



Sustainability Report 2024

QB Net Holdings Co.,Ltd.

Why

A business that is built at the expense of something else cannot be sustained.

Leaving out unnecessary steps generates reserve strength and creates balance. And it eliminates sacrifices.

By creating a sustainable balance, true abundance can be achieved.

Going from a place where wasted efforts arise to a place where everything is just right.

We want to remain committed to the way we are in order to continue contributing to a sustainable and prosperous society.

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The idea behind the cover of this report: With our aspirations

Techniques, philosophies, unique character and other elements at the core of what we do, the cover of this report depicts an image of our company spreading from Japan to the rest of the world in the form of water ripples, using five brand colors that each represent the concepts of conscientiousness, sincerity, cleanliness, skill, and teamwork.

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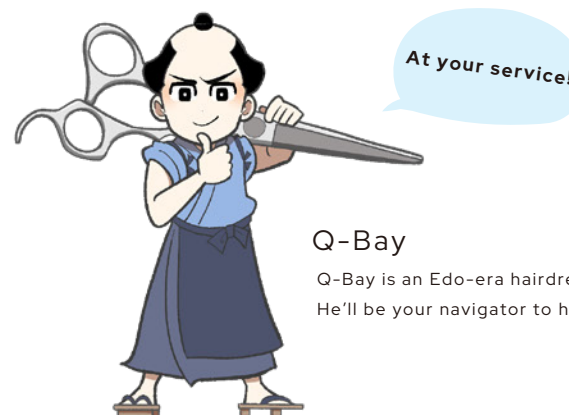
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If you tap a cropped head, you'll hear the sound of Japan's civilization and enlightenment –

This is a line from a song that was sung around 1870 to men who did not cut off their chonmage (traditional Japanese topknot) after the restoration of imperial rule and Japan's entrance into the Meiji era (1867), with the idea being that cutting off one's topknot was what people who were at the cutting edge of the times did. However, many men still did not cut off their topknot, and in 1871, the new Meiji government, wishing to quickly establish a new era and show its eagerness to do so to the rest of the world, finally issued a decree that all men were to cut off their topknots, which practically forced men to do so. One hairdresser who would have been active during such a transition of the times was Q-Bay. We created him as a navigator to help readers of this report better understand what the QB Group is all about.





Discover Our Story:
How QB's Unique Character Was Created

**Can a hairdressing salon be this particular
about the haircuts it provides?**

1995-2005

The birth of QB

Breaking away from the norm in the barbering and hairdressing industry, QB created a new genre of haircut specialty shops.

No hair dyeing, no shaving, no shampooing.



1995

Historical tale 1

An outside-in approach and the Creation of Shared Value (CSV)

I just want a haircut that I can't do myself!

Welcome to an upscale barbershop in the early 1990s.

"I'm in a hurry today, so please get it done in thirty minutes."

Half an hour later, the customer suddenly wonder why the result was the same as always.

"Why does it always take over an hour to get the job done even though the finished product looks the same in either case?"

"Why do haircuts come with a shave, a shampoo, and a massage?"

There is a sense of dissatisfaction that comes with not even needing some of the services that are provided and, of course, the fact that the fees for such services are tacked on to the overall price of a haircut.

This is all wrong.

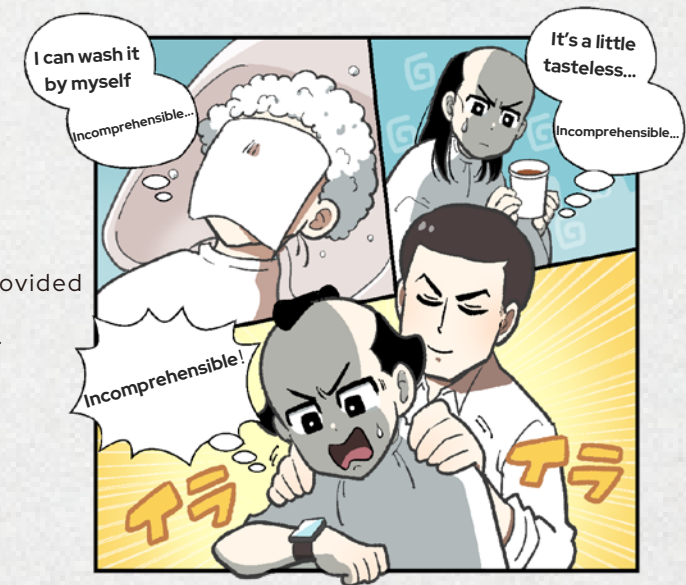
All I am looking for is a haircut that I can't do myself.

I wish I could just get a haircut, but there are no places which offer such a service.

"Then why not create a shop that is dedicated to haircuts by myself?"

Our founder's frustration as a user led to the creation of Japan's first haircut specialty shop providing 10-minute haircuts for 1000 yen in 1996.

First, let's unpack details on what constitutes QB's unique character by look at the characteristics of its outlets.



2005

Historical tale 1 Bringing innovation to the barbering and hairdressing industry with the Blue Ocean Strategy

Instead of adding things, omit things

While most hairdressing salon at the time offered a full list of services, such as shampooing, coloring, perming, cutting, shaving, and even tea services, and massages, QB HOUSE was created to provide a single service: haircuts. In addition, while many general salons have ornate decorations and unique fixtures, QB HOUSE uses common unit furniture, emphasizing the work efficiency of our stylists, and is characterized by lean and compact shop design. In addition, QB HOUSE does not use a lot of either hot or cold water because we do not provide services such as shampooing, coloring, and perming. Since hair is not wetted during the

process, hair dryers, which consume a lot of electricity, are also not used. As a result, electricity consumption and CO2 emissions are extremely low when compared to general hairdressing salons, meaning that the burden we place on the environment is low. In addition, chemicals used for shampooing, coloring, and perms can have adverse effects on the body, causing conditions such as rough hands. However, since we only provide haircuts, we are able to reduce the burdens placed on the bodies of our staff and provide an environment where they can work into the long term with peace of mind. In Japan, the old custom of

learning techniques by watching one's master still remains. There are also not enough opportunities for training available, which is one of the reasons why people give up on working in the industry. We, however, have a wider variety of training curriculums ready for all kinds of individuals, from those with no haircutting experience before to people with career break and need to retrain themselves. We have established a system to fully support both those who want to return to the barbering and hairdressing industry and those who want to acquire skills.

General hairdressing salons

Shampooing, coloring, perming, haircutting
Drainage of sewage containing chemical effluent
Reservations are required and payments are dealt with at a cash register after the service is provided



Large amounts of cold and hot water are used to rinse off shampoo
Hair dryers are used
Ornate decorations and fixtures



There are concerns about the hands of staff becoming rough due to chemicals
Independent practice & advice from senior associates
Unpaid overtime



QB HOUSE



Haircuts only
Minimum use of water
No reservations are required and payments are made in advance using a ticket machine



Non-woven towels are used with no need to wash them
No hair dryers used
Recyclable unit furniture

No concerns about hands becoming rough
Six months of full-time training
Overtime paid on a per-minute basis

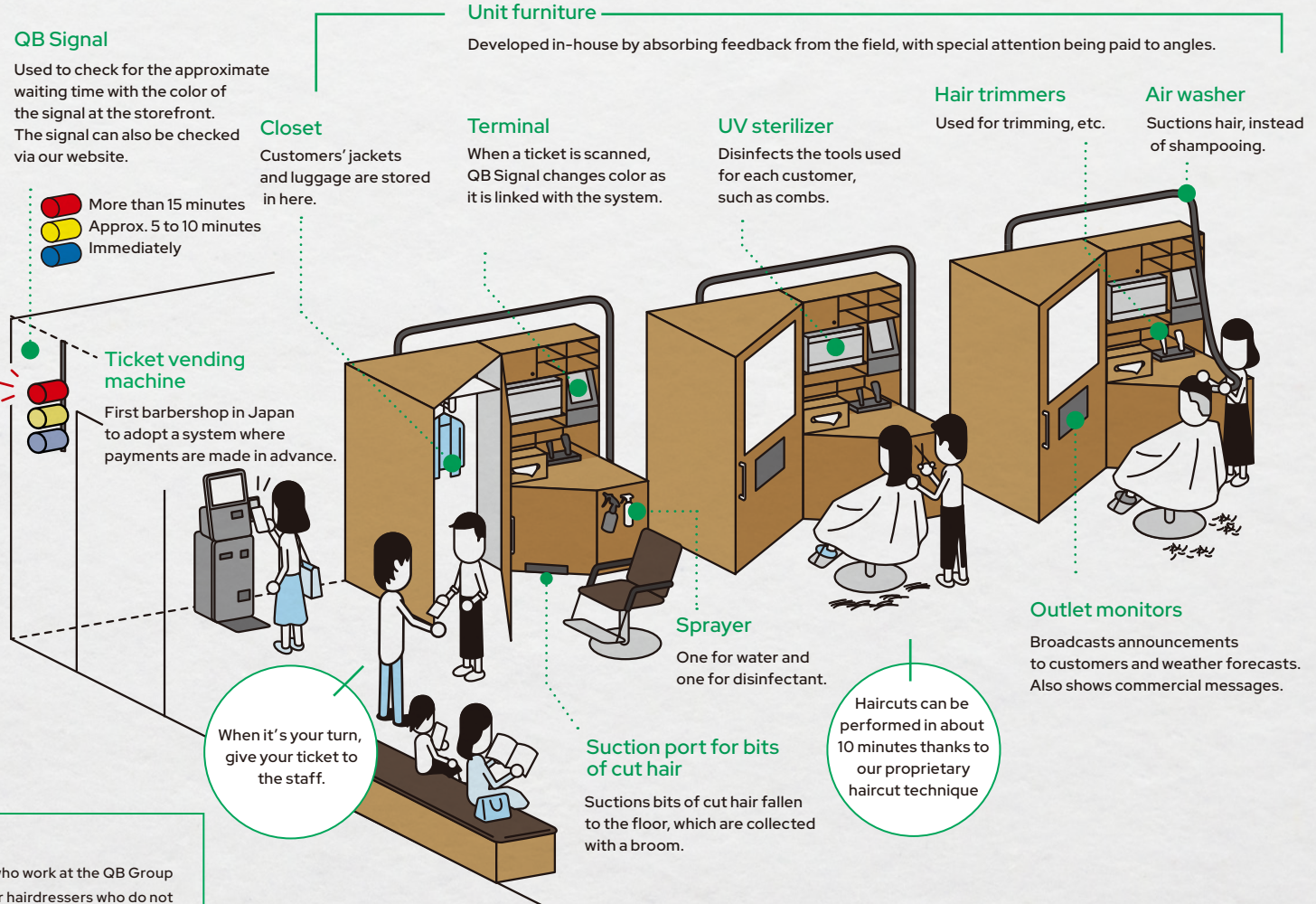
Historical tale 1 Digital transform taking place since inception

Outlet design that thoroughly eliminates waste and emphasizes efficiency

QB HOUSE outlets are designed to thoroughly eliminate unnecessary items and to be thoroughly concerned with what is necessary. Unit furniture, in particular, has been uniquely developed to allow stylists to reach all of the equipment that they need to provide their services with one single step, improving time efficiency and reducing the workloads dealt with by stylists. We have developed an air washer that sucks bits of cut hair, rather than washes them away, ensuring a quick and comfortable process. We have linked it to the QB Signal, which uses a ticket vending machine and a machine called Terminal to provide QB Signal with information on the crowd level at the outlet. Unique outlet locations not found with other companies in the industry, such as inside train stations (including on platforms and near restrooms), have also become synonymous with QB HOUSE, which is well versed when it comes to locations where people gather.

Definition of terms found in this document

Stylists: Individuals certified as barbers or hairdressers who work at the QB Group
Barbers / Hairdressers: Individuals certified as barbers or hairdressers who do not work at the QB Group



Historical tale 1 Going from a shrinking Japan to the world

Tangibles can be imitated, but intangibles cannot be imitated

"This business has no borders and no end." These are the words of our founder. Based on this idea, we expanded overseas in 2002 six years after the opening of our first outlet in Japan. Through a process of trial and error, we have steadily increased the number of countries in which we

operate, and will begin operations in Canada in 2024. In fact, in the whole wide world, only a few countries, including Japan, have a certification system for barbers and hairdressers. Asian hair in particular is considered stiff and difficult to cut. Japan's hair cutting techniques are among the best in the

world, even when including Europe, the birthplace of cosmetic techniques. That's where we have added customer service that is clad in the spirit of hospitality, and are expanding and developing QB HOUSE, a Japanese-style haircut service, mainly in cities where time is highly valued.



Singapore

The first outlet opened in April 2002.
There are 30 QB HOUSE and QB PREMIUM outlets throughout the region.
Haircut fees are S\$14 and S\$18, respectively.



Hong Kong

The first outlet opened in February 2005.
We have 61 outlets, mainly in Kowloon. The haircut fee is HK\$70.

United states of america

The first outlet opened in June 2017.
We are currently operating five outlets mainly in Manhattan, New York. The haircut fee is US\$30.



Taiwan

The first outlet opened in May 2012.
There are 30 outlets, mainly in Taipei and New Taipei. The haircut fee is NT\$350.



Canada

The first outlet is scheduled to open in Toronto in summer 2024.
The haircut fee is CA\$35.

