

YCP Holdings (Global) Limited

Business plan and growth strategy

YCP Holdings (Global) Limited
February 2022



Agenda

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Future Growth Strategy

Major Risks and Countermeasures

Introduction





Company Overview

Introduction

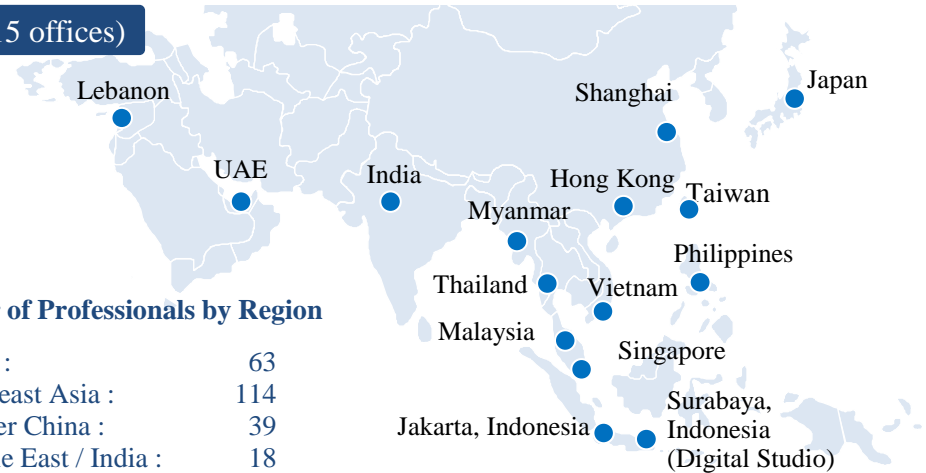
YCP Group started its business in August 2011 at Yamato Capital Partners (now YCP Solidiance). In order to actively hire non-Japanese professionals and be an international organization, we changed its name to YCP and became a Hong Kong-based holdings company in 2013. In 2021, the group moved its headquarters to Singapore, where it is advantaged as a hub site, and established YCP Holdings (Global) Limited as group management function behind the weight of Southeast Asia in the Group's revenue and personnel composition has increased.

An Overview of YCP Group

Company Name	YCP Holdings (Global) Limited
Headquarters	3 Fraser Street, DUO Tower #05-21, Singapore
Nature of Business	1. Management Services 2. Principal Investment
Year of Founding	August 2011
Capital	USD 38,305,713
Group CEO	Yuki Ishida
Number of employees*1	Number of professionals: 238 Total number of including portfolio companies: 437

Global Locations*2

Asia (15 offices)



Number of Professionals by Region

Japan :	63
Southeast Asia :	114
Greater China :	39
Middle East / India :	18

欧州

EU: 2 professionals
Amsterdam

北米

USA: 2 professionals
USA

*1: As of September 30, 2021: the number of professionals by region is the total number of people in the Management Services and Operations divisions.

*2: Number of offices is as of the date of submission of this document.



Management Team

Introduction

We have a large number of professionals in specialized fields, with rich experience and insights from their time at major consulting firms, DX-related companies and businesses, financial institutions such as Goldman Sachs, and multinational businesses such as Procter & Gamble.

Officers



Yuki Ishida

Director, Group CEO

- B.A., Cornell University; M.S., University of Tokyo
- Strategic Investment Division, Goldman Sachs Japan
- Founded the Group in 2011



Justin Leung

Director (Full-time Statutory Audit and Supervisory Committee Member)

- B.A., Imperial College London; M.A., Stanford University
- McKinsey and Company, A.T. Kearney



Louisa Wong

Outside Director (Statutory Audit and Supervisory Committee Member)

- B.A., University of Toronto; M.B.A., Harvard Business School
- Morgan Guaranty Trust New York (now J. P. Morgan Chase & Co.); Founder, Bo Le Associates

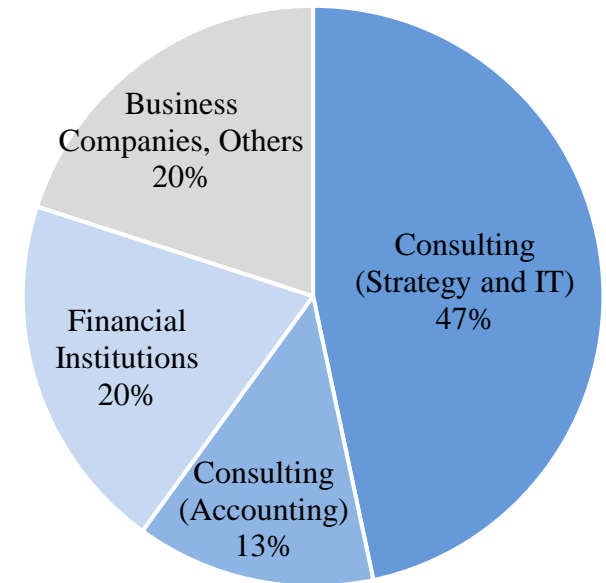


Daisuke Iwase

Outside Director (Statutory Audit and Supervisory Committee Member)

- University of Tokyo and Harvard Business School
- Boston Consulting Group, Co-founder of Lifenet Insurance Co.

Employee Background



**: As of September 30, 2021, with approximately 30 people of partner rank and above.*

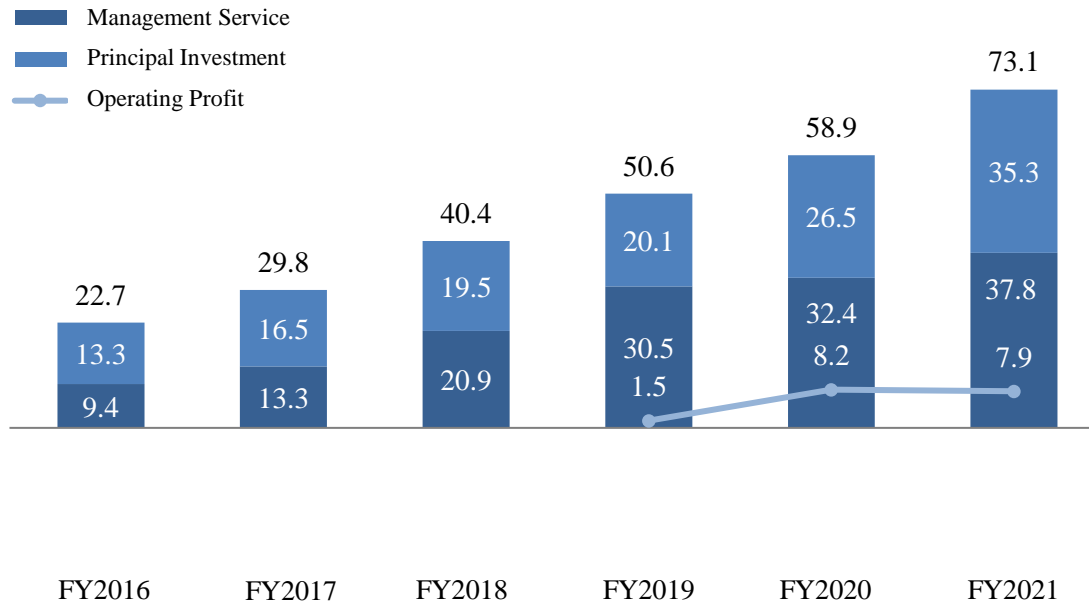


Group Performance Trends*1

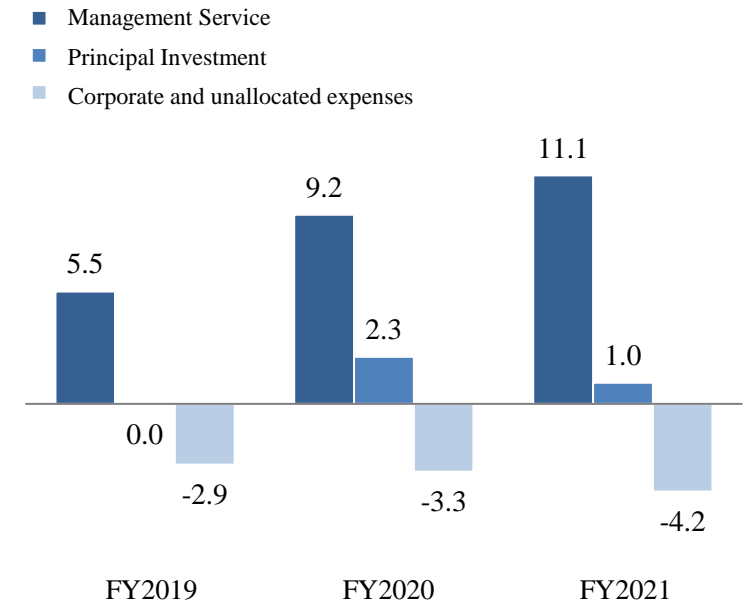
Introduction

In FY2021, we have achieved a total revenue of USD 73.1 million (8.4 billion yen*2) at 102.1% vs. budget and an operating profit of USD 7.9 million (905 million yen*2) at 103.4% vs. budget. We continue to expand our business through a hybrid model that combines the highly profitable and stable Management Services with Principal Investment and its inherent risk and scale-up nature.

