QB Net Holdings Co., Ltd.

FYE June 2020
Financial Results Briefing Material
August 20, 2020



I Full-Year Results for FYE June 2020

II Full-Year Earnings Forecast for FYE June 2021

Consolidated Group Earnings for FYE June 2020 and FYE June 2021 (Summary)

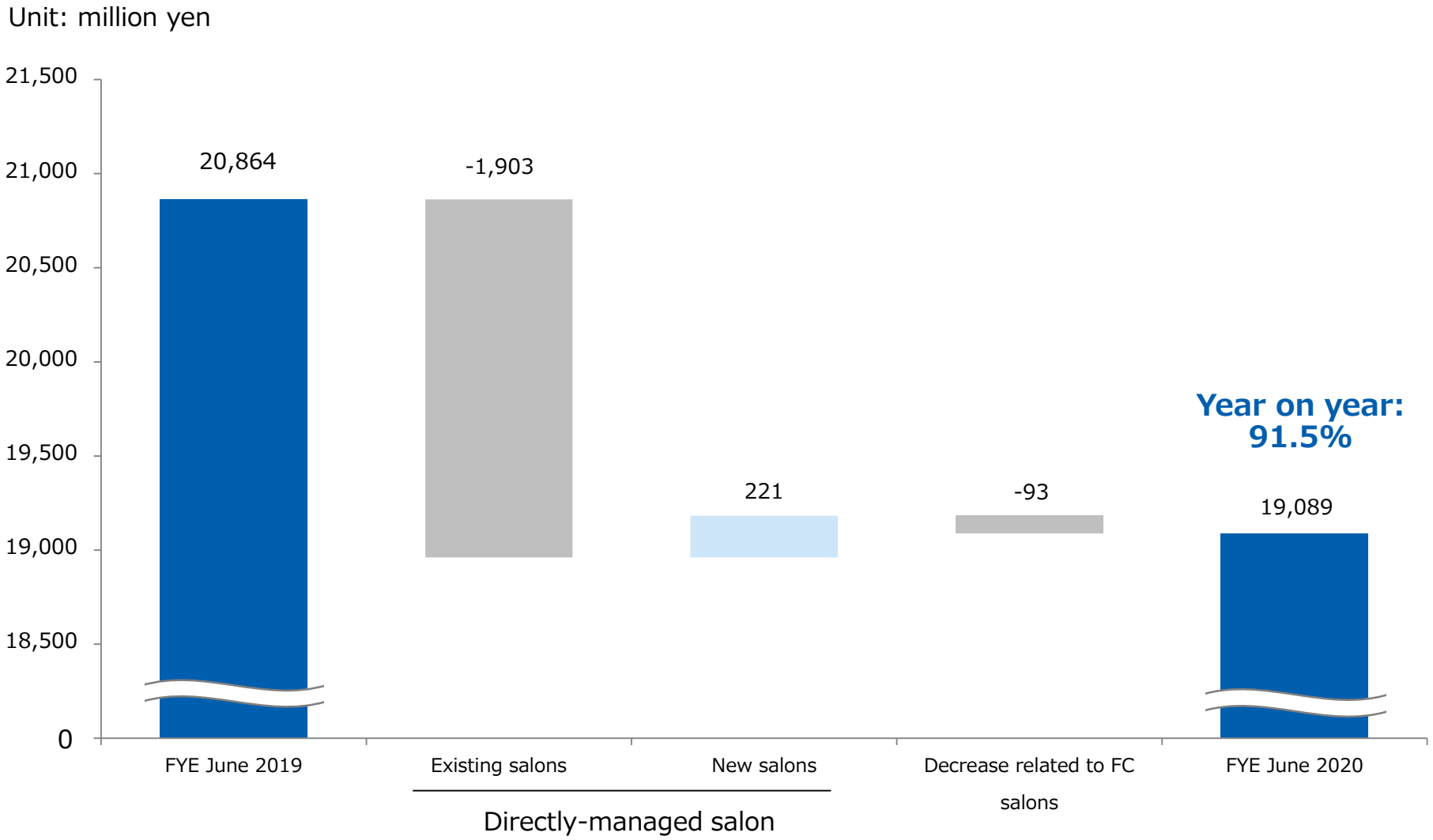
- Revenues and profits for the fiscal year ended June 2020 decreased mainly due to temporary salon closures and shortened operating hours caused by the Novel Coronavirus (COVID-19).
- Earnings forecast for the fiscal year ending June 2021 expects higher profits on higher revenues. Dividend forecast is not yet determined.

Full-year Consolidated Group Earnings (Summary)

	FYE June 2019	FYE June 2020		FYE June 2021	
Unit: million yen	Actual	Actual	Year on year (%)	Forecast	Year on year (%)
Revenue	20,864	19,089	91.5%	20,774	108.8%
Operating profit	1,969	239	12.2%	1,000	417.4%
Profit before tax	1,895	98	5.2%	814	829.5%
Profit	1,272	104	8.2%	557	533.4%
Basic earnings per share	102.64 yen	8.29 yen		42.92 yen	
Dividends per share	19.00 yen	0.00 yen		TBD	

Analysis of Changes in Revenue

– **Revenue decreased 1,774 million yen mainly due to temporary salon closures and shortened operating hours due to the spread of the Novel Coronavirus (COVID-19).**



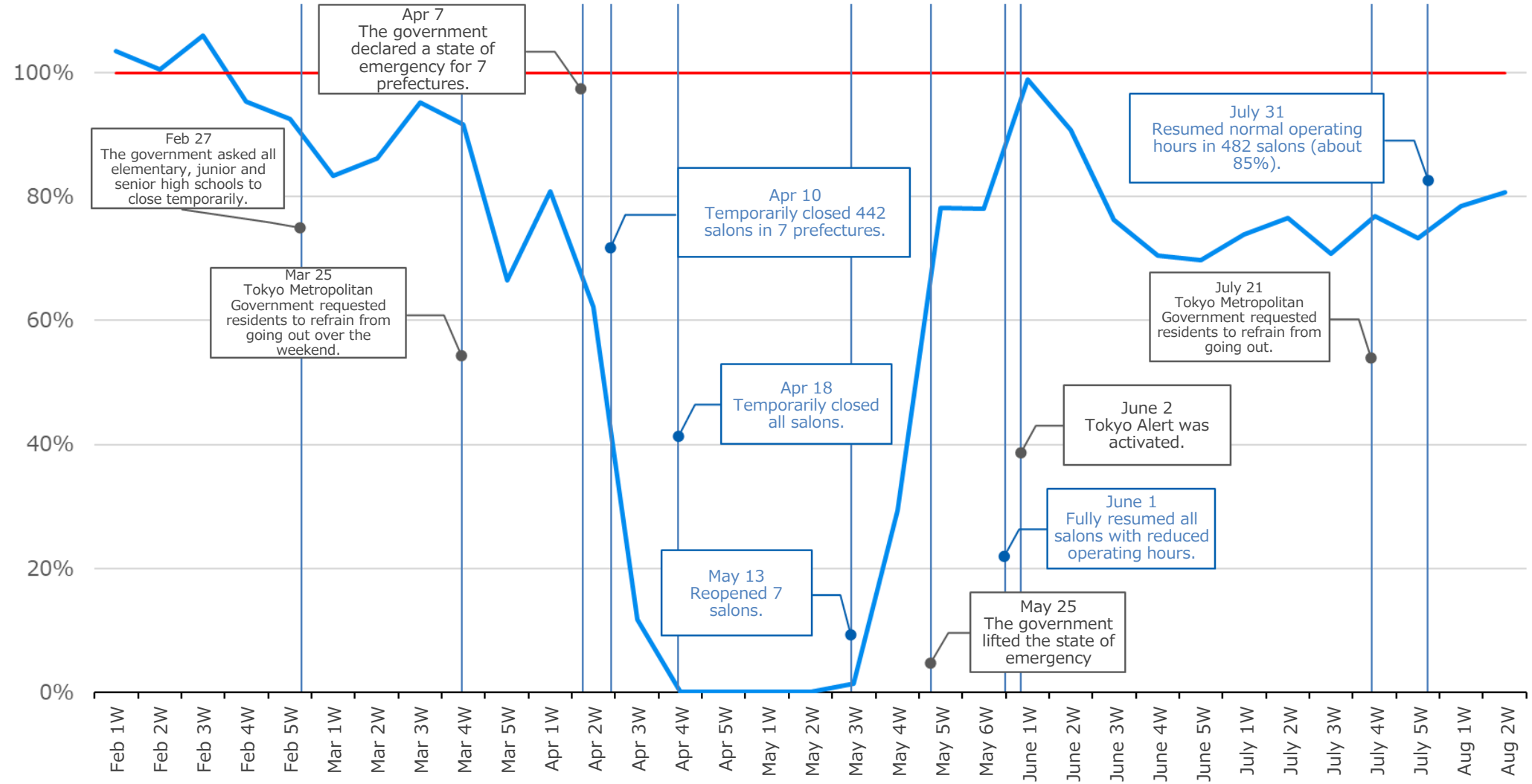
* New salons are those less than 13 months since opening

Developments in Japan Following the Spread of the Novel Coronavirus

Developments in the society		The Company (in Japan)	
Feb 27	Government requested temporary closure of public elementary, junior high and high schools.	Feb 29	Multiple developers notified of shorter operating hours.
Mar 11	WHO declared pandemic.	Mar 12	Reduced operating hours for 207 salons, and temporarily closed 1 salon.
Mar 25	The Tokyo metropolitan government requested work from home on weekdays and refraining from nonessential and nonurgent outings on weekends.	Mar 28	Reduced operating hours for 89 salons, temporarily closed 47 salons.
Apr 7	The government declared state of emergency for 7 prefectures.	Apr 10	Temporarily closed 442 salons (about 76%) in 7 prefectures.
Apr 16	The government declared state of emergency for all prefectures	Apr 18	Temporarily closed all salons in Japan.
May 4	The government decided to extend the declaration of a state of emergency.	Apr 23 to 28	Concluded commitment line agreements for 3 billion yen.
May 14	The government partially lifted the declaration of state of emergency (39 prefectures).	May 13	Reopened 7 salons (reduced operating hours).
May 25	The government fully lifted the state of emergency.	May 31	Reopened 495 salons (about 85%) (reduced operating hours).
June 1	Tokyo Metropolitan Government declared a shift to Step 2.	June 1	Fully resumed all salons (except 2 temporarily closed salons) with reduced operating hours.
June 2	Tokyo Alert was activated.	June 1, 10	Concluded a commitment line agreement for additional 3 billion yen.
June 12	Tokyo Alert was lifted (shift to Step 3).	June 15	Resumed normal operating hours in 325 salons (about 57%).
June 19	The government fully lifted the business suspension request.	June 30	Resumed normal operating hours in 408 salons (about 72%).
July 4	The Tokyo Governor requested residents to refrain from leaving Tokyo unless necessary and urgent.	July 1	Resumed normal operating hours in 455 salons (about 80%).
July 15 July 23 to 26	Tokyo Metropolitan Government declared the most serious level 4 “infection expanding.” Tokyo Metropolitan Government requested residents to refrain from going out unless necessary and urgent.	July 31	Resumed normal operating hours in 482 salons (about 85%).

Year-on-Year Comparison of Number of Customers in Japan (Including New Salons)

- In Japan, temporary closures, shorter operating hours, and voluntary restraints on outings associated with the declaration of a state of emergency have had a significant impact.

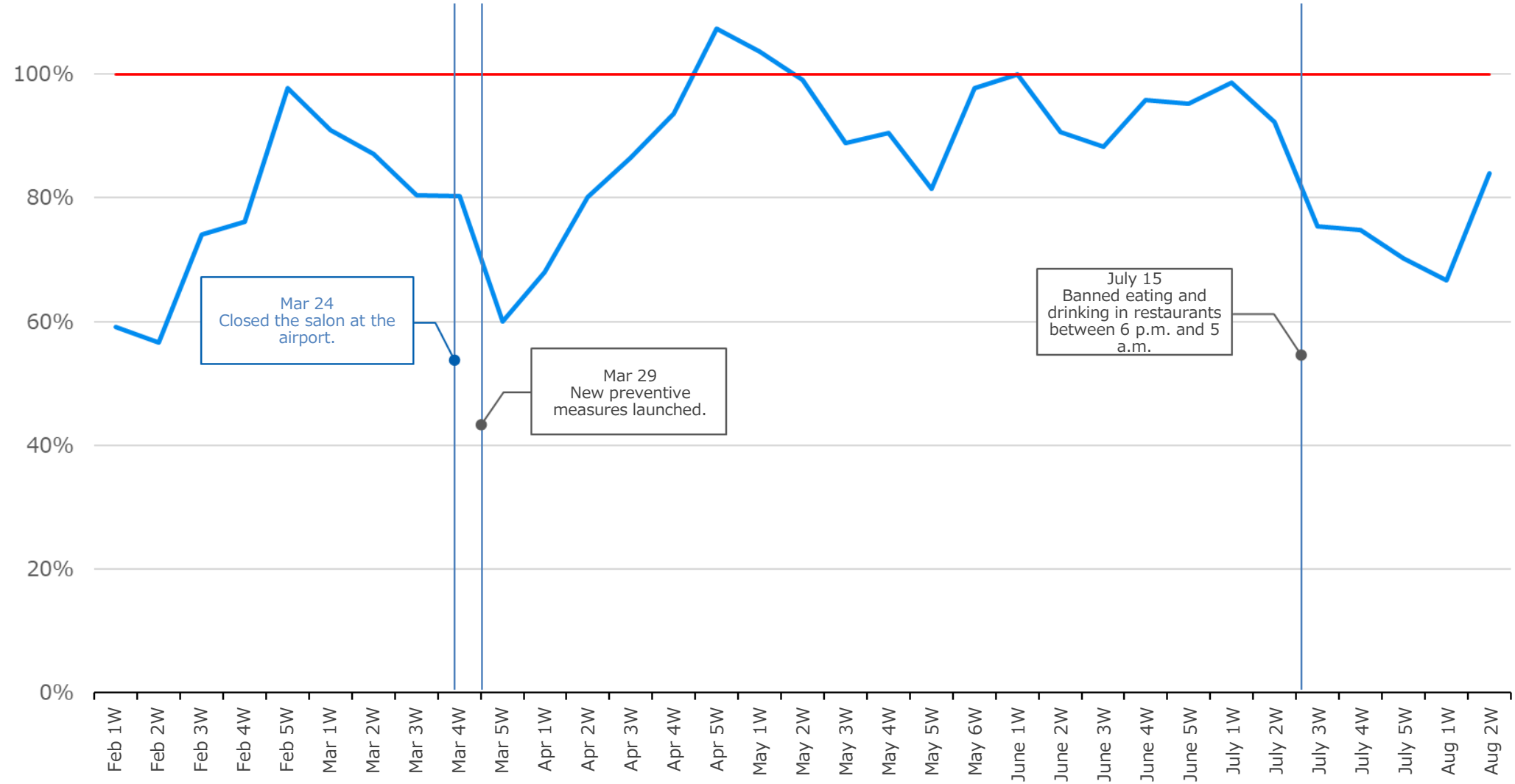


Developments in Overseas Following the Spread of the Novel Coronavirus

Developments in the society		The Company (overseas)	
Jan 30	WHO declared state of emergency.	The number of customers had been decreasing since around the Spring Festival (Jan 25 to Jan 27). In particular, the decline in Hong Kong was significant.	
Mar 11	WHO declared pandemic.		
Mar 22	Stay home order (Lockdown) in New York State.	Mar 20	Temporarily closed 4 New York salons.
Mar 29	Hong Kong banned the gathering of more than 4 people, shut down entertainment facilities, and restricted restaurants.	Mar 24	Closed the salon at Hong Kong Airport (Business suspension order). Other salons were open as usual.
Apr 1	Taiwan required people to wear masks on public transportation.	Apr 7	All salons in Singapore reduced operating hours.
Apr 7	Singapore issued a circuit breaker (semi-lockdown).	Apr 22	Temporarily closed all salons in Singapore.
Apr 22	Singapore issued a stay home order.	May 12	Reopened salons in Singapore (with 4 salons temporarily closed).
June 1	Singapore lifted the circuit breaker (semi-lockdown).	June 22, 23	Reopened 4 salons in New York.
June 19	Singapore eased measures (reopening of restaurants and retail stores).	June 24	Reopened 4 salons in Singapore, which had been temporarily closed.
June 22	New York resumed economic activities (shift to Phase 2).	July 31	Only 1 salon at Hong Kong Airport is closed (no rent.)
July 15	Hong Kong banned eating and drinking in restaurants between 6 p.m. and 5 a.m.		