A realization from our overseas expansion

On the other hand, we came to realize that we did not have enough expertise when it came to providing logical teaching. When we started overseas expansion, Japanese trainers visited sites many times and repeatedly tried to instill the Japanese way of doing things among local staff. For even things that were accepted to a certain extent in Japan, local staff overseas would ask questions about why each individual

movement was being performed. It was through the answering of those questions that tacit knowledge was increasingly converted into explicit knowledge and put into words. Even local staff working abroad who were not positive about the training at first, were among the many requesting to take the courses we offer when they noticed that the haircutting skills of their colleagues who had undergone the training had improved. Gradually, the overall level of service

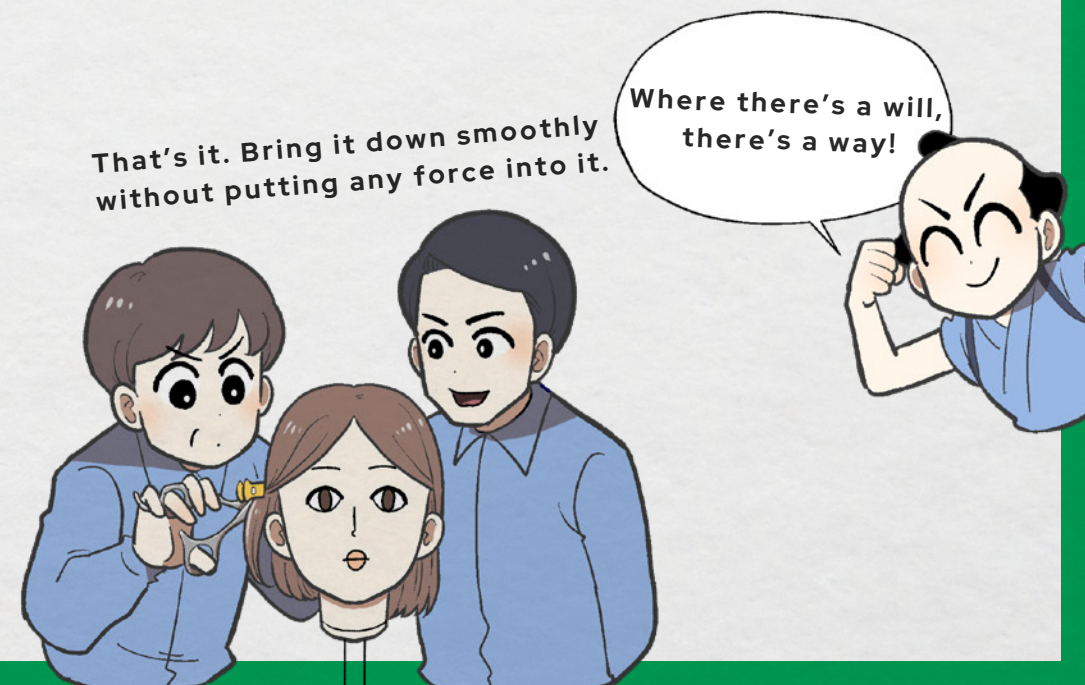
became less uneven, and the number of outlets with customers lining up to get their hair cut had dramatically increased. Tangibles can be imitated, but intangibles cannot be imitated. Armed with that expertise, we have been expanding our genuine Japanese-style haircut services throughout the rest of the world. This hard-won overseas experience has strongly contributed to the training of those in Japan who have no experience cutting hair.

2006-2015

Organizational revitalization

With our unique haircut theory and expertise in teaching,
we actively recruit talent who have been away from the industry for some time.

Opportunities for all! Turn challenges into fuel!



2006

Historical tale 2

Diversity & Inclusion (DE&I)

We are selected even more by our customers and colleagues!

In 2009, after accumulating expertise in teaching our techniques to people in overseas countries where we operate directly, our current president, Mr. Kitano, assumed the position of president. In preparation for the future where Japan will have a smaller population, we envision a concept wherein we actively hire and train not only those with experience in cutting hair, but also those without experience in cutting hair. However, the majority of people within the company were opposed to the idea, saying that people would learn our haircutting techniques and then end up quitting right away. After three years of face-to-face discussions and seeking the understanding of those working in the field, in 2012, LogiTh was launched, which was a long-held dream of ours. Since that time, we have promoted various reforms to enhance customer satisfaction, established a management philosophy that incorporates the ideas we all cherish, and have worked to instill our philosophy. Certificates of appreciation are presented on a large stage in honor of longtime employees. The managers of domestic and international outlets are brought together to award outlets that have produced achievements. We hold haircut contests for all stylists to learn about the techniques deployed by their colleagues and inspire each other to improve their respective skills. And for managers and employees working at our head office, we have provided managerial training to not only increase their individual abilities by one rank, but also to accelerate the growth of our organization for the future when labor will be in short supply. There are many challenges that we have all taken on together to ensure the survival of the organization. Our corporate culture of mutual recognition, respect, and appreciation among employees was born out of these activities. Gradually, the results began to appear, attracting motivated younger employees, especially women, who wanted to join the company. As a byproduct of that, the company became highly regarded by female customers, laying the foundation for later brand development.



2015

PROFESSIONAL
STYLIST
SCHOOL

LogiThcut

Historical tale 2 Training system born out of a backcasting process—1

Becoming able to communicate our techniques in words has made us unique

Hiring

LogiThcut School(6 months)

Graduation
examsOutlet
debut!

Work at outlet



LogiThcut TOKYO School

There are barbering and hairdressing schools around the country for people of 18 years old who aim to become barbers or hairdressers after graduating from high school. Surprisingly, such schools have few classes on haircutting techniques. The industry is one in which 80% of young people with a bright future leave the industry three years after starting work, with the reason being because the workplaces where they find jobs at the age of 20 are not thorough about teaching skills and do not provide comfortable working environments. That is really a shame. Believing that the barbering and hairdressing industry would not develop

unless the gap between this ideal and reality were to be bridged, we opened the LogiTh PROFESSIONAL STYLIST SCHOOL (hereinafter referred to as "LogiTh") in Shibuya, Tokyo, in September 2012, drawing on expertise accumulated through our overseas expansion. Today, we have expanded our school locations to Sendai, Nagoya, Osaka, Hiroshima, Fukuoka, Hong Kong, and Taiwan. It has become a sustainable educational model that also allows those who teach to grow through the gaining of an increased awareness of what they are teaching. With more than 650 graduates at all schools, this school has, since its

opening, become unique and a source of business continuity, with no other school in the industry following in a similar style. After graduation, students are assigned to an outlet and begin a year of follow-up training. Once a month, they return to LogiTh to reunite with old classmates, but also to learn about things such as issues which they come to notice in the field and styles they have difficulty with. Feedback from the field is also shared with trainers during the training, with training sites and operation sites working together to support the growth of talent.

2-year training condensed into a 6-month period *Calculated from 24 days of work per month

Hairdressing salons
of the past

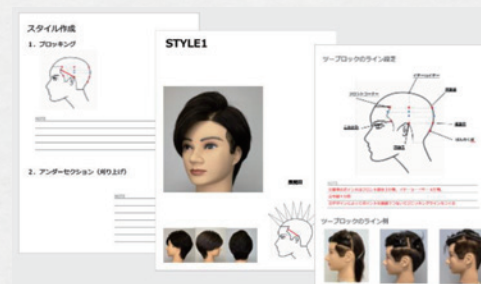
2 hours per day x 24 days x 24 months = 1,152 hours

QB HOUSE

8 hours per day x 24 days x 6 months = 1,152 hours



E-learning for review and preparation available at any time



Original training materials full of expertise

Trainee testimonials



Why did he get a job as QB immediately after passing the national exam?

Trainee at LogiTh Tokyo School
Joined as a new graduate in April 2020
Hairdresser

https://qb-recruit.com/staff/qb/qb_interview-6980/



I like myself best when I am doing the work of cutting hair

Trainee at LogiTh Tokyo School
Joined as a mid-career hire in September 2021
Barber

https://qb-recruit.com/staff/qb/qb_interview-5791/



A mother who had a realization: Your chance is right when you feel like taking on a challenge

Staff at a QB HOUSE outlet in Osaka Prefecture
Joined as a mid-career hire in August 2017
Hairdresser

https://qb-recruit.com/staff/qb/qb_interview-1447/



At LogiThcut, you can spend 8 hours during the day for 6 months to fully learn the unique hair cutting techniques that we developed, and many of our trainees are surprised, saying, "You can teach them so well!?" Furthermore, even if the child does not give up within 6 months, the attitude of supporting the student thoroughly, including providing mental follow-up, until the student graduates, is of interest to teachers at hairdressing and cosmetology schools. This also leads to on-site cutting classes. In addition, we have accumulated know-how to teach to the management side, and we have been able to evolve into a better curriculum. We are here to help those who are interested in the hairdressing industry and jump into the hairdressing industry and not crush their dreams, and we want to tell more people, "Once you join QB, you'll feel at ease."

Takayoshi Eto, Head of Quality Management Headquarters



Career development to enhance the career satisfaction of stylists

We believe that nurturing the next generation is essential for a sustainable company.

Outlet operation track

Outlet manager development training

Those who pass the test after 64 hours of training (2 days of 8-hour-long training twice a month for 4 months) are certified as suitable for the position of outlet manager.

Area manager training

Those who pass the test after 64 hours of training (2 days of 8-hour-long training twice a month for 4 months) are certified as suitable for the position of area manager.



Joined QB after working as a freelancer and encountered techniques and colleagues that I had never encountered before

Staff at a QB HOUSE outlet in Tokyo
Joined as a mid-career hire in October 2016
Hairdresser

https://qb-recruit.com/staff/qb/qb_interview-1428/

Talent development track

Training for LogiTh trainers (instructors only for individuals with no experience cutting hair)

After one year of practical instruction (on-the-job training) which encompasses everything from classroom lectures to technical curriculums, those who have completed two weeks of practical training at another LogiThcut school are certified as suitable for the position of trainer.

Training for trainers (including instructors for those with experience cutting hair)

Implemented as needed



Even if you have no experience cutting hair, LogiTh provides all you need

Trainer at LogiTh Osaka School
Joined as a mid-career hire in August 2011
Hairdresser

https://qb-recruit.com/staff/qb/qb_interview-4040/

Overseas work track

Interviews to determine the degree to which one desires to work overseas

After a thorough interview with the supervisor to determine how much overseas work is necessary for the individual's life plan, a decision is made based on mutual consultation while making adjustments which take into account the company's structures.



Don't be afraid to take on challenges; the doors of the world will open for you as a result

Staff at QB HOUSE USA
Joined as a mid-career hire in 2007 and moved to the U.S. in 2017
Hairdresser

<https://qb-recruit.com/column/post-8246/>

Historical tale 2 Training system born out of a backcasting process—2

By taking a serious approach, barbers, hairdressers, and the company experience a win-win situation

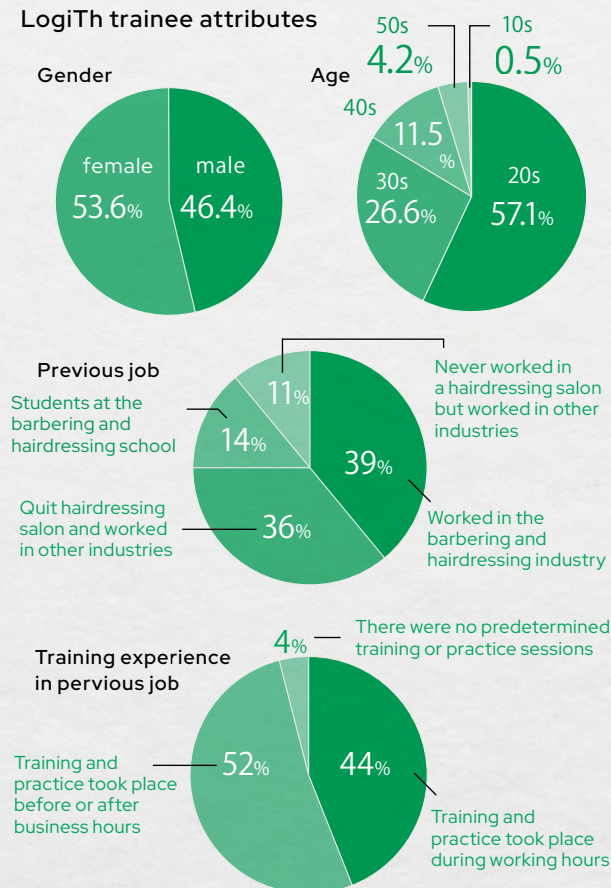
Interviews with LogiTh trainees reveal the realities of the industry.

The greatness of LogiTh consists of the crossing of desires: “wanting to grow” and “wanting to provide support.”

The people who gather at LogiTh range in age from those under 20 to those in their 60s, with a roughly 50/50 split between men and women. People there have had a wide variety of previous job experiences. Some trainees have worked actively at barbershops or hairdressing salons until shortly prior, while others have obtained national certification as a barber or hairdresser but have never worked in a shop or salon. The only thing they have in common is that they did not have the opportunity to learn in an environment which provided peace of mind. 56% of the trainees responded that there were no training or practice sessions, or that they practiced before or after the opening or closing of the salon with no overtime pay, which is something that would be unthinkable at a general corporation.

When we ask them about the gaps between what they imagined things were like before joining the company and the reality they discovered after joining the company, they felt that the gaps were better than expected in many ways, and that they have grown in terms of a wide range of aspects through training and experienced the sparking of a desire to contribute to the company. This has in turn also led to people staying at the company for many years. The growth of the trainees is remarkable. A trainee who could not cut hair at all becomes able to cut the hair of twelve people in a day by the third month, which is in line with the number of haircuts performed by a typical barber or hairdresser in a day. By the sixth month after graduation from LogiTh, he or she is able to do 25 haircuts.

