



QB Net Holdings Co., Ltd.

Q2 FYE June 2021

Financial Results Briefing Material

February 18, 2021

I Results for H1 FYE June 2021

II Impact of Novel Coronavirus
(COVID-19) and Initiatives to
Be Taken in H2 of FYE June
2021

Consolidated Group Earnings for Q2 FYE June 2021 (Summary)

- We remained in the black in the first half of the fiscal year ending June 2021, including 648 million yen of domestic and overseas subsidies.
- The full-year earnings forecast remains unchanged at this moment.

Full-year Consolidated Group Earnings (Summary)

Unit: million yen	H1 FYE June 2021		H1 FYE June 2021 Forecast		Against plan	Full Year FYE June 2021 Forecast		
	Results	Year on year (%)	Initial plan	Year on year (%)		Initial plan	Year on year (%)	Progress rate
Revenue	9,300	83.7%	9,840	88.6%	94.5%	20,774	108.8%	44.8%
Operating profit	358	29.5%	360	29.7%	99.6%	1,000	417.4%	35.8%
Profit before tax	266	23.3%	266	23.2%	100.3%	814	829.5%	32.8%
Profit	228	30.1%	182	23.9%	125.8%	557	533.4%	41.1%
Basic earnings per share	17.95 yen		14.22 yen			42.92 yen		
Dividends per share	—		—			TBD		

* The factors causing profit under review to be 125.8% of the plan include the fact that tax-free subsidy income in Hong Kong exceeded the plan.

Initiatives Taken until Q2 FYE June 2021 (Summary)

Japan

- Enhanced the system for supporting employee transfers from rural areas 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.
- Negotiated to reduce salon rents.
- Reduced employment of accomplished stylists.
- Implemented various cost reductions.
- Closed the Yaesu Store (FC salon opened in 1997) for consolidation at the end of October.
- Completed introducing a new app appointment system to all FaSS salons (13 salons) in December

Overseas

- Negotiated to reduce salon rents overseas as well.
- U.S. : Conducted a second price revision in November and introduced an online appointment system for selecting a date, time and stylist.

	Before COVID-19	June 22 Resumed operation	November
U.S.	\$20	\$23	\$25

New, Relocated, and Closed Salons and Seat Addition in Japan and Overseas (Summary)

Japan

- QB HOUSE : Opened five new salons
Relocated three salons
(Shibuya Mark City, youme Town Higashi-Hiroshima, and JR Suita Ekimae)
Closed five salons
(Yaesu, Hakata Ekimae-dori, and relocation of three salons)
Added seats in a salon
(Gransta Marunouchi: 4 seats → 6 seats)
- FaSS : Opened a new salon (Musashi Kosugi)
Closed a salon
(Daikanyama 17dixsept)

Overseas

- Hong Kong : Opened two new salons
- Singapore : Opened a new salon
Closed a salon by salon integration
- Taiwan : Opened three new salons
Relocated a salon
Closed a salon due to relocation
- U.S. : No opening or closing of salons

Track Records of New, Relocated, and Closed Salons

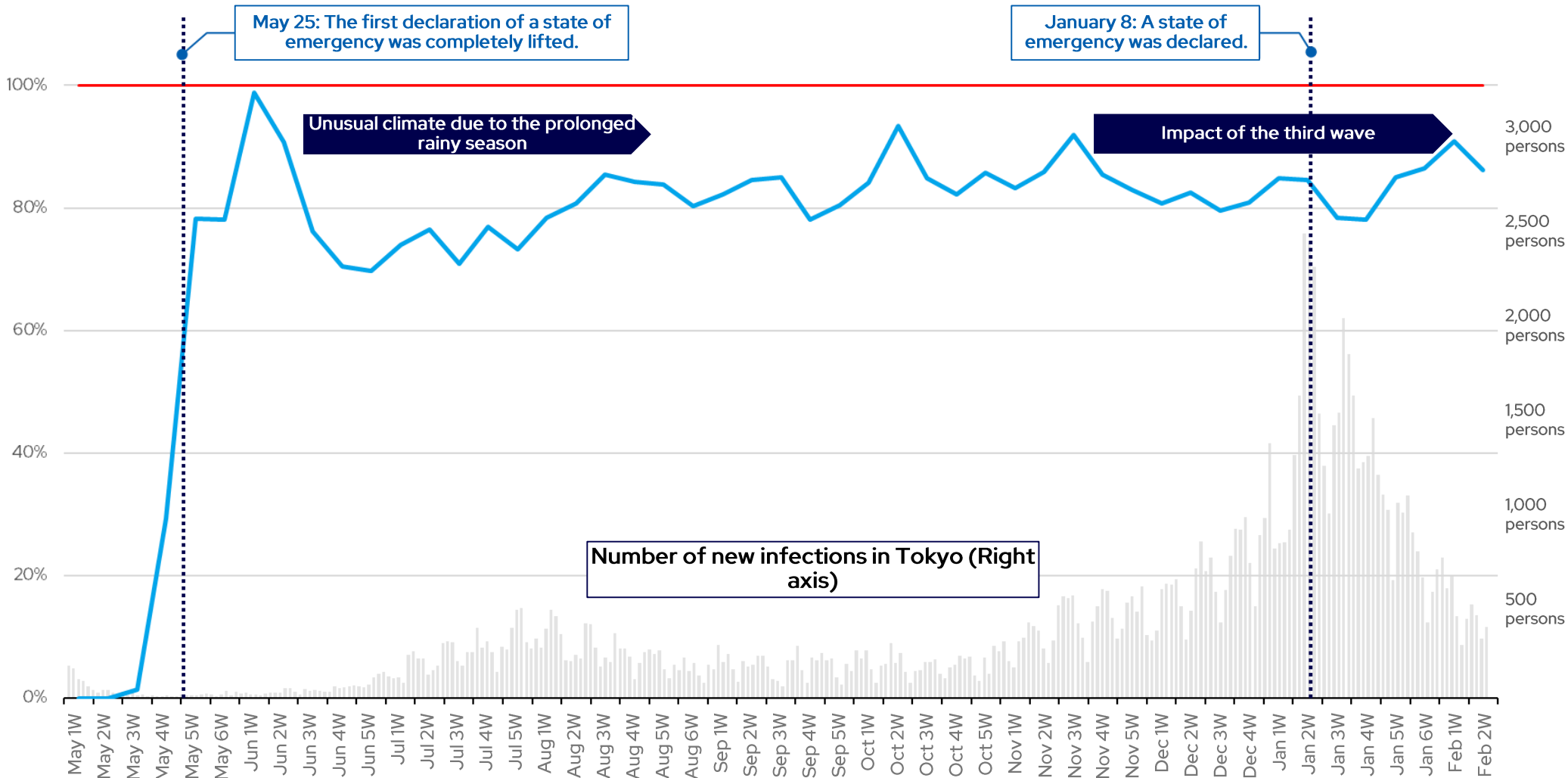
- 12 new salons, 4 relocated salons, and 8 closed salons (including closing due to relocation)

Unit: Salons	Business format	End-FYE June	New salon	Relocation	Closure (*1)	Change	End-Q2
Japan	QB HOUSE	568	5	3	- 5	3	571
	QB PREMIUM	1	0	0	0	0	1
	FaSS	13	1	0	-1	0	13
Subtotal in Japan		582	6	3	- 6	3	585
Singapore	QB HOUSE	26	0	0	-1	-1	25
	QB HOUSE Premium	7	1	0	0	1	8
	Kids	3	0	0	0	0	3
Hong Kong	QB HOUSE	63	2	0	0	2	65
	QB PREMIUM	1	0	0	0	0	1
Taiwan	QB HOUSE	29	3	1	-1	3	32
U.S.	QB HOUSE	4	0	0	0	0	4
Subtotal of overseas		133	6	1	-2	5	138
Consolidated group total		715	12	4	- 8	8	723

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

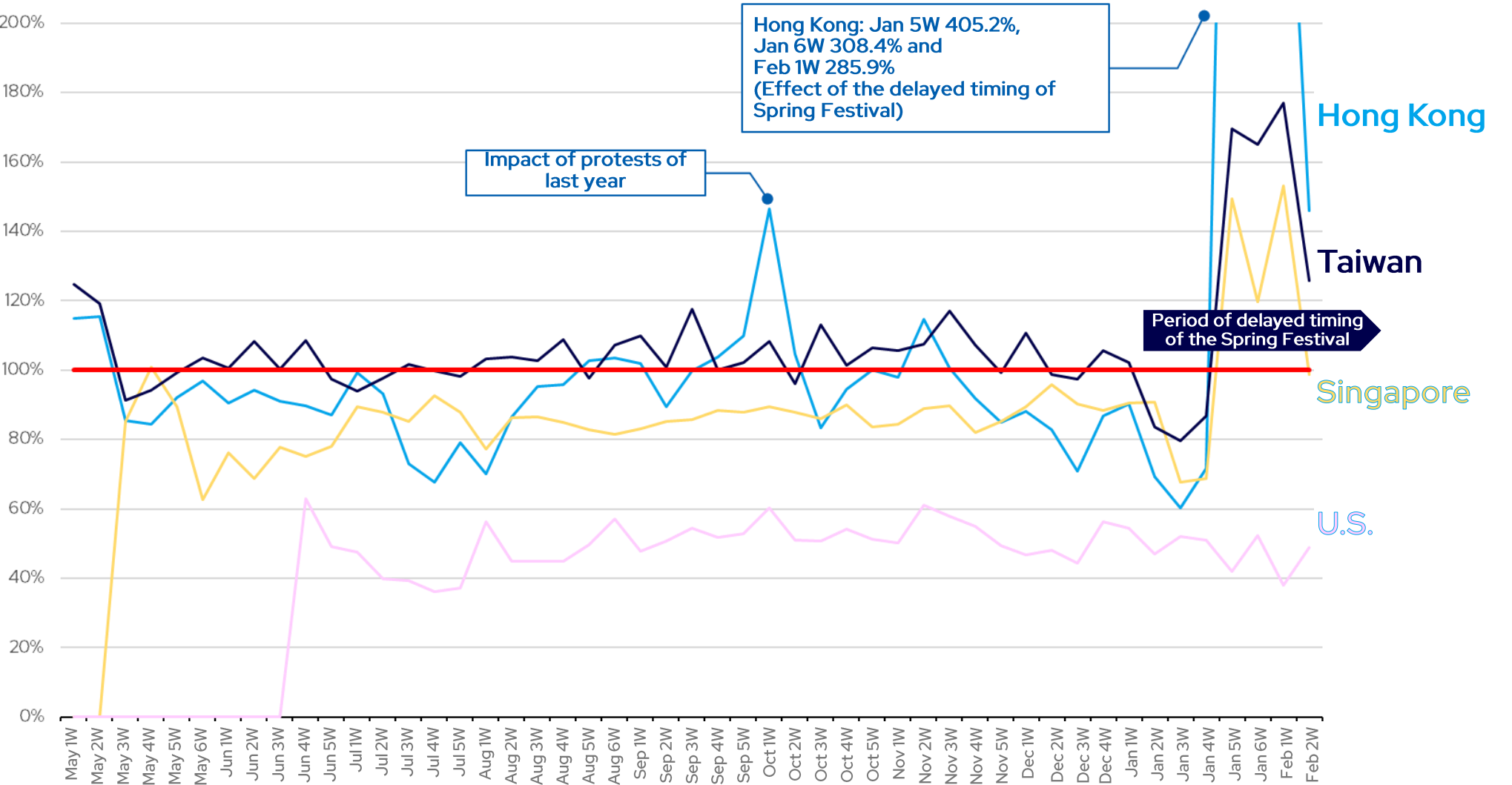
Year-on-Year Comparison of Number of Customers in Japan (including new salons; compared on same days of the week)

- Under the second declaration of the state of emergency and with 159 salons doing shorter business hours, the number of customers is just over 80% year-on-year. Down the road, **it is forecast that the number of customers “will never go below 80% of the previous year” unless commercial facilities that house the salons suspend business in the future.**



Year-on-Year Comparison of Number of Customers Overseas (including new salons; compared on same days of the week)

Some countries were affected by the spread of infections from around November, but the Asian region is on a recovery trend.