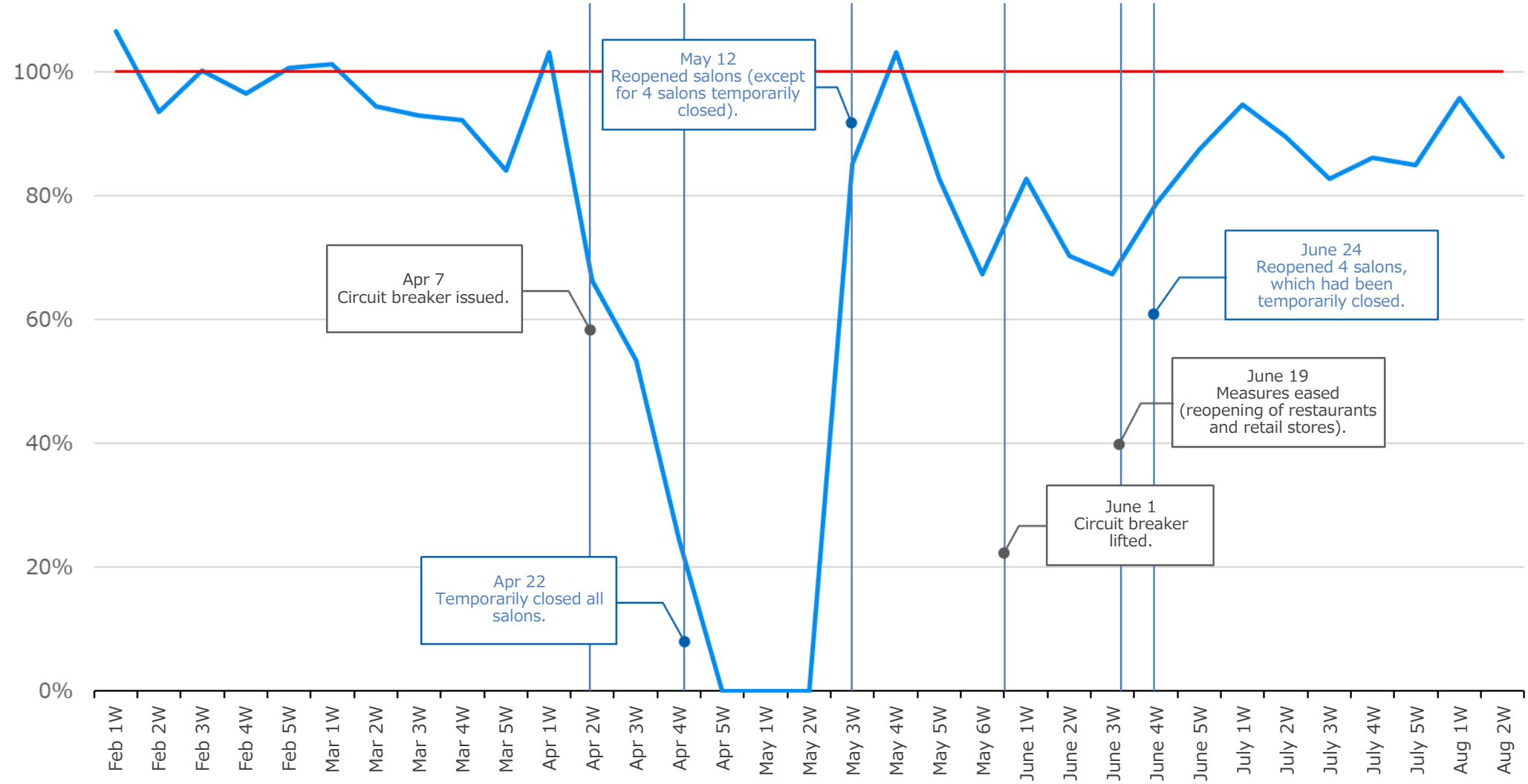
Year-on-Year Comparison of Number of Customers in Hong Kong (Including New Salons)

- In Hong Kong, the number of customers in salons tends to fluctuate as the number of Novel Coronavirus (COVID-19) infections increases or decreases.



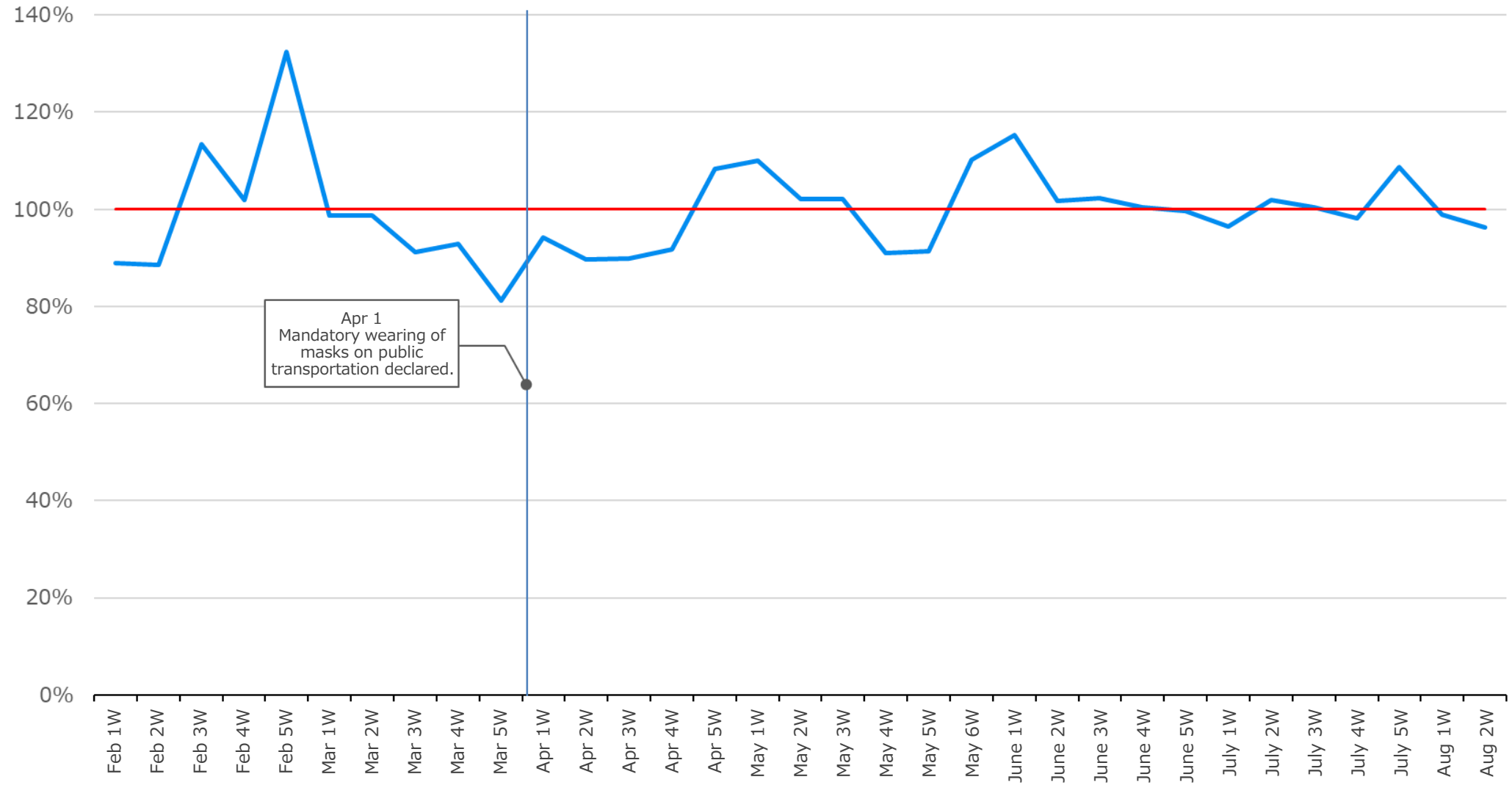
Year-on-Year Comparison of Number of Customers in Singapore (Including New Salons)

- In Singapore, salons were temporarily closed due to circuit breaker (semi-lockdown).



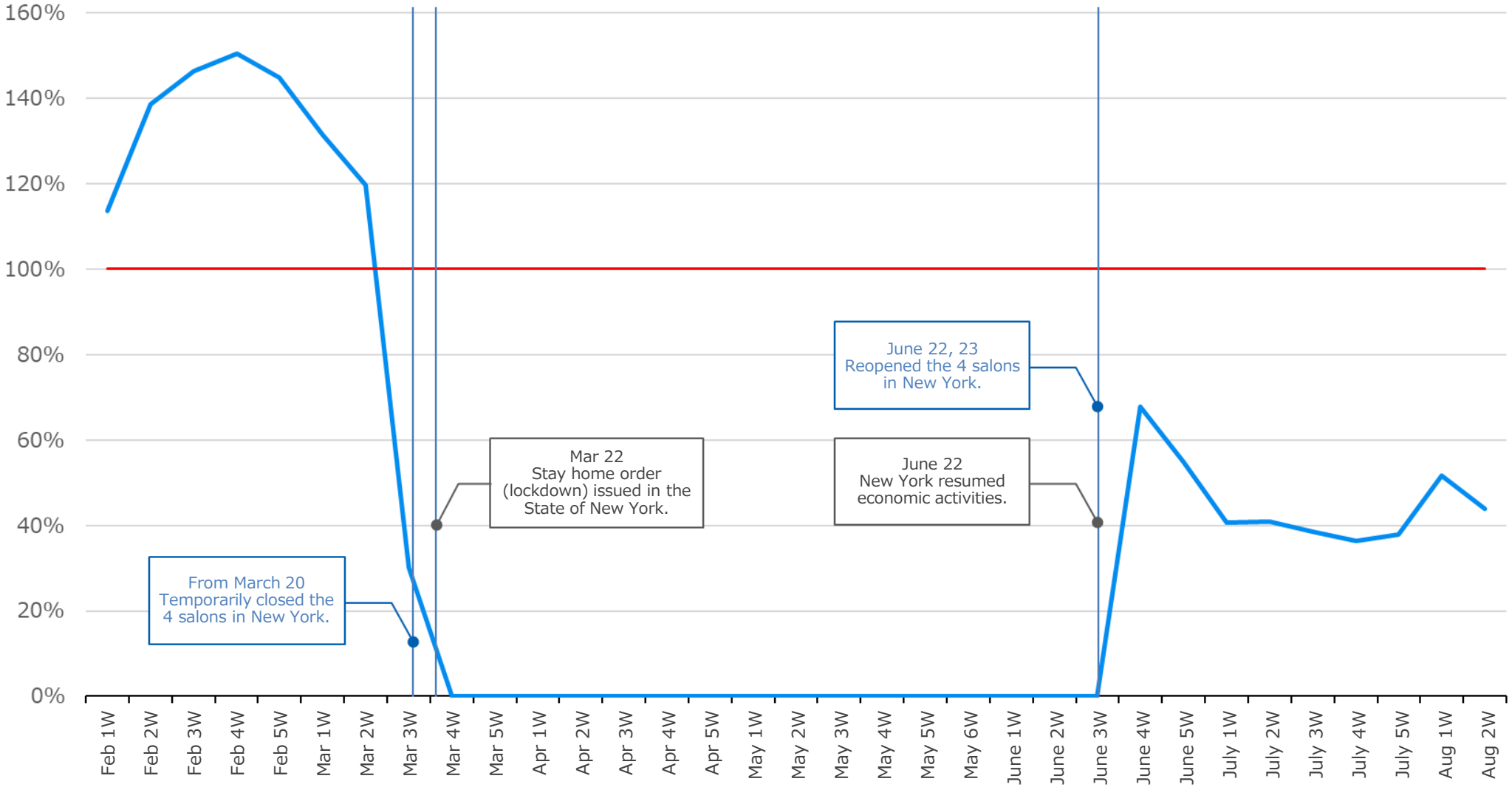
Year-on-Year Comparison of Number of Customers in Taiwan (Including New Salons)

– In Taiwan, salons are in normal operation without any temporary closures.



Year-on-Year Comparison of Number of Customers in the U.S. (Including New Salons)

- In the United States, salons temporarily closed for about three months due to lockdown.



Composition of Revenue

- Directly managed salons account for 96.2% of revenue while overseas for 17.2%.
- Overseas, all countries except the U.S. (New York) posted profits.

