



Financial Results for FY2023.4

June 14, 2023

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Financial Results for FY2023.4 and Financial Forecast for FY2024.4

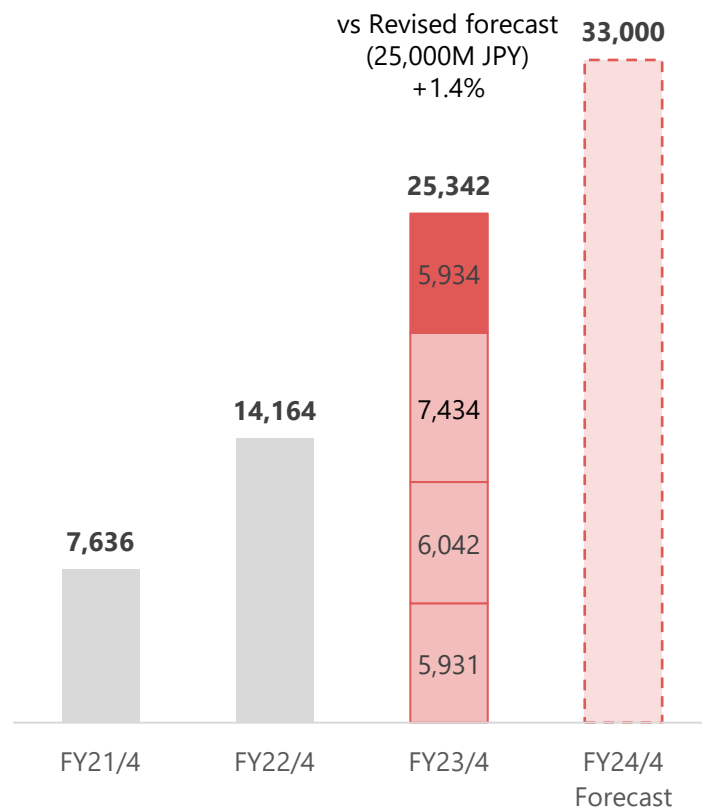
Financial Summary



- ✓ Both revenue and profit are in line with the financial results forecasts disclosed in March 2023
- ✓ Continued growth in revenue and profit expected in FY24/4

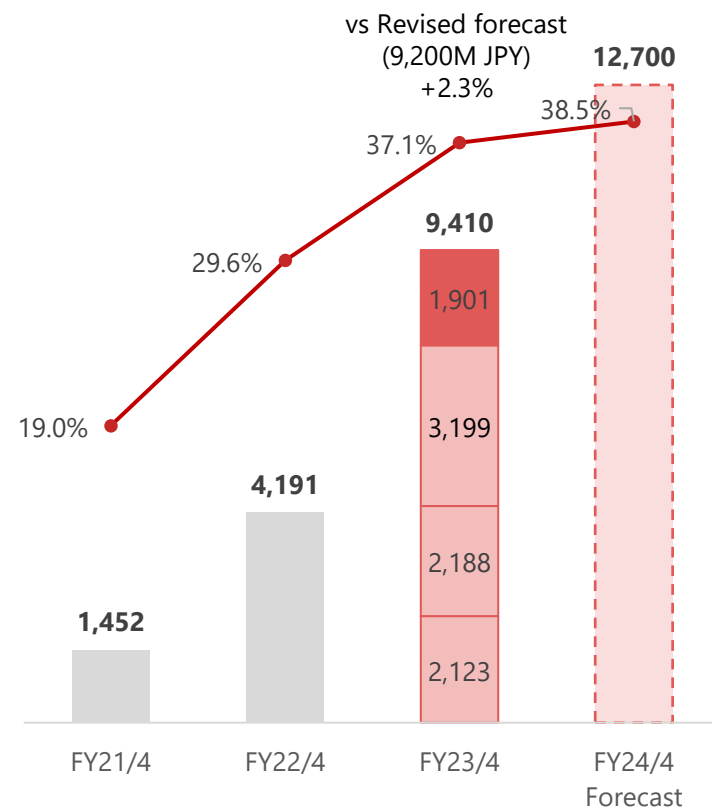
Revenue

Million JPY



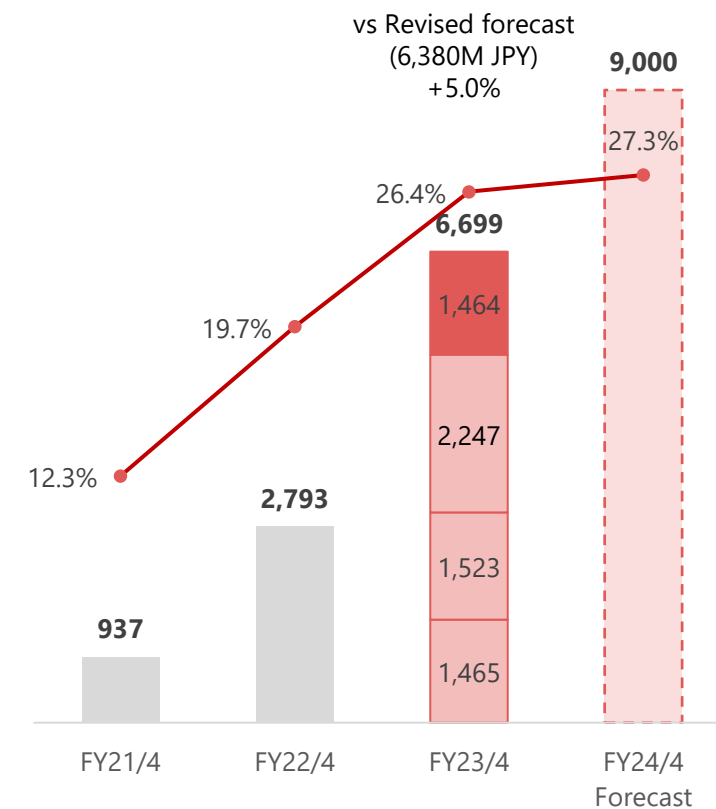
Operating Profit / Margin

Million JPY



Net Profit / Margin

Million JPY



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Financial Results for FY2023.4



Million JPY	FY23/4	FY22/4		FY23/4	FY22/4	
	12 months	12 months	YoY	Q4	Q4	YoY
Revenue	25,342	14,164	+78.9%	5,934	4,005	+48.2%
NIJISANJI (JP) ⁽¹⁾	18,405	12,686	+45.1%	4,462	3,101	+43.9%
NIJISANJI EN ⁽²⁾	6,404	1,127	+468.3%	1,373	807	+70.2%
Other ⁽³⁾	533	351	+51.7%	99	97	+1.7%
Cost of sales	13,762	8,180		3,343	2,385	
Direct variable costs ⁽⁴⁾	12,240	7,155		2,863	2,044	
% of revenue	48.3%	50.5%	Δ2.2pt	48.3%	51.0%	Δ2.8pt
Other cost of sales ⁽⁵⁾	1,521	1,025		479	341	
Gross Profit	11,580	5,984	+93.5%	2,592	1,619	+60.0%
Margin	45.7%	42.2%	+3.4pt	43.7%	40.4%	+3.2pt
SG&A	2,170	1,793		691	564	
Employee related	1,180	905		425	301	
Office related	469	427		117	104	
Outsourcing / Advertisement	241	325		75	102	
Other	280	136		74	58	
Operating Profit	9,410	4,191	+124.5%	1,901	1,055	+80.1%
Margin	37.1%	29.6%	+7.5pt	32.0%	26.3%	+5.7pt

- Notes :
- 1. Includes both domestic and overseas sales generated from the activities of VTubers who belong to NIJISANJI and are active in Japan
 - 2. Includes both domestic and overseas sales generated from the activities of VTubers belonging to NIJISANJI EN
 - 3. Includes China business (including NIJISANJI and NIJISANJI EN's Bilibili distribution etc.), and sales generated from the activities of VTubers who belong to NIJISANJI and are active in South Korea and Indonesia
 - 4. Includes fees paid to VTuber, various platform fee, and cost of merchandise and event related sales
 - 5. Includes employee related, office related, outsourcing and other costs allocated to cost of sales

Revenue

- ✓ Both NIJISANJI and NIJISANJI EN generally progressed as planned, and full-year revenue were in line with the forecast
- ✓ In the fourth quarter, focus on expanding revenue opportunities for FY2024.4, rather than aggressively expanding revenue in the current quarter

Operating Profit

- ✓ Variable cost ratio improved by 2.2 pts from the previous fiscal year, while cost of sales and SG&A expenses increased moderately compared to revenue, resulting in a 7.5 pts improvement in operating margin
- ✓ In the fourth quarter, a total of c.250 million yen in bonus was recorded in cost of sales and SG&A expenses

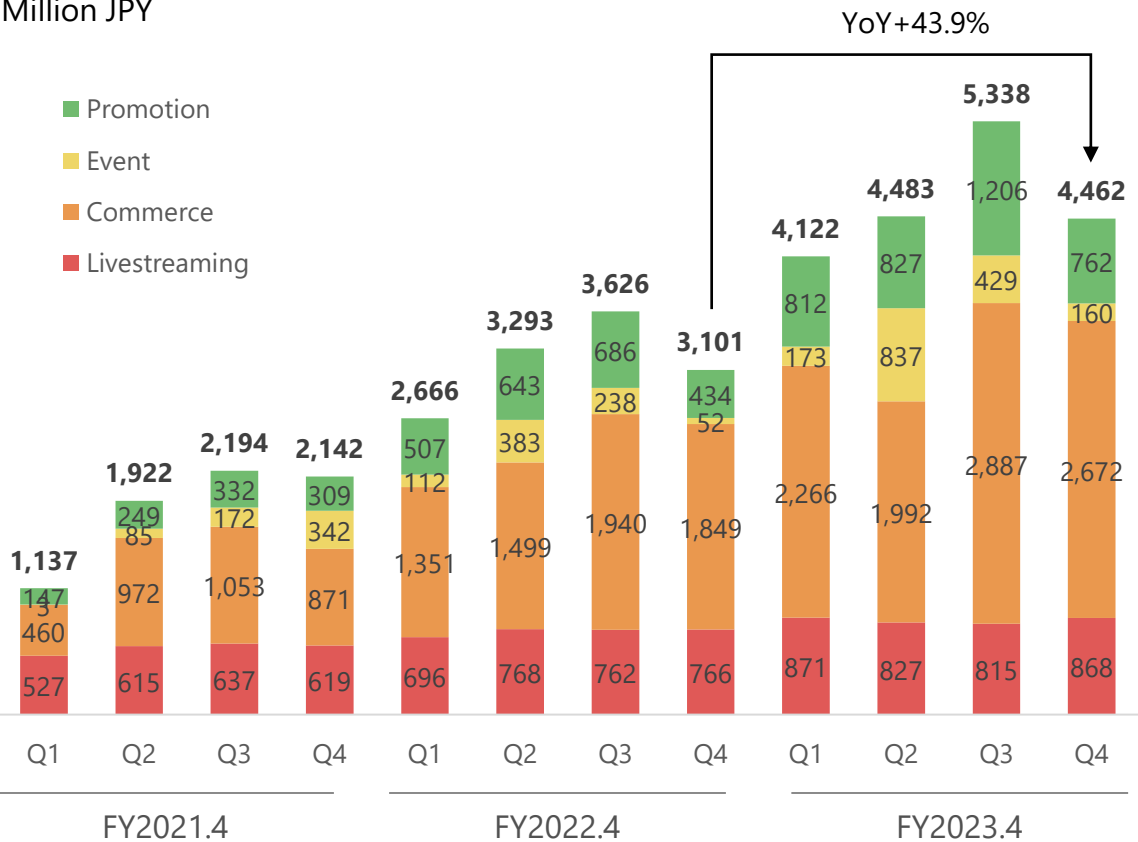
Revenue (Quarter)



