

Securities report for initial listing application

(Part I)

Cover Co., Ltd.

ÿcoverÿ

ÿDocuments to be submittedÿ

Securities report for initial listing application (part I)

[Submit to]

Tokyo Stock Exchange, Inc.

Hiroki Yamamichi, President and Representative Director

ÿFiling dateÿ

February 17, 2023

ÿCompany Nameÿ

Cover Co., Ltd.

[English translation name]

COVER Corporation

[Representative's title and name]

Representative Director and President Motoaki Tanigo

[Location of head office]

1-7-17 Shiba, Minato-ku, Tokyo

Sumitomo Fudosan Shiba Building No. 3 B1F

(The above is the registered head office location, and the actual business is performed at the following location.

I'm here. We are planning to move to the new building in June 2023.)

ÿtelephone numberÿ

03-6280-4036 (representative)

[Name of contact person]

Executive Officer General Manager of Corporate Planning Office Yosuke Kaneko

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03-6280-4036 (representative)

[Name of contact person]

Executive Officer General Manager of Corporate Planning Office Yosuke Kaneko

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Part 1 [Company Information]

Part 1 [Overview of the company]

1 [Changes in major management indicators, etc.]

times		2nd period	3rd term	4th period	5th term	6th period
Accounting date		March 2018	March 2019	March 2020	March 2021	March 2022
amount of sales	(thousand yen)	3,703	136,862	1,479,001	5,724,794	13,663,728
Ordinary income or ordinary loss	(thousand yen)	¥20,227	¥62,437	243,344	1,705,571	1,853,978
(¥) Net income or net loss (¥) Equity in earnings	(thousand yen)	¥20,407	¥62,712	176,133	1,220,751	1,244,465
of affiliates	(thousand yen)					
capital	(thousand yen)	21,996	121,994	171,991	452,808	452,808
Total number of issued shares Common stock Class A preferred stock Class B preferred stock	(KK)	348,800	348,800	112,992	348,800	348,800
				112,992	112,992	112,992
				20,320	134,450	134,450
net worth	(thousand yen)	13,367	150,650	426,778	2,212,983	3,457,448
total assets	(thousand yen)	17,063	191,072	767,647	3,516,170	8,238,121
Net assets per share	(circle)	38.32	¥106.86	262.98	38.63	74.31
Dividend per share (interim dividend per share) Net income or net loss per share (¥) Diluted net income per share	(circle)	(¥)	(¥)	(¥)	(¥)	(¥)
	(circle)	¥58.51	¥138.59	375.73	20.47	20.87
	(circle)					
Capital adequacy ratio	(%)	78.3	78.8	55.6	62.8	41.9
return on equity	(%)			138.9	90.6	48.0
price earnings ratio	(times)					
payout ratio	(%)					
Cash flows from operating activities	(thousand yen)				— 1,419,291	3,537,470
Cash flows from investing activities	(thousand yen)				¥ ¥402,594	¥793,940
Cash flows from financing activities	(thousand yen)				¥ 526,881	
Cash and cash equivalents at the end of the period	(thousand yen)				¥ 1,899,415	4,644,695
Number of employees (outside, average number of temporary workers)	(given name)	3	26	69	142	303
		(1)	(7)	(17)	(twenty two)	(60)

(Note) 1. As the Company does not prepare consolidated financial statements, changes in major management indicators, etc. for the consolidated fiscal year are not described.

2. Investment income when the equity method is applied is not stated because it is only for non-consolidated subsidiaries with little materiality. not.
3. Dividends per share and dividend payout ratio are not stated because we do not pay dividends. 4. Diluted net income per share for the 4th to 6th fiscal periods is as follows and 3rd fiscal period are not stated because of net loss per share. 5. Return on equity for the 2nd and 3rd fiscal periods is not stated due to the net loss. 6. As the Company's shares are unlisted, the price-earnings ratio is not stated. 7. The Company has not prepared cash flow statements for the 2nd, 3rd and 4th fiscal periods.

Items related to cash flow are not listed.

8. The number of employees is the number of employed persons (regular employees and contract employees), and the number of temporary employees (part-timers, dispatched from human resource companies) Including employees.) indicates the annual average number of employees in parentheses.

9. The financial statements for the 5th and 6th fiscal years were prepared in accordance with the "Regulations Concerning Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963). In accordance with the provisions of Article 216, Paragraph 6 of the Securities Listing Regulations, and in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, Taiyo LLC has been audited. For the 2nd to 4th fiscal periods, figures calculated based on the provisions of the "Company Accounting Regulations" (Ministry of Justice Ordinance No. 13, 2006) are shown. In addition, each of these figures was audited by Taiyo LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act in accordance with the provisions of Article 216, Paragraph 6 of the Tokyo Stock Exchange, Inc. have not received Ten. In accordance with the resolution of the Board of Directors meeting held on November 18, 2022, the Company will conduct a 100-for-1 stock split of its common stock on December 14, 2022. Therefore, net assets per share and net income per share are calculated on the assumption that the stock split was conducted at the beginning of the 5th term.

11. On December 14, 2022, we will conduct a 100-for-1 common stock split.

Therefore, a notice to underwriters of the Tokyo Stock Exchange Regulation "Points to Note in Preparing ``Securities Report for Initial Listing Application (Part I)" (August 21, 2012, TSE Based on the Supreme Court No. 133), the trends in the index per share calculated assuming that the stock split was conducted at the beginning of the second fiscal year are shown below for reference. The figures for the 2nd to 4th fiscal periods (all figures for dividends per share) have not been audited by Taiyo LLC.

times	2nd period	3rd term	4th period	5th term	6th period
Accounting date	March 2018	March 2019	March 2020	March 2021	March 2022
Net assets per share (circle)	0.38	-1.07	2.63	38.63	74.31
Net income or loss per share (ÿ)					
Diluted net income per share (circle)	ÿ0.59	-1.39	3.76	20.47	20.87
Dividend per share (interim dividend per share) (circle)					
(circle)	(ÿ)	(ÿ)	(ÿ)	(ÿ)	(ÿ)

12. Based on the resolution of the Board of Directors meeting held on November 18, 2022, on December 5, 2022, all Class A Preferred Stock and Class B Preferred Stock will be acquired as treasury stock, and Class A Preferred Stock and Class B Preferred Stock will be acquired as consideration. One share of common stock is issued for each share of common stock. In accordance with the resolution of the Board of Directors meeting held on November 18, 2022 pursuant to Article 178 of the Companies Act, all of the class shares were canceled on December 5, 2022. At the Extraordinary General Meeting of Shareholders held on December 13, 2022, we abolished the Articles of Incorporation to the effect that class shares will be issued.

13. The amount of net assets per share is calculated after deducting the paid-in amount for preferred stock. 14. "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan No. 29, March 31, 2020) has been applied since the beginning of the 6th term. It is an index, etc. after applying the standards, etc.

2 [History]

year and month	overview
June 2016	Established Cover Co., Ltd. in Shinkawa, Chuo-ku, Tokyo with capital of 19 million yen
February 2017	Release of VR (Note 1) table tennis game "Ping Pong League"
September 2017	VTuber (Note 2) Idol "Toki no Sora" activity started
June 2018	Launch of female VTuber group "hololive"
June 2018	Moved head office to Shinkawa, Chuo-ku, Tokyo
May 2019	Launch of male VTuber group "HOLOSTARS"
July 2019	Moved head office to Uchikanda, Chiyoda-ku, Tokyo
April 2020	Started activities of the female VTuber group "hololive Indonesia" in Indonesia
June 2020	Moved head office to Kanda Tacho, Chiyoda-ku, Tokyo
September 2020	Start of activities for female VTuber group "hololive English" in English-speaking countries
February 2021	Media mix (Note 3) project "Holo Live Alternative" started
March 2021	Headquarters relocated to Sotokanda, Chiyoda-ku, Tokyo
September 2021	Started operation of the official online shop "hololive production OFFICIAL SHOP"
June 2022	Started activities of the male VTuber group "HOLOSTARS English" in the English-speaking world
November 2022	Beta version of the permanent lobby space of the Metaverse service "Holo Earth" is released.

(Note) 1. VR is an abbreviation for Virtual Reality, which is a virtual world created by a computer that can be used as if it were the real world.

It is a technology that can be experienced like the world.

2. VTuber is an animation that uses motion capture mainly on video distribution platforms such as YouTube.

It is a virtual entertainer who works with Merck Avatar. 3. Media mix is the multifaceted development of the

original IP (Intellectual Property) in multiple media such as manga and animation. For example, "Hololive Alternative" has developed a manga work

"Holoearth Chronicles Side: E Yamato Shinso Kaiitan" on the manga app "Manga UP!" provided by Square Enix, and animation on YouTube. We

are also developing content.

3 [Contents of business]

(1) Corporate Mission

Our corporate mission is "Let's create culture that the world loves." By creating an entertainment culture that originated in Japan and disseminating it to users all over the world, we aim to increase the opportunities for creators involved in culture such as anime and games, which are Japan's unique strengths. .

According to the Statistics Bureau of the Ministry of Internal Affairs and Communications, as of December 2022, the total population of Japan is approximately 124.84 million, and has continued to decline since peaking in 2008. While the domestic market is expected to shrink gradually, Japan's proud animation and game-related industries continue to grow, driven by overseas markets. , and the game content market has expanded to approximately 21.9 trillion yen (Note 2). By using the latest technologies such as AR (Note 3) and live streaming (Note 4) to spread Japanese entertainment culture to the world, we will support the activities of creators and the further development of Japanese culture. We aim to

(Note) 1. Anime-related market size in 2021 (Source: Japan Animation Association "Anime Industry Report 2022")

2. Size of the game content market in 2021 (Source: Kadokawa ASCII Research Institute, Inc. "Famitsu Game White Paper 2022")

3. AR is an abbreviation for Augmented Reality, and is a technology that enhances human perception of reality by adding information created by digital synthesis, etc., to information that is perceived as it is. For example, in the AR application "Holory" provided by our company, you can shoot photos and videos by projecting 3D images of VTubers in real space. 4. Live streaming is the delivery of audio and video in real time over the Internet.

(2) Service overview

We are a virtualization company that operates using motion capture technology (Note 5) and anime-look avatars (Note 6).

We develop the character IP of the entertainer "VTuber" and operate the VTuber production "hololive production" (hereinafter referred to as "hololive production").

Our VTubers use distribution applications and anime look avatars developed by our company to create videos centered on YouTube. We mainly conduct live distribution such as game commentary and singing on the video distribution platform. In live streaming, User memberships (Note 7) and Super Chat (Note 8) are the main sources of revenue.

We develop character IP in collaboration with major creators in Japan, and our high-quality character and avatar models have won the support of many fans. Live distribution using VTuber avatars gives viewers a strong sense of closeness to creators' creations, and brings new entertainment experiences that have never been seen in anime before.

The character IP rights of the affiliated VTubers belong to our company, enabling various commerce developments such as merchandising and licensing business based on IP. Along with the growing influence of VTuber IP, the scale of commerce development is also expanding, and as of the fiscal year ending March 31, 2022, annual revenue per enrolled VTuber has grown to approximately 200 million yen (Note 9).

As of the end of December 2022, Hololive Production has 71 VTubers (by language region, 48 from Japan, 9 from Indonesia, and 14 from English-speaking countries), of which 31 are YouTube channel subscribers. A wide range of products, including over 1 million registrations I am aware that I am receiving support. In addition, the total number of YouTube channel registrations of VTubers belonging to Hololive Production has exceeded 72 million (Note 10), and many VTubers with the highest number of registrations belong to the VTubers with the highest number of registrations in Japan, North America, and Southeast Asia. (Note 11).

More than 1,500 live distribution contents by VTuber belonging to Hololive Production are posted on YouTube every month. and other video distribution platforms, and as of the end of December 2022, the cumulative number of video content posts, including archives (distribution based on storage records), will reach 63,000. Viewers can enjoy interactive and immersive live entertainment through comments for VTubers in live distribution.

VTuber IP is compared to character IP for contents such as TV animation and games, which require a long period of time and a large amount of cost to launch. As a result, it is considered to have the advantage of being able to have continuous contact with viewers at relatively low cost.

In addition, as part of communication with VTubers, a large number of fan art and multilingual translated contents are created by viewers on a daily basis. It gives depth. Playback of clipped content (Note 13) on YouTube by viewers of our content

The number of times has exceeded 6.5 billion (Note 14), which is believed to be contributing to the expansion of new viewers. It has become a matter, and active exchanges have been confirmed on a daily basis in the fan community.

Against the backdrop of such high-frequency and two-way communication, our VTuber IP content fan engagement The height of the point (Note 15) is the uniqueness of our content when compared to conventional anime content.

In the entertainment content industry, companies that do not have their own IP development functions must borrow IP licenses from other companies in order to supply content, and the freedom of related commercial development is also limited by the intentions of the IP owners. As a result, it tends to be difficult to secure rapid growth and margins. Even companies that develop IP in-house tend to require a large amount of money, personnel, and time to supply content when content such as games and anime is the only medium.

Compared to those companies, we have established our own IP creation system and operate interactive content. Based on these backgrounds, we believe that we have unique strengths.

■ YouTube ch登録数、登録数100万+のVTuber数*1
 ■ 国内タレントch登録数 (百万)
 ■ 海外タレントch登録数 (百万)
 ■ 公式チャンネルch登録数 (百万)
 — ch登録数100万+のVTuber数



■ 在籍VTuberあたりの収益、在籍VTuber数*2
 ■ 在籍VTuberあたり四半期収益 (百万円)
 — 在籍VTuber数



*1 Calculated as the total number of YouTube channel registrations of affiliated VTubers

*2 Quarterly earnings per VTuber is calculated by dividing each quarterly earnings by the number of VTubers to which they belong at the end of the quarter.

■ VTuber 世界チャンネル (ch) 登録数ランキング

#	VTuber	所属	YouTube ch登録数
1	Gawr Gura	hololive English	4,250,000
2	キズナアイ*3	Kizuna AI	3,050,000
3	宝鐘マリン	hololive	2,250,000
4	Mori Calliope	hololive English	2,170,000
5	兎田へこら	hololive	2,140,000

#	VTuber	所属	YouTube ch登録数
6	白上フブキ	hololive	2,050,000
7	戌神ころね	hololive	1,920,000
8	Kobo Kanaeru	hololive Indonesia	1,800,000
9	湊あくあ	hololive	1,730,000
10	Watson Amelia	hololive English	1,720,000

出所：ユーザーローカル（2023年1月11日）

*3 Excluding Kizuna AI, which is currently on hiatus, Hosho Marine is No.1 in Japan.

(Note) 5. Motion capture technology is a technology that digitizes the movement of people and things using cameras etc.

increase.

6. Anime look avatars are created using 3D model production techniques such as 2D animation with deformed colors.

A character model that looks like an animated cartoon.

7. Membership means that a user becomes a member of a channel on a video distribution platform such as YouTube by paying a certain monthly fee, and the membership-limited services such as viewing limited videos and using pictograms for users who have joined the membership. It is a system that gives you benefits.

8. Super Chat is a function that allows viewers to make chat messages stand out by paying a fee when using live chat in YouTube live streaming videos. The viewer's charge amount will be paid to us and the distributor as revenue after a certain amount is deducted from the platform.

9. Revenue per VTuber is calculated by dividing sales for the period by the number of registered VTubers at the end of the period.

10. The total number of YouTube channel registrations is calculated as the total number of YouTube channel registrations of affiliated VTubers. December 31, 2022

As of date.

11. Source: User Local. As of January 11, 2023, VTuber ranking (ranking by number of fans), ranking excluding VTubers currently on hiatus.

12. User Generated Contents (UGC) are mainly user-generated content on online platforms such as social media.

Content posted by users.

13. Cut-out content refers to unofficial content that fans cut out part of the video that was distributed as official content, and then distribute it after adding some editing such as subtitles. We publish derivative works guidelines and allow such activities under certain restrictions.

14. Source: User Local. As of January 11, 2023. A team that handles clippings of our content on YouTube

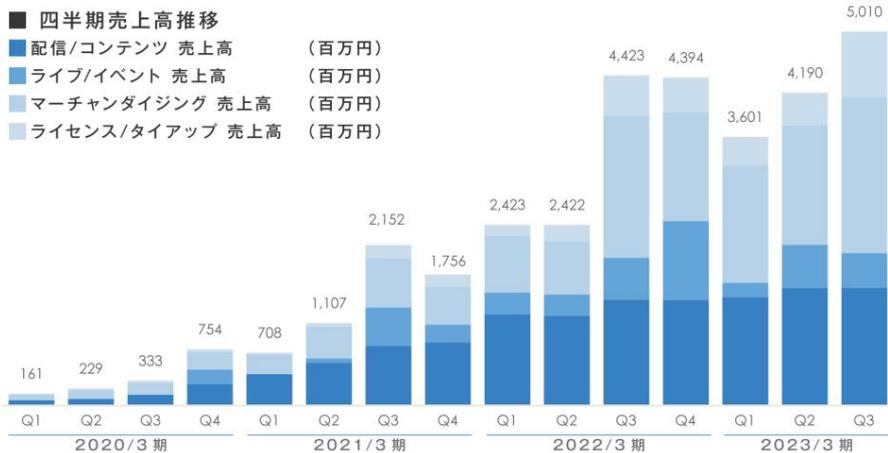
Of the channels, the results are aggregated for the 200 channels with the highest total number of views.

15. Fan engagement refers to the attachment and other ties that are built through the active involvement of fans with brands and content.

(3) Contents by business field of the Company

Our business consists of a single segment, the VTuber business and its ancillary business. By business field, through (1) distribution/content services and (2) live/event services, group companies such as Hololive We are working to improve the recognition of each VTuber and the affiliated VTuber, acquire fans, and increase the heat of the community. We are developing a tie-up service.

Details by business segment are as follows.



IPを活用したコマース展開により
売上成長を加速

魅力的なVTuber IPにより
安定的な売上基盤を構築

Delivery/content

Through video distribution platforms centered on YouTube and various SNS, etc., activities mainly live distribution by VTuber In addition to providing image content, we also provide music content through music streaming services.

The main revenue items are membership subscriptions from viewers, Super Chat, advertising revenue on video distribution platforms, and revenue from music content sales on music streaming services. Fees and income distribution to content creators (performers) (Note 16) who use avatars as VTubers.

VTuber's character IP is planned and produced by our company, and each VTuber's activity is based on motion capture hardware/software, character avatars, and distribution platforms such as YouTube and Twitter that we lend to the performer. It is provided using a /SNS account.

While expanding the Hololive Production brand and community, we are building a system to continuously create IP with high added value through co-creation with performers selected through auditions and influential external creators. As a result, even new VTubers can attract a large number of customers from the time of their debut.

Our VTuber IP is also spreading overseas, and as of December 2022, the monthly overseas playback ratio of our VTuber YouTube distribution is 41% (Note 17). Localization of VTuber content through subtitles, etc. and community management through SNS, etc. are promoting the expansion of the UGC community globally, and by having VTuber debut in local languages, we are steadily expanding overseas. increase.

In addition, in order to provide diverse and stable services and to expand the community in a healthy manner, we are developing various guidelines, expanding alliances with external entertainment companies, and participating in related industry groups. .

(Note) 16. What is a content creator? Live distribution activities and content as a VTuber using anime look avatars

It is the performer who creates the work. 17.

The ratio of the number of views of overseas accounts to the total number of views of the channel in December 2022.

(2) Lives/events Offline

events such as live concerts and fan meetings of affiliated VTubers and exhibitions of our IP in Japan and overseas or available online.

Main revenue items include offline and online ticket sales, revenue from product sales related to events, and revenue from sales of video software that captures scenes from events. expenses, etc.

We plan and produce events, and each event is provided in collaboration with external production companies, event venue management companies, online distribution platforms, etc. In holding events such as live concerts and fan meetings, we will use studio equipment that enables large-scale motion capture and distribution, as well as AR technology, etc., to create a unique experience that allows fans to feel closer to our VTuber We provide the experience.

Many of the live concert events that have been held in the past have been held offline by mobilizing the audience to the concert venue equipped with video equipment, and online by live streaming of the concert through a distribution platform on the Internet. We are doing it at the same time, and it is possible for fans who are far away who cannot visit the site to participate in the event through online distribution. Interaction between fans through events is also a great opportunity for fans to feel the growth of the scale of the community.

In addition, many events are held not only in Japan but also overseas, and in 2022, we will hold exhibitions and fan meeting events in various parts of the world, such as North America, Europe, Australia, and Asia, under the title of "hololive Meet". I'm here.

• Merchandising

We sell character goods and digital content based on our VTuber IP.

The main revenue item comes from the sale of products on EC (Electronic Commerce), and the main cost item is materials. Production costs such as fees, performer revenue sharing, EC sales and settlement fees, etc.

One of the uniqueness of VTubers compared to conventional celebrities, etc., is that it is easy to develop diverse commerce as IP like anime characters. As a result, even on our EC, we will be able to
It is possible to plan and sell various goods and digital contents.

We plan, design, sell, and promote products. Merchandise sales are mainly based on orders from our own EC "hololive production OFFICIAL SHOP" or inventory sales, and we sell to domestic and overseas customers from the EC. In addition, sales to some overseas regions where shipment from our own e-commerce and introduction of local payment methods are not yet supported. We also sell from external EC sites for the purpose of selling.

Currently, the sales composition of merchandising is mainly composed of products that are premised on special order production and sales for VTuber anniversaries. , We are also developing highly profitable products that can be sold at any time to a wider range of consumers.

• License/Tie-up

We provide the right to use IP owned by our company to external product or content manufacturers, etc. (hereinafter referred to as "licensing-out"), or provide promotions and media appearances of other companies by our affiliated VTubers through tie-up advertisements.

The main revenue items are royalty income from out-licensing and promotion fees and performance fees from advertising companies and media. Appearance fees will be distributed to the performers.

We offer production supervision related to specific out-licensing projects, or appearance and promotion cooperation by VTubers.
We provide

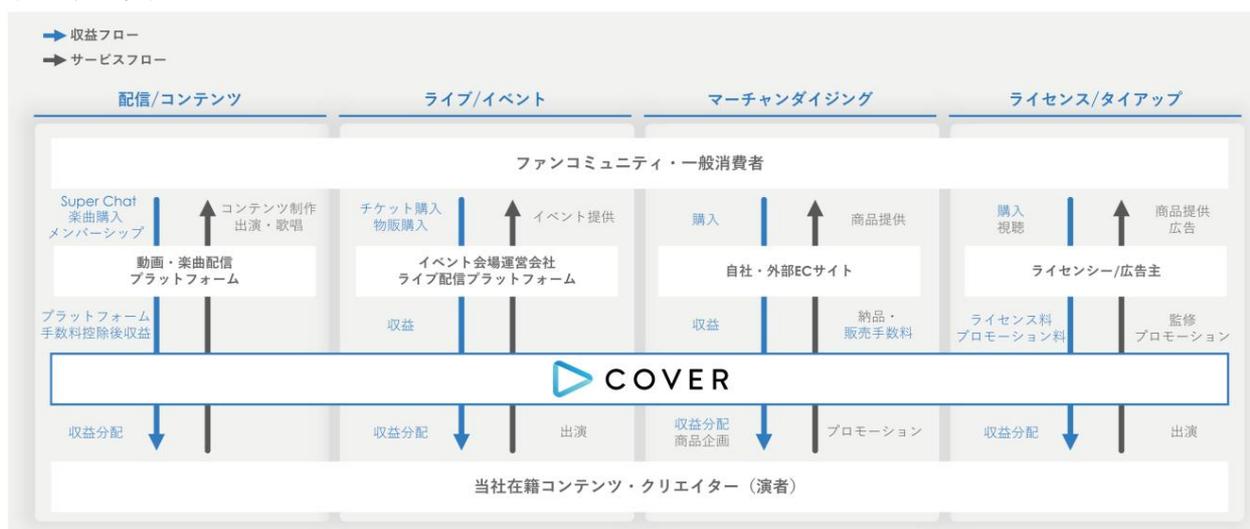
VTubers are influencers who are active in live streaming, etc., and also have character IP characteristics. mutual affection

Because of the scale of these projects, the profitability of each project is also high.

In addition, there are cases where tie-up advertisements are used for product packages and posters without the direct operation of VTubers. There are many cases of high profitability.

As mentioned above, the VTuber license/tie-up business can increase the number of projects without being bound by the performance restrictions of the performers. The earnings scale of App is also growing steadily.

[Business system diagram]



4 [Status of affiliated companies]

Not applicable.

(Note) There is one affiliated company, but it is a non-consolidated subsidiary and is not listed because it is of little importance.

5 [Status of employees] (1) Status

of the submitting company

As of January 31, 2023

Number of employees (persons)	Average age (years old)	Average length of service (years)	Average annual salary (thousand yen)
401 (98)	31.6	1.6	5,118

(Note) 1. The number of employees is the number of employees (full-time employees and contract employees), and the number of temporary employees (including part-timers and temporary employees from staffing agencies) is the average number of employees over the past year. I'm here.

2. Average annual salary includes bonuses and overtime wages. 3. Average age, average

length of service and average annual salary are calculated for regular employees and contract employees only. 4. Since our company has only one segment, the VTuber business, we have omitted descriptions by segment.

(2) Status of Labor Union

Although no labor union has been formed, labor-management relations are progressing harmoniously.

Part 2 [Business Situation]

1 [Management policy, management environment and issues to be addressed]

Matters concerning the future in the text are based on judgments made by the Company as of the date of submission of this document.

(1) Management policy

Our corporate mission is "Let's create culture that the world loves." Entertainment from Japan
By creating a culture and disseminating it to users all over the world, we aim to increase the opportunities for creators related to culture such as anime and games, which are unique strengths of Japan.

(2) Medium- to long-term management strategies, etc.

Our medium- to long-term strategy is to (1) develop high-value-added IP and establish a fan base, (2) develop commerce and make upfront investments, and (3) We have a three-stage business expansion strategy for the development of Taverse services.

(1) Develop high-value-added IP and establish a fan base

In order to maintain stable high growth potential and profitability in digital entertainment, we believe that it is important to establish a system to own and continuously generate IP with high added value. By owning a large number of high-value-added IPs in-house and multifacetedly developing related businesses that make use of them, it will be possible to establish a revenue base and continuously increase recognition from consumers. am thinking.

Through video distribution platforms such as YouTube, our company frequently distributes VTuber live, 3D motion
Virtual live concerts using Pture Studio, animation content using IP assets

The cumulative number of video contents supplied to the YouTube channel owned by the Company is approximately 63,000, and the total number of views of such video contents has reached approximately 9.8 billion times (Note 1).

In addition, we have established secondary creation guidelines and widely encourage fans to engage in secondary creation activities. More than 6.5 billion times (Note 2) have been made by creators alone.

As a result of this large-scale supply of PGC (Note 3) and the formation of a culture of UGC transmission in response to it, we recognize that our VTubers have gained the support of a wide range of fans. Hololive Productions owned by our company has a total of over 72 million YouTube channel registrations, and our annual revenue per VTuber is about 200 million yen (Note 4) in the fiscal year ending March 2022, and we have a large fan base. enables continuous co-creation with attractive performers and major creators in Japan and overseas. As a result, as of January 2023, we will have

We have a VTuber IP with the No. 1 number of YouTube channel registrations (Note 5).

Through co-creation with creators and fans, we will continue to develop IP with high added value, spread entertainment culture originating in Japan to the world, and support the activities of creators and the further development of Japanese culture. We aim to

(Note) 1. As of December 31, 2022.