Composition of revenue by type of operation

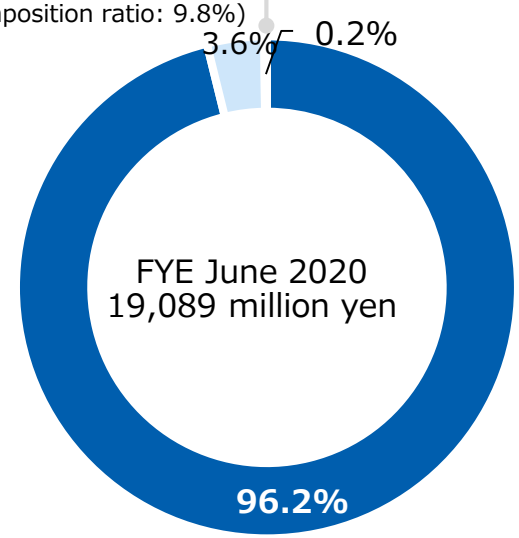
FC salon

Revenue : 692 million yen
(Composition ratio: 3.6%)

Number of salons at end of period : 70 salons
(Composition ratio: 9.8%)

Other

Revenue : 32 million yen
(Composition ratio: 0.2%)



Directly-managed salon

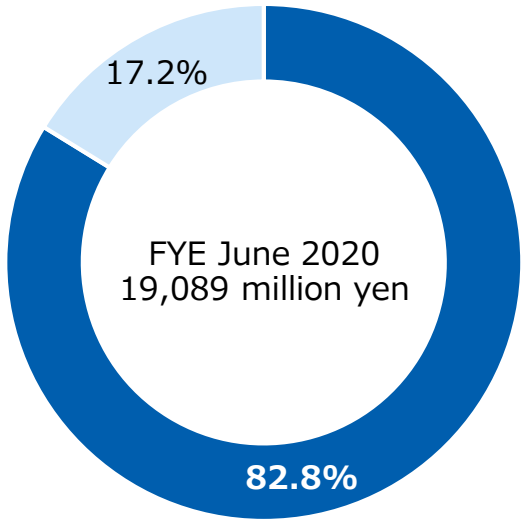
Revenue : 18,364 million yen
(Composition ratio: 96.2%)

Number of salons at end of period : 645 salons
(Composition ratio: 90.2%)

Composition of revenue by region

Overseas

Revenue : 3,290 million yen



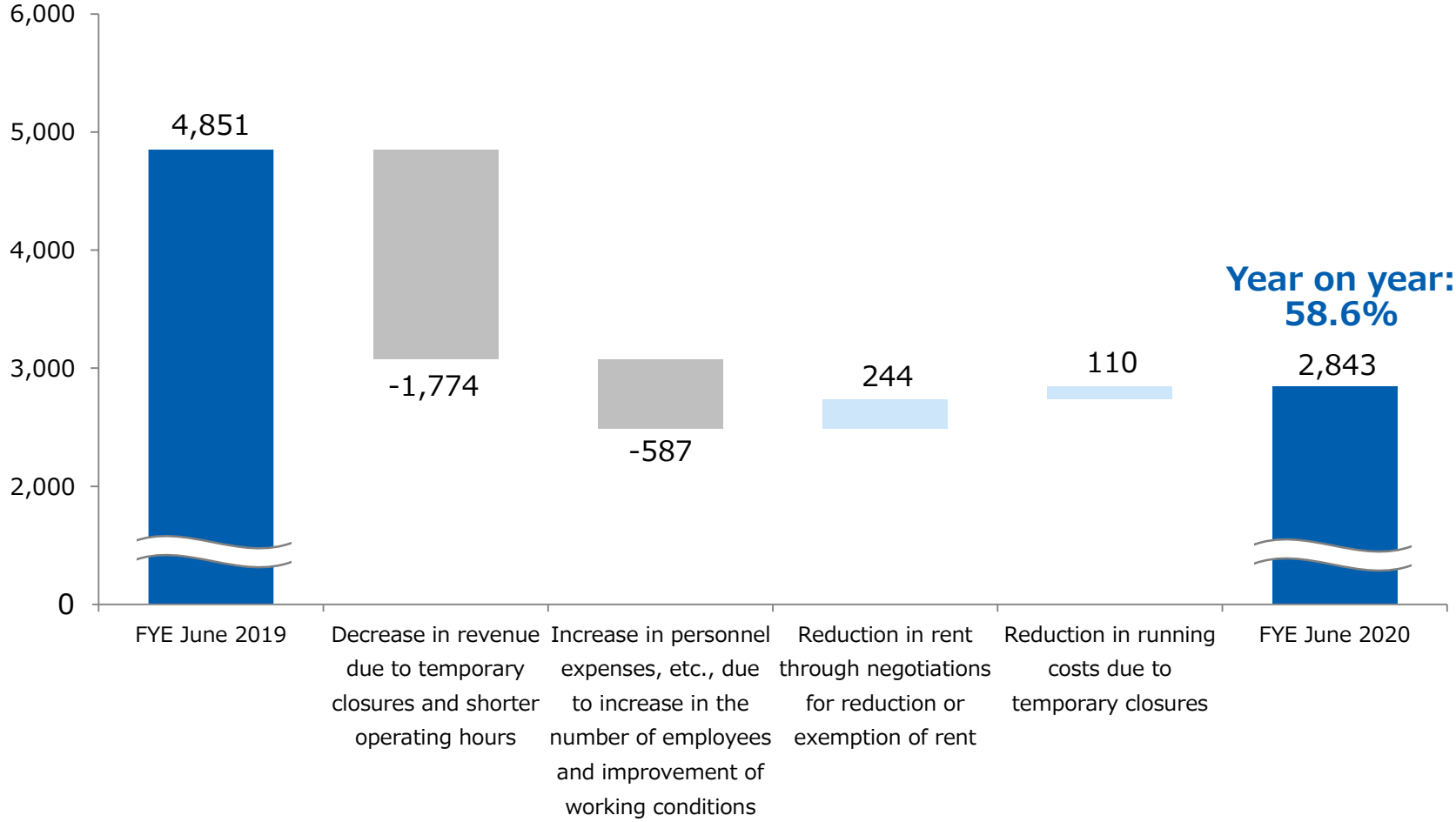
Japan

Revenue : 15,798 million yen

Analysis of Changes in Gross Profit (Gross Margin)

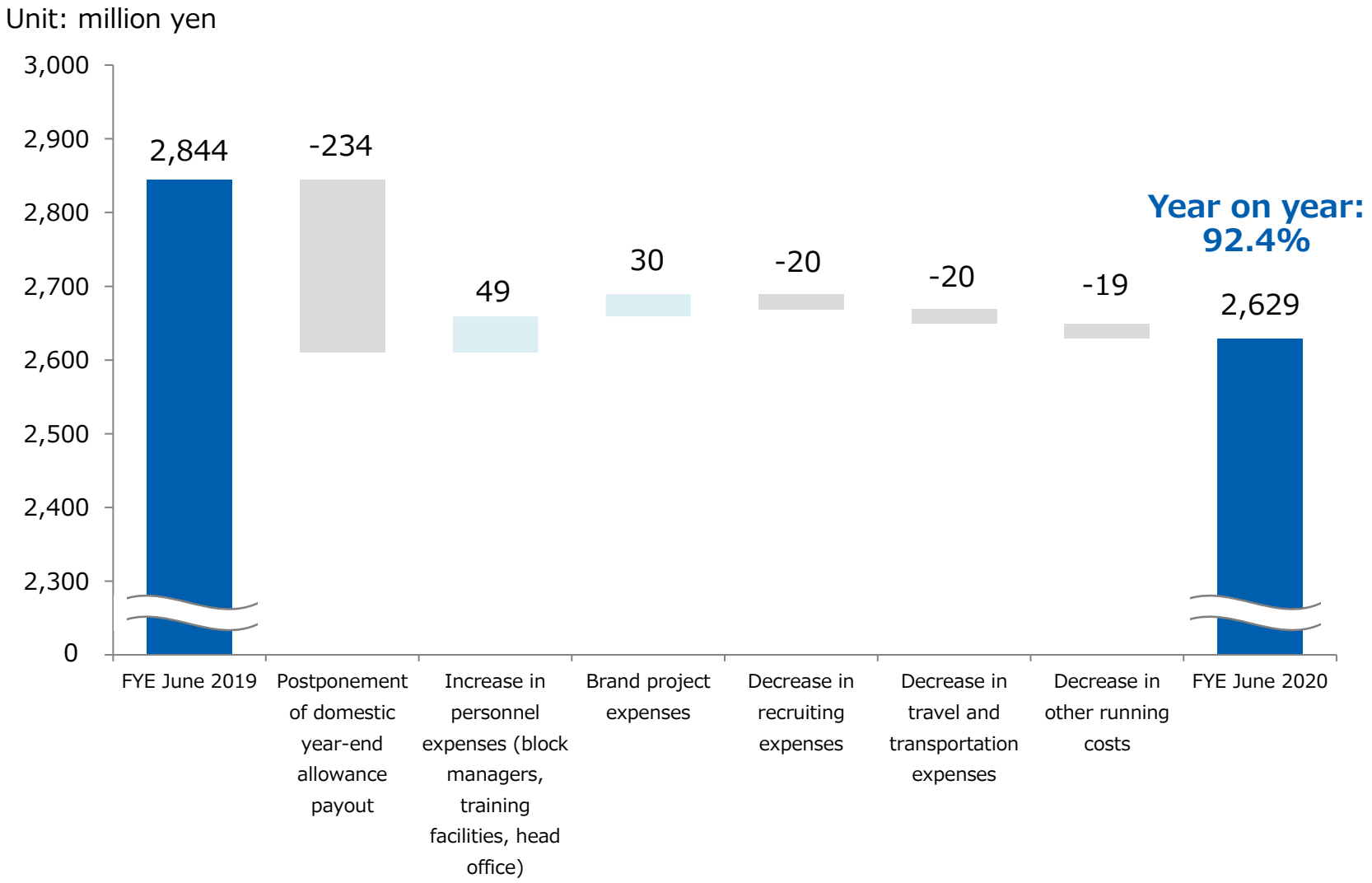
- Gross profit decreased by 2,007 million yen due to **maintaining employment of all employees, the source of the Company's value, while guaranteeing the salaries, including overtime and portions for shorter working hours, for all stylists (including part-time workers) during the period of temporary closures** in addition to lower revenues caused by temporary closures and shorter operating hours.
- Employment adjustment subsidies of 445 million yen in Japan will be recorded in the fiscal year ending June 2021 due to the gap in timing of decision for payment.

Unit: million yen



Analysis of Changes in SG&A Expenses

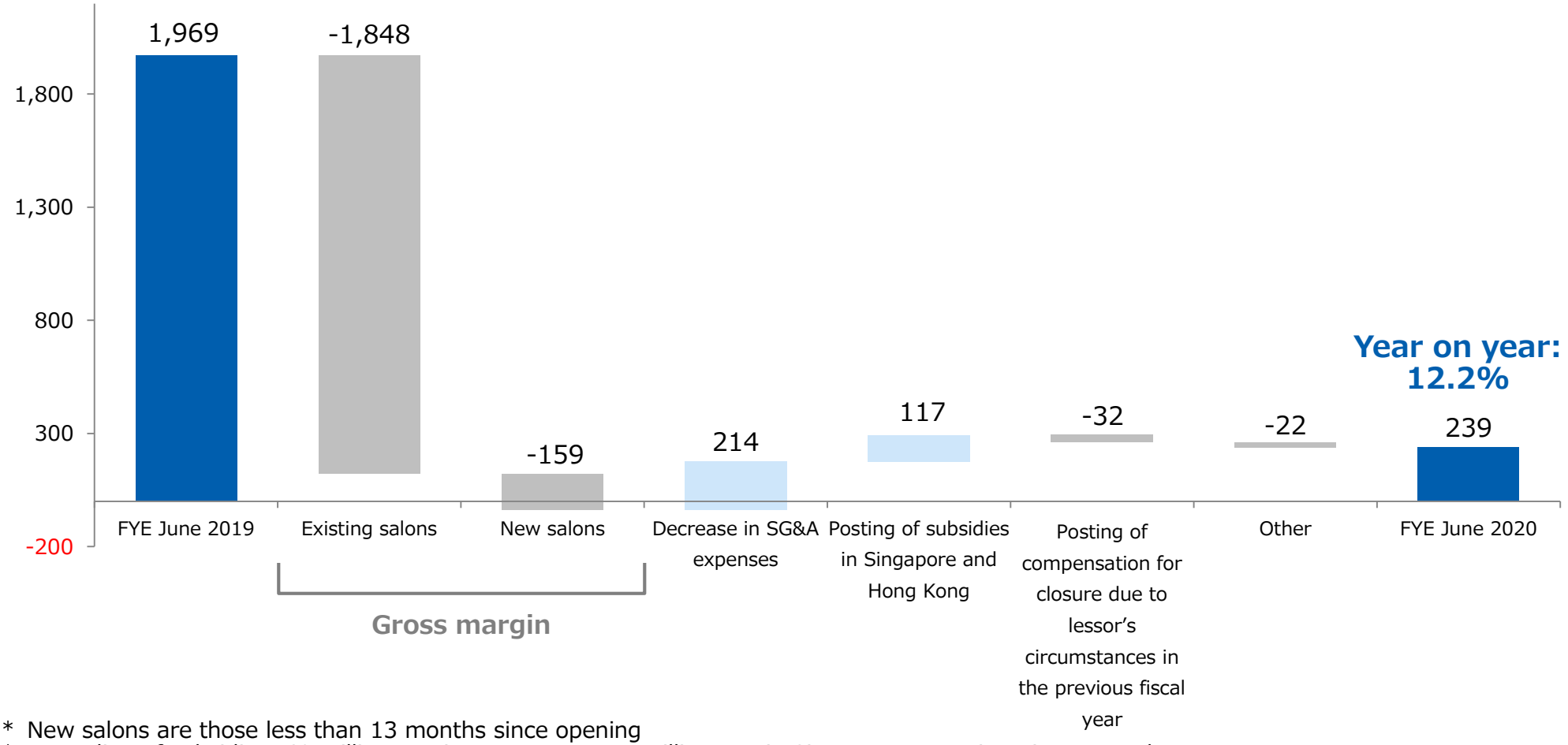
– **SG&A expenses decreased by 214 million yen mainly due to the postponement of the payment of year-end allowances in Japan until the time of sales recovery.**



Analysis of Changes in Operating Profit

– **Operating profit decreased by 1,729 million yen due to a significant decline in gross profit, a decrease in SG&A expenses, and the posting of 117 million yen of subsidies in Singapore and Hong Kong.**