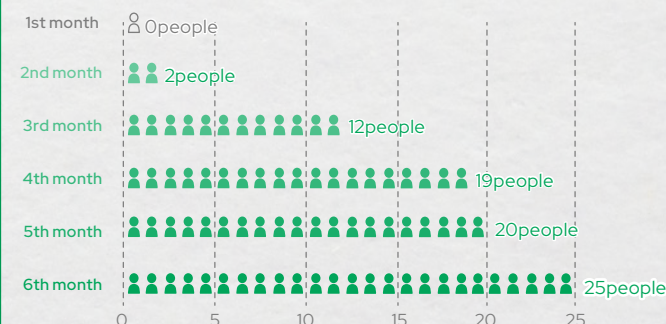
LogiTh trainee attributes



Top 5 gaps between what one expected before joining the company and what was learned after joining

1	The training is more solid and generous than expected	41.1%
2	There is good teamwork and relationships existing among staff	17.9%
3	Salary and working condition aspects were better than expected	12.5%
4	Growth was felt in terms of things other than cutting hair	10.7%
5	Gaps existing between the field and LogiTh (e.g., very busy due to labor shortages)	5.4%

Change in the average number of haircuts per day during training



Historical tale 2 In order to increase engagement

We are trusted, admired, and respected by peers for the very reason that we take out work seriously

We use every possible means to produce visualizations of and celebrate the efforts of individuals and outlets. This serves as an opportunity for further awareness not only for the individuals and outlets that receive high evaluations, but also as an opportunity for each individual employee to become more aware of what kind of employee they want to become and become more aware of their desire to do their best for the sake of the outlet which they work at. It's because we all take work seriously and work very hard that we also end up being able to truly trust, admire, and respect the great achievements of highly rated individuals and outlets. The haircut contest, in which contestants compete

in the areas of reproducibility and creativity as an opportunity to express the philosophy they aspire toward, has become a serious competition and the most exciting event held at the company. These days, it is difficult to even make it through the domestic and international qualifying rounds.

Interpersonal relationships constitute one of the top 3 reasons people leaving the barbering and hairdressing industry in Japan. We believe that if we can build good relationships, we can reduce staff turnover. Furthermore, the reality is that the evaluation of general barbers and hairdressers is often influenced by the likes and dislikes of

establishment owners or shop managers. At the QB Group, we have established a fair evaluation system with elements such as clear numerical standards and evaluations conducted by multiple people.

By doing what other companies in the industry are not doing, we have reduced our turnover rate from over 50% in 2008 to 10.6% by the end of June 2023. Over the past 15 years, we have had a culture of mutual recognition, trust, admiration, and respect take root, resulting in an organization with great interpersonal relationships.



Tears emerged from the eyes of our oldest stylist, who is 78-year-old.

An 85-second video of QB Fes, an event where we recognize and celebrate those we work alongside.

▶ <https://www.youtube.com/watch?v=MFANZepb7/c>

Cumulative long-service award recipients

Number of employees receiving 10-year service awards	1,045
Number of employees receiving 20-year service awards	150

The haircutting contests held both in Japan and abroad seem to be raising the levels of our stylists' technical skills with each passing contest. The 2023 competition saw a lot of drama, which included elements such as prize-wins by international competitors and LogiTh graduates and a legendary multiple-time winner returning to the championship after two years. On the same day, an award ceremony was held to honor and congratulate all those who have made distinguished service achievements with the bestowing of long service awards and outlet awards. These efforts have created a culture of mutual admiration and respect and serve as a source for the retention of talent.

2016-

Reform Promotion

The catalysts for the development of each brand were the career paths of our stylists.

Customers come first, and our employees also come first.



Feedback from the frontlines leveraged for business growth

In the course of promoting various reforms, new brands were also created.

While business expansion is generally driven by the goal of company growth,

they were born from an entirely different perspective: to increase opportunities for stylists.

The various businesses that we are currently developing embody feedback we've received

from the field such as feedback from individuals who want to cut women's hair,

individuals who want to do styling, and individuals who want to cut the hair of

bedridden individuals. In fact, these brands were beneficial not only to the stylists but also

to shareholders and customers.

And while the trajectory we have taken thus far has evolved into our management

philosophy, the universal themes that have emerged from it have become

our *raison d'être*.



Historical tale 3 Brand expansion

Sustainable brand development that benefits all three parties

					 QB Visit-based hairdressing services
					
Features		We provide affordable and reliable haircut services in Japan and overseas, focusing only on the quality of the time which customers have available. This is something truly needed by people around the world and something that we ensure by eliminating unnecessary hassle and waste.	An evolutionary haircut specialty shop which looks ahead to the QB HOUSE of the future and creates individuality together with customers using greater forms of ingenuity and digital technology while leveraging the experience of QB HOUSE.	A salon specializing in haircuts and styling with simple, open, and comfortable spaces that pursue quality hairstyle suggestion serves to help discover the individuality of customer receiving service, as well as quality services that are waste-free.	A hospitality-driven salon where employees visit nursing care facilities in a salon car equipped with all the tools of a real outlet and offers haircuts, shampoos, face shaves, coloring, perms, and other services to enhance healthy minds and smiles.
Rates (including tax)		Cut ¥1,350	Cut&Styling ¥1,800	Cut&Styling ¥2,400 *Menu items such as cutting only one's bangs and hair curling are available	Cut ¥2,200 ~ *Depends on the facility and number of people
Scope of benefits	Share-holders	<ul style="list-style-type: none"> Increased profitability with quicker speed of service Increased profitability through the deployment of many outlets High expectations for the future, including overseas expansion 	<ul style="list-style-type: none"> Increased profitability by securing a customer base that QB HOUSE cannot capture 	<ul style="list-style-type: none"> Increased profitability by securing customer segments consisting of women and children 	<ul style="list-style-type: none"> Increased profitability in response to an aging society
	Cus-tomers	<ul style="list-style-type: none"> Reasonably priced haircuts Can visit on their way to somewhere else due to good outlet locations Can ensure more time to spare 	<ul style="list-style-type: none"> Can make the most of their time by making reservations Hair styling service available that allows customers to experience a higher quality feel than that provided by QB HOUSE 	<ul style="list-style-type: none"> Can make the most of their time by making reservations Comfortable and accessible for women Hair styling is also available 	<ul style="list-style-type: none"> Coloring and perms are available Can feel refreshed Can feel a real sense of connection with the general public Finish within a time frame that is not too taxing on the body
	Stylists	<ul style="list-style-type: none"> Increased experience levels when it comes to cutting hair and improved technical skills 	<ul style="list-style-type: none"> Can expand the scope of operations, such as styling Improved quality of haircuts 	<ul style="list-style-type: none"> Increased experience levels when it comes to women's hairstyles Become able to make proposals in a short amount of time 	<ul style="list-style-type: none"> Gain bed-based haircut techniques to cut the hair of someone while they are lying in bed
		Career advancement and motivation can be kept high because there are opportunities available within the company, including overseas assignments, so that employees do not need to change jobs to seek such opportunities elsewhere The peace of mind that comes with full benefits (even if staff gets sick, they can rest assured that various systems and insurance are available to help) Increased social credibility (enabling staff to obtain mortgages and their own homes)			

Historical tale 3 QB in Numbers

Interesting facts we've achieved together in numbers

How many haircuts has QB provided since its foundation?

328.88 million

How many haircuts does QB provide in a year?

20.11 million

Since the opening of our first outlet in 1996, the number of customers we have served reached a level equivalent to the population of the United States in FYE June 30, 2023.

In FYE June 30, 2023, we had serviced 17 million customers in Japan and 3.11 million customers overseas.

Is QB HOUSE a barbershop? Or a hairdressing salon?

Most people think of QB HOUSE as a barbershop. However, 64% of our outlets are registered as hairdressing salons with the health department.



The people working there are barbers, right?

Most people think that is the case, but more than 70% are hairdressers. Some that work for us are pros among pros and are certified as both barbers and hairdressers.



Wig

How many wigs are used during the training period for individuals without experience cutting hair?

346 units

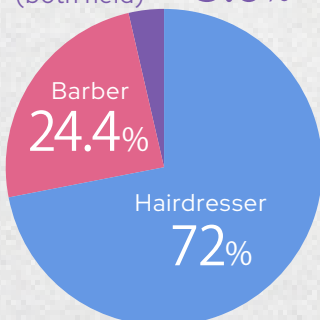
A human-headed mannequin wig costs 6,000 yen each. With some donations being provided by vocational schools, 346 units per student will be used over a six-month period.

How old is the oldest stylist working at your outlets?

76 years old

Without mandatory retirement age and thanks to shampooing not performed in a semi-crouching position, which is a cause of back pain, the oldest person at a directly-managed salon is currently 76 years old. In the past, there have been individuals who've been active up to the age of 80.

Double license (both held) 3.6%



1152 hours

How much training time is provided to individuals with no previous experience cutting hair?

8 hours per day over a period of 6 months for a total of 1,152 hours of training provided free of charge. Of course, a salary is also paid during the training period.



Where can we find QB HOUSE outlets other than at the train station?



Although there is a strong image of QB HOUSE outlets being located in train stations, they are most often found in large shopping centers. Aeon Group facilities have the highest number of outlets.

Historical tale 3 Our management philosophy is comprised of the very trajectory we have taken

Our promise to customers and colleagues

The most gratifying thing for a stylist is when a customer thanks them or expresses how grateful they were that the stylist was the one who provided them with service. It is very rewarding to be appreciated and needed by others, and we intend to make our outlets places where that happens.

The premise of that promise consists of the colleagues one works together with. If you don't have a good relationship with your colleagues, you won't be able to put smiles on the faces of your customers, and working will become painful. Therefore, in order to make our customers around the world smile and feel at home, we would like to constantly evolve our customer service and techniques and sometimes simultaneously incorporate new mechanisms. To that end, we ourselves all share a philosophy which entails always making better choices when it comes to our daily words and actions, our facial expressions, and mindsets.

Through these steps and based on our own efforts, we have built a strong haircut team that can keep moving forward towards the same vector. In the next chapter, we'll tell you about what we are working on as a team in order to facilitate our further growth.

Management Philosophy

Our goal is to become the most sought-after haircut chain in the world by providing uniform, reliable, and simple services that make our customers say "thank you."

The people we work with are the ones who enhance the value of time.

We want to grow into human beings who are trusted and respected customers and colleagues, and evolve day by day into an organization that can befriend the world with a wonderful smile (of gratitude).

To choose together, and to be strongly chosen by customers and colleagues
[Words, attitude, expression, and thoughts]

Passing on what we learn at QB to the rest of the world and to future generations

**When the company was founded, we learned that we received more words of gratitude than general hairdressing salons.
From general manager in Japan to a successor in Canada.**

I became interested in becoming a hairdresser because I grew up in an environment where my father was a barber and my mother was a hairdresser. "If you really want to become a hairdresser, you don't have to go down any paths that will just end up wasting your time. You should get your credentials as soon as you graduate from middle school." That's what my father told me, so I moved to Tokyo to attend a barber school and I went straight to work at a high-end barbershop in Aoyama.

It is a place that respects tradition and discipline. It handled the hairdressing of Emperor Showa. Because of its location, many company executives and other such individuals are customers where. It was there that I met QB House founder Mr. Konishi. A senior associate of mine was in charge of providing service to Mr. Konishi. During their conversation, I remember them having a lively talks about this and that, such as conversations concerning the fact that customers have recently been saying that they don't need a shave and want only a haircut, conversations concerning opening a store together that is dedicated to haircuts, and so on. It was partially this connection that led to me providing assistance to QB while working at that high-end barbershop.

About a year and a half later, I was getting married and then decided to join QB, which was steadily increasing its

number of outlets for the sake of social stability. What I noticed at that time was that the general shops are priced higher and require more than haircut specialty shops. In contrast, haircut specialty shops are thanked for doing so much for so little. That number of words of gratitude received are just so many. It feels great to see customers so pleased. That great feeling was not present when I was working at a general shop, and it changed my perspective.

The most upsetting thing so far was the resignation of Mr. Konishi, who had been there for me since before I joined the company. Knowing that a change in leadership, especially in the barbering and hairdressing industry, can greatly affect cohesiveness in the field, I was anxious to see what would happen to QB going forward. When Mr. Kitano was appointed president, he talked to me about an opportunity to take a position on the board of directors. I told him that I was unable to point my sights upward (toward management) and rather wanted to point them downward (toward the field) since it was those working at the bottom who create the field in which we do business and who generate the proceeds for our business. For that reason, I wanted to look downward toward the field. After that, he introduced mechanisms which those working in the field wanted to see

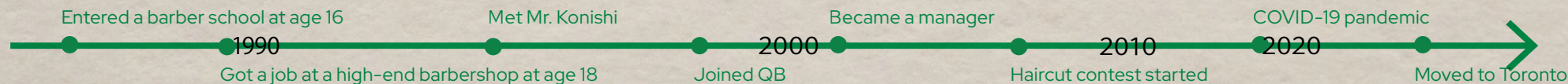


Masahiro Tajima, Representative in Toronto, Overseas Business Division

implemented, and we had formed a relationship where we could discuss anything, which gave me the energy to do my best.

As the COVID-19 pandemic settled down, our structure changed and new managers has been nurtured. I then began to think about what I should be doing. And since the company's overall business performance was aided by our overseas business performance, I felt that we needed to increase our business done overseas when it came to the balance between domestic and overseas business. It was around that time when I received the offer to go to Toronto.

I didn't think it would be me going when taking my age into account. But conversely, I did think that no one my age would give up such a chance, so I asked them to let me take the assignment. I also want to contribute, and since joining the QB HOUSE, I have learned many things from experiences such as the training we all worked on together and opportunities to take on challenges. I believe that we should communicate what we have learned through these experiences to the next generation. That's what I'm thinking about most right now.



Click here for the full version of the interview https://www.youtube.com/watch?v=_AJ3Uh1SX4w

2

Future Value Creation Stories

**Don't you think that the growth of
each individual leads to the growth of the company?**

PURPOSE

LESS IS MORE

This is a sense of values that if we take away things that lead to excess and waste and concentrate on truly necessary quality, that effort will connect us to richness.

The space and freedom are created by the powers of labor-saving, effort-saving, time-saving and resource-saving, which are based on this sense of values.

This brings people and Earth genuine richness. We believe that it is our raison d'être to pursue that richness and keep on with the pursuit.