✓ In the fourth quarter, as in the past, focus on expanding revenue opportunities for FY2024.4, rather than aggressively expanding revenue in the current quarter

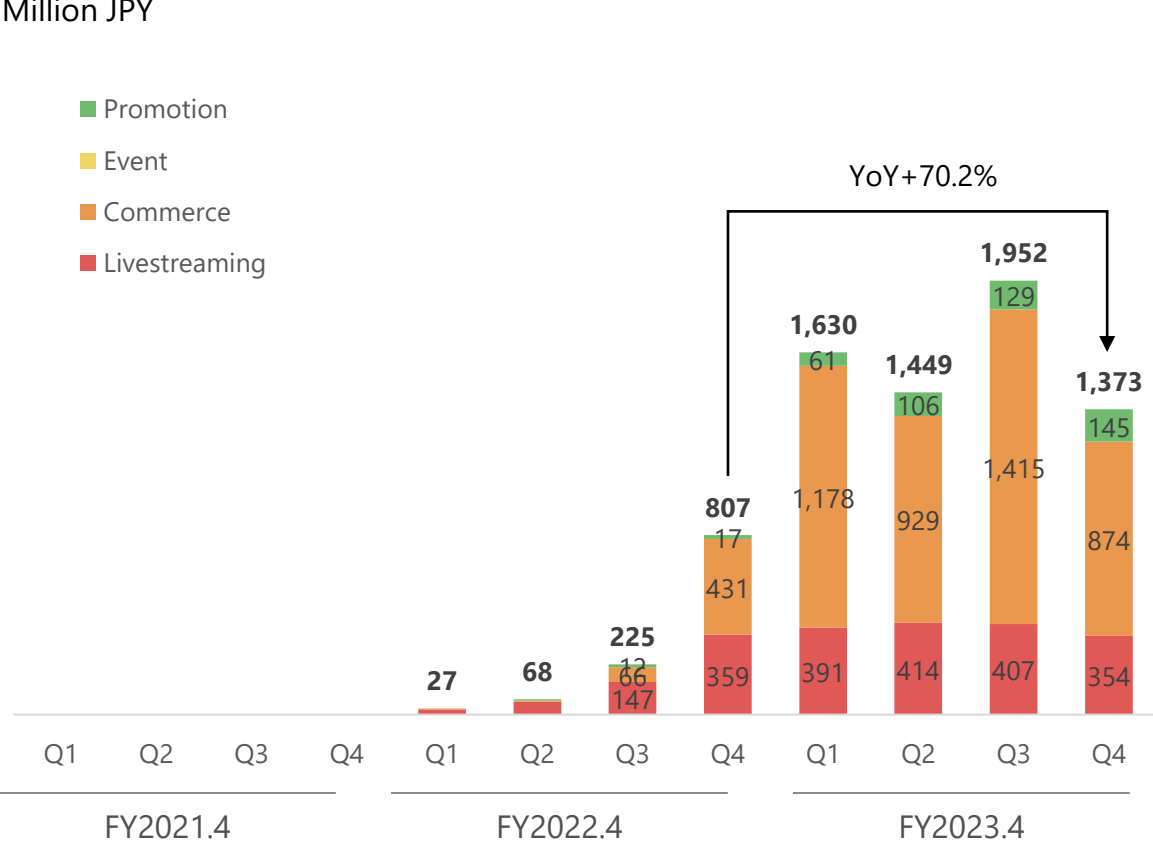
NIJISANJI (JP)

Million JPY



NIJISANJI EN

Million JPY

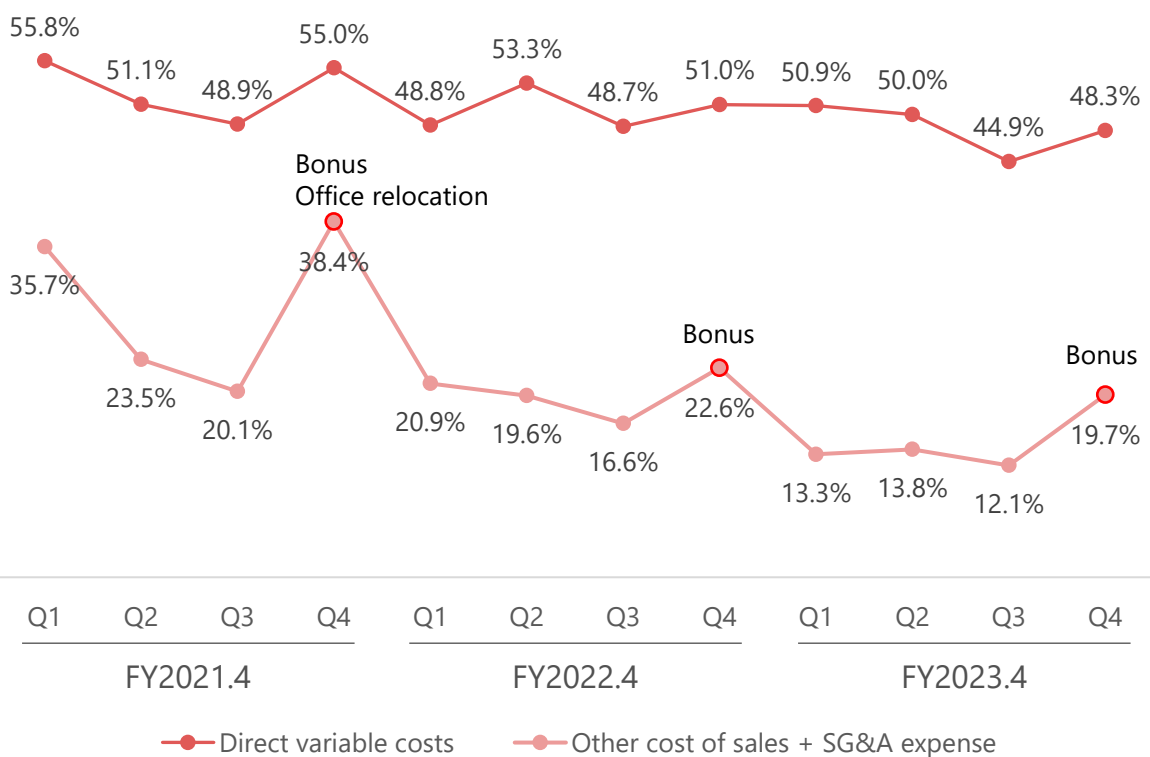


Operating Margin (Quarter)

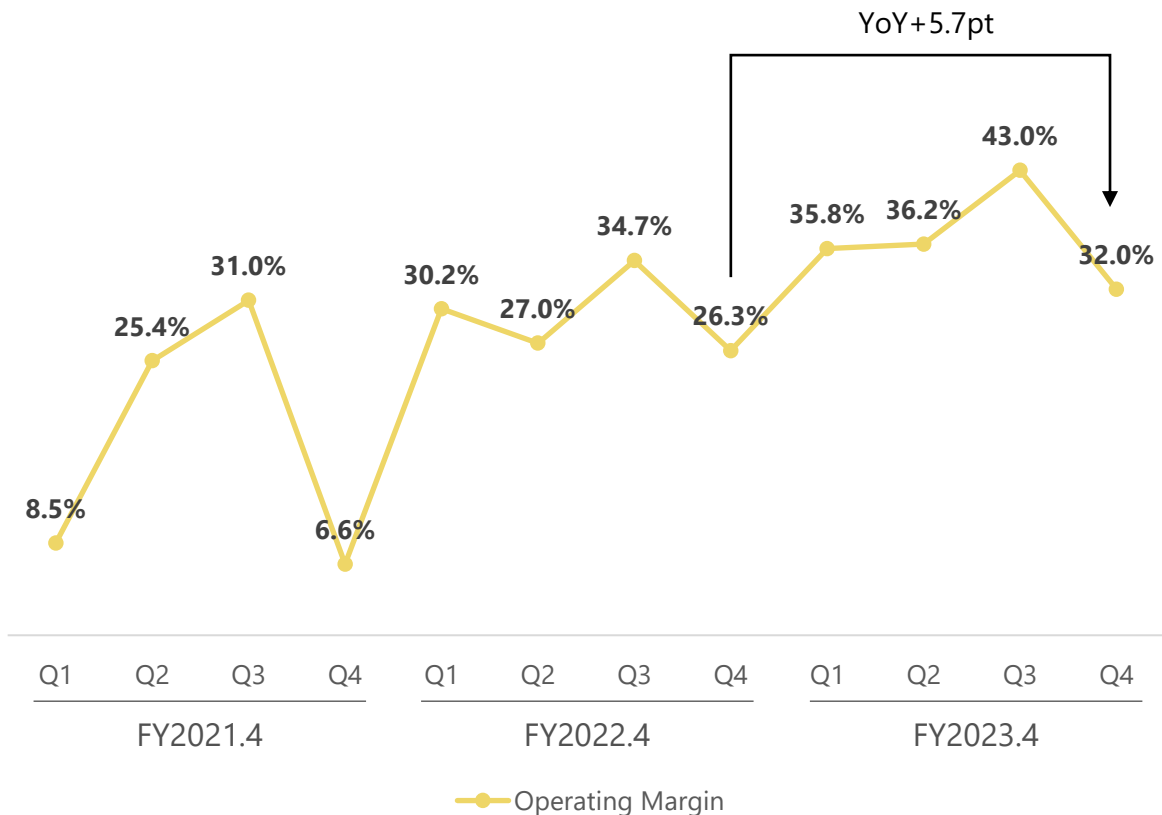


- ✓ Although the ratio of other costs + SG&A expenses increased due to the impact of c.250 million yen in bonuses in the fourth quarter, the operating margin improved YoY