Unit: million yen



* New salons are those less than 13 months since opening
* Recording of subsidies: 69 million yen in Hong Kong; 47 million yen in Singapore; none in Taiwan; employment insurance used in the U.S.; to be posted in FYE June 2021 in Japan

Initiatives Taken in FYE June 2020 (Summary)

Japan

- Opened 22 new QB HOUSE salons, relocated 8 salons, renovated 10 salons, added seats at 11 salons, closed 16 salons mainly due to the lessor's circumstances (including closures due to relocation), and changed agreements to bring **41** outsourced salons to company-owned (direct employment)
- Opened QB PREMIUM Otemachi Metro pia, the first in Japan, on March 26
- **Opened LogiTHcut Sendai school in July 2019 (fifth school in Japan); preparations are under way for expanding LogiTHcut**
- Improved working conditions (salary revisions) for stylists from August 2019 in connection with price revisions
- When the consumption tax was increased in October 2019, QB HOUSE kept the tax inclusive price unchanged, while **FaSS changed the tax inclusive price from 2,160 yen to 2,200 yen**
- Launched a recruitment and retention project in the first half of the fiscal year to secure more stylists

Overseas

- Hong Kong: Opened 4 new QB House salons, relocated 1 salon, closed 2 salons (of which one was closed temporarily due to lessor's circumstances) **Revised price from HK$60 to HK$70 (up 16.7%) in July 2019**
- Singapore: Opened 1 new salon in August 2019, relocated 1 salon, and closed 2 salons
- Taiwan: Opened 3 new salons and closed 1 salon due to the lessor’s circumstances
- U.S.: Opened the 4th salon in January 2020. **Revised price from US$20 to US$23 (up 15.0%)** upon reopening on June 22 and 23, 2020

	Price before revision	Price after revision
Price revision in the U.S.	$20 plus tip	$23 plus tip

New Salons, Relocated Salons and Increased Seats in Japan

New and relocated salons (Japan)

(New salons) shopping centers and commercial facilities

- AEON MALL Kawaguchi Maekawa (Saitama)
- Tsudanuma PARCO (Chiba)
- Terrace Mall Matsudo (Chiba)
- In front of Moto Yawata Station (Chiba)
- Park City Musashi-koyama THE MALL (Tokyo)
- Ito Yokado Kokuryo (Tokyo)
- Grandberry Park Minami-machida (Kanagawa)
- Daigo Plaza (Kanagawa)
- Coaska Bayside Stores (Kanagawa)
- Yokohama City Hall (Kanagawa)
- LaLaport Numazu (Shizuoka)
- AEON Fujiidera Shopping Center (Osaka)
- CRYSTA Nagahori (Osaka)
- CampusSquare (Hyogo)
- BRANCH Hakata Papillon Garden (Fukuoka)
- SAN-A Gushikawa MAIN CITY (Okinawa)

(New salons) stations and station buildings

- Sapporo Chikagai Aurora Town (Hokkaido)
- atré Gotanda (Tokyo)
- QB PREMIUM Otemachi Metro pia (Tokyo)
- Kintetsu Fuse Station (Osaka)

(New salons) roadside salons

- In front of Shimo-Kitazawa Station (Tokyo)
- Takatsuki Center-Gai (Osaka)
- Hakata Ekimae-dori (Fukuoka)

(Relocated salons)

- JR Sapporo Station North Exit (Hokkaido)
- AEON Makuhari (Chiba)
- In front of Ryogoku Station (Tokyo)
- AEON Nerima (Tokyo)
- In front of Musashi-Kosugi Station (Kanagawa)
- Rakuhoku HANKYU SQUARE (Kyoto)
- Minoh Q's MALL (Osaka)
- EKI CITY HIROSHIMA (Hiroshima)

Increased seats (Japan)

- Grand Emio Tokorozawa (Saitama)
- ESCA (Aichi)
- mozo WONDER CITY (Aichi)
- KAYO Shopping Center (Mie)
- AEON MALL Kyoto Gojo (Kyoto)
- CARINO ESAKA (Osaka)
- AEON SENRITO (Osaka)
- AEON MALL Osaka Dome City (Osaka)
- youme Town Kure (Hiroshima)
- youme Town Hatsukaichi (Hiroshima)
- Hakata Marui (Fukuoka)

* The orange color indicates new and relocated salons and salons with increased seats in Q4.

Track Records of New, Relocated, and Closed Salons

- 32 new salons, 10 relocated salons, and 21 closed salons (including closing due to relocation)
- The closing of salons was mainly due to the closure of facilities associated with station renovations and shopping center scraps and builds. Focusing on relocating salons in the neighborhood.

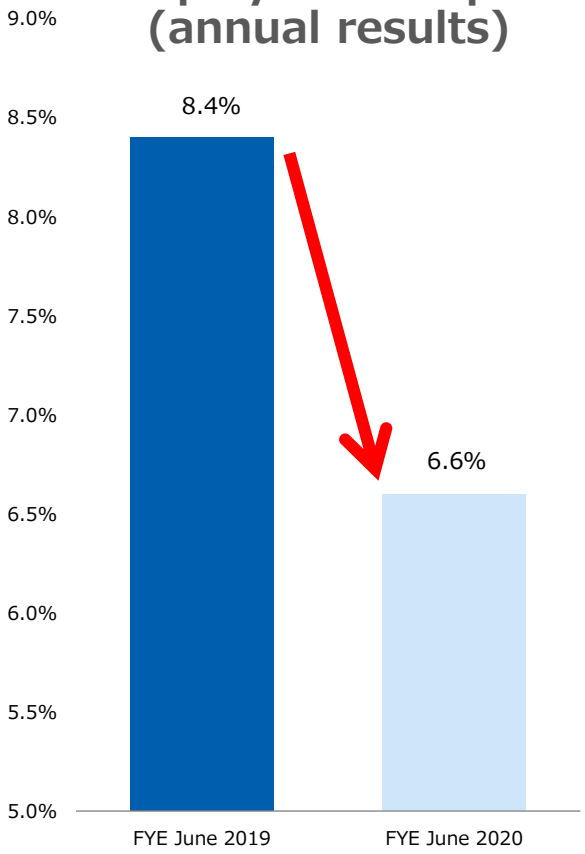
Unit: salon	Business format	End-FYE June 2019	New salon	Relocation	Closure (*1)	Change	End-FYE June 2020
Japan	QB HOUSE	554	22	8	-16	14	568
	QB PREMIUM	0	1	0	0	1	1
	FaSS	13	0	0	0	0	13
Subtotal in Japan		**567**	**23**	**8**	**-16**	**15**	**582**
Singapore	QB HOUSE (*2)	26	0	1	-1	0	26
	QB HOUSE Premium	7	1	0	-1	0	7
	Kids	3	0	0	0	0	3
Hong Kong	QB HOUSE	60	4	1	-2	3	63
	QB PREMIUM	1	0	0	0	0	1
Taiwan	QB HOUSE	27	3	0	-1	2	29
U.S.	QB HOUSE	3	1	0	0	1	4
Subtotal of overseas		**127**	**9**	**2**	**-5**	**6**	**133**
Consolidated group total		**694**	**32**	**10**	**-21**	**21**	**715**

(*1) The number of closed salons includes those due to relocation.
(*2) The 1 relocated salon in Singapore was opened in August after closing in the previous fiscal year (June 2019).

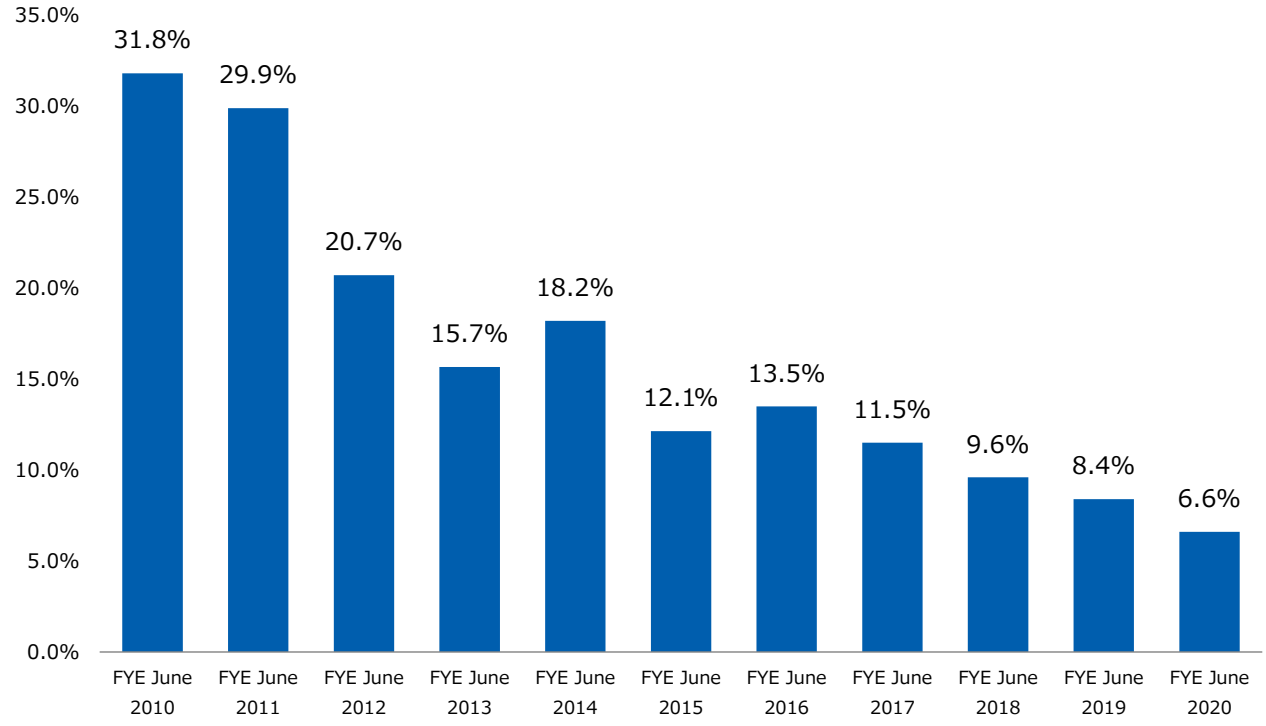
Trends in the Turnover Rate of Regular Employees in Japan

- Turnover rate of regular employees in Japan was 6.6% (down 1.8 percentage points from the previous fiscal year).
- Mainly implemented measures to improve working conditions, reform personnel evaluation, and strengthen follow-up systems by segmenting areas.

Turnover rate of regular employees in Japan (annual results)



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

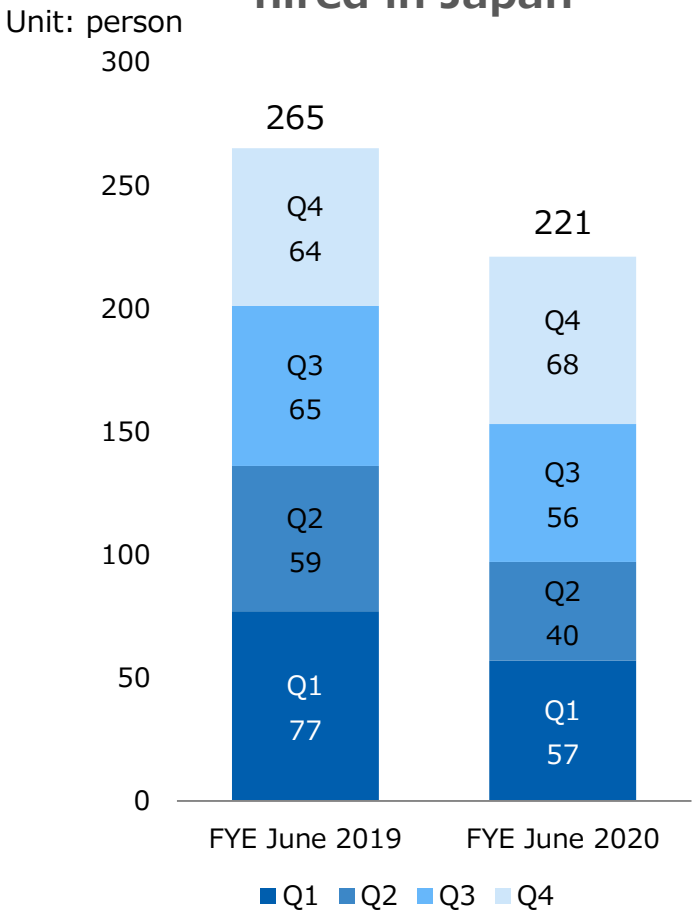


* Excluding the head office.
* Including training facilities (LogiTHcut Professional Stylist School).

Number of Employees in Japan (Stylists)

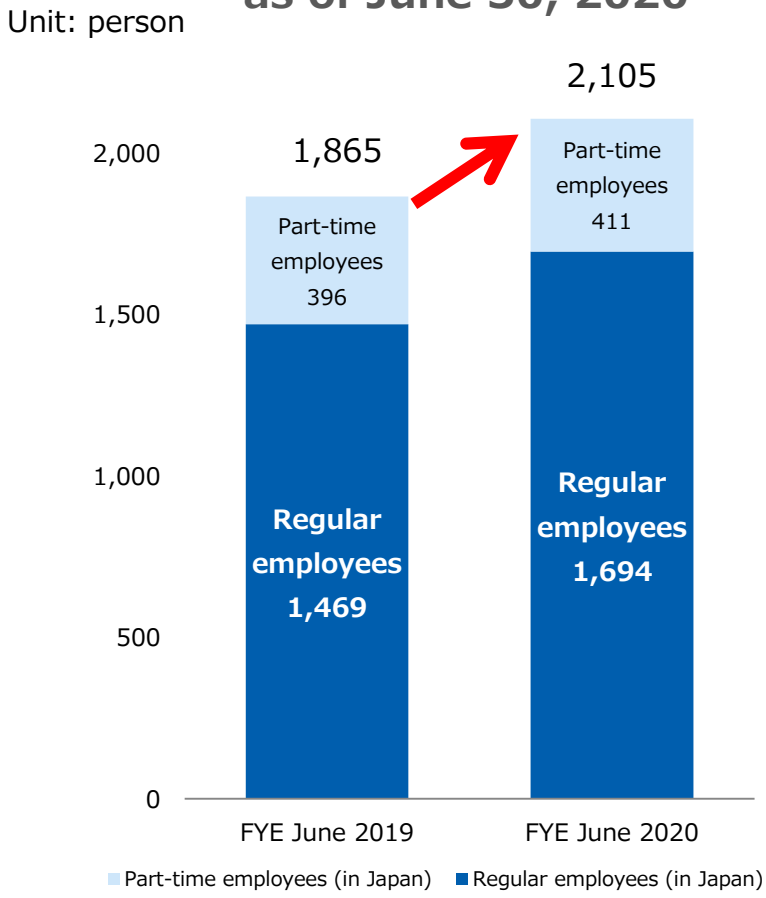
- Number of regular employees recruited in Japan decreased by 44 YoY due to the return to the normal pace after the effects of listing in the previous fiscal year.
- The number of employees in Japan saw a net increase of 240 (225 regular employees and 15 part-time employees) including transfers in one year.