Performance trends (in million USD)



Segment profit/loss (in million USD)



*1: The figures for the period from FY2016 to FY2018, are from the consolidated financial statements of Hong Kong-based YCP Holdings Limited (currently Y Asset Management Limited), which was the holding company of the Group at the time. For the period from FY2019 to FY2020 are from the combined financial statements of the Company, which is the current holding company of the Group. All the same in this document.

*2: Calculated using the exchange rate of 1 USD = 115.02 yen (exchange rate on December 30th, 2021).

*3: Segment income (loss) has not been prepared for FY2016 to FY2018, as we do not manage segment income (loss) in the same way as for FY2019 to FY2020. The segment profit/loss of the Principal Investment business includes the gain on valuation of financial assets at fair value through profit or loss related to the shareholding in Ipet Insurance Company Limited (Ipet Holdings Company Limited from October 1, 2020) (FY2019: USD 1.1 million; FY2020: USD 0.8 million).





Business Overview and Performance

Introduction

With 17 locations globally especially in Asia, we are operating two businesses: 1) Management Services, which helps our clients grow, scale, and transform, and 2) Principal Investment, which provides risk-money by equity capital and support for our portfolio companies.

Business Overview

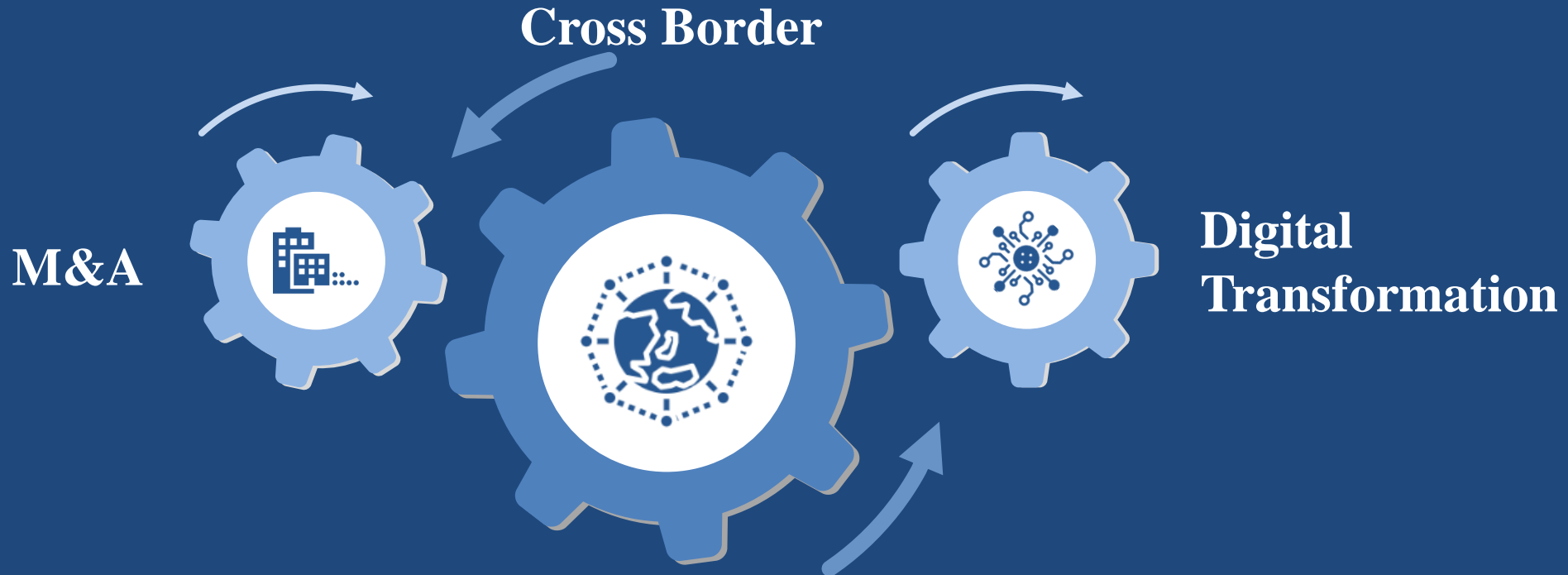
Main Revenue Source

<p>Management Service</p> 	<p>Provides a variety of management services in 6 areas including strategic consulting, M&A advisory, and digital solutions.</p>	<ul style="list-style-type: none">• The majority of our projects are quasi-delegated contracts in which we are stationed at the client's site for a long period of time and receive a fee on an hourly basis.• Some delivery-based contracting also exist	
<p>Principal Investment</p> 	<p>Personal Care</p>	<p>Multiple skincare brands under an “organic” and “made in Japan” concept, sold locally and overseas through the D2C model.</p>	<ul style="list-style-type: none">• A D2C model that eliminates intermediaries such as distributors and retailers by selling products directly to consumers online
	<p>Pet Care</p>	<p>Business succession of five veterinary hospitals, and regular sales of puppy training materials and fun boxes for adult dogs.</p>	<ul style="list-style-type: none">• Veterinary fees• Sales of training materials and boxes
	<p>Strategic Investment</p>	<p>Investments in businesses that will become priority areas in the future, such as services for seniors and Japanese restaurants in Singapore and Hong Kong.</p>	<ul style="list-style-type: none">• <i>Omitted due to the wide range of businesses.</i>



GAME CHANGER

Spearheading Innovation & Revolutionising Client /
Portfolio Businesses



Overview of the external environment





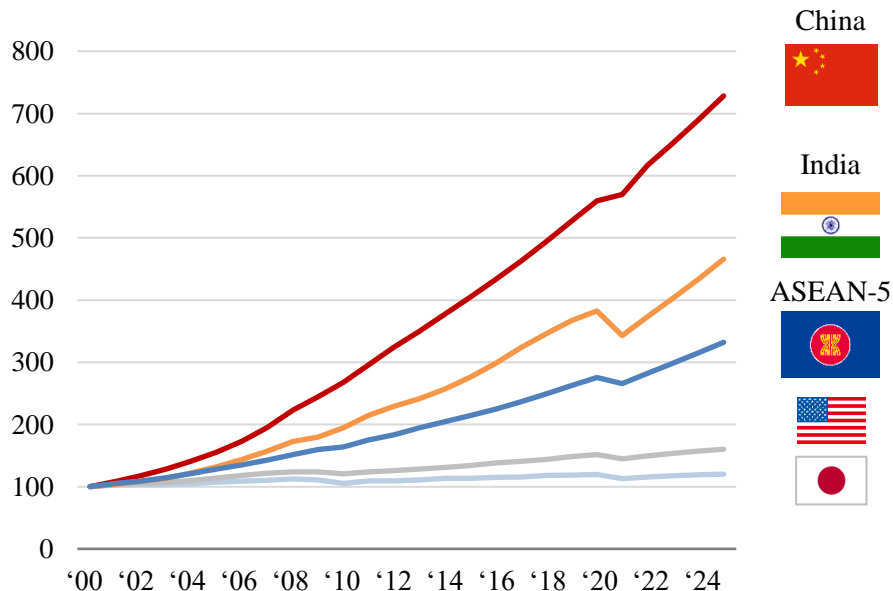
Asia's Rapid Economic Development

Overview of the external environment

Over the past few decades, Asia's steady growth has attracted investors from all over the world. Despite the effects of the global COVID-19 pandemic, the region has continued to maintain high economic returns, which is expected to progress even further in the near future.

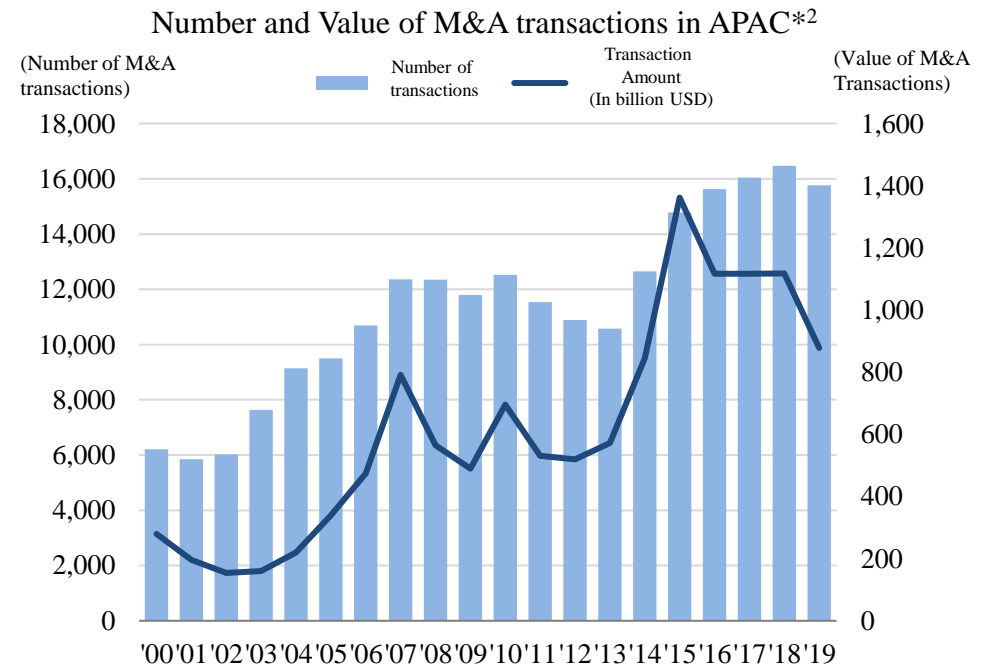
GDP Growth Rate*1

Asia has the highest GDP growth rate in the world due China and ASEAN. Despite the temporary slowdown caused by the global pandemic, this high growth rate is expected to stay steady.