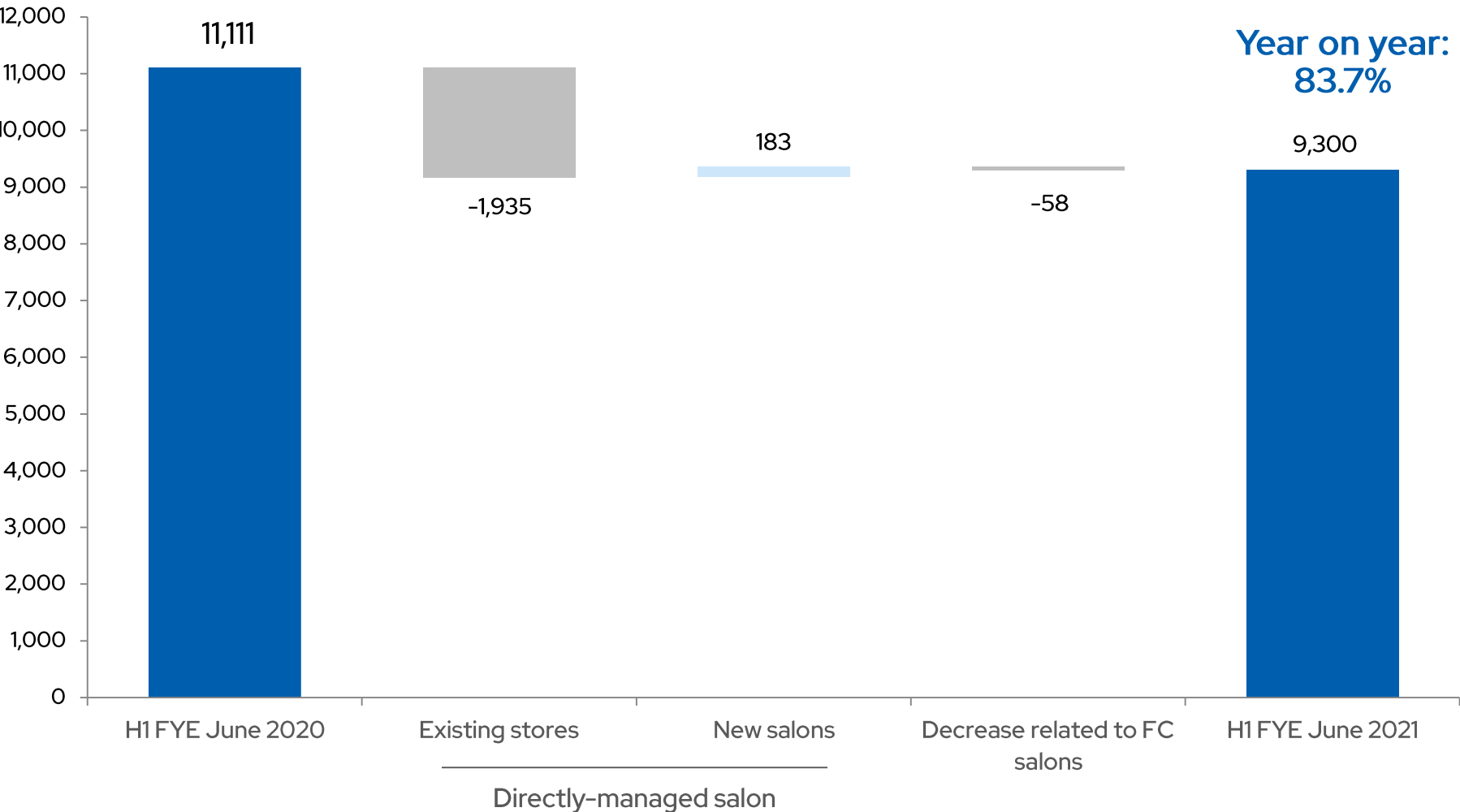


* [Spring Festival] January 25 in 2020 and February 12 in 2021 7

Analysis of Changes in Revenue

- Revenue decreased by 1,810 million yen year on year due to the impact of COVID-19.

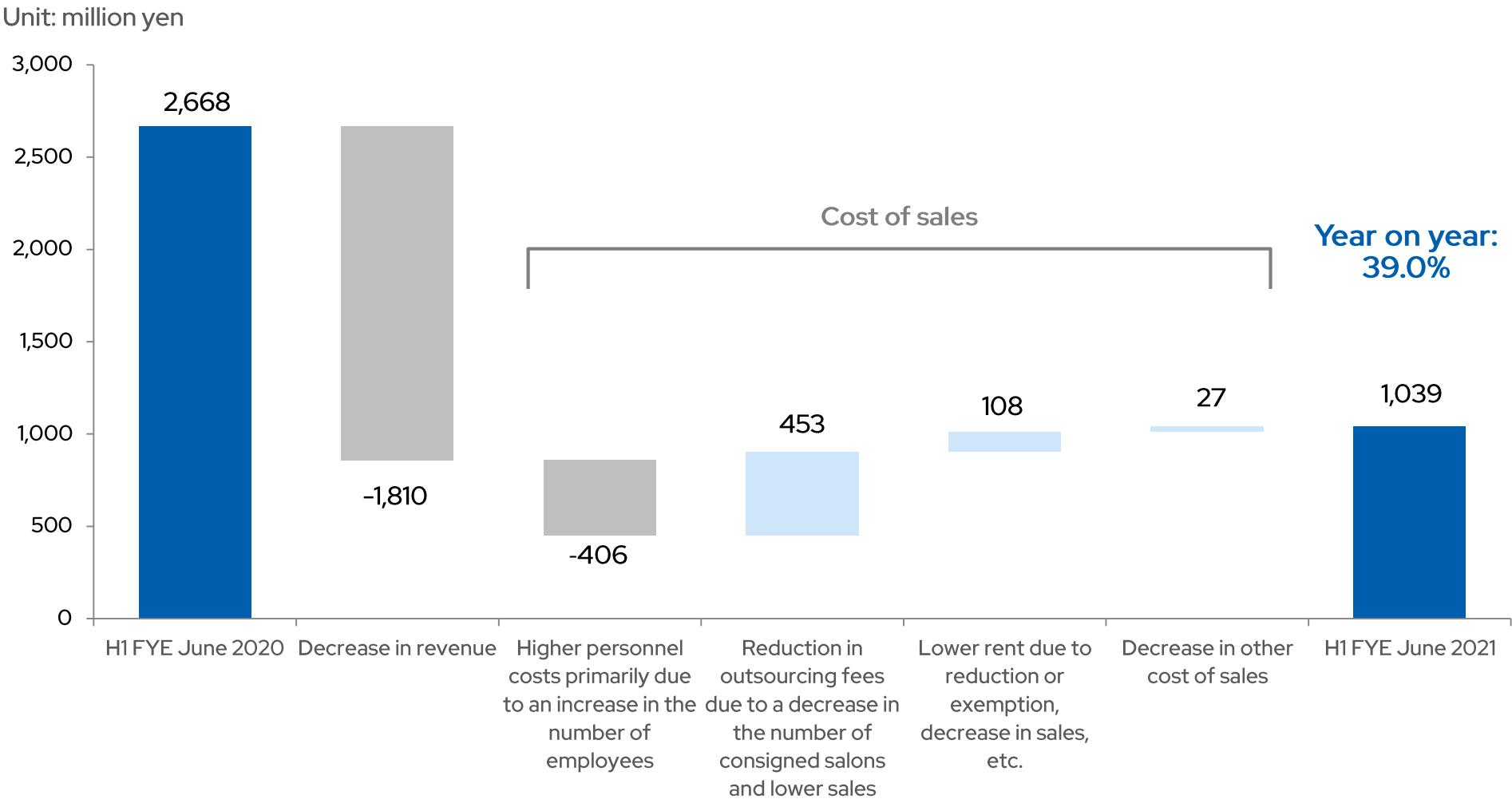
Unit: million yen



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

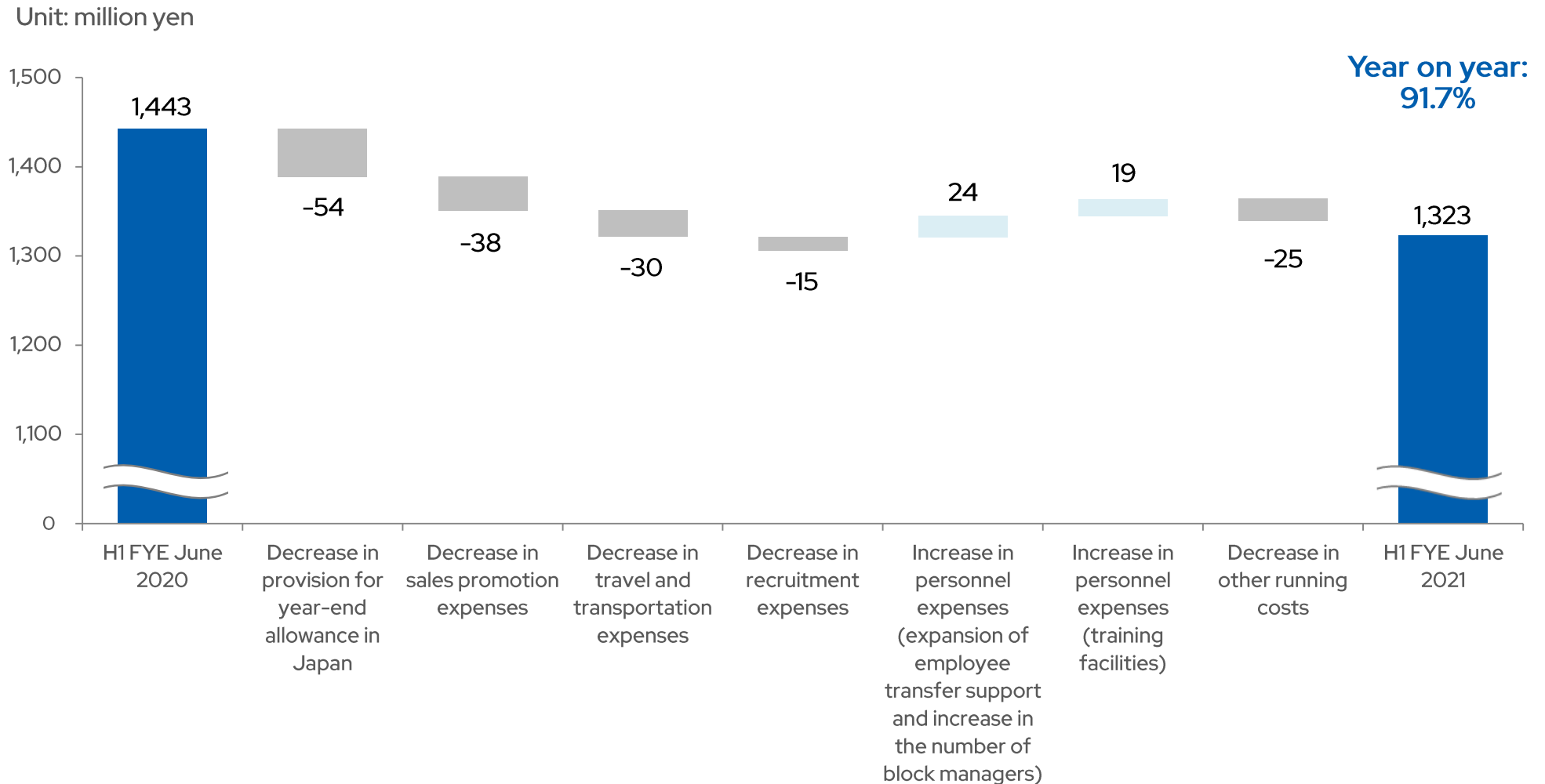
Analysis of Changes in Gross Profit (Gross Margin)

- Gross profit decreased by 1,628 million yen year on year mainly due to a decrease in revenue and a reduction in cost of sales.



