

# **Fiscal year ending February 2023 2Q Financial Results Presentation**

**VQ (Stock Code: 4490)**

October 14, 2022



# HIGHLIGHTS

Fiscal Year ending February 2023 2Q

- VQ saw growth organically and through consolidation of Coleman\* (acquired in November 2021)
  - **Transaction volume JPY6,149M (+226% y-o-y)**
  - **Operating revenue JPY4,142M (+249% y-o-y)**
  - **Operating income (before amortization of goodwill) JPY515M (+87% y-o-y)**
- Platforms for Japanese Corporates grew steadily, **exceeding initial expectations**
- Market conditions for the US and European markets of the Global ENS segment continue to deteriorate and revised the initial forecasts downward



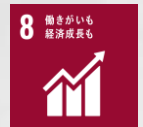
\*Coleman's full-year results will be consolidated for the fiscal year ending February 2023. For the 2Q results of the fiscal year ended February 2022, the figures are non-consolidated.

MISSION

**We Make Insightful Connections Possible Between  
Global Leaders and People with Expertise**

VISION

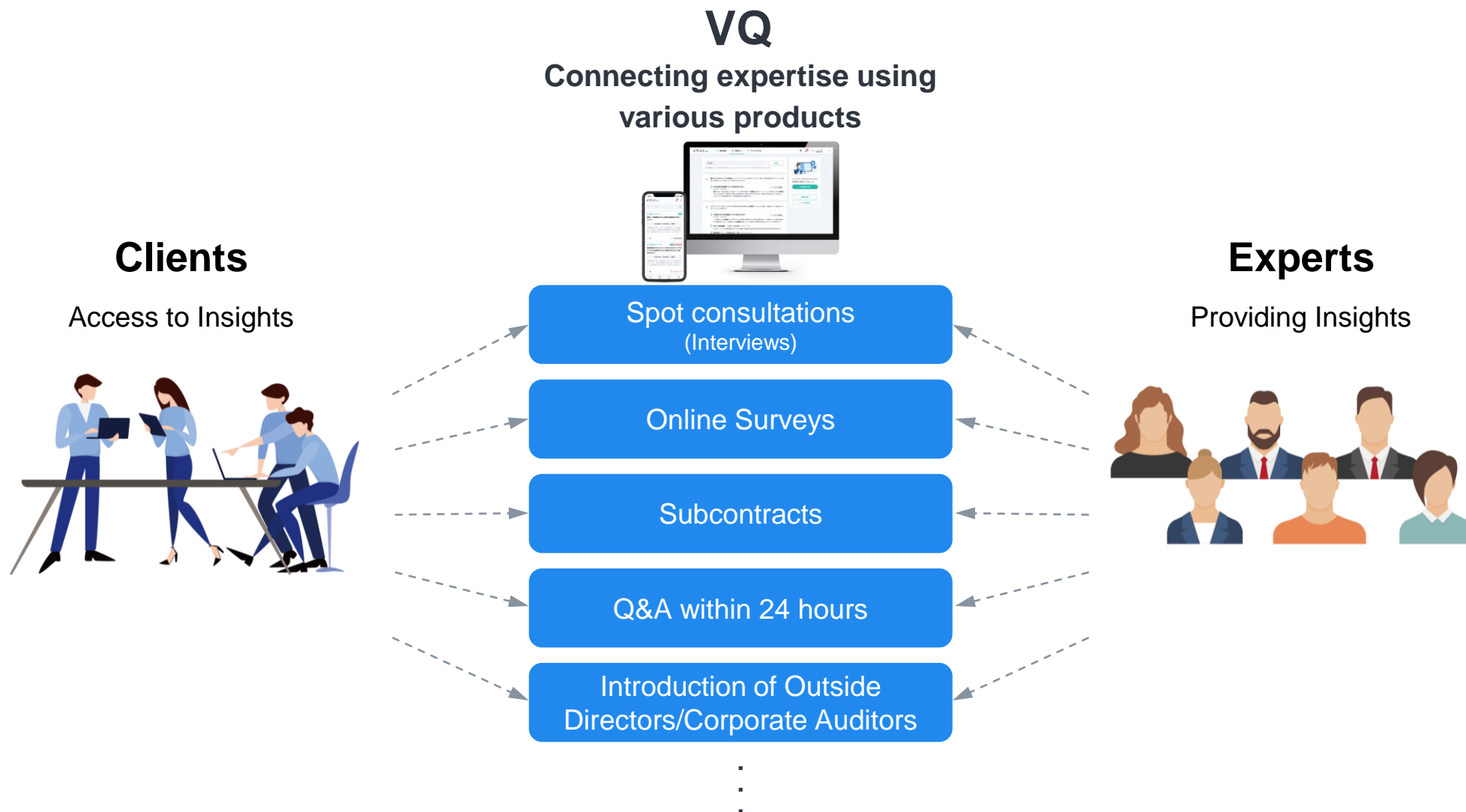
**To build a better future through  
a global platform that reduces barriers and  
enables the direct exchange of mission-critical knowledge**



- Business Overview
- Business Strategy
- 2Q Progress and Earnings Forecast for  
FY ending February 2023
- Appendix

VQ

# Platform that Connects Insights of Over 520,000 Experts in 190 Countries



# Expand Knowledge Platform through Development of Diverse Products

## VisasQ interview / VisasQ lite

Service Launch

## VisasQ expert survey

Service Launch

Rebranded VQ business  
outsourcing as

## VisasQ partner

## VisasQ now

Service Launch

## VisasQ project

Service Launch

## VisasQ business outsourcing

## VisasQ web exhibition

Service Launch

## VisasQ board

Service Launch

## VisasQ report

Service Launch

2013

2017

2018

2019

2020

2021

2022

## IPO Listed on TSE Mothers (now TSE Growth)

Established Singapore Office

## Acquired a major US company in the same industry

In November, VisasQ acquired US-based Coleman Research Group, Inc. Aiming to be No.1 globally together

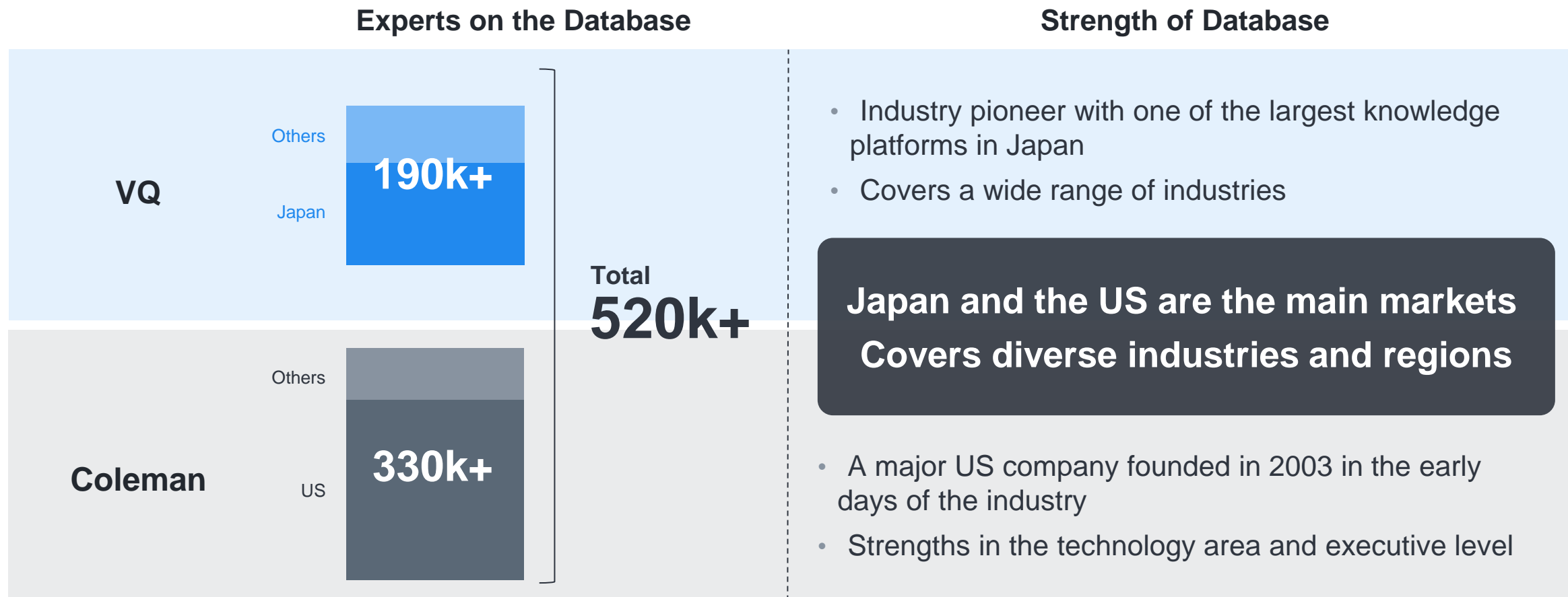
## STRENGTHS

# VQ's strengths

- 1 Database of Over 520,000 Experts In 190 Countries**  
With Japan and US as the main markets, the database covers a diverse range of industries and regions
- 2 Diverse Product Expansion**  
With 1-hour interviews at the core, VQ provides a variety of knowledge matching services, from online surveys to hands-on support
- 3 Global Organization**  
7 offices worldwide, 500+ employees, experienced management team

## Strength ① Database of Over 520,000 Experts In 190 Countries

# Covers Diverse Industries and Regions, with Japan and the US the Main Markets



\*Total number of experts for each company as of August 31, 2022



# Two Business Axes by Customer Segment



## Global ENS\*

### Consulting firms

- ✓ Strategy / Accounting / IT-related
  - Company-Wide/Business Strategy
  - M&A Strategy/PMI
  - Business Due Diligence
  - Business Turnaround
- ✓ Think Tanks

### Financial institutions

- ✓ Private Equity Funds
- ✓ Actively Managed Funds
- ✓ Japanese, US and European Securities Companies



## Platform for Japan Corporates

### Japanese corporates

- ✓ Used by a wide range of departments in B2B companies, mainly in new business development, R&D, corporate planning, and marketing
- ✓ Automotive, electronics, chemicals, life sciences, consumer goods and retail, technology, advertising agencies, etc.



# Product Lineup Meeting Clients' Information Needs



## Global ENS\*

- For consulting firms and financial institutions
- Market and industry research, due diligence for investment, etc.

### ビザスク interview

**COLEMAN**  
1-on-1 Consultations

#### Spot consultations

Hourly in-person interviews/conference calls.  
Full-support by VQ members

### ビザスク expert survey

**COLEMAN**  
Expert Surveys

#### Online surveys

Online surveys in specific areas of BtoB

### ビザスク now

24-hour Q&A with at least 5 experts



## Platform for Japan Corporates

- For Japanese corporate companies
- Research of new business, technology development, sales channel expansion, etc.