2. Source: User Local. As of January 11, 2023. A team that handles clippings of our content on YouTube

Of the channels, the results are aggregated for the 200 channels with the highest total number of views.

3. PGC is an abbreviation for Professionally Generated Contents, which is content created by professionals.

It is to point to the

4. Revenue per VTuber is calculated by dividing sales for the period by the number of VTubers enrolled

at the end of the period. 5. Source: User Local. As of January 11, 2023, VTuber ranking (ranking by number of fans), ranking excluding VTubers currently on hiatus.

(2) Commerce development and upfront investment

One of the features of VTuber is the diversity of commerce development. VTubers, who are active in anime-like avatars, have the aspect of character content IP, so they can be used as content IP such as manga, anime, and games.

Similarly, it is possible to develop various contents and products without necessarily assuming the performance of the performer.

In the future, we plan to further expand such multifaceted IP development, and currently we are developing IP content and motion capture.

- We are making advance investments related to the expansion of studios, the development of integrated ID services (Note 6), and the development of Metaverse services aiming to start services for general users within 2024.

(Note) 6. Integrated ID service refers to user information related to multiple services provided by our company such as EC and Metaverse.

It is a service that is managed by an integrated ID and account.

Producing group IP and unit IP

In addition to developing individual VTuber IPs, we also develop group IPs such as the VTuber/virtual idol group "hololive," and "secret society holoX," which is based on the premise of a unified character concept and worldview. ", which makes it possible to reach a wide range of customers beyond the fan base of individual VTubers.) and collaboration with external global brands. As a specific example, in 2022, the comicalization project "HoloX Meeting! ~ holoX MEETing! In addition to being serialized in "Ultra Jump" and "Ultra Jump", there are also collaboration projects with internationally recognized brands such as tie-up advertisements with Red Bull and in-game collaboration in the online game "Among Us" developed by InnerSloth. It is done.

Regarding the commerce development of group or unit IP, the planning and operation to produce them and the brand power accumulated in such IP are highly important, and even in the merchandising development of related goods, etc., only individual VTubers are operating. It is more profitable than dependent deployments. In addition, in the production of group or unit IP, it is important to use a large-scale motion capture studio where multiple

VTubers can co-star and develop the technology that accompanies it. We are planning to start operation of one of the largest motion capture studios in Japan, where VTubers can co-star and live stream.

In addition, we have a production team for animations and live concerts using 3D models of VTuber IP, and the total number of 3D animation contents on YouTube is about 180, and 3D live concerts on YouTube. The number of distributions reaches about 70 per year (Note 8). We believe that these 3D animation developments and immersive 3D model live performances will contribute to increasing viewers' contact with VTuber IP, improving engagement, and spreading the IP concept and worldview.

Global expansion of commerce

We are developing commerce globally through sales of VTuber IP goods to each region in Japan and overseas through EC, and licensing out of our IP to manufacturers and retailers in Japan and overseas. In the cumulative third quarter of the fiscal year ending March 31, 2023, sales from e-commerce to overseas customers accounted for approximately 30% of the total.

We will (i) Localize existing IP content overseas through translation, etc. and form local communities through SNS, etc. (ii) Full-scale expansion into overseas regions by developing VTuber IP for overseas local language speakers and holding local events (iii) We are steadily expanding overseas by taking the steps of full-scale development of commerce targeting overseas markets and building local supply chains. We believe that there is considerable room for expansion of commerce in relation to the latent spending capacity of customers in overseas regions, so we plan to continue to aggressively develop products and services for overseas markets.

We also plan to provide an integrated ID service for fans as part of our strategy to expand our global user community and expand our multifaceted commerce strategy. This will allow you to create files for a specific VTuber or VTuber group unit

In addition to being able to provide products and services optimized for each fan, it will be possible to enjoy content viewing on video distribution platforms, interacting with fan communities, making purchases on EC, and using Metaverse services. We aim to provide a more integrated experience.

(Note) 7. Media mix development is the multifaceted development of the original IP in multiple media such as manga and animation. I will.

8. As of December 31, 2022.

Development of metaverse services

Our company is a service platform that allows VTubers and their fans to interact in an anime-like 3D space. We are developing the Taverse service "Holo Earth" and aim to start the service for general users within 2024. In addition to the activities and interactions of VTubers and fans on multiple platforms such as YouTube, HoloEarth will enable simultaneous and realistic communication, making it possible to provide fans with a richer experience value. will be

About Holo Earth

It is an assumption to be made.

In the "Lobby", participants will experience a unique anime look and 3D avatar-based experience with a sense of simultaneity. Communication will be possible, and digital assets such as models and costumes for avatars will also be sold.

In "virtual live", users participate in the same 3D space as VTuber and enjoy a live concert by VTuber. you can enjoy it. Live concerts intended to be provided in a virtual space will not be presented at offline venues. It is also possible to create a unique production that is different from the one that assumes the audience, and viewers can participate in the same virtual space. A more immersive and realistic experience is possible.

The "sandbox game" is supposed to allow users to freely explore a large 3D virtual space and enjoy creative activities within the space. There is a game experience with a high degree of freedom of survival life in a vast world. This will give users an opportunity to deepen their awareness that their avatar is an alter ego of themselves, as well as the items they got in the game. By bringing it back to the lobby, you can get the feeling of spending time in a virtual world rather than just playing the game. In addition, by using sandbox games as stage equipment for live distribution by VTubers affiliated with our company, users can share the process of creating a drama in real time in the same 3D virtual space. We aim to provide a unique experience.

The uniqueness of our company compared to other Metaverse service developers and operators is that we own VTuber IP and operate real-time exchanges between VTubers and fans around the world during normal times. can be mentioned. By developing and operating Holoearth in-house as a service integrated with such a user experience, we expect to continue to attract and expand Holoearth as a community service.

(3) Objective indicators, etc. for judging the achievement status of management goals

We position "YouTube channel registrations," which are a direct indicator of the number of VTuber fans, as well as "sales" and "sales by service," which are the raw materials for creating attractive content, as important management indicators. We will continue to work to improve value.

(4) Business environment

The VTuber business provided by our company is centered on the character IP called VTuber, distribution / content, live / event, Expanding into a wide range of areas such as merchandising, licensing/tie-ups, and metaverse services under development I'm here. Although the VTuber market is a relatively new market, we believe that the potential market size and trends can be inferred from the anime-related IP business market in a broad sense.

In terms of this market in 2021, the size of the anime content distribution market through video distribution platforms, etc. will be approximately 154.3 billion yen, and the broad definition of the anime market, including content provision in various media, commercialization, music, event performances, etc. It is about 1.4 trillion yen in Japan and about 2.7 trillion yen globally, including overseas (Note 9). Due to the impact of the new coronavirus infection, indoor consumption behavior is increasing, and consumption through Internet video distribution of anime-related content is replacing consumption through other media such as TV and movies in Japan and overseas. Japan's anime culture is now more widely accepted internationally than ever before.

While the market as a whole is performing well, we have confirmed that there are several direct competitors to our business. We believe that the existence of a large-scale fan community consisting of fans who send out unique messages is functioning as our competitive advantage over new entrants.

We also assume that the experience value provided by the Metaverse service, which is currently under development, will be similar to that of a game, and its potential market size will replace part of the global game content market size of approximately 21.9 trillion yen (Note 10). I am assuming that you will go.

Our business is currently at the stage of global and multifaceted development in the broad anime market, centered on the development of high value-added IP through live distribution by VTuber and the establishment of a fan base. We are planning to seize even greater business opportunities by expanding into the game market.

(Note) 9. Source: Japan Animation Association "Anime Industry Report 2022" Anime-related market size in 2021. (estimated from the sales of anime-related businesses such as TV, movies, videos, distribution, merchandising, music, entertainment, live events, etc.)

10. Size of the game content market in 2021. (Source: Kadokawa ASCII Research Institute, Inc. "Famitsu Game White Paper" 2022")

(5) Priority business and financial issues

④ Development of attractive IP

Since the popularity of VTubers is greatly influenced by the attractiveness of anime-look avatars and related group or unit IPs, it is our management task to continuously develop high-value-added VTuber IPs. In order to continuously provide opportunities for meaningful activities to creators co-creating IP and content, we are working to further improve recognition of our IP and brand value.

2) Discovery and training of content creators

Since the activities of VTubers depend on the creative activities of content creators (actors) who use anime-look avatars, it is difficult to discover talented content creators and to develop their capabilities. This is our company's challenge.

We are striving to discover new content creators through regular auditions.

In addition, even after hiring, we will utilize creators and planning teams inside and outside the company to create an environment that allows content creators to further demonstrate their individuality by continuously supporting various activities such as product planning, costume planning, and live planning. We are here.

④ Business management that achieves both business expansion and profitability improvement

We are promoting business development in the multifaceted IP business market, not limited to service development on video distribution platforms, centered on continuous development and cultivation of high value-added VTuber IP. Therefore, a larger market We are making multiple upfront investments to capture this. Specifically, we will invest in human resources related to 3D modeling and 3D animation, acquire a large-scale motion capture studio, develop an integrated ID service, and increase user experience value to develop IP with higher added value and improve our ability to attract customers. We are developing a metaverse service for improvement.

Regarding the acquisition of a large-scale motion capture studio, we are

In addition to improving the degree of freedom of expression of products, we aim to improve costs over the medium to long term.

In addition, in merchandising, we aim to create highly profitable products that make the most of the group and unit's planning capabilities and brands. We will focus on product development and aim for sustainable growth.

• Development of organizational structure

We believe that hiring excellent human resources with diverse specialties and improving our organizational structure are important for the growth of our company. In addition to actively conducting recruitment activities, we will develop a work environment and personnel system that will make it easier for employees to work in the medium to long term.

• Strengthening technical capabilities

Regarding the activities of content creators, we use applications developed in-house that make full use of motion capture technology. We believe that continuous technical improvement is important to deliver new entertainment experiences to viewers.

We will continue to improve our technology, such as updating applications that enable advanced studio distribution.

• Maintaining the health of the community

We have a large number of VTubers, and at the discretion of each content creator, we routinely Two-way communication with is carried out through live distribution.

In order to maintain continuous creative activities and communication with viewers, we believe that it is important to take measures to improve the health of the community, such as countermeasures against slander. We will continue to implement measures to protect content creators, such as countermeasures against slander in cooperation with external experts.

• Other financial issues

To date, the Company has not relied heavily on borrowings from financial institutions, and has maintained a financial base based on its own funds and cash flows from operating activities. business operations that simultaneously improve

Although there are no other financial issues that should be addressed with priority, we will secure internal reserves and increase shareholder returns so that we can address the above business issues and make capital investments that will contribute to continuous growth. We will strive to further strengthen our financial structure by examining an appropriate balance and addressing improvements in operating cash flow from existing businesses.

2 [Business risks]

Of the matters related to the state of business, the state of accounting, etc. described in this report, the management
Some of the key risks we perceive that could have a material impact on Lo's situation include:

Matters related to the future in this document are based on judgments made by the Company as of the date of submission of this document, and may occur in the future.
It does not cover all possible risks.

In addition, we do not deny the possibility that such risks will actually materialize or have a significant impact on our business, business performance, financial position, etc., even if the risks are described as "low" in terms of the possibility of materialization or the degree of impact. and does not deny the possibility that the risk may occur at a time different from the timing of occurrence.

The Company fully recognizes the possibility of these risks occurring, and has a policy of striving to avoid their occurrence and to respond in the event that they do occur. We believe that it is necessary to do so after careful consideration of the matters to be stated.

(1) Risks related to the business environment

(1) Dependence on external video distribution platforms (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Long term)

We provide live distribution content to viewers through video distribution platforms such as YouTube. child

If it becomes difficult for us to continue providing live distribution content due to changes in the trends and business strategies of these video distribution platform operators, or changes in our relationship, or if there is a significant change in economic conditions. could affect our business, results of operations and financial condition through reduced revenues from the customer base that consumed our content via such platforms.

In addition to the diversification of earnings opportunities such as merchandising, events, and out-licensing, the Company does not rely solely on live distribution. In addition, since activities are also planned on our own platform under development, we have a system that does not rely solely on a single platform.

(2) Changes in consumer demand trends due to external factors (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Medium term)

Our main income is live distribution by VTuber on the video distribution platform, sales of related goods and contents, etc. Against the backdrop of the global expansion of video media viewing on the Internet in recent years and the international expansion of content consumption such as anime and games, the number of viewers of our content and our sales are steadily increasing. We continue to do so, and we expect this trend to continue for the foreseeable future.

However, due to changes in related laws and regulations, economic trends, individual preferences, etc., the growth of related markets has slowed down, resulting in a decrease in the number of viewers of our content. If we are unable to maintain our performance, or if we are unable to sufficiently build a new business model that responds to these changes, our business, results of operations and financial position will be affected through factors such as a slowdown in sales growth due to a decrease in the number of customers. may affect

The Company intends to reduce this risk by diversifying the areas in which it conducts business and diversifying the regions.

(3) Changes in advertising market trends (Possibility of manifestation: Medium, Degree of impact: Small, Timing of manifestation: Medium term)

Orders received for tie-up advertising, which is part of the Company's services, are expected to be affected by changes in companies' advertising budgets. , may affect our business, performance and financial condition.

In addition to tie-up advertising, we plan to reduce this risk by diversifying our revenue sources, such as product sales based on our own IP.

• Laws and regulations/trends (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Long term)

The main laws regulating the services we provide are the "Act on the Protection of Personal Information" and the "Act on Specified Commercial Transactions." Law, Act against Delay in Payment of Subcontract Proceeds, etc., and Act against Unjustifiable Premiums and Misleading Representations.

We operate our services in compliance with these regulations, and will continue to strengthen our legal compliance system and conduct internal training. If the services operated by are subject to new laws and regulations, it may affect our business, performance and financial condition.

• Risks of services for overseas users (Possibility of materialization: Medium, Degree of impact: Medium, Timing of materialization: Medium term)

We are a VTuber group that conducts live distribution mainly in English and Indonesian to expand the audience base.

We are developing "hololive English", "HOLOSTARS English" and "hololive Indonesia". In providing services to viewers in foreign languages, there are various latent factors such as differences in culture, user preferences and business practices, exchange rate fluctuations, various regulations including legal and tax systems, and economic and political instability. risks, difficulty in securing the human resources necessary for business development, and competitive risks with competitors that are competitive in the regions in which they operate. Our inability to manage such risks could affect our business, results of operations and financial condition.

We are working to reduce this risk by collaborating with external experts who are familiar with local culture and laws and regulations, and by diversifying the regions where we operate. I am planning.

• Trends of competitors (Possibility of materialization: Medium, Degree of impact: Medium, Timing of materialization: Medium term)

Currently, there are multiple competitors in Japan and overseas that develop video distribution-related businesses, including the VTuber business. Our policy is to continue to improve our competitiveness while maintaining our superiority in the market through the development of superior IP and technological improvements. If the emergence of more competitive competitors leads to the loss of viewers of the content we provide, or if it becomes difficult to continue to secure attractive content creators, our business, performance and It may affect your financial position.

• Regarding the risks related to the new coronavirus infection (Possibility of materialization: medium, degree of impact: small, timing of materialization: medium term)

In response to the spread of the new coronavirus infection, we have taken measures to prevent infection for our employees and related parties, but direct infection and the impact of border measures in each country have hindered the activities of content creators. In the event of a decline in consumer demand for live event performances, etc., the Company's business, results of operations and financial condition may be affected.

In addition to implementing measures against infectious diseases for internal personnel, we are implementing live events offline and online at the same time. We are planning to reduce the risk by taking measures against the risk of event cancellation due to infectious diseases.

(2) Business risks

• Regarding the risks related to the popularity, activity frequency, activity continuation, etc. of affiliated VTubers (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Medium term)

Our performance depends to some extent on the popularity of our VTubers and the frequency of content supply. We have always dealt with scandals, flames, slander, etc. related to VTubers that belong to our company, and are taking measures by expanding technical and organizational systems to support healthy activities. The activity content and frequency are animerutsu

We rely on the trends of content creators who are active using black avatars, and content creators affiliated with our company are not viewers due to distribution of inappropriate content, scandals, flames, slander, other health reasons, etc. If it becomes impossible to obtain continuous support from others, if the frequency of activities drops significantly, or if it becomes difficult to continue activities, etc., the added value of related IP, content, products, etc. will decrease. may affect our reputation, business, results of operations and financial condition through

When looking at individual content creators, these risks may manifest themselves with a low frequency, but we will promote sound content distribution, deal with scandals, flames, slander, etc., and We are taking measures such as expanding the technical and organizational structure to support the healthy activities of creators, cooperating with related industry groups, and stabilizing the supply of content for production as a whole by various popular VTubers. .

• Reputation risk due to inappropriate content in video content (Possibility of manifestation: Medium, Degree of impact: Medium,

Time of manifestation: mid-term)

In order to prevent violations of public order and morals and infringement of intellectual property rights by content creators to whom we belong, we are working to expand guidelines and provide guidance to content creators. Also, such

Monitoring of distributed videos to promptly recognize and take action in the event of an event or its symptoms

We are also working to improve the management system such as However, if an unexpected event occurs in the course of daily content distribution, the reputation of the Company and its affiliated content creators may deteriorate, or it may lead to disputes. may affect

(3) Information security (probability of materialization: low, degree of impact: low, timing of materialization: mid-term)

Through our business activities, we may obtain personal information and confidential information of customers and business partners, and we also possess confidential business information. In addition to acquiring information security management system (ISMS) certification and operating it in-house, we have taken thorough measures for information management, such as conducting employee training. If a company leaks or misuses information, the Company may lose social credibility as a company, which may affect the Company's financial condition and business performance.

• Intellectual property rights (probability of materialization: low, degree of impact: low, timing of materialization: mid-term)

The Company strives to acquire intellectual property rights related to the businesses it operates, and strives to protect the trademarks, technologies, content, etc. used by the Company. If our intellectual property rights are not protected from infringement by a third party, or if we incur significant costs to protect our intellectual property rights, our business performance and financial position may be affected. there is. In addition, if the technology or content used by the Company is claimed to infringe intellectual property rights, costs or losses will be incurred in defending against such claims or resolving disputes, and this will have an impact on the business, performance, and financial condition of the Company. may affect

• Concerning disputes with customers, business partners or other third parties (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Medium term)

In order to comply with laws and regulations and contracts, the Company has established risk and compliance management rules and strives to enhance internal education and compliance systems. However, in the course of our business activities in the future, there is the possibility that unexpected troubles may arise between our customers, business partners, or other third parties and lead to lawsuits. may affect our financial condition and operating results. In addition, the Company's business, operating results and financial condition may be affected by the occurrence of significant litigation costs and damage to the Company's social credibility.

• New business (Possibility of materialization: Medium, Degree of impact: Medium, Timing of materialization: Medium term)

In order to strengthen the UGC community and expand and maintain the fan base, we are developing a Metaverse service as a new business. Through this service, we plan to provide opportunities for VTubers and fans to interact directly in a 3D virtual space.

The new business is designed to reduce risks by thoroughly examining risks, etc. from the planning and development stages. It's a needle.

However, since there are many uncertainties in the development of this new business, it is possible that the progress will not proceed as expected, the expected synergies will not be obtained, or new legal or business risk factors will arise. etc., and may affect our business, performance and financial condition.

• Regarding the operation of the new studio (Possibility of materialization: Medium, Degree of impact: Medium, Timing of materialization: Mid-term)

In April 2023, the Company expects to start operation of a new distribution studio in order to expand distribution content and expand production resources. After the start of operation, we plan to secure sufficient personnel and try to recover the investment. The occurrence of losses, etc., may affect our business, performance and financial condition.

(3) Risks related to company organization

(1) Securing and training human resources (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Medium term)

In order for the Company to continue to expand its scale and provide better services, in addition to unique content creators and highly specialized engineers, corporate departments, etc., also share the Company's philosophy. a high-spirited gentleman

Retaining top talent is essential.

In order to secure the human resources necessary for expanding our scale and improving our services, we plan to conduct more active recruitment activities in the future. In the event that it becomes difficult to acquire excellent human resources, such as a delay in the recruitment of new employees, or in the event that current personnel leave the company, it may affect the Company's business, performance and financial position. I have.

(2) Reputational risk (probability of materialization: medium, degree of impact: medium, timing of materialization: medium term)

In our business, we maintain recognition of our company and the services we provide, brand image and social trust, and
However, there is no guarantee that our promotional activities will be successful.

In addition, defects in the Company's services, leaks of personal and confidential information, and reputational damage related to the Company and the services it provides may cause damage to its brand image and social credibility, which may adversely affect the Company's business, business performance, and financial position. may affect

3) Business structure and internal control system (Possibility of materialization: small, degree of impact: small, timing of materialization: mid-term)

The company was established in June 2016 and is still in the process of growth with a short history. We recognize the need to further enhance our business structure and internal control system in order to respond to future business operations and business expansion. Doing. Any delay in establishing a business structure and internal control system suitable for the scale of business could have an impact on the Company's business, performance and financial condition.

(4) Business performance and financial condition

(1) Short history of the company (Possibility of manifestation: Medium, Degree of impact: Medium, Timing of manifestation: Medium term)

Our company was established in June 2016, and it has only been about six years since its establishment, making it a relatively young company. In addition, the Company is in a period of rapid growth, and business results are also dependent on seasonality related to the announcement of new IP and the implementation of large-scale events. Therefore, past performance alone may not provide sufficient information for judging future performance.

(2) Seasonal fluctuations in business performance (Possibility of materialization: high, Degree of impact: medium, Timing of materialization: short term)

Our performance depends on the seasonality of our sales related to long holiday periods for consumers and the timing of major events.
It is difficult to judge the Company's full-year earnings forecasts based solely on specific quarterly results.

ÿ Dividend policy (Possibility of materialization: small, impact: small, timing of materialization: undecided)

At the same time as returning profits to shareholders, strengthening our financial position and ensuring competitiveness are positioned as important management issues. At present, we believe that our company is in the process of growth, and we believe that enhancing internal reserves and allocating them to investments for business expansion and business efficiency will lead to the greatest return of profits to our shareholders. I'm here. For this reason, we have not paid dividends since our founding, and our policy is to continue to increase internal reserves for the foreseeable future. In the future, we plan to consider returning profits to shareholders while taking into consideration the operating results of each fiscal year, but at this point in time we have not decided on the possibility of paying dividends and when to do so.

(5) Others

(1) Dilution of stock value due to exercise of stock acquisition rights (Possibility of materialization: medium, degree of impact: large, timing of materialization: medium term)

In addition to granting stock acquisition rights to directors and employees as an incentive for long-term corporate value improvement, the Company may continue to issue stock acquisition rights and other equity incentive plans to secure excellent human resources. there is. If these subscription rights to shares are exercised, the value of the shares held by existing shareholders and the ratio of voting rights may be diluted due to the issuance or delivery of new shares of the Company. In addition, if a large amount of such shares were to flow out to the market at once, it could affect the appropriate formation of the stock price. As of the filing date of this document, the number of potential shares related to these stock acquisition rights is 5,968,900 shares, which is equivalent to 9.1% of the total number of issued and potential shares of 65,593,100 shares.

(2) Use of funds (Possibility of materialization: low, degree of impact: medium, timing of materialization: medium term)

Regarding the use of the funds procured from the public offering at the time of the stock listing, we plan to use it for equipment funds for distribution equipment to be installed in the new studio and working capital for promoting the development of IP commerce. However, the business environment in the industry to which the Company belongs is likely to change rapidly. may affect

3 [Management's analysis of financial condition, business performance and cash flow status]

(1) Overview of operating results, etc.

An overview of the Company's financial position, operating results and cash flow (hereinafter referred to as "operating results, etc.") is as follows.

(1) Status of financial position

6th fiscal year (From April 1, 2021 to March 31, 2022) (Assets)

Current assets at the end of the current fiscal year amounted to 7,168,447,000 yen, an increase of 4,119,661,000 yen from the end of the previous fiscal year. This was mainly due to an increase in net income before income taxes accompanying the expansion of the business scale, as well as an increase in cash and deposits of ¥2,745,280,000 due to an increase in advances received due to the start of operation of the company's e-commerce site. This is due to an increase of 968,329,000 yen in accounts receivable accompanying the generation of income from events. Fixed assets were 1,069,674,000 yen, an increase of 602,290,000 yen from the end of the previous fiscal year. This is mainly due to an increase in guarantee deposits of ¥309,550,000 due to office expansion, an increase in software in progress of ¥150,336,000 due to the development of new businesses, and an increase in temporary differences due to impairment losses. This is due to an increase of 107,682,000 yen in tax assets. As a result, total assets were 8,238,121,000 yen, an increase of 4,721,951,000 yen from the end of the previous fiscal year.

(liabilities)

Current liabilities at the end of the current fiscal year were 4,738,179 thousand yen, an increase of 3,461,188 thousand yen from the end of the previous fiscal year. This is mainly due to an increase of 2,174,477,000 yen in advances received due to the sales of ordered goods associated with the start of operation of the company's EC site, an increase of 1,075,792,000 yen in accounts payable due to the occurrence of expenses for a large-scale event held in March 2022. This was due to an increase in accrued expenses of 360,416,000 yen due to an increase in selling, general and administrative expenses associated with the expansion of business scale. Fixed liabilities amounted to 42,493,000 yen, an increase of 16,297,000 yen from the end of the previous fiscal year. This is due to an increase in asset retirement obligations of 16,297,000 yen due to office expansion.

As a result, total liabilities increased by 3,477,485,000 yen from the end of the previous fiscal year to 4,780,672,000 yen.

(net assets)

Total net assets at the end of the current fiscal year were 3,457,448 thousand yen, an increase of 1,244,465 thousand yen from the end of the previous fiscal year. This is due to an increase in retained earnings due to posting net income of 1,244,465,000 yen.

Cumulative third quarter of the 7th fiscal period (From April 1, 2022 to December 31, 2022) (Assets)

Total assets at the end of the current third quarter accounting period increased by 3,551,173,000 yen from the end of the previous fiscal year to 11,789,294,000 yen. This was mainly due to an increase of ¥2,696,799 thousand in cash and deposits, ¥518,918 thousand in construction in progress associated with the construction of a new studio, and ¥483,048 thousand in software in progress associated with new business development. This was due to a decrease of 1,031,285,000 yen in accounts receivable due to the collection of accounts receivable related to the large-scale event held in

(liabilities)

Total liabilities at the end of the current third quarter accounting period increased by 2,270,139,000 yen from the end of the previous fiscal year to 7,050,812,000 yen. This was mainly due to an increase in advances received of 2,342,561,000 yen due to an increase in the order sales amount of our own e-commerce, and an increase in accounts payable of 277,633,000 yen due to the payment of accounts payable related to the large-scale event held in March 2022. This is due to the decrease.

(net assets)

Total net assets at the end of the current third quarter accounting period increased by 1,281,033,000 yen from the end of the previous fiscal year to 4,738,482,000 yen. This is due to an increase of 1,281,033,000 yen in retained earnings.

(ii) Business performance

6th business year (from April 1, 2021 to March 31, 2022)

During the fiscal year ended March 31, 2019, the domestic economy softened due to the spread of the COVID-19 mutant strain (delta strain) in the summer, but recovered in the latter half of the fiscal year due to the spread of vaccines and the recovery of consumption. On the other hand, the current macroeconomic environment is becoming increasingly uncertain due to the spread of a new COVID-19 mutant strain (Omicron strain), the progress of international inflation, and geopolitical risks surrounding Ukraine. increase. Under such a market environment, the Company achieved significant growth in performance by improving the quality of development and operation of character IP, improving technical capabilities related to live distribution, etc., and expanding merchandising. . In terms of overseas business development, although the strengthening of border measures related to COVID-19 was a stumbling block, increased exposure through participation in overseas events, etc. contributed to the expansion of the international user base.

