

Corporate Outline

Company Name: QB Net Co., Ltd.

Address: Tokyo Headquarters Ginza Dori Kyodo Bldg. 8F, Ginza 2-8-15, Chuo-ku, Tokyo

Tel: 03-3566-0021 **Website:** <http://www.qbnet.jp>

Capital: 235,600,000 yen (as of June 2006)

Established: December 20, 1995

Incorporated: November 1, 1996

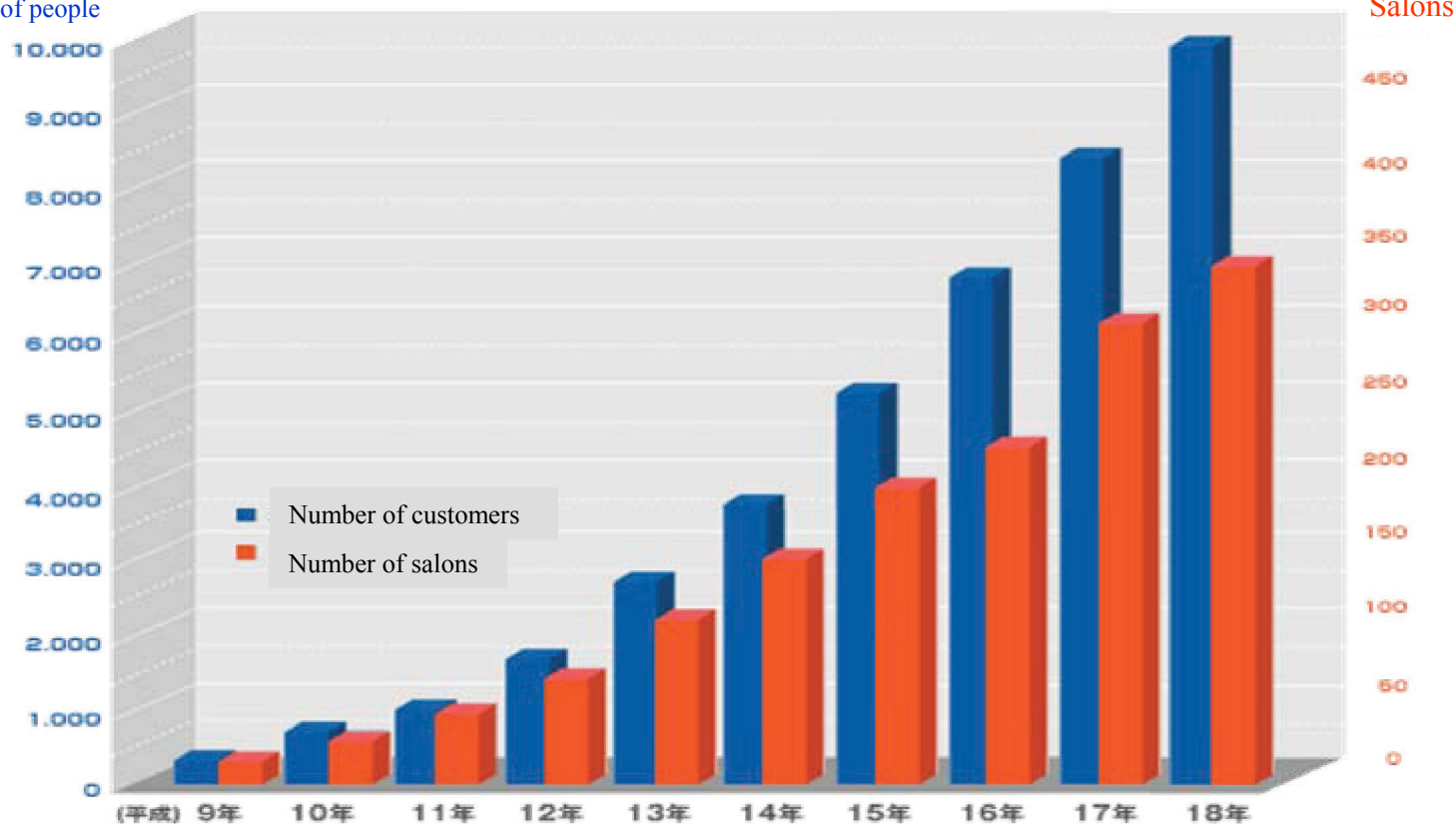
Business Information :

- **Management of QB House haircut salon chain**
- **Lease of facilities to Franchisees Association member salons and business partners**
- **Receipt of royalties from Franchisees Association member salons through provision of expertise**
- **Sale of commodities to Franchisees Association member salons**