### ビザスク interview

Spot consultations

### ビザスク project

Accompanying and supporting the internal business proposal system while leveraging the insights of experts

### ビザスク web展示会

A "Call for Ideas" solicited from all registered experts

### ビザスク board

Matching Outside Directors and Corporate Auditors

### ビザスク lite

Hourly in-person interviews/conference calls.  
Self-matching on the web

### ビザスク expert survey

Online surveys

### ビザスク partner

Experts from a broad range of industries assist clients with flexible hours

### ビザスク report

Integrated support from survey design to desktop search, interviews, and report writing

### ビザスク now

24-hour Q&A with at least 5 experts

## Strength② Diverse Product Expansion

### Hourly Interview

ビザスク **interview**

**COLEMAN**  
1-on-1 Consultations

Hourly interviews that allows clients to easily connect and speak with experts



#### Usage Scenario Examples

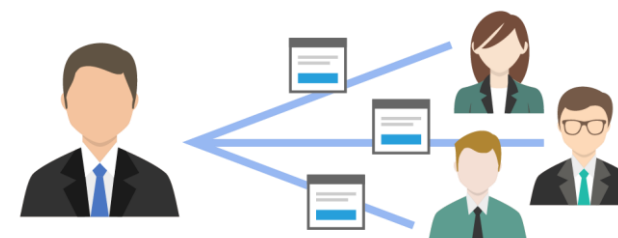
<b>Evaluation of Investment and Business Opportunities</b>	Marketability, potential demand, and competitive environment for new business/investment/loans, etc.
<b>Research of Best Practice</b>	Operations, organizational design, product development processes, etc. in new business areas

### BtoB Online Survey

ビザスク **expert survey**

**COLEMAN**  
Expert Surveys

Obtain in-depth information through qualitative research unlike other companies' quantitative surveys



#### Usage Scenario Examples

<b>Research on Needs and Market Acceptance</b>	User pain, needs function and price design (i.e. N=50, 10 questions each)
<b>Industry Research from a Mid- to Long-term Perspective</b>	Mid- to long-term outlook of the industry (i.e. N=10, 10 questions each)

## Hands-on Support with Flexible Arrangement

## ビザスク partner

Experts provide support for a fixed period of time, depending on the issues and needs of the client. Customized to fit the role and issues, including duration and frequency



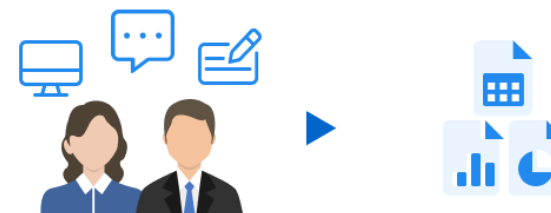
## Usage Scenario Examples

<b>Marketing</b>	Marketing strategy, optimization measures, EC construction, IS/CS implementation, media development
<b>HR</b>	Review of recruitment strategies, HR system development, training planning/instructor

## Full-Support for Creating Research Report

## ビザスク report

Our affiliated experts/research firms handle the entire process from design to interviews and report creation



## Usage Scenario Examples

<b>Market Research in New Areas</b>	Expansion of existing business into related industries (Supply chain, size and geography of distribution partners, etc.)
<b>Overseas Market Research</b>	Research for overseas expansion (Market size, players, market share, competitive environment, etc.)

# 24-Hour, Multilingual Support with 500+ Employees at 7 Locations Globally



# Diverse Management Team with Global Strengths

## VQ Board of Directors



**VQ CEO,  
Representative Director of Board**

### Eiko Hashiba

After working at Goldman Sachs, L'Oreal Japan, and Unison Capital, Eiko founded walkntalk Inc. (now VisasQ Inc.) in March 2012 and officially released the service VQ in October 2013. She holds a B.A. in Economics from the University of Tokyo and an MBA from MIT.



**VQ Global CSO  
Coleman CSO**

### Hidetoshi Uriu

After serving as Managing Director at Goldman Sachs, Hidetoshi joined VQ in 2018 as CFO and led the IPO and acquisition of Coleman. He is currently stationed in the US to lead the PMI with Coleman. He holds a Master's degree in Engineering from the University of Tokyo.



**Coleman CEO**

### Kevin Coleman

Before Kevin founded Coleman in 2003, he was a member of the management team at Multex. Kevin serves as a board member of VQ and CEO of Coleman. He graduated University of Colorado and holds MBA from F. W. Olin Graduate School of Business

**The 3 also serve on Coleman's Board of Directors**

## Outside Directors (Audit Committee Members)



### Kohei Katada

Kohei joined Morgan Stanley Securities in 2003. Thereafter, he joined Lifenet Insurance Company in March 2008 rose to the position of CFO in May 2013. In 2014, he joined SmartNews Inc. as Vice President of Finance. He joined Gojo & Company, Inc. as CFO in November 2019.



### Masaaki Aoyama

Masaaki graduated from Kyoto University and then joined Dream Incubator Inc., where he became an executive officer. In June 2012, he became an outside director, then director and managing executive officer in April 2016 at ipet Insurance Co., Ltd.. He currently serves as external auditor for ABEJA, Inc. and Peace of Mind Co., Ltd..



### Yoshiaki Ueno

After working at Asahi Shinwa, Shinsei Bank, and as CFO of the Tokyo Branch of ANZ Banking Group, Yoshiaki joined Seven Seas Advisors in 2017. He is also an external auditor of Loadstar Capital and atama plus. He graduated from the faculty of economics from the University of Tokyo.

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# Aim to Become a Global Leader through Pursuit of Growth on Both Axes that Influence Each Other



Dominance in Japan is a point of differentiation in the global market / Potential expansion of products currently delivered to Japanese Corporates



Connecting the global knowledge database to Japanese corporate companies with needs for global insights

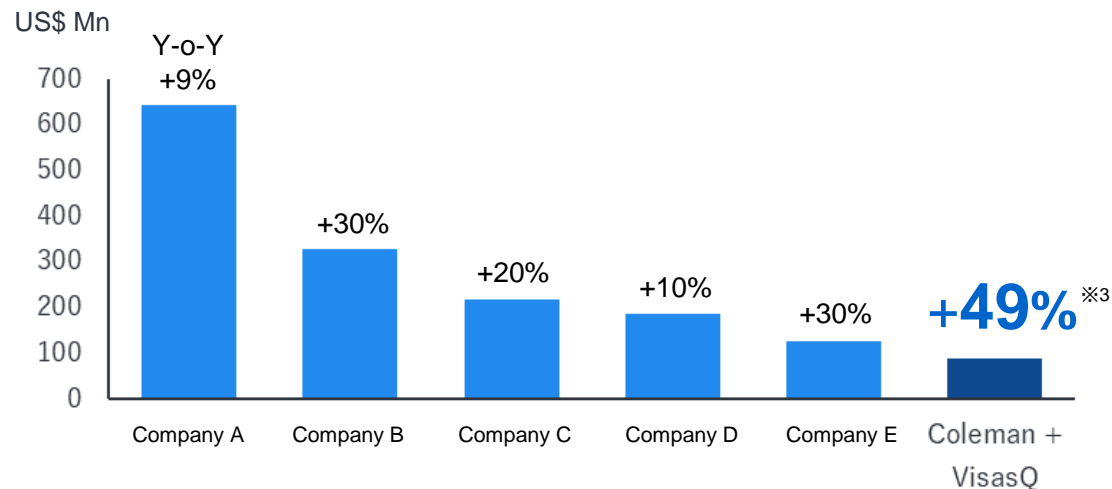


# Aim to Become a Global Leader in the Growing Global ENS Market

- The global market research market reached US\$76.4bn in 2021\*<sup>1</sup>, and is set to grow further. There remains room for further expansion for VQ
- The global ENS market continues to expand at a high growth rate

## Market Environment

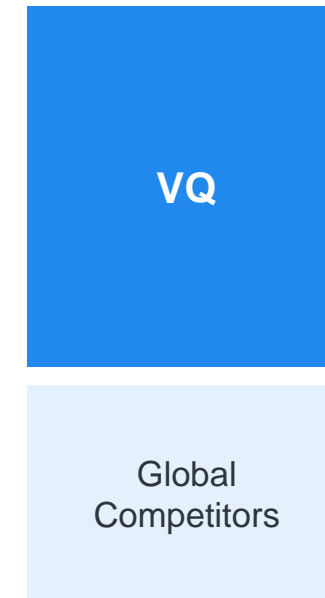
Sales ranking of competitors 2021\*<sup>2</sup> (VQ was 6th among 116 companies)



Source:

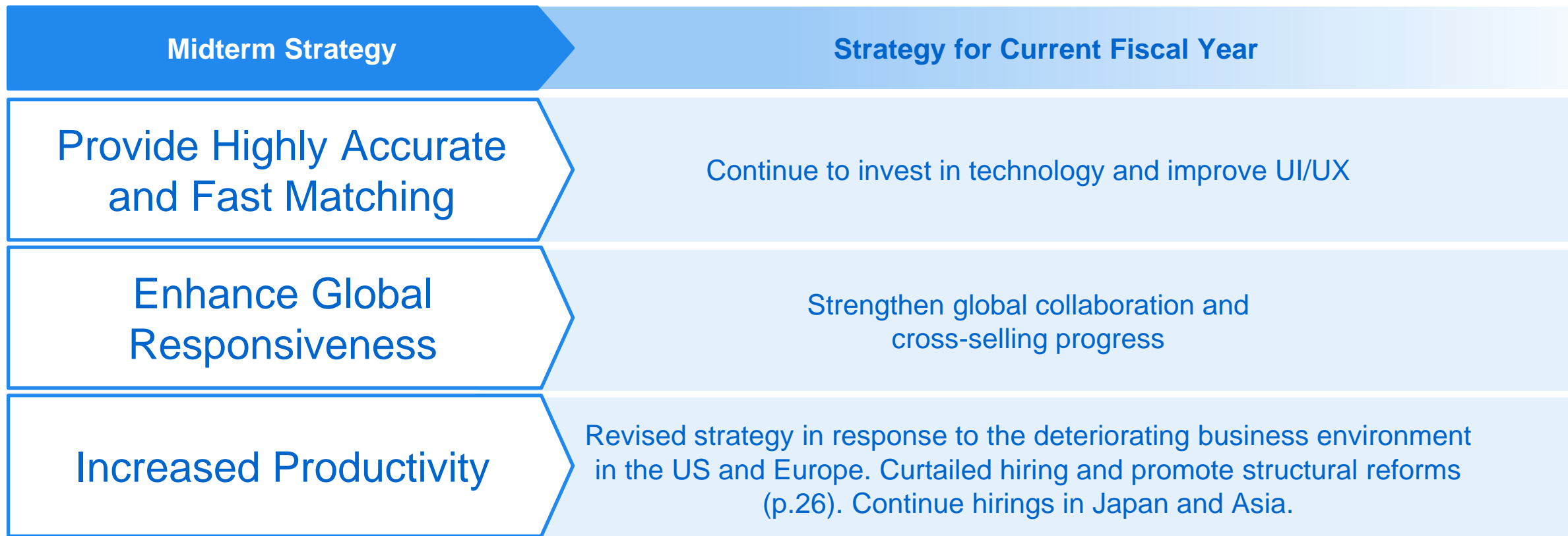
1. The Business Research Company, "Market Research Services Global Market Report 2022"
2. Created by VQ based on data from Integrity Research and Inex One
3. VQ and Coleman combined transaction volume change Y-o-Y

## Competitive Environment



- Expert network with US and Japan as main markets
  - Network of offices capable of handling requests globally
  - Speedy support based on advanced operating capabilities
- Expert networks focused on Western markets
  - Offices in Japan are small or non-existent

# Becoming the Global No.1 Platform



- Main customers → Consulting firms, institutional investors, private equity, etc.
- Main needs → 1-hour interviews, online surveys

# Pioneer of a Large Potential Market of Japanese Corporate Companies

- There is a huge potential market for Japanese Corporate Companies. Overseas research needs are also expanding.
- Developing the market by leveraging our overwhelming network of experts in Japan and overseas.