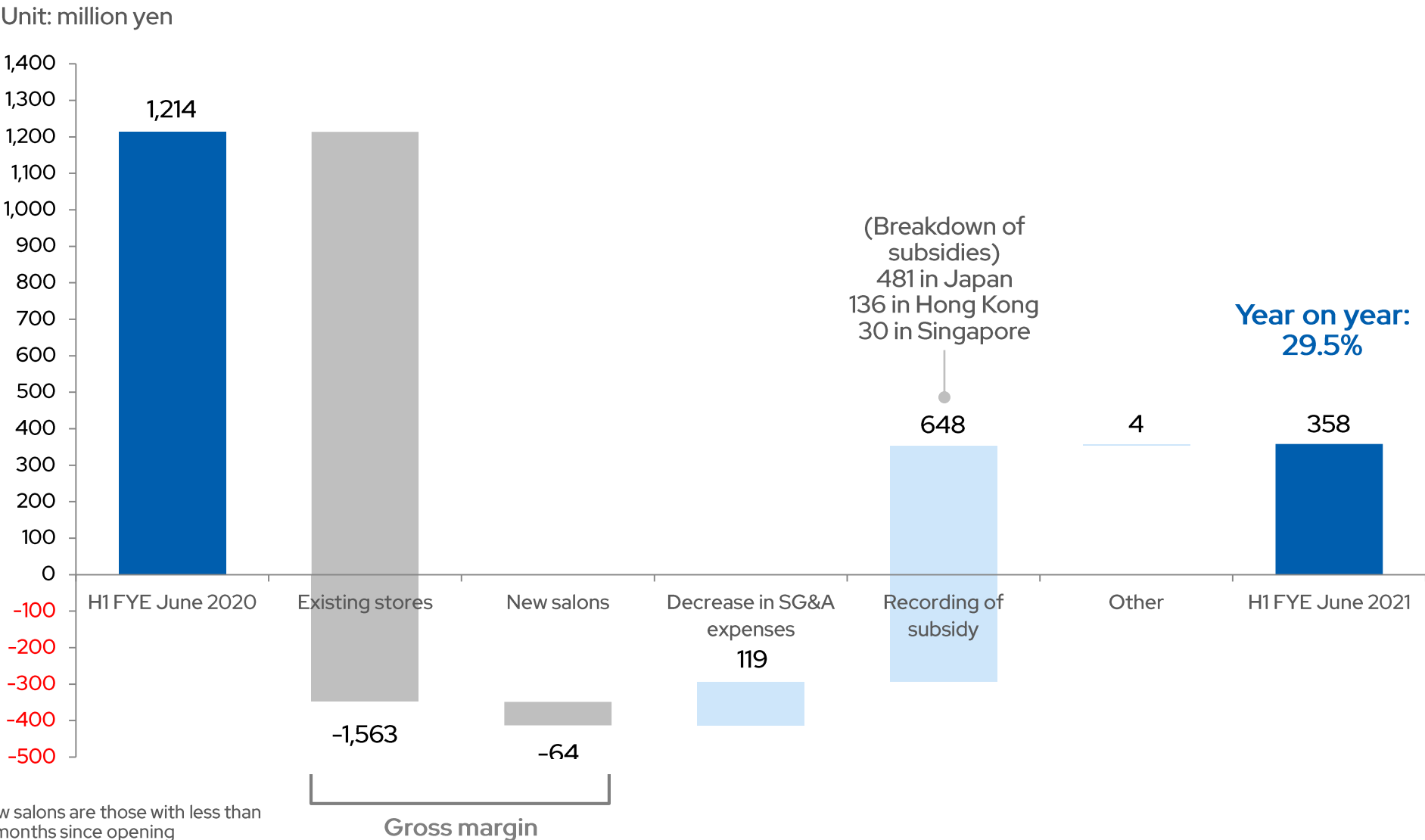
Analysis of Changes in SG&A Expenses

- SG&A expenses decreased by 119 million year on year as a result of efforts to reduce expenses, such as curbing promotional activities, decreasing travel expenses, and slowing down recruitment.



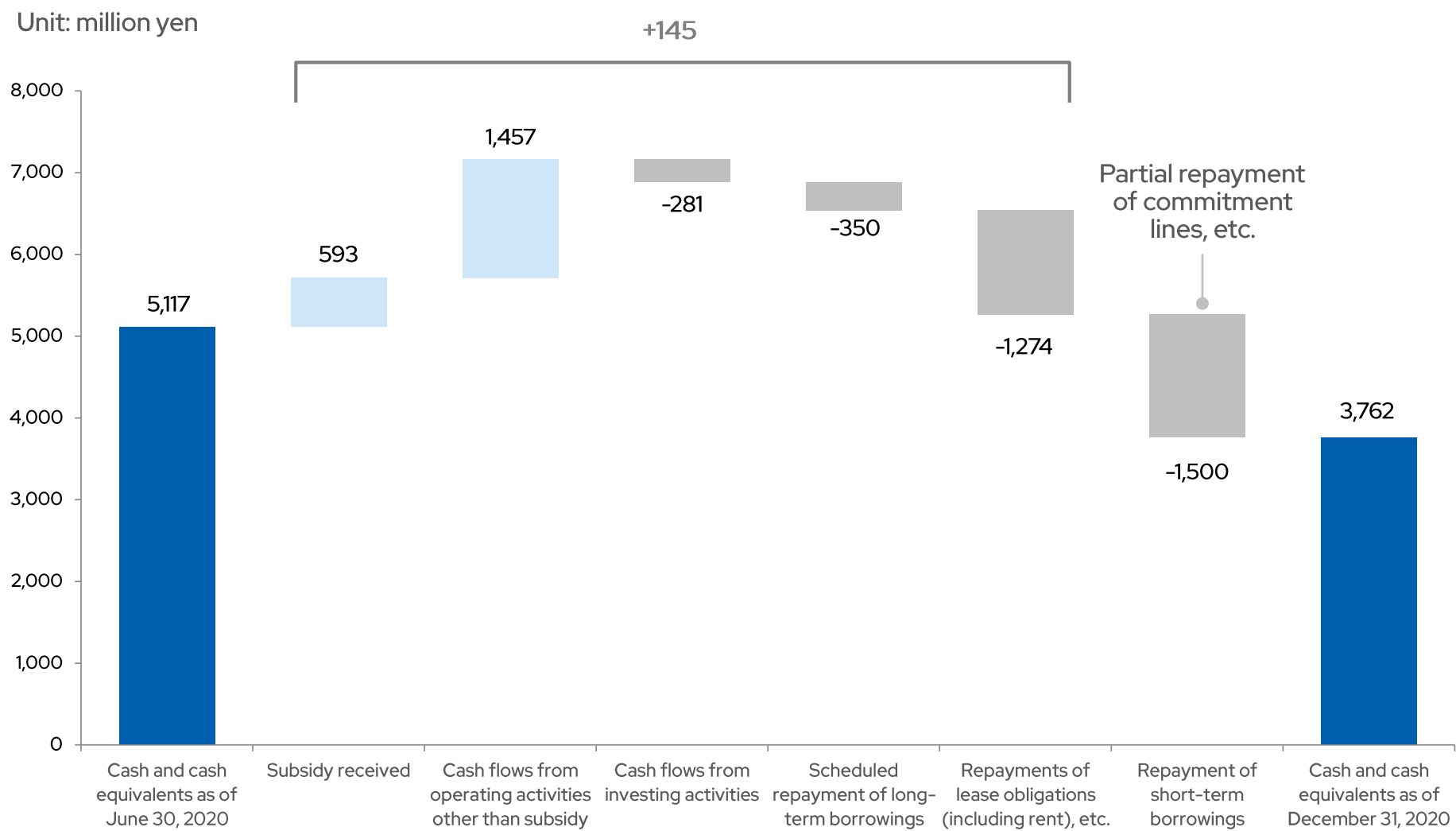
Analysis of Changes in Operating Profit

- Operating profit remained in the black at 358 million yen due to domestic and overseas subsidies posting 648 million yen.



Cash Flows Change Analysis

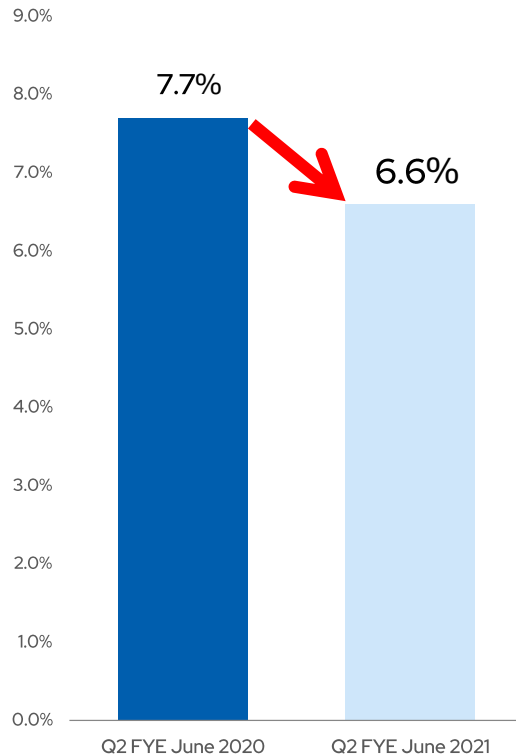
- Net cash provided by business activities remained positive.



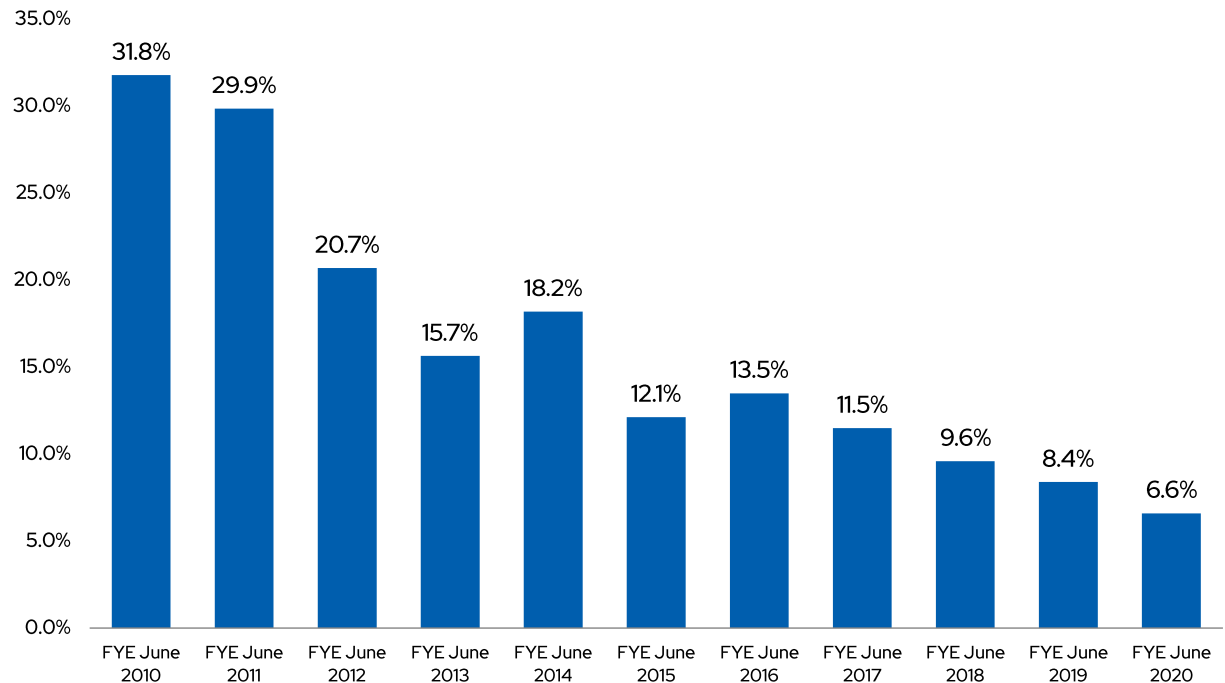
Trends in the Turnover Rate of Regular Employees in Japan

- Turnover rate of regular employees for the second quarter in Japan was 6.6% p.a. (down 1.1 percentage points year on year).
- In the previous fiscal year, the Company guaranteed the salaries of all stylists during the business suspension, including pay for overtime work and reduced working hours, and kept all employees, who are the source of the Company's value.

Turnover rate (annualized rate)
of regular employees in Q2 in Japan



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



* Excluding the head office.

* Including training facilities (LogiTHcut Professional Stylist School).

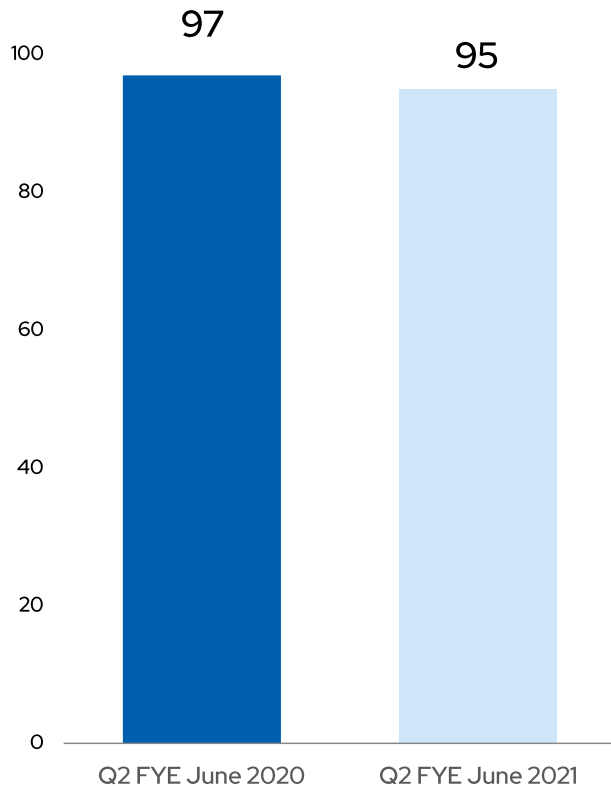
Number of Employees in Japan (Stylists)

- Number of regular employees recruited in Japan was 95 (down 2 year on year).
- The number of employees in Japan saw a net increase of 172 people, including 84 transferred from outsourced salons.