M&A

M&A deal value in APAC has more than doubled in the past 20 years, accounting for approximately 30% of global M&A value since 2015.



*1 : Compiled by YCP based on real GDP growth rate data from the International Monetary Fund (IMF), using a value of 100 for year 2000 and multiplied by the growth rate for each year since 2001.

*2 : Prepared by YCP based on data from IMAA: Number & Value of M&A Asia-Pacific (imaa-institute.org)



Accelerating Digital Transformation

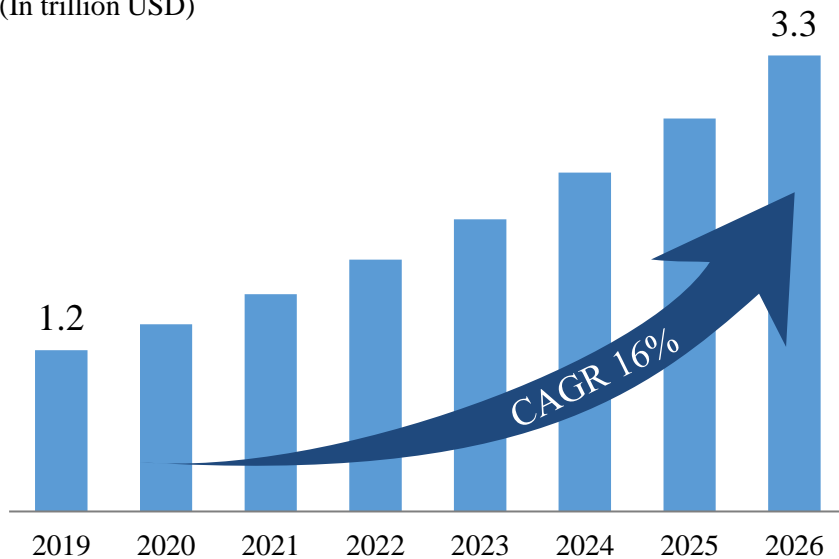
Overview of the external environment

The global Digital Transformation (DX) market is expanding rapidly, and is expected to grow to USD 3.3 trillion (380 trillion yen*¹) by 2026 as Asian countries and companies are strongly promoting DX to leverage the region's economic growth.

Trends in DX Market Growth*²

The global DX market was expected to reach a value of USD 1.2 trillion (138 trillion yen*¹) in 2019, expanding at a compound annual growth rate (CAGR) of 16% from 2020 to 2026.

(In trillion USD)



Status of DX in Asia

Japan



- Establishment of a new Digital Agency
- Launch of various subsidies and grants, including IT introduction subsidies
- The domestic DX market is expected to reach a scale of approximately 3 trillion yen*³ by 2030.

China



- The digital economy, including DX, will reach approximately 672 trillion yen in 2020, accounting for more than one-third of GDP*⁴.
- Global IT companies such as BATH
- National policies to promote DX

ASEAN



- The digital economy has grown to 10 trillion yen and is expected to reach 30 trillion yen by 2025*⁵.
- In just a few years, several digital platforms will be valued at more than 1 trillion yen.

*1: Converted to Japanese yen using the exchange rate from December 30th, 2021 (\$1 = 115.02 yen).

*2: Prepared by YCP based on the research report "Digital Transformation Market: Current Scenario and Forecast (2020-2026)" published by UnivDatos Market Insights Pvt. Ltd. on November 1, 2020.

*3: Adapted from "2020 Digital Transformation Market Future Outlook" published by Fuji Chimera Research Institute, Inc. on September 10, 2020.

*4: Adapted from "China Internet Development Report 2021" presented at the Wuzhen Summit of the 2021 World Internet Congress.

*5: Quoted from a report published by Thomson Reuters on October 3, 2019.

Introduction of Group Businesses

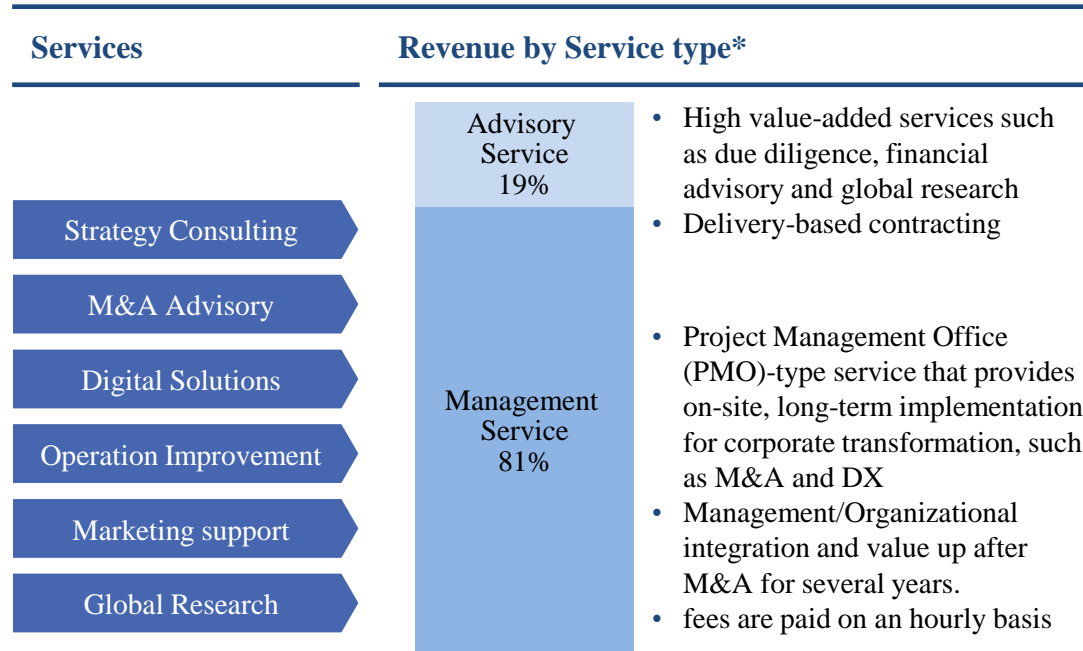


Introduction of Management Services

Introduction of Group Businesses

YCP Solidiance, a wholly owned subsidiary of YCP Group, provides various management support services to clients in six areas, including M&A and digital solutions.

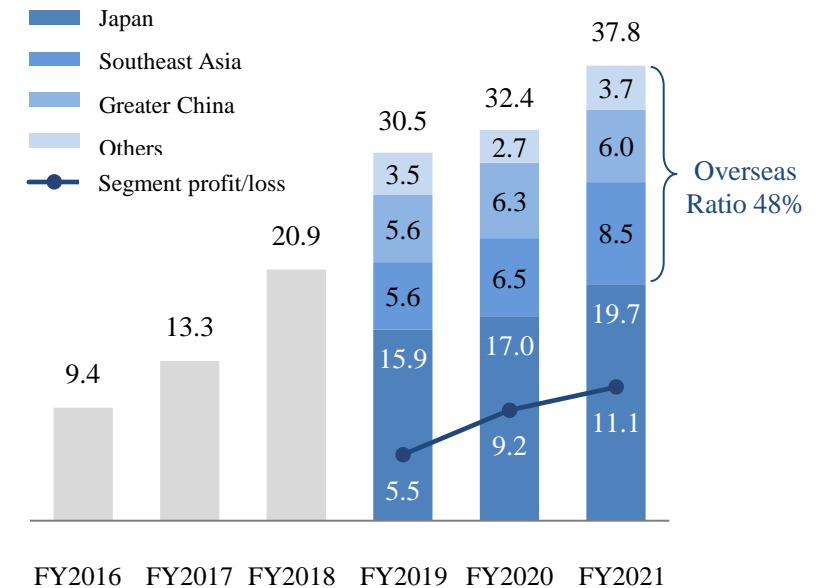
Business Overview



YCP Solidiance provides a wide range of management services for clients in six key areas. The majority of projects are on-site PMO projects, especially in the areas of M&A and DX implementation. Build long-term relationships with clients over several years and to accumulate projects on an ongoing basis, and as a result, repeat projects from existing clients account for about 90% of its business.

* Actual results from January to October 2021.

Results by Region (in million USD)



In FY2021, we achieved higher sales in all other regions except Greater China, which will continue to be affected by the worsening relationship between the U.S. and China and pandemic. About half of the firm's total revenue come from overseas, with the company continuing to expand its business not just in Japan but all over the world.