## Potential Market

Value of research outsourcing by Japanese companies\*1

About JPY2T

Marketing and research markets\*2

About JPY220B

### Insight Needs (Examples)

- Development of new products and services
- Market research in new business development
- User interviews
- Survey research
- Partner-like business development support

## Competitive Environment

VQ

- Overwhelming expert network in Japan
- Diversity of service lineups
- Global office network to meet overseas research needs

Domestic Competitors

- Expert network is limited
- Large number of small-scale players

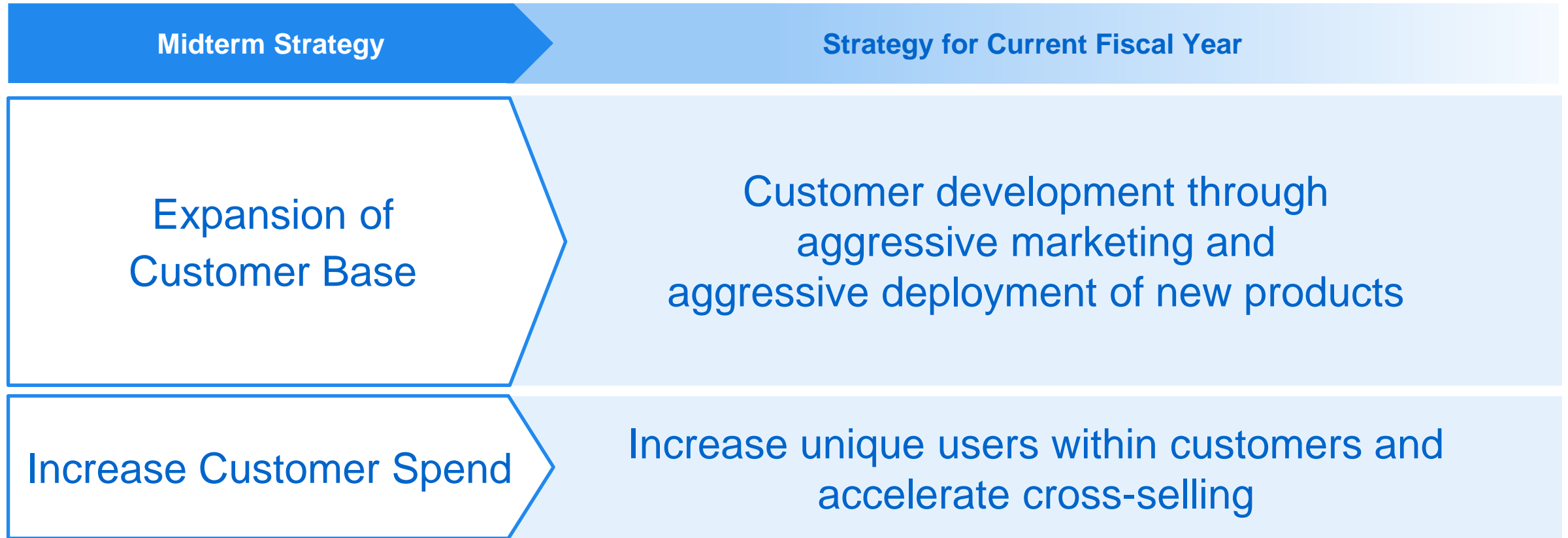
Global Competitors

- Limited reach to Japanese corporate companies
- Limited expert network in Japan
- Limited product lineup besides 1-hour interviews

1. "2021 Science and Technology Research Survey Results Summary", published by the Japanese Ministry of Internal Affairs and Communications, referring the costs of outsourced research of company's research activities

2. "46th Business Practice Survey", published by Japan Marketing Research Association (April 1 - June 1, 2021)

# Establishing a Dominant Position and Driving Market Expansion



Main customers

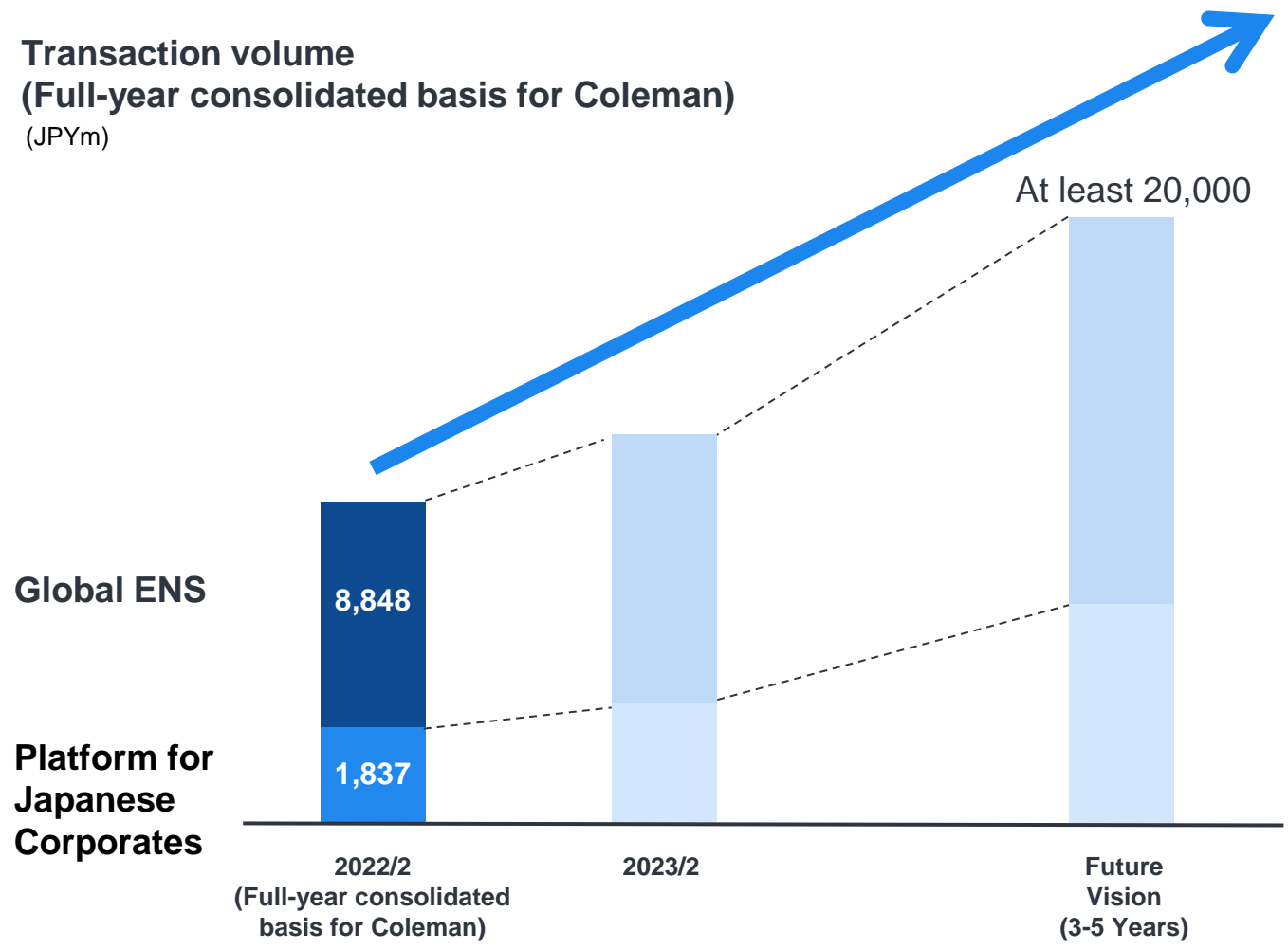
Japanese Corporates (Automotive, electronics, chemicals, life sciences, consumer goods and retail, technology, advertising agencies)

Main needs

Spot consulting, online survey, hands-on support, sub-contracting, introduction of external directors/auditors, Q&A within 24 hours, web exhibitions, self-matching spot consulting

# Becoming the No.1 Knowledge Platform in the Business Domain

Transaction volume  
(Full-year consolidated basis for Coleman)  
(JPYm)



**Mid- to Long-Term Transaction Volume of JPY20B or More**  
**Company-wide Operating Income margin\*: 15%.**

- Achieve growth rate above the industry standard for Global ENS on the back of advanced operations and a global business foundation
- Open up new markets for Japanese Corporates on the strength of diverse Products
- The 2 business axes mutually benefit each other to drive growth toward the global No.1 position

\* Target for operating income before amortization of goodwill

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VQ

## Consolidated Results

# Overview of Consolidated Financial Results for 2Q of FY Ending February 2023

- Significant YoY growth due to both organic business growth and the consolidation of Coleman (acquired in November 2021)
- Growth of more than 100% YoY on an Adjusted EBITDA\*<sup>1</sup> after adding back depreciation and amortization expenses, etc.

(JPYm)	2Q of FY ending Feb 2023 (Jun 2022 - Aug 2022)			Cumulative total for the first half of FY ending Feb 2023 (May 2022 - Aug 2022)		
	2Q of Current FY (Jun 2022 - Aug 2022)	Same period of previous FY* <sup>2,3</sup> (Before Coleman Acquisition)	Y-o-Y (%)	Cumulative total for the first half	Same period of previous FY* <sup>2,3</sup> (Before Coleman Acquisition)	Y-o-Y (%)
Transaction Volume	3,237	983	+229%	6,149	1,885	+226%
Operating Revenue	2,179	624	+249%	4,142	1,187	+249%
Adjusted EBITDA	374	161	+132%	684	284	+140%
Operating Income before amortization of goodwill	295	156	+89%	515	276	+87%
Operating income after amortization of goodwill* <sup>4</sup>	100	156	△36%	145	276	△47%

1. "Adjusted EBITDA" is the sum of "operating income before amortization of goodwill" plus depreciation of software and other assets, and stock-based compensation expense

2. Coleman was acquired in November 2021, and the company's income statement was not consolidated for the period from March to September 2021 because the company's income statement was not consolidated until after October 1, 2021 due to the deemed acquisition date treatment

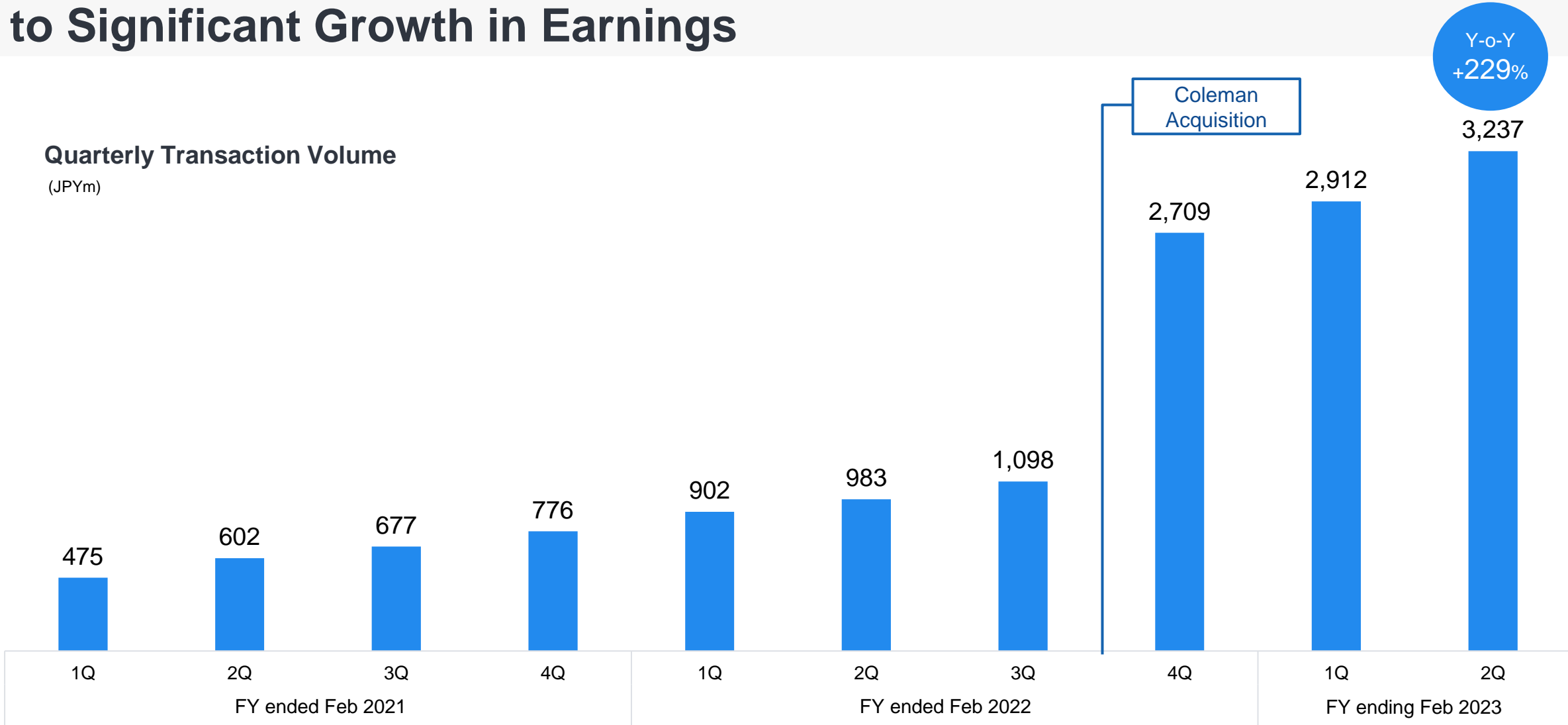
3. VQ's results for the second quarter of the fiscal year ended February 28, 2022 exclude one-time M&A expenses and other items