Number of regular employees hired until the end of Q2 in Japan

Unit: person

120

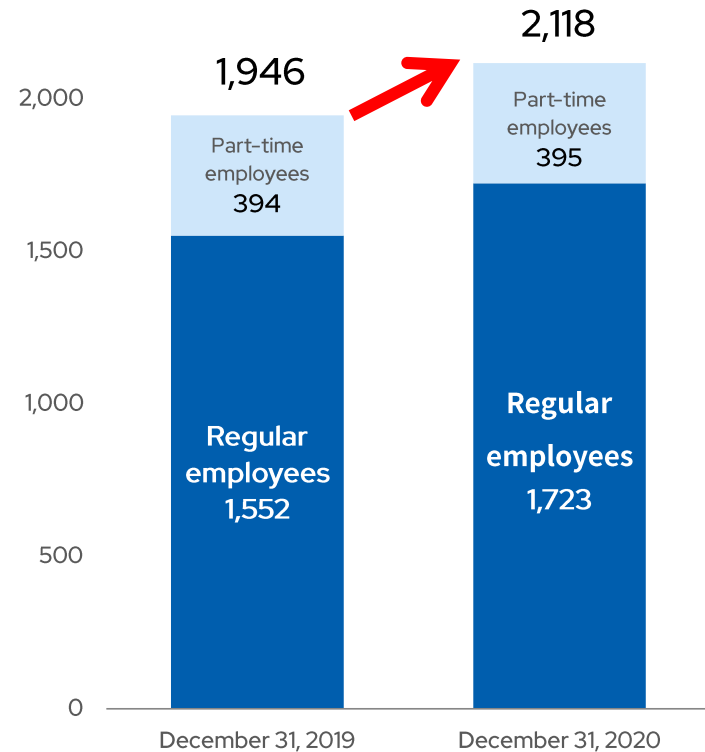


* Excluding transfers of 84 regular employees from outsourced salons. Excluding the head office. Including training facilities (LogiTHcut Professional Stylist School).

Number of employees in Japan as of December 31, 2020

Unit: person

2,500



■ Regular employees (in Japan) ■ Part-time employees (in Japan)

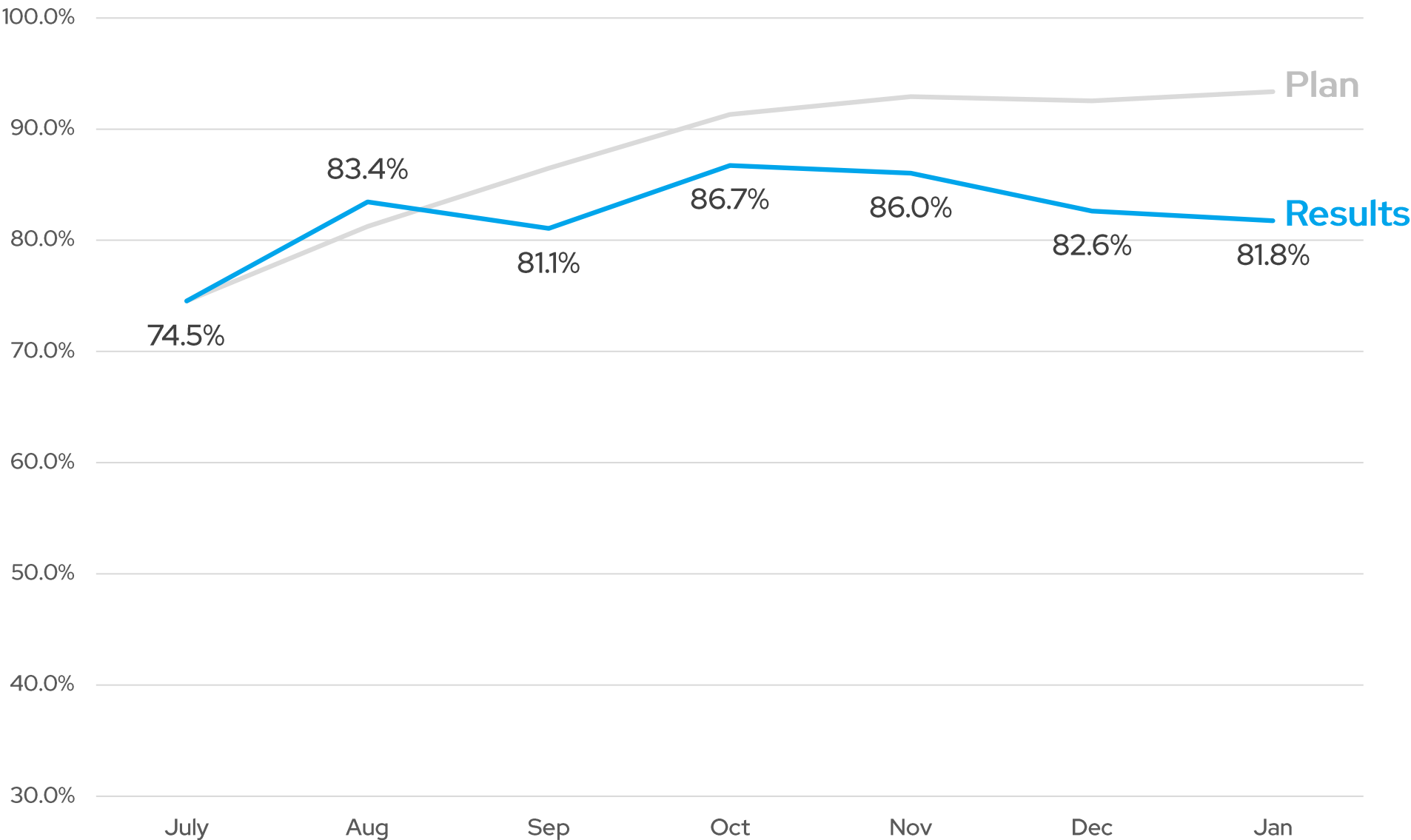
* Including transfers of 84 employees from outsourced salons. Excluding the head office. Including training facilities (LogiTHcut Professional Stylist School).

I Results for H1 FYE June 2021

II Impact of Novel Coronavirus (COVID-19) and Initiatives to Be Taken in H2 of FYE June 2021

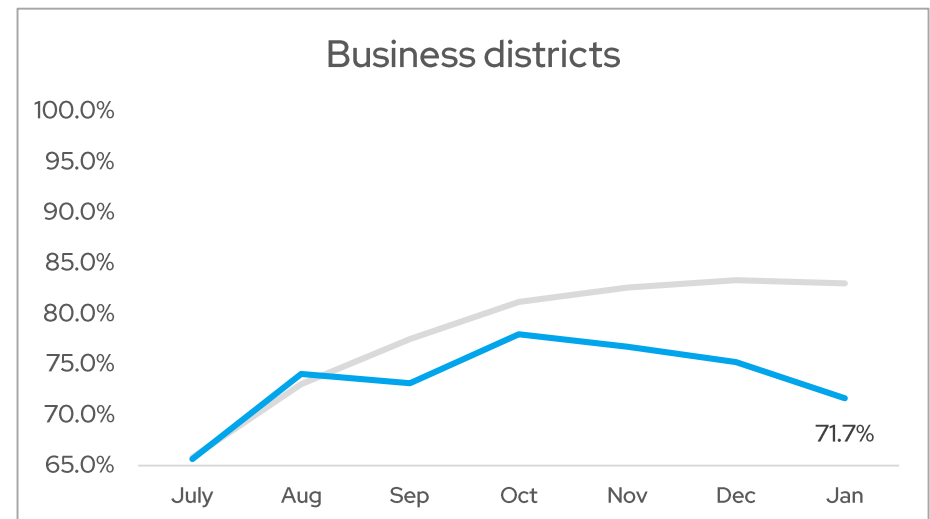
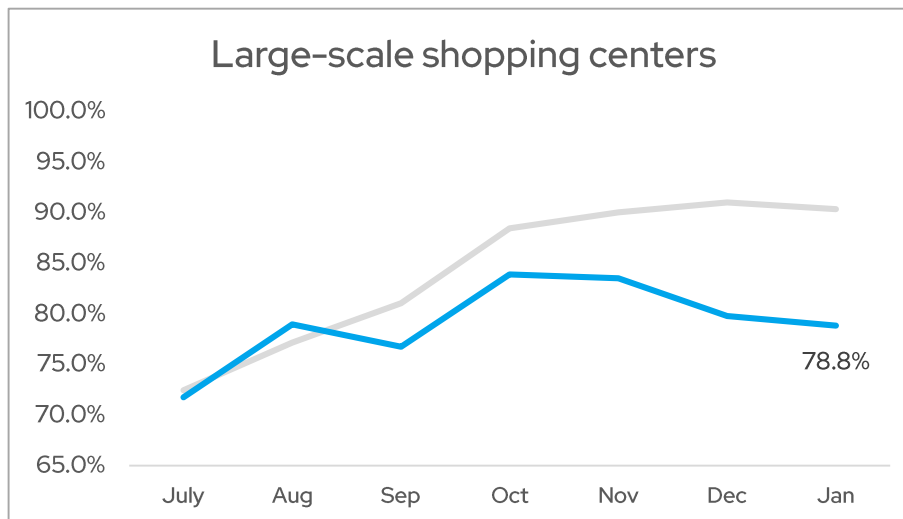
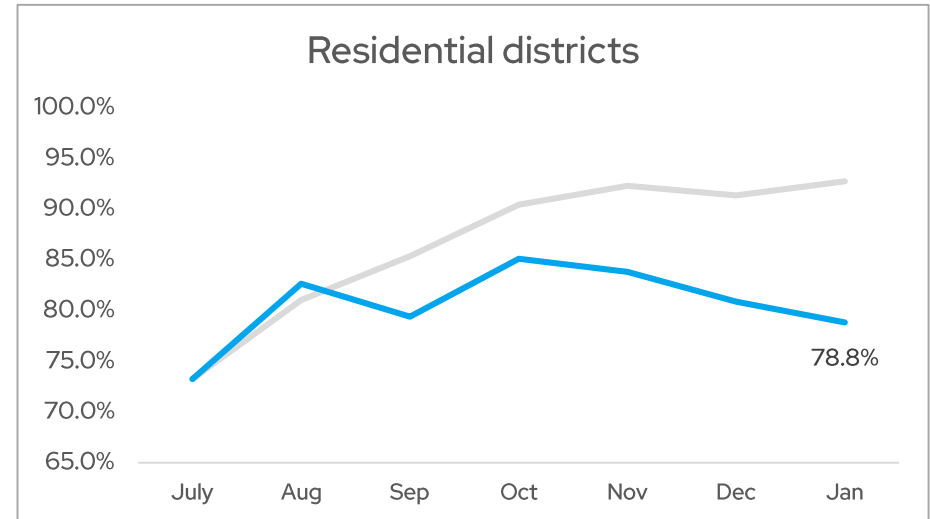
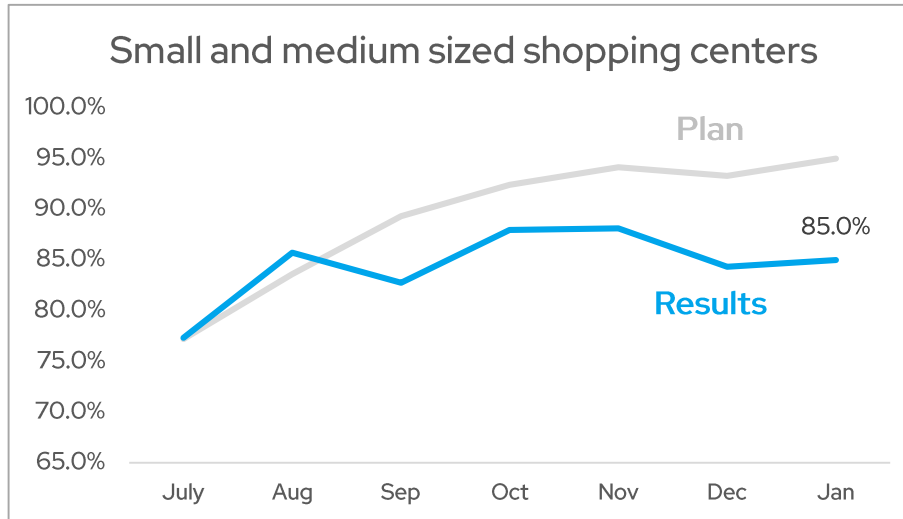
Assumptions and Results of Recovery in the Number of Customers in Japan (including new salons)

- Despite the impact of the third wave of infections and the second declaration of a state of emergency, more than 80% of customers are retained currently.