Ratio of direct variable costs and other cost of sales + SG&A expenses



Operating Margin

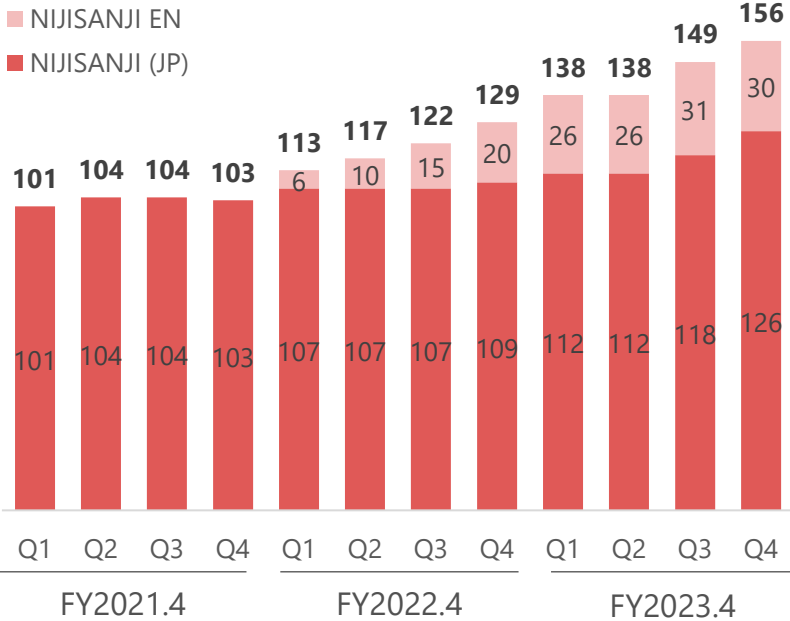


Number of VTuber / YouTube Viewing Time / ANYCOLOR ID



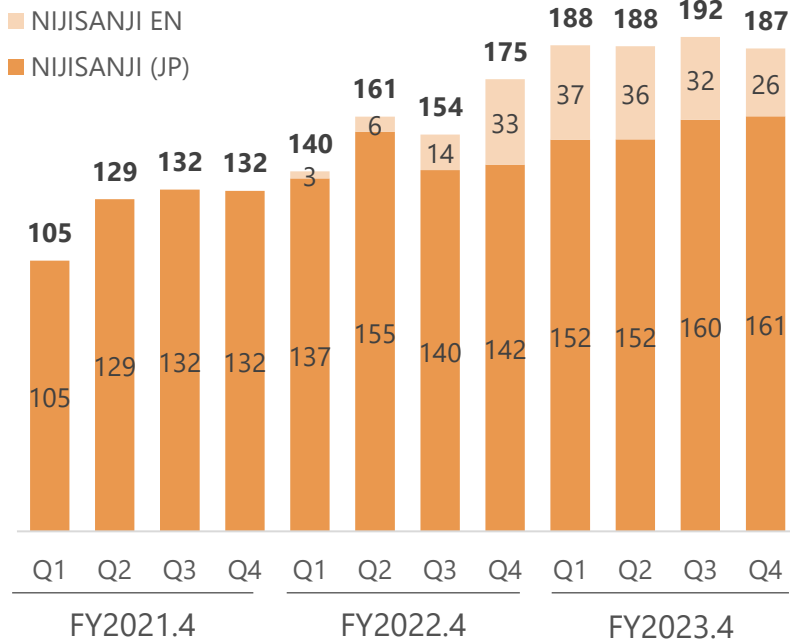
- ✓ In FY2023.4, NIJISANJI (JP) increased by 17 with 20 debuts and 3 graduations; NIJISANJI EN increased by 10 with 12 debuts and 2 graduations
- ✓ YouTube viewing time has weaker relevance to revenue due to the diversification of revenue and the rise of short videos
- ✓ Steady upward trend continues for ANYCOLOR ID

Number of VTuber⁽¹⁾



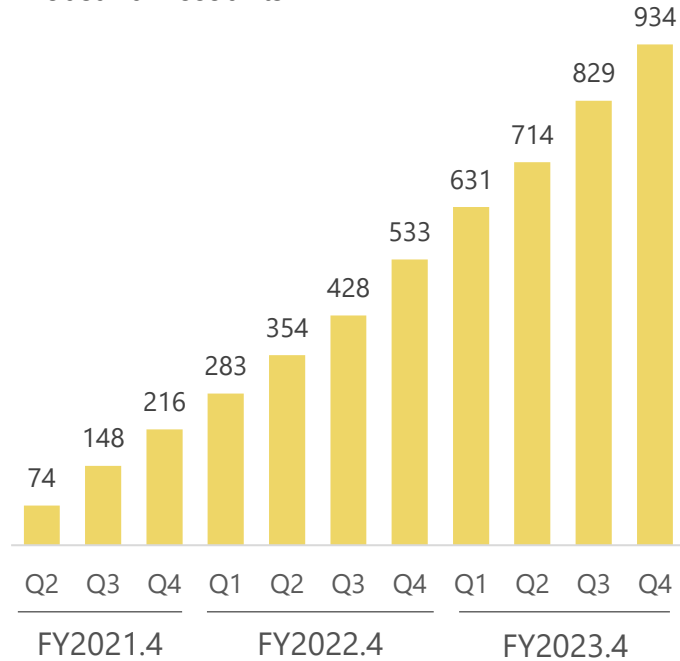
YouTube Viewing Time

Million Hours



ANYCOLOR ID⁽²⁾

Thousand Accounts

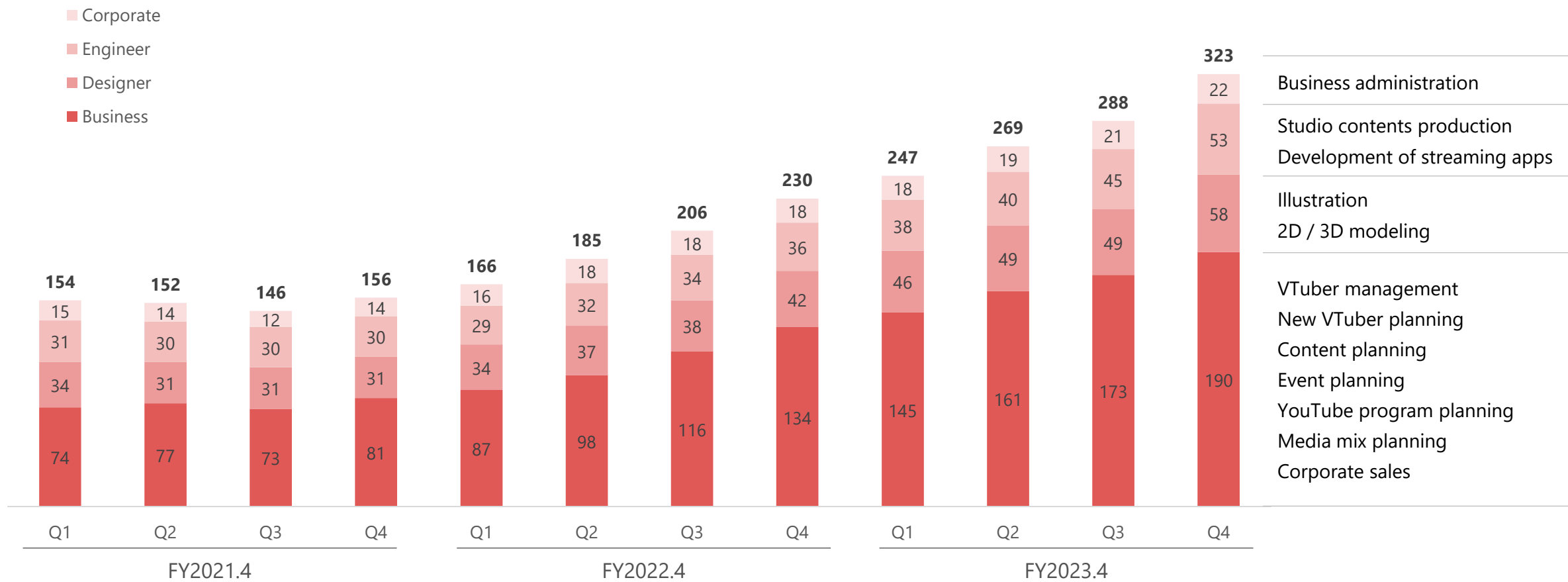


Notes :
1. Although VTuber group "NIJISANJI ID" in Indonesia and VTuber group "NIJISANJI KR" in Korea were merged into VTuber group "NIJISANJI" on April 15, 2022, they are still excluded above for period comparison.
2. ANYCOLOR ID is required when users use NIJISANJI Official Store and NIJISANJI FAN CLUB or purchase event ticket

Number of Employees



✓ Number of employees increased due to the expansion of business scale



Notes
1. Including employees and temporary employees

FY2023.4 New VTubers Debut

ANY
COLOR

- ✓ As for NIJISANJI, the virtual artist audition was held in March 2023, the 5th audition for the Virtual Talent Academy in May, and the 7th audition for NIJISANJI EN was also held in March, and we expect continuous debuts for both NIJISANJI (JP) and NIJISANJI EN

NIJISANJI (20 members debut)



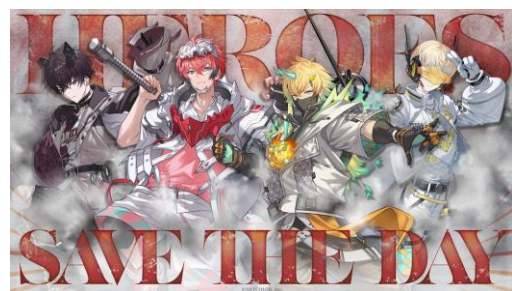
Debut on May 21,
2022



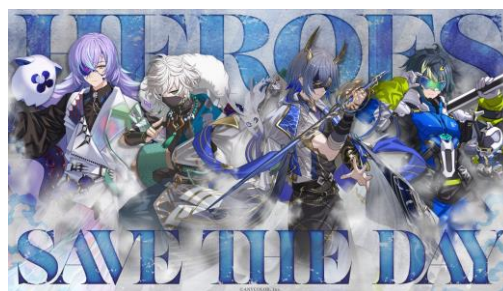
4 members debut on
July 13, 2022



7 VTubers debut on
January 16, 2023



4 members debut on
March 30, 2023



4 members debut on
April 26, 2023

NIJISANJI EN (12 members debut)



6 members debut on July 20, 2022



6 members debut on December 6, 2022

FY2023.4 Major Commerce products released in Q4

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- ✓ Sales of NIJISANJI 5th Anniversary goods were the largest ever, contributing to sales in the current and next quarters.