4. Amortization of goodwill is calculated by converting the dollar amount into yen at the average exchange rate during the period. Therefore, the amount of "Operating income after amortization of goodwill" is calculated by subtracting the amount of goodwill amortization in dollars converted into yen at the average rate during the period from the amount of "Operating income before amortization of goodwill". The amortization of goodwill in this calculation represents the amortization of intangible assets newly identified at the time of the Coleman acquisition, including goodwill, customer-related assets, technology-related assets, advisor-related assets, and marketing-related assets

Consolidated Transaction Volume

# In Addition to Organic Business Growth, Acquisition of Coleman Led to Significant Growth in Earnings

Quarterly Transaction Volume (JPYm)



1. Coleman's transaction volume is included from 4Q of the fiscal year ended February 28, 2022. When converting Coleman's transaction volume into yen, the average exchange rate from the beginning of the period was used. However, since the company was not consolidated at the beginning of the period, the conversion rate for 4Q of the fiscal year ended February 28, 2022 was based on the average rate during the quarterly accounting period October 2021 to December 2021 in which the company was consolidated.



## Explanation of Revision of Consolidated Earnings Forecast

# Change in consolidated earnings forecast for the FY ending Feb 2023

Consolidated forecasts are revised downward. Platform for Japanese Corporates are performing well, but the severe business environment of the Global ENS is reflected

### New Consolidated Earnings Forecast

(JPYm)

	Previous Earnings Forecast (Announced on April 2022)	New Earnings Forecast (Announced this time)	2Q Cumulative Total Progress (vs New Forecast)	Difference between old and new forecasts	% difference between old and new forecasts
Transaction Volume	13,200	12,700	48%	△500	△3.8%
Operating Revenue	8,700	8,470	49%	△230	△2.6%
Operating Expenses	7,700	7,860	46%	+160	+2.1%
Operating Income (before Amortization)	1,000	610	85%	△390	△39.0%
Amortization	730	810	46%	+80	+11.0%
Operating Income (after Amortization)	260	△200	-	△460	-
Ordinary Income	230	△280	-	△510	-
Net Income	10	△480	-	△490	-

#### Global ENS

- Reflects deterioration in business environment due to turmoil in US and European stock markets, and cost reduction and other actions taken in response.
- Full-year foreign exchange rate forecast changed from JPY120/USD to JPY133/USD.

#### Platform for Japanese Corporates (details on P.29 and beyond)

- Number of customers, unit price, and take rate exceeded expectations, and forecasts were revised upward.
- Continue to invest in human resources for future growth

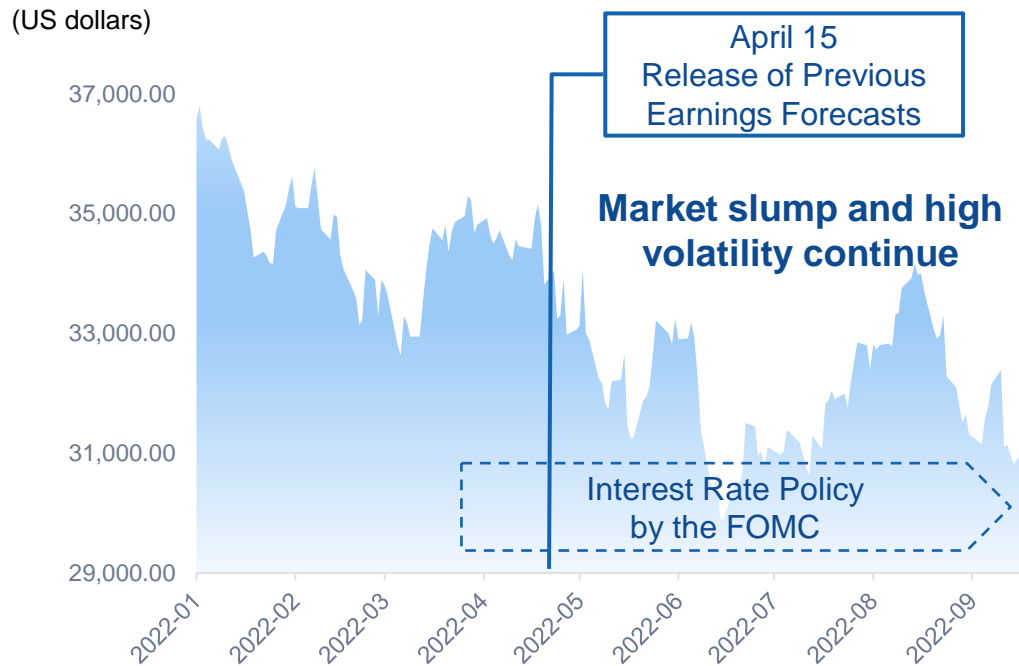
#### Other non-operating expenses

- Accounting foreign exchange losses on cash transactions with subsidiaries (no impact on cash flow or business profitability)

# A shift in strategy in light of the US and European business environment

- The US and European stock markets have deteriorated further since the previous earnings forecast, and demand has decreased from many customer segments
- Aim to improve productivity by curbing hiring and strengthening training
- Accelerate integration and restructuring to reduce overhead costs

## NY Dow Jones Industrial Average



## Review of the US and European Business Environment

- After the earnings forecast was announced on April 15, the market has remained sluggish ( $\Delta 20\%+$  since the beginning of the year) due to further interest rate hikes. Market slump is expected to continue for a certain period of time.
- Disruptions in the stock markets affected revenues from all sectors, including institutional investors, PE, and consulting with PE as end clients

## Response Measures and Future Strategies

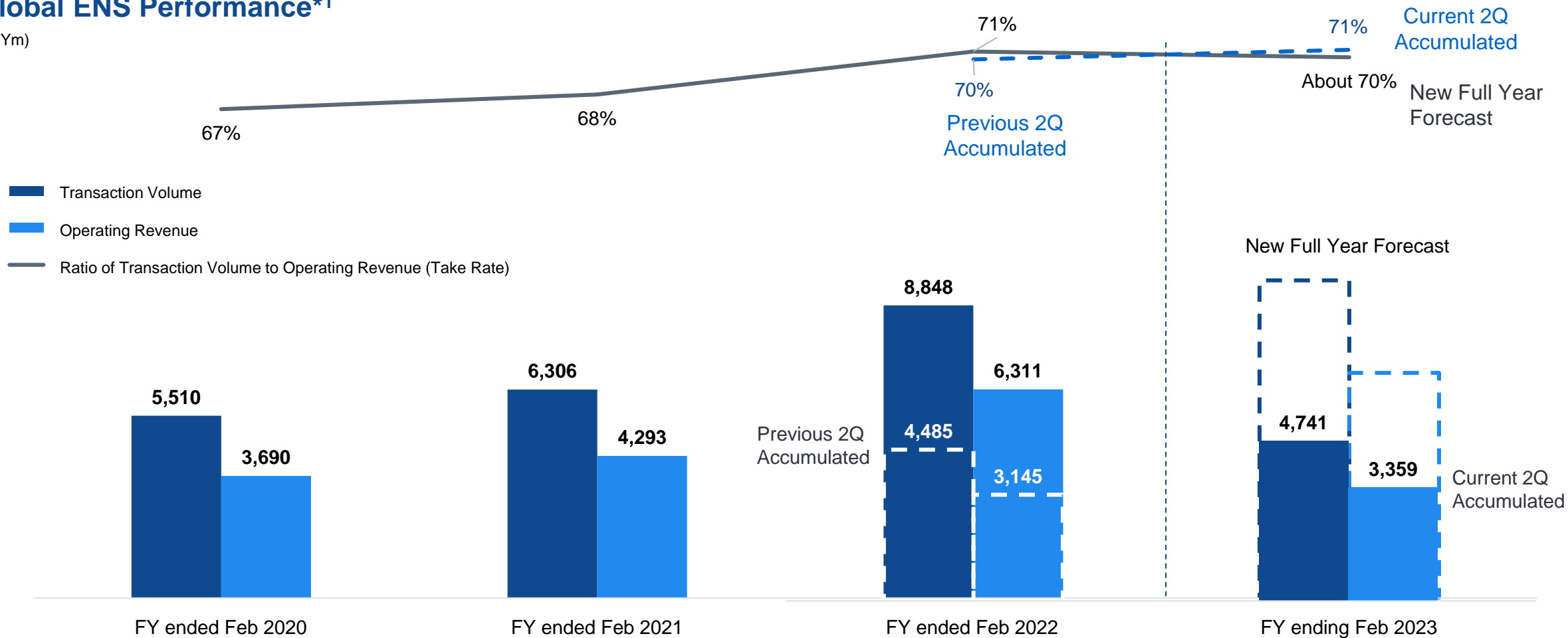
Solidifying defenses and rebuilding service structure for US and European business

- Overhead costs have been reduced by reviewing organization structure, other costs and accelerating integration work
- Curb hiring based on business environment. Enhanced member onboarding and training to improve productivity
- Shorten business review cycles and consider agile responses as needed
- Restructured sales structure to strengthen relationships with existing customers
- Accelerate consideration of optimal organizational structure to accelerate integrated global operations. Details to be announced as soon as they are determined

# Revised full-year forecast in light of changes in the business environment

## Global ENS Performance\*1

(JPYm)