Investment Policy in Principal investment

Introduction of Group Businesses

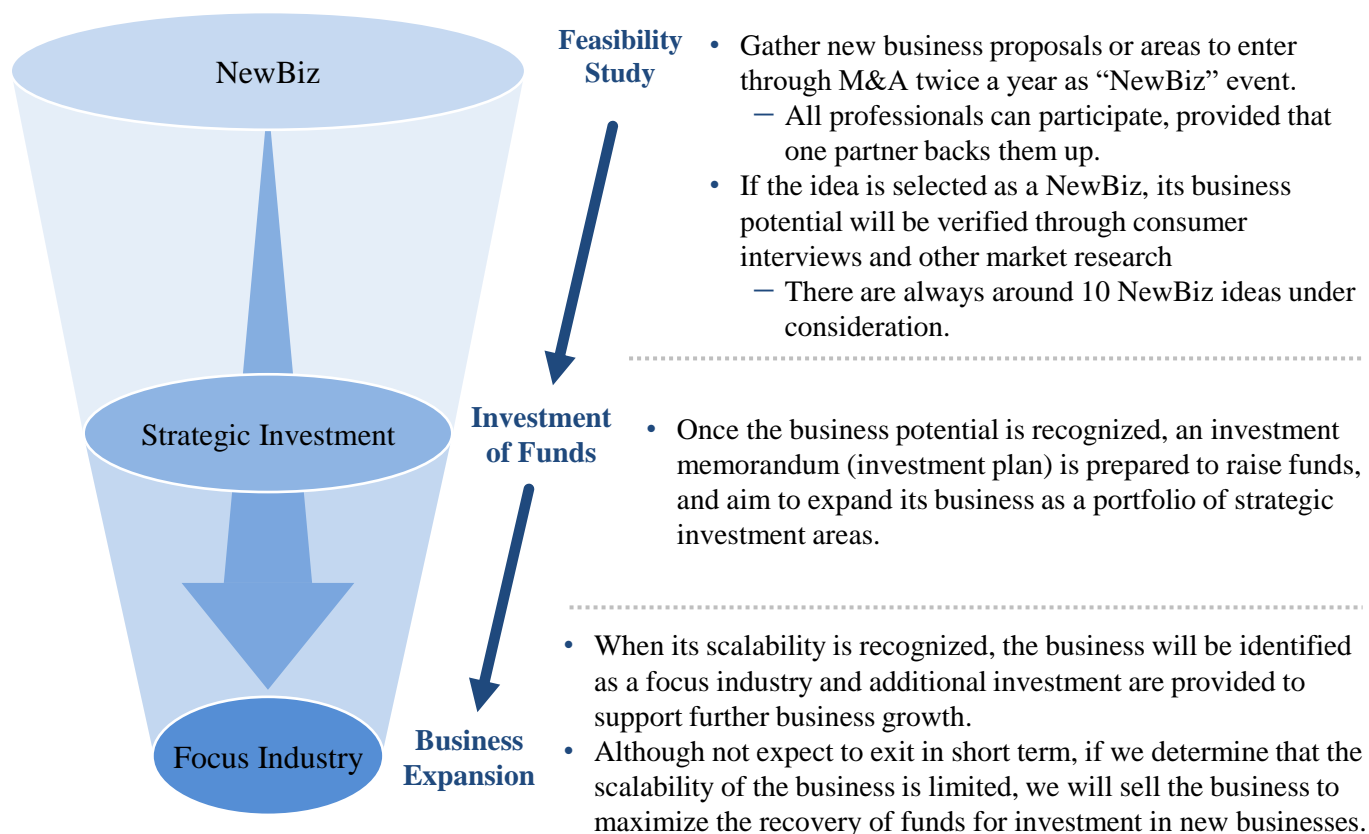
Utilizing the professional platform cultivated through the management service business, we invest its own funds in small and medium-sized emerging companies. Currently, we continue to make long-term investments in the personal care and pet care fields as a focus industry, also actively invest in business seeds as strategic investment areas which will become a focus industry in the future.

Investment Requirements

The following five criteria are set as investment requirements

1. Expected business scale of USD 100 million or more in sales
2. A business that can expand globally and utilize the Group's professional platform
3. Investment size should not exceed US\$20 million, including debt.
4. minimum 30% IRR (Internal Rate of Return).
5. Good learning opportunity for the Group's professionals to achieve "Strive for Growth"

Flow of Principal Investment, from Start-up to Expansion






Introduction of Personal Care

Introduction of Group Businesses

In the personal care business, SOLIA, a major consolidated subsidiary, develops brands specializing in personal care products throughout Asia. Under the vision of "Made in Japan to Global," the company aims to "enrich people's lives around the world with Made in Japan brands and make the Japanese people proud" by providing high-quality and reliable consumer goods brands to the world.

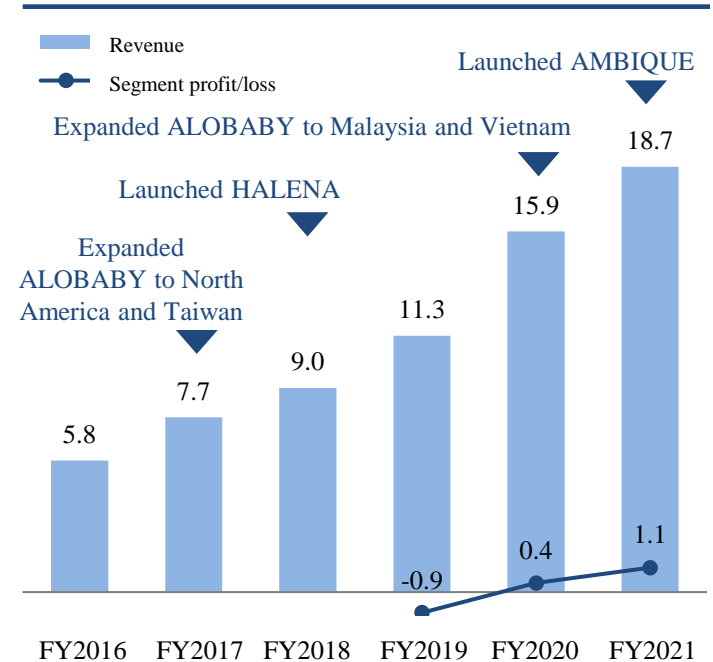
Business Overview

Concept	Organic and Made in Japan		
Brand			
Category	Skincare products for babies	Skincare for women	Self-care products for men
Launch	2013	2018	2021
Brand Offerings	A proudly Japanese, organic skincare brand developed for the sensitive skin of babies, actively expanding overseas, especially in the Asian region	Gentle cleansers and "essences" for women with sensitive skin.	Facial cleansers, hair removal creams, and supplements for men.

Business Strategy



Performance (in million USD)



In FY2021, SOLIA achieved revenue (excluding intersegment revenue) of USD 18.7 million and segment profit of USD 1.1 million driven by the successful expansion of new brands. We have invested aggressively in advertising and promotion and are now focusing on expanding revenue and our customer base.



Introduction of Pet Care

Introduction of Group Businesses

YCP Lifemate, a major consolidated subsidiary, is running business in pet care field under the vision of "bringing smiles to animals around the world with innovation and expertise". Now, it is operating a group of five veterinary hospitals and a business that sells puppy training materials and fun boxes for adult dogs through subscription model.

Business Overview

Investment



Description

Animal hospital

Subscription boxes for adult dog products

Investment Period 2014 (start of business succession)

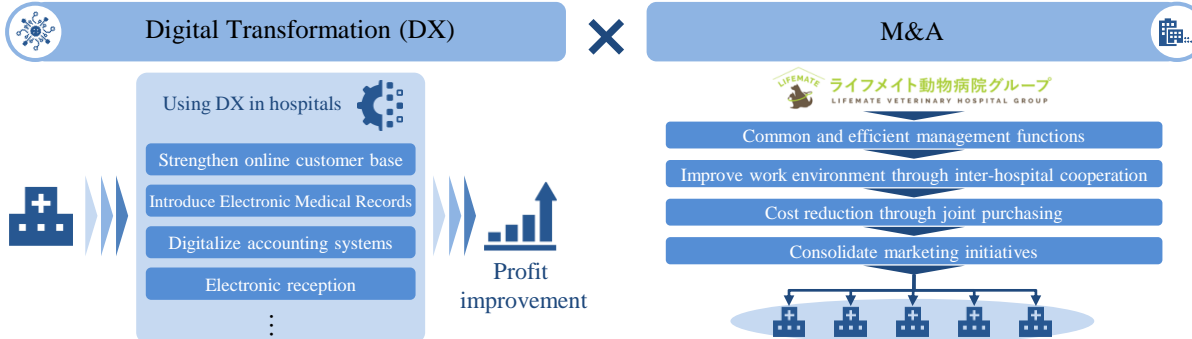
2017 (incubation investment)

Results

Five veterinary hospitals are now a Group through business succession, which the company will continue through M&A, aiming to establish 30 hospitals in Japan and begin overseas expansion.