As a result of the above, net sales for the current fiscal year were 13,663,728,000 yen, an increase of 7,938,934,000 yen (up 138.7% year on year), and operating income was 1,855,171,000 yen, an increase of 156,751,000 yen year on year Ordinary profit increased by 148,406 thousand yen (up 8.7% year on year) to 1,853,978 thousand yen, and net income increased by 23,714 thousand yen to 1,244,465 thousand yen. (up 1.9% year-on-year).

In addition, since the Company has only one segment, the VTuber business, the description by segment is omitted.

Cumulative third quarter of the 7th fiscal period (from April 1, 2022 to December 31, 2022)

Our corporate mission is "Let's create culture that the world loves." Entertainer from Japan
By creating an in-ment culture and disseminating it to users all over the world, we aim to increase the opportunities for creators involved in culture such as anime and games, which are unique strengths of Japan. During the nine months ended December 31, 2018, the outlook for the domestic economy remained uncertain due to the effects of the COVID-19 pandemic, global inflation, and geopolitical risks surrounding Ukraine, continuing from the previous fiscal year. We are promoting business operations that are suitable for the current economic environment.

As of the end of December 2022, Hololive Production has 71 VTubers (by language region, 48 from Japan, 9 from Indonesia, and 14 from English-speaking countries), of which 31 are YouTube channels. Over 1 million registrations

We recognize that we have received a wide range of support. The total number of YouTube channel registrations of VTubers belonging to Hololive Production has exceeded 72 million, and many VTubers with the highest number of registrations belong to our company, including the top VTubers in Japan, North America, and Southeast Asia. I'm here.

By using live distribution as a medium for supplying content, VTuber IP has the uniqueness of being able to have continuous contact with viewers at a relatively low cost compared to character IP in media such as games and animations. presumed to have. By linking the increased influence of IP to the provision of more diverse and highly profitable related products and services, we will continue to aim for both continuous business growth and improved profitability. Under these circumstances, the operating results for the cumulative third quarter of the current fiscal year were 12,802,099,000 yen in sales and 1,734,609,000 yen in operating income.

Yen, ordinary profit of 1,727,539,000 yen, quarterly net profit of 1,281,033,000 yen.

ÿ Cash flow situation

6th business year (from April 1, 2021 to March 31, 2022) Cash and cash equivalents

(hereinafter referred to as "funds") at the end of the current business year were 4,644,695 thousand yen compared to the same period of the previous year. It increased by 2,745,280,000 yen.

The status of each cash flow in the current fiscal year and its factors are as follows.

(Cash flow from operating activities)

Funds obtained from operating activities for the current fiscal year amounted to 3,537,470,000 yen (1,419,291,000 yen for the same period of the previous fiscal year).

This is mainly due to the recording of net income before tax of 1,641,155 thousand yen due to the expansion of business scale, and an increase of 1,075,792 thousand yen in trade payables due to expenses incurred for large-scale events held in the fiscal year ending March 31, 2022. , an increase of ¥2,174,477,000 in advances received at the time of receiving merchandise sales orders associated with the start of operation of an in-house EC site, and an increase of ¥968,329,000 in trade receivables associated with earnings generated from large-scale events. It is a thing.

(Cash flow from investment activities)

Funds used for investment activities in the current fiscal year amounted to 793,940 thousand yen (-402,594 thousand yen in the same period of the previous fiscal year).

This includes expenditures of ¥327,874,000 for the acquisition of tangible fixed assets such as building fixtures and tools, fixtures, etc. associated with office expansion, software development for the purpose of new business development, and intellectual property rights such as trademark rights. 156,515,000 yen for intangible fixed assets due to the acquisition of office space, and 309,550,000 yen for security deposits due to office expansion.

(Cash flow from financing activities)

There was no increase or decrease in funds due to financing activities (526,881,000 yen for the same period of the previous fiscal year).

ÿ Production, Orders and Sales Results a.

Production Results

We do not carry out production activities, so there are no applicable items.

b. Purchasing

performance Purchasing performance for the fiscal year under review is as follows.

Service name	Purchase amount (thousand yen) (from April 1, 2021) To March 31, 2022)	YoY (%)
Merchandising	1,472,526	346.6
total	1,472,526	346.6

(Note) Since our company has a single segment of the VTuber business, we do not list each segment.

c. Order record

Since the period from the receipt of an order to the provision of services is generally short, we have omitted the description of the results of orders received.

d. Sales performance

The sales results for each major service in the current fiscal year are as follows. Sales (1,000 yen)

Service name	(From April 1, 2021 To March 31, 2022)	YoY (%)
delivery/content	5,249,683	199.3
live/event	2,203,839	270.5
Merchandising	4,832,311	261.6
License/Tie-up	1,377,894	321.5
total	13,663,728	238.7

(Note) 1. Since our company is a single segment of the VTuber business, the above shows sales results by service.

2. The following table shows sales by major customer and percentage of total sales for the last two fiscal years and the cumulative third quarter of the 7th fiscal year.

other party	Previous fiscal year (from April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)		Cumulative third quarter of the 7th term (from April 1, 2022 to December 31, 2022)	
	Sales (thousand yen)	Ratio (%)	Sales (thousand yen)	Ratio (%)	Sales (thousand yen)	Ratio (%)
Google LLC	2,415,107	42.1	4,659,360	34.1	3,939,334	30.8
pixiv Inc.	1,583,748	27.6	3,733,091	27.3	277,193	2.2
Shopify Inc.	-	-	327,652	2.3	5,129,338	40.1

(Notes) 1. Google LLC is a video distribution platform provider.

2. Pixiv Inc. and Shopify Inc. are providers of our merchandise sales platform.

(2) Details of analyzes and considerations regarding the status of business performance, etc. from the perspective of management

The understanding, analysis, and examination of the Company's operating results, etc. from the management's perspective are as follows. Matters related to the future in the text are determined as of the date of submission.

1) Significant accounting estimates and assumptions used in those estimates

Our financial statements are prepared in accordance with accounting standards generally accepted in Japan. For the accounting standards, etc. applied in the preparation of financial statements, please refer to "5.

(Significant Accounting Policies) and (Significant Accounting Estimates) in Notes to Financial Statements.

(ii) Recognition, analysis, and consideration of financial conditions and operating

results 6th business year (from April 1, 2021 to March 31, 2022)

(amount of sales)

Sales for the current fiscal year were 13,663,728,000 yen (up 138.7% year on year). The main factors were an increase in sales of distribution/content services of JPY2.6bn due to an increase in the number of affiliated VTubers and an increase in the number of YouTube channel subscribers, both in Japan and overseas. This is due to an increase in merchandising service sales of 2,984,840,000 yen accompanying the promotion of goods sales due to the expansion of

(Cost of sales, gross profit)

The cost of sales for the current fiscal year was 8,388,956,000 yen (up 184.6% year on year). The main factors are the expansion of the support system for the affiliated VTuber, the response to the expansion of sales of goods and digital goods, This is due to the increase in expenses associated with holding the event.

As a result, gross profit on sales was 5,274,772,000 yen (2,777,241,000 yen in the same period of the previous fiscal year).

(Selling, general and administrative expenses,

operating income) Selling, general and administrative expenses for the current fiscal year were 3,419,600 thousand yen (up 217.0% year on year). The main factors were an increase in expenses related to the sale of goods, rent due to office relocation, personnel expenses due to expansion of business scale, and remuneration paid. As a result, operating income was 1,855,171,000 yen (1,698,419,000 yen in the same period of the previous year).

(Non-operating income, non-operating expenses and ordinary profit)

In the current fiscal year, non-operating income was 15,995 thousand yen and non-operating expenses were 17,188 thousand yen. The main factors were compensation received of 13,131,000 yen and settlement money of 15,888,000 yen due to the cancellation of a corporate project. It depends. As a result, ordinary income was 1,853,978,000 yen (1,705,571,000 yen in the same period of the previous fiscal year).

(Extraordinary income/loss, net income)

In the current fiscal year, an impairment loss of 211,483,000 yen was incurred as an extraordinary loss due to the decision to relocate the office. Net income was 1,244,465,000 yen (1,220,751,000 yen in the same period of the previous fiscal year) as a result of recording 396,690,000 yen of tax expenses (corporate tax, inhabitant tax, enterprise tax, and corporate tax adjustment).

For the analysis of the financial position, please refer to "Section 2. State of Business, 3. Management's Analysis of Financial Position, Operating Performance, and Cash Flow (1) Overview of Operating Performance, etc., 1. Financial Position." 3. Management's analysis of financial condition, operating results and cash flow (1) Overview of operating results, etc. (3) Cash flow It is listed.

Cumulative third quarter of the 7th fiscal period (from April 1, 2022 to December 31, 2022)

(amount of sales)

Net sales for the current third quarter cumulative period were 12,802,099,000 yen. The main breakdown is stable sales of 4,598,139,000 yen for distribution/content services through VTuber IP, merchandising service sales of 5,262,967,000 yen, and licensing/tie-up service sales of 1,699,675,000 yen through commerce development utilizing IP. We are growing.

(Cost of sales, gross profit)

The cost of sales for the third quarter cumulative period was 7,058,844,000 yen. The main breakdown is due to payment of remuneration to affiliated VTubers, manufacturing costs of goods, production costs of live performances and events, etc. It is a thing.

As a result, gross profit was 5,743,255,000 yen.

(Selling, general and administrative expenses, operating income)

Selling, general and administrative expenses for the current third quarter amounted to 4,008,645,000 yen. The major breakdown is miscellaneous expenses related to the sale of goods, land rent associated with office relocation, personnel expenses, and outsourcing expenses.

As a result, operating income was 1,734,609,000 yen.

(Non-operating income, non-operating expenses and ordinary profit)

Non-operating income of 6,790,000 yen and non-operating expenses of 13,860,000 yen were generated in the current third quarter cumulative period. The main factors were foreign exchange gains of 5,974,000 yen and settlement payments of 11,557,000 yen. As a result, ordinary profit was 1,727,539,000 yen.

(Extraordinary profit/loss, quarterly net income)

In the current third quarter cumulative period, a loss on sales of fixed assets resulted in an extraordinary loss of 2,574,000 yen.

Net income for the quarter was 1,281,033,000 yen as a result of posting tax expenses (corporate tax, inhabitant tax, enterprise tax, and corporate tax adjustment) of 443,931,000 yen.

(iii) Analysis and consideration of the status of cash flow, information on capital resources and liquidity of funds

Regarding the status of cash flow for the fiscal year of the Company, please refer to "Section 2 Status of Business 3 Management's Analysis of Financial Position, Operating Performance and Cash Flow Status (1) Overview of Operating Performance, etc. flow status".

The main demand for working capital of our company is the cost of sales such as remuneration for affiliated VTubers and goods production costs, as well as personnel expenses and It consists of operating expenses such as rent, warehouse expenses associated with the sale of goods, selling expenses such as settlement fees, and general administrative expenses.

Demand for funds for investment purposes includes renewal of distribution studio equipment and development costs for new businesses and new services.

The Company's basic policy is to secure the liquidity and sources of funds necessary for business operations in a stable manner. If there is a tendency to do so, it is assumed that borrowing from financial institutions and external financing through equity financing will be carried out after comparing the amount and use of funds required, interest rates and capital costs at the relevant timing.

The balance of cash and cash equivalents at the end of the 6th fiscal year (March 31, 2022) is 4,644,695 thousand yen.

ÿ Factors that have a significant impact on operating results

Factors that have a significant impact on operating results are described in Section 2. Business Status, 2. Business Risks.

We recognize that there are risks that may affect our operating results.

In order to avoid the occurrence of these risk factors, we will continue to take measures such as strengthening the business we operate, increasing personnel, and stabilizing our financial base.

We recognize that it is necessary to strengthen our management foundation, and we are working to implement it.

(5) Management's awareness of issues and future policies

Regarding management's awareness of problems and future policies, please refer to "Section 2 Business Situation 1 Management Policy, Management Environment and Sections to be Addressed Please refer to "Subjects, etc."

(6) Objective indicators, etc. for judging the achievement status of management policies, management strategies, and management goals

Management policies, management strategies, and objective indicators for judging the achievement status of management goals are described in Section 2. Status of Business, 1. Management Policy, Management Environment, and Issues to be Addressed, etc. (3) Management Objective Management Indicators, etc. for Determining the Status of Target Achievement", we have positioned the number of YouTube channel registrations, sales, and sales by service as our main management indicators as important indicators for management .

Through video distribution platforms such as YouTube, our company provides high-frequency live distribution by affiliated VTubers, virtual live concerts using 3D motion capture studios, and animation concerts using IP assets.

In addition to supplying content, etc., we have established derivative creation guidelines and widely encourage fans to engage in derivative creation activities. As a result, we recognize that our VTubers have gained support from a wide range of fans, and the total number of YouTube channel registrations for Hololive Productions owned by our company has exceeded 72 million. The existence of such a large fan base enables continuous co-creation with attractive performers and major creators in Japan and overseas.

Changes in the number of YouTube channel registrations

(Unit: people) Third

Fiscal year ending March 31, 2021	Fiscal year ending March 31, 2022	quarter of the fiscal year ending March 31, 2023
37,325,400	61,377,800	72,383,700

Trends in sales by service

(Unit: thousand yen)

Service name	Fiscal year ending March 31, 2021	Fiscal year ending March 31, 2022	Third quarter of the fiscal year ending March 31, 2023
delivery/content	2,633,870	5,249,683	4,598,139
live/event	814,866	2,203,839	1,241,317
Merchandising	1,847,471	4,832,311	5,262,967
License/Tie-up	428,585	1,377,894	1,699,675
total	5,724,794	13,663,728	12,802,099

4 [Important contracts, etc. for management]

(1) Virtual YouTuber basic contract

Date of contract conclusion	Varies by talent
Contract name	Virtual YouTuber basic contract
Name of other party	Talent
Contract period	Varies by talent
Contract overview	<p>The Company entrusts talents with video distribution and other talent activities, and permits the use of our company's copyrighted works and applications, including standing pictures used for talent activities.</p> <p>Compensation: We will pay talents a certain percentage of the income we earn from talent activities.</p>

(2) Live2D usage contract

Contract conclusion date	June 1, 2018
Agreement name	Live2D Publication License Agreement
Name of the other party	Live2D Co., Ltd.
Contract period	Contract without fixed period
Contract overview	<p>Create an application that incorporates the licensed SDK (software development kit) owned by Live2D Co., Ltd. (hereinafter referred to as "derivative application"), and use the derived application Video distribution etc. are performed on video distribution platforms such as YouTube.</p> <p>Consideration: Pay Live2D Co., Ltd. the amount obtained by multiplying the revenue obtained by using the derivative application by a certain rate.</p>

(3) Content management agreement on YouTube

Contract date	December 9, 2021
Contract name	CONTENT LICENSE AGREEMENT
Name of the other party	Google LLC
Contract period	1 year from the date of contract conclusion (with automatic renewal)
Contract overview	We license our copyrighted video content, manage that content on YouTube using tools provided by Google LLC, and receive advertising revenue generated from that content.

5 [R&D activities]

6th business year (from April 1, 2021 to March 31, 2022) raise and develop

is proceeding. On this platform, VTuber and fans can meet in the same 3D virtual space, not through the screen.

We aim to provide an environment where users can participate in content creation, such as providing unique experiences and creating and selling avatar costumes. Completed development of a sandbox game prototype that allows users and VTubers to communicate have finished.

As a result of these research activities, the total amount of research and development expenses for the current fiscal year is 26,728,000 yen. In addition, since our company is a single segment of the VTuber business, we do not provide descriptions related to segment information.

Cumulative third quarter of the 7th term (from April 1, 2022 to December 31, 2022)

We continue to focus on developing the Metaverse platform as a new business. On this platform, we aim to provide an environment where users can participate in content creation, such as providing a special experience where VTubers and fans can meet in the same 3D virtual space rather than through the screen, and producing and selling avatar costumes. Since the platform was no longer in the research and development phase in the previous fiscal year, expenditures related to development during the current third quarter are included in the software in progress account.

As a result, the total amount of research and development activities is 400,000 yen. In addition, since our company is a single segment of the VTuber business, we do not provide descriptions related to segment information.

3. [Equipment status] 1.

[Outline of capital investment, etc.] 6th business year (from April 1, 2021 to March 31, 2022)

The total amount of capital investment in the current fiscal year was 540,328,000 yen, and the main items were 148,029,000 yen for facilities attached to the building associated with the expansion of the head office and studio, 201,363,000 yen for tools, fixtures and fixtures, and development of the Metaverse platform, etc. 164,494,000 yen for related software and software in progress. In addition, since our company is a single segment of the VTuber business, we do not provide descriptions related to segment information.

Cumulative third quarter of the 7th term (from April 1, 2022 to December 31, 2022)

The total amount of capital investment for the current third quarter cumulative period was 640,582 thousand yen, which mainly consisted of 72,055 thousand yen for tools, fixtures and fixtures, and 483,048 thousand yen for software in progress associated with the development of the Metaverse platform, etc.

In addition, since our company is a single segment of the VTuber business, we do not provide descriptions related to segment information.

2 [Status of major facilities]

Our main facilities are as follows.

As of March 31, 2022

Office name (location)	Equipment details	Book value (thousand yen)					Number of employees (people)
		Auxiliary equipment	Tools, fixtures and	Software fixtures	Software in progress	total	
Head office, etc. (Chiyoda-ku, Tokyo)	office equipment	11,111	142,854	10,966	170,317	335,248	279 (27)
Studio (Chiyoda Ward, Tokyo)	Studio equipment 6002		51,655	-	-	57,657	24 (4)

(Note) 1. We do not currently have any facilities that are out of service.

2. Amounts do not include consumption tax. 3. The building is a rental property, and its outline is as follows.

As of March 31, 2022

Office name (location)	Equipment details	Leased floor area (m2)	Annual rent (thousand yen)
Head office, etc. (Chiyoda-ku, Tokyo)	Head office	2,692.33	176,887
Studio (Chiyoda-ku, Tokyo)	studio equipment	824.80	40,751

4. The number of employees is the number of employees (regular employees and contract employees). Number of temporary workers (part-timers, staffing agencies includes temporary employees of these companies.) indicates the annual average number of employees in (). 5. As our company is a single segment of the VTuber business, we have not made any descriptions related to segment information. 6. Annual rent is the rent for the current fiscal year.

3 [Plans for new construction and retirement of facilities] (as of January 31, 2023)

As of the most recent date, plans for new construction and retirement of important facilities are as follows. (1)

Installation of new important facilities, etc.

Office name (location)	Equipment details	Planned investment amount		Funding method	Start date	Scheduled completion date	Lease area (m2)
		(thousand yen)	Total amount Already paid				
Head office (Minato-ku, Tokyo)	Interior features	512,000	-	Own funds	February 2023	June 2023	4,100.69
Studio (Minato Ward, Tokyo)	(Note 1) Studio equipment (Note 2)	1,941,177	-	Own funds Issuance of shares	October 2022	April 2023	4,914.20
	2) Interior features (Note 2)	810,172	518,918				

(Notes) 1. The purpose is to expand the functions of the head office.

2. The purpose is to expand content production functions.

(2) Disposal of important facilities,

etc. Not applicable.

Part 4 [Status of the submitting company]

1 [Status of shares, etc.] (1)

[Total number of shares,
etc.] ÿ [Total number of shares]

kinds	Total number of authorized shares (shares)
common stock	230,000,000
Total	230,000,000

(Note) 1. Based on the resolution of the Board of Directors meeting held on November 18, 2022, on December 5, 2022, all Class A preferred stock and Class B preferred stock will be acquired as treasury stock, and Class A preferred stock and Class B preferred stock will be acquired as consideration. One share of common stock is issued for each share of Class B preferred stock. In accordance with the resolution of the Board of Directors meeting held on November 18, 2022 pursuant to Article 178 of the Companies Act, all of the class shares were canceled on December 5, 2022. At the Extraordinary General Meeting of Shareholders held on December 13, 2022, we abolished the Articles of Incorporation to the effect that class shares will be issued.

2. Based on the resolution of the Board of Directors meeting held on November 18, 2022, the Articles of Incorporation will be amended on December 13, 2022 due to the stock split. The total number of shares authorized to be issued increased by 227,400,000 shares to 230,000,000 shares.

(2) [Issued shares]

kinds	Issued number (shares)	Listed financial instruments of registered financial instruments	exchange name or description Name of firms association Standard stock
common stock	59,624,200	Unlisted	of the Company with no restrictions on the content of rights.
Total	59,624,200		

(Note) 1. Based on the resolution of the Board of Directors meeting held on November 18, 2022, on December 5, 2022, all Class A preferred stock and Class B preferred stock will be acquired as treasury stock, and Class A preferred stock and Class B preferred stock will be acquired as consideration. One share of common stock is issued for each share of Class B preferred stock. In addition, based on the provisions of Article 178 of the Companies Act, by resolution of the Board of Directors meeting held on November 18, 2022, all of the class shares were canceled as of December 5, 2022. At the Extraordinary General Meeting of Shareholders held on December 13, 2022, we abolished the Articles of Incorporation to the effect that class shares will be issued.

2. Based on the resolution of the Board of Directors held on November 18, 2022, a 100-for-1 stock split of common stock will be implemented on December 14, 2022. As a result, the total number of issued shares increased by 59,027,958 shares to 59,624,200 shares. 3. By resolution of the extraordinary general meeting of shareholders held on December 13, 2022, a share unit system of 100 shares will be adopted on December 14, 2022. I am using it.

(2) [Status of Stock Acquisition Rights, etc.]

̄ [Details of stock option system]

Stock acquisition rights issued under the Companies Act are as follows. The Company has issued the first stock acquisition rights as a system similar to the stock option system. The purpose of the Company is to contribute to the improvement of corporate value as a whole by providing incentives to improve corporate value over the medium to long term to current and future officers and employees of the Company as well as those who have concluded outsourcing agreements. As a result, based on the resolution of the extraordinary general meeting of shareholders held on February 26, 2021, on March 5, 2021, Riko Wakayama will be the trustee of a "Market Price Issued Stock Acquisition Rights Trust" (hereinafter referred to as the "Trust"). I have set.

Based on this trust, President and Representative Director Motoaki Tanigo will entrust funds to the trustee, and the Company will provide Riko Wakayama with the funds on March 5, 2021.

One time stock acquisition rights have been issued.

The Trust will distribute 59,689 units of the first stock acquisition rights to current and future officers and employees of the Company as well as those who have concluded outsourcing agreements, according to their achievements. Unlike incentive plans that use stock acquisition rights, it is possible to decide the amount of incentive distribution based on future performance evaluations for current officers and employees and those who have concluded outsourcing contracts. At the same time, it will be possible to distribute incentives to officers and employees who will be hired in the future and those who have concluded outsourcing contracts according to the same criteria without excessive differences depending on the timing of involvement.

Those who receive the distribution of the 1st stock acquisition rights shall comply with the content of the agreement regarding the issuance guidelines and Stock acquisition rights can be exercised.

The Trust consists of three contracts (A01, A02 and A03), the outlines of which are as follows.

name	Stock Acquisition Rights Trusts Issued at Market Price
consignor	Motoaki Tanigo
Trustee	Riko Wakayama
Beneficiary	A person designated from among the beneficiary candidates on the grant reference date based on the trust agreement pertaining to the Trust Trust agreement date (trust period start date) March 5, 2021 (A01) 29,189 (A02) 14,430 (A03) 16,070 units (A01) (1) the last
business day of December 2023, or (2) the date six months have passed since the date the issuer's shares were first listed on a financial instruments exchange, whichever comes first (A02) (1) The last	
Number of Stock Acquisition Rights in Trust	business day of December 2026, or (2) The day six months have passed since the date on which the issuer's shares were listed on the Tokyo Stock Exchange main market (prime market, standard market, or similar market). (A03) (A03) (1) the last business day of December 2029, or (2) 6 days after the date on which the issuer's market capitalization (calculated based on the closing price of regular
Expiration date of trust period (base date for issuance)	transactions on the securities market) exceeds 100 billion yen for the first time. Whichever comes first after the month has passed Initially, the trustor entrusted money to the trustee. 59,689 rights are the subject of the trust. Of the officers and employees of the Company and those who have entered into outsourcing agreements with the Company, those who meet certain conditions set based on position, grade, time of joining the company, etc., are candidates for beneficiary, and the trust agreement pertaining to the Trust is concluded. At the expiration of the trust term, we will notify the trustee that the person designated by us will be the beneficiary pursuant to the provisions of . The allocation of the first stock acquisition rights to the potential beneficiaries will be finalized by the Compensation Committee based on the pre-determined allocation ratio to the potential beneficiaries.
Purpose of trust	
Beneficiary eligibility requirements	

The outline of the first stock acquisition rights is as follows.

Resolution date	February 26, 2021
Category and number of grantees (persons)	Trustee of Stock Acquisition Rights of the Company 1
Number of Stock Acquisition Rights (Units) *	59,689
Type, content and number of shares to be issued upon exercise of subscription rights to shares (shares) *	Common Stock 5,968,900
Amount to be paid upon exercise of subscription rights to shares (yen)* 54	

Exercise period of stock acquisition rights *	March 4, 2024 to March 4, 2031
Issue price and amount to be capitalized when issuing shares upon exercise of subscription rights to shares (yen) *	Issue price 54 Capitalization 27
Conditions for exercising subscription rights to shares *	(Note 4)
Matters concerning transfer of stock acquisition rights * Transfer of stock acquisition rights shall require the approval of the Board of Directors.	
Matters concerning the issuance of subscription rights to shares due to organizational restructuring *	(Note 6)

* The contents are as of the last day of the most recent fiscal year (March 31, 2022). As of the end of the month preceding the date of submission (January 31, 2023), there have been no changes to these matters. (Note 1) 1. The number of shares to be issued for each stock acquisition right is 100 shares.

2. If the Company conducts a stock split (including a gratis allotment of the Company's common stock; the same shall apply hereinafter) or a share consolidation after the allotment date of the Stock Acquisition Rights, the following formula shall be used for adjustment. However, such adjustment shall be made only for the number of shares underlying the Stock Acquisition Rights that have not been exercised at that time, and fractions less than one share resulting from the adjustment shall be rounded down. shall be Number of Granted Shares after adjustment = Number of Granted Shares before adjustment x Ratio of split (or consolidation)

In addition, after the allotment date of the Stock Acquisition Rights, if the Company undergoes a merger, company split, reduction in the amount of capital, or if it is necessary to adjust the number of shares to be granted in accordance with these cases, the number of shares to be granted shall be adjusted to a reasonable extent, and the number of shares granted shall be adjusted accordingly.