Number of regular employees hired in Japan



* Excluding transfers of regular employees from outsourced salons (34 employees in FYE June 2019 and 122 employees in FYE June 2020).
Excluding the head office.
Including training facilities (LogiTHcut Professional Stylist School).

Number of employees in Japan as of June 30, 2020



* Including transfers from outsourced salons (39 employees in FYE June 2019 and 137 employees in FYE June 2020).
Excluding the head office.
Including training facilities (LogiTHcut Professional Stylist School).

Overview of Consolidated Group Earnings for FYE June 2020

Consolidated statement of profit or loss

	FYE June 2019		FYE June 2020			
Unit: million yen	Actual	Sales ratio	Actual	Sales ratio	Changes	Year on year
Revenue	**20,864**	**100.0%**	**19,089**	**100.0%**	**-1,774**	**91.5%**
Cost of sales	-16,012		-16,245		-232	101.5%
Gross profit	**4,851**	**23.3%**	**2,843**	**14.9%**	**-2,007**	**58.6%**
Other operating income	44		129		85	
Selling, general and administrative expenses	-2,844		-2,629		214	92.4%
Other operating expenses	-81		-104		-22	
Operating profit	**1,969**	**9.4%**	**239**	**1.3%**	**-1,729**	**12.2%**
Finance income	15		16		1	106.7%
Finance costs	-89		-157		-68	177.2%
Profit before tax	**1,895**	**9.1%**	**98**	**0.5%**	**-1,797**	**5.2%**
Income tax expense	-623		6		629	-1.0%
Profit	**1,272**	**6.1%**	**104**	**0.5%**	**-1,168**	**8.2%**

Overview of Consolidated Group Finance for FYE June 2020

Consolidated statement of financial position

Unit: million yen	End-Q4 FYE June 2019	End-Q4 FYE June 2020	Changes
Total current assets	**3,982**	**6,544**	**2,562**
Cash and cash equivalents	2,489	5,117	2,628
Trade and other receivables	1,160	775	-385
Inventories	116	169	52
Other	215	482	266
Total non-current assets	**20,299**	**26,176**	**5,877**
Property, plant and equipment	2,327	1,857	-469
Right-of-use assets	-	6,062	6,062
Goodwill	15,430	15,430	-
Other financial assets	1,773	1,856	82
Deferred tax assets	519	639	120
Other	248	330	81
Total assets	**24,282**	**32,721**	**8,439**
Total liabilities	**14,484**	**22,935**	**8,450**
Trade and other payables	273	342	68
Interest-bearing liabilities	11,253	14,532	3,278
Lease obligations	465	5,993	5,528
Other	2,491	2,066	-425
Total equity	**9,797**	**9,786**	**-10**
Total liabilities and equity	**24,282**	**32,721**	**8,439**

Securing of cash on hand to strengthen the financial base (see the next page for details)
* Unused commitment line of 3 billion yen available

Difference in the timing of receivables collection due to bank holiday at period-end

Mainly recorded accrued tax refunds

"Lease assets" in the previous fiscal year were included in "Right-of-use assets" in the current fiscal year due to the revision of accounting standards for leases (IFRS).

"Right-of-use assets" such as salon rent were included due to the revision of accounting standards for leases (IFRS).

Repayments of long-term borrowings (-700 million yen)
Increase in short-term borrowings (4,000 million yen)

"Lease obligations" such as salon rent were included due to the revision of accounting standards for leases (IFRS).

Decrease due to payments of corporation and consumption taxes payable for the previous fiscal year

Overview of Consolidated Group Finance for FYE June 2020

Consolidated statement of cash flows

Unit: million yen	FYE June 2019	FYE June 2020	Changes
Cash flows from operating activities	**2,370**	**2,747**	**377**
Profit before tax	1,895	98	-1,797
Depreciation and amortization	769	3,205	2,435
Decrease (increase) in trade and other receivables	-93	529	623
Interest paid	-78	-137	-59
Income taxes paid	-524	-832	-308
Other	400	-116	-517
Cash flows from investing activities	**-961**	**-838**	**123**
Purchase of property, plant and equipment	-826	-683	143
Purchase of intangible assets	-25	-39	-13
Other	-109	-115	-5
Free cash flows	**1,408**	**1,909**	**500**
Cash flows from financing activities	**-916**	**721**	**1,637**
Net increase (decrease) in short-term borrowings	-	3,982	3,982
Repayments of long-term borrowings	-700	-700	-
Dividends paid	-221	-237	-15
Repayments of lease obligations	-192	-2,559	-2,366
Other	197	235	37
Net increase (decrease) in cash and cash equivalents	**471**	**2,628**	**2,157**
Cash and cash equivalents at end of period	**2,489**	**5,117**	**2,628**

Increase in depreciation of right-of-use assets due to revision of accounting standards for leases (IFRS)

Difference in the timing of receivables collection due to bank holiday at period-end

Increased payments due to an increase in taxable income of QB Net for FYE June 2019 in Japan

Decrease in the number of renovated salons in Japan

Securing of cash on hand to strengthen the financial base
Used commitment line of 3 billion yen
(Unused line of 3 billion yen available)
Execution of overdraft agreement of 1 billion yen

Dividends per share increased from 18 yen to 19 yen

Increased repayments of lease obligations, such as salon rent, due to the revision of accounting standards for leases (IFRS)

I Full-Year Results for FYE June 2020

II Full-Year Earnings Forecast for FYE June 2021

Full-Year Earnings Forecast for FYE June 2021

- **Revenue and profit are expected to increase for FYE June 2021. Dividend per share forecast is yet to be determined.**

Consolidated Group Earnings Forecast for FYE June 2021

	FYE June 2020	FYE June 2021		
Unit: million yen	Actual	Forecast	Changes	Year on year
Revenue	19,089	20,774	1,684	108.8%
Operating profit	239	1,000	760	417.4%
Profit before tax	98	814	715	829.5%
Profit	104	557	452	533.4%

Shareholder returns for FYE June 2021

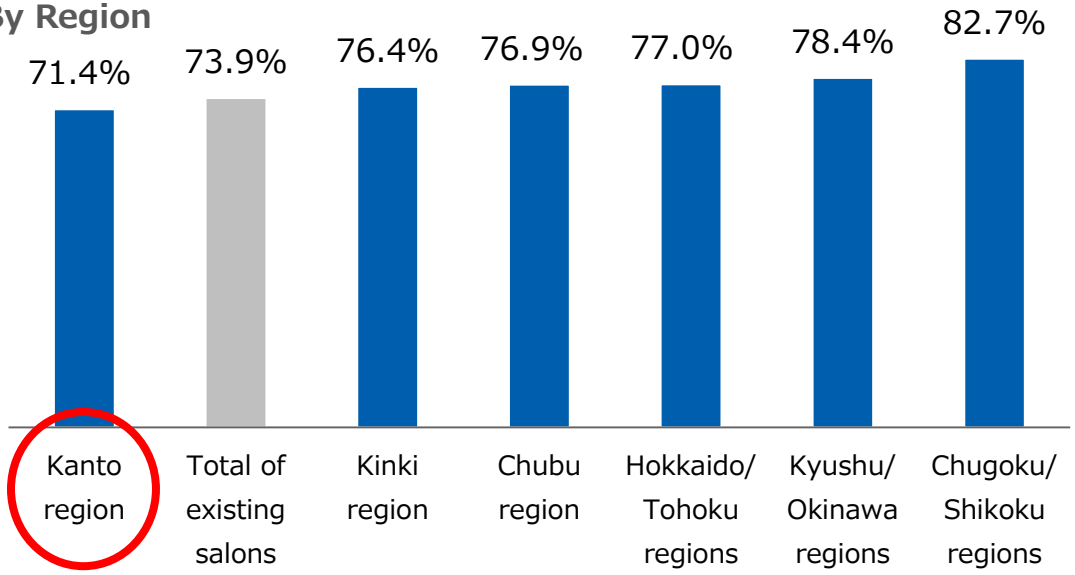
- Dividend per share for FYE June 2021 has not been determined due to a number of uncertain factors caused by the impact of the Novel Coronavirus (COVID-19).

Assumptions for Full-Year Earnings Forecast for FYE June 2021

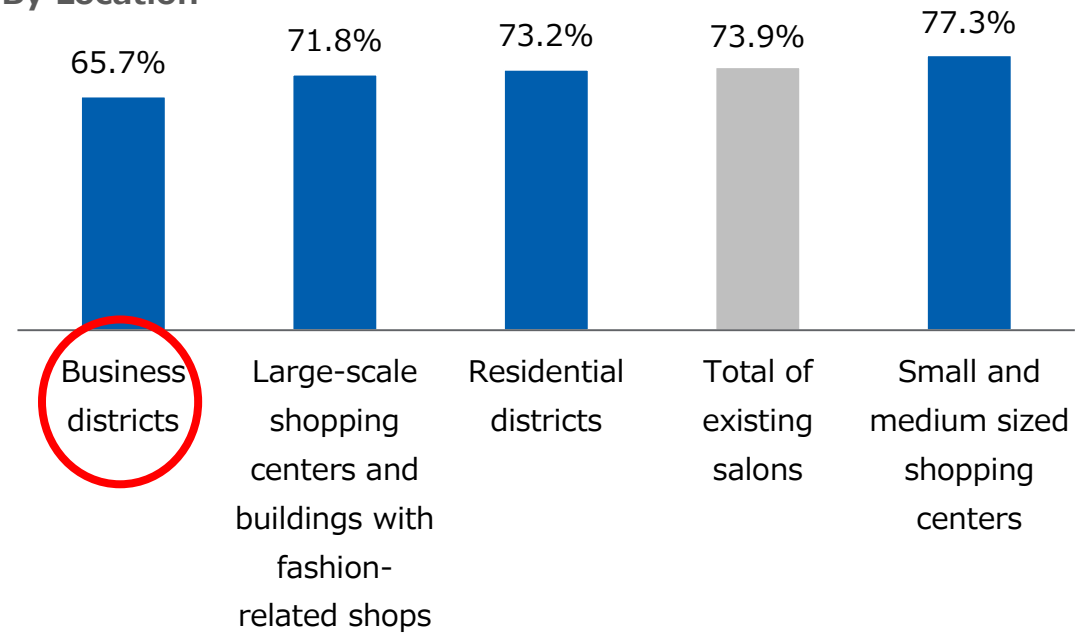
In Japan/ Overseas	Assumptions
Japan	[Sales forecast] In the first half of the year, the number of customers returning to salons in business districts is expected to be weak due to telecommuting and other factors. Forecast is based on **the assumption that the impact of the Novel Coronavirus (COVID-19) will gradually improve and that it will take until June 2021 for sales to recover to the levels prior to the spread of COVID-19.** [Other operating income] Recording of subsidy of 534 million yen (445 million yen accrued for FYE June 2020 in Japan and 89 million yen in overseas) in the first half. [Expenses] Implementation of cost reductions (reduce expenses for internal events, meetings, transportation, surveys, etc.) **No reductions in investment for future growth** (expenses for LogiTHcut training, development and testing expenses for the queuing system and new applications, brand project expenses, etc.)
Overseas	[Hong Kong] From late April to around mid-June, there were days when the number of newly infected people per day was zero thanks to the measures enforced by the government. **The impact of Novel Coronavirus (COVID-19) is expected to continue until around autumn of 2020**, considering that from around late June there has been a tendency for the infection to expand again and that the government banned eating and drinking in restaurants between 6 p.m. and 5 a.m. from July 15. [Singapore] **The impact of the Novel Coronavirus (COVID-19) is expected to continue until around autumn of 2020**, considering that the government's control system is thorough and the situation is on a recovery trend due to the circuit breaker (semi-lockdown) implemented from April 7 to May 31. [Taiwan] **The impact of the Novel Coronavirus (COVID-19) is not expected**, since the country continues to maintain a state of zero new infection with the exception of those who have traveled abroad and our salons are in normal operation. [U.S.] **The impact of the Novel Coronavirus (COVID-19) is expected to continue until June 2021.**

Year-on-Year Comparison of Existing Salons (Number of Customers) by Region and by Location for July 2020

By Region



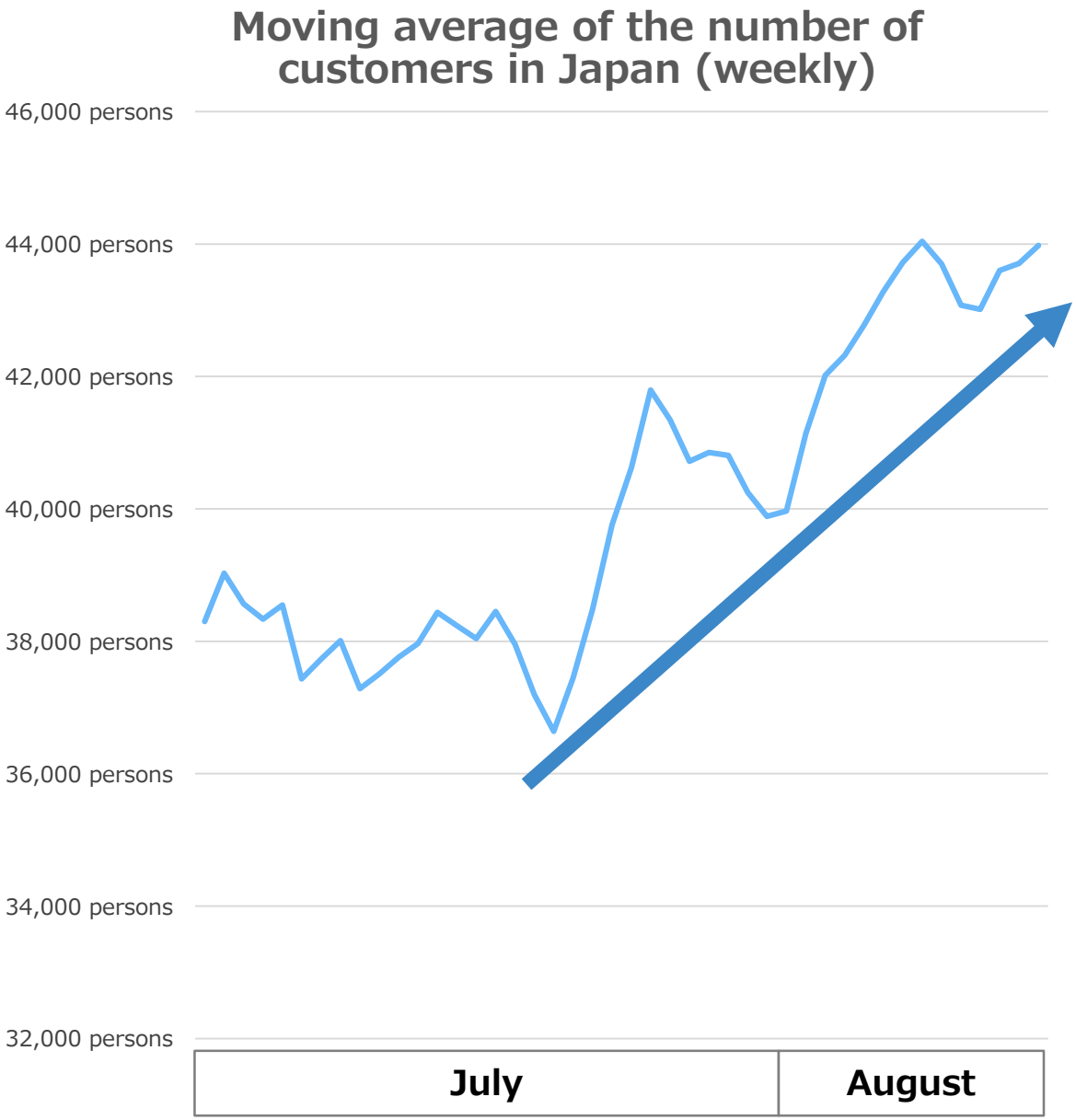
By Location



YoY comparison of existing salons (number of customers) by region and by location shows:

Slow recovery in the number of customers in the Kanto region and business districts

Projected Recovery in the Number of Customers in Japan in FYE June 2021

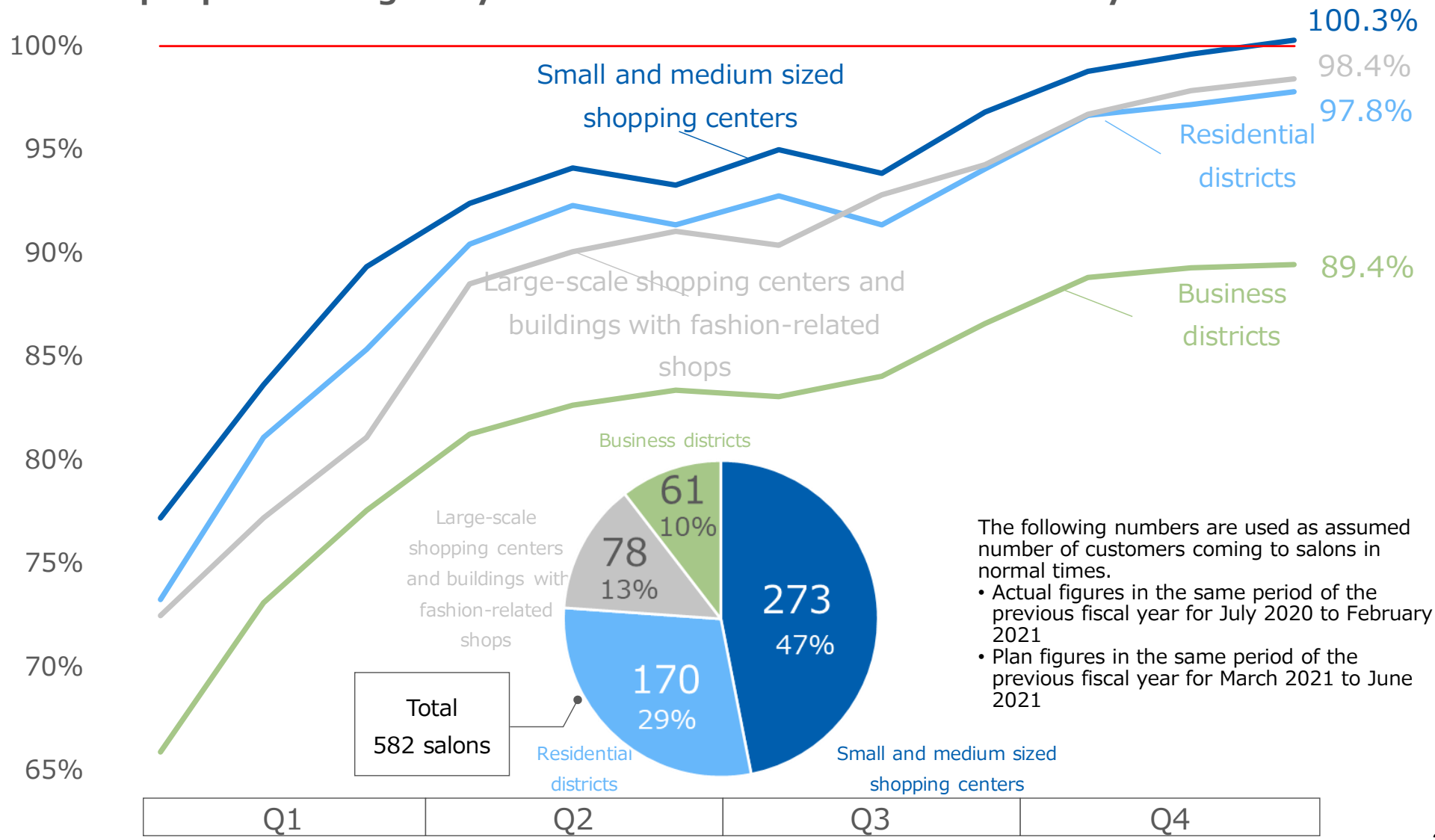


In July, the number was sluggish due to the delayed ending of the rainy season and the re-expansion of the spread of Novel Coronavirus (COVID-19). We are seeing **a notable recovery in the number of customers from late July to the most recent in August.**

Based on the recovery trend from July to August, and considering the locational and regional characteristics of salons, a plan for number of customers by salon was prepared.

Projected Recovery in the Number of Customers in Japan (by Location) in FYE June 2021

Salons in business districts (10%) require time to recover. Plan was prepared based on the projection that salons in shopping centers and residential districts where people visit regularly will recover to near-normal levels by June 2021.

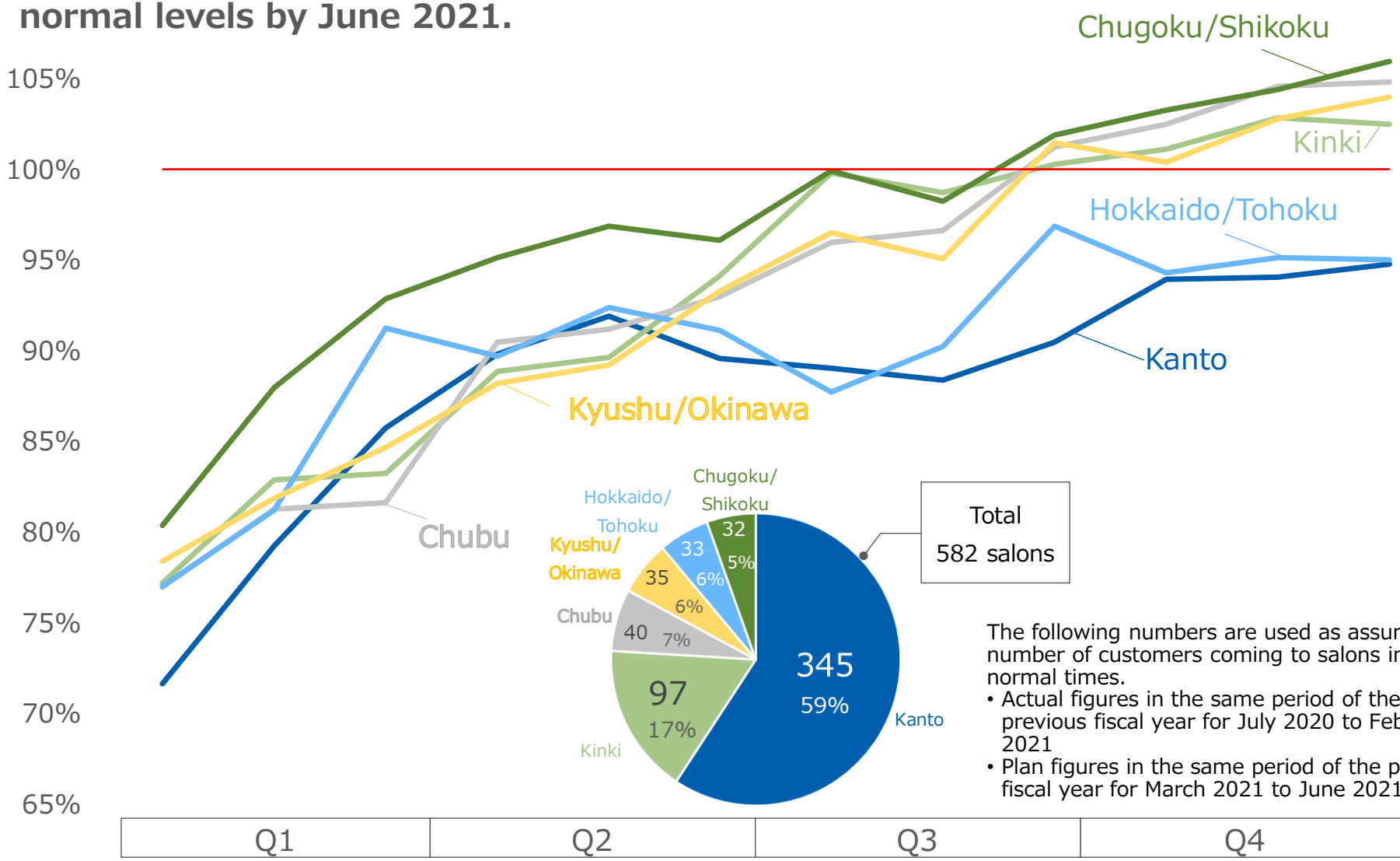


The following numbers are used as assumed number of customers coming to salons in normal times.

- Actual figures in the same period of the previous fiscal year for July 2020 to February 2021
- Plan figures in the same period of the previous fiscal year for March 2021 to June 2021

Projected Recovery in the Number of Customers in Japan (by Region) in FYE June 2021

Recovery in Kanto region, which is the urban central area, requires time. Plan was prepared based on the projection that Chugoku/Shikoku, Chubu, Kyushu/Okinawa and Kinki regions, which are provincial areas, will recover to 100% or more of normal levels by June 2021.

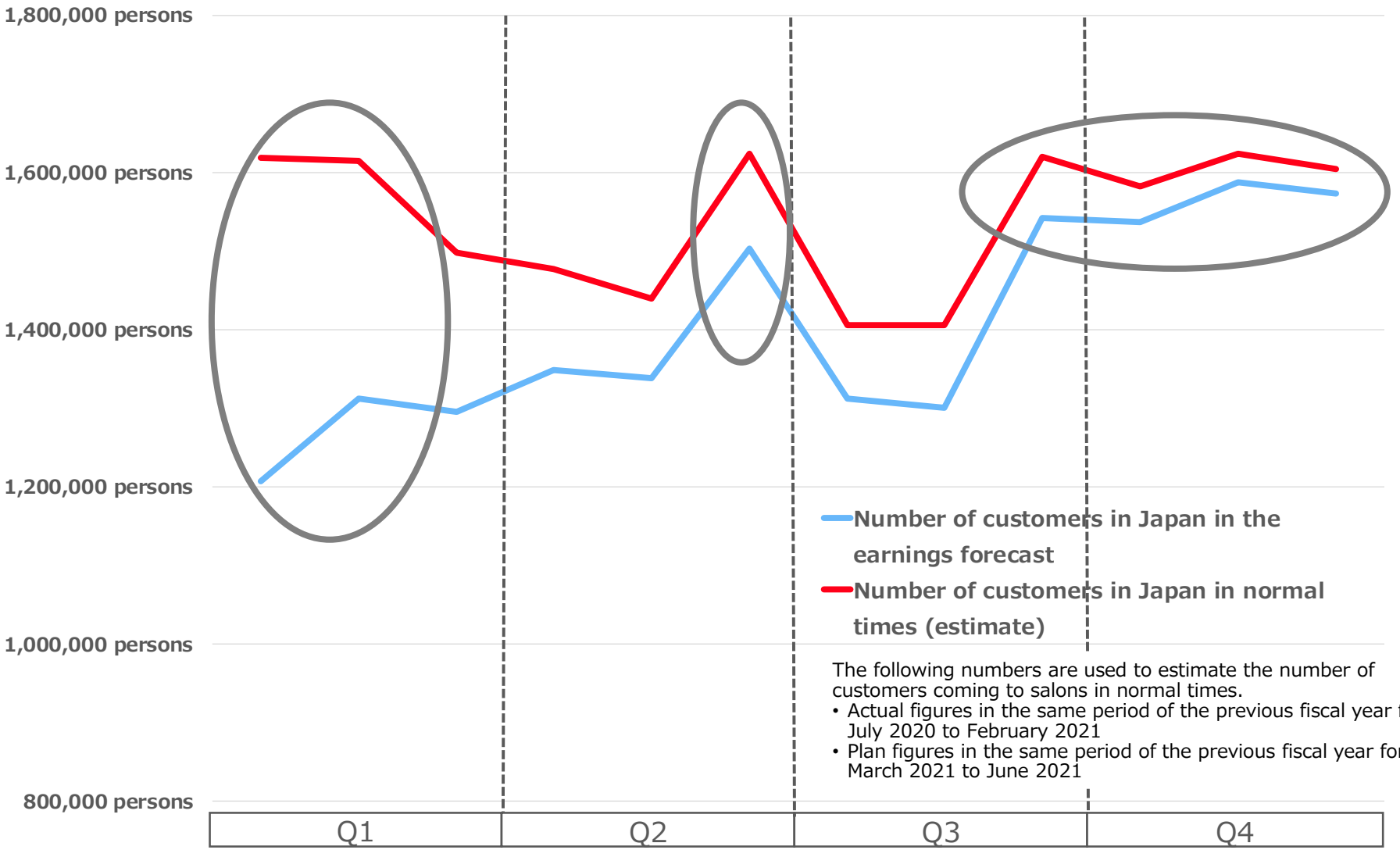


The following numbers are used as assumed number of customers coming to salons in normal times.