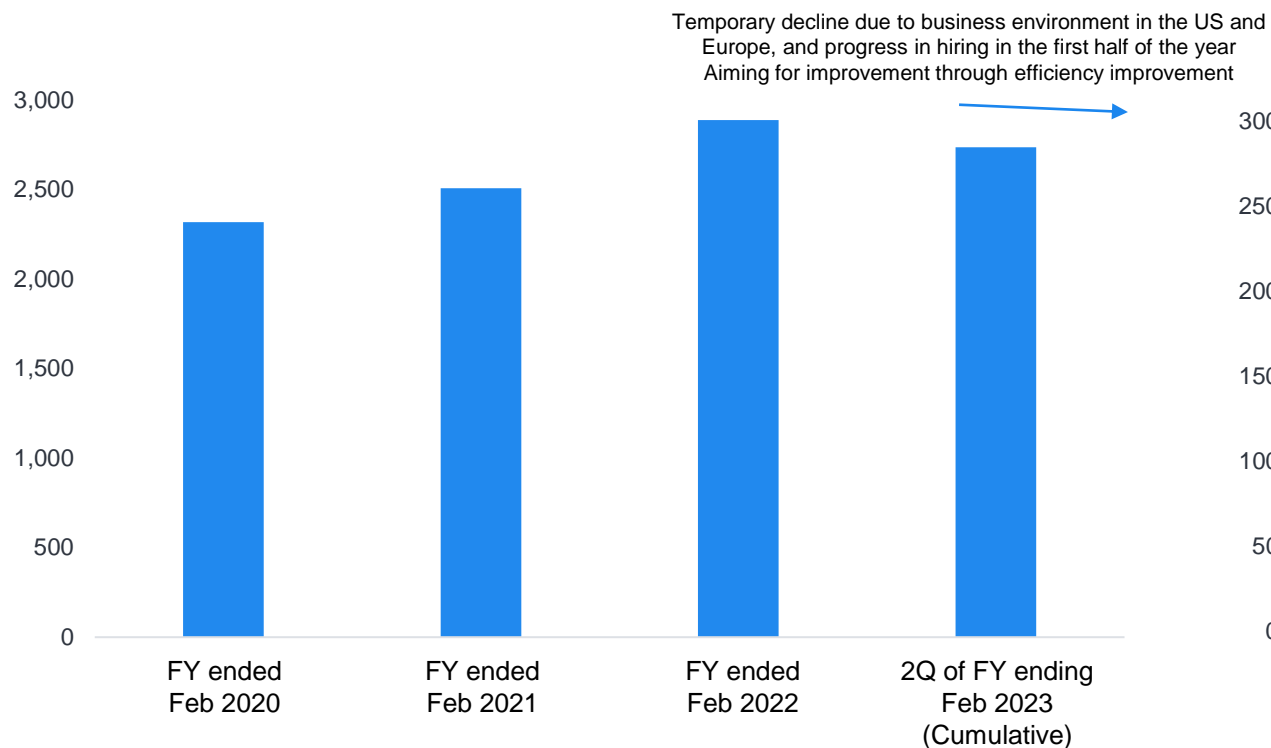
1. Coleman's results included in Global ENS are translated into Japanese yen using the average exchange rate during each accounting period.

2. Figures for each period are consolidated figures for VQ and Coleman. These figures are for management accounting purposes and are not subject to accounting audits.

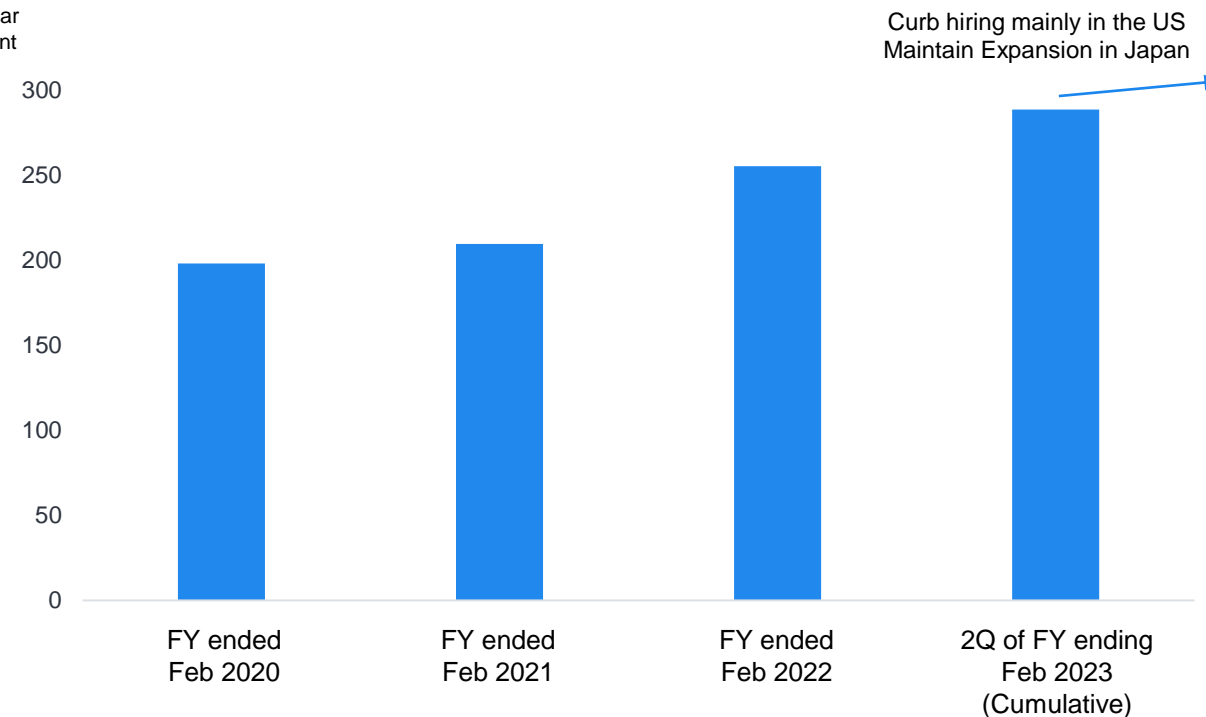
# In light of the business environment, recruitment is curbed in the US. In Japan, recruitment remains on an upward trend

- Productivity temporarily declined due to the recent business environment and progress in hiring in the first half of the year
- Curb hirings mainly in the US, and aim to improve productivity by strengthening training. Maintain expansion in Japan due to strong performance

(JPYk/month) Global ENS Productivity per Employee\*1,2



Global ENS Headcount (average for the period\*3)



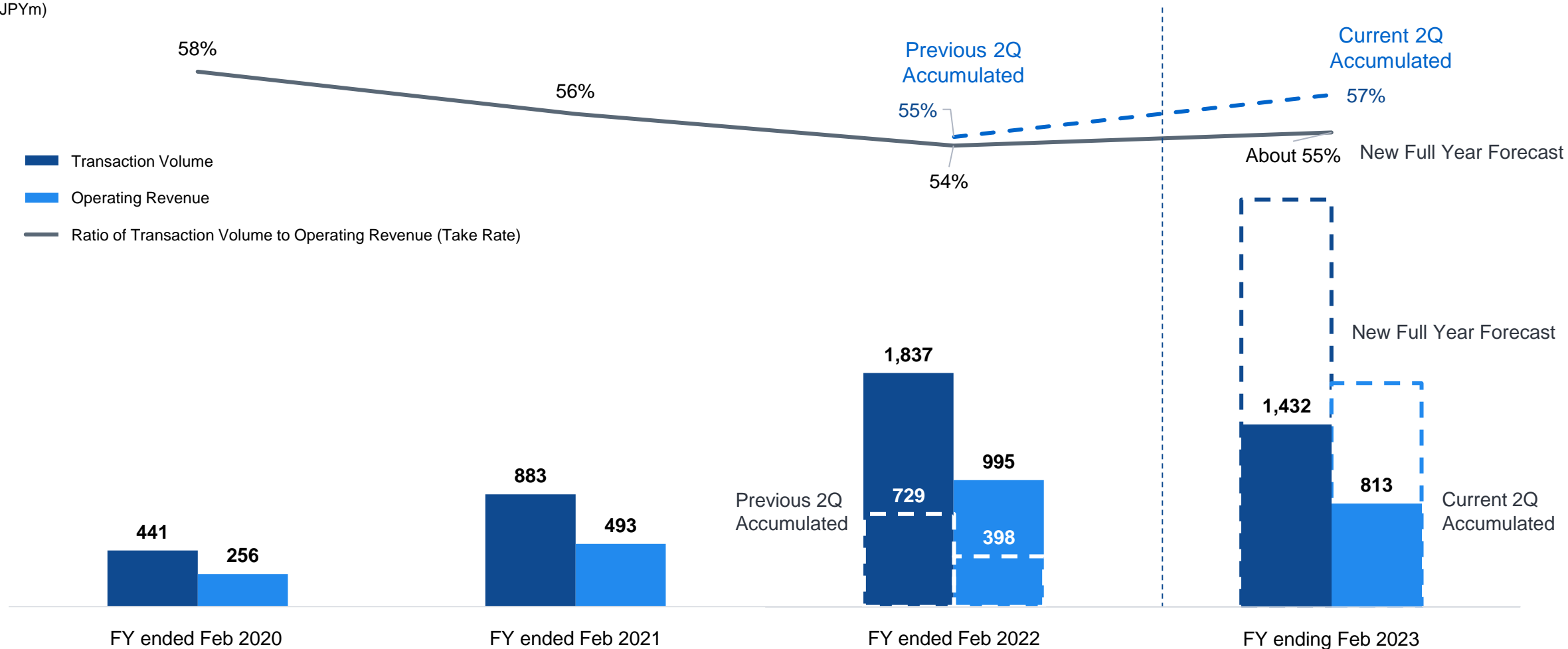
1. Monthly transaction volume per employee directly engaged in the business (excluding corporate, IT team, etc.)  
 2. Coleman's results are converted into Japanese yen using the exchange rate during the period  
 3. Includes full-time and contract employees, as well as outsourced and temporary employees

Platform for Japan Corporates

# Full-year forecast revised upward to reflect strong business expansion and margin trends

## Platform for Japan Corporates Performance (including VQ lite)

(JPYm)



1. Figures for each period are consolidated figures for VQ and Coleman. These figures are for management accounting purposes and are not subject to accounting audits.

Platform for Japan Corporates

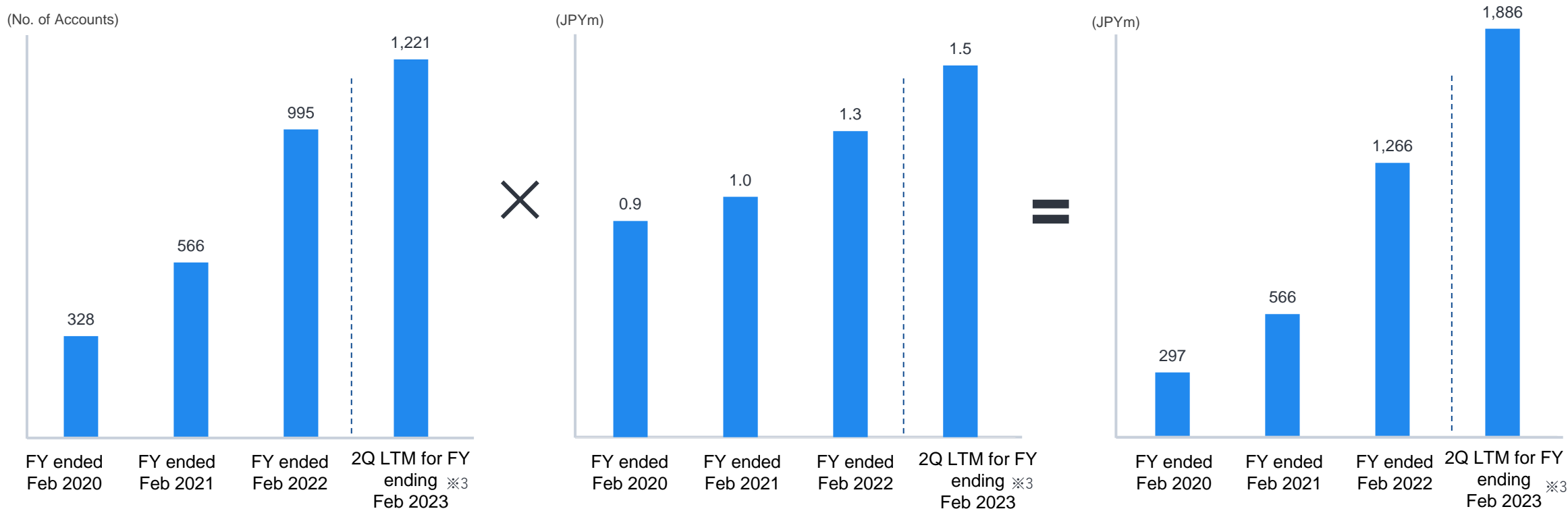
# In Addition to Growth in the Number of Accounts, Increased Service Usage per Client is Driving the Growth in Transaction Volume