3. After the allotment of the Stock Acquisition Rights, if the Company conducts a stock split or a stock consolidation,

The exercise price will be adjusted according to the formula, and fractions of less than one yen resulting from the adjustment will be rounded up.

$$\text{Amount to be paid after adjustment} = \text{Amount to be paid before adjustment} \times \frac{1}{\text{Ratio of split/consolidation}}$$

In addition, the number of shares, which is the purpose of each share, shall be adjusted according to the following formula.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Split/consolidation ratio}$$

In addition, if new shares are issued or treasury stock is disposed of at a price below the market price after the date of allotment of stock acquisition rights, the amount to be paid will be adjusted according to the following formula, and fractions of less than one yen resulting from the adjustment will be rounded up.

$$\text{Amount to be paid after adjustment} = \text{Amount to be paid before adjustment} \times \frac{\text{Number of newly issued (disposed) shares} \times \text{Amount to be paid per share Market} + \text{Number of outstanding shares} \times \text{price per share Number of shares already issued}}{\text{Number of newly issued (disposed) shares}}$$

4. Conditions for exercising Stock Acquisition

Rights (1) Persons to whom the Stock Acquisition Rights are allotted (hereinafter referred to as the "Trustee") may not exercise the Stock Acquisition Rights and Unless otherwise specified, only those who have been granted the Stock Acquisition Rights by the Trustee (hereinafter referred to as "the Stock Acquisition Rights Holders") may exercise the Stock Acquisition Rights. (2) Holders of Stock Acquisition Rights may exercise all remaining Stock Acquisition Rights if any of the following events occur during the period of three years from the date of allotment of Stock Acquisition Rights. can't (a) When the common stock of the Company is issued for a price lower than the judgment price (defined in (e) below; the same shall apply hereinafter). (However, if the paid-in amount is a particularly favorable amount as defined in Article 199, Paragraph 3 and Article 200, Paragraph 2 of the Companies Act, or if the price is deemed to be different from the stock price of common stock, and (This excludes cases where such shares are issued through a shareholder allotment, etc.) (Except when the stock acquisition rights are issued at a price different from the stock price of the Company's common stock at the time of issuance.) In the event that the Company's common stock is not listed on the stock exchange, the Company's common stock is traded or otherwise traded for a price lower than the judgment price. (However, this excludes cases where the transaction is conducted at a price that is deemed to be significantly lower than the stock price at the time of the transaction.) If the Company is listed on an exchange, after the listing date, the closing price of ordinary trading of the Company's common stock on the financial instruments exchange falls below the threshold price. (e) "Determination Price" in (a) to (d) above is defined as follows. (i) One year from the allotment date: 100% of the exercise price (ii) One year from the allotment date: 150% of the exercise price (iii) Two years after the allotment date 1 year: Price obtained by multiplying the exercise price by 200% Alternatively, it is required to be an outside collaborator such as a subcontractor. However, this shall not apply in cases where the Company's Board of Directors recognizes that there is a justifiable reason such as retirement due to the expiration of the term of office, mandatory retirement, or any other reason. (4) The exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights Holders is not permitted.

(5) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed the number of issuable shares at that time, the Stock Acquisition Rights may not be exercised.

5. Matters concerning the acquisition of stock acquisition rights.

(1) Approval at the General Meeting of Shareholders (shareholders If approval of the general meeting is not required, resolution of the Board of Directors) is passed, all of the Stock Acquisition Rights may be acquired free of charge on the date separately determined by the Board of Directors of the Company. (2) If the stock acquisition rights cannot be exercised due to the provisions set forth in 4 above before the stock acquisition rights holders exercise their rights, the Company may acquire the stock acquisition rights free of charge. (3) The Company shall be able to acquire the Stock Acquisition Rights that were not subject to inheritance free of charge, and the notice to the Stock Acquisition Rights holders pursuant to Article 274, Paragraph 3 of the Companies Act shall be It shall be sufficient if it is made to the legal heir of the person who the Company deems appropriate. However, if such notification is deemed unnecessary due to the interpretation of laws and regulations, the Company may omit the notification and acquire the Stock Acquisition Rights free of charge. 6. Matters relating to the issuance of subscription rights to shares in association with acts of organizational restructuring (hereinafter referred to as "the act of organizational restructuring"), the Company Law Article 236, Paragraph 1, Item 8, a. The Stock Acquisition Rights of the stock company (hereinafter referred to as the "Company Subject to Reorganization") shall be issued under the following conditions. provided, however, that in the event that an absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the following conditions: shall be limited to (1) Number of Stock Acquisition Rights of the Reorganized Company to be Issued The same number of stock acquisition rights as the number of stock acquisition rights held by each stock acquisition right holder shall be issued. (2) Type of shares of the restructuring company for which stock acquisition rights are to be issued Common stock of the restructuring company. (3) Number of shares of the reorganized company for which stock acquisition rights are to be exercised The number shall be determined in accordance with 2 above, taking into account the conditions of the reorganization. (4) Value of property to be invested upon exercise of stock acquisition rights The value of property to be invested upon exercise of each stock acquisition right to be issued shall be determined in 3 above, taking into consideration the conditions of the reorganization, etc. The exercise price after restructuring obtained by adjusting the exercise price shall include the above 6. It shall be the amount multiplied by the number of shares of the restructuring company that are the subject of the stock acquisition rights determined in accordance with (3). (5) Period during which the stock acquisition rights can be exercised From the later of the first day of the exercise period of the stock acquisition rights or the effective date of the reorganization to the last day of the exercise period of the stock acquisition rights do. (6) Matters related to increased capital and capital reserves when shares are issued upon exercise of stock acquisition rights Decide accordingly. (7) Restrictions on acquisition of stock acquisition rights by transfer Restrictions on acquisition by transfer shall require the approval of the board of directors of the restructuring company. (8) Other conditions for exercising subscription rights to shares To be determined in accordance with 4 above. (9) Reasons and conditions for acquisition of stock acquisition rights To be determined in accordance with 5 above. (10) Other conditions shall be determined according to the conditions of the restructuring company.

7. On December 14, 2022, the Company conducted a 100-for-1 stock split of its common stock by resolution of the Board of Directors meeting held on November 18, 2022. As a result, the "type, details and number of shares to be issued upon exercise of the stock acquisition rights", "amount to be paid at the time of exercise of the stock acquisition rights", and "the issue price and capital when issuing shares upon exercise of the stock acquisition rights" are determined. Inclusion amount" has been adjusted.

ÿ [Contents of rights plan]

Not applicable.

(3) Status of Other Stock Acquisition Rights, etc.

Not applicable.

(3) [Changes in total number of issued shares, capital, etc.]

date	Change in total number of issued shares (shares)	Number of outstanding shares (shares)	Capital increase/decrease (thousand yen)	capital balance (thousand yen)	Increase/Decrease in capital reserve (thousand yen)	Capital reserve balance (thousand yen)
May 31, 2017 (Note 1)	Common stock 15,000	Common stock 330,800	7,500	12,996	7,500	9,996
July 31, 2017 (Note 2)	Common stock 13,000	Common stock 343,800	6,500	19,496	6,500	16,496
February 7, 2018 (Note 3)	Common Stock 348,800	Common Stock 5,000	2,500	21,996	2,500	18,996
May 31, 2018 (Note 4)	Class A preferred stock 348,800 Class B preferred stock 112,992	common stock 348,800 Class A preferred stock 112,992	99,997	121,994	99,997	118,994
December 13, 2019 (Note 5)	Class B preferred stock 10,160	Common stock 348,800 Class A preferred stock 112,992 Class B preferred stock 10,160	24,998	146,993	24,998	143,993
December 27, 2019 (Note 6)	Class B preferred stock 10,160	10,160 Common stock 348,800 Class A preferred stock 112,992 Class B preferred stock 10,160	24,998	171,991	24,998	168,991
April 30, 2020 (Note 7)	Class B preferred stock 114,130	20,320 Common stock 348,800 Class A preferred stock 112,992 Class B preferred stock 134,450	280,816	452,808	280,816	449,808
December 5, 2022 (Note 8)	Common stock 247,442 Class A preferred stock -112,992 Class B preferred stock -134,450	Common stock 596,242	¥ 452,808		¥ 449,808	
December 14, 2022 (Note 9)	Common stock 59,027,958	Common stock 59,624,200	¥ 452,808		¥ 449,808	

(Note) 1. Paid third-party allotment Main

allottees Masao Ito, Hironao Kunimitsu, Kensuke Furukawa Issue price 1,000 yen Amount invested in capital 500 yen
 Paid third-party allotment Main
 allottee HTC Vive Investment (BVI) Corp. Issue price 1,000 yen Capitalization amount 500 yen
 1,000 yen
 500 yen

4. Paid third-party allotment

Main allottee AT-II Investment Business Limited Liability Partnership and 3 other companies Issue price 1,770 yen Paid Third-Party Allotment capital 2,460.5 yen Paid Third-Party Allotment capital 2,460.5 yen Paid Third-Party

Main allottee Takahiro

Hayashi Issue price 4,921yen

Capitalization amount 2,460.5 yen 7.

Paid Third-Party Allotment

Main recipients i-nest No. 1 Investment Business Limited Liability Union, HAKUHODO DY FUTURE DESIGN FUND Investment Business Limited Liability Union, etc.

7

companies Issue price 4,921

yen Capitalization amount

2,460.5 yen 8. Acquisition of all class A preferred stock and class B preferred stock as treasury stock on December 5, 2022 by resolution of the Board of Directors held on November 18, 2022 As consideration, 1 share of common stock is delivered for each class A preferred stock and 1 class B preferred stock. All preferred stocks are acquired as treasury stock, and one common stock is granted for each preferred stock. In accordance with the resolution of the Board of Directors meeting held on November 18, 2022 pursuant to Article 178 of the Companies Act, all of the class shares were canceled on December 5, 2022. At the Extraordinary General Meeting of Shareholders held on December 13, 2022, we abolished the Articles of Incorporation to the effect that class shares will be issued.

9. On December 14, 2022, a 100-for-1 stock split of common stock was implemented by resolution of the Board of Directors held on November 18, 2022. As a result, the total number of issued shares increased by 59,027,958 shares to 59,624,200 shares.

(4) [Situation by owner]

As of January 31, 2023

Division	Status of shares (Number of shares in one trading unit: 100 shares)							Less than one unit Status of shares (shares)	
	Government and local governments	financial institution	financial instruments trader	Other legal entities	Foreign corporation, etc.		Individual Other		Total
					Non-individual	Individual			
Number of Shareholders				15	1		7		
(Persons) Number of Shares Owned (Unit)			¥ 283,922		5,000	¥ 302,320	596,242		
Percentage of Number of Shares Owned (%)			— 48.46		0.84		50.70	100	

(5) [Status of Voting Rights] (1) [Shares Issued]

As of January 31, 2023

Division	Number of shares (shares)	Number of voting rights (pieces)	content
non-voting shares			
Shares with restricted voting rights (treasury shares, etc.)			
Shares with restricted voting rights (Others)			
Stock with full voting rights (treasury stock, etc.)			
Full Voting Shares (Other)	common stock 59,624,200	as a shareholder	It is the standard stock of the Company with no restrictions on the content of rights shares. One trading unit consists of 100 shares.
Shares less than one unit			
Total number of issued shares	59,624,200		
Voting rights of all shareholders		596,242	

(2) [Treasury stock, etc.] Not applicable.

2 [Status of acquisition of treasury stock, etc.]

[Types of shares, etc.] Acquisition of Class A preferred stock and Class B preferred stock pursuant to Article 155, Item 1 of the Companies Act

(1) [Status of Acquisition by Resolution of General Meeting of Shareholders]

Not applicable.

(2) [Status of Acquisition by Resolution of the Board of Directors]

Not applicable.

(3) [Details of matters not based on the resolution of the general meeting of shareholders or the resolution of the board of directors]

Division	Number of shares (shares)	Total value (1,000 yen)
Acquired treasury stock in the most recent fiscal year		
Treasury stock acquired in the most recent period	Class A preferred stock 112,992 Class B preferred	

stock 134,450, one share of common stock is delivered as consideration for each share of Class A preferred stock and Class B preferred stock. In addition, pursuant to the resolution of the Board of Directors meeting held on November 18, 2022 pursuant to the provisions of Article 178 of the Companies Act, all of the class shares will be canceled as of December 5, 2022. At the Extraordinary General Meeting of Shareholders held on December 13, 2022, we abolished the Articles of Incorporation to the effect that class shares will be issued.

(4) [Processing status and holding status of acquired treasury stock]

Division	Most recent fiscal year		Most recent	
	Number of shares (shares)	Total disposal price (thousand yen)	Number of shares (number)	period Total disposal price (thousand yen)
Acquired treasury stock for which subscribers were solicited				
Acquired treasury stock that has been retired			Class A preferred stock 112,992 Class B preferred stock	134,450
Acquired treasury stock transferred through mergers, stock exchanges, stock deliveries, and stock splits Others				
Number of treasury shares held				

(Note) Based on the provisions of Article 178 of the Companies Act, the Company decided to give priority to class A on December 5, 2022 by resolution of the Board of Directors held on November 18, 2022.

The shares and Class B preferred shares have been canceled.

3 [Dividend policy]

At the same time as returning profits to shareholders, strengthening our financial position and securing competitiveness are positioned as important management issues. At present, we believe that our company is in the process of growth, and we believe that enhancing internal reserves and allocating them to investments for business expansion and business efficiency will lead to the greatest return of profits to our shareholders. I'm here. For this reason, we have not paid dividends since our founding, and our policy is to continue to increase internal reserves for the foreseeable future. In the future, we plan to consider returning profits to shareholders while taking into consideration the operating results of each fiscal year, but at this time, we have not decided on the possibility of paying dividends and the timing of doing so. .

Regarding internal reserves, funds to strengthen the financial structure and continue business expansion for the purpose of stabilizing the management base.

As such, we will make effective use of it.

In the event that dividends from surplus are to be paid, the Company's basic policy is to pay dividends from surplus once a year at the end of the term, and the decision-making body for dividends is the General Meeting of Shareholders. In addition, the Company's Articles of Incorporation stipulate that interim dividends stipulated in Article 454, Paragraph 5 of the Companies Act may be paid by resolution of the Board of Directors with September 30 as the record date.

4 [Status of Corporate Governance, etc.] (1)

[Overview of Corporate Governance]

(1) Basic approach to corporate governance

Our company's mission is "Let's create culture that the world loves."

We recognize that it is the basis of corporate management to increase corporate value through

In order to continuously increase corporate value, it is essential to build and improve a corporate governance system. Through this, we are strengthening management monitoring and supervisory functions.

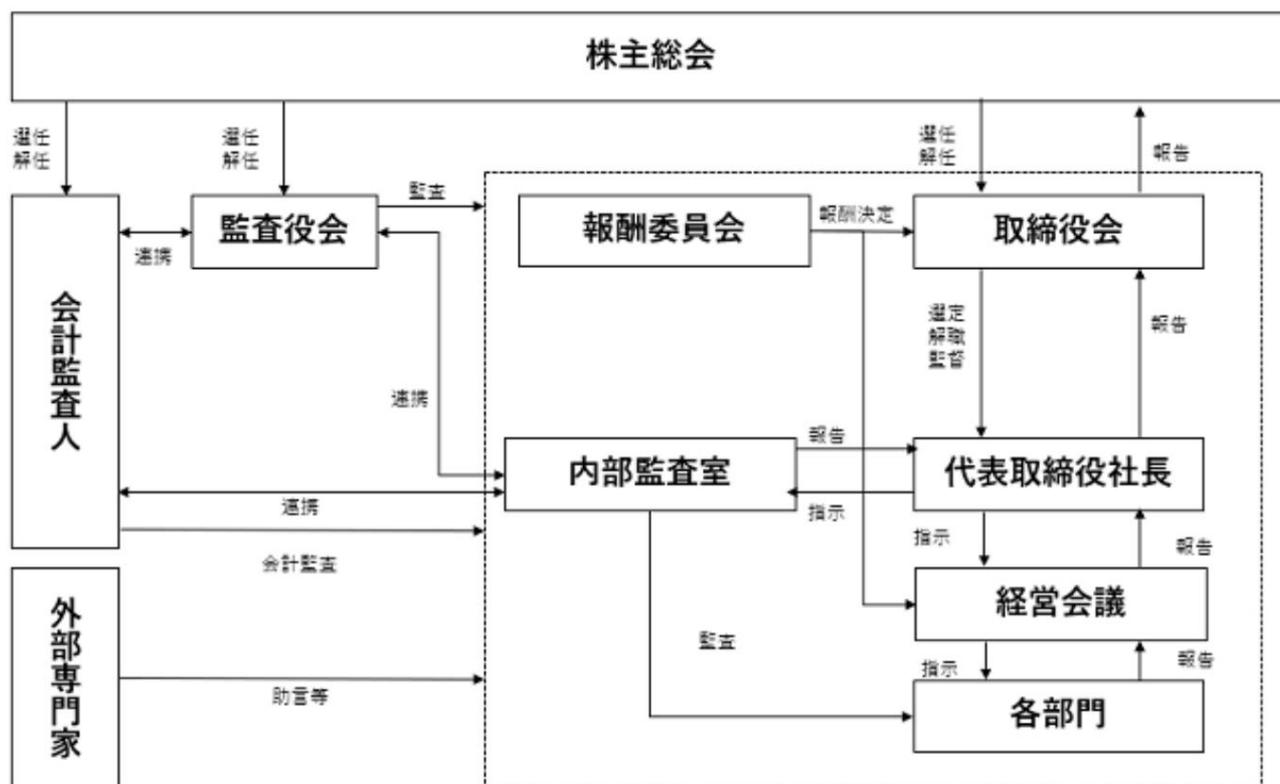
(ii) Overview of the corporate governance system and reasons for adopting the system

We believe that strengthening corporate governance is important for sustainable growth and medium- to long-term improvement of corporate value. Therefore, we have determined that supervision by the Board of Directors and independent audits by Audit & Supervisory Board Members and the Board of Directors are effective in ensuring the appropriateness of business execution. is selected.

Specifically, under the system of a company with an auditor

By appointing two of the four directors as outside directors, we are working to further strengthen the supervisory function of the Board of Directors.

Our corporate governance system is as follows.



1. board of directors

The Board of Directors of the Company is composed of four directors (including two outside directors). I am supervising. In addition to regular monthly board meetings, the Board of Directors holds extraordinary board meetings as necessary to ensure prompt and accurate decision-making.

The members of the Board of Directors are President and Representative Director Motoaki Tanigo as the head of the organization, and the other members are Kazuyuki Fukuda, Yoshiyuki Suda, and Yoichi Wada. Yoshiyuki Suda and Yoichi Wada are outside directors.

2. Audit & Supervisory Board

The Board of Corporate Auditors of the Company consists of a total of three members: one full-time corporate auditor (outside corporate auditor) and two part-time corporate auditors (outside corporate auditor). Each Audit & Supervisory Board Member attends meetings of the Board of Directors, inspects important documents, etc., and conducts a wide range of examinations regarding overall management. Each Audit & Supervisory Board Member audits the execution of duties by the Directors from an independent standpoint in accordance with the division of duties determined by the Board of Audit & Supervisory Board meetings held once a month. We also receive reports in a timely manner and strive to efficiently conduct highly effective audits.

The Audit & Supervisory Board consists of full-time Audit & Supervisory Board Member Isao Miyajima as head of the organization, and other members are Okoko Ogura and Kenichiro Arai. Isao Miyajima, Oyako Ogura, and Kenichiro Arai are outside corporate auditors.

3. Accounting auditor

The Company has entered into an audit agreement with Taiyo LLC and undergoes accounting audits from an independent standpoint.

4. Internal Audit Office

The Company has appointed three people as an internal audit office under the direct control of the President and Representative Director. Internal audits are conducted for all departments in accordance with the internal audit plan, and the audit results are reported to the president in a timely manner. In addition, we regularly share information with the Audit & Supervisory Board and accounting auditors, and provide advice and recommendations for improving operations.

5. Compensation Committee

In addition to directors selected by the Board of Directors, the Company has established a Compensation Committee, which is composed of corporate auditors to pursue fairness, as the body that determines the compensation of each officer and executive officer. The Compensation Committee meets at least once a year, in principle, and determines compensation while ensuring transparency and fairness by holding discussions when deciding executive compensation and salaries for executive officers.

The members of the Compensation Committee are President and Representative Director Motoaki Tanigo as the head of the organization, and other members are Kazuyuki Fukuda, Yoshiyuki Suda, They are Yoichi Wada, Isao Miyajima, Oyako Ogura, and Kenichiro Arai.

6. Management meeting

The Company has established a Management Committee consisting of internal directors and executive officers to discuss and consider important management matters and ensure smooth operations. As a general rule, the management meeting is held at least once a month, and within the scope of authority delegated by the directors, it makes decisions on company-wide issues and deliberates proposals to be submitted to the board of directors. .

The members of the Management Committee are President and Representative Director Motoaki Tanigo, and the other members are Kazuyuki Fukuda, Yasuhiro Kishi, Taku Kato, and Yosuke Kaneko. It is composed of full-time corporate auditor Isao Miyajima as an observer, and persons appointed by the president and representative director as necessary.

3) Other matters related to corporate governance a. Status of

development of internal control system

Based on the "basic policy for the internal control system" decided by the Board of Directors, we have established an effective internal control system. We have a system that works.

1. Internal control system construction guidelines

Directors and employees shall perform their duties with high ethical standards and good conscience, comply with laws and internal regulations, and act responsibly in line with social norms. In addition, in order to ensure the legality and efficiency of the Company's business execution and to strive for risk management, this basic policy is

It shall be constantly reviewed in accordance with changes.

2. System to ensure that the execution of duties by directors and employees conforms to laws and regulations and the Articles of Incorporation

Regarding the establishment and maintenance of the compliance system, in addition to the supervision of the execution of duties by the directors by the auditors, the person in charge of internal audits, under the order of the president and representative director, monitors the execution of duties by the directors and employees based on the internal audit regulations. We regularly assess and monitor the situation and report to the President and Representative Director.

In addition, we have developed and operate a whistle-blowing system that directly receives information regarding suspicious acts in accordance with laws and internal regulations.

3. System for storing and managing information related to the execution of duties by directors

Regarding the storage and management of information related to the execution of duties by directors, the officer in charge of the administrative headquarters shall be appointed as the officer in charge, and information related to the execution of duties shall be appropriately recorded in writing or electronically, and shall be recorded in accordance with the document management regulations. It shall be stored and managed for a period of time. The directors shall be able to view these documents at any time, and the officer in charge shall promptly respond to such requests.

4. Regulations and Other Systems Concerning Management of Risk of Loss

We have established and revised risk compliance regulations, and are building a system for early detection of potential risks and rapid and appropriate measures against misconduct. In the event of an unforeseen incident, we have set up a countermeasures headquarters chaired by the president and representative director, and have put in place a system to take prompt action, including disclosure, and prevent the spread of damage.

5. System to ensure that the duties of directors are executed efficiently

The Board of Directors shall establish a company-wide business plan, and each director shall establish specific numerical targets and action plans to be implemented by each department to achieve the plan. In addition to monthly budget management to achieve these plans, the Board of Directors shares information on the major indicators used to evaluate the progress of the plans. In addition, decisions are made quickly and appropriately at all operational levels, as processes such as requests for approval and approval are clarified. Since all executives and employees have a common understanding of the functions of these bodies and meetings and their position in the business process, a system is in place to properly formulate and promote plans and evaluate their progress. Te

I will.

6. Matters concerning employees in the event that the board of auditors requests to appoint an employee to assist in its duties

In addition to cooperating with internal auditors, the Audit & Supervisory Board is appointed as a specific employee who should provide necessary assistance for audit work. increase. In principle, at least one person shall be attached to the Audit & Supervisory Board.

7. Matters concerning the independence of the employees in the preceding item from the directors

In order to ensure the independence of the Board of Corporate Auditors, the Board of Corporate Auditors makes decisions on matters related to personnel rights, such as the appointment and transfer of employees. We will do so with your prior consent. In addition, the approval of the Audit & Supervisory Board Members shall be obtained for performance evaluations by the Audit & Supervisory Board.

8. System for directors and employees to report to the Board of Corporate Auditors and other systems for reporting to the Board of Corporate Auditors

When directors and employees become aware of a serious violation of law or a fact that may cause significant damage, they shall promptly shall report to the Board of Corporate Auditors.

Corporate Auditors and the Board of Corporate Auditors may request reports from Directors at any time as necessary.

9. Other systems to ensure that audits by the Audit & Supervisory Board are conducted effectively

In order to enable the Board of Corporate Auditors to efficiently and effectively grasp the important decision-making process and business execution status, corporate auditors can request reports from directors and employees at any time, and directors The Company shall not refuse the attendance of Audit & Supervisory Board Members to important meetings of the Company. In addition, corporate auditors shall cooperate closely with the person in charge of internal audits and accounting auditors, and shall exchange information on a regular basis.

We will exchange opinions, etc. with our corporate lawyers as necessary.

Ten. System to eliminate anti-social forces

The Company cuts off all contact with anti-social forces, including business relationships and support relationships, and resolutely rejects unreasonable demands from anti-social forces. In the event that anti-social forces interfere with management activities, cause harm, or are attacked by slander, etc., the management headquarters will respond.

We have established a system for centralized management, cooperation with related organizations such as the police, and a resolute response throughout the organization.

11. System for Ensuring the Reliability of Financial Reporting

In addition to establishing the "Basic Policy for Internal Control over Financial Reporting," a system for effectively implementing internal control over financial reporting
We are working to develop, maintain and improve the

b. Status of development of risk management

system

It is stipulated that we will strive to understand and manage information in an integrated manner from time to time and make efforts to systematically and systematically utilize it in corporate management.

Specifically, we are implementing the following measures. •Establish risk

and compliance management rules, appoint a person in charge of overall risk management,

We have established a reporting flow in the case of

•Establish a permanent Risk Management and Compliance Committee, hold regular meetings (at least once every three months),

We are continuously reviewing our risk management. •We continuously

provide education and training on risk management for officers and employees.

c. Contents of liability limitation agreement

Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with each Director and Audit & Supervisory Board Member to limit liability for damages under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages based on the agreement shall be the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act based on the proviso of Article 30, Paragraph 2 of the Articles of Incorporation for Directors, and for Audit & Supervisory Board Members, Based on the proviso of Article 36, Paragraph 2 of the Articles of Incorporation, it is the sum of the amounts stipulated in each item of Article 425, Paragraph 1 of the Companies Act.

d. Overview of the details of the officer liability insurance contract in which the officer, etc., is the insured person

1. Scope of insured persons

All directors and auditors of the Company

2. Overview of insurance contract content Compensation for

damages and litigation costs incurred by the insured due to claims for damages arising from acts (including omissions) performed by the insured in relation to duties as an officer of a company etc. However, we have taken measures to ensure that the appropriateness of the execution of duties by officers, etc., is not compromised by excluding damages incurred by officers themselves who have engaged in criminal acts such as bribery or intentionally committed illegal acts. increase. All insurance premiums will be borne by our company.

e. Fixed number of directors

The Articles of Incorporation stipulate that the Company shall have no more than nine directors.

f. Requirements for resolutions for appointment and dismissal of directors

The Company stipulates in its Articles of Incorporation that resolutions for the appointment of directors shall be made by a majority of the voting rights of the shareholders present at the meeting, who hold one-third or more of the voting rights of the shareholders who can exercise their voting rights. increase. In addition, the Articles of Incorporation stipulate that resolutions for the election of directors shall not be made by cumulative voting.

g. Matters to be resolved at the General Meeting of Shareholders that can be

resolved by the Board of Directors The Company's Articles of Incorporation stipulate that the matters listed in each item of Article 459, Paragraph 1 of the Companies Act may be determined by resolution of the Board of Directors.

h. Requirements for special resolutions at general meetings of shareholders

Regarding the special resolution requirements for the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, the Company requires that shareholders who hold one-third or more of the voting rights of shareholders who can exercise their voting rights attend and The Articles of Incorporation stipulate that at least two-thirds of the

i. Acquisition of treasury

stock The Company may acquire treasury stock by resolution of the Board of Directors pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.

This is stipulated in the Articles of Incorporation.