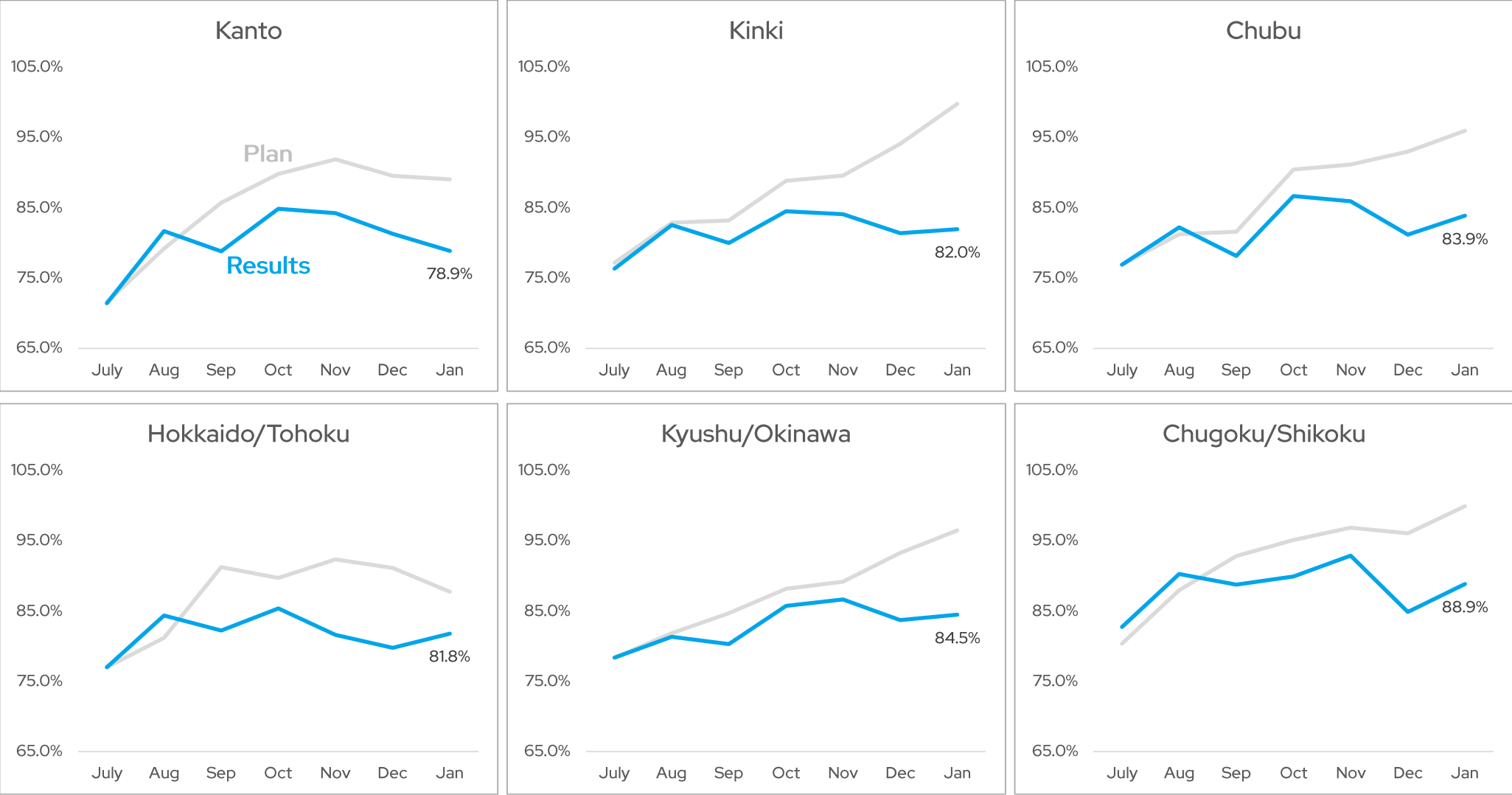
Assumption and Results of Recovery in the Number of Customers in Japan by Location

- Even under the second declaration of a state of emergency, the number of customers at salons in small and medium-sized shopping centers, which are part of people's everyday life, remained almost unchanged.
- Salons in residential districts are affected by the flow of people since there are a great number of salons inside and near train stations.



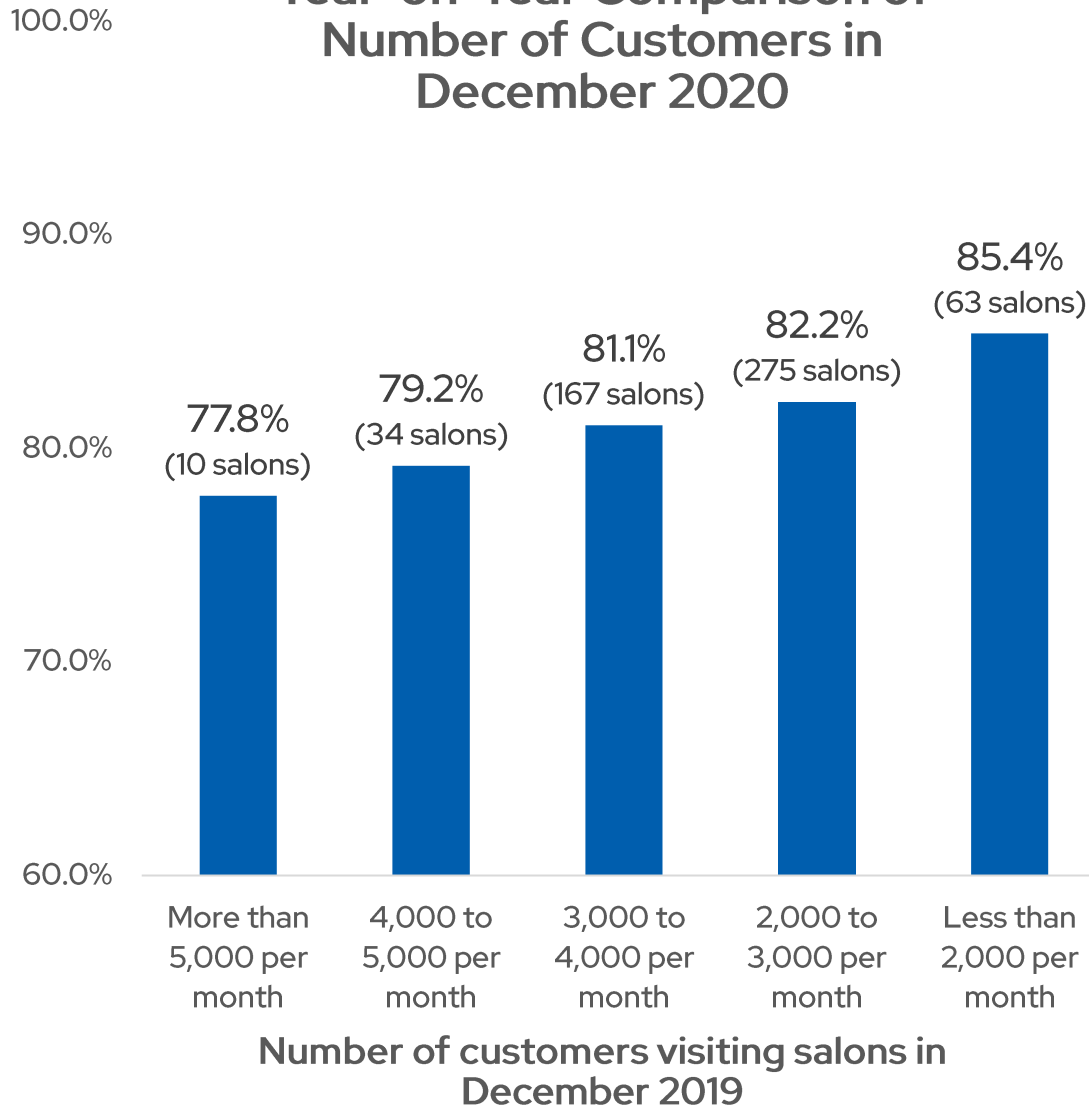
Assumption and Results of Recovery in the Number of Customers in Japan by Region

- A downward trend in the number of customers, caused by a resurgence of infections and the second declaration of an emergency situation, was noticeable in Kanto.



Year-on-Year Comparison Before and After COVID-19 by Number of Customers

Year-on-Year Comparison of
Number of Customers in
December 2020



When December 2020 is compared with the same period a year earlier, which was before the pandemic hit, by the number of customers,



More popular and larger salons saw the number of their customers decline year on year as people avoided the 3Cs (closed spaces, crowded places, and close contact).


Initiatives to Be Taken in H2 of FYE June 2021 (Summary)

- Measures against Lengthening of Cut Cycle
- Measures to Mitigate Stress of Waiting Time at Salons
- Measures to Respond to Accelerating Digitalization of Society
- Status of QB PREMIUM








– Measures against Lengthening of Cut Cycle

Initiative of Thank You for Short-Interval Visit Campaign

Thank You for Short-Interval Visit Campaign: from December 29, 2020 to late May 2021 (Planned)

 ヘアカット専門店 QBHOUSE 平日限定 39(サンキュー)早得カード 前回のご利用日から39日以内のご来店で サンキュー価格 税込1,100円 でご利用いただけます！ 髪の毛は、1ヶ月で約1cm伸びる為、 1ヶ月に1回のカットでいつも自然なヘアスタイルを維持できます！ 有効期限：2021.4.30(金) 静岡県内のQBハウス限定。※裏面を必ずご確認ください。	Outline of campaign	Customers who returned to our salon “within 39 days” after their last hair cut can receive a hair cut at a discount price of 1,100 yen. * On weekdays only, for customers who pay the regular price (not applicable to senior discounts)
	Blocks that implemented campaign	Hokkaido Block, Shizuoka Block, and Hiroshima Block * Salons for campaign: 42 QB HOUSE salons



 月 日 月 日 月 日 有効期限 月 日 月 日 従業員の感染防止対策  手指消毒と検温  フェイスガードとマスクの着用  器具消毒の徹底  手指消毒  お客様同士の間隔の確保  マスクの着用 【注意事項】 ●本キャンペーンは比較的小さい平日限定キャンペーンです。 「平日」「通常料金」でご利用のお客様が対象となります。 ●他のキャンペーン(平日シニア料金を含む)との併用はできません。 ●早得カードをお忘れになると、スタンプの捺印(早得価格でのサービス提供)ができません。十分ご注意ください。 ●当カードは、キャンペーン終了後、回収させていただきます。	<ul style="list-style-type: none"> ■ More than 70,000 cards have already been distributed. ■ As of February 8, more than 1,400 customers used the card. <p>In order to shorten the cut cycle, the Company will verify the effect going forward.</p>
--	--

— Measures to Mitigate Stress of Waiting Time at Salons

Salons in some prefectures are scheduled to adopt, on a trial basis, a new Your Turn Information System (an off-the-shelf product) that enables customers to book their turn for a haircut through smartphones, etc.

Until now (spring 2020)

Your Turn Information System V1.0

店内・周辺でお待ち下さい もうしばらくお待ち下さい ご不在

1003 1009 1010 1011 1002

1004

1005

1006

1007

1008

チケット番号: 1007

09012345678

1 2 3

4 5 6

7 8 9

C 0 X

携帯電話番号入力後、登録ボタンを押してください。

登録 キャンセル

Inform customers of their turn by short mail.

- Six salons are conducting a pilot run.
- Customers need to visit a salon to book their slot.
- Costs for adoption is high per salon.

Most recent (spring 2021)

Your Turn Information System V2.0

QB House

現在の順番待ち状況

待ち数: 4

1 QB たらう様 はじめて

2 QB じろう様 2回以上

3 QB じろう様 2回以上

4 QB はなこ様 2回以上

QB House

現在の順番待ち状況

待ち数 4

受け付けスタート

Powered by myJunban

Online appointment of your turn

- The plan is to introduce a new system (an off-the-shelf product) with greater convenience at all salons in some prefectures (about 10 salons) on a trial basis.

Future (in and after 2023)

Your Turn Information System V3.0

店内でお待ちの場合も、もれなく受付をお願い致します。

2人待ち 待ち時間約 20分

受け付けスタート

電話/メールで事前呼び出しができます

myJunban Copyright © 2016

順番表示

Integrated into the system in salons

- The Company is considering incorporating this system into a new salon system that is scheduled to be updated.

— Measures to Respond to Accelerating Digitalization of Society (Adoption of a new app)

A pilot run started in July 2020 (Introduction of the app to all FaSS salons was completed in December.)

The number of users has steadily increased.