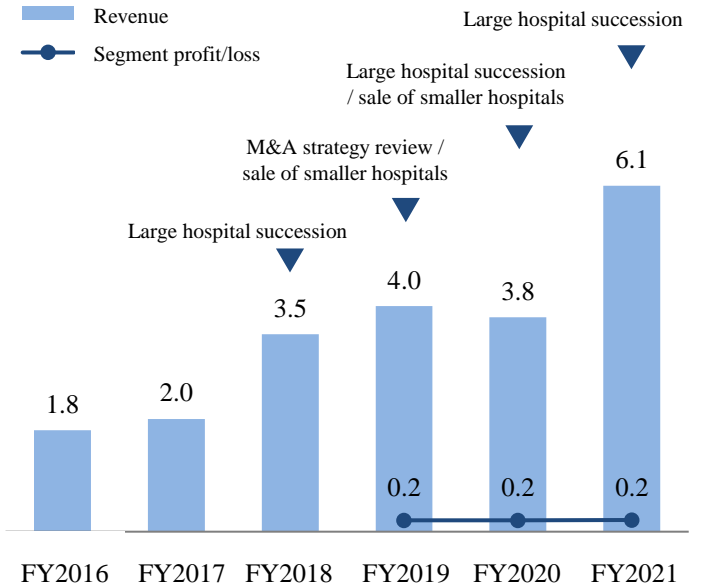
Business development will continue, aided by the expertise learned through the veterinary hospital business, and guided by a network of animal behavior experts—to achieve cumulative sales of 20,000 units by August 2021.

Business Strategy



Through the digital transformation of our veterinary hospitals, we aim to improve profitability by implementing management reforms through business succession. By grouping multiple hospitals together through M&A, we aim to create synergy through common and efficient management functions, improve working environments through inter-hospital cooperation, and eventually scale up the overall business.

Performance (in million USD)



In 2014, we took over Kawamura Animal Hospital and participated in the pet care field. Since 2018, YCP lifemate has focused on acquiring large hospitals and the digital transformation of operations, achieving sales revenue (excluding intersegment revenue) of USD 6.1 million in FY 2021. The company aims to expand this business segment through acquisition of large hospitals in the future.

Our Strengths



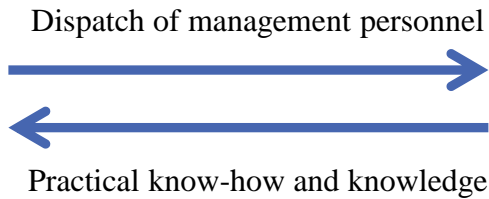


Our Three Strengths

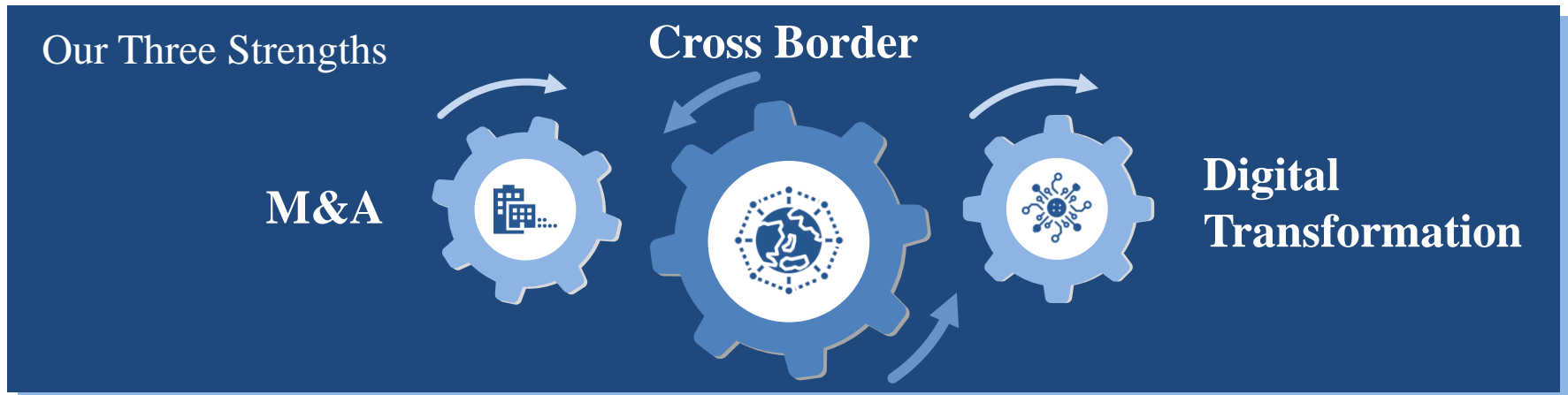
Our Strengths

We accelerate the growth of both our management services and principal investments based on three strengths: cross-border business development through our global network, M&A expertise, and focus on digital transformation.

About 80% of our revenue comes from the Project Management Office (PMO), which provides support for mainly M&A and DX implementation. The remaining 20% derives from high value-added services such as due diligence and strategic recommendations.



We invest our own funds in small and medium-sized emerging companies. The personal care and pet care fields are our focus industries, and we also actively invest in business seeds as strategic investment areas which will become focus industries in the future. Performances are disclosed for these 3 segments.



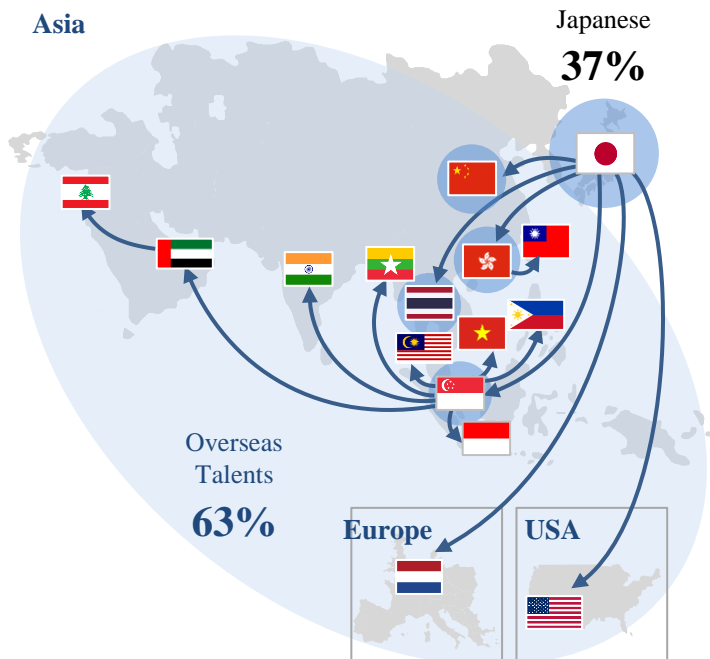


1. Game Change through Cross-Border: Expansion to 17 offices worldwide





Our Strengths

In 10 years since establishment, we have expanded to 17 offices around the world, mainly in Asia. In October 2018, we merged with Solidiance Asia Pacific Pte. Ltd., a company which had been developing its consulting business mainly in Asia. The ratio of professionals outside Japan (including Japanese expatriates) exceeded 60% and have a large number of local professionals in each region. With offices throughout Asia, our local professionals are well versed in the market and can support business development in a speedy and flexible manner in close collaboration with other offices.

History of our overseas development and the ratio of professionals in overseas*



Characteristics of our group in cross-border projects and comparison with other firms

Characteristics of Our Group		Major Consulting Firm	Domestic Boutique Firm
1. Market Know-How  <ul style="list-style-type: none"> Accumulated market knowledge on local business practices, competitive environment and understanding of local consumers, etc. Practical know-how based on our own business development through principal investments. 	↔	Mainly does not possess practical know-how derived from owned businesses.	Limited access to overseas markets, limited information.
2. Local Support  <ul style="list-style-type: none"> High-quality management services can be provided from local offices, with personnel from major consulting firms and specialists for M&A and DX in each offices. 	↔	Large number of offices with extensive local support system.	Small number of overseas office, limited in scale.
3. Cost  <ul style="list-style-type: none"> Utilizing human resources from all 17 locations at local labor costs. Therefore, there is no need to form a team of only domestic personnel with high unit cost 	↔	Tends to be expensive due to the need to distribute profits to all regions involved.	Unnecessary cost increase due to secondary receipts and domestic staff dispatch.
4. Speed  <ul style="list-style-type: none"> Accumulate knowledge on establishing business schemes such as setting up local subsidiaries and build local networks with related parties. Directly develop business in the local area without mobility restrictions. 	↔	Limited to implementation support	Reduced footwork due to coordination with secondary receivers and limited physical movements.

*: As of September 30 2021, the ratio of human resource in Japan and overseas include both Management Services and Operations divisions



2. Game Change through M&A Our Strengths

With large number of professionals specializing in M&A, we provide a full range of M&A services, including pre-investment strategy development, identifying investment opportunity, initiating post merger integration (PMI), and value up.

Our M&A Professionals



Yuki Ishida
• Group CEO
• From Goldman Sachs Strategic Investment Decision



Nobuiku Nyudo
• Head of Japan Region
• Formerly with the Innovation Network Corporation of Japan and the Investment Banking Division of UBS Securities



Heiko Bugs
• Head of Europe and India
• Solidiance Asia Pacific



Shinjiro Samejima
• Partner
• Investment Banking, UBS Securities



Gary Murakami
• Partner
• From Merrill Lynch Japan Securities



Yulin Huang
• Director
• Investment Banking, Goldman Sachs, JP Morgan



Phyllis Lam
• Director
• From Citibank



Kiyoto Matsuda
• Senior Advisor
• Former VP of Mizuho Securities, Partner of Unison Capital, and Current BoD of Topaz Capital



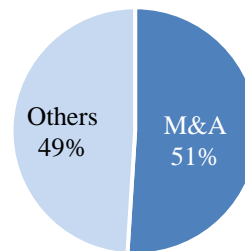
Provide M&A Services

Management Services



Management Service

M&A deal ratio*
(based on revenue basis)



M&A Advisory Services Menu

Phase	Service
Pre	M&A strategy
	Identify investment opportunities
M&A	Business Due Diligence
	Financial advisory
PMI	Post merger integration
	Value up

Providing M&A services to clients based on practical knowledge of our own business.