(2) [Status of officers]

ÿ List of officers

6 men, 1 woman (14.2% of board members are women)

job title	family name	date of birth	Biography	term of office	Number of shares owned (shares)
Representative Director and President	Motoaki Tanigo	Born December 10, 1973	April 1997 Joined Imagineer Co., Ltd. June 2003 Joined istyle Co., Ltd. June 2005 Joined Interspire Co., Ltd. Established Sunzero Minutes Co., Ltd. Founded Representative Director, President and Executive Officer April 2008 June 2016 Appointed CEO (current position) October 2020 Established Valley Inc. Representative	(Note 3)	22,800,000
Director CTO	Kazuyuki Fukuda	Born June 15, 1982	Director April 2005 Joined Sony Corporation April 2008 Joined Agile Media Network Co., Ltd. CTO April 2013 Established Garoo Co., Ltd. Representative Director October 2016 Joined the Company Director, Executive Officer and CTO (current position) June 2017	(Note 3)	3,000,000
Outside Director (Note 1)	Hitoshi Suda	Born July 21, 1973	April 1996 Joined Imagineer Co., Ltd. Joined J-Sky B Co., Ltd. (currently SKY Perfect JSAT Co., Ltd.) October 1997 July 1999 Appointed Director of Communication Online Co., Ltd. Joined Digital Club Co., Ltd. (currently Broadmedia) October 2002 Appointed Director of Aeria Co., Ltd. Appointed Director of Sudax Co., Ltd. established (current position) Appointed Auditor of Bengo4.com Co., Ltd. (current position) Good Co., Ltd. Patch December 2002 Appointed part-time Audit & Supervisory Board Member (current position) November 2016 February 2013 Appointed Director of the Company (current position) November 2015 May 2017 Outside Director (Audit and Supervisory Committee Member) of Studio Atao Co., Ltd. December 2017 Appointed Director of andfactory Co., Ltd. Appointed Auditor of Owl Lab Co., Ltd. (current position) September 2019 Appointed Outside Director of Techouse Co., Ltd. (current position) March 2021	(Note 3)	900,000
Outside Director (Note 1)	Yoichi Wada	Born May 28, 1959	April 1984 Joined Nomura Securities Co., Ltd. April 2000 Joined Square Co., Ltd. Appointed President and Representative Director of Square Co., Ltd. Joined Square Enix Co., Ltd. (currently Square Enix Holdings Co., Ltd.) Appointed President and Representative Director Co., Ltd. Appointed Director of Metaps (current position) Representative Director of W Co., Ltd. (current position) Appointed Director of Wonder Planet Co., Ltd. (current position) Appointed Director of Mynet Co., Ltd. (current position) Appointed Director of Yumeshin Benex Group Co., Ltd. (current position) December 2001 April 2003 May 2015 October 2015 August 2016 March 2018 September 2021 June 2022 Appointed Director of the Company (current position)	(Note 3)	-

job title	family name	date of birth	Biography	term of office	Number of shares owned (shares)
Standing Corporate Auditor (Note 2)	Isao Miyajima	Born October 30, 1961	<p>January 1985 Joined Yokohama Oil Company April 1999</p> <p>Joined ISA Co., Ltd. December 2001 Appointed Executive Officer of RECOMM Co., Ltd. Appointed Director of Domino Pizza Japan Co., Ltd. Appointed Director of Administration Headquarters Director and Administration of Sindbad International Co., Ltd. Appointed Chief Financial Officer</p> <p>January 2006</p> <p>June 2012</p> <p>April 2016 Appointed Executive Officer of Transus Co., Ltd. Appointed Executive Officer of Third Wave Exchange Co., Ltd.</p> <p>April 2018</p> <p>June 2019 Appointed Audit & Supervisory Board Member of Graph Co., Ltd. June 2020 Appointed Audit & Supervisory Board Member</p>	(Note 4)	
Auditor (Note 2)	Parent and child Ogura	Born September 17, 1969	<p>of the Company (current position) August 1994 Joined TAC Corporation Joined Deloitte Touche Tohmatsu (now Deloitte Touche Tohmatsu LLC) Opened Ogura Oyako Certified Public Accountant Office (August 2007 Appointed Audit & Supervisory Board Member of Uhuru Co., Ltd. Appointed Representative Director of M&C Co., Ltd. March 2011 Appointed Director and CFO of Uhuru Co., Ltd. September 2007 Appointed Director (Audit and Supervisory Committee Member) of S-CUBISM Co., Ltd. Appointed Audit & Supervisory Board Member of Graph Co., Ltd. (current position) Appointed Executive Officer of Beauty Garage Co., Ltd. (current position) Auditor of Japan Eyelash Research Institute Co., Ltd. (current position) Director of Waraku Co., Ltd. (current position) Auditor of the Company in February 2021 (current position)</p> <p>October 1995</p> <p>January 2007</p> <p>September 2007</p> <p>November 2016</p> <p>June 2019</p> <p>August 2019</p> <p>September 2020</p> <p>October 2020</p> <p>July 2022</p> <p>Audit & Supervisory Board Member of Eyelash Garage Co., Ltd. (current position) Nov. 2008</p>	(Note 4)	
Auditor (Note 2)	Kenichiro Arai	Born May 15, 1981	<p>Completed the Legal Training and Research Institute of the Supreme Court Joined Frontier Management Co., Ltd. Jan. 2010 Joined Representative Kakinuma Masaaki Office Mar. 2011 Joined Torikai Sogo Law Office Law firm Co-founded Flag (currently TH Law Office) (current position) Appointed Representative Director of H.T.Properties Co., Ltd. (current position) Established Flag Law Firm Flag (currently TH Law Office) Representative Partner</p> <p>January 2009</p> <p>June 2014</p> <p>June 2014</p> <p>September 2014</p> <p>June 2019 Appointed Audit & Supervisory Board Member of Graph Co., Ltd. February 2021 Appointed Audit & Supervisory Board Member of the Company (current position)</p> <p>June 2021</p> <p>Appointed as an employee of Medical Corporation Asklepios (current position)</p>	(Note 4)	
Total					26,700,000

(Note) 1. Directors Hitoshi Suda and Yoichi Wada are Outside Directors.

2. Audit & Supervisory Board Members Isao Miyajima, Oyako Ogura and Kenichiro Arai are Outside Audit & Supervisory Board Members.

3. From the time of the Extraordinary General Meeting of Shareholders to be held on December 13, 2022 until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31,

2023. 4. From the time of the Extraordinary General Meeting of Shareholders to be held on December 13, 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March

31, 2026. 5. In order to separate management decision-making and supervisory functions from business execution functions and to ensure prompt business execution, we have established an executive officer system.

We have introduced degrees. As of the date of submission of this document, the following five executive officers are appointed.

job title	family name
Representative Director and President Executive Officer	Motoaki Tanigo
Director Executive Officer	Kazuyuki Fukuda
Operating officer	Yasuhiro Kishi
Executive Officer General Manager of Administrative Headquarters	Suguru Kato
Executive Officer General Manager of Corporate Planning Office	Yousuke Kaneko

2) Status of outside officers The

Company has two outside directors and three outside corporate auditors. Outside director Hitoshi

Suda has been a shareholder since the company was founded, and has served as an outside director and auditor for many companies in the past. Judging that he can handle the supervision and checking functions

has been appointed.

Outside director Yoichi Wada has served as representative director of Square Enix Holdings, and in addition to having knowledge related to the Metaverse business in which the Company is expanding in the future, he also has extensive knowledge of management and risk management, and is a corporate manager. Since he has a wealth of experience as an outside director, we have decided to appoint him based on the judgment that he can provide advice on both business and governance aspects.

I will.

Outside Audit & Supervisory Board Member Isao Miyajima has the experience of being listed on the stock exchange as a manager in a company he worked for in the past, and has extensive knowledge of corporate governance. Discover issues and give advice

I have determined that I am able to do so, and have appointed Mr.

Outside Audit & Supervisory Board Member Ogura Ogura has experience working for an auditing firm and currently serves as an executive officer in charge of accounting for a listed company. able to properly perform the duties of

I have decided to appoint him.

Outside Audit & Supervisory Board Member Kenichiro Arai is qualified as a lawyer and has handled numerous corporate legal consultations. It is important to show strength in improving the system.

I have judged that I can do it and have appointed him.

Outside director Hitoshi Suda is a shareholder of the Company, but there are no problems with his independence in performing his duties as an outside director.

I am judging that.

In addition, there are personal and capital relationships with outside director Yoichi Wada and outside auditors Isao Miyajima, Okoko Ogura, and Kenichiro Arai.

There are no relationships, business relationships, or other interests.

Although the Company has not clearly defined standards or policies regarding independence for the appointment of Outside Directors or Outside Audit & Supervisory Board Members, the selection of Outside Officers is based on their background and relationship with the Company. We have made this decision based on the assumption that he will be sufficiently independent to perform his duties as an outside officer from a standpoint independent from the Company's management team.

(iii) Mutual cooperation between supervision or audits by outside directors or outside auditors and internal audits, audits by auditors, and accounting audits, and relationship with internal control departments

Outside directors and outside corporate auditors always attend meetings of the Board of Directors and monitor and supervise management by expressing their opinions from the perspective of legality and appropriateness. In addition, Outside Directors and Audit & Supervisory Board Members share information in a timely manner outside of meetings of the Board of Directors. In addition, the Company's audit system is based on a three-way audit consisting of audits by corporate auditors, internal audits, and accounting audits by accounting auditors. We implement audit procedures with the main objectives of protecting the interests of shareholders and creditors in audits by corporate auditors, the continuous development of the Company and the improvement of corporate value in internal audits, and protecting investors in accounting audits. The three audits cooperate with each other to verify and evaluate the development and operational status of internal control, which is essential for the sound management and continuous development of the Company, and its effectiveness. Internal auditors and auditors communicate with each other at least once every quarter through the sharing of internal audit reports. In addition, we receive reports and explanations from the accounting auditor on a regular basis (when necessary) on the outline of audit procedures and audit results. In the future, in order to increase the effectiveness of the three-way audit and realize an effective and efficient audit as a whole, we will strengthen close mutual cooperation such as reporting audit plans and audit results and exchanging opinions among each audit. I am trying.

(3) [Status of audits] (i) Status of

audits by auditors

Audits by auditors of the Company are conducted by three auditors, consisting of one full-time auditor and two part-time auditors, three of whom are outside auditors. Regularly exchanges opinions with the President and CEO, internal directors, outside directors, executive officers, and general managers, and exchanges information with personnel in charge of internal audits. Directors who execute operations as necessary. We have secured a system that allows us to receive reports from Executive Officers, including Mr. Standing Corporate Auditor (Outside Corporate Auditor) Isao Miyajima has knowledge of corporate governance in general due to his experience of being listed on the stock exchange of a company he previously belonged to as an administrator. Part-time Corporate Auditor (Outside Corporate Auditor) Kenichiro Arai is a lawyer and has a legal background. I have considerable knowledge in all aspects. During the fiscal year under review, the Company held a meeting of the Audit & Supervisory Board once a month, and the attendance status of each Audit & Supervisory Board Member is as follows.

family name	Held times	Attendance
Isao Miyajima	12 times	12 times
Ogura parent and child	12 times	12 times
Kenichiro Arai	12 times	12 times

The main audits and matters to be considered by the Audit & Supervisory Board include audit reports by each Audit & Supervisory Board Member based on the established audit plan, discussion on risk recognition, information sharing with internal audit personnel and accounting auditors, He exchanges opinions, etc. with management executives such as each director, executive officer, and general manager.

In addition, the activities of the full-time Audit & Supervisory Board Members include attending important meetings, reviewing important documents, and conducting interviews with executives and employees. We strive to share information by conducting regular audits and disseminating management information to part-time auditors.

2) Status of internal audits Internal

audits at the Company are conducted by three internal auditors from the Internal Audit Office in accordance with the annual internal audit plan, targeting all departments within the company. and provide improvement instructions to audited departments.

The personnel in charge of internal audits and the Board of Corporate Auditors share information in a timely manner and cooperate with each other to conduct effective audits efficiently. In addition, the Board of Corporate Auditors, accounting auditors, and internal auditors regularly set up a forum for three-way audits to exchange opinions and share information, thereby sharing information among the three parties.

④ Status of accounting audit

a. Name of the audit firm

Taiyo LLC

b. Continuous audit

period 2 years

c. The certified public accountant who performed the work

Certified Public Accountant Tadashi Kashiwagi (Designated Limited Liability

Partner) Certified Public Accountant Tomohiko Shinoda (Designated Limited Liability Partner)

d. Composition of assistants involved in audit work

The assistants involved in our accounting audit work consist of four certified public accountants, four people who have passed the CPA exam, and two other people.
I'm here.

e. Policy and reason for selection of audit firm

It is the policy of the Board of Directors to decide on candidates for accounting auditors, or to reappoint or not to reappoint them, taking into consideration the independence and eligibility of accounting auditors as stipulated by laws, regulations, standards, etc. The term of office of the Accounting Auditor shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one year after being appointed. At the regular meeting of the Board of Directors held at the beginning of each fiscal year or the extraordinary meeting of the Board of Directors for approving the settlement of accounts, a decision is made not to reject the reappointment of the Accounting Auditor, or candidates for the Accounting Auditor in the event of non-reappointment. Makes decisions on proposals for the General Meeting of Shareholders regarding the appointment and dismissal of accounting auditors. In addition, a resolution of the board of corporate auditors is required when submitting proposals to the general meeting of shareholders.

Taiyo LLC was selected because it has a scale that enables effective audits, has a well-established examination system, and has a track record of auditing a wide range of listed companies. This is because we have determined that it is possible to ensure audit quality.

f. Evaluation of the audit firm by auditors and the board of auditors

Based on the "Practical Guidelines for Corporate Auditors, Etc. on Evaluation and Selection Criteria for Accounting Auditors," the Company's corporate auditors and the Board of Corporate Auditors comprehensively review the structure of the audit team, the appropriateness of the audit plan, and the implementation status of the audit. Therefore, Taiyo LLC is not aware of any factors that would impair the independence or expertise of its accounting auditors, and it is possible to conduct appropriate audits. We evaluate that there is.

(iv) Details of audit fees, etc.

a. Details of remuneration for auditing certified public accountants, etc.

Previous fiscal year		Current fiscal year	
Compensation based on audit certification work (1,000 yen)	Compensation based on non-audit work (1,000 yen)	Compensation based on audit certification work (1,000 yen)	Compensation based on non-audit work (1,000 yen)
9,975		14,000	

b. Compensation for the same network as auditing certified public accountants, etc. (excluding a)

Not applicable.

Contents of remuneration based on other important audit certification

services Not applicable.

d. Policy for determining audit fees

The Company's policy for determining audit remuneration for its accounting auditors is to plan audits and conduct audits based on estimates proposed by the accounting auditors.

After obtaining the consent of the Audit & Supervisory Board, the number of audit team members, etc., will be comprehensively considered.

e. Reason for the Audit & Supervisory Board's consent to the remuneration, etc. of the Accounting Auditor

The Audit & Supervisory Board determines that the basis for the remuneration estimate calculated by the accounting auditor is appropriate based on the content of the accounting auditor's audit plan.

After verifying whether or not this is the case, we have agreed to the amount of remuneration, etc. for the Accounting Auditor.

(4) [Executive compensation, etc.]

(i) Matters pertaining to policy regarding the determination of the amount of remuneration, etc. for officers and the calculation method thereof

Compensation for Directors and Audit & Supervisory Board Members is determined by resolution of the General Meeting of Shareholders. At the Extraordinary General Meeting of Shareholders held on February 26, 2021, it was resolved that the total amount of remuneration for Directors will be within 200,000,000 yen per year, and at the General Meeting of Shareholders, held on June 23, 2022, the total amount of remuneration for Audit & Supervisory Board Members will be within 20,000,000 yen per year. increase.

The compensation committee, which is composed of directors and auditors, determines the policy for determining the content of individual compensation for each director. ", the Company's business performance and degree of contribution to business performance are taken into consideration, and determined after discussion by the Compensation Committee.

(2) Total amount of remuneration, etc. for each officer classification, total amount of remuneration, etc. by type, and number of applicable officers

Officer classification	Total amount of remuneration (1,000 yen)	Total amount by type of remuneration (1,000 yen)				Number of eligible officers remuneration, etc.
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Non-monetary remuneration	
Directors (excluding outside directors)	53,600	53,600	-	-	-	2
Auditors (excluding outside auditors)	-	-	-	-	-	-
Outside officer	10,320	10,320	-	-	-	-

(3) Total amount of remuneration, etc. for each officer

It is not listed because there is no person whose total remuneration, etc. is 100 million yen or more.

(5) [Shareholding status]

Not applicable.

Fifth [Accounting situation]

1. How to prepare financial statements and quarterly financial statements

(1) The Company's financial statements are prepared in accordance with the "Regulations Concerning Terminology, Forms, and Methods of Preparation of Financial Statements, etc." increase. (2) Quarterly financial statements of the Company comply with the Regulations Concerning Terminology, Forms and Preparation Methods of Quarterly Financial Statements (Cabinet Office Ordinance 2007).

No. 63).

2. About audit certification

(1) In accordance with the provisions of Article 216, Paragraph 6 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, The financial statements for the period from April 1, 2020 to March 31, 2021) and the current fiscal year (from April 1, 2021 to March 31, 2022) were audited by Taiyo LLC. We are here.

(2) In accordance with the provisions of Article 216, Paragraph 6 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law, For the quarterly financial statements for the period (October 1, 2022 to December 31, 2022) and the cumulative third quarter (April 1, 2022 to December 31, 2022), Taiyo We are subject to a quarterly review by an audit firm.

3. Consolidated financial statements and quarterly consolidated financial statements

Pursuant to Article 5, Paragraph 2 of the "Regulations Concerning Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976), the Company shall allocate assets, sales, profit and loss, retained earnings and cash of subsidiaries. In terms of flow and other items, the consolidated financial statements are prepared on the assumption that they are insignificant enough not to mislead rational judgments regarding the financial position, operating results and cash flow status of the Group. not. The percentages based on assets, sales, profit and retained earnings are shown below. Based on assets: 0% Based on sales: 0% Based on profits: 0% Based on retained earnings: 0%
*Calculated based on figures after elimination of intercompany items.

4. Special Efforts to Ensure the Appropriateness of Financial Statements, etc.

In order to develop a system that allows us to properly understand the content of accounting standards, etc., we will consult with an audit firm as necessary. Both receive input from other accounting professionals. In addition, in order to develop a system that can accurately respond to changes in accounting standards, etc., we are actively collecting information through regular subscriptions to specialized financial and accounting information magazines.

1 [Financial Statements]

(1) [Financial

Statements] ¥ [Balance Sheet]

(Unit: thousand yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
assets		
Current		
assets Cash	1,899,415	4,644,695
and deposits	1,001,908	1,970,237
Accounts	53,244	257,323
receivable	21,103	92,464
Merchandise	28,091	14,648
Prepaid	38,522	151,690
expenses Other	18,380	37,830
receivables	2,391	9,857
Advance	¥14,270	¥10,300
payments	3,048,786	7,168,447
Consumption taxes		
receivable		
Others Fixed assets	122,062	17,114
Trademarks Software Software	76,832	194,509
in progress Total intangible fixed	* 198,894	* 211,623
assets		
	5,360	16,814
		10,966
	19,981	170,317
	25,342	198,098
Investments and other		
assets Guarantee	203,054	512,604
deposits Deferred tax	39,605	147,287
assets Other Total	487	59
investments and other assets	243,147	659,951
Total fixed assets Total assets	467,383	1,069,674
	3,516,170	8,238,121

(Unit: thousand yen)

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Liabilities section		
Current Liabilities		
Accounts Payable	407,162	1,482,955
Accounts Payable Accrued	18,085	29,558
Expenses Income Taxes	161,465	521,881
Payable Advances	495,976	269,739
Received Deposits	48,105	2,222,582
Reserve for Bonuses	103,254	106,538
Others Total Current	42,797	104,805
	142	117
	1,276,990	4,738,179
Liabilities Fixed Liabilities		
Asset Retirement	26,196	42,493
Obligations Total Fixed	26,196	42,493
Liabilities Total Liabilities Total	1,303,187	4,780,672
Net Assets Shareholders' Equity		
Common Stock Capital Surplus		
Capital Reserves Total	452,808	452,808
Capital Surplus Retained		
earnings Other	449,808	449,808
retained earnings	449,808	449,808
Retained earnings carried forward Total retained earnings Total		
	1,306,546	2,551,011
shareholders' equity Subscription rights to shares Total net assets Total liabilities and net assets	2,209,163	3,453,628
	3,820	3,820
	2,212,983	3,457,448
	3,516,170	8,238,121

[Quarterly balance sheet]

(Unit: thousand

yen) Current third quarter accounting
period (December 31, 2022)

assets	
Current assets	
Cash and deposits	7,341,495
Accounts receivable	938,952
Merchandise Other	649,786
Allowance for doubtful	326,595
accounts Total current	ÿ3,703
assets Fixed assets	9,253,125
Property, plant and equipment	
Intangible fixed assets	724,238
Investments and other	755,679
assets Guarantee deposits	
Deferred tax assets Other	906,775
Total investments and	149,416
other assets Total fixed	59
assets Total assets	1,056,250
	2,536,169
	11,789,294

(Unit: thousand)

yen) Current third quarter accounting
period (December 31, 2022)

Liabilities section	
Current Liabilities	
Accounts	1,205,321
Payable Accrued	737,779
Expenses Income Taxes	212,506
Payable Advances	4,565,144
Received Bonus Reserve	79,467
Others Total Current	208,100
Liabilities Fixed Liabilities	7,008,319
Asset Retirement Obligations	
Total Fixed Liabilities	42,493
Total Liabilities Net	42,493
Assets Shareholders' Equity	7,050,812
Common Stock Capital Surplus	
Retained Earnings Total	
Shareholders' Equity	452,808
Stock Acquisition Rights	449,808
Net Assets Total Total	3,832,044
liabilities and net assets	4,734,662
	3,820
	4,738,482
	11,789,294

¥ [Income statement]

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	(Unit: thousand yen) Current fiscal year (From April 1, 2021 to March 31, 2022) 13,663,728
Net sales	5,724,794	
Cost of sales	2,947,552	8,388,956
Gross profit	2,777,241	5,274,772
Selling, general and administrative expenses Operating income Non-	*1 1,078,822	*1, *2 3,419,600
operating income Interest income	1,698,419	1,855,171
Foreign exchange gains	Ten	26
Compensation income Others	377	1,651
Total non-operating income	5,796	13,131
Non-operating expenses	2,004	1,185
Interest expenses Settlement	8,187	15,995
money Others Total non-operating expenses Ordinary income	334	-
Extraordinary loss Loss on	700	15,888
disposal of fixed assets Loss	-	1,299
on valuation of stocks of	1,034	17,188
subsidiaries and affiliates	1,705,571	1,853,978
Impairment loss Total extraordinary loss Net income before tax	*3 18,544	*3 997
	628	341
	-	*4 211,483
	19,172	212,822
	1,686,399	1,641,155
	505,253	504,372
	¥39,605	¥107,682
	465,648	396,690
	1,220,751	1,244,465

[Cost of sales statement]

Division	Note number	Previous fiscal year (From April 1, 2020 to March 31, 2021) Composition		Current fiscal year (From April 1, 2021 to March 31, 2022) Composition	
		Amount (thousand yen)	ratio (%)	Amount (thousand yen)	ratio (%)
¥ Labor costs		104,201	4.1	242,249	3.4
¥ Outsourcing expenses		2,338,141	91.3	5,652,996	79.4
¥ Expenses	*1	118,458	4.6	1,225,262	17.2
Total manufacturing cost for the period		2,560,800	100.0	7,120,507	100.0
Commodity inventory at the beginning of the period		15,133		53,244	
Product purchases for the period		424,862		1,472,526	
total		3,000,796		8,646,279	
Inventory of merchandise at the end of the period		53,244		257,323	
Total cost of sales		2,947,552		8,388,956	

(Method of cost

accounting) Our company's cost accounting is individual cost accounting based on actual costs.

*1 The main contents are as follows.

item	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Payment fee (thousand yen) *2	118,458	1,219,721

*2 Primarily fees for platform operators, etc.

[Quarterly Income Statement]

[3rd Quarter Cumulative Period]

	(Unit: thousand yen) Current third quarter cumulative period (from April 1, 2022 to December 31, 2022)
Net sales	12,802,099
Cost of sales	7,058,844
Gross profit Selling,	5,743,255
general and administrative expenses	4,008,645
Operating profit Non-operating income	1,734,609
Interest income Foreign exchange	
gain Others Total non-operating	66
income Non-operating expenses	5,974
Listing-related expenses	750
Settlement money Other total	6,790
non-operating expenses Ordinary	
income Extraordinary loss Loss	2,000
on sale of fixed assets	11,557
Extraordinary loss Total Income	302
before income taxes Income,	13,860
inhabitant and enterprise taxes Income	1,727,539
taxes deferred Total income taxes Net	
income	2,574
	2,574
	1,724,964
	446,059
	¥2,128
	443,931
	1,281,033

(3) Statement of changes in equity, etc. Previous

fiscal year (From April 1, 2020 to March 31, 2021)

(Unit: thousand yen)

	Shareholders' equity						Stock acquisition right
	capital	capital surplus		an earned surplus		Total shareholders' equity	
		capital reserve	Capital surplus Total	Other retained	Retained earnings Total		
				earnings			
			Earnings carried forward				
				Retained earnings			
Balance at beginning of period	171,991	168,991	168,991	85,794	85,794	426,778	
Changes during the period							
Issuance of new shares	280,816	280,816	280,816			561,632	
net income				1,220,751	1,220,751	1,220,751	
Net changes of items other than shareholders' equity							3,820
Total changes during the period	280,816	280,816	280,816	1,220,751	1,220,751	1,782,383	3,820
Balance at end of period	452,808	449,808	449,808	1,306,546	1,306,546	2,209,163	3,820

	Total net assets
Balance at beginning of period	426,778
Changes during the period	
Issuance of new shares	561,632
net income	1,220,751
Net changes of items other than shareholders' equity	3,820
Total changes during the period	1,786,203
Balance at end of period	2,212,983

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: thousand yen)

	Shareholders' equity						Stock acquisition right
	capital	capital surplus		an earned surplus		Total shareholders' equity	
		capital reserve	Capital surplus Total	Other retained	Retained earnings Total		
				earnings			
			Earnings carried forward	Retained earnings			
Balance at beginning of period	452,808	449,808	449,808	1,306,546	1,306,546	2,209,163	3,820
Changes during the period							
Issuance of new shares							
net income				1,244,465	1,244,465	1,244,465	
Net changes of items other than shareholders' equity							
Total changes during the period				1,244,465	1,244,465	1,244,465	
Balance at end of period	452,808	449,808	449,808	2,551,011	2,551,011	3,453,628	3,820

	Total net assets
Balance at beginning of period	2,212,983
Changes during the period	
Issuance of new shares	
net income	1,244,465
Net changes of items other than shareholders' equity	
Total changes during the period	1,244,465
Balance at end of period	3,457,448

¥ [Cash Flow Statement]

(Unit: thousand

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	yen) Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash flow from operating activities		
Income before income taxes	1,686,399	1,641,155
Depreciation Impairment loss	32,168	99,495
Increase (decrease) in		211,483
allowance for doubtful accounts Increase (decrease)	7,120	¥3,969
in allowance for bonuses Loss on disposal of fixed	42,797	62,007
assets Loss on valuation of stocks of subsidiaries	18,544	997
and affiliates Interest income Interest expenses	628	341
Increase (decrease) in trade receivables amount	¥10	¥26
(increase) Increase/decrease in inventories	334	-
(increase) Increase/decrease in trade payables	¥708,244	¥968,329
(decrease) Increase/decrease in accrued expenses	¥36,597	¥204,078
(decrease) Increase/decrease in advances received	392,766	1,075,792
(decrease) Other Subtotal Interest interest payments	2,583	360,416
Income taxes paid Cash flows from operating	48,105	2,174,477
activities	-7,900	(172,006)
	1,478,695	4,277,756
		Ten 26
	¥334	-
	¥59,079	¥740,312
	1,419,291	3,537,470
Cash flow from investing activities		
Payment		
for purchase of property, plant and	¥196,134	¥327,874
equipment Payment for purchase of	¥31,462	¥156,515
intangible fixed assets Payment for	¥174,998	¥309,550
guarantee deposit Cash flow from investment activities	¥402,594	¥793,940
Cash flows from financing activities		
Repayment of short-term loans	¥5,712	-
Repayment of long-term loans Proceeds	¥32,860	-
from issuance of shares Proceeds from	561,633	-
issuance of subscription rights to shares	3,820	-
Cash flows from financing activities	526,881	-
Exchange differences on cash and cash equivalents	¥436	1,751
Increase (decrease) in cash and cash equivalents Cash	1,543,141	2,745,280
and cash equivalents at beginning of period Cash and	356,273	1,899,415
cash equivalents at end of period	*1 1,899,415	*1 4,644,695

[Notes]

(significant accounting policies)

Previous fiscal year (from April 1, 2020 to March 31, 2021)

1. Valuation standards and methods for securities Stocks of subsidiaries and affiliated companies Cost method based on the moving average method

2. Evaluation standards and evaluation methods for inventories

Merchandise Stated at cost based on the specific identification method (balance sheet value is calculated by writing down the book value based on decreased profitability).