- The app was download approximately 10,000 times in three months from November when introduction started to cover all salons. (Introduction in November: 5 salons; introduction in December: 6 salons)

Cumulative downloads

Introduction at all salons

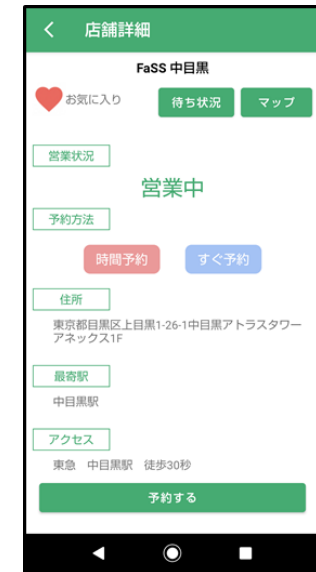
Pilot run: 2 salons

July

Nov

Dec

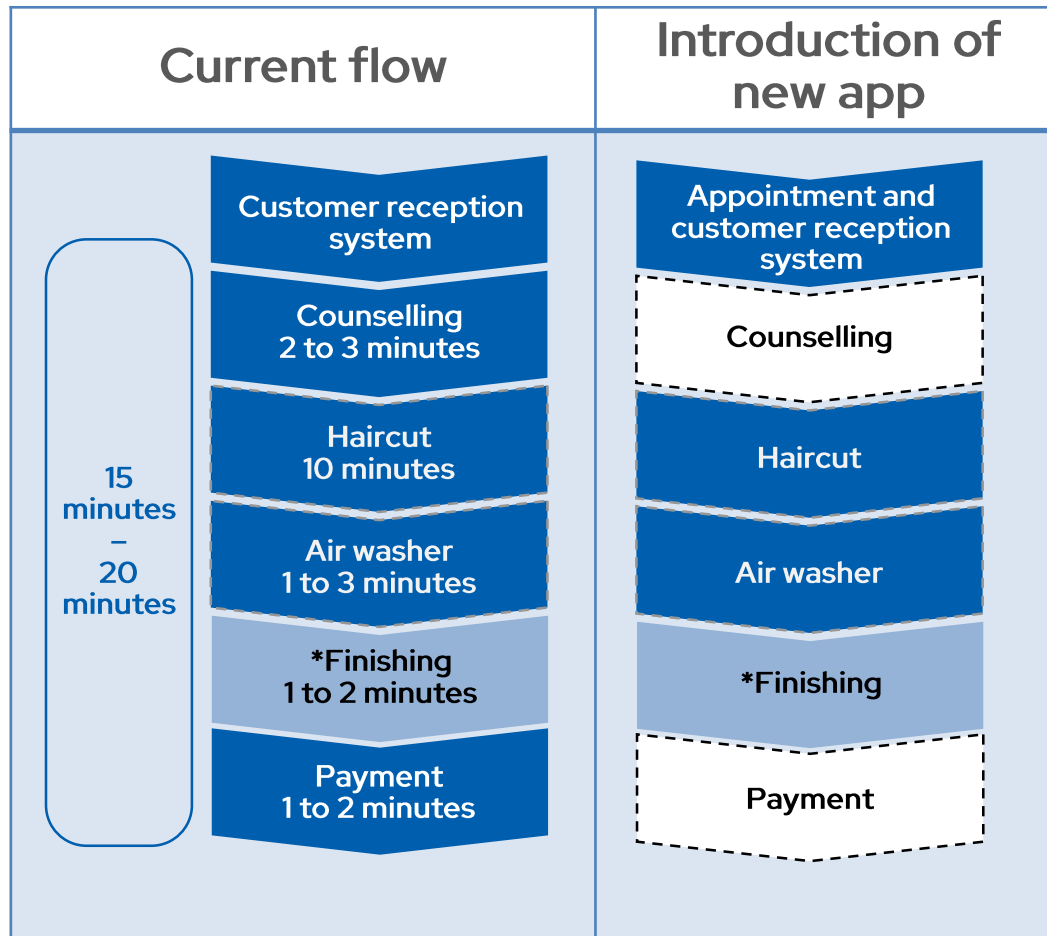
Jan



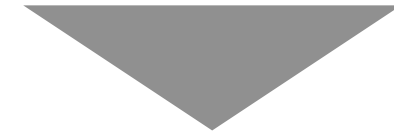
- The monthly utilization rate of the appointment function was 14.4% in January.
(The rate exceeded 25% at salons that had started a pilot run in July.)

Effects of Introduction of New App (1)

- The time spent on receiving payments was saved thanks to the appointment function and advance payment (by credit card)
- Thanks to enhanced electronic haircut charts, the time for counselling was shortened, and the counselling gap (gap in understanding of preferences between customers and stylists) was narrowed.



Popularization of the new app
and improvement of the usage
rate

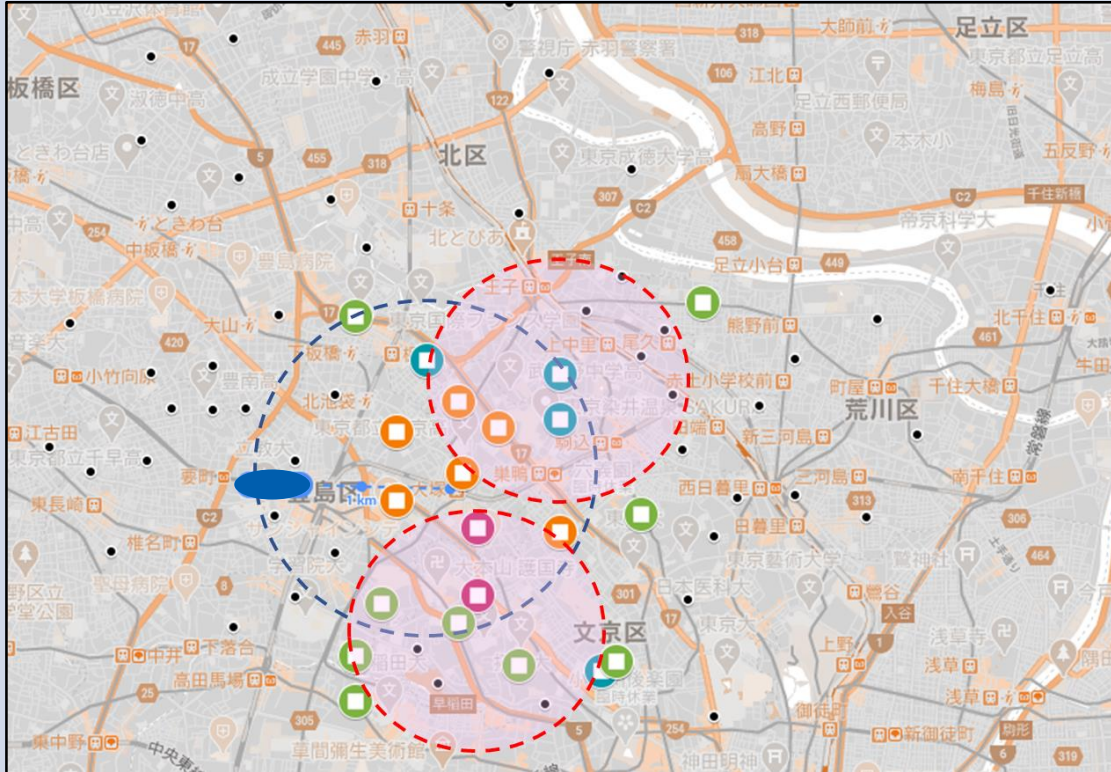


- Greater efficiency of salon management
A maximum of 3 to 4 minutes (20%) are expected to be cut.
- Enhanced customer satisfaction
Use electronic haircut charts to narrow the counseling gap.

Effects of Introduction of New App (2)

- Opening new salons by utilizing data and enhancing customer satisfaction by improving the contents of electronic haircut charts

Utilization of member data



Accelerate the dominance strategy (to establish dominance by opening multiple stores in a certain area) that centers on existing successful salons, by analyzing the data of app members.

Utilization of electronic haircut charts

Create electronic haircut charts based on results of individual treatment.

A screenshot of a mobile app interface for a haircut chart. It features a profile view of a person's head with a haircut. To the right of the head are three checkboxes: 'Cut & Styling', '施術時間 25分', and 'トレンチ自由が丘'. Below the head are two small icons of a person's head. At the bottom, there is a section titled 'カウンセリングメモ' (Counseling Memo) with three checkboxes: 'バリカン:4mm', '耳:出す', and 'カリアゲ:あり'. The entire interface is displayed on a smartphone screen.

Electronic haircut charts will allow us to accumulate useful information as the same customers repeat visits.

Stylist: Decrease in the counseling gap
Customer: Mitigate customers' burden of explaining their preferences

Status of QB PREMIUM



QB PREMIUM
obtained a Google
**high score of 4.3 on
average**

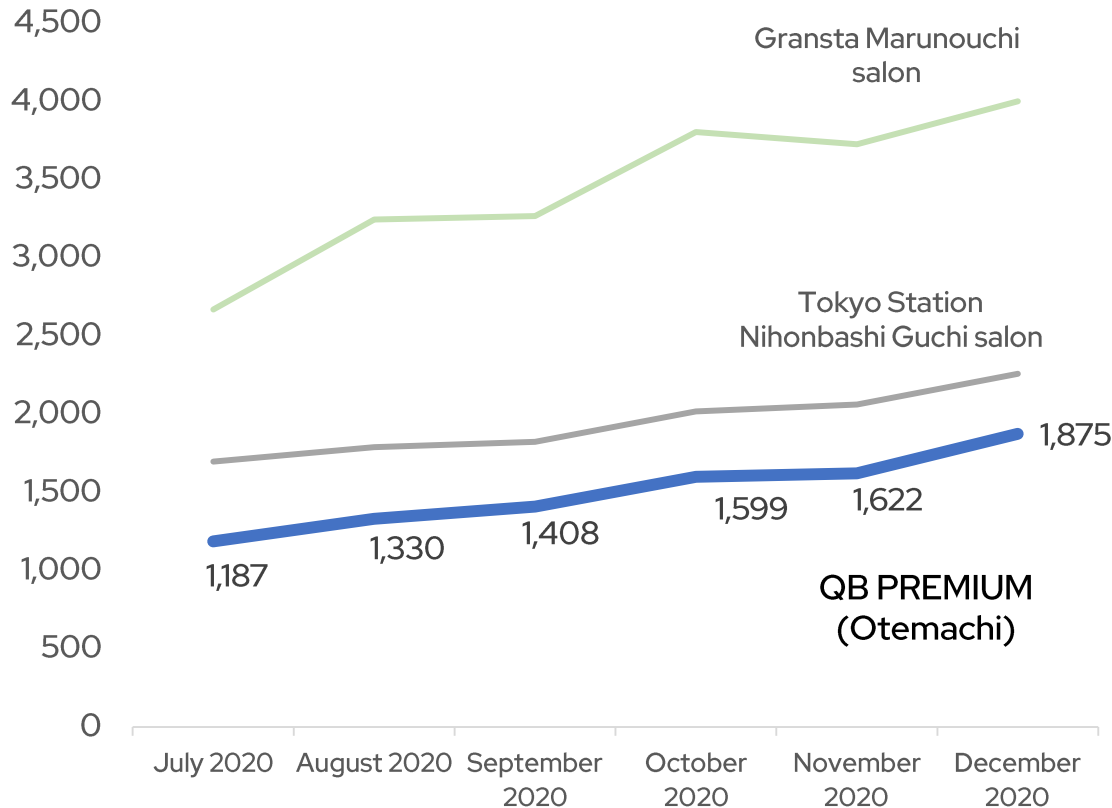


**The number of customers
steadily increased even
during the third wave of
infections.**

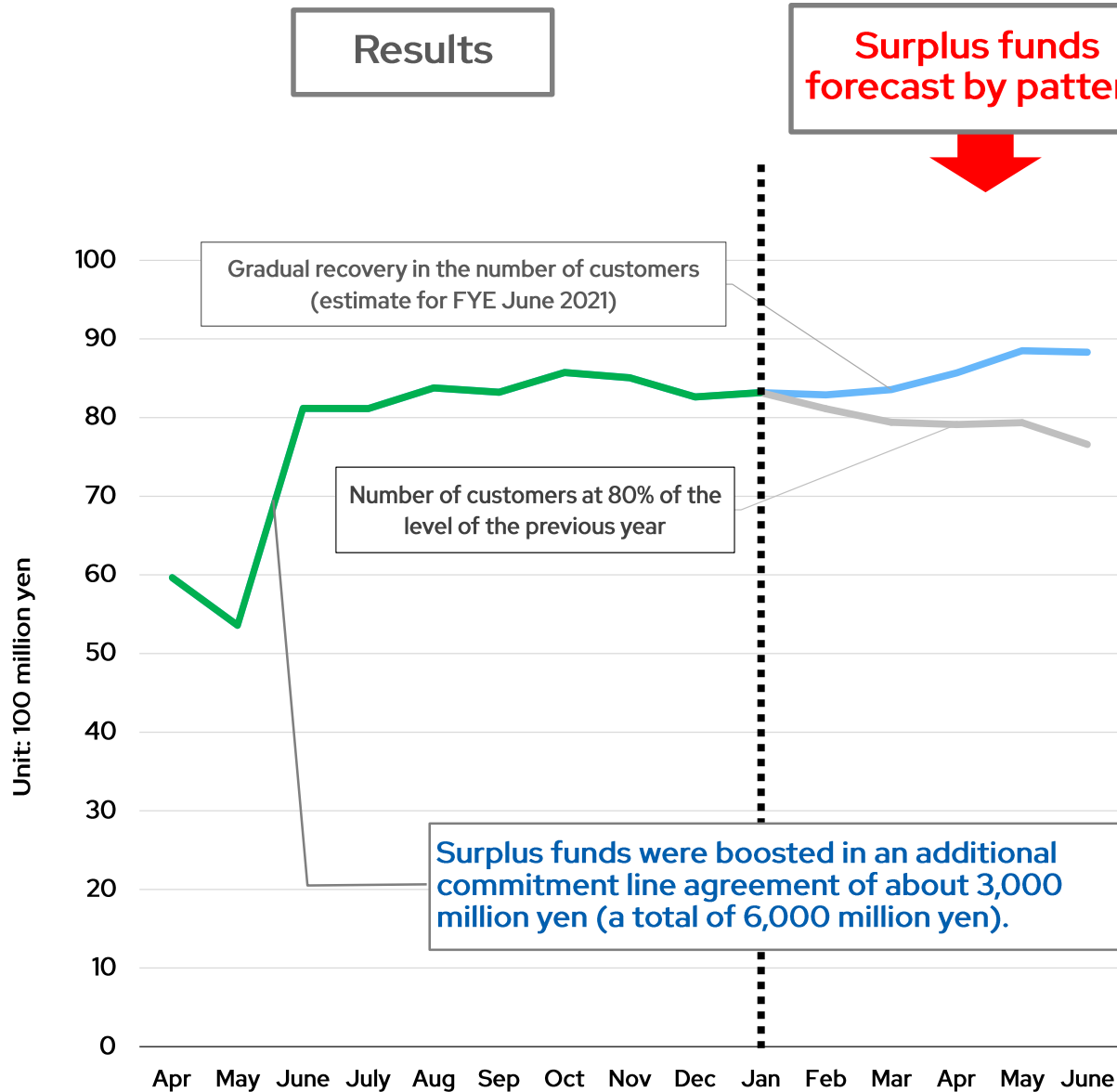
**New apps are also planned
to be introduced.**

Number of visitors to QB PREMIUM and nearby salons

Unit: person



Funding Situation (Consolidated)



Cash on hand (3,800 million yen) and an unused credit limit amount (4,500 million yen) at the end of January reach 8,300 million yen as surplus funds.