- Actual figures in the same period of the previous fiscal year for July 2020 to February 2021
- Plan figures in the same period of the previous fiscal year for March 2021 to June 2021

Projected Recovery in the Number of Customers in Japan (by Month) in FYE June 2021

The busy months of July-August 2020 are greatly affected by the Novel Coronavirus (COVID-19). The state of recovery in the number of customers during busy months of December and March to June will have a significant impact on business performance.



The following numbers are used to estimate the number of customers coming to salons in normal times.

- Actual figures in the same period of the previous fiscal year for July 2020 to February 2021
- Plan figures in the same period of the previous fiscal year for March 2021 to June 2021

Initiatives to be Taken in FYE June 2021 (Summary)

Japan

- QB House: Plan to open 13 new salons, relocate 4 salons, and close 14 salons.
- **QB PREMIUM**: Plan to open 1 new salon (second salon).
- FaSS: Plan to open 1 new salon and close 1 salon.
- Test the queuing system using IT and the **reservation system based on new applications** and verify the cost effectiveness.
- Implement measures to improve the support system for transfers from provinces where human resources are well secured to the Tokyo metropolitan area with the aim of rationalizing labor costs for each block and reducing support transportation expenses.
- Reduce fixed costs, including rent.
- Consider and carry out integration of nearby salons in the area.
- Open LogiTHcut Satellite Yokohama School on August 1, 2020 (sixth in Japan).

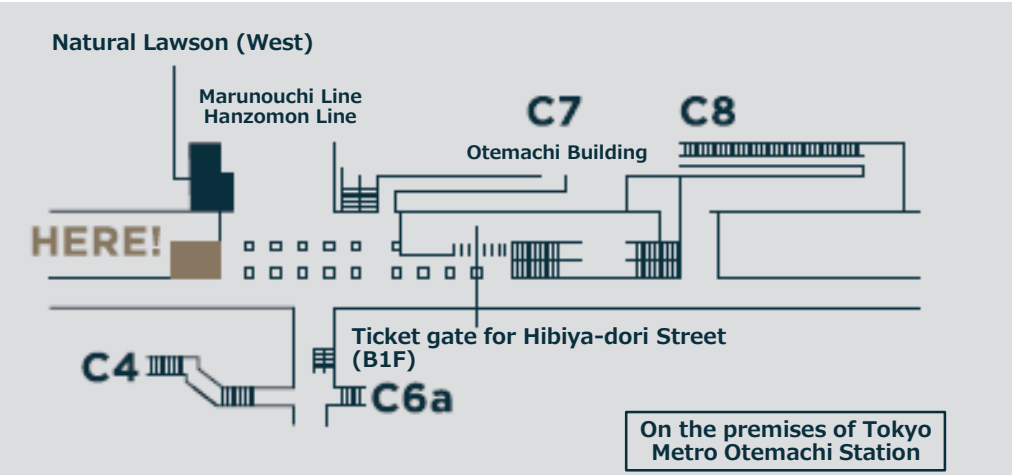
Overseas

- In Hong Kong, plan to open 4 new salons.
- In Singapore, plan to open 1 QB HOUSE Premium salon.
  Plan to change 3 salons to QB House Premium. Plan to close 1 salon.
- In Taiwan, plan to open 5 new salons. Plan to relocate 1 salon and close 2 salons (including closure associated with relocation).
- Pursue negotiations for rent as in Japan.

QB PREMIUM Otemachi Metro pia







Address

On the premises of Otemachi Station, 1-6-1 Otemachi, Chiyoda-ku, Tokyo
Right by the C7 exit of Tokyo Metro Otemachi Station

Price

Hair cut & styling 1,650 yen (tax included)

Business hours

Weekdays
10:00 a.m.-9:00 p.m. (Last entry: 9:00 p.m.)
Weekends and holidays
10:00 a.m.-6:00 p.m. (Last entry: 6:00 p.m.)

Opened on March 23, 2020
↓
June 1 to August 31: Operational probation period
↓
September 1 to 30: Modification period
↓
From October 1: Implement application for use
Progressively introduce cashless, reservation and electronic chart systems

Record high of 71 (number of customers per day)

Initiatives Using IT: Concept of the QB HOUSE Queuing System

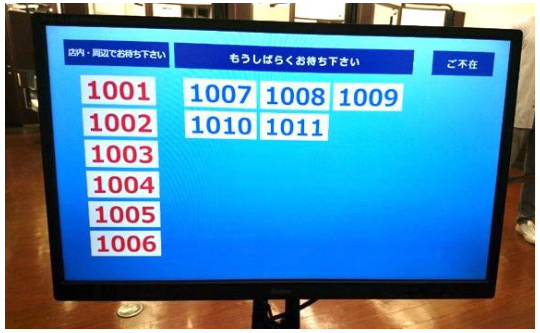
- QB HOUSE queuing system is being tested at the following 6 salons: Ginza Main, Fuchu KURURU, AM Hamamatsu Ichino, In front of Musashi-Kosugi Station, MOSAICMALL Kohoku, JR Sapporo Station North Exit
- We plan to conduct tests at a total of about 10 salons to verify the cost-effectiveness.

Buy a ticket from a ticket vending machine

(To wait outside the salon) Select the ticket number on the tablet and enter mobile phone number

Notification by short message (SMS) when customer's turn for haircut is getting closer

Waiting-order display monitor



Mobile phone number entry screen



Short message (example)

QB HOUSE の順番案内システムです。
そろそろ順番となりますので、店内または周辺でお待ちください。

Initiatives Using IT: New App Reservation System at QB PREMIUM and FaSS

- From June 30, 2020, we tested new app-based reservations at FaSS Nakameguro and Trainchi Jiyugaoka salons.
  - Electronic haircut charts
  - Time reservation





	9 (木)	10 (金)	11 (土)	12 (日)	13 (月)	14 (火)	15 (水)
13:00	△	○	ー	休	○	×	○
13:15	△	×	ー	休	○	×	○
13:30	△	×	ー	休	○	○	○
13:45	△	○	ー	休	○	○	○
14:00	○	○	○	休	○	○	○
14:15	○	○	○	休	○	○	○

Hair clipper

Hair clipper
- Use a clipper from the hairline to the temporal area.
- Hair flow: Beware of strong undulation from the right side of the head toward the back.

Ears
- Ears must show; Hairline: No shaving of the nape of the neck, natural finish

Cropped short
- In gradation from 6 mm to 9 mm to 12 mm
- Skeletal structure: Uneven behind the ears, caution is required when cropping.

Sideburns
- Position: To middle of the ear; Thickness: Gradation from 3 mm to 6 mm.
- Hairline: No shaving of the nape of the neck, natural finish

- Feedback



Digitizing customer information and service quality

Salon Opening Plan

- Plan to open 25 new salons, relocate 5 salons, and close 18 salons (including closing due to relocation).
- As for salon closures in Japan, we plan to close unprofitable salons that can lead customers to nearby salons, due to the impact of Novel Coronavirus (COVID-19).

Plans for new openings, relocations, closures, and business format changes for FYE June 2021

Unit: salon	Business format	End-FYE June 2020	New salon	Relocation	Change of business format	Closure	Change	End-FYE June 2021
Japan	QB HOUSE	568	13	4		-14	3	571
	QB PREMIUM	1	1	0		0	1	2
	FaSS	13	1	0		-1	0	13
Subtotal in Japan		**582**	**15**	**4**		**-15**	**4**	**586**
Singapore	QB HOUSE	26	0	0	-3	-1	-4	22
	QB HOUSE Premium	7	1	0	3	0	4	11
	Kids	3	0	0	0	0	0	3
Hong Kong	QB HOUSE	63	4	0		0	4	67
	QB PREMIUM	1	0	0		0	0	1
Taiwan	QB HOUSE	29	5	1		-2	4	33
U.S.	QB HOUSE	4	0	0		0	0	4
Subtotal of overseas		**133**	**10**	**1**		**-3**	**8**	**141**
Consolidated group total		**715**	**25**	**5**		**-18**	**12**	**727**

(*) The number of closed salons includes those due to relocation.

Forecasts for the First Half and Second Half of FYE June 2021

- In the first half of FYE June 2021, revenue is expected to be 88.6% of the level of the same period in the previous fiscal year mainly due to the impact of Novel Coronavirus (COVID-19) against the favorable performance in the first half of a year earlier due to the successful raise in prices in Japan.
- Revenue for the second half of FYE June 2021 is expected to be 137.1% of the level of the same period in the previous fiscal year, with recovery to a near-normal level, in contrast to lower sales in the second half of FYE June 2020 due to irregularities caused by temporary closures and reduced operating hours associated with the state of emergency declared.

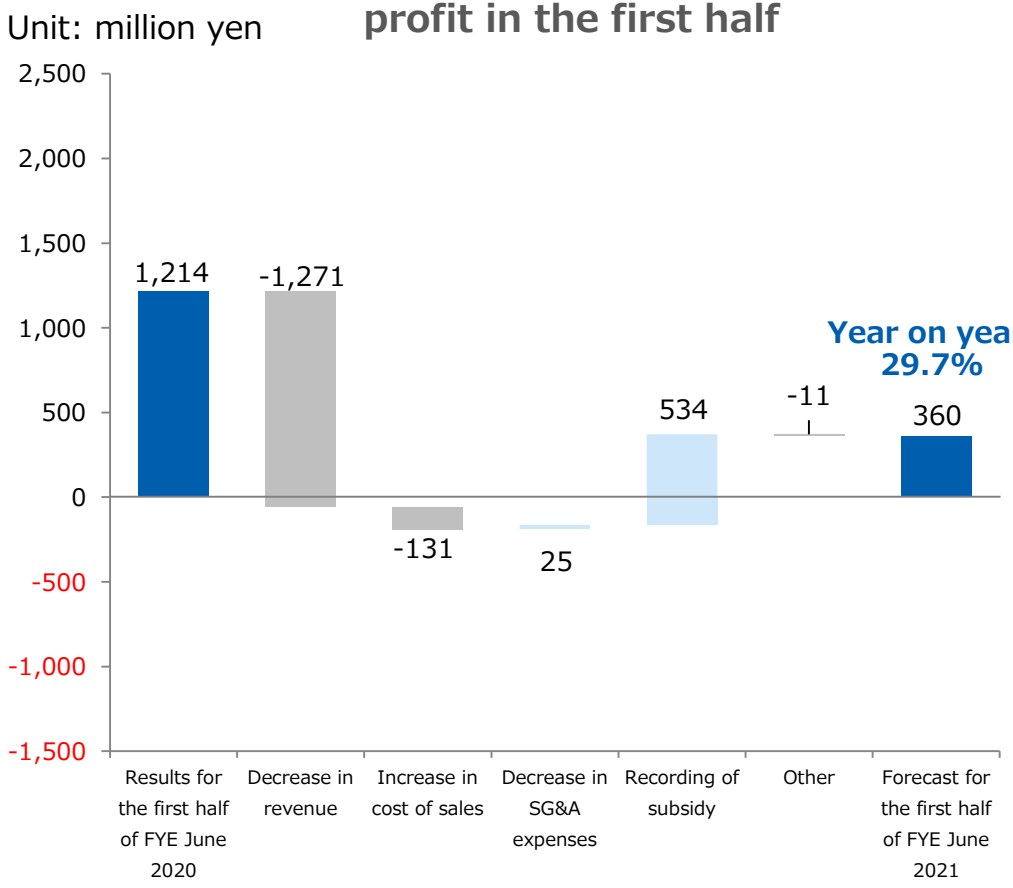
Forecasts for the first half and second half of FYE June 2021

Unit: million yen	First half of FYE June 2020 Actual	First half of FYE June 2021 Forecast	YoY	Second half of FYE June 2020 Actual	Second half of FYE June 2021 Forecast	YoY
Revenue	11,111	9,840	88.6%	7,977	10,934	137.1%
Operating profit	1,214	360	29.7%	-974	640	-

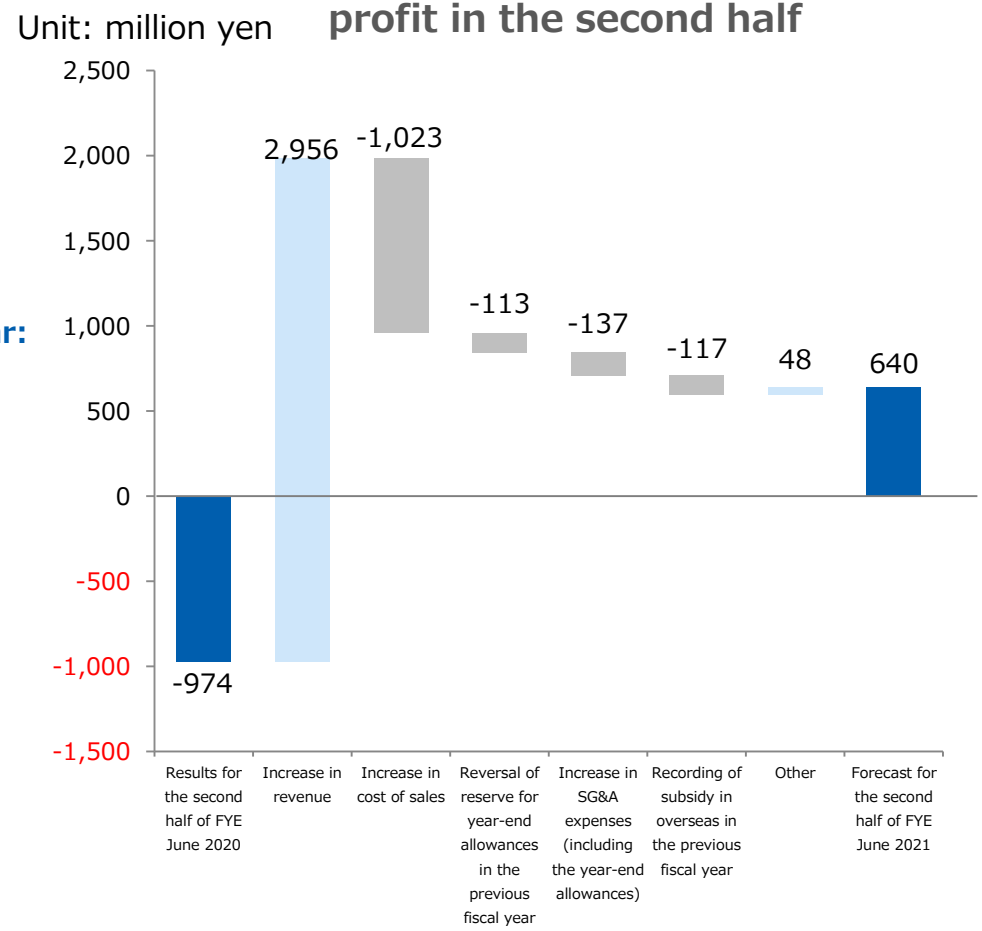
Analysis of Changes in Operating Profit Forecast (First Half and Second Half)

- In the first half of FYE June 2021, revenue is expected to decrease by 1,271 million yen mainly due to the impact of Novel Coronavirus (COVID-19).
- For the second half of FYE June 2021, revenue is expected to increase by 2,956 million yen, mainly due to temporary closures and shorter working hours in the second half of the previous fiscal year. Furthermore, due to an increase in cost of sales and SG&A expenses, we forecast a profit of 640 million yen.