Principal Investment Execution

Principal Investments



Principal Investment

Total investment execution **18 companies**

Invested from 1st year of the establishment and executed total 18 companies over the past 10 years using equity capital and borrowings to raise funds without relying on external capital.

The following are some of the companies we have invested in



*: FY2020: Excludes small projects of less than USD 100,000



3. Game Change through DX

Our Strengths

We have a dedicated unit to promote DX, an in-house development unit in Indonesia, and senior advisors as the leading expert in DX alongside the support of ABEJA, PLAID, and Morpho as the alliance.





Talent management (On the Job Training)

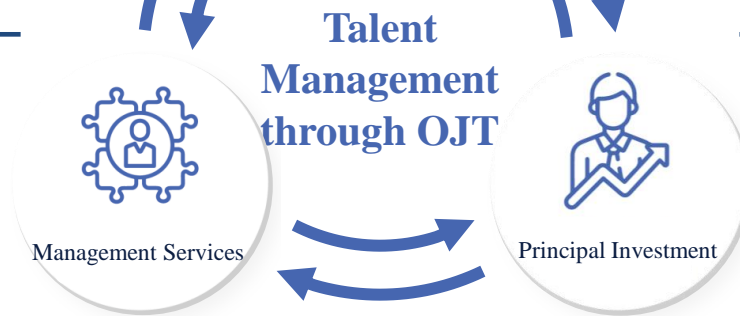
Our Strengths - Human Resource Strategies

We believe people is the source of our growth, the hybrid model of management services and principal investments function as a strength in recruiting and training talents.



Acquiring the necessary skills to manage the business

- Acquire specialized skills and knowledge in six areas, including M&A, DX, Strategy, and Marketing through various projects
- Provide opportunities for young employees to enhance their mindset and perspective necessary for management by accompanying them to the client's decision making process



Experience of real business management







- Practicing actual business management at our portfolio companies by utilizing the skills cultivated through our management services
- Providing opportunities for management decision making through management services
- Employees are invited to submit ideas for new businesses twice a year to take sense of ownership



Talent management (Off the Job Training)

Our Strengths - Human Resource Strategies

In addition to the on-the-job training, we operate three training and personnel evaluation programs globally to develop management personnel: 1) YCP Academy, 2) Knowledge Sharing, 3) Evaluation and Feedback

	Overview	Frequency
YCP Academy		
 New Joiner Training	<ul style="list-style-type: none"> Conducted a two-week induction training for new employees Mindset training and practical training with evaluation on strategy/finance/marketing. Lecturers are in-house experts in their respective fields 	Every 3 months
 Intensive Training	<ul style="list-style-type: none"> Advanced courses in strategy, finance, and marketing of introductory NJT course, expanding to more specialized content Examination result will be considered as one of criteria for promotion 	Monthly
Knowledge Sharing		
 Project Sharing	<ul style="list-style-type: none"> Present/share specific cases of management services as case studies on a rotational basis to disseminate the knowledge and skills gained from individual cases to all professionals 	Every 2 weeks
 Daily Report	<ul style="list-style-type: none"> A system formalized as a daily report for employees to share and provide feedback within a group of several employees, which will eventually be supervised by partners to support further growth 	Daily~Monthly
Evaluation and Feedback		
 360-Degree Evaluation	<ul style="list-style-type: none"> Clear and transparent quantitative evaluation by setting more than 20 evaluation criteria for skills and mindsets necessary for management professionals On top, qualitative evaluations based on supervisors and team members feedback revolving on strengths and weaknesses to accelerate growth 	Semi-Annually
 1on1	<ul style="list-style-type: none"> Monthly 1on1 with the mentoring partner who also is the head of the Daily report group. On top, Group CEO conducts 1on1 with all professionals (or small group meetings) after the semi-annual 360-degree evaluation to commit to their growth. 	Weekly~Semi-Annually

Future Growth Strategy



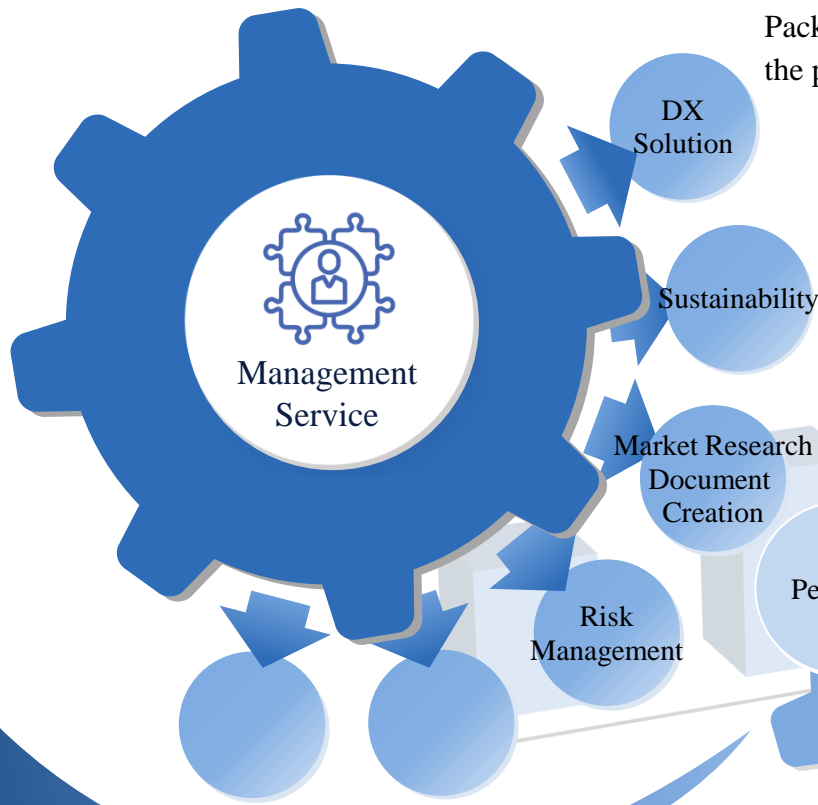


Overall Strategy

Future Growth Strategy

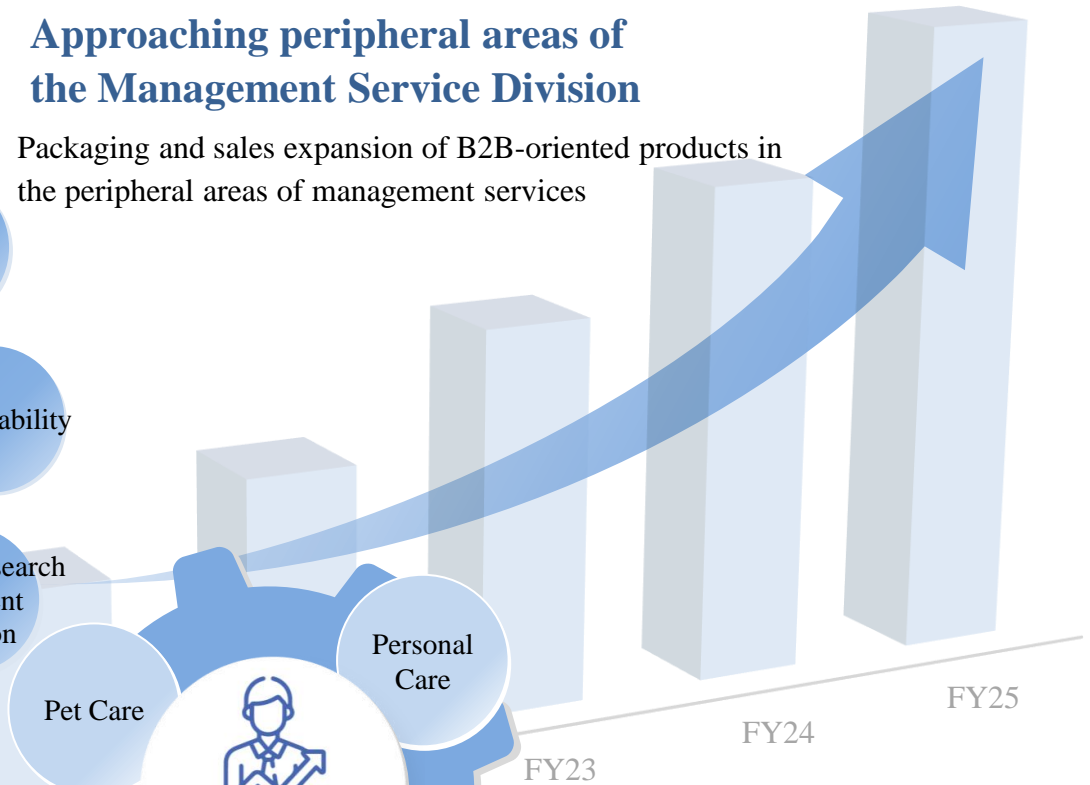
1. Organic Growth of the Management Service Division