The Company has ample surplus funds since it has secured cash that can cover **5 months** of usual monthly expenses of 1,600 million yen on a consolidated basis.

Of the credit limit, a repayment of **6,000 million yen** is due in Q4 of the current fiscal year.

The Company plans to extend commitment lines (short-term borrowings) as cash necessary until the pandemic is over.

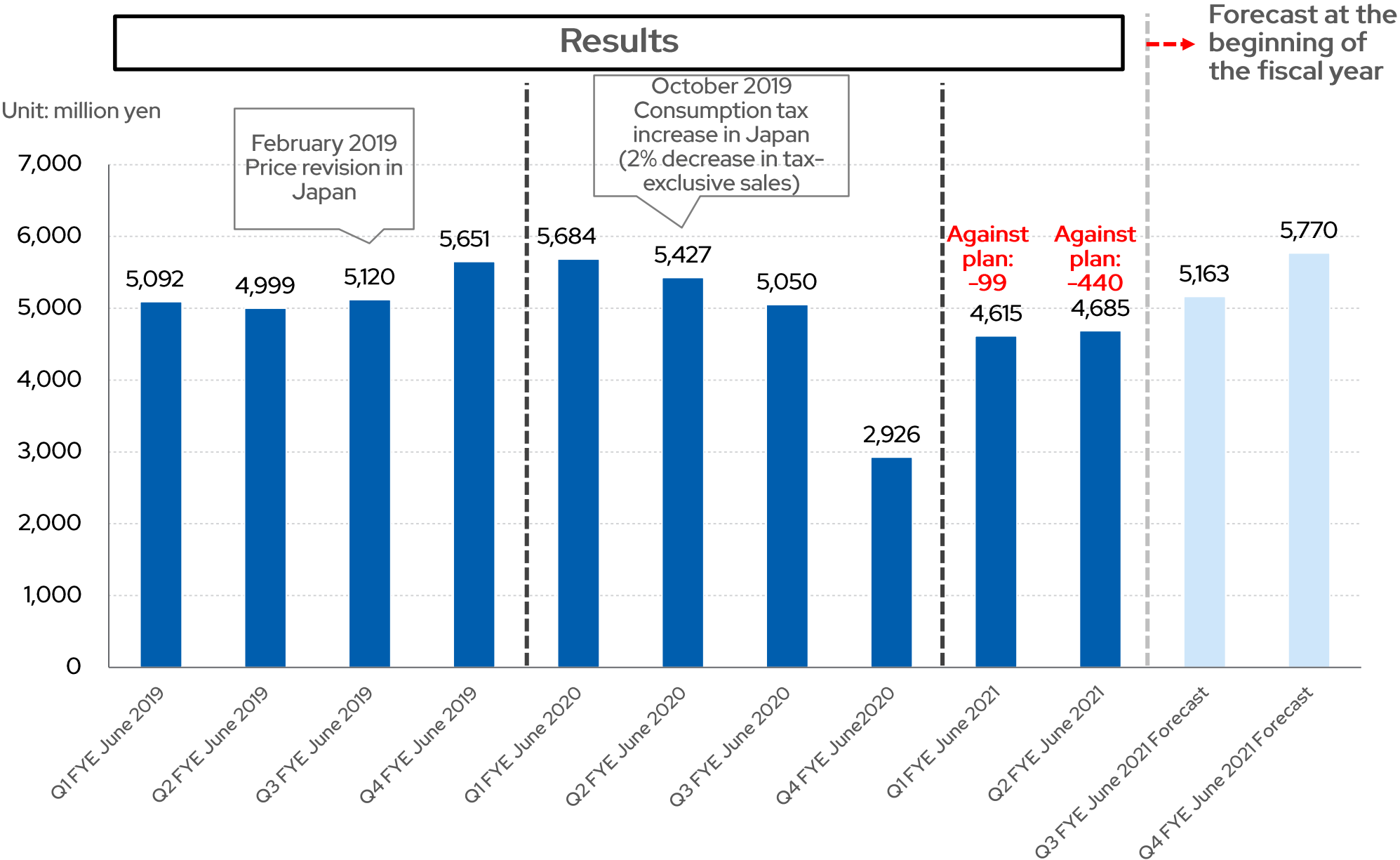
STATEMENT

LESS IS MORE

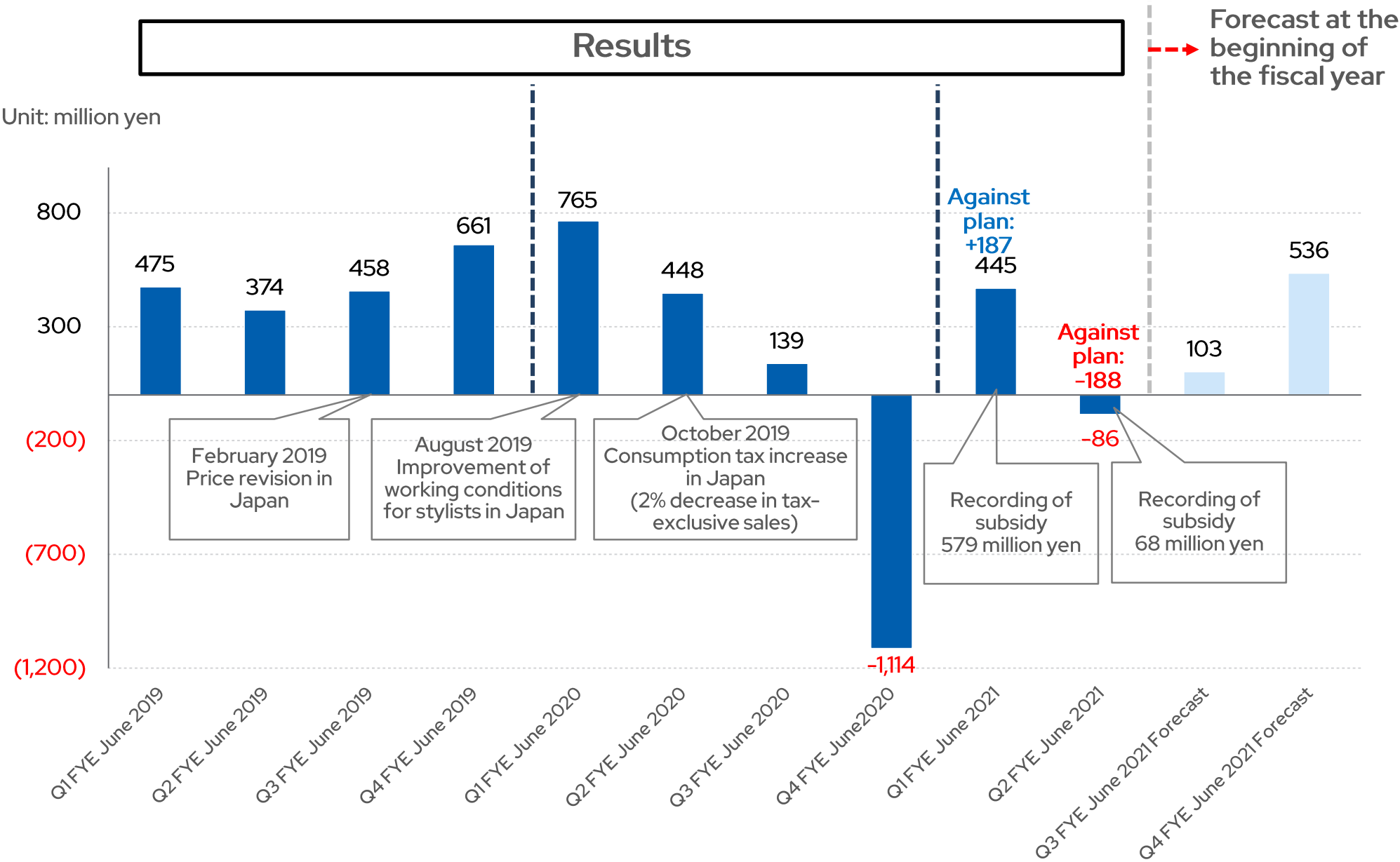
**“Power-Saving, Labor-Saving,
Time-Saving and Resources-Saving”**

Appendix

Quarterly Revenue (Consolidated) Trends

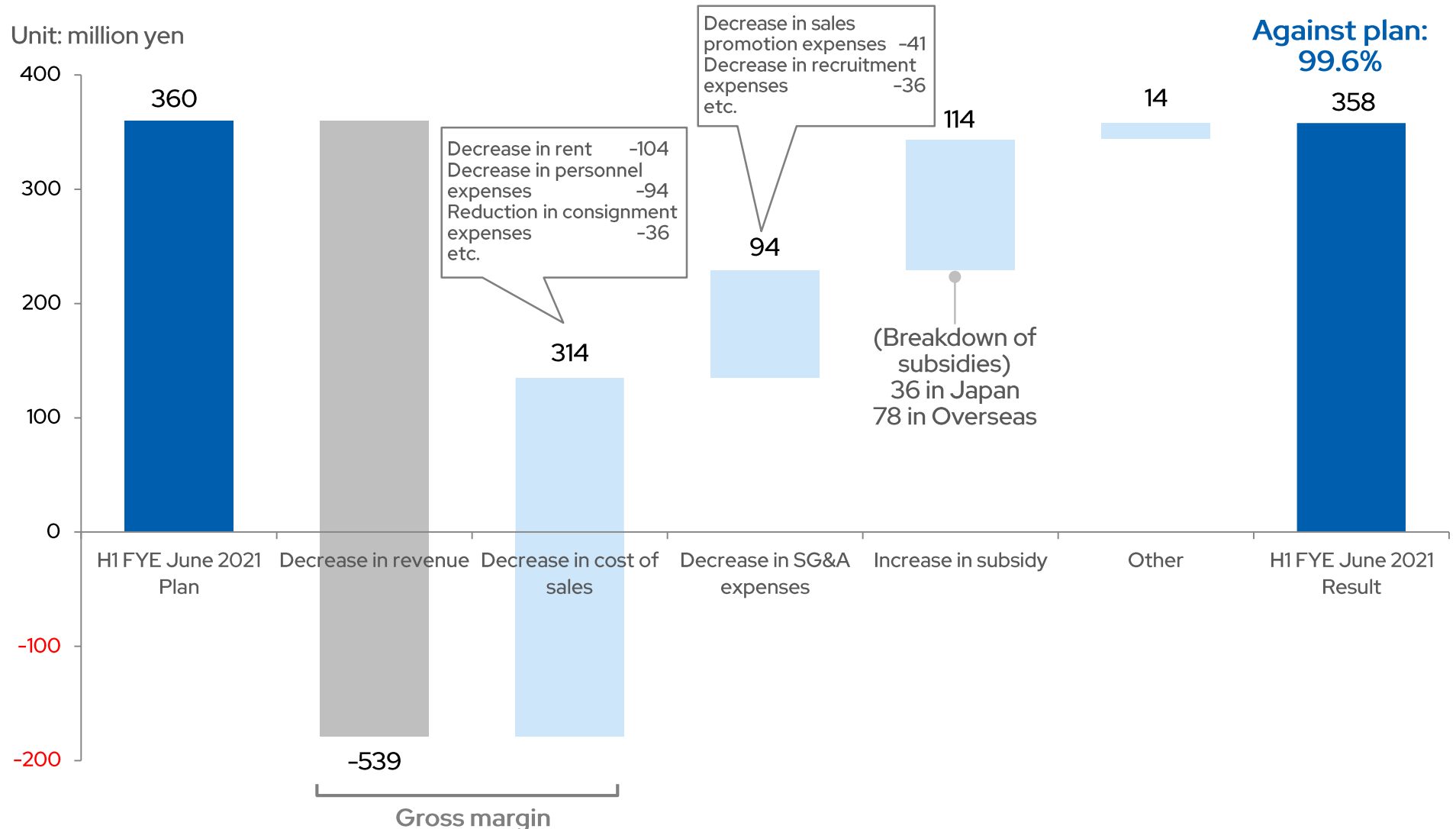


Quarterly Operating Profit (Consolidated) Trends



Operating Profit against Plan

- Operating profit against plan is on par with the plan due to a decrease in cost of sales and SG&A expenses, and a larger-than-expected increase in subsidies.
- Subsidies increased by 114 million yen against the plan due to a portion for shortened work hours in June in Japan and an addition from Hong Kong.