NIJISANJI



NIJISANJI 5th Anniversary goods



NIJISANJI Tarot



"Kuzuha" birthday event
Scarlet Invitation Blu-ray



NIJISANJI EN Valentine's Day
Goods & Voice 2023



Noctyx 1st Anniversary



Valentine Goods & Voices
2023



White Day Goods & Voices
2023



White Day Gift 2023

FY2023.4 Event

ANY
COLOR

Aim Higher
(at Pia Arena MM on July 27)



NIJISANJI Festival 2022
(at Makuhari Messe on October 1&2)



NIJISANJI Unit Music Festival
(Online on December 29-31)



**"Kanae" 1st Concert
Nornis 1st LIVE**
(at Gran Cube Osaka on March 15-16)



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Financial Forecast for FY2024.4



✓ Timely disclosure will be made in the event of any changes from the current forecast depending on the progress of the business during the period

	FY2024.4 Forecast	FY2023.4 Actual	YoY
Revenue	33.0 Billion JPY	25.3 Billion JPY	+30.2%
Operating Profit Margin	12.7 Billion JPY 38.5%	9.4 Billion JPY 37.1%	+34.9% +1.4pt
Ordinary Profit Margin	12.7 Billion JPY 38.4%	9.4 Billion JPY 37.3%	+34.4% +1.2pt
Net Profit Margin	9.0 Billion JPY 27.3%	6.7 Billion JPY 26.4%	+34.3% +0.8pt
Basic earnings per share	291.29 Yen	221.57 Yen	—

Revenue

- ✓ Continuous new debuts for both NIJISANJI and NIJISANJI EN, and development of existing VTuber units
- ✓ Commerce and promotion business continue to drive growth
- ✓ Both NIJISANJI and NIJISANJI EN focus on expanding their fan base outside of Japan through participation in overseas events and business with overseas companies

Operating Profit

- ✓ Continue to reduce direct variable cost ratio through changes in sales mix and ongoing cost improvements
- ✓ Balancing cost efficiency and the expansion of business scale with investments in organization, technology, new businesses, etc., expect to further improve profitability

Business Highlights

Business Highlights



1 Unique Competitiveness in Virtual World

2 Strong “NIJISANJI” Brand

3 Sustainably Growing Ecosystem Through Content Creation

4 Attractive Financial Model Achieving Both High Growth and High Margin

Company owns VTubers' IP

- ✓ More diversified revenue source
 - Streaming x IP business
 - High Operating Margin
- ✓ VTubers' high retention rate
 - ✓ 97 % retention rate⁽¹⁾
- ✓ VTuber's concept produced by ANYCOLOR
 - Character concept based on trends

Virtual Culture

- ✓ Barriers to new entrants due to inability to leverage real world influence
 - Gaining fans from zero in the virtual world
 - Building relationships with fans through livestreaming
- ✓ Business supported by the passion of fans
 - High BtoC ratio in revenue
 - Need to build a relationship with fans through viewing, not recognition through exposure

注：

1. Number of domestic VTubers as of April 2022 minus those who graduated during the FY23/4, divided by number of domestic VTubers as of April 2022

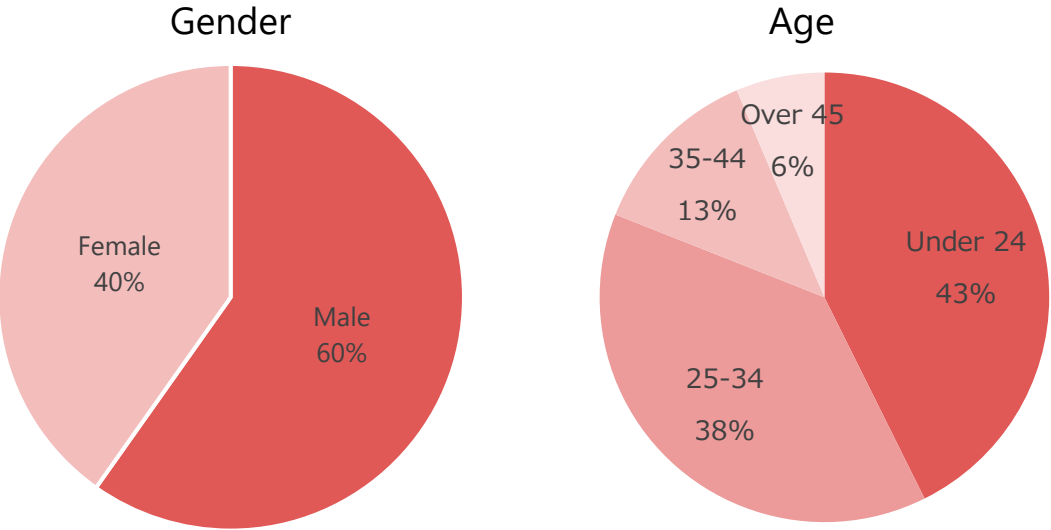
1 Diverse fan base of NIJISANJI



A service supported by a diverse group of fans, mainly from Generation Z, with a well-balanced composition of both age groups and genders