4 kinds of power of saving we have defined for ourselves

$$\underbrace{(\text{Labor-saving} + \text{Effort-saving})}_{\text{Resource-saving}} \times \text{Time-saving} = \text{Power of QB}$$

We believe that the powers of labor-saving and effort-saving will inevitably lead to the power of resource-saving, and that combining these with the power of time-saving, which further increases the value of time, will serve as the power of QB. With this in mind, we are committed to solving further problems, continuing our business, and growing into a sustainable company.

The power of
Labor-saving

Eliminate waste and concentrate
on one's area of responsibility

Specifically...

- Service that does not require a reservation
- Introduction of ticket vending machines
- No system for selecting preferred staff member
- QB Signal to indicate the crowd levels

Achieving that will

Lead to the establishment of
a secure management foundation

The power of
Effort-saving

Produce more results in less time
by curtailing unneeded effort

Specifically...

- Only haircut service is available
- No shampoos
- Short time
- Original haircutting techniques

Achieving that will

Make our business constitute
indispensable social infrastructure
and a place for people to work

The power of
Time-saving

Use time efficiently by curtailing
waste and undertaking co-creation
with customers to create a enriched time

Specifically...

- Open outlets in areas where people go
about their daily lives
- LogiTh system that allows someone to become
a stylist in 6 months

Achieving that will

Increase the value of one's time
through effective use of time

The power of
Resource-saving

Business model that involves
the curtailing of waste and conservation
of limited natural resources

Specifically...

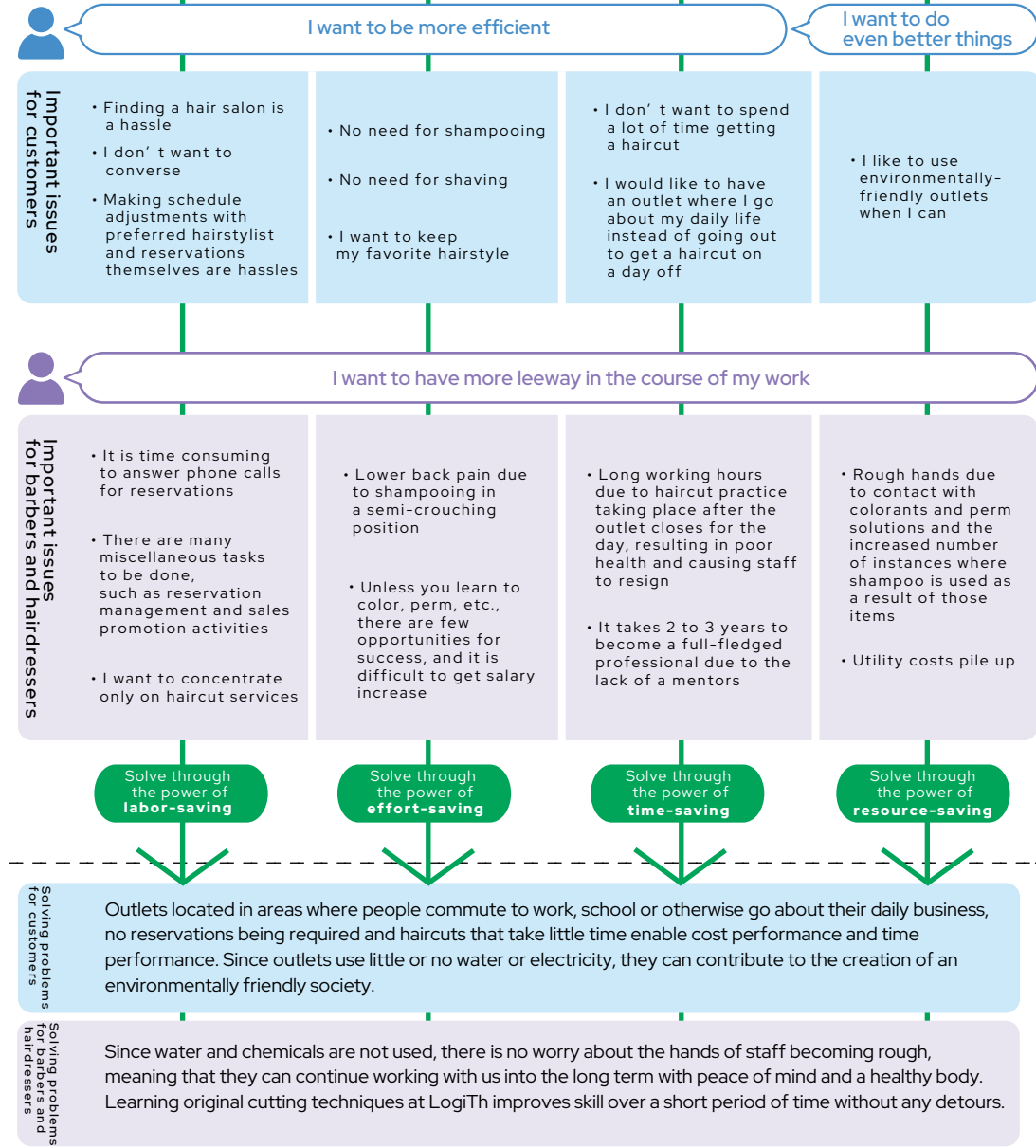
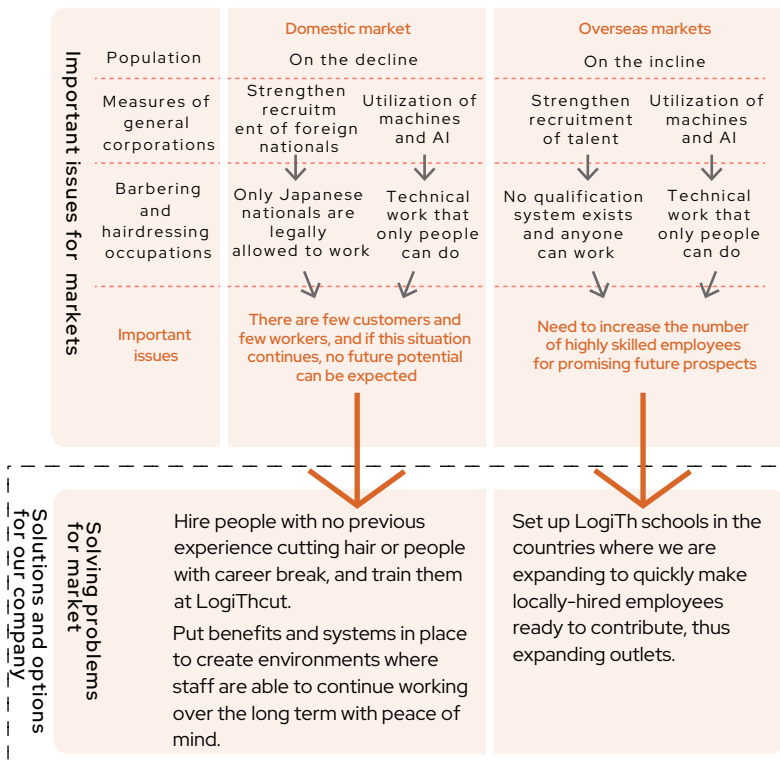
- Only haircut service is available, with no use of water
- No use of hairdryer, generating no CO₂ emissions
- Continued affordability achieved by means of
curbing electricity costs

Achieving that will

Promote the development of
sustainable hairdressing salons
that take environmental pollution
into consideration

MATERIALITY

When workers have to learn their skills by watching the work of their senior associates, they end up doing independent practice late into the night to hone their skills, meaning they end up working long hours and doing unpaid overtime. In addition, the barbering and hairdressing industry, which does not have an established evaluation system and where raises and promotions are determined by the likes and dislikes of the owner or manager, cannot be said to provide a secure working environment. In fact, barbershops are in decline due to a lack of successors and are, as the situation stands right now, hardly sustainable. There are many other important issues that need to be resolved, and our company promotes taking on challenges for resolving them.



Generate prosperity for customers, workers, and the Earth ► Become a sustainable company which can expect to see stable growth

VALUE CREATION PROCESS

PURPOSE
Our raison d'être

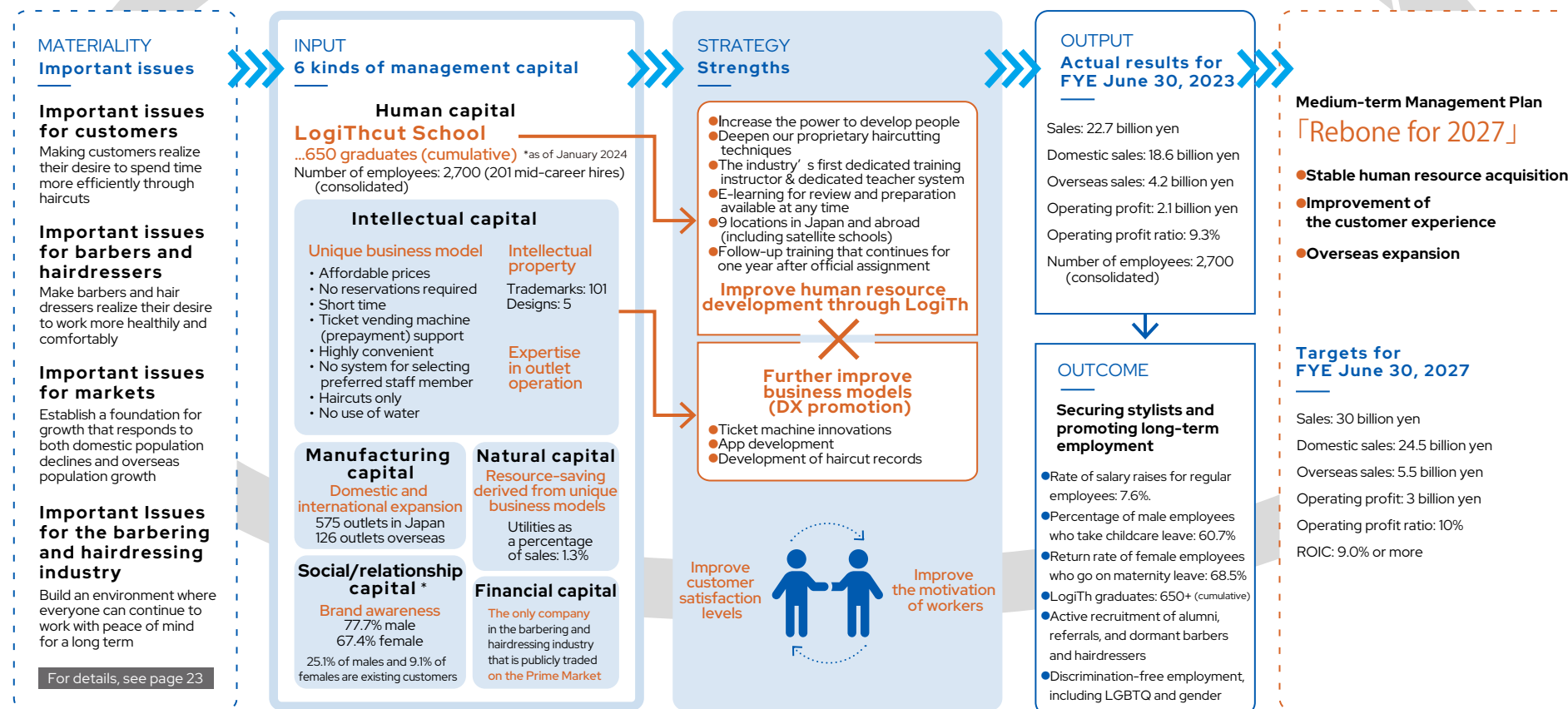
LESS IS MORE

Philosophy which derives abundance from the elimination of unneeded elements

For details, see page 23

IDEAL

A haircut chain shop that people need

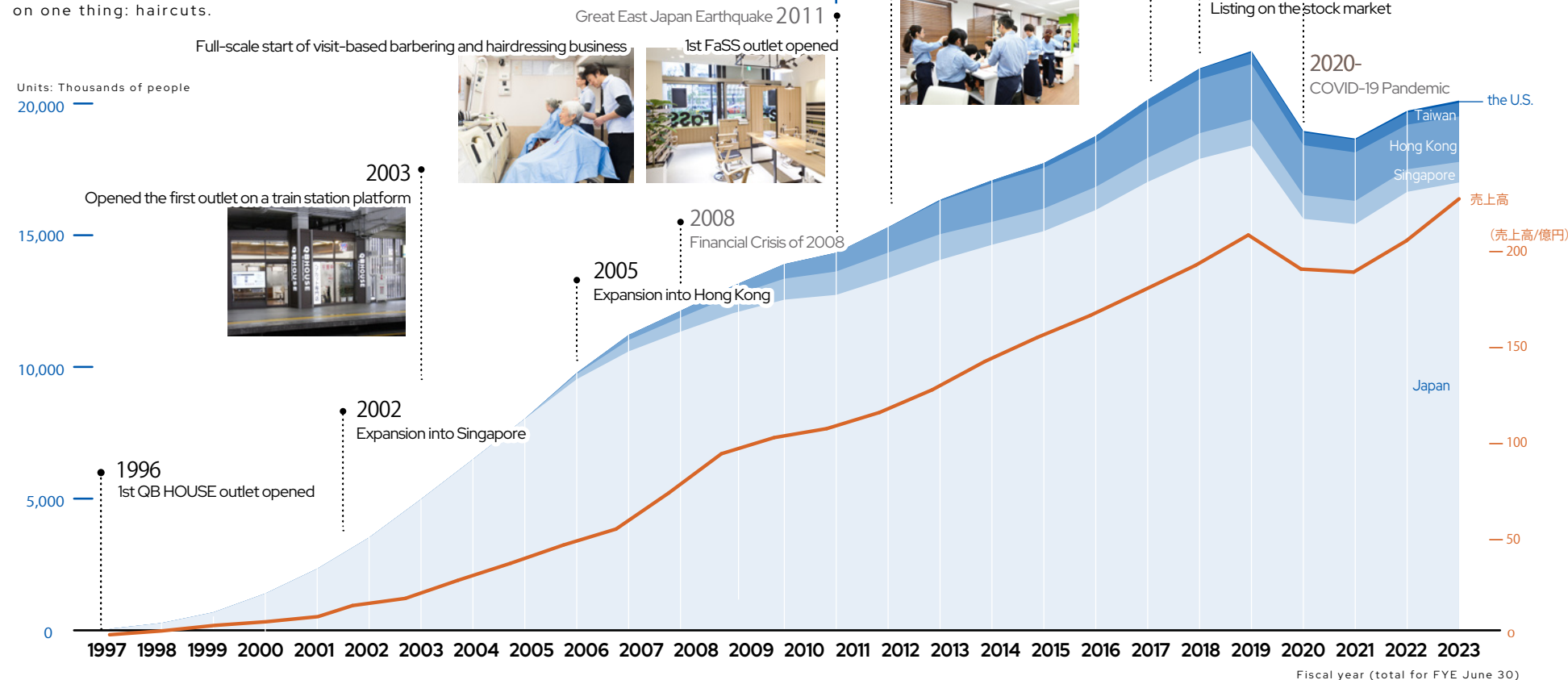


*The results of an Internet survey conducted by Macromill, Inc. with 20,000 men and women aged 15-79 living in the Kanto and Kansai regions

*Figures are current as of June 2023 unless otherwise noted.