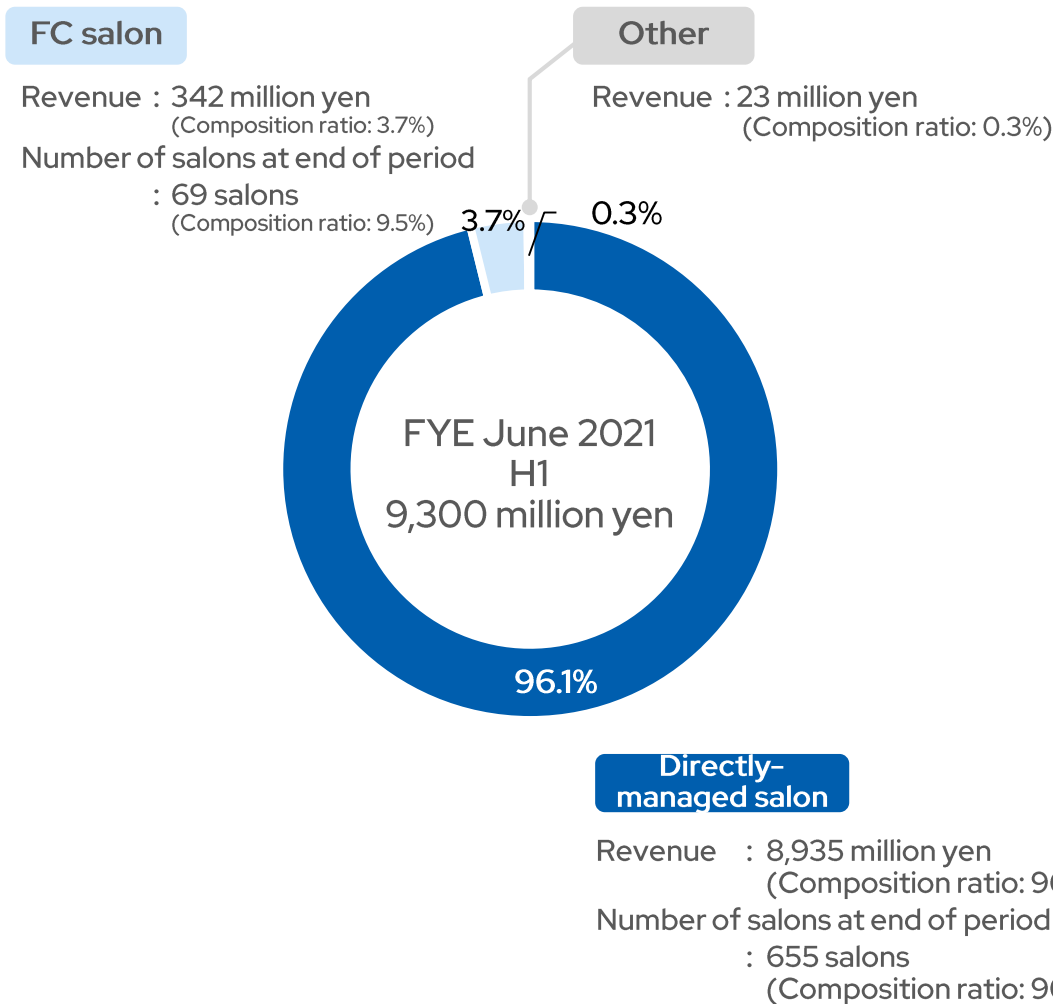
Developments Following the Spread of the Novel Coronavirus (Overseas)

Developments in society		The Company (overseas)	
[Hong Kong]			
July 30	Daily number of infections 149 → 0 in September 15	Order of store closure remained effective at our salon inside Hong Kong Airport from March 24, 2020 (rent is exempted) Opened one new salon in October Opened one new salon in December	
Nov 29	115 daily infections		
Dec 2	Restaurants are closed at 10 p.m. Closure of entertainment facilities		
Dec 10	Ban on eating and drinking inside stores after 6:00 p.m.		
Jan 21	131 daily infections		
Jan 31	53 daily infections		
[Singapore]			
June 19	Shift to Phase 2 (relaxation of quarantine measures)	Especially, salons in business districts continued to be affected by the pandemic Opened one new salon in December	
Aug 5	908 daily infections		
Nov 30	5 daily infections		
Dec 28	Shift to Phase 3 (relaxation of quarantine measures)		
Jan 31	29 daily infections		
[Taiwan]			
July 1-Oct 31	0 to single-digit daily infections	Business as usual Opened two new salons in August Opened one new salon in December	
Nov 30	24 daily infections		
Jan 31	2 daily infections		
[New York]			
Aug 24	404 daily infections	June 22	Price revision (\$20 → \$23, up 15%)
Dec 14	Ban on eating and drinking inside restaurants	Sep 1	Introduced an online appointment system.
Jan 8	19,560 daily infections	Nov 1	Price revision (\$23 → \$25, up 8.7%)
Jan 31	11,209 daily infections		

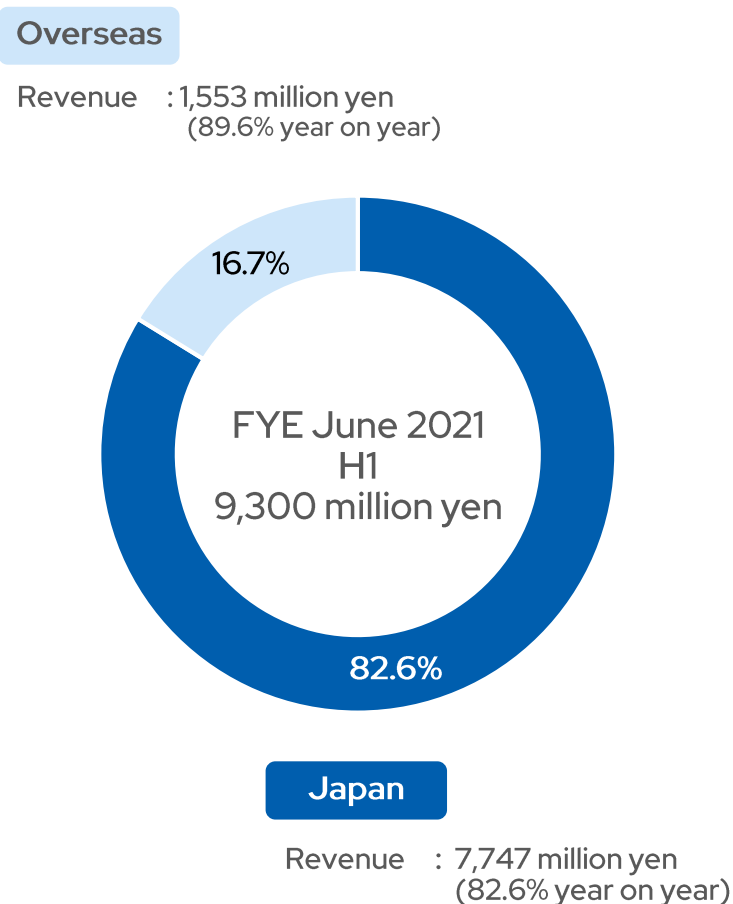
Composition of Revenue

- Directly managed salons account for 96.1% of revenue while overseas for 16.7% (up 1.1 points year on year)

Composition of revenue by type of operation



Composition of revenue by region



New Salons, etc.

New salon

(Japan)

AEON MALL Ageo (Saitama)

JR Itabashi Station (Tokyo)

mi:ts Kokubunji (Tokyo)

FaSS Musashi Kosugi (Tokyo)

GRANDUO Kamata (Tokyo)

LaLaport Aichi Togo (Aichi)

(Overseas)

Woods Square (Singapore)

Hung Hom Station (Hong Kong)

Citygate (Hong Kong)

Tamsui (Taiwan)

Nanjing Sanmin (Taiwan)

Kuang San SOGO (Taiwan)



Gransta Marunouchi salon
(expanded floor area and increased to six seats from four)



Kuang San SOGO salon (Taiwan)



Shibuya Mark City salon
(relocation)

Overview of Consolidated Group Earnings for FYE June 2021

Consolidated statement of profit or loss

Unit: million yen	H1 FYE June 2020		H1 FYE June 2021			
	Results	Sales ratio	Results	Sales ratio	Changes	Year on year
Revenue	11,111	100.0%	9,300	100.0%	- 1,810	83.7%
Cost of sales	- 8,443		- 8,261		182	97.8%
Gross profit	2,668	24.0%	1,039	11.2%	- 1,628	39.0%
Other operating income	2		670	* Recording of subsidy	667	
Selling, general and administrative expenses	- 1,443		- 1,323		119	91.7%
Other operating expenses	- 13		- 27		- 14	
Operating profit	1,214	10.9%	358	3.9%	- 855	29.5%
Finance income	8		6		- 2	72.2%
Finance costs	- 76		- 97		- 20	127.3%
Profit before tax	1,145	10.3%	266	2.9%	- 879	23.3%
Income tax expense	- 384		- 37		346	9.8%
Profit	761	6.9%	228	2.5%	- 532	30.1%

Overview of Consolidated Group Finance for FYE June 2021

Consolidated statement of financial position

Unit: million yen	End-Q4 FYE June 2020	End-Q2 FYE June 2021	Changes	
Total current assets	6,544	5,122	- 1,422	Partial repayment of commitment lines, etc. (short-term borrowings)
Cash and cash equivalents	5,117	3,762	- 1,355	
Trade and other receivables	775	1,010	234	
Inventories	169	138	- 31	
Other	482	211	- 271	
Total non-current assets	26,176	25,718	- 458	
Property, plant and equipment	1,857	1,754	- 103	
Right-of-use assets	6,062	5,754	- 308	Decrease due to rent and lease payments
Goodwill	15,430	15,430	-	
Other financial assets	1,856	1,864	7	
Deferred tax assets	639	638	- 1	
Other	330	277	- 52	
Total assets	32,721	30,840	- 1,881	
Total liabilities	22,935	20,834	- 2,101	Repayments of long-term borrowings (-350 million yen) Repayments of short-term borrowings (-1,500 million yen)
Trade and other payables	342	255	- 86	
Interest-bearing liabilities	14,532	12,703	- 1,828	
Lease obligations	5,993	5,662	- 331	Decrease due to rent and lease payments
Other	2,066	2,211	144	
Total equity	9,786	10,006	220	
Total liabilities and equity	32,721	30,840	- 1,881	

Overview of Consolidated Group Finance for FYE June 2021

Consolidated statement of cash flows

Unit: million yen

	H1 FYE June 2020	H1 FYE June 2021	Changes	
Cash flows from operating activities	2,204	2,050	-153	
Profit before tax	1,145	266	-879	
Depreciation and amortization	1,581	1,639	58	
Decrease (increase) in trade and other receivables	6	-243	-250	Difference in the timing of receivables collection due to bank holiday at period-end
Interest paid	-69	-79	-9	
Subsidy received	-	593	593	
Income taxes refund	-	271	271	Refund of interim payment in the previous term
Income taxes paid	-483	-45	438	Decreased payments due to a decrease in taxable income of QB Net for FYE June 2020 in Japan
Other	23	-353	-377	Subtractive adjustment of subsidies, etc.
Cash flows from investing activities	-471	-281	190	
Purchase of property, plant and equipment	-391	-254	136	
Purchase of intangible assets	-15	-9	6	
Other	-65	-17	47	
Free cash flows	1,732	1,768	36	
Cash flows from financing activities	-1,706	-3,093	-1,386	
Net increase (decrease) in short-term borrowings	-	-1,500	-1,500	Repayment of commitment lines, etc.
Repayments of long-term borrowings	-350	-350	-	
Dividends paid	-236	-	236	Dividends per share decreased from 19 yen to 0 yen
Repayments of lease obligations	-1,269	-1,313	-43	
Other	150	70	-80	
Net increase (decrease) in cash and cash equivalents	49	-1,355	-1,404	
Cash and cash equivalents at end of period	2,539	3,762	1,223	

Reference: Plan to open salons for FYE June 2021 (plan at the beginning of the year)

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.

This document has been created for the purpose of disclosure of information on the Company and its subsidiaries and does not constitute a solicitation to sell or buy.

The document contains forward looking statements related to the QB Group that are based on our assumptions and judgment made on the basis of information currently available to the Company and may include known and unknown risks, uncertainties and other factors. Due to such risks, uncertainties and other factors, the Company's actual results or financial position may differ materially from any future performance or financial position expressed or implied by these forward looking statements.



QBHOUSE
GLOBAL



QBハウスの
訪問理美容サービス