## Number of accounts and transaction volume per account for Japanese Corporate Clients (excluding VQ lite)

Number of client accounts \*1, 2

Transaction volume per account

Transaction volume

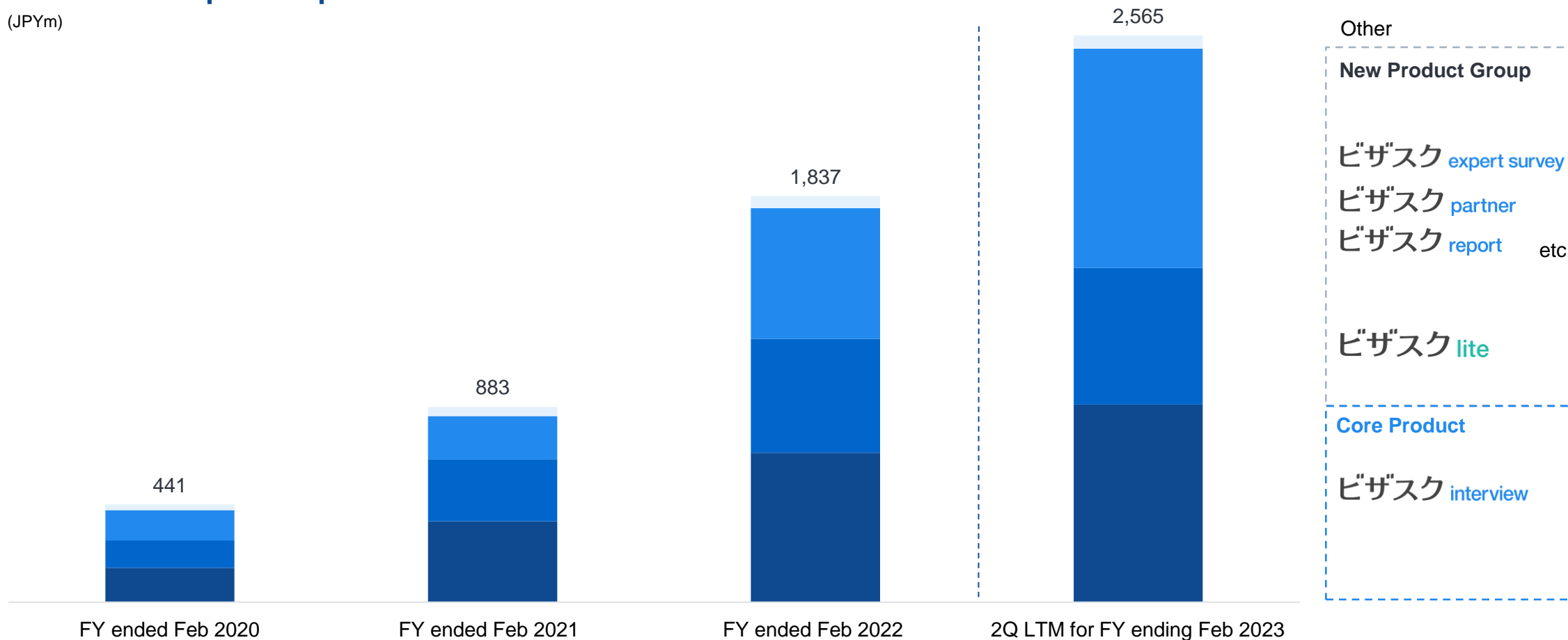


1. "Client" refers to a corporate client that has entered into a corporate contract and uses the full support service "VQ", and does not include corporate clients that use "VQ lite"  
 2. The total number of clients is the total number of clients who have consumed or requested tickets for services other than "VQ lite" during the past year based on the contract with VQ. In the event that multiple departments of the same corporate have entered into separate contracts, each contract is counted  
 3. The figures in the "2Q LTM for the period ending February 28, 2023" are for the period from September 2021 to August 2022

# Diverse Commercial Development of Platform for Japan Corporates

## Transaction Volume by Major Commercial Products for Platform for Japan Corporates

(JPYm)

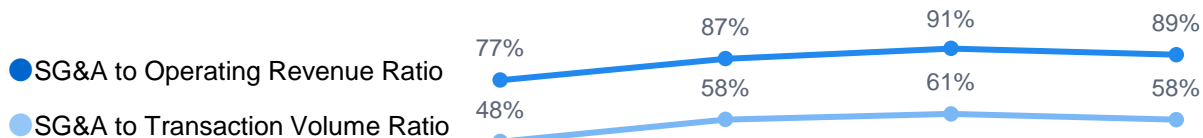


1. The transaction volume for each product category are figures for managerial accounting purposes and are not subject to accounting audits. The LTM figures for 2Q for the Fiscal Year ending February 2023 are from September 2021 to August 2022

## Consolidated Operating Expenses

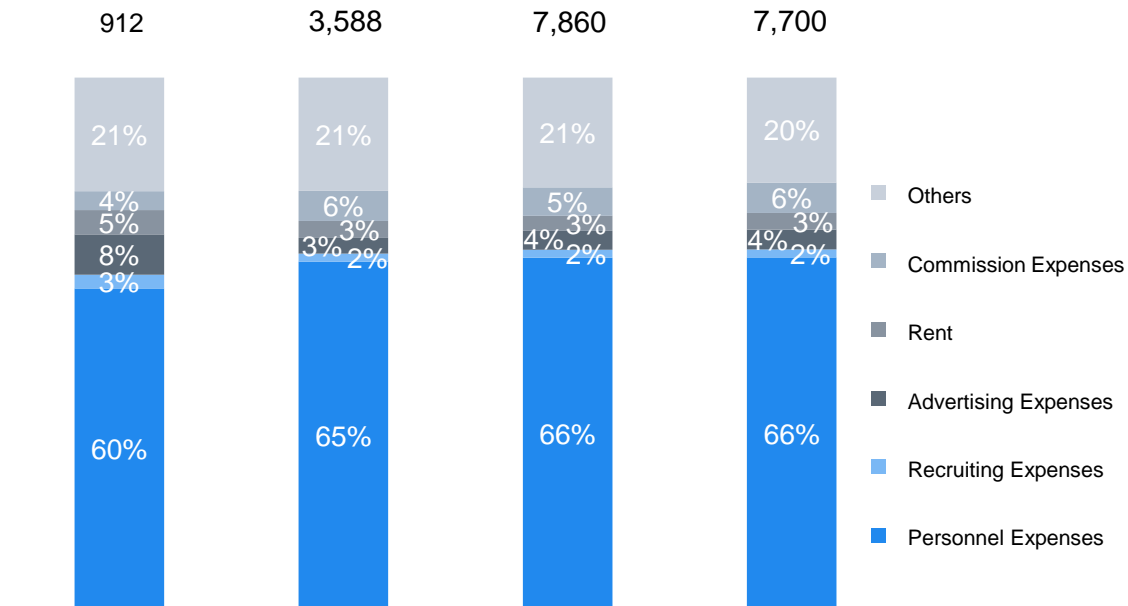
# Operating Expenses for FY ending Feb 2023 is progressing as expected, with continued investment and streamlining operations

### Cost structure (before amortization of goodwill, etc.)



Total operating expenses (JPYm)

Breakdown of Operating Expenses



① Difference from the same period of the previous year

② Difference between old and new forecasts

#### ① Difference from the same period of the previous year

- Main reasons for the increase in the operating expense ratio
  - Progress of hiring in the US and Europe
  - Increased expenses due to the policy of expensing a portion of development costs
  - Cost increase due to the influence of the situation in Ukraine and other factors at subcontracted development companies in the US and Europe
  - Increase in audit fees due to global audit compliance affects "Commission Expense"
  - Decrease in the percentage of advertising and office rent