HISTORY

QB HOUSE was established in November 1996 as Japan's first haircut specialty shop. The co-creation business, in which customers shampoo their own hair, has gained the sympathy and support of many people, including those overseas. We will continue to evolve to provide our customers with a more fulfilling experience by ensuring comfortable visits while maintaining our focus on one thing: haircuts.



What QB stands for	Quick Barber	Quick Beauty	Quick Business	Quality Business
Haircut fee	¥1,000	¥1,080	¥1,200	¥1,350

Value Creation Story The birth of QB> Organizational revitalization> Reform Promotion>

*The total number of customers includes customers in overseas outlets.

Message From Our Representative

**The starting point of sustainable management is
a cycle involving the kindness of people.**



**QB Net Holdings Co., Ltd.
Yasuo Kitano, President CEO**

Message From Our Representative

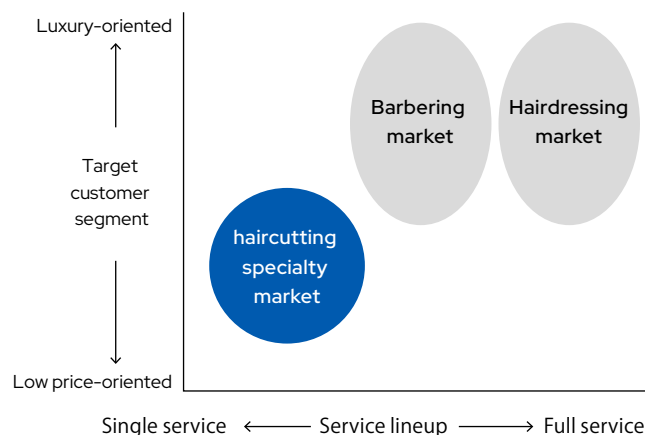
Rapid expansion based on the business model of moving from “being wasteful” to “being just enough”

At the time of our establishment, the Japanese barbering and hairdressing industry was where everyone had been doing what everyone else was doing when it came to business hours, holidays, and prices. Shops only had full-service set menus which they would pack with this service and that service, with no freedom for the consumer to choose this or that. Our business model was born out of the frustration of our founder, who was not a barber or hairdresser. He was frustrated as a consumer who felt that general barbershops and hairdressing salons offered too many unnecessary services, which he felt was waste of time.

As a result of our pursuit of what services consumers really need and what values consumers seek regardless of the changing times, we arrived at the idea of offering consumers the simple value of a 10-minute personal grooming service. Initially, the fee of 1,000 yen attracted a lot of attention, with some people saying that the service was so cheap that they were worried about the quality of it. However, those who supported the service increased, especially busy businessmen, who said that it was just the right service to use while traveling. Thus we have brought to the market new value in the form of a haircut specialty shop together with our trusted stylists, who are particular about their haircutting techniques.

As luck would have it, I ended up being invited by the founder to join the company and did so in 2005. After the bursting of the bubble economy, the number of outlets grew rapidly with our 10-minute personal grooming business model, partly due to the tailwind of increasing frugality in the market. While that was the case, my feeling was that the organization-building and talent development which served to support that expansion had not kept pace. Each individual was pushing forward with his or her own individual power to deal with the difficulties that stood before them, and the accumulation of partial optimizations had manifested as a distortion of the entirety. In particular, the overall optimization of haircutting techniques and service quality improvement was not going very well. The barbering and hairdressing industry comes with what one would call the artisan spirit. It's a common sense in this industry that one should learn techniques by watching their senior associates and that one's competence should be enhanced through independent practice. Even after paying high tuition fees to attend a vocational school, passing a national exam, and finding a job, the road to mastering skills and debuting as a stylist ends up being long and arduous due to the inadequate educational system and environment of a company that one has joined. When I joined QB HOUSE, we were in a similar situation, and the disparities seen in terms of approaches to outlet operations, talent development, and service quality was beginning to grow. We felt a sense of crisis in that if this situation were to continue, consumers would soon give up on us and our business would come to a standstill.

Strategic Group Map for QB HOUSE



From “business model” to “people-oriented”

My own first encounter with QB HOUSE goes back my previous place of employment. There happened to be a QB House near the office I worked, where I was in charge of sales. I had a little time to spare before my next appointment, so I got a haircut there. In just 10 minutes, I had my hair done the way I wanted it, in a way which was completely comparable to haircuts I've had done for several thousand yen in the past which took at least an hour each time. I was deeply impressed. For businesspeople who find it a hassle to make an appointment and take time to get a haircut, it's a wonderful service that one can easily use when they have a bit of time to spare before their next engagement. I still remember deciding in my own heart that I would continue to visit QB HOUSE from then on.

Message From Our Representative

Upon my assuming the position of president in 2009, we increased opportunities to listen to the opinions and concerns of our stylists working in the field. At the same time, we increased opportunities to listen to the opinions and impressions of users through questionnaires and other means, starting from a reassessment of the facts. I then was committed to working sincerely through each contradiction and gap which became clear, and became convinced that we could evolve into a stronger brand that is needed by society if we could connect together the kindness which is found in the hearts of all people. In addition, I decided that we would shift from management approach that was business model-oriented to a new approach with additional principle of being people-oriented.

Our in-house LogiTh school opened to bring back to Japan the successful experiences of those overseas

The first efforts of management based on the principle of being people-oriented were made overseas. Although QB HOUSE was already operating in Asia, it was all franchise-based management, so we did not have a good grasp of the truth of what was happening in the field, the issues being dealt with, and stylists' concerns. Then, after some contract-related troubles at our overseas outlets, we opened our first directly-managed salon overseas in Singapore, directly employing the stylists working onsite. Since Asian countries do not have technical schools or national examinations as is the case in Japan, it became necessary to convert tacit knowledge into more detailed explicit knowledge in order to pass on Japanese haircutting

techniques and sensibilities to local stylists, from knowledge on how to hold scissors and combs to knowledge on customer service and other relevant areas. Training managers which were sent abroad from Japan had great difficulty explaining their own sensitivities in an understandable manner through interpreters who were not technical experts in the field. The local stylists also worked hard to understand the intentions of the training managers and worked together to facilitate understanding of what training managers were trying to convey. This led to an effort to translate the haircutting process into words, the establishment of an unprecedented talent development curriculum, and the overall optimization of the improvement of our service as stylists who took this curriculum began to gain confidence in their skills. This collection of experiences in training stylists overseas who did not have national certifications became prototype for the LogiTh school which was later launched in Japan.

LogiTh, an in-house training institute, was established in Tokyo in 2012 after we brought the training curriculum established overseas back to Japan. We hire LogiTh trainees as regular employees. Among them are people who have no experience cutting hair but who have acquired the national qualification after graduating from vocational school, as well as individuals who need to retrain themselves after having been away from the barbering and hairdressing industry for an extended period of time due to raising children or other circumstances. We have established a curriculum that allows these trainees to make their debuts as stylists in as little as six months, instead of the two years or more it is said to take in the industry. The environment is designed so that trainees can devote the whole day to training, allowing them to acquire skills in a short



period of time. On the other hand, even during training, without comfortable lifestyle, trainees will not be able to concentrate. Therefore, I suggested that we also provide them with salary and overtime pay. At first, there were objections within the company. Some thought that trainees would end up quitting as soon as they learned the techniques, or that there would be no way that a trainee could grow into full-fledged professionals in such a short period of time. However, we persistently explained that this was an upfront investment into the future of QB HOUSE and eventually gained their understanding. In fact, in the beginning, the curriculum and the training system were not sufficient, and many trainees quit in the middle of the curriculum. Each time a trainee would quit, there was a growing sense of unease about this approach, but we continued to discuss the issue at length with those involved in accepting trainees and put in place measures to improve the situation. In the beginning, the majority of trainees were in their late 20s and early 30s, but as we continued, the age range expanded to include trainees in their 50s and 60s. As the trainers who were training them experienced rapid growth of their own skills while dealing daily with trainees of different generations and trainees with different values, the number of trainees who would quit the curriculum midway through the program decreased dramatically. Experienced stylists in the field were amazed at how much the skills of trainees had improved over the 6-month period. Some even said that they would like to have a go at learning some techniques through the curriculum. LogiTh is currently operated at 6 locations in Japan and 2 locations overseas. The cumulative total of graduates exceeds 650 (as of January 2024).



Of course, learning is not the end of the story; the hairstyles that customers seek change with the times. With the time constraint of having to cut a customer's hair in 10 minutes, it is also necessary to incorporate new haircut techniques. Hairstyles which are highly versatile and frequently requested at our outlets are incorporated into the LogiTh curriculum. This approach is also used to improve the overall skills of existing employees by allowing them to relearn those styles.

Developing environments that sustain the company's growth ambitions, such as the deployment of new brands

For people-oriented management, it is important to support employees in improving their abilities, but it is equally important to create an environment in which they can easily demonstrate their abilities and maintain their desire to grow while engaging in friendly competition with their peers. Therefore, we hold a big, company-wide haircut contest once a year to provide stylists with an opportunity to demonstrate their technical skills each other and to experience the tremendous potential of fellow colleagues working at QB HOUSE. This is an event where stylists who have won the regional qualifying competitions, including those from overseas, gather for a national competition, where they compete in three categories of haircutting techniques. This is an opportunity to see

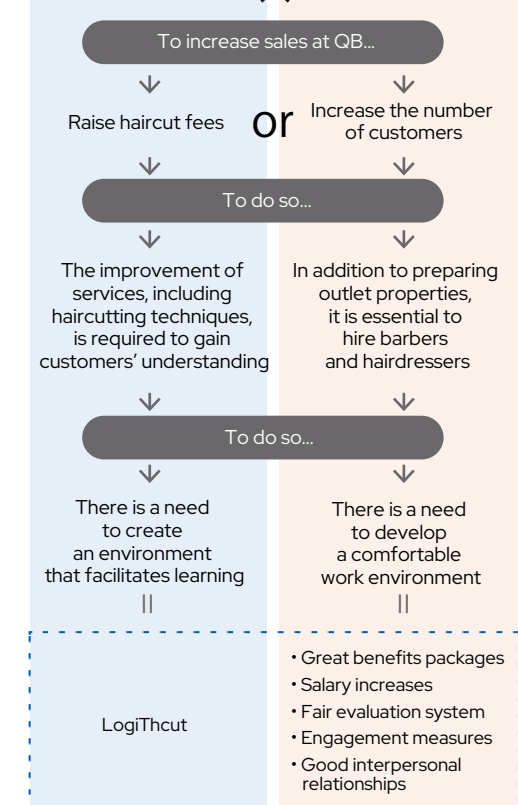
the high-level skills of colleagues whom we normally have much chance to contact with. It also serves an opportunity to inspire and motivate each other.

In addition, in order to meet the diverse needs of our customers and provide new career paths for stylists at the same time, we have launched the FaSS brand, which is dedicated to haircuts and styling for both men and women, as well as QB PREMIUM, a brand that allows customers to make reservations via a smartphone app and provides styling services. We are steadily increasing the number of outlets for those brands. Furthermore, in 2020, the 25th anniversary of the opening of our first outlet, we rebranded ourselves with a new raison d'être: LESS IS MORE. This expresses the idea that people and their lives will be richer if they eliminate unnecessary things and waste and focus only on what is truly important. Our strength, to use one expression, consists of our foundational strength. We believe that if the groundwork consisting of this foundational strength can be thoroughly built up, people can grow regardless of age and make up for their declines in physical strength to some extent. Provide support to our stylists to help them master the craft; this embodies the basic stance for QB Group's people-oriented management, which is built on techniques. In a service industry where people are everything, the growth of each and every employee is directly linked to the growth of the company. We will never forget this thought and will continue to do our best to support the growth of our stylists as professionals and as people.

Message From Our Representative

Sustainable QB HOUSE business model

$$\text{Spending per customer} \times \text{Number of customers} = \text{Sales}$$



All of these are already in place

Go through PDCA cycles

Message From Our Representative

Promoting sustainable management as we transform into an organization where people can play an active role over the long term

I think that the starting point of sustainable management is a cycle of human kindness, and that those who work and live in the same organization or community should become connected with one another through the form of compassion known as kindness, and sincerely face the question of what is better for the organization or community. I believe that career satisfaction and one's purpose in life are born from such connections. There is no great difference in human ability, and we must recognize our individual strengths and mutually leverage them. In doing so, we need to continue creating opportunities for growth by deepening our self-understanding in the midst of opportunities to take on challenges. I also believe that it is the role and responsibility of the president to circulate the kindness that has grown within such people forward to society and to the Earth through the activities of the company.