Corporate Performance

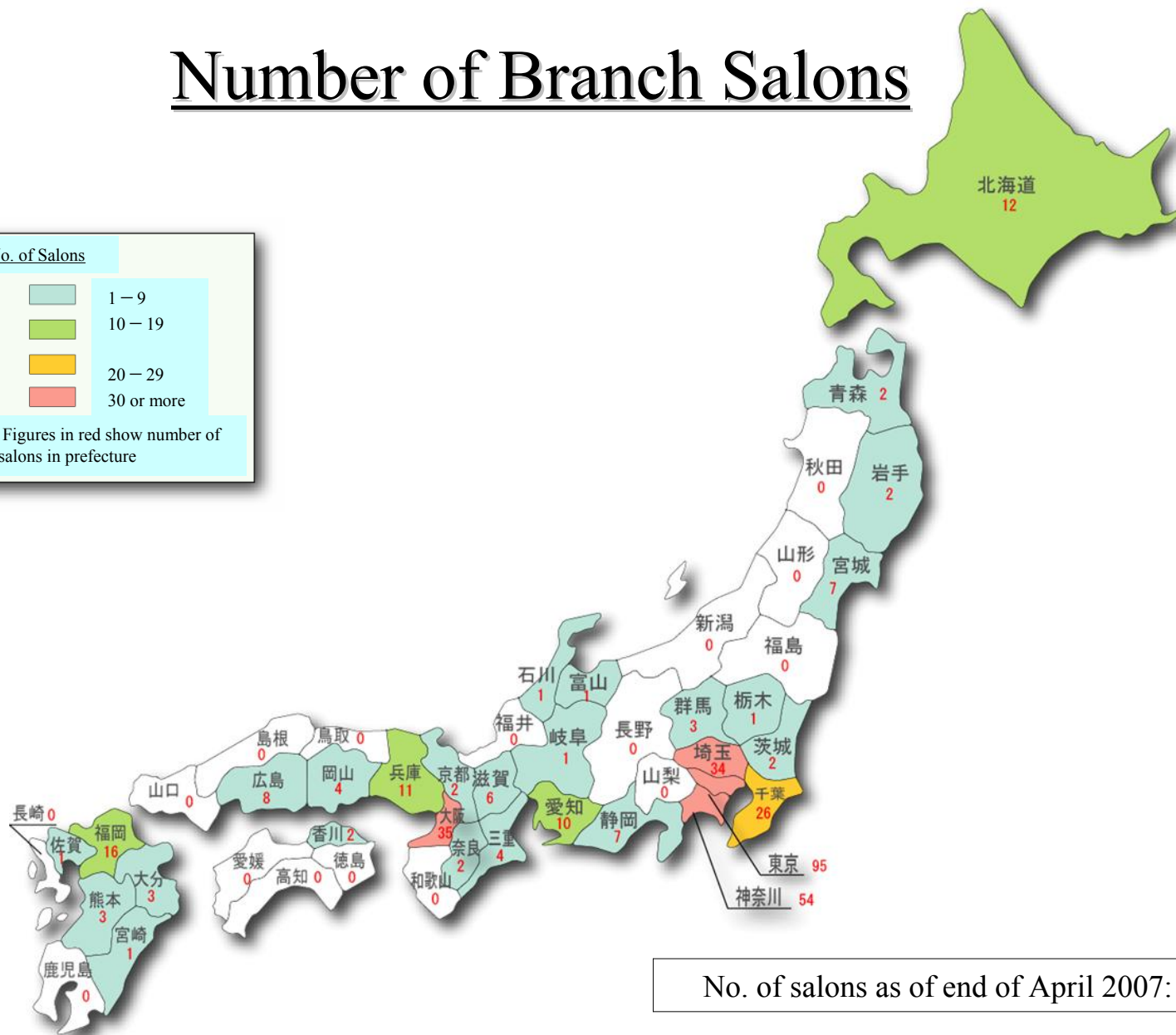
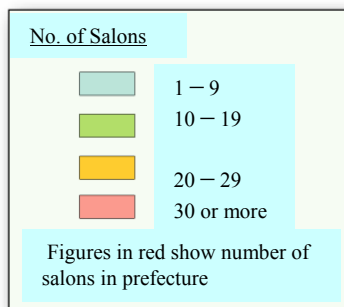
Changes in Fiscal Year-End Number
of Salons and Customers

Thousands of people



(単位)	平成9年6月	平成10年6月	平成11年6月	平成12年6月	平成13年6月	平成14年6月	平成15年6月	平成16年6月	平成17年6月	平成18年6月
来客者数(千人)	57	277	684	1,398	2,337	3,522	4,979	6,492	8,034	9,527
店舗数(店舗)	4	16	36	57	91	137	182	229	291	335

Number of Branch Salons

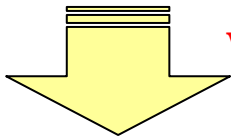


No. of salons as of end of April 2007: 356

Background to the Birth of QB House (1)

■ Complaints and dissatisfaction among customers

- Prices are high, moreover prices roughly the same in city center and suburbs
- Waiting times are long, and even after styling begins it can take an hour or use up half a day
- Own shampoo and shave done at home
- Blowdry and set lasts only the day it was done



What sort of service resolves these problems?

Shorter times, redundant services eliminated

Examination of specific methods

Development of facilities and system for shorter times (no cash register, telephones)

Achieving low price: ¥1,000 price for 10-minute cut through ultra-efficient management

Use of information technology

Improved convenience: establishing salons near stations and shopping centers allows haircuts during customer's slack time

Creation of salon model that allows new salons to be established on small spaces

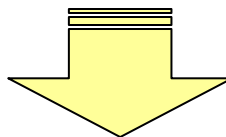
Background to the Birth of QB House (2)

■ Creation of a system for the concept of “¥1,000 for 10 minutes”

• Efforts to implement this concept

Method of setting price by working out costs and then adding profit on top will not attract customers.

Need to set a price that the customer is likely to accept, and address how to provide service at that price. The costs cannot be passed on to the customer.



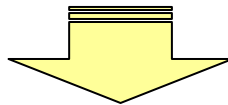
If a customer is impressed, he or she will become a regular.
Important to assess a price range that will gather in customers
(a price range that meets the needs of potential customers).

Excessive service does not necessarily mean good service.
Another way is to ask for the customer's cooperation.
(QB House gives practically nothing)

Background to the Birth of QB House (3)

■ Creating Customers

What regular hairdressers provide	What QB House provides
All possible services in a relaxed, comfortable atmosphere	Basic cut only, with no bother



Providing a service that will please the target customers by deciding “what we won’t do” rather than “what we will do” (differentiation) to narrow down the target.

However, marketing is necessary to determine whether there is any demand for this positioning: check potential demand.

Differences Between QB House (Haircut Salon) and Existing Hairdressers