Continuously increase the number of Professionals and capture the strong demand for PMO-type business



2. Approaching peripheral areas of the Management Service Division

Packaging and sales expansion of B2B-oriented products in the peripheral areas of management services



3. Accelerate growth of principal investment division

In addition to strengthening existing businesses, proactively identify opportunities for new investments throughout Asia from the perspective of DX and M&A



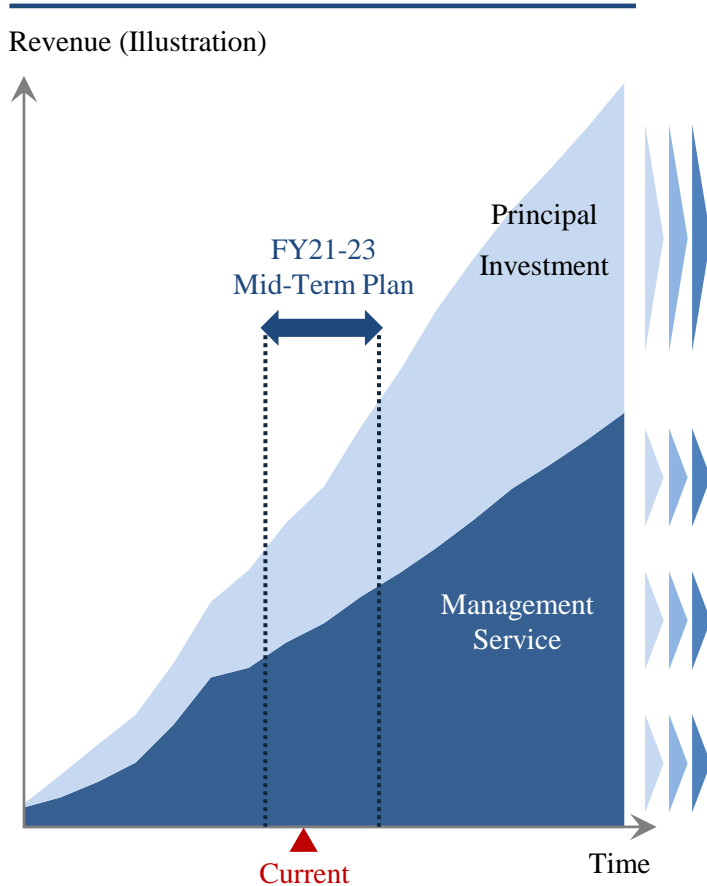


Roadmap

Future Growth Strategy

Enhancing the business foundation of the management services business, we will strengthen existing businesses in principal investment and aggressively pursue M&A from the perspective of "DX x M&A x Asia. Through this action plan, we aim to become a leading firm in Asia.

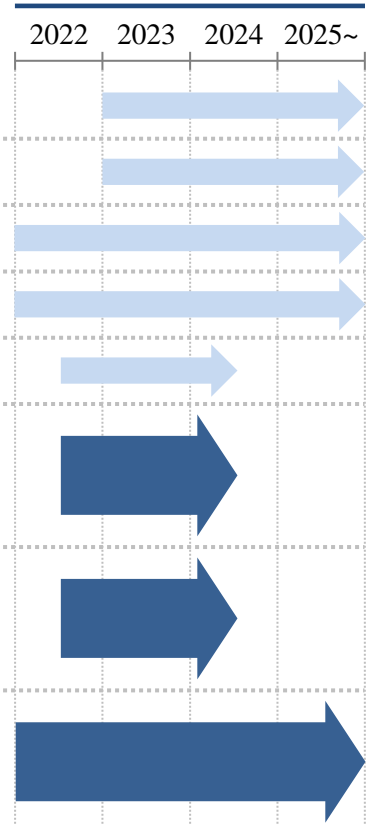
Illustration of Mid/Long-term



Growth Strategy

M&A × Asia	Acquisition of top players in niche markets and expansion to Asian markets
DX × Asia	Adopting digital innovation in Asia's legacy industries such as construction, agriculture, and healthcare
Personal Care	Launch new domestic brands and strengthen overseas development of ALOBABY
Pet Care	Continued succession of large veterinary hospitals and M&A in peripheral areas
Food and Beverage	Focus on sustainability and expand to upstream such as food processing, agriculture and fisheries through M&A
M&A	Strengthen presence in China and India, where market growth is remarkable
Product Development	Product development and sales expansion for B2B in the peripheral area of management services
Organic Growth	Continuously increase recruitment and training, and continue to capture demand for PMO support, for which strong demand is expected.

Roadmap





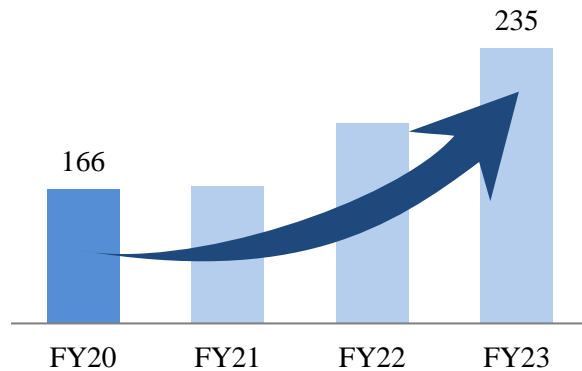
Growth Strategy for Management Service

Future Growth Strategy

In management services, in addition to organic growth through continuous expansion of the organization, we aim to achieve exponential growth through the acquisition of local firms in India and China and the productization of services for B2B.

Organic Growth

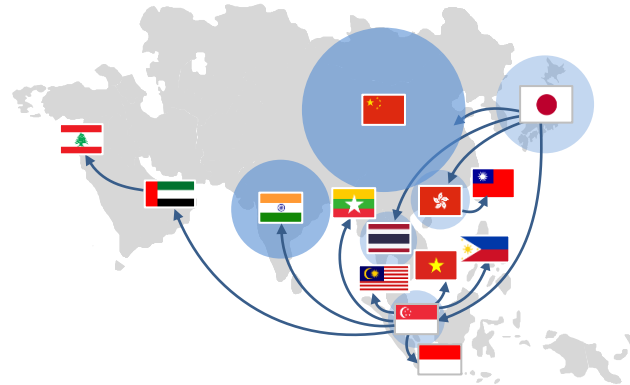
Number of professionals*



- Demand of PMO support for M&A and DX implementation is strong, and we expect organic annual revenue growth of 15% in Japan, 30% overseas, and 20% overall compared to the previous fiscal year
- Annual unit price improvement in overseas to be about 10% from the previous fiscal year.
- Continuously increase the number of professionals*, the foundation for business expansion, both in Japan and overseas, to reach 235 head count by 2023.

Exponential growth through M&A

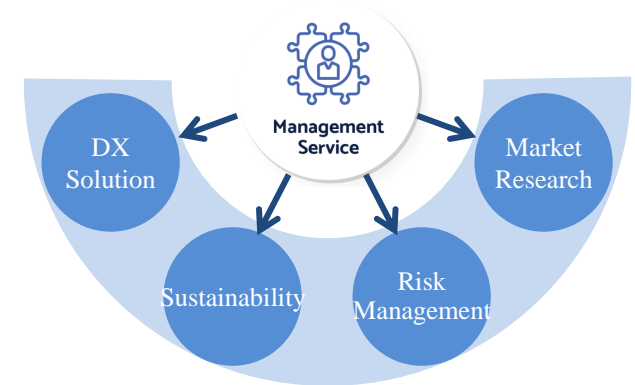
Strengthen presence in India and China



- Integration with Solidiance Asia Pacific Pte. Ltd. in 2018 led to rapid expansion of the management services (sales growth of 157% in FY18 and 146% in FY19)
- Considering M&A of local boutique firms to strengthen our presence in India and China, which are large markets

Scale through productization

Product lineup under discussion



- Of the various service lineups currently offered, some of the services such as DX solutions and market research will be cut out and standardized and incorporated into highly versatile products.
- Promote external sales of standardized products by the middle office and aim to scale as a peripheral business to management services.

*Number of full-time employees in the Management Services as of the end of each fiscal year (excluding Operations divisions)

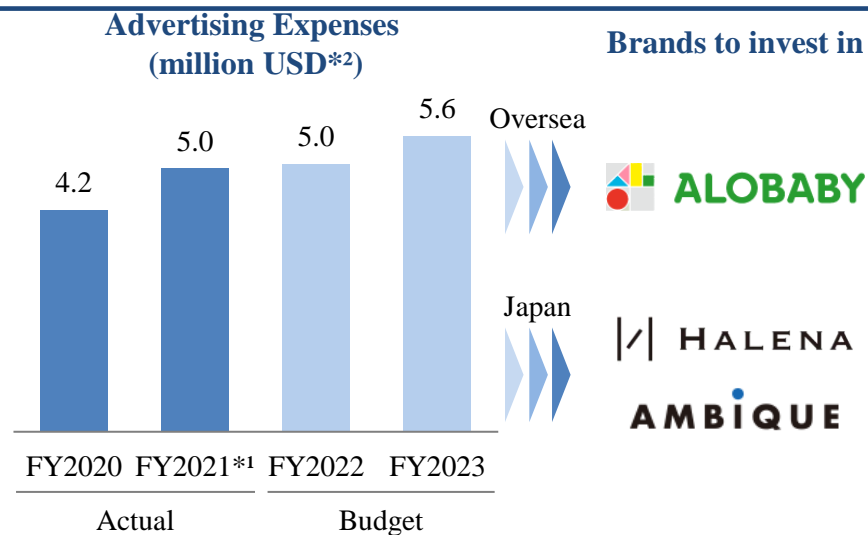


Growth Strategy for Principal Investment

Future Growth Strategy

Most of the funds raised through this listing will be invested in personal care and pet care, the focus industries of principal investment. In the long term, we aim to list each of them independently, raise additional funds, and reinvest in management services and new business seeds to accelerate the growth of the entire group.