Furthermore, becoming a stylist and working toward becoming an outlet manager is a great challenge. If you can support someone grow, you can grow a lot yourself. After that, one can become a leader of an area or block, train new employees as a trainer, test their own abilities overseas, or work on visit-based barbering and hairdressing. As team members change, the way that people interact with others changes as well. The QB Group has a diverse group of people working for it, ranging from those in their 20s to

their 80s. Everyone works together and cooperates with each other, which I believe allows them to experience a refinement in terms of the diversity of their values and in terms of social sensitivity. It also allows them to grow as people.

We are entering an era where it is said that people will be living to the age of one hundred. As such, we will continue to focus on creating an environment in which people can become masters of their craft and remain active members of the team over the long term. Every month, people join the QB Group with diverse aspirations: some wish to fulfill a dream they have had since childhood, some wish to return to the industry for a second life after raising their children, some wish to remain in service to society until the age of 70, and so on. Moreover, some stylists at the QB Group were still active even after having reached the age of 80. How long a person continues to work depends largely on his or her own values in terms of how they want to live their lives. We would like to continue to provide a place where people who can work hard with a smile and with a strong desire to live independently for the rest of their lives can demonstrate their abilities. However, this also depends on the ability of those gathered within the QB Group when it comes to circulating feelings of kindness involving deep feelings of empathy towards the wishes of their fellow colleagues.

We contribute to the development of a more affluent and comfortable society through kindness which takes the form of labor-saving, effort-saving, time-saving and resource-saving

Energy prices are currently rising on a global scale, but the QB Group, which uses very little water and electricity, has a group-wide utility bill of 300 million yen in contrast with its 22.7 billion yen sales, only 1.3% of sales. This shows how kind we are to the Earth. In addition, not using colorants and perm solutions and not washing hair with shampoo leads to kindness in the sense that we are reducing the physical burden placed on stylists, such as skin irritation and back pain. This kindness gives us the leeway to focus solely on the haircut services that our customers expect. We will continue to further improve the quality of our actions based on the four values of labor-saving, effort-saving, time-saving and resource-saving, and contribute to the development of a more affluent and comfortable society, thereby achieving sustainable growth and increasing our corporate value over the medium to long term.

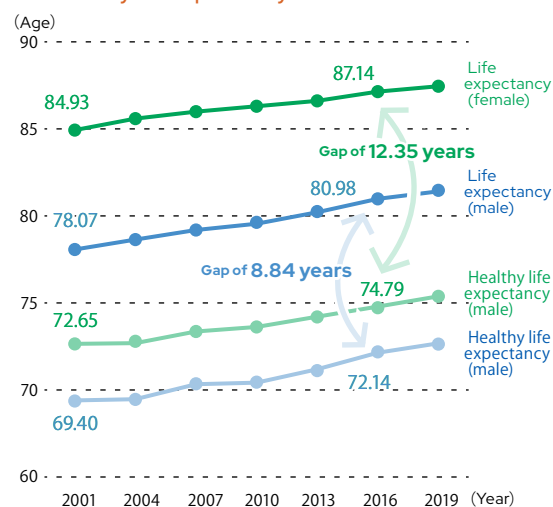


Enhancement Measures

Possibilities of the visit-based barbering and hairdressing business: Toward the future

QB's visit-based barbering and hairdressing business began in 2012. With general visit-based barbering and hairdressing services provided at homes and facilities, customers are often asked to get up and sit down on their own during the haircut. However, getting up and sitting down on a chair when getting your hair cut, moving by means of one's own feet right then and there, and sitting in the same position for a certain period of time can be very physically demanding. In addition, haircuts performed while the customer is lying in bed and essentially maintaining the same posture, which are performed in cases where someone has difficulty maintaining the same posture, require skill in terms of cutting hair quickly while maintaining a position that does not place a burden on the body. QB's visit-based barbering and hairdressing services make use of the short-time cutting techniques we have been pursuing. Our experienced staff conduct in-house training for bed-based haircuts, creating an environment in which facility residents and residents' families can feel comfortable entrusting us with the provision of services. Japan is an aging society. Although healthy life expectancy is increasing along with the rise in average life expectancy, the gap between the two has remained almost unchanged, and the number of people who need visit-based barbering and hairdressing services is expected to increase in the future. We believe that there will be even more opportunities in the future to put the techniques we have developed to good use.

Future market based on average life expectancy and healthy life expectancy



Source: Ministry of Health, Labour and Welfare website

Three characteristics of QB's visit-based barbering and hairdressing services

- 1 All staff members receive training at the head office to gain knowledge about nursing care and related skills. We are also flexible for providing a picking up and dropping off service using wheelchairs, which is a request we often receive from facilities.
- 2 In addition to national licenses for barbers and hairdressers, on-site managers have basic caregiver certifications and can respond to unforeseen circumstances
- 3 Bed-based haircuts are available for bedridden residents, which allows a customer to receive a haircut while lying in bed

Providing a safe and secure environment for facility residents and residents' families

The raison d'être of barbers and hairdressers which is reaffirmed through real-life experience

One day, I received a phone call from my father, a nursing home resident. He told me that he couldn't walk by himself anymore, so he needed me to take him to a barbershop. Although the facility had planned fun events and opportunities for socializing, my father, who loved to go out with his friends to the mountains, rivers, and the sea, had a hard time getting along in the community, and going to a barbershop near the facility to get his hair cut was the only thing he looked forward to doing. The week after I received the call, I loaded a wheelchair with an oxygen cylinder and headed to the barbershop, which was very crowded because it was Sunday. I waited for about an hour. Just as a young barber was about to take care of us, an experienced-looking barber who was cutting someone's hair in front of me said to the younger barber that he (the experienced-looking barber) would take care of us. He told us to wait just a little longer. My father did not have a lot of hair on his head, but the experienced barber cut my father's hair with great care. For the first time in a really long time, my father broke into a smile. I am sure that the experienced barber thought to himself that this might be the last time this customer visits and thus took more care than usual in cutting my father's hair. At that moment I felt very deeply that the work of barbers and hairdressers was truly amazing. That work can brighten the inner life of someone who is debilitated, even if only for a moment. It was an event that convinced me firsthand that the work of a barber or hairdresser is an eternal job.

Yasuo Kitano, President CEO

3

Sustainability Management for Co-Creation

**Is it true that QB is not only friendly to people,
but also to our Earth?**

Basic Sustainability Policy

The axis of management has shifted from being focused on business models to being focused on people. As well as toward co-creation with the rest of society.

A service dedicated to haircuts, which was born out of the founder's solution to a problem, also constituted the birth of services friendly for both people and the environment. A service dedicated only to haircuts, something which customers cannot do by themselves, doesn't just come with the benefits of bringing comfort to customers by allowing them to make the most of their free time and bringing to workers freedom from having their hands become rough due to the use of chemicals; it also helps preserve the global environment since the service uses little water, and brings us a huge richness of realizing a sustainable society. Since our founding, we have been sincerely committed to solving environmental and social issues with a focus on people. We will continue to pursue true abundance by increasing the number of people who share and are involved in the co-creation of our friendly services.

The Big Picture of Sustainability

People ▶For details, see page 35

We respect not only each and every employee of the QB Group, but also all of our stakeholders, and are committed to building a society in which everyone can find peace of mind and a sense of fulfillment, thereby leading to comfortable lives.

Environment ▶For details, see page 39

In order to go about passing on this bountiful Earth we live on to future generations, we are working together with other members of society to promote activities that serve to foster the value of barbering and hairdressing which lead to resource-saving that is centered on water conservation.

Society ▶For details, see page 40

Through our network cultivated through the opening and operation of outlets in Japan and overseas, we will contribute to the development of local communities by revitalizing them and facilitating the circulation of their economies by having our business serve as social infrastructure.

Governance ▶For details, see page 41

In order to continue to be a company that is trusted by society, we are committed to compliance with laws, regulations, and other requirements, and to implementing ethical and highly transparent management practices.



Basic knowledge of the barbering and hairdressing industry

The Japanese barbering and hairdressing industry offers more various choices to consumers, going from the previously predominant option of general salons to the emergence of service-specific specialty businesses, such as haircut specialty shops and hair coloring specialty shops. On the other hand, an increasing number of privately-run outlets has been closing down, particularly in rural areas where the declining birthrate and aging population make it difficult to secure the next generation of professionals. In addition, approximately 60% of nationally certified barbers and hairdressers have left the industry for some reasons. And under the current Barbers Act and Cosmetologists Act, foreign stylists with haircutting experience must graduate from a Japanese barbering and hairdressing school (minimum 2 years) and pass a national certification exam in Japanese before they can obtain a work visa and move to Japan to work at an outlet. Against this backdrop, the barbering and hairdressing industry is currently experiencing a chronic shortage of talent.

People

To ensure that people are healthy and prosperous in mind and body

Freedom from health risks



The business model of offering services that are dedicated to haircuts, which has remained unchanged since our inception, uses no chemicals and provides no shampooing service, thus having a benefit of eliminating the use of excess water and electricity. For customers, it is beneficial as they can spend their days without damaging their hair. For workers, it relieves them from worrying about rough hands caused by chemicals and from back pain caused by shampooing and performing other tasks in a semi-crouching position. As a result, it creates a workplace where people can work into the long term with peace of mind. We have also developed a unique haircut technique that incorporates trimmer techniques which minimizes the burden on the hands and arms, such as tendonitis, to the greatest extent possible, and we actively pass this expertise on, making it a shared asset for all of our stylists.

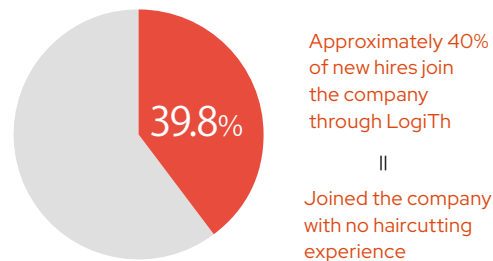


Established the industry's one and only in-house haircut school



LogiTh, our in-house cutting school that started in Tokyo in September 2012, has seen expansion. We now have the Sendai school, the Tokyo school (with a satellite school in Yokohama), the Nagoya school, the Osaka school, the Hiroshima school, the Fukuoka school, the Hong Kong school, and the Taiwan school. Employees have felt a sense of appeal in relation to the peace of mind with working eight hours in a day in a concentrated environment with trainers nearby, as well as in terms of the sense of satisfaction that comes with being able to be taught haircut techniques in a logical manner. As such, the number of employees who joined our company via LogiTh in the fiscal year ended June 2023 was 73 in Japan (146% over the previous year) and 95 overseas (271% over the previous year), with 39.8% of the stylists working for us in Japan being LogiTh graduates. At the end of January 2024, the cumulative number of graduates to date exceeded 650. This is the only in-house cutting school in the industry, where we can continuously accumulate expertise in teaching techniques by actively hiring people with no haircutting experience.

Percentage of new hires for FYE June 30, 2023



Strengths of outlet deployment



We rank first in the number of outlets in Japan among haircut specialty shops, with 534 stores. This is twice the market share of the second largest brand, which has 261 outlets. In contrast to other companies in the same industry, which have many franchised outlets, QB Group operates mainly through directly-managed salons in order to facilitate the thorough training of talent and ensure uniformity of the services we provide. In addition to new graduates with no haircutting experience at all, LogiTh also supports professional independence for qualified barbers and hairdressers who have been out of the industry due to childbirth or childcare for a while, who are called "dormant barbers and hairdressers," and people who join us after having worked in other industries. Another advantage of operating many directly-managed salons is that we are able to differentiate ourselves from competitors.

QB Group outlet types

	Japan	Overseas
Direct management	534	126
Franchise	36	0

(FYE June 2023)

People

A company culture of mutual recognition



Interpersonal relationships are one of the top three reasons why barbers and hairdressers end up leaving their jobs. To maintain good interpersonal relationships, the QB Group has a company culture characterized by mutual recognition. For example, there is no age-based discrimination. There are people from 20 years to nearly 80 years of age who are actively working. The younger employees learn skills from the veterans, and the veterans realize the beginner's spirit and gain sources of vitality from the younger employees. Thus, we have established a group where everyone involved are treated to win-win relationships.

Career support for self-driven success



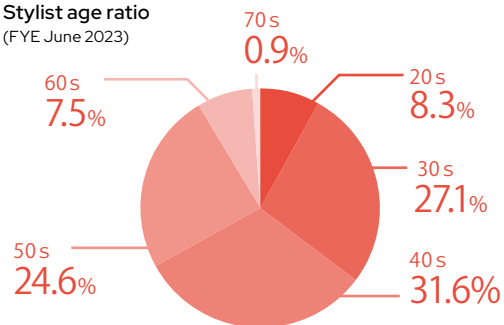
For existing stylists, we provide hairstyle-based technical training as well as training specific to job functions, such as manager training, area manager training, training for trainers, and so on. Thus, all employees are fairly and equally given the right to take on challenges. In addition, we have a system in place where raises and promotions are achieved by passing examinations held on the final date of a training program. In our culture, hard workers are rewarded, and raises and promotions are achieved in a self-directed manner. By building such career paths, we have created an environment in which everyone can perform their duties with a high level of awareness, regardless of their position.

Creating a comfortable work environment



The QB Group does not have a system where customers can select preferred staff member. This enables staff to take Saturdays and Sundays off, which is rare in the barbering and hairdressing industry. Also staff can choose the number of days off per month according to their age and physical condition. Including these benefits, we offer a comfortable working environment. As for maternity or childcare leave, some employees return to work after taking these leaves. However, the childcare leave utilization rate for men and women is 60.7% and 68.5% respectively (both for FYE June 30, 2023). We will continue to improve this situation by increasing the number of staff. In addition, with regard to evaluation systems, we are seriously working on a fair and equal evaluation system for stylists by means such as standardizing the viewpoints of technicians and managers and setting measurable evaluation points.