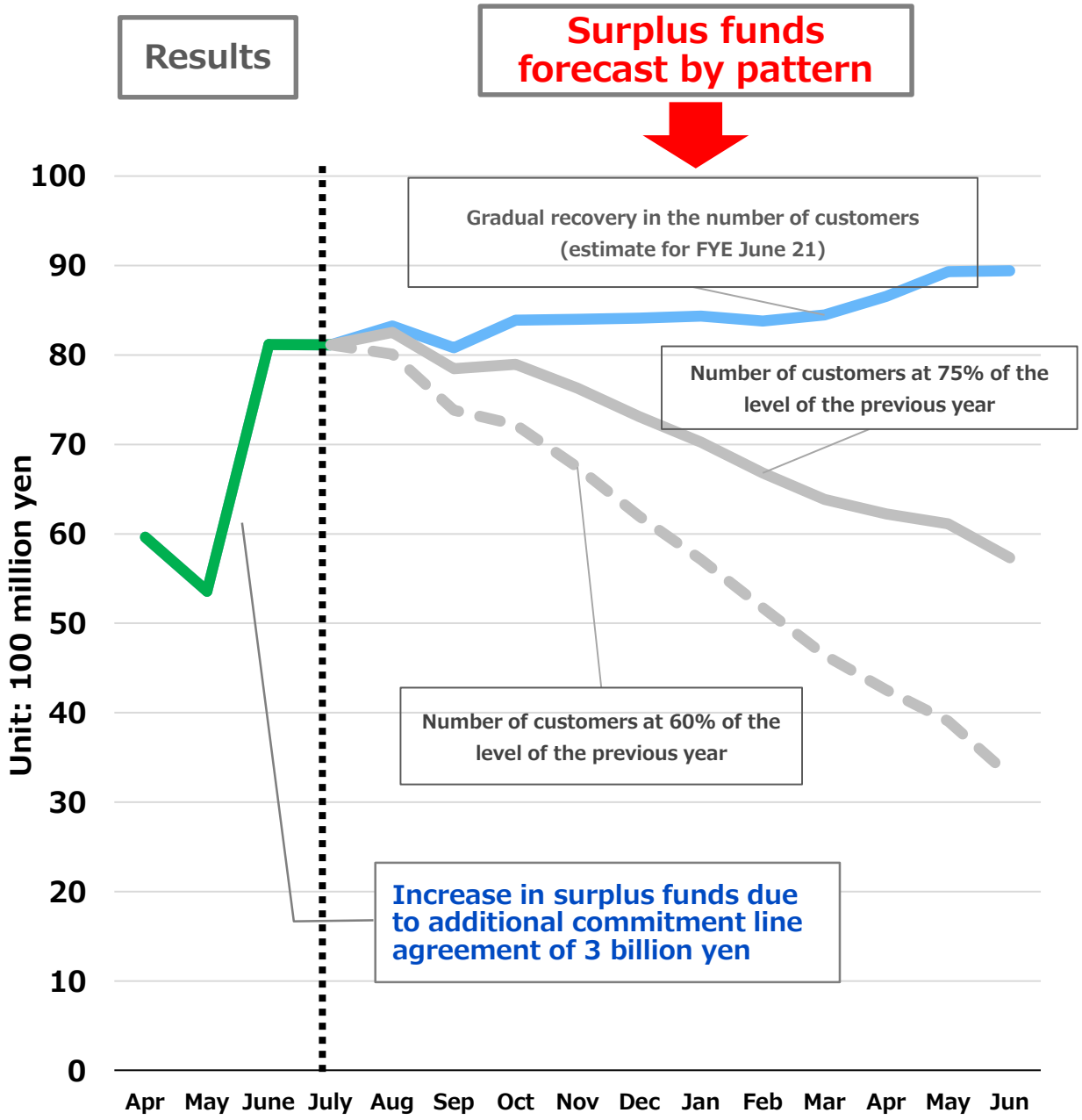
Analysis of changes in operating profit in the first half



Analysis of changes in operating profit in the second half



Funding Situation (Consolidated)



Financed **4 billion yen in April 2020** through the execution of commitment line agreements and overdraft agreements.

To prepare for the risk of **a delay in recovery of the number of customers to salons** due to recurrent spread of infections, concluded a new commitment line agreement worth **3 billion yen** in June 2020.

At the end of July, the balance of cash on hand (5.1 billion yen) and unused credit lines (3.0 billion yen) totaled 8.1 billion yen.

Secured **5 times** the level of cash against the normal monthly consolidated expenses of 1.6 billion yen.

Assumptions of financing:

- Calculation of pattern-based simulation of "surplus funds" that combines cash on hand and unused amounts of commitment lines
- Use of assumptions applied for the forecast for FYE June 2021
- Constant figures for overseas
- Number of customers in Japan follows the three patterns below:
  - (i) A gradual recovery returning to levels of when not affected by Novel Coronavirus (COVID-19) in June next year
  - (ii) Remaining around the 75% level of the previous fiscal year mentioned above
  - (iii) Remaining around the 60% level of the previous fiscal year mentioned above

Three Basic Policies until Containment of Novel Coronavirus (COVID-19)

(i) Place the top priority on the safety of human life and implement thorough measures to prevent infection.

(ii) Create new business opportunities through proactive innovation using digital technology.

(iii) Secure additional funds and strengthen cash flows to prepare for a recurrence of the Novel Coronavirus outbreak this year.

Countermeasures against the Spread: Measures against "Three Cs" (Closed Spaces, Crowded Places, and Close Contact)

- **Closed spaces**

  [Ventilation] Installation of circulators and hybrid fans for periodic ventilation



Hybrid fan





Droplet prevention sheet

- **Crowded places**

  [Waiting seat] Seating with space in between

  [Waiting system] Analog version waiting-order registration system, queuing system, reservation system

  [Kids' space] Closed

  [Haircut chair] Droplet prevention sheet



Analog version waiting-order registration system

- **Close contact**

  [During treatment] Wearing mask and/or face guard, discarding disposable combs, no handing over, and disinfecting





Delivery tray

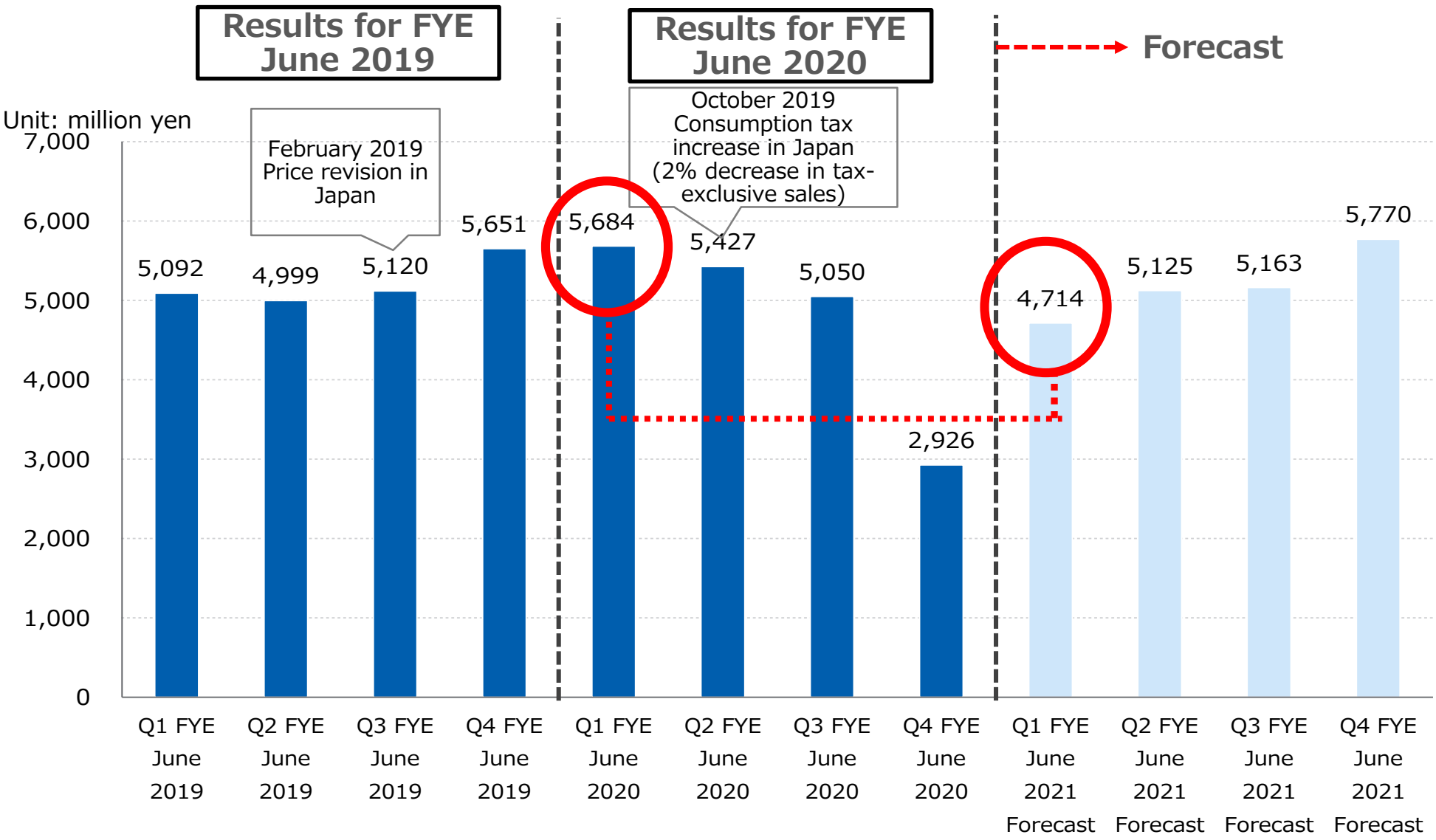
“Power-saving,

Labor-saving,

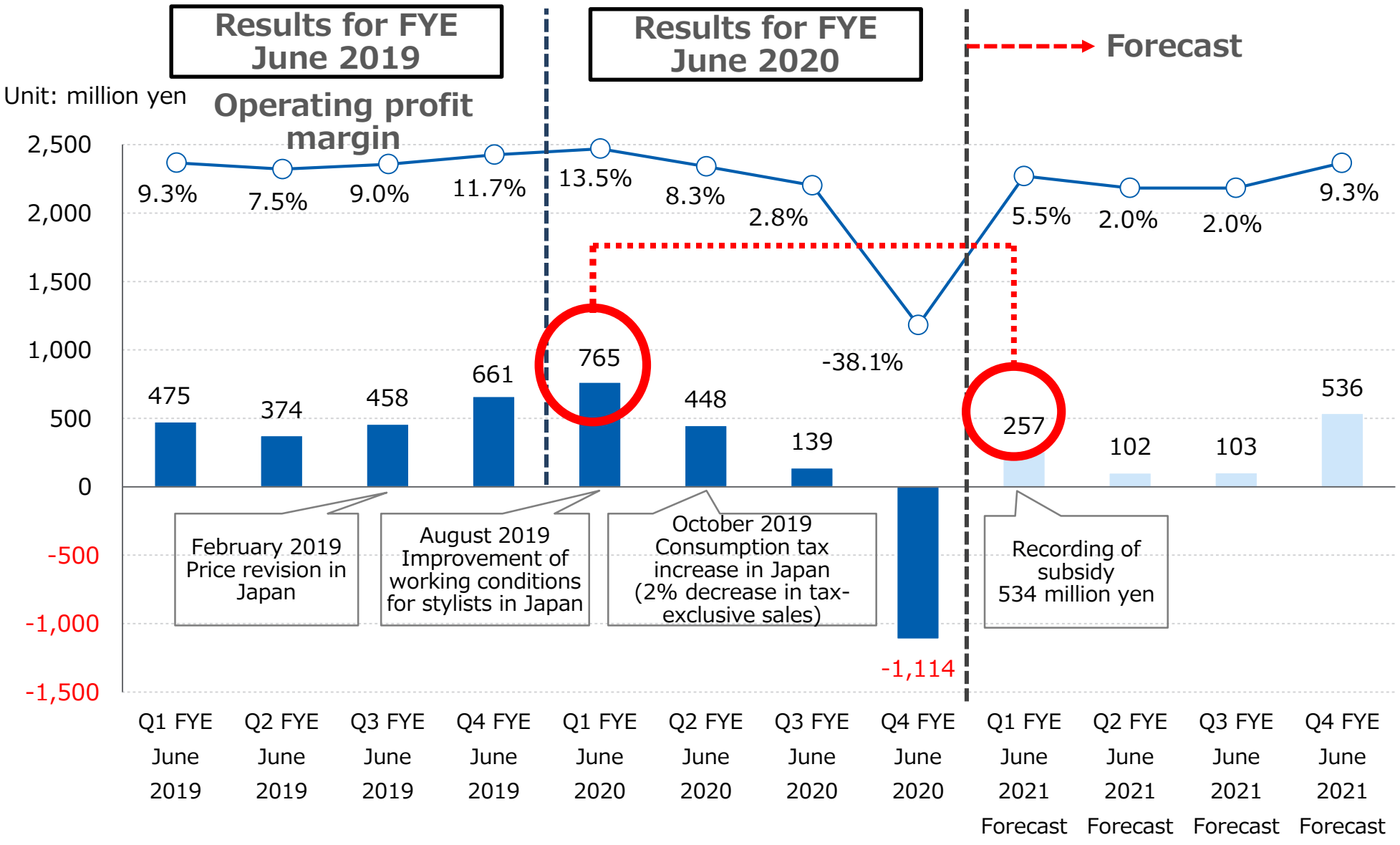
Time-saving”

Appendix

Quarterly Revenue (Consolidated) Trends



Quarterly Operating Profit (Consolidated) Trends



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