9%**	**1,517**	**23.8%**	**-179**	**89.4%**
Other operating income	19		3		-15	
Selling, general and administrative expenses	-838		-969		-131	115.7%
Other operating expenses	-4		-8		-4	
Operating profit	**873**	**13.8%**	**542**	**8.5%**	**-331**	**62.1%**
Finance income	5		5		0	100.2%
Finance costs	-40		-50		-9	124.2%
Profit before tax	**839**	**13.3%**	**498**	**7.8%**	**-340**	**59.4%**
Income tax	-252		-153		98	60.9%
Profit	587	9.3%	344	5.4%	-242	58.7%

Overview of Consolidated Group Earnings

Consolidated statement of financial position

Unit: Million yen	End of FYE June 2024	End of Q1 FYE June 2025	Changes	
Total current assets	**6,482**	**6,946**	**463**	
Cash and cash equivalents	4,701	5,512	811	
Trade and other receivables	1,398	1,067	-330	Differences in the timing of debt collection due to the holiday of banks at the end of June in the previous fiscal year
Inventories	233	160	-72	
Other	149	205	56	
Total non-current assets	**25,814**	**25,488**	**-325**	
Property, plant and equipment	1,389	1,343	-45	
Right-of-use assets	5,933	5,684	-249	
Goodwill	15,430	15,430	-	
Other financial assets	1,993	1,952	-41	
Deferred tax assets	799	798	- 1	
Other	268	280	12	
Total assets	**32,297**	**32,435**	**137**	
Total liabilities	**18,126**	**18,482**	**355**	
Trade and other payables	280	398	118	
Interest-bearing liabilities	8,214	9,441	1,226	New funding (2 billion yen) Repayment of former commitment line (-600 million yen) Scheduled repayment of borrowings (-170 million yen)
Lease obligations	5,917	5,649	-267	
Other	3,714	2,992	- 721	
Total equity	**14,170**	**13,952**	**- 218**	
Total liabilities and equity	**32,297**	**32,435**	**137**	

Overview of Consolidated Group Earnings

Consolidated statement of cash flows

Unit: Million yen	Q1 FYE June 2024	Q1 FYE June 2025	Changes
Cash flows from operating activities	**1,195**	**985**	**-210**
Profit before tax	839	498	-340
Depreciation and amortization	850	852	1
Decrease (increase) in trade and other receivables	-205	342	548
Increase (decrease) in accrued expenses	-189	-424	-235
Income taxes paid	-324	-362	-38
Other	225	79	-145
Cash flows from investing activities	**-137**	**-276**	**-139**
Purchase of property, plant and equipment	-158	-251	-93
Purchase of intangible assets	-4	-15	-10
Other	25	-10	-35
Free cash flows	**1,058**	**708**	**-350**
Cash flows from financing activities	**-1,194**	**295**	**1,489**
Repayments of short-term borrowings	-	-600	-600
Proceeds from long-term borrowings	-	2,000	2,000
Repayments of long-term borrowings	-275	-175	100
Dividends paid	-260	-354	-93
Repayments of lease obligations	-718	-740	-21
Other	60	164	104
Exchange differences of cash and cash equivalents	**34**	**-192**	**-226**
Net increase (decrease) in cash and cash equivalents	**-100**	**811**	**911**
Cash and cash equivalents at end of period	**4,331**	**5,512**	**1,180**

Repayment of borrowings in a former commitment line 600 million yen

Newly obtained long-term borrowings 2 billion yen

A repayment of 100 million yen before the due date is planned in Q2 of the current fiscal year if operating profit exceeds 2 billion yen (paid in Q1 of the previous fiscal year)

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 1,150 yen) to SG$12 (about 1,390 yen)
	・August 2022:	QB PREMIUM: SG$15 (about 1,730 yen) to SG$18 (about 2,080 yen)
	・October 2022:	QB HOUSE: SG$12 (about 1,390 yen) to SG$14 (about 1,620 yen)
	・September 2023:	QB HOUSE: SG$14 to SG$18 for female customers (about 2,080 yen) QB PREMIUM: SG$18 to SG$22 for female customers (about 2,540 yen)
Hong Kong	・July 2014:	HK$50 (about 990 yen) to HK$60 (about 1,190 yen)
	・July 2019:	HK$60 (about 1,190 yen) to HK$70 (about 1,390 yen)
Taiwan	・January 2023:	300 yuan (about 1,430 yen) to 350 yuan (about 1,670 yen)
New York	・June 2020:	$20 (about 3,080 yen) to $23 (about 3,550 yen)
	・November 2020:	$23 (about 3,550 yen) to $25 (about 3,860 yen)
	・July 2022:	$25 to $30 (about 4,630 yen) only for online booking
	・December 2022:	$30 to $35 (about 5,400 yen) only for online booking
	・January 2023:	$25 (about 3,860 yen) to $30 (about 4,630 yen)
Canada	・C$39.55 (about 4,380 yen)	

* Exchange rates as of November 7, 2024

Reference: Outlet Opening and Closure Plan for FYE June 2025 (Plan at the beginning of the fiscal year)

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 in overseas		**128**	**14**	-3	**11**	**139**
Consolidated group total		**691**	**44**	-11	**33**	**724**

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.