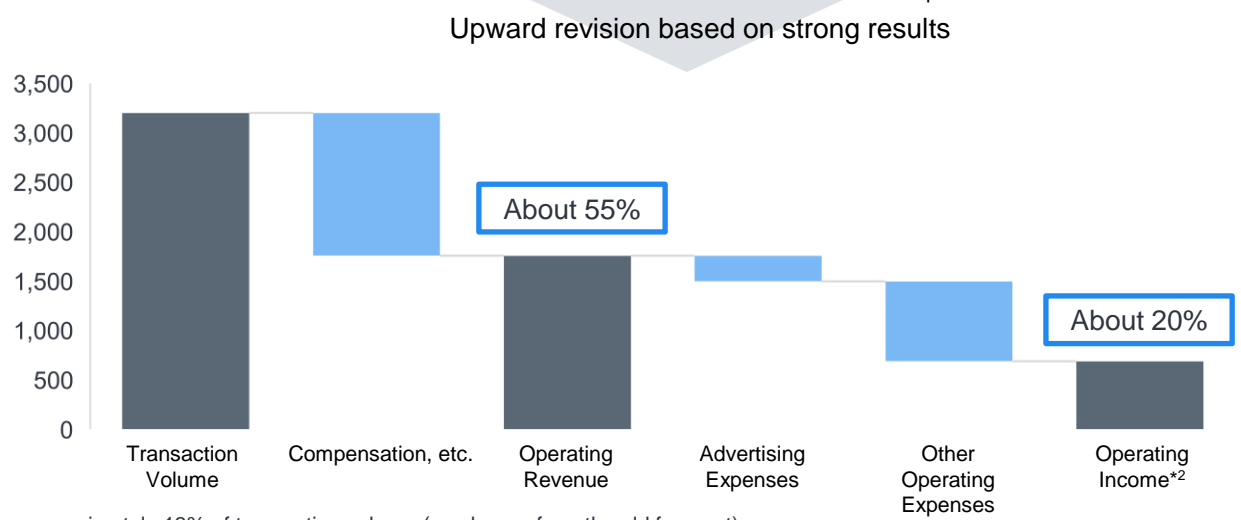
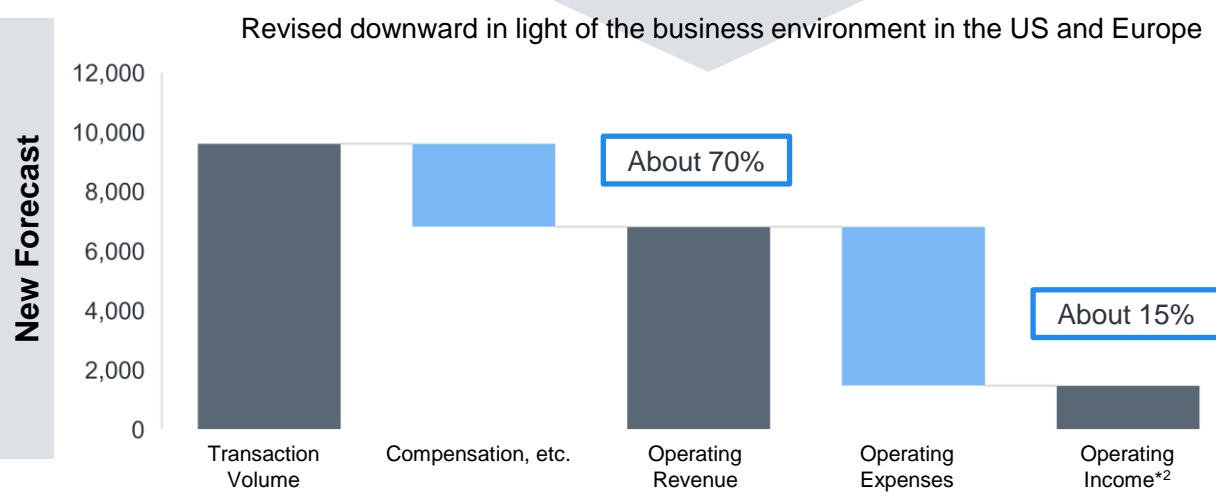
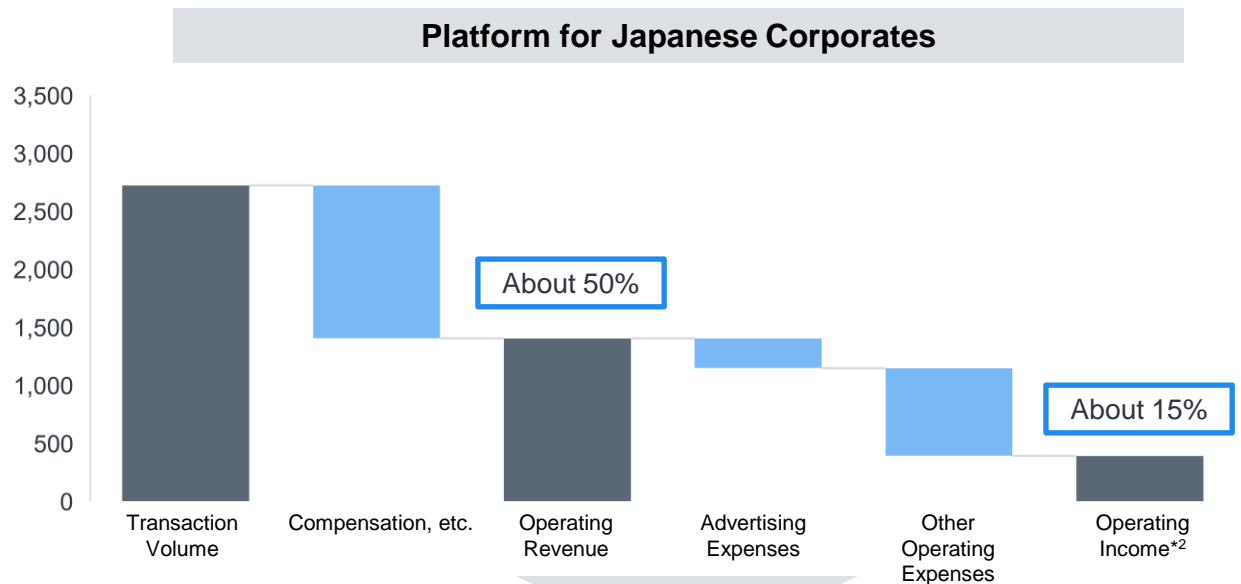
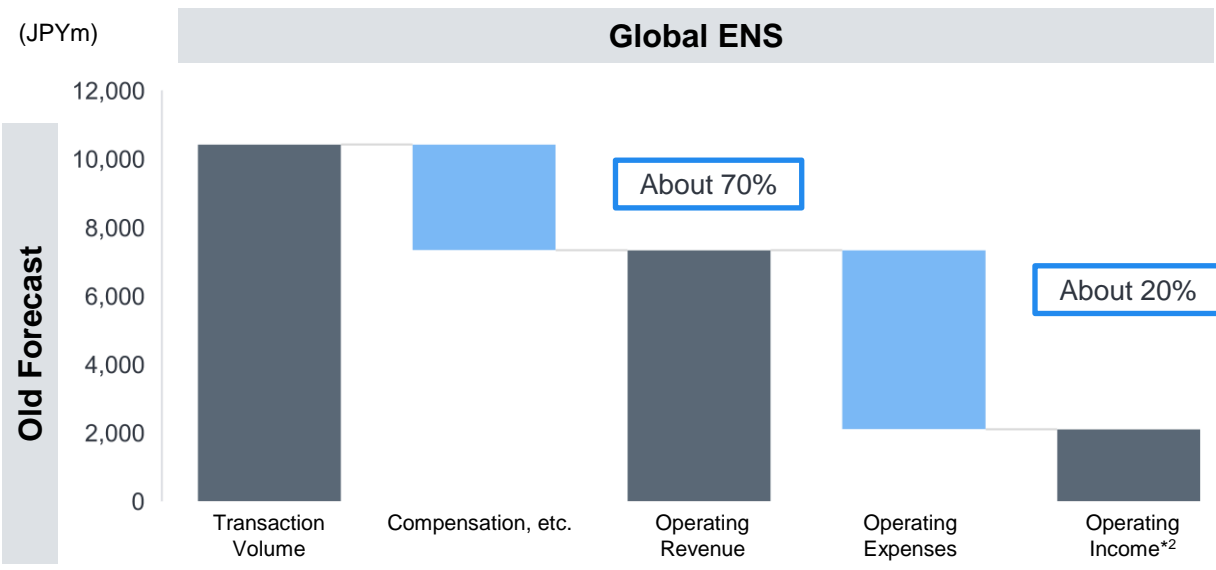
#### ② Difference between old and new forecasts

- Temporary curb additional hiring mainly in the US to control labor costs
- Promote structural reforms, including reduction of indirect costs
- Continued investment in human resources in Japan, where growth continues
- Rise in yen-denominated costs due to the ongoing depreciation of the yen against the US dollar



Explanation of Revision of Earnings Forecast

# Margin Forecast: Global ENS Revised Downward, Platform for Japanese Corporates Revised Upward



1. Expenses attributable to development and administrative divisions are expected to be approximately 13% of transaction volume (no change from the old forecast)  
 2. "Operating income" is defined as "Operating income before amortization of goodwill, etc." as on page 23

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# Company Profile

Company name	VisasQ Inc,
Location	9F, 4-7-7 Aobadai, Meguroku Tokyo 153-0042, Japan
Date of establishment	March 2012
Services	Knowledge sharing platform in the business domain
CEO	Eiko Hashiba
Number of employees	541 (as of August, 2022) *Includes Coleman employees
Number of shares	Total number of issued shares: 9,118,700* Number of shares after dilution: 12,320,787

\*As of Feb 28, this includes class shares

# History

March 2012	Established walkntalk Co., Ltd.
December 2012	Started beta version of "VisasQ"
October 2013	"VisasQ" officially released
November 2014	Changed trademark to "VisasQ Inc.,"
January 2018	Launched "VisasQ expert survey," a web survey for B2B
June 2019	Released "VisasQ web exhibition"
March 2020	Listed on the Tokyo Stock Exchange Mothers (Now Growth)
April 2020	Established "VisasQ SINGAPORE PTE. LTD" in the Republic of Singapore
December 2012	"VisasQ board" released
January 2021	Renamed "VisasQ Sub-contract" to "VisasQ partner"
November 2021	Acquisition of Coleman Research Group
April 2022	"VisasQ now" released

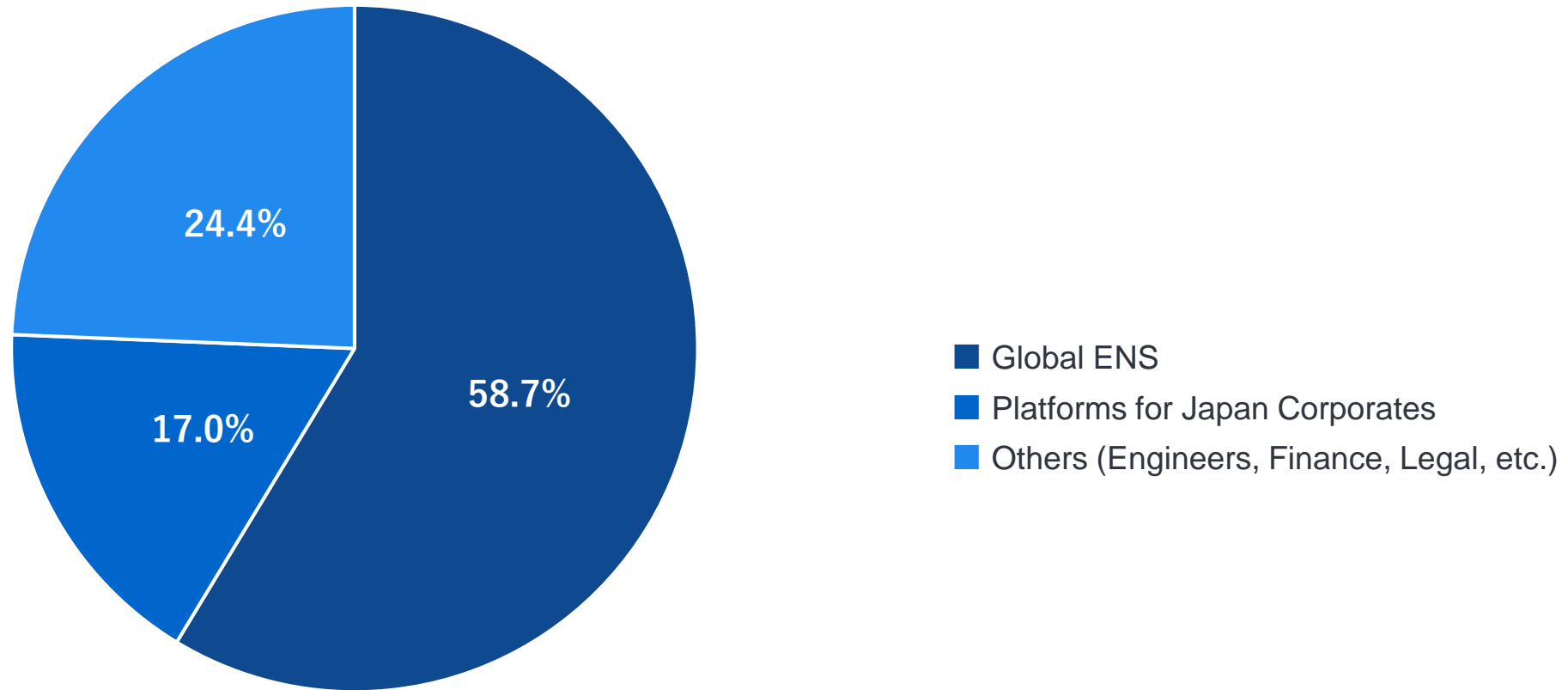
## Fiscal Years of the Two Companies

- For the fiscal year ended February 28, 2022, only 4Q was consolidated, with end of September as the deemed acquisition date of Coleman
- Coleman's performance will contribute fully from Fiscal Year ending February 2023
- The fiscal years of VQ and Coleman differ by 2 months