3. Fixed asset depreciation method

(1) Property, plant and equipment (excluding leased assets)

We use the declining balance method. However, the straight-line method is used for facilities attached to buildings and structures. The main useful lives are as follows. Auxiliary equipment 3-50 years Tools, equipment and fixtures 3-15 years

(2) Intangible fixed assets (excluding leased assets) The

straight-line method is used.

The main amortization years are as follows. 10 years

Trademark

4. Accounting standards for reserves

(1) Allowance for doubtful accounts

In order to prepare for bad debt losses on receivables, for general receivables, specific receivables such as doubtful receivables

The recoverability is individually examined and the estimated uncollectible amount is recorded.

(2) Provision for bonuses

In order to appropriate the expenditure for bonuses paid to employees, the amount corresponding to the current fiscal year is recorded based on the expected payment amount.

5. Scope of funds in the cash flow statement

cash on hand, deposits that can be withdrawn at any

Consists of short-term investments with maturities of three months or less from the date of acquisition.

6. Other important matters that form the basis for the preparation of financial statements

Accounting for consumption tax, etc.

Consumption tax and local consumption tax are accounted for using the tax exclusion method.

Current fiscal year (from April 1, 2021 to March 31, 2022)

1. Valuation standards and methods for securities Stocks of subsidiaries and affiliated companies Cost method based on the moving average method

2. Evaluation standards and evaluation methods for inventories

Merchandise Stated at cost based on the specific identification method (balance sheet value is calculated by writing down the book value based on decreased profitability).

3. Fixed asset depreciation method

(1) Property, plant and equipment (excluding leased assets)

We use the declining balance method. However, the straight-line method is used for facilities attached to buildings and structures. The main useful lives are as follows. Auxiliary equipment 3-50 years Tools, equipment and fixtures 3-15 years

(2) Intangible fixed assets (excluding leased assets) The

straight-line method is used.

The main amortization years are as follows. 10 years 3 years

Trademark

software

4. Accounting standards for reserves

(1) Allowance for doubtful accounts

In order to prepare for bad debt losses on receivables, for general receivables, specific receivables such as doubtful receivables

The recoverability is individually examined and the estimated uncollectible amount is recorded.

(2) Provision for bonuses

In order to appropriate the expenditure for bonuses paid to employees, the amount corresponding to the current fiscal year is recorded based on the expected payment amount.

5. Accounting standards for income and expenses

Details of major performance obligations in our main business related to revenue arising from contracts with our customers and fulfillment of such performance obligations

The normal time of addition (usual time of revenue recognition) is as follows:

Distribution/content services

•Revenue from video distribution platform

The Company distributes the video content of its talents through video distribution applications developed in-house on video distribution platforms such as YouTube. Since the customer expresses his/her intention to charge during the video distribution, it is determined that the performance obligation to the user has been satisfied based on the expression of intention, and revenue is recorded. In addition, the net amount after deducting the fees paid to the platform operator is usually deposited as revenue during video distribution, but for some transactions for which fees can be calculated, the total revenue is recorded. increase.

•Royalty income

This is income from royalties for music, etc., and is generated based on the sales of the licensee company. increase. When providing the service

For transactions for which it is difficult to ascertain the period, income is recorded when the income is determined.

Merchandising service

- Sales of goods

For goods sales, in principle, it is determined that the customer obtains control and the performance obligation is satisfied when the goods are delivered to the customer. revenue is recognized at the time of delivery.

License/Tie-up service

- Promotion projects Revenue

from promotion projects is recognized when performance obligations are deemed to be satisfied at the point in time when the contracted services are provided to the customer.

live/event services

- Event income

Income derived primarily from admission fees for live events and obligations to customers to deliver these performances. The performance obligation is satisfied upon completion of each performance, and revenue is recognized.

6. Scope of funds in the cash flow statement

cash on hand, deposits that can be withdrawn at any

Consists of short-term investments with maturities of three months or less from the date of acquisition.

7. Other important matters that form the basis for the preparation of financial statements

Not applicable.

(Significant accounting estimates)

Previous fiscal year (From April 1, 2020 to March 31, 2021) Recoverability of deferred tax assets (1) Amounts recorded in the financial statements for the current fiscal year Deferred tax assets 39,605 thousand yen

(2) Information on the details of significant accounting estimates related to identified items

Recognition of deferred tax assets is estimated based on the timing and amount of taxable income based on future business plans. Such estimates may be affected by changes in uncertain economic conditions in the future, and if the timing and amount of taxable income actually generated differ from estimates, deferred taxable income will be included in the financial statements for the following fiscal year. It can have a significant impact on the amount of tax assets.

Current fiscal year (From April 1, 2021 to March 31, 2022) Recoverability of deferred tax assets (1) Amount recorded in the financial statements for the current fiscal year Deferred tax assets 147,287 thousand yen

(2) Information on significant accounting estimates related to identified items Recognition of

deferred tax assets is estimated based on the timing and amount of taxable income based on future business plans. Such estimates may be affected by changes in uncertain economic conditions in the future, and if the timing and amount of taxable income actually generated differ from estimates, deferred taxable income will be included in the financial statements for the following fiscal year. It can have a significant impact on the amount of tax assets.

(Change in accounting policy)

Previous fiscal year (from April 1, 2020 to March 31, 2021) Not applicable.

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Application of Accounting Standards, etc. for Revenue Recognition)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Accounting Standard for Revenue Recognition") will be applied from the beginning of the current fiscal year, and has been transferred to the customer, revenue is recognized at the amount expected to be received in exchange for the goods or services.

As a result, revenue from the video distribution platform was previously recorded as a net amount after deducting the fees paid to the platform operator. We have changed the method.

The application of revenue recognition accounting standards, etc. follows the transitional treatment stipulated in the proviso of paragraph 84 of the revenue recognition accounting standards. is added to or subtracted from the retained earnings carried forward at the beginning of the current fiscal year, and the new accounting policy is applied from the beginning balance.

As a result, sales and cost of sales for the current fiscal year increased by 1,022 million yen compared to before the adoption of revenue recognition accounting standards. However, there is no impact on profit and loss. There is also no impact on the opening balance of retained earnings carried forward.

In addition, in accordance with the transitional treatment stipulated in paragraph 89-3 of the Revenue Recognition Accounting Standard, the notes on "Revenue Recognition" related to the previous fiscal year is not described.

(Application of Accounting Standards for Market Value

Calculation) "Accounting Standards for Market Value Calculation" (Accounting Standards Board of Japan No. 30, July 4, 2019; hereinafter referred to as "Accounting Standards for Market Value from the beginning of the current fiscal year, and in accordance with the transitional treatment specified in paragraph 19 of the accounting standard for fair value calculation and paragraph 44-2 of "Accounting Standard for Financial Instruments" (Business Accounting Standard No. 10, July 4, 2019) We have decided to apply the new accounting policies stipulated by the accounting standards into the future. This change has no impact on the financial statements.

In addition, we have decided to provide notes on matters related to the breakdown of financial instruments by market price level, etc. in the notes on financial instruments. However, in accordance with the transitional treatment stipulated in paragraph 7-4 of the "Guidance on Disclosure of Market Values, etc. of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19, July 4, 2019), We do not include information related to

(Unapplied accounting standards, etc.)

Previous fiscal year (from April 1, 2020 to March 31, 2021) 1. Application of

Accounting Standards for Revenue Recognition

•"Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan No. 29, March 30, 2018, Accounting Standards Board of Japan) Business Accounting Standards Committee on March 30)

(1) Overview

It is a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps. Step 1: Identify contract with customer. Step 2: Identify performance obligations in the contract.

Step 3: Calculate the transaction price. Step 4:

Allocate the transaction price to the performance obligations in the contract. Step 5:

Recognize revenue when or as performance obligations are satisfied.

(2) Scheduled date of application

It will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of relevant accounting standards, etc.

Due to the application of revenue recognition accounting standards, net sales and cost of sales for the current fiscal year increased by 1,022 million yen. has no effect on

2. Accounting standards for fair value calculation

•"Accounting Standard for Market Value Calculation" (Accounting Standards Board of Japan No. 30, July 4, 2019))

•"Accounting Standard for Inventory Valuation" (ASBJ Statement No. 9, July 4, 2019) •"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) •"Financial Application Guidance on Disclosure of Market Values of Commodities" (Accounting Standards Board of Japan Application Guidance No. 19 March 31, 2020)

(1) Overview

In order to improve comparability with the provisions of international accounting standards, the "Accounting Standard for Market Value Calculation" and the "Application Guidelines for Accounting Standard for Market Value Calculation" (hereinafter referred to as "Accounting Standard for Market Value Calculation, etc."). was developed, and guidance, etc. on the method of calculating fair value was established. The fair value calculation accounting standards, etc. are applied to the fair value of the following items.

•Financial instruments in the "Accounting Standard for Financial Instruments"

•Inventories held for trading in the "Accounting Standard for Inventory Valuation" Notes on the breakdown, etc. for each level of

items have been defined.

(2) Scheduled date of application

It will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of application of the accounting standards,

etc. There is no significant impact on financial statements due to the application of the "Accounting Standards for Fair Value Calculations," etc.

Current fiscal year (from April 1, 2021 to March 31, 2022) •Application Guidance

on Accounting Standards for Calculating Market Value" (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021)

(1) Overview

Calculation of fair value of investment trusts, handling of notes

The handling of notes on the fair value of investments has been stipulated.

(2) Scheduled date of application

It will be applied from the beginning of the fiscal year ending March 31, 2023.

(3) Effects of application of relevant accounting standards, etc.

The application of the "Accounting Standard for Fair Value Measurement" does not have a material impact on financial statements.

(Balance sheet related)

* Accumulated depreciation of tangible fixed assets

	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Accumulated depreciation of property, plant and equipment	¥51,155 thousand	144,061 thousand yen

(Income statement related)

*1 The approximate ratio of expenses belonging to selling expenses was 17.0% in the previous fiscal year, 38.4% in the current fiscal year, and the majority of expenses belonging to general administrative expenses.

Other ratios were 82.9% for the previous fiscal year and 61.5% for the current fiscal year.

Major items and amounts of selling, general and administrative expenses are as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021) 369,279	Current fiscal year (from April 1, 2021 to March 31, 2022) 837,041
Salaries and allowances Depreciation	thousand yen 13,004	thousand yen 61,156
Provision of allowance for bonuses	38,832	83,576
Provision of allowance for doubtful accounts	14,270	¥3,969

*2 Total amount of R&D expenses included in general administrative expenses

	Previous fiscal year (from April 1, 2020 to March 31, 2021) -thousand yen	Current fiscal year (From April 1, 2021 to March 31, 2022)
		26,728 thousand yen

*3 Details of loss on disposal of fixed assets are as follows.

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (from April 1, 2021 to March 31, 2022) -thousand yen
Building fixtures	18,183 thousand yen	
Tools, fixtures and fixtures Total	361	997
	18,544 thousand yen	997 thousand yen

*4 Impairment loss

place	Usage	kinds	Impairment loss (thousand yen)
Head office (Chiyoda-ku, Tokyo)	Head office	Auxiliary equipment	133,518
Studio (Chiyoda-ku, Tokyo)	studio	Auxiliary equipment	77,965
Total			211,483

Background to Recognition of Impairment Loss

It is possible to recover the book value of the facilities attached to the building that cannot be expected to be used in the future due to the decision to relocate the head office and studio.

In addition to reducing the value to the market value, the reduction amount is recorded as an impairment loss in extraordinary loss.

How to group assets

Since our company is a single segment of the VTuber business, in principle, all business assets are grouped together.

However, when important decisions such as disposal of assets or discontinuation of business are made, evaluation is made on a case-by-case basis.

Calculation method of

recoverable amount The recoverable amount is calculated based on the net selling price.

(Related to Statement of Changes in Shareholders' Equity, etc.)

Previous fiscal year (from April 1, 2020 to March 31, 2021) 1.

Matters concerning issued shares

Stock type	Stocks at the beginning of the current fiscal year	Yotsu Co., Ltd.	Decrease Co., Ltd.	As of the end of the current fiscal year
common stock	348,800	-	-	348,800
Class A preferred stock	112,992	-	-	112,992
Class B preferred stock (Note)	20,320	114,130	-	134,450
total	482,112	114,130	-	596,242

(Note) The increase of 114,130 shares in class B preferred stock is due to the issuance of new shares through third-party allotment.

2. Matters concerning treasury stock

Not applicable.

3. Matters concerning subscription rights to shares, etc.

breakdown	Target stock type	Target number of shares (shares)				Current balance at the end of the fiscal year (thousand yen)
		Beginning of the current fiscal year	gain	Decrease	Current business end of the fiscal year	
Subscription rights to shares as stock options	common stock	-	59,689	-	59,689	3,820
total		-	59,689	-	59,689	3,820

4. Matters Concerning

Dividends Not applicable.

Current fiscal year (from April 1, 2021 to March 31, 2022) 1.

Matters concerning issued shares

Stock type	Stocks at the beginning of the current fiscal year	Yotsu Co., Ltd.	Decrease Co., Ltd.	As of the end of the current fiscal year
common stock	348,800	-	-	348,800
Class A preferred stock	112,992	-	-	112,992
Class B preferred stock (Note)	134,450	-	-	134,450
total	596,242	-	-	596,242

2. Matters concerning treasury stock

Not applicable.

3. Matters concerning subscription rights to shares, etc.

breakdown	Target stock type	Target number of shares (shares)				Current balance at the end of the fiscal year (thousand yen)
		Beginning of the current fiscal year	gain	Decrease	Current business end of the fiscal year	
Subscription rights to shares as stock options	Common stock	59,689	-	-	59,689	3,820
total		59,689	-	-	59,689	3,820

4. Matters Concerning

Dividends Not applicable.

(Cash flow statement related)

*1 The relationship between the balance of cash and cash equivalents at the end of the fiscal year and the amount of items listed on the balance sheet is as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash and deposits	¥1,899,415 thousand	¥4,644,695 thousand
Cash and cash equivalents	¥1,899,415 thousand	¥4,644,695 thousand

(Related to lease

transactions) Previous fiscal year

(March 31, 2021) Omitted due to lack of significance.

Current fiscal year (March 31, 2022)

Omitted due to lack of materiality.

(Financial

instruments) 1. Matters concerning the status of financial instruments (1) Policy

on financial instruments The Company's policy is to limit fund management to short-term deposits, etc., and not to engage in derivative transactions.

(2) Details of financial instruments and their risks

Accounts receivable, which are trade receivables, are exposed to customer credit risk. Guarantee deposits are mainly paid by the head office. are exposed to the credit risk of the supplier. Accounts payable-trade, accounts payable-other and accrued expenses, and income taxes payable, which are operating liabilities, are due within one year.

(3) Risk management system for financial

instruments 1) Management of credit risk (risk related to nonfulfillment of

contracts by business partners) In addition to managing the due date and balance for each counterparty, we strive to quickly identify and mitigate collection concerns due to deterioration in financial conditions, etc. Management of liquidity risk related to fund procurement (risk of not being able to make payment on due date)

Based on reports from each department, the management department prepares and updates the cash flow plan in a timely manner. We manage liquidity risk by maintaining

(4) Supplementary explanation on matters related to market prices, etc. of financial instruments

Since fluctuation factors are incorporated in the calculation of the fair value of financial instruments, by adopting different assumptions, etc., The value may change.

2. Matters concerning the fair value, etc. of financial instruments

Previous fiscal year (from April 1, 2020 to March 31, 2021)

The balance sheet carrying amount, fair value and difference between them are as follows.

	Balance sheet amount (thousand yen)	Market value	Difference (thousand yen)
(1) Cash and deposits (2) Accounts receivable Allowance for doubtful accounts (*)	1,899,415 1,001,908 ¥14,270	(thousand yen) 1,899,415	-
	987,638	987,638	-
(3) Accounts receivable	28,091	28,091	-
(4) Consumption tax receivable	18,380	18,380	-
Total assets	2,933,524	2,933,524	-
(1) Accounts payable-trade (2) Accounts payable- other (3) Accrued expenses	407,162 18,085 161,465 495,976	407,162 18,085 161,465 495,976	- - - -
(4) Income	1,082,688	1,082,688	-

taxes payable Total liabilities (*) For accounts receivables, the corresponding allowance for doubtful accounts is deducted.

(Note) 1 Matters concerning the method of calculating the fair value of financial

instruments Assets

(1) Cash and deposits, (2) Accounts receivable, (3) Accounts receivable,

(4) Consumption tax receivable As these are all settled in the short term, the fair value approximates the book value.

Thank you.

Liability

(1) Accounts payable, (2) Accounts payable, (3) Accrued expenses, (4) Income taxes payable, etc.

Since these are all settled in the short term, the fair value approximates the book value.

It depends.

2. The following financial instruments do not have market prices and it is recognized that it is extremely difficult to determine their fair values.

Not rare. The carrying amount of the financial instruments on the balance sheet is as follows.

	(Unit: thousand yen) March 31, 2021
Category Guarantee deposit	203,054

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Unit: thousand yen)

	Balance sheet carrying amount	market price	difference
Security deposit	512,604	502,491	512,604
total assets	502,491	512,604	502,491

3. Scheduled redemption amount after settlement date for monetary claims

Previous fiscal year (from April 1, 2020 to March 31, 2021)

	Within 1 year (thousand yen)	Over 1 year and up to 5 years (thousand yen)	More than 5 years and less than 10 years (1,000 yen)	Over 10 years (thousand yen)
Cash and deposits Accounts	1,899,415	-	-	-
receivable Accounts receivable	1,001,908	-	-	-
Accounts receivable Consumption	28,091	-	-	-
tax receivable	18,380	-	-	-
total	2,947,794	-	-	-

Current fiscal year (from April 1, 2021 to March 31, 2022)

	Within 1 year (thousand yen)	Over 1 year and up to 5 years (thousand yen)	More than 5 years and less than 10 years (1,000 yen)	Over 10 years (thousand yen)
Cash and deposits Accounts	4,644,695	-	-	-
receivable Accounts receivable	1,970,237	-	-	-
Accounts receivable Consumption	14,648	-	-	-
tax receivable Guarantee deposits	37,830	-	-	-
	-	42,514	470,089	-
total	6,667,410	42,514	470,089	-

4. Items related to breakdown of financial instruments' fair

value by level The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs to the calculation of the fair value. Level 1 market value: Of the inputs related to the calculation of observable market values,

Market value calculated based on the market price of the subject asset or liability

Level 2 market value: Of the observable inputs related to the calculation of market value, inputs related to the calculation of market value other than Level 1 inputs

Market value calculated using

inputs Level 3 market value: Market value calculated using unobservable market value

calculation inputs If multiple inputs that have a significant effect on the calculation of market value are used, those inputs belong to each

The fair value is classified into the level with the lowest priority in the calculation of the fair value.

(1) Financial instruments other than financial instruments recorded on the balance

sheet at fair value Current fiscal year (from April 1, 2021 to March 31, 2022)

Division	Market price (thousand yen)			
	level 1	level 2	level 3	total
Security deposit	-	502,491	-	502,491
total assets	-	502,491	-	502,491

(Note) Valuation techniques used in the calculation of the fair value and explanation of the inputs related to the calculation of the fair value

Guarantee

deposit Estimate the expected return date for each contract, and use the future cash flow as an appropriate index such as the yield of government bonds for credit risk. are calculated using the discounted present value method based on the interest rate with

(Retirement

benefits) Previous fiscal year (from April 1, 2020 to March 31, 2021) Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

(Stock options, etc.) Previous fiscal year

(from April 1, 2020 to March 31, 2021) 1. Amount and account name related

to stock options

As the Company is an unlisted company as of the date of granting stock options, and the intrinsic value per unit of stock options, etc. is ¥0, no expense is recorded.

2. Contents, size and fluctuations of stock options

(1) Details of stock options

Resolution date	February 26, 2021
Category and number of persons to be granted	
Number of stock options by type of stock (shares) (Note 1)	Common stock 59,689
grant date	March 5, 2021
Vesting conditions	(Note 2)
Eligible work period	There is no specified working period.
Exercise period	March 4, 2024 to March 4, 2031

(Note) 1. Converted to number of shares. 2. Vesting conditions

for stock acquisition rights are as follows.

(1) Persons to whom the Stock Acquisition Rights have been allotted (hereinafter referred to as the "Trustee") cannot exercise the Stock Acquisition Rights, and unless otherwise provided for in these Terms, Only those who have been granted the Stock Acquisition Rights by the holder of the Stock Acquisition Rights (hereinafter referred to as the "Right Holders") may exercise the Stock Acquisition Rights.

2) Holders of Stock Acquisition Rights may not exercise any of the remaining Stock Acquisition Rights if any of the following events occur during the period of three years from the date of allotment of Stock Acquisition Rights. (a) When the common stock of the Company is issued for a price lower than the judgment price (defined in (e) below; the same shall apply hereinafter). (However, if the paid-in amount is "a particularly advantageous amount" as defined in Article 199, Paragraph 3 and Article 200, Paragraph 2 of the Companies Act, or if the price is deemed to be different from the stock price of common stock, and (This excludes cases where such shares are issued through a shareholder allotment, etc.)) (b) When stock acquisition rights are issued with an exercise price lower than the judgment price. (However, this excludes cases where the exercise price is set at a price different from the stock price of the common stock of the Company at the time of issuance of the stock acquisition rights.) If the Company is not listed on any financial instruments exchange in Japan, the Company's common stock is traded or otherwise traded for a price lower than the judgment price. (However, this excludes cases where the transaction is conducted at a price that is deemed significantly lower than the stock price at the time of the transaction.) If the Company is listed on an exchange, after the listing date, the closing price of ordinary trading of the Company's common stock on the financial instruments exchange falls below the threshold price. (e) "Determination Price" in (a) to (d) above is defined as follows. (i) One year from the allotment date: 100% of the exercise price (ii) One year from the allotment date: 150% of the exercise price (iii) Two years after the allotment date 1 year: Price obtained by multiplying the exercise price by 200%

(iii) Holders of Stock Acquisition Rights must be directors, employees, corporate auditors, advisors, outsourced contractors, or other external cooperators of the Company or its affiliated companies at the time of exercising the Stock Acquisition Rights. However, this shall not apply in cases where the Company's Board of Directors deems there to be justifiable reasons such as retirement due to the expiration of the term of office, mandatory retirement, or any other reason. (4) The exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights Holders is not permitted. By exercising the Stock Acquisition Rights, the total number of issued shares of the Company will exceed the number of issuable shares at that time.

In such case, the Stock Acquisition Rights may not be exercised.

(2) Size of stock options and its fluctuations (i) Number of stock options

Resolution date	February 26, 2021
Before vesting (shares)	
End of previous fiscal year	-
assignment	59,689
Revocation	-
Vesting	-
unvested balance	59,689
After vesting (shares)	
End of previous fiscal year	-
Vesting	-
Exercise	-
Revocation	-
outstanding balance	-

Unit price information

Resolution date	February 26, 2021
Strike price (yen)	5,382
Average share price at time of exercise (yen)	
Fair appraisal unit price on grant date (yen)	

3. How to estimate the fair valuation unit price of stock options

As the Company was an unlisted company as of the date the stock options were granted, the method of estimating the fair valuation unit price is calculated by estimating the intrinsic value per unit. The valuation method for the Company's own shares, which is the basis for calculating the intrinsic value per unit, is determined by comprehensively considering the price calculated by the DCF method.

4. Method for estimating the number of vested stock options

Basically, since it is difficult to reasonably estimate the number of future lapses, we have adopted a method that reflects only the actual number of lapses. I'm here.

5. The total amount of intrinsic value at the end of the current fiscal year and the total amount of intrinsic value on the exercise date of stock options exercised during the current fiscal year when calculated based on the intrinsic value per unit of stock options

Total intrinsic value at the end of the current fiscal year	- 1,000 yen
Stock option rights exercised during the current fiscal year	
Total Intrinsic Value on Exercise Date	- 1,000 yen

Current fiscal year (from April 1, 2021 to March 31, 2022) 1. Amount and

account name related to stock options

As the Company is an unlisted company as of the date of granting stock options, and the intrinsic value per unit of stock options, etc. is ¥0, no expense is recorded.

2. Contents, size and fluctuations of stock options

(1) Details of stock options

Resolution date	February 26, 2021
Category and number of persons to be granted	
Number of stock options by type of stock (shares) (Note 1)	Common stock 59,689
grant date	March 5, 2021
Vesting conditions	(Note 2)
Eligible work period	There is no specified working period.
Exercise period	March 4, 2024 to March 4, 2031

(Note) 1. Converted to number of shares. 2. Vesting conditions

for stock acquisition rights are as follows.

(1) Persons to whom the Stock Acquisition Rights have been allotted (hereinafter referred to as the "Trustee") cannot exercise the Stock Acquisition Rights, and unless otherwise provided for in these Terms, Only those who have been granted the Stock Acquisition Rights by the holder of the Stock Acquisition Rights (hereinafter referred to as the "Right Holders") may exercise the Stock Acquisition Rights.