Personal Care

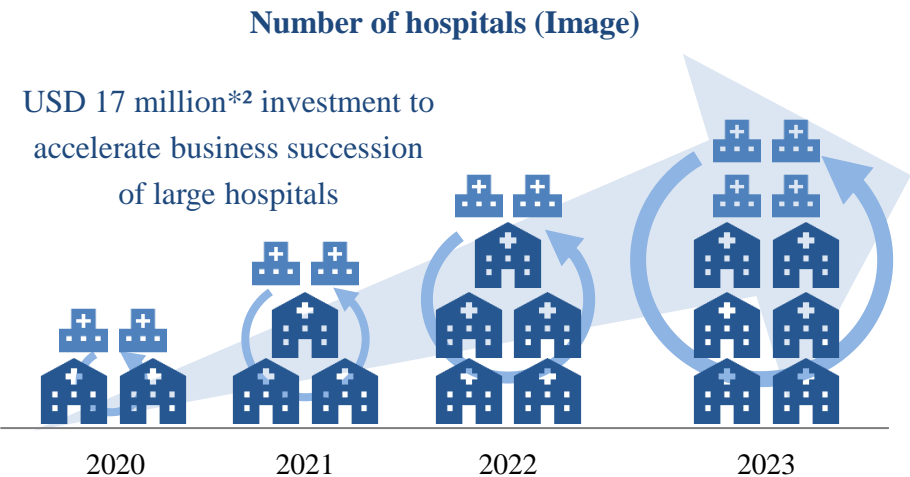


- In addition to the cash generated by the main brand ALOBABY, we will continue to aggressively invest in advertising to scale up sales and profits by using the funds raised through the listing.
- Aim to strengthen sales of ALOBABY overseas, especially in China. In Japan, launch new brands such as HALENA and AMBIQUE by expanding its customer base, especially through the fast-growing EC channel, and increasing the number of repeat customers on its official website.

*1: When disclosed on December 21, 2021, the plan for investment in advertising expenses was disclosed as USD 4.8 million.

*2: Calculated using the exchange rate of 1 USD = 115.02 yen (exchange rate on December 30th, 2021).

Pet Care










- Continue to aggressively promote the succession of large hospitals at one or two hospitals each year, using the funds raised and further generate the synergy among hospitals.
- In addition to improving operational efficiency through DX at the succeeding hospitals, we will actively invest in digital marketing and other advertising to increase the number of new patients and further strengthen the profitability of each hospital



Growth Plan of KPIs

Future Growth Strategy

KPIs for each business and growth plan are as follows

Business	KPI	FY2020		FY2021	Highlight
Management Service	 Number of professionals in Management Services*1	166	-4%	160	As a result of the suspension of recruitment activities in FY20, the number of employees continued to decline until the first half of FY21, but partially recovered in the second half. In addition, unit price increase was achieved mainly in overseas offices.
	 Annual sales per head*2	USD 196 thousand*3	+12%	USD 220 thousand	
Principal Investment	 Number of new customers*4 / year	161,708	+40%	226,650	FY21 focused on developing new customers on Amazon with newly launched brand “AMBIQUE”, and the number of new customers increased significantly while the repeat rate decreased instead.
	 Repeat Rate*5	23.6%	-13%	20.5%	
	 Number of veterinary hospitals	4 hospitals	+25%	5 hospitals	Expanded to five-hospital by taking over the business of one new hospital. In addition, the number of new patients increased through the alliance with pet store companies.
	 Number of new patients / year	2,735	+15%	3,136	
Strategic Investment	 Number of areas addressed	2 areas*6	+0%	2 areas*6	Continued to run Japanese restaurants overseas and senior business in Japan

*1: Number of full-time employees in the Management Services as of the end of each fiscal year (excluding Operations divisions)

*2: External revenue in management services for each fiscal year divided by the average number of professionals (excluding Operations division), including subcontractors, during the fiscal year

*3: The amount was US\$223 thousand at the time of disclosure on December 21, 2021, but has been corrected to US\$196 thousand as a result of reviewing the treatment of intra-group sales.

*4: Number of new customers on the official website, Rakuten, and Amazon

*5: Repeat customers are defined as those who make a second purchase within 180 days of their first purchase and those who continue to purchase 180 days after their first purchase for subscriber.

*6: Two areas: Japanese restaurants overseas and services for seniors in Japan.

Major risks and countermeasures





Risk Information

Major risks and countermeasures (1/2)

The following are the major risks that we recognize as having the potential to affect our future growth and the execution of our business plan. For other risks, please refer to "Business and Other Risks" in the Securities Registration Statement.

Major Risks		Possibility	Time	Impact	Risk Response Measures
<p>Risks related to social and economic conditions and natural disasters</p> <p>As the Group conducts business globally, changes in the social and economic conditions of each country may make it difficult to conduct business. If country risks, such as local laws, systems, regulations, and social conditions, materialize and make it difficult to conduct business smoothly, it may affect our business development, financial position, and business performance. Natural disasters such as earthquakes, typhoons, floods, tsunamis, tornadoes, torrential rains, heavy snowfalls, and volcanic activities in various countries, as well as the spread of infectious diseases, may affect the business development, financial position, and business performance of the Group.</p>		Medium	Short-term	High	By further diversifying and globalizing our business, we will work to diversify the risk of social and economic conditions, including natural disasters, that may occur in specific markets.
<p>Risks related to exchange rates</p> <p>The Group conducts business globally, and prepares consolidated financial statements by recording revenues, expenses, assets, and liabilities in multiple exchange currencies and translating them into U.S. dollars. Therefore, fluctuations in foreign exchange rates may affect the financial position and results of operations of the Group.</p>		High	Short-term	Medium	In order to minimize this risk, we manage our assets mainly in the U.S. dollar, which is the functional currency of the Group, and the Japanese yen, which has high cost and investment needs. In addition, the Group strives to conduct transactions, etc. with customers in U.S. dollars or Japanese yen, rather than in the local currency, whenever possible.
<p>Risks related to securing human resources</p> <p>In the management services business, the Group considers the recruitment and training of excellent human resources to be important for future business expansion. In the event that the Group is unable to maintain its recruiting competitiveness due to intensifying competition for human resources, there is a possibility that the recruitment of human resources will fall short of the plan or lead to an outflow of human resources outside the Group, which may affect the Group's business development and performance.</p>		Medium	Long-term	Medium	We are striving to secure human resources by diversifying our recruitment methods and the types of people we target. In addition, we provide a unique education and training program called YCP Academy, as well as thorough feedback during on-the-job training to develop human resources.



Risk Information

Major risks and countermeasures (2/2)

The following are the major risks that we recognize as having the potential to affect our future growth and the execution of our business plan. For other risks, please refer to "Business and Other Risks" in the Securities Registration Statement.

Major Risks		Possibility	Time	Impact	Risk Response Measures
Risks related to new investments	In the principal investment business, the Group develops its business by utilizing M&A. In M&A, the Group conducts detailed due diligence on the target company and strives to avoid risks. However, in the event that unforeseen risks are uncovered after an acquisition and these risks become apparent, the Group may not be able to achieve its initial profit plan, which may affect its financial position and business performance.	Medium	Short-term	Medium	We will conduct due diligence on the target company in advance, and will proceed with new investments after fully considering the risks discovered.
Risks related to the business management of investee companies	In the principal investment business, it is necessary to conduct risk management based on the business-specific risks of each investee company. However, if risk management does not function sufficiently, risks specific to each business may become apparent, which may affect the reputation, financial position, and business performance of the Group.	Medium	Medium-term	Medium	Professionals from the Management Services Division are directly involved in the management of all investee companies to identify risks specific to each business, and report and manage risks to the monthly investee management meetings, Group Management Committee, and Group Board of Directors.
Risks related to information management	In most of the Group's businesses, it is assumed that the Group will acquire confidential and personal information of client companies. Despite our strict information management and thorough employee training, if for some reason this information were to leak outside the Group, it could have an impact on the Group's reputation, business development, financial position, and business performance.	Low	Short-term	High	We have established a strict management system for confidential information and personal information, and strengthened information security measures by developing rules and regulations regarding the handling of information, as well as ensuring that employees and others are fully aware of these rules and regulations.





Cautionary Statement Regarding Forward-Looking Statements

The materials and information provided in this announcement contain forward-looking statements. These statements are not guarantees of future results and are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

These risks and uncertainties include, but are not limited to, general domestic and international economic conditions such as industry and market conditions, interest rates and prices, and currency exchange rate fluctuations.

The information contained in these financial statements regarding companies and industries other than the Company and its group companies is based on publicly available information and is not guaranteed as to its accuracy.