## Employee Composition (Total for VQ and Coleman)

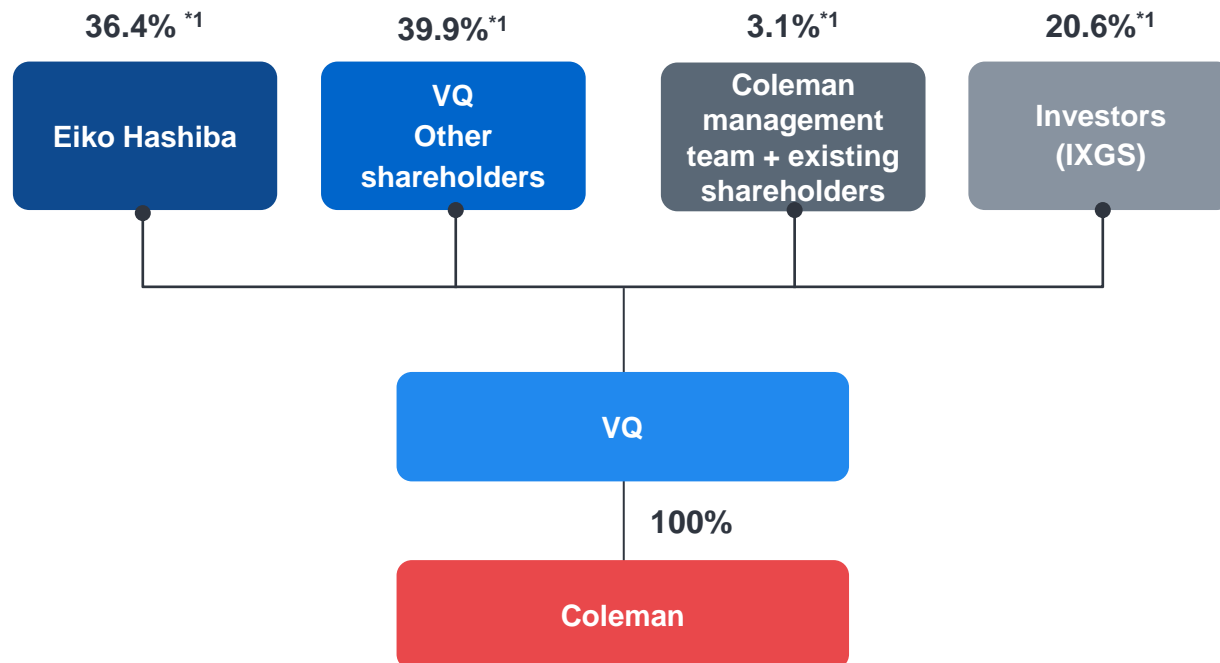
A sophisticated and productive organization, with technology x operations



\*Includes full-time and contract employees, as well as outsourced and temporary employees.

# Post-Acquisition Organization and Shareholder Composition

- Existing Coleman's shareholders remain committed to management
- Collaboration with existing stakeholders to increase value



- Eiko Hashiba continues to lead the group as the largest shareholder
- Coleman management is primarily responsible for increasing value in the US
- Kevin Coleman, Founder and CEO of Coleman, has reinvested in VQ and joined the Board of Directors of VQ
- IXGS has a policy of long-term holdings (No management involvement such as dispatching directors)

\*1: Assuming that all Class A shares, stock options, and Class B shares will be converted to regular shares at the initial conversion price or initial strike price. Includes dilution due to employee's stock options

# Overview of Acquisition Value and Financing

- Raised a good balance of debt and equity through borrowings and the use of class shares, etc.
- Needed to raise funds at the same time as M&A and chose to raise shares through a third-party allotment
- Transaction volume will increase by a factor of 3 in simple aggregate, but dilution of share will be limited to about 33%

Acquisition value: USD **102** million (approx. 11.2 billion yen) <sup>\*1,2</sup>

Funding amount Approx. **12.9** billion yen



\*1. USD calculated as 110 yen

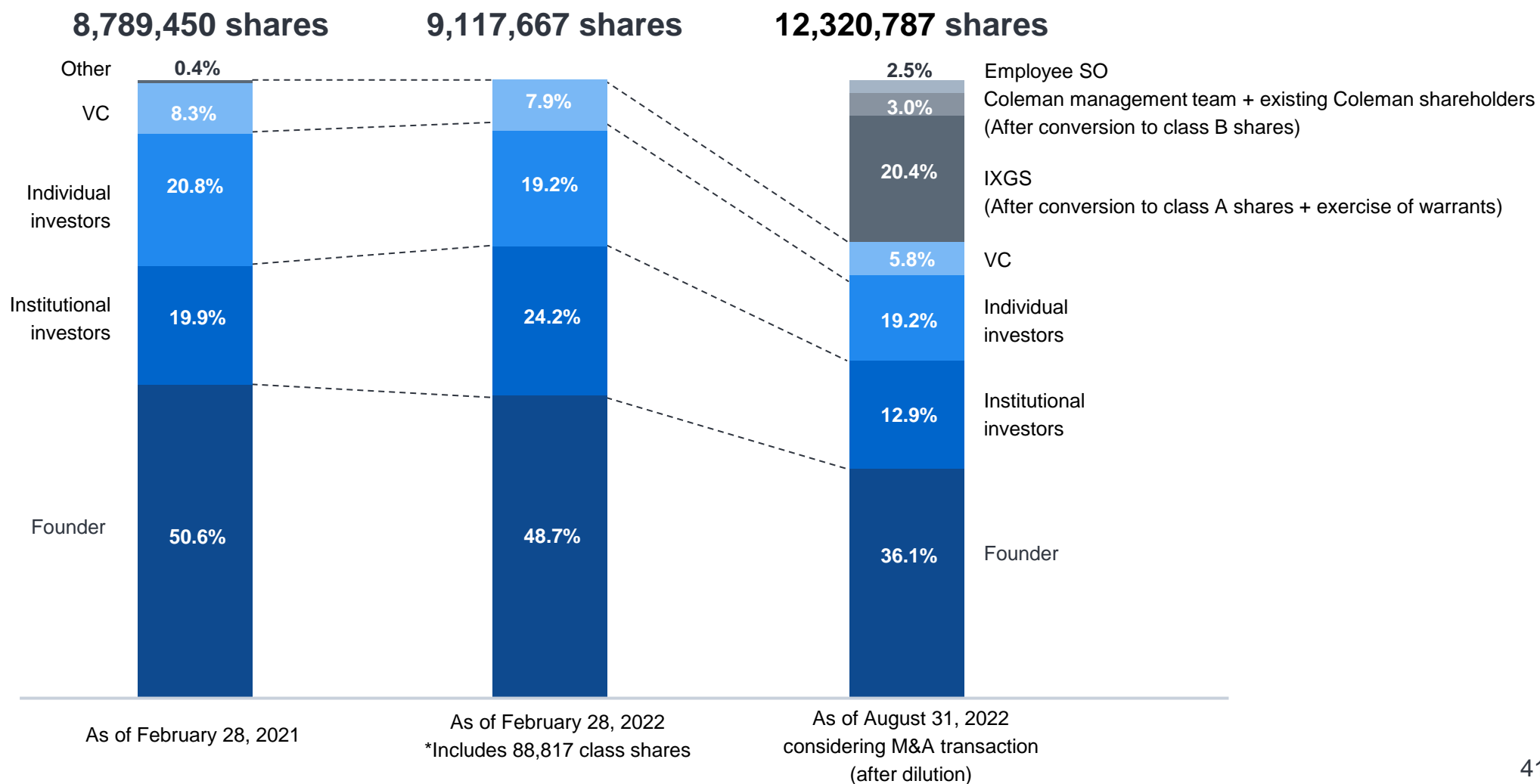
\*2. Adjusted for Coleman's total company value of USD\$103.35 million, including estimated net cash and cash equivalents at closing

\*3. A special purpose vehicle funded through a service provided by Advantage Advisors Co., Ltd.



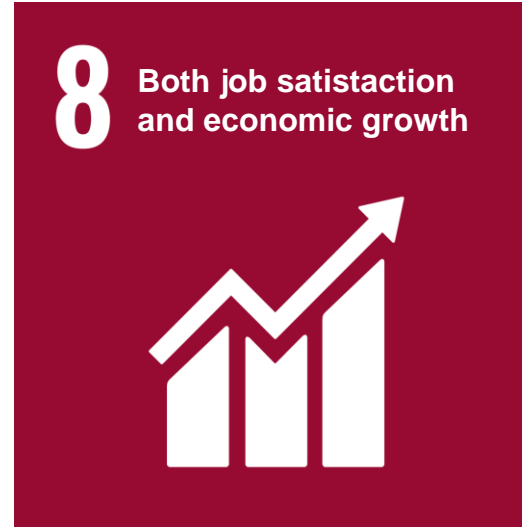
# Stock Information

Liquidity of shares will improve as the conversion of class shares into common stock proceeded



# VQ and SDGs

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



By connecting experts' insights to various needs,  
we maximize the value of the insights.

We enhance innovation across the globe by aggregating and sharing  
people's insights, beyond the boundaries between organizations,  
generations and regions.

# (Reference) Business Risks and Responses

Main business risks	Possibility of occurrence Timing of occurrence	Impact on growth realization and business plan execution	Details or risk and mitigation strategy
<b>Competitors</b>	Low Any time	<ul style="list-style-type: none"> <li>Decline in market share</li> <li>Fall in order prices</li> </ul>	There is competition with a) overseas companies that mainly run similar businesses overseas and b) relatively small domestic companies. We are unique in that we have a knowledge sharing platform of approximately over 520,000 registered experts and provide a variety of services based on this database. An overseas company which attempted to develop similar businesses in Japan would find it difficult to create a database of insights of Japanese experts, due to differences in culture, values, language, etc.
<b>Service stability and security</b>	Low Any time	<ul style="list-style-type: none"> <li>Loss of clients</li> <li>Defection of experts</li> </ul>	Experts may unintentionally provide customers with information that is subject to confidentiality obligations. For that reason, under the full support format, we have a dedicated matching team to check if there are any items that seem inappropriate in the content of the request. Also, VQ lite checks the content of the request, including automatic detection of keywords. We also provide regular training to our experts to ensure they are alert to the risks and advise them to pay attention to their confidentiality obligations.
<b>Focus on specific business partners</b>	Low Risk is declining	<ul style="list-style-type: none"> <li>Decline in transaction volume</li> </ul>	There is one business partner whose business accounts for more than 10% of our sales. The business relationship with that company is good and stable. Furthermore, as the transaction volumes of other customers are increasing, the proportion of transaction volume of this company is declining.
<b>Overseas expansion and M&amp;A</b>	Medium Occasional	<ul style="list-style-type: none"> <li>Shrink in overseas expansion</li> <li>Increase in costs</li> </ul>	Although we have been developing our business mainly in Japan, we are expanding overseas by establishing a subsidiary in Singapore in April 2020 and acquiring Coleman in November 2021. If we consider making further investments in the future, there is a possibility that we will incur costs for such investments and that we will face risks different from those associated with business development conducted solely by our company in Japan.

In the interests of proactive information disclosure, this report describes matters that our company considers particularly important to investors' judgment. The information contained in this section does not necessarily include all risks associated with investments in our company shares. Being aware of these risks, we are committed to avoiding them and responding promptly if they do occur. For risks other than those described in this section, please refer to "Business Risks" in the securities report in addition to this document.

# Disclaimer

## Handling of this document

This document contains forward-looking statements. These statements were made solely from the information available at the time. Furthermore, these statements do not guarantee future results, and involve risks and uncertainties. Please be aware that the actual results may differ significantly from forecasts due to environmental changes, etc. Factors that affect the actual results include, but are not limited to, domestic and overseas economic conditions and industry trends relating to VQ.

In addition, the information about other companies included in this document are cited from publicly available information, etc., and our Company has not performed any verification on the accuracy, appropriateness, etc. of such information, and offers no guarantee of such.

This is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects

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**Regarding the progress of the management indicators disclosed in this document, we plan to disclose them in the explanatory material which is supplementary to the quarterly financial results announcement. We also plan to disclose the latest information, including the progress of this document, in the quarterly financial results announcement.**