2) Holders of Stock Acquisition Rights may not exercise any of the remaining Stock Acquisition Rights if any of the following events occur during the period of three years from the date of allotment of Stock Acquisition Rights. (a) When the common stock of the Company is issued for a price lower than the judgment price (defined in (e) below; the same shall apply hereinafter). (However, if the paid-in amount is "a particularly advantageous amount" as defined in Article 199, Paragraph 3 and Article 200, Paragraph 2 of the Companies Act, or if the price is deemed to be different from the stock price of common stock, and (This excludes cases where such shares are issued through shareholder allotment, etc.)) (b) When stock acquisition rights are issued with an exercise price lower than the evaluation price is issued at a price different from the share price of the common stock of the Company at the time of issuance of the Stock Acquisition Rights.) If the Company is not listed on the stock exchange, the Company's common stock is traded or otherwise traded for a price lower than the judgment price. (However, this excludes cases where the transaction is conducted at a price that is deemed significantly lower than the stock price at the time of the transaction.) If the Company is listed on an exchange, after the listing date, the closing price of ordinary trading of the Company's common stock on the financial instruments exchange falls below the threshold price. (e) "Determination Price" in (a) to (d) above is defined as follows. (i) One year from the allotment date: 100% of the exercise price (ii) One year from the allotment date: 150% of the exercise price (iii) Two years after the allotment date 1 year: Price obtained by multiplying the exercise price by 200%

(iii) Holders of Stock Acquisition Rights must be directors, employees, corporate auditors, advisors, outsourced contractors, or other external cooperators of the Company or its affiliated companies at the time of exercising the Stock Acquisition Rights. However, this shall not apply in cases where the Company's Board of Directors deems there to be justifiable reasons such as retirement due to the expiration of the term of office, mandatory retirement, or any other reason. (4) The exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights Holders is not permitted. ̄ By exercising the Stock Acquisition Rights, the total number of issued shares of the Company will exceed the number of issuable shares at that time.

In such case, the Stock Acquisition Rights may not be exercised.

(2) Size of stock options and its fluctuations (i) Number of stock options

Resolution date	February 26, 2021
Before vesting (shares)	
End of previous fiscal year	59,689
assignment	-
Revocation	-
Vesting	-
unvested balance	59,689
After vesting (shares)	
End of previous fiscal year	-
Vesting	-
Exercise	-
Revocation	-
outstanding balance	-

Unit price information

Resolution date	February 26, 2021
Strike price (yen)	5,382
Average share price at time of exercise (yen)	
Fair appraisal unit price on grant date (yen)	

3. How to estimate the fair valuation unit price of stock options

As the Company was an unlisted company as of the date the stock options were granted, the method of estimating the fair valuation unit price is calculated by estimating the intrinsic value per unit. The valuation method for the Company's own shares, which is the basis for calculating the intrinsic value per unit, is determined by comprehensively considering the price calculated by the DCF method.

4. Method for estimating the number of vested stock options

Basically, since it is difficult to reasonably estimate the number of future lapses, we have adopted a method that reflects only the actual number of lapses. I'm here.

5. The total amount of intrinsic value at the end of the current fiscal year and the total amount of intrinsic value on the exercise date of stock options exercised during the current fiscal year when calculated based on the intrinsic value per unit of stock options

Total intrinsic value at the end of the current fiscal year	296,714 thousand yen
Stock option rights exercised during the current fiscal year	
Total Intrinsic Value on Exercise Date	- 1,000 yen

(Tax effect accounting)

Previous fiscal year (March 31, 2021)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

Deferred tax assets

Provision for bonuses	13,104,000 yen
Bad debt allowance	4,369,000 yen
Loss on valuation of stocks of subsidiaries and affiliates	192,000 yen
Asset retirement obligations	8,021,000 yen
Business tax payable	27,285,000 yen
others	2,840,000 yen
Subtotal deferred tax assets	55,813,000 yen
Valuation allowance Total	-8,213,000 yen
deferred tax assets	47,600,000 yen

Deferred tax liabilities

Property, plant and equipment supporting asset retirement obligations	-7,994 thousand yen
Total deferred tax liabilities	-7,994 thousand yen
Net deferred tax assets	39,605 thousand yen

2. If there is a material difference between the statutory effective tax rate and the corporate tax burden rate after the application of tax effect accounting, a breakdown of the main items that contributed to the difference

Effective statutory tax rate (adjusted)	30.62%
Increase/decrease in valuation allowance	0.49%
Income expansion tax credits Other	-2.98% -0.52%
	27.61%

Current fiscal year (March 31, 2022)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

Deferred tax assets

Provision for bonuses	32,091,000 yen
Bad debt allowance	3,154,000 yen
Loss on valuation of stocks of subsidiaries and affiliates	296,000 yen
Asset retirement obligations	13,011,000 yen
Business tax payable	18,318,000 yen
Impairment loss	52,643,000 yen
others	28,524,000 yen
Subtotal deferred tax assets	148,039,000 yen
Valuation allowance Total	-296,000 yen
deferred tax assets	147,742 thousand yen

Deferred tax liabilities

Property, plant and equipment supporting asset retirement obligations	¥454,000 yen
Total deferred tax liabilities	¥454,000 yen
Net deferred tax assets	147,287 thousand yen

2. If there is a material difference between the statutory effective tax rate and the corporate tax burden rate after the application of tax effect accounting, a breakdown of the main items that contributed to the difference

Effective statutory tax rate (adjusted)	30.62%
Increase/decrease in valuation allowance	-2.94% -5.91%
Income expansion tax credits Other	2.40% 24.17%

(Asset retirement obligations)

Previous fiscal year (March 31, 2021)

Asset retirement obligations recorded on the balance sheet

(1) Overview of asset retirement obligations

Based on the real estate lease contract for the head office building, etc. and studios, etc. counted as business. The discount rate is not included in the calculation due to its immateriality, and the amount of the asset retirement obligation is calculated.

(2) Increase or decrease in the total amount of the relevant asset retirement obligations

Balance at beginning of period	6,034,000 yen
Increase due to acquisition of property, plant and equipment	27,259,000 yen
Decrease due to fulfillment of asset retirement obligation	-7,097,000 yen
Balance at end of period	26,196,000 yen

Current fiscal year (March 31, 2022)

Asset retirement obligations recorded on the balance sheet

(1) Overview of asset retirement obligations

The Company records the obligation to restore the original state of the head office building, etc. and the studio, etc. based on the real estate lease agreement when moving out as an asset retirement obligation. The discount rate is not included in the calculation due to its immateriality, and the amount of the asset retirement obligation is calculated.

(2) Increase or decrease in the total amount of

asset retirement obligations In the current fiscal year, it became clear that the retirement costs required at the time of asset retirement would be significantly lower than the amount estimated at the time of acquisition of fixed assets. , 29,990 thousand yen has been subtracted from the balance of asset retirement obligations before the change. Changes in the balance of asset retirement obligations are as follows.

Beginning	¥26,196,000
balance Increase due to acquisition of property, plant	¥46,287,000
and equipment Decrease due to change in estimate	¥29,990,000 yen
Ending balance	42,493,000 yen

(Revenue recognition related)

1. Information that disaggregates revenue from contracts with customers

The disaggregated information on revenue generated from contracts with customers is as described in "(Segment information, etc.)."

2. Information that is the basis for understanding the revenue generated from contracts with customers

Please refer to "5. Accounting Standards for Income and Expenses" in "Notes (Significant Accounting Policies)."

3. The relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the next fiscal year and beyond from contracts with customers existing at the end of the current fiscal year Information about

(1) Balance of receivables and contract liabilities arising from contracts with customers, etc.

The opening and closing balances of receivables and contract liabilities arising from contracts with customers are as follows.

(Unit: thousand yen)

	Current fiscal year (beginning) (April 1, 2021)	Fiscal year ended March 31, 2022
Receivables arising from contracts with customers	1,001,908	1,970,237
contract liability	48,105	2,222,582

Contract liabilities are mainly advances received from customers when receiving orders for goods sales related to merchandising services.

It will be reversed within one year upon recognition of revenue. Contract liabilities are included in "Advance receipts" on the balance sheet.

(2) Transaction price allocated to remaining performance obligations

We applied the practical expedient and allocated it to the remaining performance obligations because the initial contract period with the customer is one year or less.

The total amount of the transaction price and the period during which revenue is expected to be recognized are omitted. Consideration arising from contracts with customers

There are no material amounts not included in the transaction price.

(segment information, etc.)

[Segment information]

Previous fiscal year (from April 1, 2020 to March 31, 2021) Segment

information is omitted because the Company has only one segment, the VTuber business. Current fiscal year (From April 1, 2021 to March 31, 2022) Segment information is omitted because the Company has only one segment, the VTuber business.

Related information

Previous fiscal year (from April 1, 2020 to March 31, 2021)

1. Information by product and service

(Unit: thousand yen)

	Broadcast/Content Live/Event	Merchandising	License/Tie-up	total
Sales to external customers	2,633,870	1,847,471	428,585	5,724,794

2. Information by region

(1) Sales

(Unit: thousand

Japan	America	others	yen) Total
3,149,207	2,430,987	144,600	5,724,794

(2) Property, plant and equipment

Omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet omitted.

3. Information by major customers

(Unit: thousand yen)

customer's name or name	amount of sales
Google LLC	2,415,107
pixiv Inc.	1,583,748

(Note) 1. As our company has only one segment, the VTuber business, we have omitted the related segment names.

2. The other party is a platform provider.

Current fiscal year (from April 1, 2021 to March 31, 2022)

1. Information by product and service, and revenue disaggregation information

(Unit: thousand yen)

	Distribution/content service	Live/Event Service	Merchandising service	License/Tie-up Service	total
Revenue from contracts with customers Other	5,249,683	2,203,839	4,832,311	1,377,894	13,663,728
revenue	-	-	-	-	-
Sales to external customers	5,249,683	2,203,839	4,832,311	1,377,894	13,663,728

2. Information by region (1) Sales

(Unit: thousand yen)

Japan	America	others	Total
8,489,007	4,778,973	395,748	13,663,728

(2) Tangible fixed

assets The amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet. omitted.

3. Information by major customers

(Unit: thousand yen)

customer's name or name	amount of sales
Google LLC	4,659,360
pixiv Inc.	3,733,091

(Note) 1. As our company has only one segment, the VTuber business, we have omitted the related segment names.

2. The other party is a platform provider.

[Information on impairment loss on fixed assets by reportable segment] Previous fiscal year (From April 1, 2020 to March 31, 2021) Not applicable.

Current fiscal year (from April 1, 2021 to March 31, 2022)

Since our company is a single segment of the VTuber business, the description is omitted.

[Information on goodwill amortization and unamortized balance by reportable segment]

Previous fiscal year (From April 1, 2020 to March 31, 2021) Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022) Not applicable.

[Information on gain on negative goodwill by reportable segment]

Previous fiscal year (From April 1, 2020 to March 31, 2021) Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022) Not applicable.

[Related Party

Information] Previous fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022) Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	38.63 yen	74.31 yen
Net income per share	20.47 yen	20.87 yen

(Note) 1. Diluted net income per share shows the balance of subscription rights to shares, but the Company's shares are unlisted.

Therefore, it is not possible to ascertain the average share price during the period. 2. In accordance with the resolution of the Board of Directors meeting held on November 18, 2022, the Company conducted a 100-for-1 stock split on December 14, 2022. Net assets per share and net income per share have been calculated assuming that the split has taken place.

3. The basis for calculating net income per share is as follows.

item	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net income per share		
Net income (thousand yen)	1,220,751	1,244,465
Amount not attributable to common shareholders (thousand yen)	-	-
Net income related to common stock (thousand yen)	1,220,751	1,244,465
Average number of common shares and shares equivalent to common shares during the period (shares) (Of which, common stock) (Of which, Class A preferred stock) (Of which, Class B preferred stock) 1 share after adjustment for potential shares, as there is no dilution effect Overview of latent shares not included in the calculation of net income per share	59,624,200 (34,880,000) (11,299,200) (13,445,000)	59,624,200 (34,880,000) (11,299,200) (13,445,000)
	-	-

(Note) Class A preferred stock and Class B preferred stock have the same rights as common stock in terms of the right to claim dividends from surplus. It is treated as a stock equivalent to a common stock.

4. The basis for calculating net assets per share is as follows.

item	Previous fiscal year (March 31, 2021)	Current fiscal year (March 31, 2022)
Total amount of net assets (thousand yen)	2,212,983	3,457,448
Amount to be deducted from total net assets (1,000 yen)	865,444	865,444
(Class A preferred stock) (thousand yen)	(199,995)	(199,995)
(of which Class B preferred stock) (thousand yen)	(661,628)	(661,628)
(including subscription rights to shares) (thousand yen)	(3,820)	(3,820)
Net assets at the end of the period related to common stock (thousand yen)	1,347,538	2,592,004
Number of common stocks at the end of the period used to calculate net assets per share (shares)	34,880,000	34,880,000

(significant subsequent event)

Previous fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

Current fiscal year (from April 1, 2021 to March 31, 2022) 1. Acquisition of preferred

stock and cancellation of treasury stock (preferred stock)

In accordance with the resolution of the Board of Directors held on November 18, 2022, the Company will acquire all Class A preferred stock and Class B preferred stock as treasury stock on December 5, 2022, and as consideration, Class A preferred stock and Class B preferred stock One share of common stock is issued for each share of preferred stock. In addition, all of the class shares were canceled on the same date.

(1) Number of shares acquired and canceled

Class A preferred stock 112,992 shares

Class B preferred stock 134,450 shares

(2) Number of Common Shares Delivered through Exchange

Common stock 247,442 shares

(3) Number of common shares issued after delivery

Common stock 596,242 shares

2. Adoption of stock split and unit share system

At the Board of Directors meeting held on November 18, 2022, we resolved to conduct a stock split. In addition, due to the stock split, At the extraordinary general meeting of shareholders held on December 13, 2022, we resolved to adopt a share unit system of 100 shares per share unit.

(1) Purpose of stock split, purpose of adopting unit share system

By reducing the amount per investment unit, we aim to improve the liquidity of our stock and expand our investor base.

As a target, we will conduct a stock split and adopt a unit stock system in which one unit is 100 shares.

(2) Outline of stock split

• Division method

100 shares will be split for each common share held by shareholders listed in the shareholder register on the record date

• Increased number of shares due to the split

Total number of issued shares before stock split 596,242 shares Increased

number of shares due to this split 59,027,958 shares Number of issued

shares after stock split 59,624,200 shares Total number of shares after stock

split 230,000,000 shares

• Stock split schedule

Date of public notice of record date November

28, 2022 Record date December 14, 2022

December 14, 2022

• Impact on per share information

"Per share information" is calculated assuming that the stock split was conducted at the beginning of the period.

is reflected in this section.

(3) Capital

There will be no change in the amount of capital due to this stock split.

(4) Unit share

system We have adopted a unit share system, with 100 shares of common stock constituting one unit. [Notes]

(Quarterly Statement of Cash Flows)

We have not prepared a quarterly cash flow statement for the current third quarter cumulative period. Depreciation expenses (including amortization expenses related to intangible fixed assets) for the cumulative third quarter are as follows.

	Cumulative period of the current third quarter (from April 1, 2022 to December 31, 2022) 89,056
depreciation	thousand yen

(Segment information,
etc.) [Segment information]

Since our company has only one segment, the VTuber business, segment information is omitted.

(Revenue Recognition)

Disaggregated information on revenue arising from contracts with customers

Current third quarter cumulative period (from April 1, 2022 to December 31, 2022)

(Unit: thousand yen)

	delivery/content	live/event	Merchandising	License/Tie-up	total
Revenue generated from contracts with customers	4,598,139	1,241,317	5,262,967	1,699,675	12,802,099
Other income	-	-	-	-	-
Sales to external customers	4,598,139	1,241,317	5,262,967	1,699,675	12,802,099

(Per share information)

Quarterly net income per share and calculation basis are as follows.

	Current third quarter cumulative period (from April 1, 2022 to December 31, 2022)
Quarterly net income per share	21.49 yen
(Calculation basis)	
Quarterly net income (thousand yen)	1,281,033
Amount not attributable to common shareholders (thousand yen)	-
Quarterly net income related to common stock (thousand yen)	1,281,033
Average number of shares of common stock during the period (shares)	59,624,200
Overview of latent shares that were not included in the calculation of quarterly diluted net income per share because they do not have a dilutive effect and that have had significant changes since the end of the previous fiscal year	-

(Note) 1. Diluted quarterly net income per share includes the balance of stock acquisition rights, but the Company's shares are unlisted.

However, it is not stated because the average stock price during the period is not available.

2. Class A preferred stock and Class B preferred stock have the same rights as common stock regarding the right to claim dividends from surplus. It is treated as a stock equivalent to common stock.
3. In accordance with the resolution of the Board of Directors meeting held on November 18, 2022, the Company will conduct a 100-for-1 stock split on December 14, 2022. Therefore, net income per share is calculated on the assumption that the stock split was conducted at the beginning of the term.

(significant subsequent event)

Not applicable.

ÿ [Supplementary schedule] (as of March 31,
2022) [Schedule of securities] Not applicable.

[Detailed table of tangible fixed assets]

asset type	Balance at the beginning of current period (thousand yen)	Amount of increase during the period (thousand yen)	Amount of decrease during the period (thousand yen)	Balance at the end of current period (thousand yen)	Accumulated depreciation or accumulated depreciation at the end of the fiscal year (thousand yen)	Depreciation amount (thousand yen)	Balance at the end of current period (thousand yen)
Tangible fixed assets							
Building ancillary equipment	123,985	148,029	241,474 (211,483)	30,540	13,426	11,503	17,114
tools, appliances and fixtures	126,313	201,363	2,532	325,144	130,635	83,970	194,509
Total tangible fixed assets	250,298	349,392	244,006 (211,483)	355,684	144,061	95,473	211,623
Intangible fixed assets							
Trademark	5,538	12,284	-	17,823	1,009	831	16,814
Software	-	14,157	-	14,157	3,190	3,190	10,966
Software suspense account	19,981	164,494	14,157	170,317	-	-	170,317
Total intangible fixed assets	25,520	190,935	14,157	202,298	4,200	4,021	198,098
Long-term prepaid expenses	28	-	-	28	-	-	28

(Note) 1. The main items of the amount of increase during the fiscal year are as follows. Facilities attached to buildings (headquarters (headquarters)) Tools, ¥148,029,000
(headquarters fixtures) (Metaverse platform development) ¥35,816,000
¥165,546,000
Software suspense account 164,494 thousand yen

2. The amount in parentheses of the amount of decrease during the period is the recorded amount of impairment loss.

[Details of corporate bonds]

Not applicable.

[Description of borrowings, etc.]

Not applicable.

[Description of reserves]

subject	Balance at the beginning of current period (thousand yen)	Amount of increase during the period (thousand yen)	Amount of decrease during the period (intended use) (thousand yen)	Decrease during the period (Others) (thousand yen)	Balance at the end of current period (thousand yen)
Bad debt allowance	14,270	-	-	3,969	10,300
Provision for bonuses	42,797	104,805	42,797	-	104,805

(Note) The amount in the "Decrease during the period (Others)" column of the allowance for doubtful accounts is the amount that has been adjusted based on the actual rate of bad debts for general receivables.

[Asset retirement obligation schedule]

Since the matters that should be stated in the detailed table are stated as notes prescribed in Article 8-28 of the Ordinance on Financial Statements, etc. are omitted.

(2) [Details of main assets and liabilities] (as of March 31, 2022)

ÿ Cash and deposits

Division	Amount (thousand yen)
cash	
deposit	
Ordinary deposit	4,644,671
subtotal	4,644,671
total	4,644,695

ÿ Accounts receivable

Breakdown by counterparty

other party	Amount (thousand yen)
Valus Co., Ltd.	489,641
Google LLC	323,064
pixiv Inc.	282,498
Trans-Cosmos Co., Ltd.	270,835
Link Co., Ltd.	134,579
others	469,620
total	1,970,237

Occurrence, collection and retention of accounts receivable

Balance at the beginning of current term (thousand yen)	Amount generated during the period (thousand yen)	Collection amount for the period (thousand yen)	Balance at the end of current period (thousand yen)	Recovery rate(%) $\frac{(C)}{(A) + (B)} \times 100$	Stay period (days) $\frac{(A) + (D) \cdot 2 (B)}{365}$
(A)	(B)	(C)	(D)		
1,001,908	15,088,797	14,120,468	1,970,237	87.8	35.9

Product

Division	Amount (thousand yen)
Goods etc.	257,323
total	257,323

Security deposit

other party	Amount (thousand yen)
Mitsubishi Jisho Property Management Co., Ltd.	208,115
Sumitomo Real Estate Co., Ltd.	261,974
Nippon REIT Investment Corporation	42,514
total	512,604

Accounts payable

other party	Amount (thousand yen)
Performer's reward	432,936
LATEGRA Co., Ltd.	363,000
BANDAI NAMCO Live Creative Inc.	229,998
Link Co., Ltd.	122,067
Bushiroad Co., Ltd.	73,412
others	261,540
total	1,482,955

Accrued expenses

Division	Amount (thousand yen)
Salary and executive compensation	125,095
Bushiroad Move Inc.	89,100
Sumitomo Real Estate Co., Ltd.	52,224
Live2D Inc.	35,894
Clay Tech Works Co., Ltd.	24,805
others	194,762
total	521,881

Advance payment

other party	Amount (thousand yen)
Shopify Inc.	2,222,582
total	2,222,582

(3) [Other] Not applicable.

No. 6 [Outline of Share Affairs of the Submitting Company]

fiscal year	From April 1st to March 31st of the following year
Ordinary General Meeting of Shareholders	Within 3 months from the day following the last day of each fiscal year
Reference date	End of each fiscal year
Stock certificate type	
Record date for distribution of surplus	March 31st or September 30th every year
Number of shares in one trading unit	100 shares
Stock transfer (Note 1)	
Handling place	Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	1-4-5 Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
agency	Mitsubishi UFJ Trust and Banking Corporation Branches nationwide
Name transfer fee	free
New ticket issuance fee	
Purchase of shares less than one unit	
Handling place	Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	1-4-5 Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
agency	Mitsubishi UFJ Trust and Banking Corporation Branches nationwide (Note 1)
Purchase fee	Free
Public notice publication method	of charge Our public notice method is electronic public notice. However, if electronic public notices cannot be made due to accidents or other unavoidable reasons, public notices will be published in the Nihon Keizai Shimbun. The Company's public notice posting URL is as follows. https://cover-corp.com/
Benefits for shareholders	Not applicable.

(Note) 1. With the listing on the Tokyo Stock Exchange, Inc.'s growth market, the Company's shares will become book-entry transfer shares as stipulated in Article 128, Paragraph 1 of the Act on Book-Entry Transfer of Corporate Bonds, Stocks, etc., so there will be no applicable items. 2. Shareholders of the Company may not exercise rights other than those listed below with respect to shares constituting less than one unit.

This is stipulated in the Articles of Incorporation.

(1) Rights stipulated in each item of Article 189, Paragraph 2 of the

Companies Act (2) Rights to make requests pursuant to the provisions of Article 166,

Paragraph 1 of the Companies Act (3) Allotment of offered shares according to the number of shares held by shareholders Right to be allotted subscription rights to shares

No. 7 [Reference information of the submitting company]

1 [Information about the parent company, etc. of the submitting company]

The Company does not have a parent company, etc. as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2 [Other reference information]

Not applicable.

Part 2 [Information on the guarantor company, etc. of the submitting company]

Not applicable.

Part 3 [Special Information]

Part 1 [Recent Financial Statements of Linked Subsidiaries]

Not applicable as the Company does not have any affiliated subsidiaries.

Part 4 [Publication Information]

Part 1 [Transfer of Shares, etc. of Special Interested Parties, etc.]

move date	Name of owner before move	Address of owner before move	Before transfer Owner's relationship with filing company, etc.	After transfer Name of owner	Address of owner after move	After the transfer Relationship between the owner and	Number of shares transferred (shares)	Price (unit price) (yen)	Reason for moving
November 26, 2020	Motoaki Tanigo	Koto Ward, Tokyo	Special interested parties, etc. (Representative director of the Company, top 10 shareholders)	Valley Co., Ltd. Representative Director Motoaki Tanigo	1-22-11 Ginza, Chuo-ku, Tokyo Ginza Ohtake Residence 2nd Floor	the filing company, etc. Special interested parties, etc. (company in which the Company's representative director holds the majority of voting rights, top 10 shareholders)	Common stock 3,300,000	54,582,000 (16.54) (Note 4)	Transfer to asset management company
December 5, 2022				AT-II Investment Business Limited Partnership General Partner Member of STRIVEII Limited Liability Partnership STRIVE Co., Ltd. Executive Officer Yusuke Amano	1-12-32 Akasaka, Minato-ku, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class A preferred stock -8,474,500 Common stock 8,474,500	¥ (Note 5)	
December 5, 2022			¥ Takahiro Hayashi		Minato Ward, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class B preferred stock -2,880,000 Common stock 2,880,000	¥ (Note 5)	
December 5, 2022				i-nest No. 1 Investment Business Limited Liability Partnership General Partner i-nest No. 1 Investment Business Limited Liability Partnership Representative Partner Takashi Yamanaka	5-10-13 Nakameguro, Meguro-ku, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class B preferred stock -2,032,000 Common stock 2,032,000	¥ (Note 5)	
December 5, 2022				HAKUHODO DY FUTURE DESIGN FUND Investment Limited Partnership General Partner Hakuodo DY Ventures Inc. President Akihiko Tokuhisa Chiba Dojo No. 2 Investment	Akasaka Biz Tower, 3-1 Akasaka 5-chome, Minato-ku, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class B preferred stock -2,032,000 Common stock 2,032,000	¥ (Note 5)	
December 5, 2022				Business Limited Partnership General Partner Chiba Dojo Co., Ltd. Representative Director Kotaro Chiba	16-12 Sakuragaoka-cho, Shibuya-ku, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class B preferred stock -1,625,000 Common stock 1,625,000	¥ (Note 5)	

move date	Name of owner before move	Address of owner before move	Before transfer Owner's relationship with filing company, etc.	After transfer Name of owner	Address of owner after move	After transfer Owner's relationship with filing company, etc.	Number of shares transferred (shares)	Price (unit price) (yen)	Reason for moving
December 5, 2022				OLM No. 1 Investment Business Limited Liability Partnership General Partner O.L. M Ventures Representative Director Hidekazu Yokota	1-18-10 Wakabayashi, Setagaya-ku, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class A preferred stock -1,129,900 Class B preferred stock -406,000 Common stock 1,535,900	¥ (Note 5)	
December 5, 2022			¥ Masao Ito		Shinagawa Ward, Tokyo	Special interested parties, etc. (top 10 shareholders)	Class B preferred stock -1,016,000 Ordinary stock 1,016,000	¥ (Note 5)	

(Note) 1. The Company plans to be listed on the Tokyo Stock Exchange, Inc. Growth Market. Based on this, if a special interested party, etc. (excluding the employee shareholding association; the same shall apply in 1 below), from the day two years before (April 1, 2020) counting from the last day of the business year immediately preceding the initial listing application date Acquisition or assignment of shares or stock acquisition rights issued by the Company during the period up to the day before the listing date (excluding public offerings before listing, including exercise of stock acquisition rights; hereinafter referred to as "transfer of shares, etc."), the status of the transfer of shares, etc. shall be submitted to the "Securities Report for Initial Listing Application (Part I)" prescribed in Article 231, Paragraph 1, Item 2 of the same Enforcement Regulations. "

2. Pursuant to the provisions of Article 267 of the Enforcement Regulations, the Company shall retain records of the details of the transfer of shares, etc. for a period of five years from the date of listing. It is stipulated that it shall be confirmed that the administrative organization for grasping and preserving such information is in place. In addition, it is stipulated that the Company must respond to requests for submission of such records made by the Exchange as necessary. If the Company does not respond to the request for submission, the exchange may announce the name of the Company and the fact that it is not responding to the request. In addition, as a result of reviewing the records submitted in response to the request for submission, if the exchange deems that the description regarding the status of the transfer of shares, etc., was clearly inaccurate, the Company and the managing transaction participation It is stipulated that it is possible to publicize the name of the person and the fact that it is recognized that the content of the description was not accurate.