Stylist age ratio
(FYE June 2023)



Percentage of male employees who take childcare leave

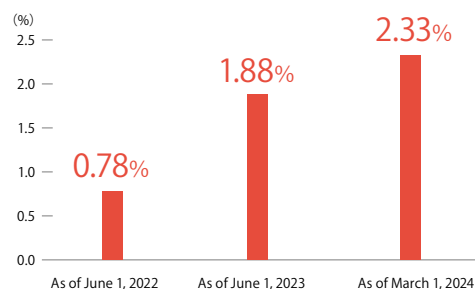
FYE June 2023	60.71%
FYE June 2022	30.00%
FYE June 2021	20.83%

People

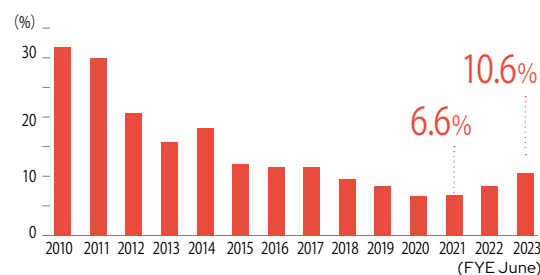
Initiatives in terms of employment
of persons with disabilities

Since June 2022, the QB Group has partnered with a farm which supports the independence of people with disabilities who wish to work, while encouraging them to find joy and satisfaction in their work. The partnership involves initiatives wherein people with disabilities who are employed by us hydroponically grow vegetables, such as mesclun greens and mini tomatoes, without using agricultural chemicals. Furthermore, harvested vegetables are wholesaled as pesticide-free vegetables to restaurants near the farm. The vegetables are appreciated for their quality, cleanliness, and beauty. We would like to continue to employ those who wish to work and provide them with a place where they can lead stable, independent, vibrant and shining lives.

Rate of statutory employment for persons with disabilities

Service improvement and improvement
of working conditions

Believing that reducing employee turnover is the most important factor in stably improving the quality of services, we have worked to improve our working environments while shifting the employment system from use of outsourcing to direct employment. As a result, we were able to reduce our turnover rate from 30% in FYE June 30, 2010 to 6.6% in FYE June 30, 2020. Although the turnover rate temporarily increased at the end of FYE June 30, 2023 due to a forgoing of a base wage increase and provision of year-end benefits as a result of the decrease in customers experienced during the pandemic, the turnover rate decreased again following an average 9.8% improvement in salary and benefits during the period from August to October 2023. We will continue to improve working conditions, aiming to improve our turnover rate to the 7% level during FYE June 30, 2024.

Change in turnover rate of regular employees in Japan
(yearly results)Promoting employment in overseas
countries where we operate

Most overseas QB outlets are in countries that do not have a national certification system like in Japan. In such countries, Japanese trainers are stationed to provide an environment where employees can thoroughly learn about techniques of the same quality as in Japan and fully support the acquisition of skills by local talent. In Asian countries, we particularly want to contribute to the improvement of the social status and independence of young people and women.

Percentage of local talent employed in overseas countries
where we operate

	Number of locally hired employees	Number of Japanese employees including overseas employees	Local employment rate
Singapore	127	1	99.2 %
Hong Kong	221	2	99.1 %
Taiwan	156	2	98.7 %
the U.S.	35	2	94.3 %

(FYE June 2023)

People

Increase the number of job application channels to lower the hurdles

[mobilization of human resources (1)]

For the barbering and hairdressing industry, which cannot rely on machines for haircuts, securing talent is a top priority. In addition to general applications, QB Group has a dedicated contact point on its recruiting page to lower the hurdles for applicants, such as those with no haircutting experience, former QB Group employees (alumni hiring), and those who apply through employee referrals (referral hiring). The website won the Grand Prix at the Owned Media Recruiting Award 2021 hosted by IndeedJapan. In addition, we are taking every possible measure to secure talent, such as by providing classes at barbering and hairdressing schools and making contacts through various social networking services.

Changes in alumni and referral hiring

	alumni			referral		
	Applied	Hired	Hiring rate	Applied	Hired	Hiring rate
FYE June 2023	24	14	58.3%	25	19	76.0%
FYE June 2022	24	8	33.3%	38	33	86.8%
FYE June 2021	19	5	26.3%	35	22	62.9%

Strengthen the recruitment of dormant barbers and hairdressers

[mobilization of human resources (2)]



People called dormant barbers and hairdressers who have finished raising their children or who have moved to other industries, would give up applying for jobs in the barbering and hairdressing industry because of their thinking that it will take too much time to regain the feeling of holding scissors or that there is no chance at getting hired as someone who cannot perform a haircut. We see LogiTh as an advantage in recruiting as it caters to such people. On the other hand, there are those who readily apply because they believe the hurdles to hiring are low due to service fees. The overall average hiring rate, including for part-time employees, is about 30%. People are everything in the barbering and hairdressing industry. We hire people with a strong focus on their character and consider people with a strong sense of humanity who also have strong technical and customer service skills to be excellent human resources.

Application and hiring situation

	Regular employees	LogiThcut	Part-time employees	Total
Applied	335	166	132	633
Hired	110	73	25	208
Hiring rate	32.8%	44.0%	18.9%	32.9%

(FYE June 2023)

Stylists who meet legal standards

Japan is one of only a few countries in the world that require national certification to work in the barbering and hairdressing industry. Only those who have graduated from a high school with a specialized course in barbering and hairdressing or from a two-year vocational school for barbering and hairdressing after graduating from high school, and who have passed the national examination, are allowed to work in a barbering and hairdressing establishment. In addition, the QB Group does not employ any child labor and hire talent only after confirming the original certificate of qualification of a barber or hairdresser with their date of birth. Furthermore, we do not have a mandatory retirement age because we would like to see our employees to be active for as long as they have the physical strength to do so. The target number of employees to be hired for FYE June 30, 2024 is 222, a 121% increase over the previous fiscal year.

The paths to becoming a general barber or hairdresser



Environment

No wasting of limited resources

Our business model itself is Earth-friendly



Water is a precious resource. It is said that by 2050, 40% of the world's population will face serious water shortages. A 5-minute shampoo at a typical hairdressing salon requires the use of about 60 liters of water. In addition, if a professional hair dryer is used for 10 minutes each time, it would generate 40.56 kg of CO2 per year. Our company's business model, which has brought innovation to the industry, allows us to curb water and electricity use as much as possible, with utilities accounting for only 1.3% of our 22.7 billion yen sales for FYE June 30, 2023. It can be said that our service has been environmentally friendly since our inception. We will continue to work on in accordance with the TCFD framework.

720 liters of water is saved per year just by getting a haircut at QB HOUSE once a month

Water savings
(per person/year)

720 liters

Equivalent to
approximately 7.2 baths
(bath tub in a one-person apartment)

Water savings
(annual)

Approx. **1.3 billion** liters

Approximate annual
required water
intake for 1.42 million people*

The cooperation of all our customers results in the saving of more than 1.3 billion liters of water per year.

*Estimated at 2.5 L per day and 912.5 L per year. Prepared by QB Net Co., Ltd. based on "Let's Drink Water for Good Health" (Ministry of Health, Labour and Welfare).

Increasing the number of RE100 actions



For the electricity required for outlet operations, we choose environmentally-friendly electricity with zero CO2 emissions. At 23 street-facing outlets in Japan where the electricity provider can be selected freely, QB Group uses electricity produced through the "RE100 Plan (100% renewable energy plan)" of UPDATER Inc. (Minna Denryoku). The annual electricity consumption of the 23 outlets under contract amounts to about 320,000 kWh, which is equivalent to the CO2 absorption of about 11,600 cedar trees. In addition, outlets in AEON Group facilities, which account for half of our outlet locations, are gradually switching to electricity of "100% Locally Produced Renewable Energy for Local Consumption," which the AEON Group has been promoting.

*RE100 Plan: A plan in which electricity sourced from renewable energy sources is combined with the environmental value of non-fossil certificates with renewable energy designations to provide electricity that is 100% renewable energy.



Biomass Power Station Daito, Tatsuma Station
(biomass power generation)



Namie Power Station
(solar power generation)

Thoroughly effective use of resources



For our self-developed unit furniture, we simplify the structures of furniture as much as possible and remake the unit furniture found at closed outlets by polishing or replacing surface veneers. Thus we seek to reuse the furniture. In addition, wigs (human-head mannequins) used for haircut practice are provided free of charge after they have been used in classes at barbering and hairdressing schools. They are used for practice to improve techniques and are utilized effectively by repeatedly reusing them until they get completely shaven. In addition, we have switched to a practice of cleaning and disinfecting combs, which we had previously been giving to our customers, and reusing them starting in May 2021, thereby reducing annual CO2 emissions by 690 tons*.

*The average number of combs used for the three fiscal years from FYE June 30, 2018 to FYE June 30, 2020, was calculated based on the Ministry of the Environment's "Annual Report on the Environment, the Sound Material-Cycle Society and Biodiversity in Japan 2011" (CO2 emissions generated during the production and incineration of polypropylene)



Society Enriching society with our techniques

Raising awareness of childhood cancer through haircutting techniques

Around 2006, several QB stylists in Singapore began volunteering to go to senior citizen facilities on their days off to cut hair. With these activities serving as the catalyst, the content and quality of our efforts have been highly evaluated by organizations such as local health, labor and welfare ministries. Since 2015, we have also been the official stylist sponsor of Hair for Hope*1, one of the largest charity events in Japan to support children with cancer. For about four months starting in April each year, about five QB stylists cut the hair of 20 to 300 participants at more than a dozen locations in Singapore, including schools, hospitals, and community centers. At the main event taking place at the end of July, about 40 QB stylists cut the hair of around 1,717 participants*2 over two days with trimmers. The more than 4 million Singapore dollars (about 440 million Japanese yen) raised during this period are used to pay for the treatment of children fighting cancer and to operate educational facilities for children who are unable to attend school due to the disease. This leads to the promotion of understanding of childhood cancer and to fostering of the hope and courage of children who are devoting themselves to their treatment.



One of the largest charity events in Singapore

▶ <https://www.youtube.com/watch?v=nCKVcdTmagA>

*1 Sponsored by Children's Cancer Foundation
*2 Hair for Hope 2023 results

Classes for future barbers and hairdressers

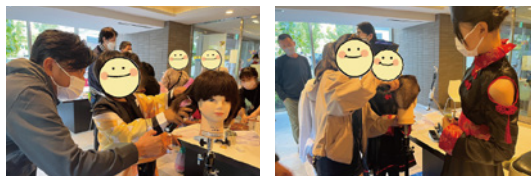
A work experience program is designed mainly for junior high school students as an opportunity to teach them the importance of being involved in the barbering and hairdressing business, the value of time, and the importance of being grateful and being appreciated. It also serves to foster social independence by learning about the richness of emotion or spirit that comes from it.



▶ <https://sites.google.com/view/qbsyokuba>

Bringing haircut specialty shops closer to the community

As part of our efforts to engage with local communities, we also try to familiarize people with the barbering and hairdressing business through events such as the "Hands-on Haircut Experience" and lectures on "Haircuts for Children in the Home."



One of the options for the future through a hands-on haircut experience

A volunteer haircut program, which began with us inviting children from children's homes to an outlet in Tokyo, provides an opportunity not only for children to receive haircuts but also to get hands-on experience with the appeal of haircutting through work experience (trimmer experience), and to encourage them to consider, as one of their career options, becoming a barber or a hairdresser.

Events held in the past

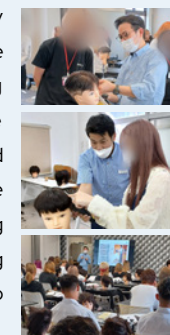
	Number of events held	Number of participants	Number of stylists participating
2018	2	14	10
2019	8	46	41
2020	2	10	7



*The event was suspended in the spring of 2020 due to the pandemic, but resumed in the summer of 2023.

Bringing the joy and depth of haircutting to future barbers and hairdressers

We regularly provide haircut specialty shop's trimmer training sessions as on-site classes to barbering and hairdressing schools. Many of the students at the vocational schools had never even touched a trimmer before they graduated. We have received great feedback, with some saying that it was refreshing and fun, some saying that cutting with trimmers was fun, and so on.



Governance

Always fair and impartial

Since the opening of our first outlet in 1996, we have successfully celebrated a quarter of a century thanks to your warm support. In the post-bubble period, also known as the “lost 20 years” or the “lost 30 years,” the working environment and the global environment have changed dramatically. The way society thinks and perceives itself has been transformed, resulting in the development and revision of numerous laws. As we have done in the past, we will continue to respond swiftly to changes in society and laws, and promote compliance management that is always in step with the times.

Corporate Governance

Our company is committed to sound management that can respond quickly to changes in society. For more information, see the Corporate Governance page.

(<http://www.qbnet.jp/ir/management/governance/>).

Disclosure Policy

We have established a Disclosure Policy to ensure appropriate disclosure in accordance with laws and regulations and timely disclosure rules.

(<http://www.qbnet.jp/ir/policy/index.php>)

Board of Directors

The Board of Directors meets once a month in principle to make decisions on important business matters and to supervise the directors’ execution of their duties, with extraordinary meetings also being held as necessary. The state of attendance of individual Directors during FYE June 30, 2023 was as follows.