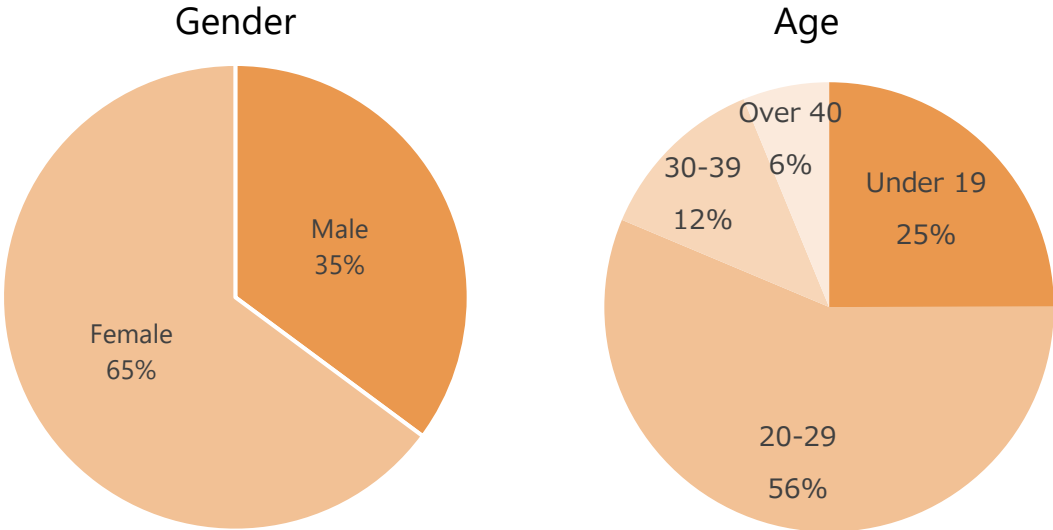
YouTube Viewing Time

FY23/4 YouTube Viewing Time
758 Million Hours

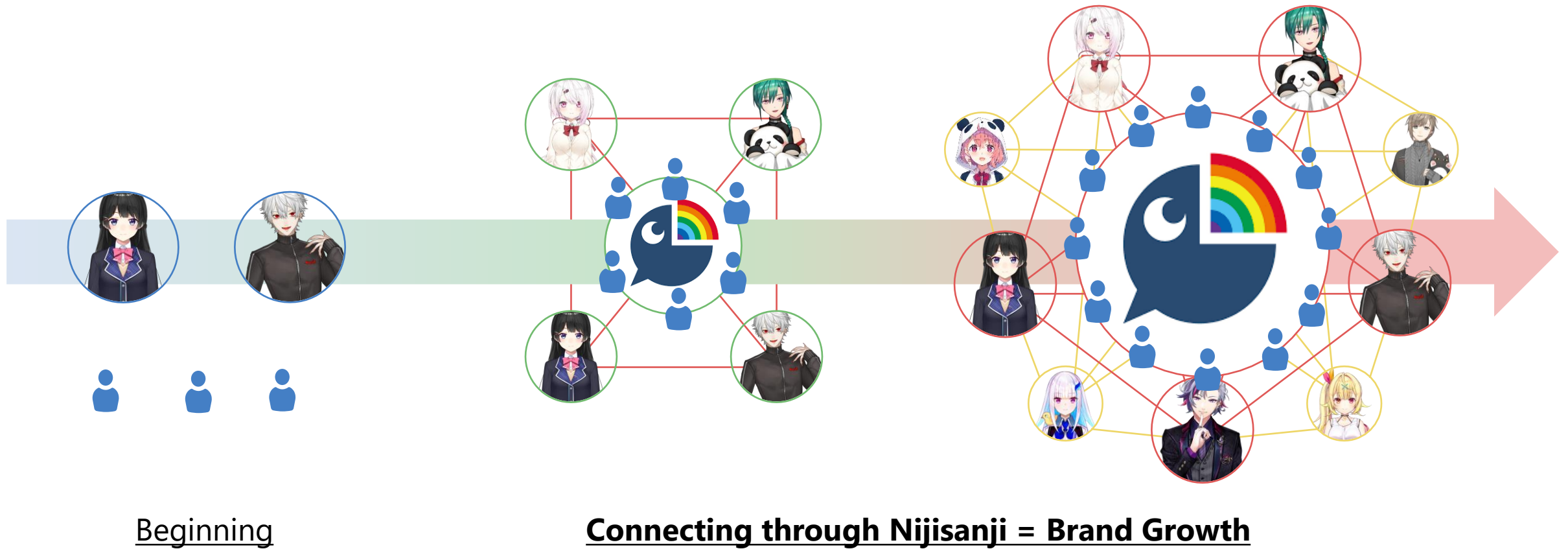


ANYCOLOR ID⁽¹⁾

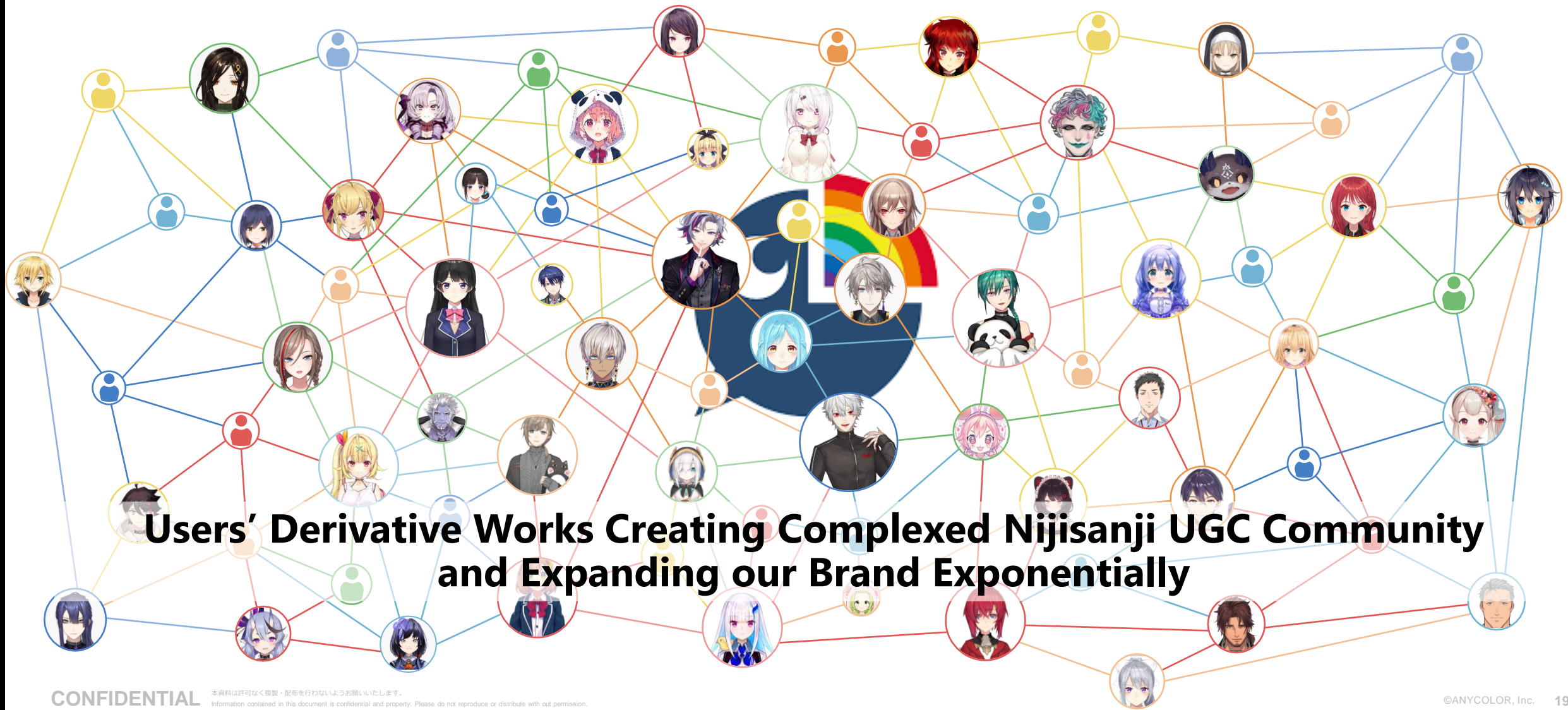
ANYCOLOR ID as of end of April 2023
934 thousand accounts



Notes :
1. ANYCOLOR ID is required when users use NIJISANJI Official Store and NIJISANJI FAN CLUB or purchase event ticket



2 Building Complexed NIJISANJI Community



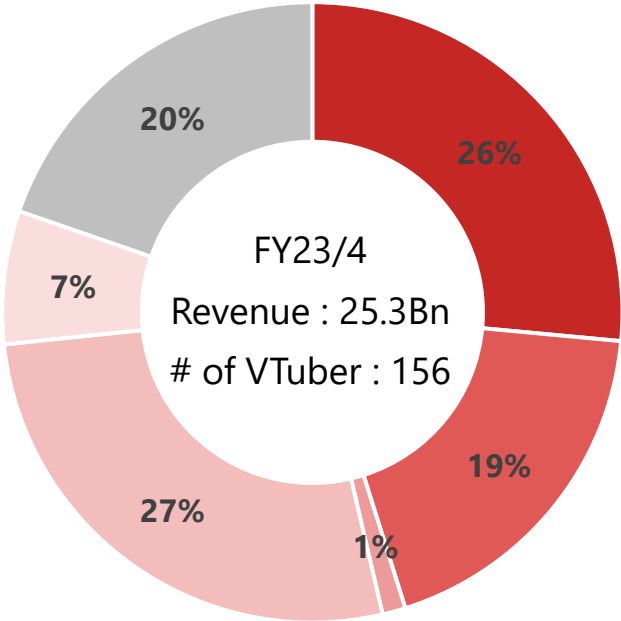
Users' Derivative Works Creating Complexed Nijisanji UGC Community and Expanding our Brand Exponentially

2 Stable Business Base with a Diversified Contribution



Revenue contribution by debut year⁽¹⁾

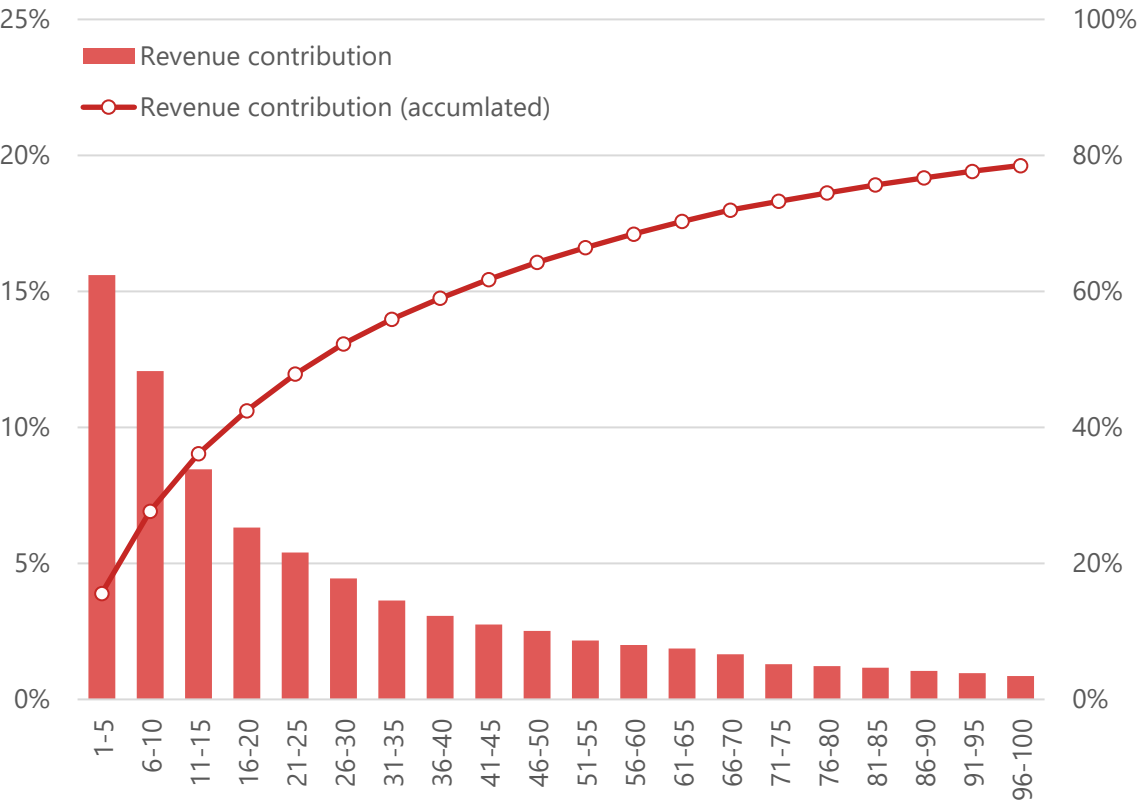
FY23/4 revenue



Debut before FY19/4 (61 VTubers)	Debut in FY20/4 (32 VTubers)	Debut in FY21/4 (6 VTubers)
Debut in FY22/4 (26 VTubers)	Debut in FY23/4 (31 VTubers)	Other

Revenue contribution per VTuber (Top 100 VTuber)⁽¹⁾

FY23/4 revenue



Notes:

1. Revenue prorated to each VTuber for YouTube, Official Store, Booth, Shopify, other wholesale sales, and promotion for FY2023.4. Other amount include the revenues that cannot be prorated to individual VTubers, event revenues, and revenues from VTubers active in Indonesia and South Korea.

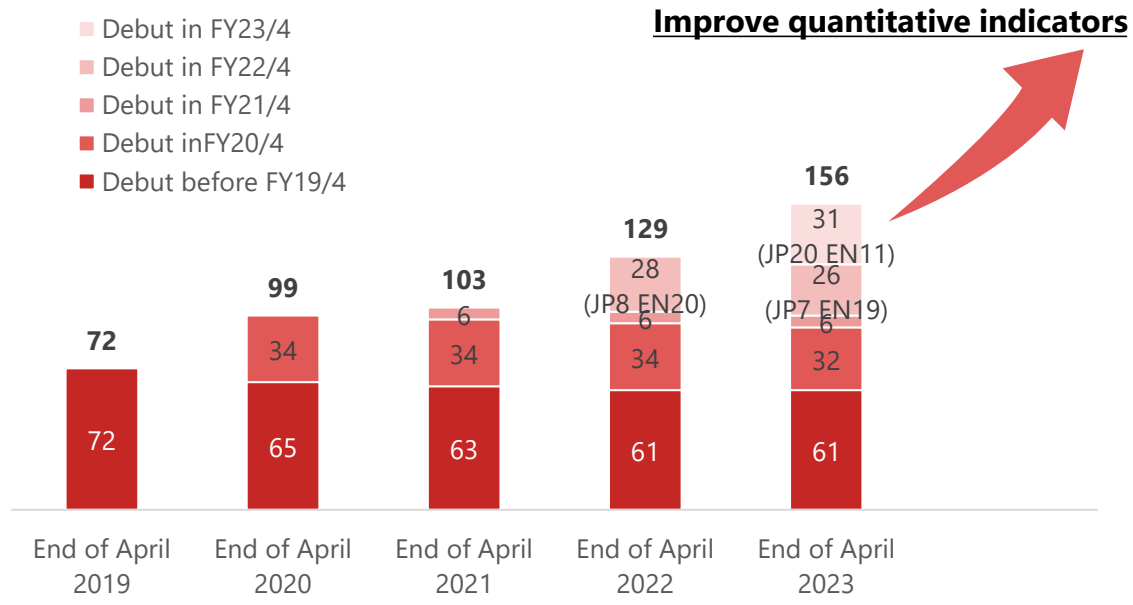
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3 Sustainably Growing Ecosystem Through Content Creation

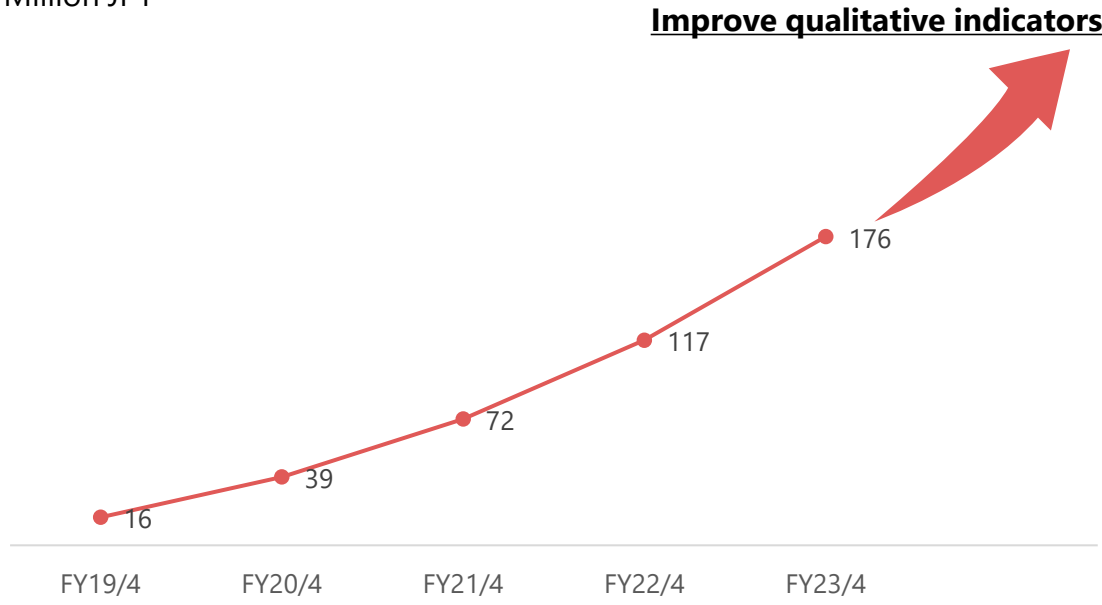


Number of VTuber



Revenue per VTuber⁽¹⁾

Million JPY



Approaches to improve the quantity and quality

VTuber Unit program to expand revenue opportunity

Virtual Talent Academy (VTA)

Various content production

Notes:
1. Calculated by dividing revenue of NIJISANJI (JP) and NIJISANJI EN by the average number of active VTubers during the period.

VTuber Unit program to expand revenue opportunity

Forming a unit with multiple VTubers to create unit contents such as music, programs, events, merchandise, etc.

- ✓ Efficient approach since multiple VTubers can debut at the same time
- ✓ Expand new fan base and revenue opportunities by targeting each unit

Unit example : ROF-MAO

Music Contents



Expansion of recognition through increase of touch point



Video Contents



Expansion of viewers and fans through increase of time spent for VTuber



Merchandise etc.



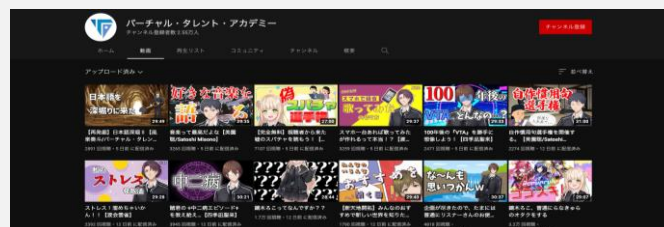
Enhancement of fan engagement through various contents

3 Virtual Talent Academy (VTA)



Debut as a NIJISANJI VTuber after training period such as singing, acting, dancing, and contents planning, as well as mindset of a streamer

✓ System that can stably produce VTubers who can be active in the mid- to long-term through training and lessons



Since its establishment in June 2021, auditions have been held regularly to secure future NIJISANJI VTuber candidates

- June 2021: 1st VTA audition
- November 2021: 2nd VTA audition
- March 2022: Additional 2nd VTA audition
- June 2022: 3rd VTA audition
- October 2022: Additional 3rd VTA audition
- November 2022: 4th VTA audition
- March 2023: 1st Virtual Artist audition
- May 2023: 5th VTA audition

3 Various content production

ANY
COLOR

Focus on expanding opportunities for VTubers to be active in various ways in addition to their usual distribution and content sales

- ✓ Expand fan base and revenue opportunities by leveraging the characteristics as a celebrity and influencer
- ✓ Expand fan base and revenue opportunities by leveraging IP and character

Expansion of content utilizing NIJISANJI VTubers

VTuber x Game
(Licence out)



VTuber x Music
(Single CD project)

FOCUS [O] N
-NIJISANJI SINGLE COLLECTION-

VTuber x Tournament
(30+ corporate sponsors)



VTuber x Promotion
(Attract visitors to parks)



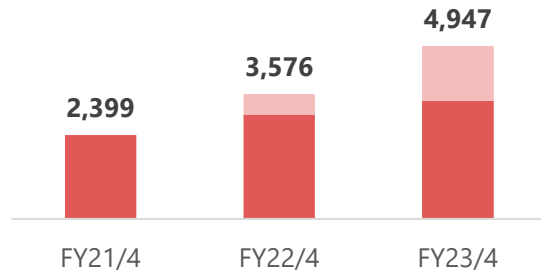
VTuber x Media
(Novel, Comic)



Live Streaming Revenue

Million JPY

■ NIJISANJI EN
■ NIJISANJI (JP)



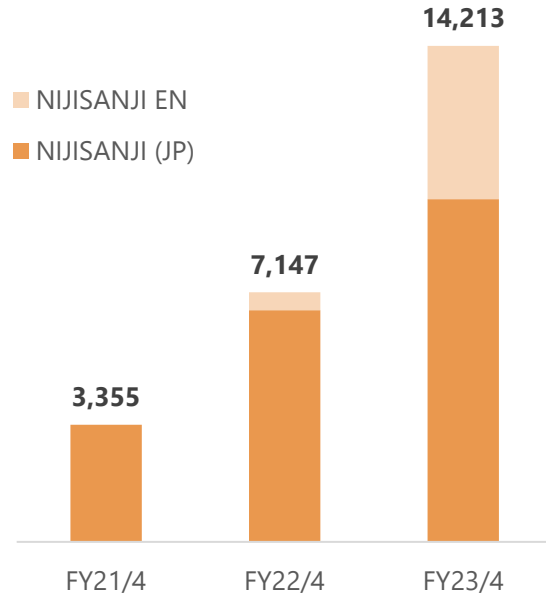
Major Cost Items

- Revenue share with VTubers
- Platform fee

Commerce Revenue

Million JPY

■ NIJISANJI EN
■ NIJISANJI (JP)



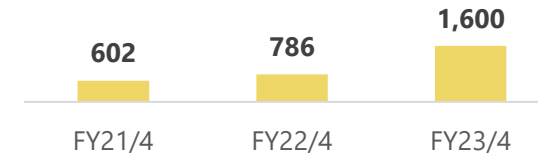
Major Cost Items

- Revenue share with VTubers
- Platform fee
- Contents(merchandise) related costs

Event Revenue

Million JPY

■ NIJISANJI EN
■ NIJISANJI (JP)



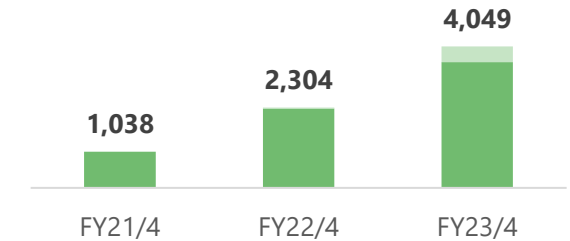
Major Cost Items

- Revenue share with VTubers
- Platform fee
- Event related costs

Promotion Revenue

Million JPY

■ NIJISANJI EN
■ NIJISANJI (JP)



Major Cost Items

- Revenue share with VTubers

4 Attractive Profitability Model

Historical Operating Margin

Million JPY

	FY21/4	FY22/4	FY23/4
Revenue	7,636	14,164	25,342
Cost of Sales	4,700	8,180	13,762
Direct Variable Costs	3,993	7,155	12,240
% of Revenue	52.3%	50.5%	48.3%
Other cost of sales	706	1,025	1,521
% of Revenue	9.3%	7.2%	6.0%
Gross Profit	2,936	5,984	11,580
Margin	38.5%	42.2%	45.7%
SG&A	1,484	1,793	2,170
% of Revenue	19.4%	12.7%	8.6%
Operating Profit	1,452	4,191	9,410
Margin	19.0%	29.6%	37.1%

- Includes cost items shown in previous page
- **Gross margin improvement through service mix changes**

- Includes expenses that are not proportional to sales growth, such as labor costs and office rent

- **Operating margin improvement through operating leverage**

Company Overview

A NEW MAGICAL EXPERIENCE. NEXT ENTERTAINMENT FACTORY

We use technology to **change entertainment**. We will continue to deliver **more free, more diverse and more detailed content**. We aim to deliver a magical new experience to the world.