Position	Name	Attendance at Board of Directors meetings (attendance rate)
Chairperson and President CEO	Yasuo Kitano	15/15 (100%)
Executive Managing Director	Yusuke Iriyama	15/15 (100%)
Director	Makoto Miyazaki	15/15 (100%)
Director	Osamu Matsumoto	15/15 (100%)
Outside Director (Audit and Supervisory Committee Member)	Tatsushi Omiya	15/15 (100%)
Outside Director (Audit and Supervisory Committee Member)	Tadao Kikuchi	15/15 (100%)
Outside Director (Audit and Supervisory Committee Member)	Toshikazu Saito	15/15 (100%)
Outside Director (Audit and Supervisory Committee Member)	Keiko Toda	15/15 (100%)

Establishment of a workplace hotline

Two workplace environment hotlines or response manuals will be in place for direct consultation, one internal and one external, to allow anyone at any time to consult on the following matters that are difficult to discuss or resolve within the workplace. In addition, we also make it known on our portal site, which employees can access at any time, as well as in the offices and backrooms of our outlets.

Sexual harassment / Power harassment / Customer harassment / Non-compliance / Emergency responses and other such responses in relation to incidents, accidents, crimes, and other such occurrences.

Responses to natural disasters

In the event of natural disasters such as torrential downpours, typhoons, heavy snowfall, and earthquakes, which are believed to be caused by global warming, advance measures and quick, flexible decision-making are essential. We are working to ensure the safety of our employees and customers by posting information on our reporting, communication, and consultation flow, the sharing of emergency contact information in advance, and how to deal with work shifts in the event of a disaster in the offices and backrooms of our outlets to ensure that all employees and customers are fully aware of these procedures.

Intellectual property management

As part of our risk management, we have 101 registered trademarks and 5 registered designs in Japan and abroad.

Awards and recognition

February 1999

Received:

- 1998 New Business Best Performance Award
- Minister of International Trade and Industry Award
- New Business Conference Chairman's Award

We received three awards in an awards program called the New Business Awards in recognition of our creation of a new genre of haircut specialty shops offering 10-minute haircuts for 1,000 yen and our launch of a franchise chain.

October 2006

QB Shell, a capsule-type outlet for overseas markets, won the 2006 Good Design Award

Like our business model, the QB Shell, a capsule-type outlet for overseas markets that pursues maximum cost-effectiveness to reduce the costs of opening and closing outlets and time for construction, was awarded the Good Design Award.

► <https://www.g-mark.org/gallery/winners/9d53eaa5-803d-11ed-862b-0242ac130002>

September 2015

Ranked first in the life-related services sector of 2015 JCSI (Japanese Customer Satisfaction Index)

In the results of the Service Productivity & Innovation for Growth's third JCSI (Japanese Customer Satisfaction Index) survey conducted in 2015, we ranked first in three of the six criteria in the life related services sector: customer satisfaction, perceived value, and loyalty.

► https://www.service-js.jp/modules/contents/?ACTION=content&content_id=783



April 2016

Received the Encouragement Award at the 5th Japan HR Challenge Grand Prize



The award was given in recognition of the company's efforts to improve the working environment and enhance customer service, such as eliminating the custom of not providing technical guidance for junior staff, strengthening training, and introducing an attendance management system using vein authentication to improve poor working conditions that included unpaid overtime work.

► https://hr-souken.jp/challenge_award2016/

October 2017

Received the 17th Porter Prize in 2017



Named after the American business academic Michael Porter, the award is presented to companies that have achieved high profitability through innovation. This time it was given in recognition of the fact that his theory of competitive strategy is the very business model of QB House.

► <https://www.porterprize.org/pastwinner/2017/12/05170653.html>

June 2018

Received the JETRO Chairman's Award at the 2nd Nihon Service Award



The award came with high praise from JETRO (Japan External Trade Organization), because although there are numerous examples of Japanese manufacturers and food and beverage companies thriving overseas, hardly any Japanese service companies have successfully opened multiple stores overseas before.

► https://service-award.jp/result_case02/jetro.html#ttllink

February 2019

Awarded the KAIKA Grand Prize at the KAIKA Awards 2018



This award aims to increase attractive management and organizations and revitalize the industrial world. QB House received the top award for our management that continually tries to connect with society and create value, and for our organizational and human resource development.

► <https://www.youtube.com/watch?v=dczM2b6iv4Y>

June 2020

Received the Excellent Welfare Corporation Category Award at Hataraku Yell 2020

We received the Excellent Welfare Corporation Category Award (Understanding the Current Situation) in recognition of our particularly high score in the field of "Understanding the Current System" based on the following five criteria: response to management issues, understanding of the current system, enhancement of the system, operation status, and penetration of our management philosophy.

► <https://fukurikosei-hyosyo.com/award-companies/>

December 2021





































Received the Grand Prix at the Owned Media Recruiting AWARD 2021

As the shortage of human resources becomes an issue, companies pay more attention to the importance and effectiveness of communicating their message through recruitment websites and various SNS. We received the top Grand Prix award sponsored by Indeed. for being the company implementing the most advanced initiatives.

► <https://jp.indeed.com/press/releases/20211201>

Director skills matrix

The Company's executive structure and the knowledge and experience possessed by its Directors are as follows.

Name	Brief profile	Position	Corporate management	Human resource development and ESG	Sales and marketing	Global	Finance and accounting	Legal and compliance	M&A and new business
 Yasuo Kitano	Joined QB Net Co., Ltd. in 2005. President CEO of the Company since 2016.	Chairperson and President CEO							
 Yusuke Iriyama	Joined QB Net Co., Ltd. in 2003. Managing Director of the Company since 2016.	Executive Managing Director							
 Kabeya Masayoshi	Joined QB Net Co., Ltd. in 2009. Director and General Manager of Administration Department of the Company since 2023.	Director and CHead of Management Headquarters							
 Osamu Matsumoto	Joined QB Net Co., Ltd. in 2004. Director of the Company since 2016.	Director							
 Tatsushi Omiya	Representative Partner at Lex Law Office	Outside Director (Audit and Supervisory Committee Member)							
 Tadao Kikuchi	Chairman of Royal Holdings, Co. Ltd. Professor, Graduate School of Management, Kyoto University	Outside Director (Audit and Supervisory Committee Member)							
 Keiko Toda	Full-time Professor, Graduate School of Global Business, Meiji University Professional Graduate School Visiting Fellow, European Institute of Japanese Studies, Stockholm School of Economics	Outside Director (Audit and Supervisory Committee Member)							
 Naoko Harima	Representative of Naoko Harima CPA Firm	Outside Director (Audit and Supervisory Committee Member)							

*The above list does not represent all of the knowledge and experience possessed by each Director. The areas marked with symbols denote areas where the individual in question possesses skills which are particularly expected to benefit the Company.

Company Profile

QB Net Holdings Co., Ltd.

Capital	1,326 million yen
Founded	December 1995
Established	October 2014
Number of employees	2,700 [consolidated] (as of June 30, 2023)
Location: Head Office	Head Office: 4F, Shibuya First Place, 8-16 Shinsen-cho, Shibuya-ku, Tokyo
Business	As a holding company, formulate, promote, and manage management strategies for the entire Group

- **QB Net Co., Ltd.**

Capital	10 million yen
Established	July 2016
Location	4F, Shibuya First Place, 8-16 Shinsen-cho, Shibuya-ku, Tokyo
Business	Domestic haircut business

- **QB NET INTERNATIONAL HOLDINGS PTE. LTD.**

Capital	SGD 6 million
Established	October 2010
Location	30 Mohamed Sultan Road, #04-00 lam Ann Building, Singapore 238974
Business	Supervision of overseas subsidiaries

- **QB NET INTERNATIONAL PTE. LTD.**

Capital	SGD 2 million
Established	December 2002

- **QB House (Hong Kong) Ltd.**

Capital	HKD 14 million
Established	February 2005

- **QB HOUSE (TAIWAN) Ltd.**

Capital	TWD 39 million
Established	February 2012

- **QB HOUSE USA INC.**

Capital	500,000 USD
Established	September 2016

- **QB HOUSE CANADA INC.**

Capital	300,000 CAD
Established	April 2023年

Stock Information

Total number of authorized shares	48,000,000
Total number of shares issued	13,045,100
Number of shareholders as of the end of the current fiscal year	5,360

Top 10 Shareholders (as of June 30, 2023)

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
NORTHERN TRUST CO. (AVFC) RE USL NON-TREATY CLIENTS ACCOUNT	2,395,300	18.36
Custody Bank of Japan, Ltd. (trust account)	1,987,800	15.24
The Master Trust Bank of Japan, Ltd. (trust account)	1,843,100	14.13
Integral Corporation	592,300	4.54
Yasuo Kitano	392,000	3.00
GOLDMAN SACHS INTERNATIONAL	293,846	2.25
GOVERNMENT OF NORWAY	272,300	2.09
J.P. Morgan Japan	250,911	1.92
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	227,700	1.75
Nomura Securities Co., Ltd.	222,500	1.71

(Note: Shareholding ratios are rounded up or down to the third decimal place, excluding 123 shares of treasury stock.)

Financial Statements

Consolidated Statement of Profit or Loss
(Unit: million yen)

	FYE June 2023			
	Results	Sales ratio	Change	Year on year
Revenue	20,564	100.0%	2,182	110.6%
Cost of sales	△ 17,460		△ 923	105.6%
Gross profit	5,285	23.2%	1,259	131.3%
Other operating income	65		△ 91	
Selling, general and administrative expenses	△ 3,121		△ 499	119.1%
Other operating expenses	△ 91		71	
Operating profit	2,138	9.4%	740	52.9%
Financial income	18		5	138.0%
Financial costs	△ 165		△ 4	102.9%
Profit before tax	1,990	8.8%	740	159.2%
Income tax expense	△ 546		△ 153	138.9%
Registered profits	1,444	6.3%	587	168.5%

Consolidated Statement of Financial Position
(Unit: million yen)

	FYE June 2023	Change
Total current assets	5,800	887
Cash and cash equivalents	4,432	708
Trade and other receivables	972	56
Inventories	237	145
Other	158	△ 23
Total non-current assets	25,308	485
Property, plant and equipment	1,213	△ 147
Right-of-use assets	5,605	488
Goodwill	15,430	-
Other financial assets	2,004	67
Deferred tax assets	822	73
Other	233	3
Total assets	31,108	1,372
Total liabilities	18,233	△ 114
Trade and other payables	261	26
Interest-bearing debt	9,407	△ 739
Lease obligations	5,464	267
Other	3,100	332
Total equity	12,874	1,487
Total liabilities and equity	31,108	1,372

Cash flows from operating activities
(Unit: million yen)

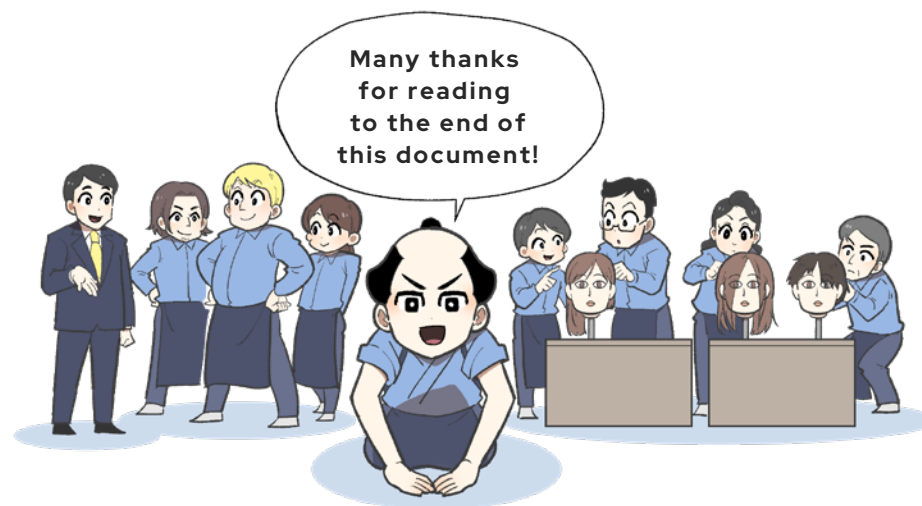
	FYE June 2023	Change
Cash flows from operating activities	4,694	△ 11
Profit before tax	1,990	740
Depreciation and amortization	3,284	116
Decrease (increase) in trade and other receivables	△ 41	88
Interest paid	△ 128	18
Proceeds from subsidy income	51	△ 55
Income taxes refund	-	△ 29
Income taxes paid	△ 710	△ 637
Other	247	△ 252
Cash flows from investing activities	△ 484	74
Purchase of property, plant and equipment	△ 390	56
Purchase of intangible assets	△ 48	△ 14
Other	△ 45	32
Free cash flows	4,210	62
Cash flows from financing activities	△ 3,597	1,648
Net increase (decrease) in short-term borrowings	△ 22	1,998
Repayments of long-term borrowings	△ 700	-
Dividends paid	△ 130	△ 130
Repayments of lease obligations	△ 2,835	△ 130
Other	91	△ 88
Exchange differences of cash and cash equivalents	95	△ 125
Net increase (decrease) in cash and cash equivalents	708	1,585
Cash and cash equivalents at end of period	4,432	708

Toward the development of a sustainable and better society

Our job is to turn the discomfort customer experience into comfort through our haircut services
and to give workers the peace of mind that comes with being able to remain healthy by specializing in haircut services
that address worry of rough hands caused by shampoos and chemicals.
And we will reduce environmental impacts by curbing wasteful consumption of natural resources without using water or hair dryers,
thus bringing about contributions aimed at a sustainable society that is friendly toward the global environment.

Three kinds of abundance (MORE) created by saving (LESS)

- ① To contribute to a diverse society in which all people can exercise their abilities, we respect human rights and provide a safe working environment and a place for growth in which each individual can shine in his or her own way.
- ② To contribute to the Earth on which we live, we will realize sustainable business by reducing our environmental impact and protect the wealth and comfort of the people who live there.
- ③ We will realize harmonious development by connecting the power of haircuts to the joy of living and be connecting the joy of fixing one's hair to the enrichment of daily life.



Editorial Policy

This publication has been prepared to provide a deeper understanding of the past and future of the QB Group, including stories about the industry as a whole. Although there may be some insufficient areas, we will continue to promote our efforts, considering FY2024 to be the first year of our sustainability initiatives.