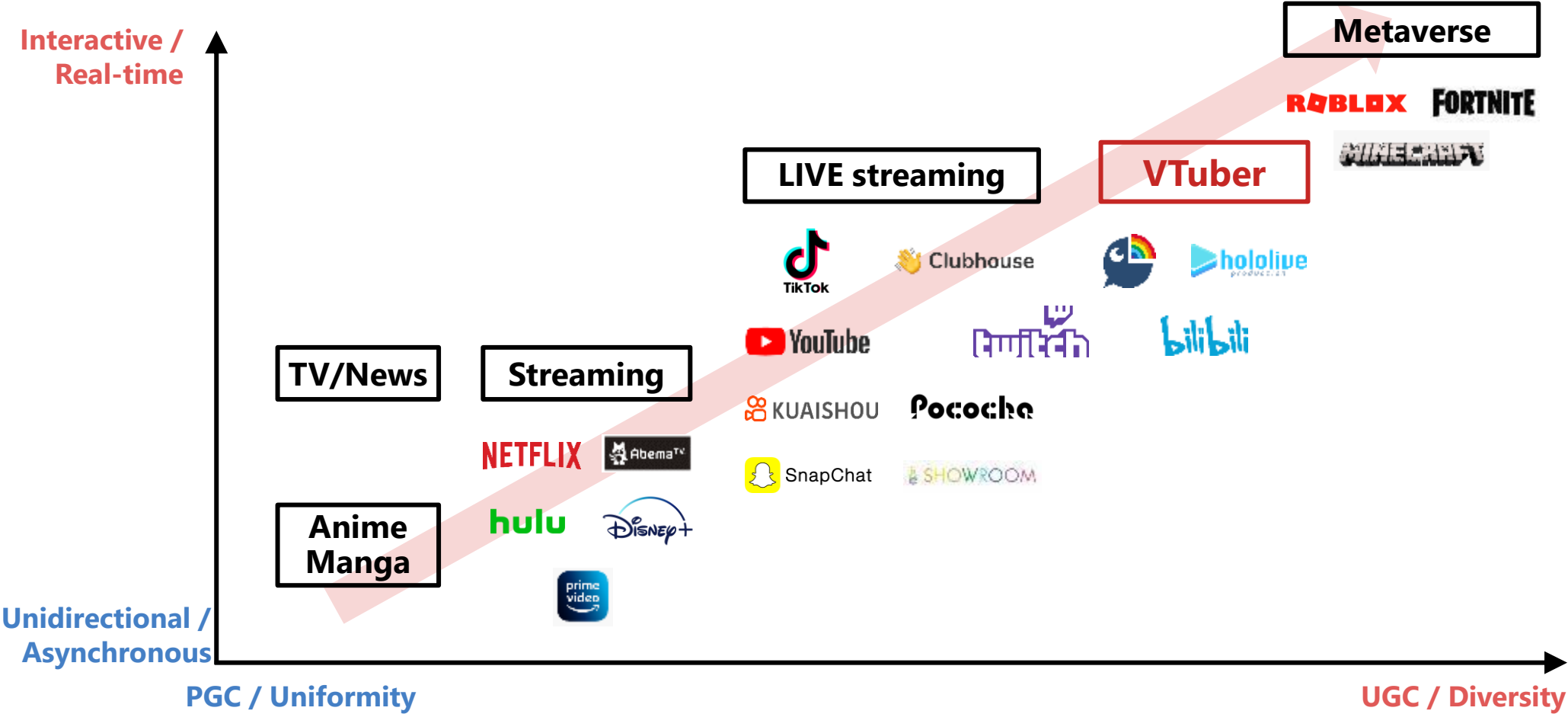
What follows is a new **"Entertainment Economic Zone"**.

The way people live and work will change dramatically in the near future.

The time has come to devote time to something more creative. At the same time, this is an age when **there is no barrier between users and creators**. A new cycle of consumption and creativity will accelerate the "Entertainment Economic Zone".

We will influence the daily lives of people around the world as an instigator of this new era.

Paradigm Shift in the Media Industry



Who is VTuber (Virtual YouTuber)?

ANY
COLOR

Character

Not Anime
Character

- ✓ More "human touch" than anime, leveraging motion capture technology
- ✓ Interactive communication through live streaming

Streamer

Not Idol

- ✓ Performs whatever you want in virtual world
- ✓ Excludes risks/ scandals related to personal

VTuber

Not
YouTuber

- ✓ Diverse and deeper background story of virtual character
- ✓ Develops business into commerce and tie-up ads as IP character



Celebrities & Influencers In Virtual World/METaverse

ANY
COLOR



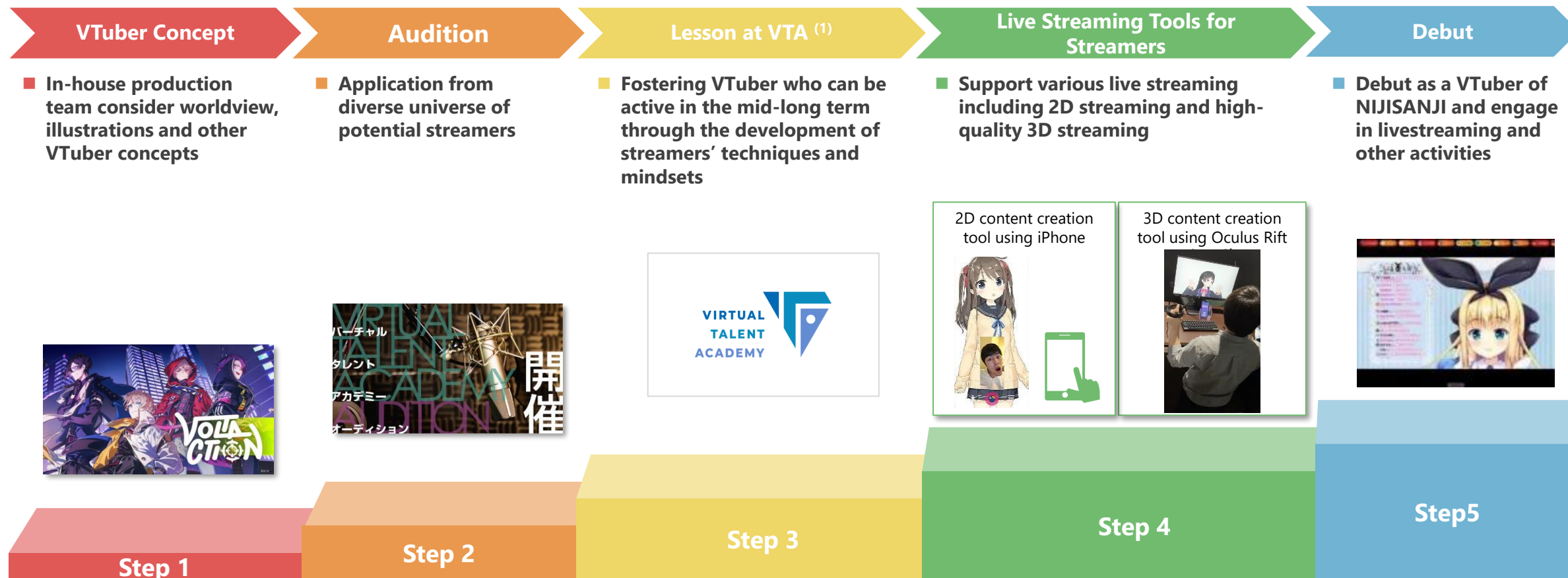
Building a Unique Ecosystem Leveraging Brand Power in a Virtual World

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Our Comprehensive Support System for VTuber

ANY
COLOR



Responsible party:

ANY
COLOR

Notes:

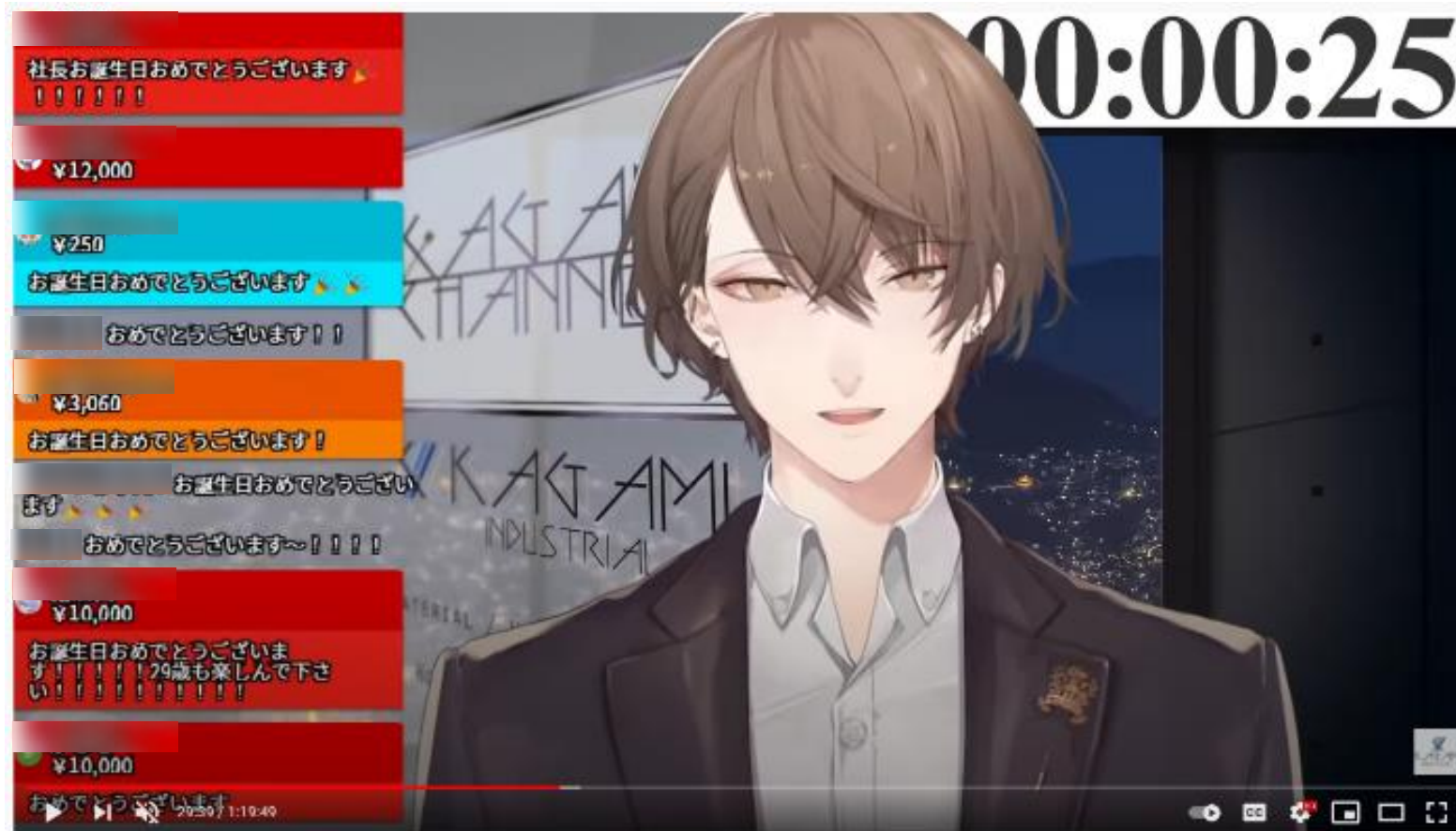
1. At this time, only NIJISANJI (Japan) is implementing the program.

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VTubers

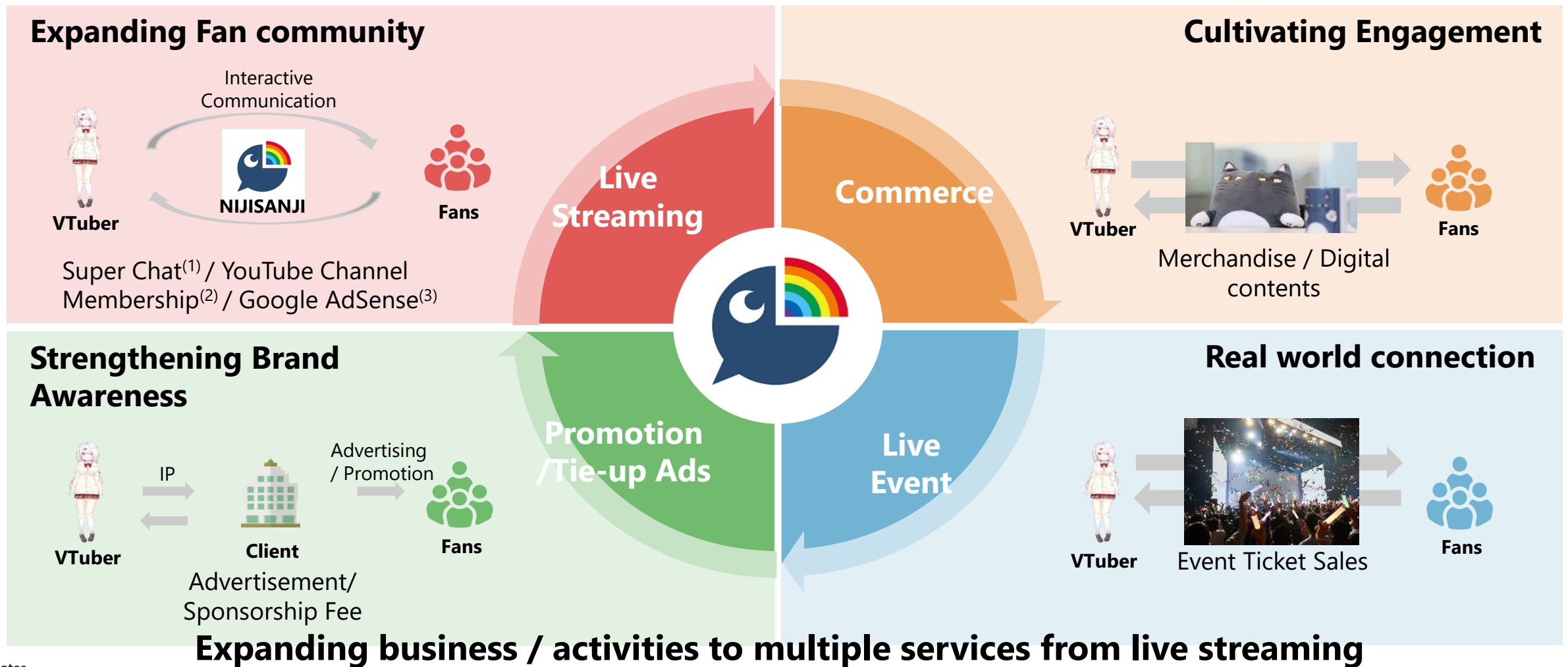
Strong User Stickiness with Sense of Belonging



- ✓ Daily livestreaming by each VTuber on mainly YouTube platform
- ✓ Deliver brand new interactive and real-time communication experience with VTuber
- ✓ Through communication with VTuber, build strong engagement with fans

NIJISANJI Unique Entertainment Ecosystem

ANY
COLOR



Notes

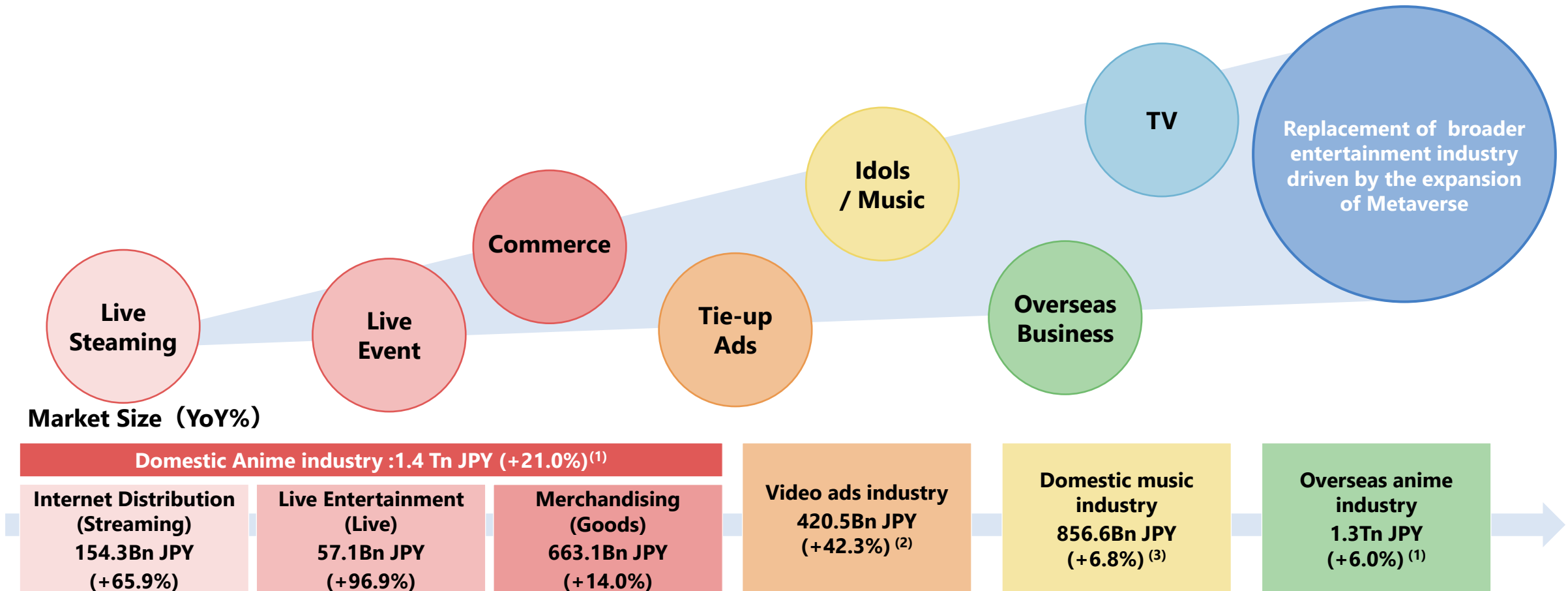
1. Super Chat is one of the features provided on YouTube live streams, which allows fans (viewers) to pay to pin their highlighted message in the chat stream so message stands out from the crowd to get Vtuber(streamer)'s attention
2. YouTube Channel Memberships are monthly subscriptions which allow users to pay for subscriptions to channels, allowing users to receive members-only features, such as access to exclusive videos, and benefits only available to subscribers
3. Revenue comes from receiving a portion of YouTube ads revenue which Google LLC received

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TAM Potential Driven by Expansion of VTuber Activities

ANY
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Source: Anime Industry Report 2022 Summary, The Association of Japanese Animations, Cyberagent, Digital Content Association of Japan,

Notes:

1. Anime industry includes each end-user revenue in 2021 for "TV", "Movie", "Video", "Internet Distribution", "Merchandising", "Music", "Overseas", "Internet Distribution", "Live Entertainment"
2. Video ads industry TAM was calculated by using the annual advertising costs of video ads in 2021 (Calculation was done by going through interviews with video ads industry-related operators, public information, data which is owned by the researching party and Digital InFact, Inc. and market size refers to ad expenses spent by advertisers)
3. Domestic music industry includes revenue for "Packaged software", "Network streaming", "Streaming for feature phone", "Karaoke", "Concert entrance", "Radio and related service" in 2021

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Appendix

Income Statement



Million JPY	FY2021.4	FY2022.4	FY2023.4
Revenue	7,636	14,164	25,342
YoY Growth	119.5%	85.5%	78.9%
Cost of Sales	4,700	8,180	13,762
% of Revenue	61.5%	57.8%	54.3%
Direct variable costs ⁽¹⁾	3,993	7,155	12,240
% of Revenue	52.3%	50.5%	48.3%
Other cost of sales ⁽²⁾	706	1,025	1,521
% of Revenue	9.3%	7.2%	6.0%
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Margin	38.5%	42.2%	45.7%
SG&A	1,484	1,793	2,170
% of Revenue	19.4%	12.7%	8.6%
Operating Profit	1,452	4,191	9,410
Margin	19.0%	29.6%	37.1%
Ordinary Profit	1,451	4,149	9,448
Margin	19.0%	29.3%	37.3%
Profit Before Tax	1,261	3,999	9,448
Margin	16.5%	28.2%	37.3%
Net Income	937	2,793	6,699
Margin	12.3%	19.7%	26.4%

Notes:

1. Includes fees paid to VTuber, various platform fee, and cost of merchandise and event related sales

2. Employee costs, office rent, outsourcing, and other expenses accounted for cost of sales

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Balance Sheet



Balance Sheet

Million JPY	FY2021.4	FY2022.4	FY2023.4
Current Assets	5,671	8,498	17,572
Cash and Deposits	3,628	5,861	12,483
Accounts Receivables	1,395	2,070	3,578
Non-Current Assets	1,009	856	901
Total Assets	6,680	9,353	18,474
Current Liabilities	2,584	2,724	5,059
Debt	443	247	159
Non-Current Liabilities	570	310	156
Debt	570	310	156
Total Liabilities	3,155	3,035	5,215
Net Assets	3,526	6,319	13,259

Cash Flow

Million JPY	FY2021.4	FY2022.4	FY2023.4
Cash flow from operating activities	1,350	2,718	6,723
Cash flow from investing activities	(758)	(35)	(103)
Cash flow from financing activities	544	(456)	0
Net change in cash and cash equivalents	1,137	2,232	6,623
Cash and cash equivalents at beginning of period	2,492	3,628	5,861
Cash and cash equivalents at end of period	3,628	5,861	12,483

Disclaimer



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