3. The scope of special interested parties, etc. is as follows.

(1) Special Interested Parties of the Company: Officers, their spouses and relatives within the second degree of kinship (hereinafter referred to as "officers, etc."), officers, etc. who hold a majority of the voting rights of all shareholders, etc. companies and affiliated companies and their officers

(2) The top 10 major shareholders of

the Company (3) Personnel affiliates and capital affiliates of the Company and their officers (4)

Financial Instruments Business Operators limited to persons engaged in securities-related business) and

Personnel affiliates and capital affiliates of officers and financial instruments business operators

4. The transfer price calculation method is as follows.

The transferor and transferee decided the price calculated by the net asset method after consultation.

5. On December 5, 2022, due to the reasons specified in the repurchase clause for Class A Preferred Shares and Class B Preferred Shares and the arrival of the date specified by the company, all preferred shares were acquired as treasury shares. , one share of common stock is granted for each share of preferred stock.

6. Based on the resolution of the Board of Directors meeting held on November 18, 2022, a 100-for-1 stock split of common stock was conducted on December 14, 2022.)" indicates the "number of shares transferred" and "price (unit price)" after the stock split.

Part 2 [Overview of third-party allotment, etc.]

1 [Details of issuance of shares, etc. through third-party allotment, etc.]

item	Stock ý	Subscription rights to shares (1)
Date of issue	April 30, 2020 March 5, 2021	
kinds	Class B preferred stock	Grant of stock acquisition rights (stock options) Common stock
Issued	11,413,000 shares	5,968,900 shares 54 yen per share (Note 3)
issue price	49.21 yen (Note 2)	
capitalization amount	24,605 yen	27 yen
Total issue price	561,633,730 yen	322,320,600 yen
Total capitalization amount	280,816,865 yen	161,160,300 yen
Issuing method	Paid Third-Party Allotment	At the Extraordinary General Meeting of Shareholders held on February 26, 2021, a resolution was passed regarding the granting of stock acquisition rights (stock options) pursuant to Articles 236, 238 and 239 of the Companies Act.
Commitment regarding holding period, etc.		

(Note) 1. The rules established by the Tokyo Stock Exchange, Inc. regarding the allotment, etc. of shares for subscription by third-party allotment, etc. are as follows:
It is as below.

- (1) According to the provisions of Article 268 of the Securities Listing Regulations Enforcement Regulations stipulated by the Exchange, an initial listing applicant may, after one year from the last day of the business year immediately preceding the initial listing application date, in the event that shares for subscription are allotted by allotment to third parties, etc. (Except for public offerings, etc., prior to listing), the initial listing applicant shall, in writing, communicate with the person to whom the allotment has been granted the continued ownership of the offered shares, the time of transfer, and the status of such ownership from the Exchange. shall make a commitment to report to the Exchange at the time of inquiry regarding the above, public inspection of the document and report contents, and other matters deemed necessary by the Exchange, and submit the document in accordance with the provisions of the Exchange. It is said that
- (2) In accordance with the provisions of Article 272 of the Enforcement Regulations stipulated by the Exchange, an initial listing applicant has become an officer or employee after one year from the last day of the business year immediately preceding the initial listing application date. etc., as remuneration, the initial listing applicant shall hold the stock acquisition rights allotted as remuneration in writing with the officer or employee who received the allotment. , at the time of transfer and at the time of inquiry from the Exchange regarding the status of ownership, the Exchange shall make a commitment to report to the Exchange and other matters deemed necessary by the Exchange. It is supposed to be submitted.
- (3) If the Company does not submit the documents, etc. pursuant to the provisions of the preceding two paragraphs, the Exchange will not accept the listing application or We will take measures to cancel.
- (4) In the case of the Company, the last day of the fiscal year immediately preceding the listing application date is March 31, 2022.

2. This is for the purpose of raising funds, and the issue price is determined by the price calculated by the DCF method. 3. The issue price of shares and the amount to be paid upon exercise are determined by the DCF method, the net asset method, and the comparable company method.
It is determined by comprehensively considering the calculated price.

4. Based on the resolution of the Board of Directors meeting held on November 18, 2022, a 100-for-1 common stock split was implemented on December 14, 2022. and "capitalization amount" indicate the "issue number", "issue price" and "capitalization amount" after the stock split. 5. The amount to be paid when exercising stock acquisition rights, the exercise period, the conditions for exercising, and matters related to transfer are as follows.

I will.

	Subscription rights to shares (1)
Amount to be paid upon exercise	54 yen per share
Exercise period	From March 4, 2024 to March 4, 2031 (1) The party to whom the Stock
Exercise conditions	<p>Acquisition Rights have been allotted (hereinafter referred to as the "Trustee") cannot exercise the Stock Acquisition Rights, and ,</p> <p>Except as otherwise provided in these terms and conditions, only those who have been granted the Stock Acquisition Rights by the Trustee (hereinafter referred to as the "Right Holders") may exercise the Stock Acquisition Rights. . (ii) Holders of Stock Acquisition Rights may not exercise any of the remaining Stock Acquisition Rights if any of the following events occur during the period of three years from the date of allotment of Stock Acquisition Rights. . (a) When the common stock of the Company is issued for a price lower than the judgment price (defined in (e) below; the same shall apply hereinafter) Article 200, Paragraph 2 of the same Article 200, excluding cases where the amount is particularly advantageous, cases where the price is deemed to be different from the stock price of common stock, and cases where the issuance, etc. of such stock is through shareholder allotment, etc. nine.). (b) When a stock acquisition right is issued with an exercise price lower than the judgment price (however, if the exercise price is set at a price different from the stock price of the common stock of the Company at the time of issuance of the stock acquisition right). (unless it was issued by (c) If the common stock of the Company that is the subject of the Stock Acquisition Rights is not listed on any financial instruments exchange in Japan, the sale or purchase of the common stock of the Company or any other transaction at a price lower than the threshold price may not be conducted. (excluding cases where the transaction is conducted at a price that is deemed significantly lower than the stock price at the time of the transaction). (d) If the common stock of the Company underlying the Stock Acquisition Rights is listed on any financial instruments exchange in Japan, the closing price of ordinary trading of the common stock of the Company on such financial instruments exchange after the listing date. becomes a price below the judgment price. (e) "Determination Price" in (a) to (d) above is defined as follows: (i) One year from the allotment date: 100% of the exercise price (ii) One year from the allotment date: 150% of the exercise price (iii) Two years after the allotment date 1 year: Price obtained by multiplying the exercise price by 200%. It is necessary to be an outside collaborator such as. However, this shall not apply in cases where the Company's Board of Directors deems that there is a valid reason such as retirement due to the expiration of the term of office, mandatory retirement, or any other reason.</p> <p>(4) The exercise of the Stock Acquisition Rights by the heirs of the Stock Acquisition Rights Holders is not permitted. (v) If the exercise of the Stock Acquisition Rights causes the total number of issued shares of the Company to exceed the number of issuable shares at that time, the Stock Acquisition Rights may not be exercised.</p>
Matters concerning transfer of subscription rights to shares	Approval of the Board of Directors of the Company is required when transferring stock acquisition rights.

2 [Overview of Acquirer]

Shares ȳ

Name of acquirer	address of the acquirer	Acquirer's occupation and business content, etc.	Allotted shares (shares)	Price (unit price) (yen)	Relationship between Acquirer and Submitting Company
AT-II Investment Business Limited Liability Partnership General Partner Yusuke Amano Representative Director STRIVE II Limited Liability Partnership	1-12-32 Akasaka, Minato-ku, Tokyo	Investment business	1,864,000	91,727,440 (49.21)	Special interested parties, etc. (Top 10 major shareholders)
i-nest No. 1 Investment Business Limited Partnership Unlimited Liability Partner i- nest No. 1 Limited Liability Business Partnership Representative Director Takashi Yamanaka	5-10-13 Nakameguro, Meguro-ku, Tokyo	Investment business	2,032,000	99,994,720 (49.21)	Special interested parties, etc. (Top 10 major shareholders)
HAKUHODO DY FUTURE DESIGN FUND Investment Limited Partnership General Partner Hakuhodo DY Ventures Inc. Representative Director and President Akihiko Tokuhisa Chiba Dojo No. 2 Investment Business Limited Partnership General Partner Chiba Dojo Co., Ltd. Representative Director Kotaro Chiba	Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo	Investment business	2,032,000	99,994,720 (49.21)	Special interested parties, etc. (Top 10 major shareholders)
	16-12 Sakuragaoka-cho, Shibuya-ku, Tokyo	Investment business	1,625,000	79,966,250 (49.21)	Special interested parties, etc. (Top 10 major shareholders)
DIMENSION Investment Business Limited Liability Partnership	1-17-1 Toranomon, Tokyo	Investment business	1,016,000	49,997,360 (49.21)	
DIMENSION Co., Ltd. President Takamitsu Miyamune					
Sequoia Co., Ltd. Representative Director Yoshikazu Tanaka Capital 3 million yen	1-14-5 Akasaka, Minato-ku, Tokyo	Investment business	1,016,000	49,997,360 (49.21)	
SMBC Venture Capital No. 5 Investment Business Limited Liability Partnership	1-3-4 Yaesu, Chuo-ku, Tokyo	Investment business	1,016,000	49,997,360 (49.21)	
SMBC Venture Capital Co., Ltd. Representative Director and President Akira Ochiai					
OLM No. 1 Investment Business Limited Partnership General Partner OLM Ventures Co., Ltd. Representative Director Hidekazu Yokota Mizuho Growth Support No. 3 Investment Business Limited Partnership General Partner Mizuho Capital Co., Ltd. President and CEO Yusuke Omachi (Note) Based on the resolution of the Board of Directors meeting held on November 18, 2022, a 100-for-1 stock split of common stock will be implemented on December 14, 2022.	1-18-10 Wakabayashi, Setagaya-ku, Tokyo	Investment business	406,000	19,979,260 (49.21)	Special interested parties, etc. (Top 10 major shareholders)
	1-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo	Investment business	406,000	19,979,260 (49.21)	Special interested parties, etc. (Top 10 major shareholders)

The above "number of shares to be allocated" and "price (unit price)" are the "number of shares to be allocated" and "price (unit price)" after the stock split.

Subscription rights to shares (1)

Name of acquirer	address of the acquirer	Acquirer's occupation and business content, etc.	Allotted shares (shares)	Price (unit price) (yen)	Relationship between Acquirer and Submitting Company
Riko Wakayama	Chuo Ward, Tokyo	Tax accountant office	5,968,900	322,320,600 (54)	Trustee of trust-type stock options

(Note) Based on the resolution of the Board of Directors meeting held on November 18, 2022, a 100-for-1 common stock split will be implemented on December 14, 2022.

The above "number of shares to be allocated" and "price (unit price)" are the "number of shares to be allocated" and "price (unit price)" after the stock split.

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3 [Transfer of stocks, etc. of the acquirer]

Not applicable.

3. Status of Shareholders

name	address	Number of shares owned (shares)	Ratio (%) of the number of shares owned to the total number of shares (excluding treasury stock)
Motoaki Tanigo (Notes 1, 3)	Koto Ward, Tokyo	22,800,000	34.76
AT-II Investment Business Limited Liability Partnership (Note 1)	1-12-32 Akasaka, Minato-ku, Tokyo	10,338,500	15.76
Riko Wakayama (Note 7)	Chuo Ward, Tokyo	5,968,900 (5,968,900)	9.10 (9.10)
Valley Co., Ltd. (Note 1, 2)	1-22-11 Ginza, Chuo-ku, Tokyo Ginza Ohtake Bldg. 2nd floor	3,300,000	5.03
Kazuyuki Fukuda (notes 1, 4)	Urayasu City, Chiba Prefecture	3,000,000	4.57
Mizuho Growth Support No. 2 Investment Business Limited Liability Partnership (Note 1) i-nest No. 1 Investment	1-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo	2,129,900	3.25
Business Limited Liability Partnership (Note 1)	5-10-13 Nakameguro, Meguro-ku, Tokyo	2,032,000	3.10
HAKUHODO DY FUTURE DESIGN FUND Investment Limited Partnership (Note 1) Chiba	Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo	2,032,000	3.10
Dojo No. 2 Investment Limited Partnership (Note 1)	16-12 Sakuragaoka-cho, Shibuya-ku, Tokyo	1,625,000	2.48
OLM No. 1 Investment Business Limited Liability Partnership (Note 1)	1-18-10 Wakabayashi, Setagaya-ku, Tokyo	1,535,900	2.34
Masao Ito (Note 1)	Shinagawa Ward, Tokyo	1,516,000	2.31
Tokyo XR Startups Co., Ltd.	Sumitomo Realty & Development Nishi-Shinjuku Building No. 5, 3rd floor, Nishi-Shinjuku 4-34-7, Shinjuku-ku, Tokyo	1,422,000	2.17
Takahiro Hayashi	Minato Ward, Tokyo	1,016,000	1.55
DIMENSION Investment Business Limited Liability Partnership	1-17-1 Toranomon, Minato-ku, Tokyo	1,016,000	1.55
Sequoia Co., Ltd.	1-14-5 Akasaka, Minato-ku, Tokyo	1,016,000	1.55
SMBC Venture Capital No. 5 Investment Business Limited Liability Partnership	1-3-4 Yaesu, Chuo-ku, Tokyo	1,016,000	1.55
Hitoshi Suda (Note 4)	Koto Ward, Tokyo	900,000	1.37
Chiba Dojo No. 1 Investment Limited Partnership	16-12 Sakuragaoka-cho, Shibuya-ku, Tokyo	564,900	0.86
Hirohisa Kunimitsu	Shibuya Ward, Tokyo	500,000	0.76
Kensuke Furukawa	Shibuya Ward, Tokyo	500,000	0.76
HTC Vive Investment (BVI) Corp.	3rd Floor, J & C Building, PO Box 362, Road Town, VG1110, British Virgin Islands	500,000	0.76
Mizuho Growth Support No. 3 Investment Business Limited Liability Partnership	1-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo	406,000	0.62
TLM No. 1 Investment Business Limited Liability Partnership	YAZAWA Building, Shibuya 3-1-9, Shibuya-ku, Tokyo UCF 3rd floor	300,000	0.46
Breakpoint Inc.	1-11 Nihonbashi Nakasu, Chuo-ku, Tokyo	158,000	0.24
Total		65,593,100 (5,968,900)	100.00 (9.10)

(Note) 1. Special interested parties, etc. (top 10 major shareholders)

2. Special interested parties, etc. (company where the majority of voting rights of all shareholders are owned by officers, etc.)
3. Special interested parties, etc. (Representative Director of the Company) 4. Special interested parties, etc. (Directors of the Company) 5. The ratio of the number of shares owned to the total number of shares (excluding treasury stock) is rounded to the third decimal place.

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6. Figures in parentheses are the number of latent shares and their ratios based on subscription rights to shares. 7. It is owned as a trustee of a stock acquisition rights trust issued at market price.

独立監査人の監査報告書

2023年2月9日

カバー株式会社

取締役会 御中

太陽有限責任監査法人

東京事務所

指定有限責任社員
業務執行社員 公認会計士

相木 忠

指定有限責任社員
業務執行社員 公認会計士

篠田 友彦

監査意見

当監査法人は、株式会社東京証券取引所の有価証券上場規程第216条第6項の規定に基づき、金融商品取引法第193条の2第1項の規定に準ずる監査証明を行うため、「経理の状況」に掲げられているカバー株式会社の2020年4月1日から2021年3月31日までの第5期事業年度の財務諸表、すなわち、貸借対照表、損益計算書、株主資本等変動計算書、キャッシュ・フロー計算書、重要な会計方針及びその他の注記について監査を行った。

当監査法人は、上記の財務諸表が、我が国において一般に公正妥当と認められる企業会計の基準に準拠して、カバー株式会社の2021年3月31日現在の財政状態並びに同日をもって終了する事業年度の経営成績及びキャッシュ・フローの状況を、全ての重要な点において適正に表示しているものと認める。

監査意見の根拠

当監査法人は、我が国において一般に公正妥当と認められる監査の基準に準拠して監査を行った。監査の基準における当監査法人の責任は、「財務諸表監査における監査人の責任」に記載されている。当監査法人は、我が国における職業倫理に関する規定に従って、会社から独立しており、また、監査人としてのその他の倫理上の責任を果たしている。当監査法人は、意見表明の基礎となる十分かつ適切な監査証拠を入手したと判断している。

財務諸表に対する経営者並びに監査役及び監査役会の責任

経営者の責任は、我が国において一般に公正妥当と認められる企業会計の基準に準拠して財務諸表を作成し適正に表示することにある。これには、不正又は誤謬による重要な虚偽表示のない財務諸表を作成し適正に表示するために経営者が必要と判断した内部統制を整備及び運用することが含まれる。

財務諸表を作成するに当たり、経営者は、継続企業の前提に基づき財務諸表を作成することが適切であるかどうかを評価し、我が国において一般に公正妥当と認められる企業会計の基準に基づいて継続企業に関する事項を開示する必要がある場合には当該事項を開示する責任がある。

監査役及び監査役会の責任は、財務報告プロセスの整備及び運用における取締役の職務の執行を監視することにある。

財務諸表監査における監査人の責任

監査人の責任は、監査人が実施した監査に基づいて、全体としての財務諸表に不正又は誤謬による重要な虚偽表示がないかどうかについて合理的な保証を得て、監査報告書において独立の立場から財務諸表に対する意見を表明することにある。虚偽表示は、不正又は誤謬により発生する可能性があり、個別に又は集計すると、財務諸表の利用者の意思決定に影響を与えると合理的に見込まれる場合に、重要性があると判断される。

監査人は、我が国において一般に公正妥当と認められる監査の基準に従って、監査の過程を通じて、職業的専門家としての判断を行い、職業的懐疑心を保持して以下を実施する。

- ・ 不正又は誤謬による重要な虚偽表示リスクを識別し、評価する。また、重要な虚偽表示リスクに対応した監査手続を立案し、実施する。監査手続の選択及び適用は監査人の判断による。さらに、意見表明の基礎となる十分かつ適切な監査証拠を入手する。
- ・ 財務諸表監査の目的は、内部統制の有効性について意見表明するためのものではないが、監査人は、リスク評価の実施に際して、状況に応じた適切な監査手続を立案するために、監査に関連する内部統制を検討する。
- ・ 経営者が採用した会計方針及びその適用方法の適切性、並びに経営者によって行われた会計上の見積りの合理性及び関連する注記事項の妥当性を評価する。
- ・ 経営者が継続企業を前提として財務諸表を作成することが適切であるかどうか、また、入手した監査証拠に基づき、継続企業の前提に重要な疑義を生じさせるような事象又は状況に関して重要な不確実性が認められるかどうか結論付ける。継続企業の前提に関する重要な不確実性が認められる場合は、監査報告書において財務諸表の注記事項に注意を喚起すること、又は重要な不確実性に関する財務諸表の注記事項が適切でない場合は、財務諸表に対して除外事項付意見を表明することが求められている。監査人の結論は、監査報告書日までに入手した監査証拠に基づいているが、将来の事象や状況により、企業は継続企業として存続できなくなる可能性がある。
- ・ 財務諸表の表示及び注記事項が、我が国において一般に公正妥当と認められる企業会計の基準に準拠しているかどうかとともに、関連する注記事項を含めた財務諸表の表示、構成及び内容、並びに財務諸表が基礎となる取引や会計事象を適正に表示しているかどうかを評価する。

監査人は、監査役及び監査役会に対して、計画した監査の範囲とその実施時期、監査の実施過程で識別した内部統制の重要な不備を含む監査上の重要な発見事項、及び監査の基準で求められているその他の事項について報告を行う。

監査人は、監査役及び監査役会に対して、独立性についての我が国における職業倫理に関する規定を遵守したこと、並びに監査人の独立性に影響を与えると合理的に考えられる事項、及び阻害要因を除去又は軽減するためにセーフガードを講じている場合はその内容について報告を行う。

利害関係

会社と当監査法人又は業務執行社員との間には、公認会計士法の規定により記載すべき利害関係はない。

以 上

独立監査人の監査報告書

2023年2月9日

カバー株式会社

取締役会 御中

太陽有限責任監査法人

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相木 忠



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業務執行社員 公認会計士

篠田 友彦



監査意見

当監査法人は、株式会社東京証券取引所の有価証券上場規程第216条第6項の規定に基づき、金融商品取引法第193条の2第1項の規定に準ずる監査証明を行うため、「経理の状況」に掲げられているカバー株式会社の2021年4月1日から2022年3月31日までの第6期事業年度の財務諸表、すなわち、貸借対照表、損益計算書、株主資本等変動計算書、キャッシュ・フロー計算書、重要な会計方針、その他の注記及び附属明細表について監査を行った。

当監査法人は、上記の財務諸表が、我が国において一般に公正妥当と認められる企業会計の基準に準拠して、カバー株式会社の2022年3月31日現在の財政状態並びに同日をもって終了する事業年度の経営成績及びキャッシュ・フローの状況を、全ての重要な点において適正に表示しているものと認める。

監査意見の根拠

当監査法人は、我が国において一般に公正妥当と認められる監査の基準に準拠して監査を行った。監査の基準における当監査法人の責任は、「財務諸表監査における監査人の責任」に記載されている。当監査法人は、我が国における職業倫理に関する規定に従って、会社から独立しており、また、監査人としてのその他の倫理上の責任を果たしている。当監査法人は、意見表明の基礎となる十分かつ適切な監査証拠を入手したと判断している。

その他の記載内容

その他の記載内容は、新規上場申請のための有価証券報告書（Iの部）第一部【企業情報】及び第二部【提出会社の保証会社等の情報】に含まれる情報のうち、財務諸表及びその監査報告書以外の情報である。経営者の責任は、その他の記載内容を作成し開示することにある。また、監査役及び監査役会の責任は、その他の記載内容の報告プロセスの整備及び運用における取締役の職務の執行を監視することにある。

当監査法人の財務諸表に対する監査意見の対象にはその他の記載内容は含まれておらず、当監査法人はその他の記載内容に対して意見を表明するものではない。

財務諸表監査における当監査法人の責任は、その他の記載内容を通読し、通読の過程において、その他の記載内容と財務諸表又は当監査法人が監査の過程で得た知識との間に重要な相違があるかどうか検討すること、また、そのような重要な相違以外にその他の記載内容に重要な誤りの兆候があるかどうか注意を払うことにある。

当監査法人は、実施した作業に基づき、その他の記載内容に重要な誤りがあると判断した場合には、その事実を報告することが求められている。

その他の記載内容に関して、当監査法人が報告すべき事項はない。

財務諸表に対する経営者並びに監査役及び監査役会の責任

経営者の責任は、我が国において一般に公正妥当と認められる企業会計の基準に準拠して財務諸表を作成し適正に表示することにある。これには、不正又は誤謬による重要な虚偽表示のない財務諸表を作成し適正に表示するために経営者が必要と判断した内部統制を整備及び運用することが含まれる。

財務諸表を作成するに当たり、経営者は、継続企業の前提に基づき財務諸表を作成することが適切であるかどうかを評価し、我が国において一般に公正妥当と認められる企業会計の基準に基づいて継続企業に関する事項を開示する必要がある場合には当該事項を開示する責任がある。

監査役及び監査役会の責任は、財務報告プロセスの整備及び運用における取締役の職務の執行を監視することにある。

財務諸表監査における監査人の責任

監査人の責任は、監査人が実施した監査に基づいて、全体としての財務諸表に不正又は誤謬による重要な虚偽表示がないかどうかについて合理的な保証を得て、監査報告書において独立の立場から財務諸表に対する意見を表明することにある。虚偽表示は、不正又は誤謬により発生する可能性があり、個別に又は集計すると、財務諸表の利用者の意思決定に影響を与えると合理的に見込まれる場合に、重要性があると判断される。

監査人は、我が国において一般に公正妥当と認められる監査の基準に従って、監査の過程を通じて、職業的専門家としての判断を行い、職業的懐疑心を保持して以下を実施する。

- ・ 不正又は誤謬による重要な虚偽表示リスクを識別し、評価する。また、重要な虚偽表示リスクに対応した監査手続を立案し、実施する。監査手続の選択及び適用は監査人の判断による。さらに、意見表明の基礎となる十分かつ適切な監査証拠を入手する。
- ・ 財務諸表監査の目的は、内部統制の有効性について意見表明するためのものではないが、監査人は、リスク評価の実施に際して、状況に応じた適切な監査手続を立案するために、監査に関連する内部統制を検討する。
- ・ 経営者が採用した会計方針及びその適用方法の適切性、並びに経営者によって行われた会計上の見積りの合理性及び関連する注記事項の妥当性を評価する。
- ・ 経営者が継続企業を前提として財務諸表を作成することが適切であるかどうか、また、入手した監査証拠に基づき、継続企業の前提に重要な疑義を生じさせるような事象又は状況に関して重要な不確実性が認められるかどうか結論付ける。継続企業の前提に関する重要な不確実性が認められる場合は、監査報告書において財務諸表の注記事項に注意を喚起すること、又は重要な不確実性に関する財務諸表の注記事項が適切でない場合は、財務諸表に対して除外事項付意見を表明することが求められている。監査人の結論は、監査報告書日までに入手した監査証拠に基づいているが、将来の事象や状況により、企業は継続企業として存続できなくなる可能性がある。
- ・ 財務諸表の表示及び注記事項が、我が国において一般に公正妥当と認められる企業会計の基準に準拠しているかどうかとともに、関連する注記事項を含めた財務諸表の表示、構成及び内容、並びに財務諸表が基礎となる取引や会計事象を適正に表示しているかどうかを評価する。

監査人は、監査役及び監査役会に対して、計画した監査の範囲とその実施時期、監査の実施過程で識別した内部統制の重要な不備を含む監査上の重要な発見事項、及び監査の基準で求められているその他の事項について報告を行う。

監査人は、監査役及び監査役会に対して、独立性についての我が国における職業倫理に関する規定を遵守したこと、並びに監査人の独立性に影響を与えると合理的に考えられる事項、及び阻害要因を除去又は軽減するためにセーフガードを講じている場合はその内容について報告を行う。

利害関係

会社と当監査法人又は業務執行社員との間には、公認会計士法の規定により記載すべき利害関係はない。

独立監査人の四半期レビュー報告書

2023年2月9日

カバー株式会社

取締役会 御中

太陽有限責任監査法人

東京事務所

指定有限責任社員
業務執行社員 公認会計士

相木 忠 

指定有限責任社員
業務執行社員 公認会計士

篠田 友彦 

監査人の結論

当監査法人は、株式会社東京証券取引所の有価証券上場規程第 216 条第 6 項の規定に基づき、金融商品取引法第 193 条の 2 第 1 項の規定に準じて、「経理の状況」に掲げられているカバー株式会社の 2022 年 4 月 1 日から 2023 年 3 月 31 日までの第 7 期事業年度の第 3 四半期会計期間（2022 年 10 月 1 日から 2022 年 12 月 31 日まで）及び第 3 四半期累計期間（2022 年 4 月 1 日から 2022 年 12 月 31 日まで）に係る四半期財務諸表、すなわち、四半期貸借対照表、四半期損益計算書及び注記について四半期レビューを行った。

当監査法人が実施した四半期レビューにおいて、上記の四半期財務諸表が、我が国において一般に公正妥当と認められる四半期財務諸表の作成基準に準拠して、カバー株式会社の 2022 年 12 月 31 日現在の財政状態及び同日をもって終了する第 3 四半期累計期間の経営成績を適正に表示していないと信じさせる事項が全ての重要な点において認められなかった。

監査人の結論の根拠

当監査法人は、我が国において一般に公正妥当と認められる四半期レビューの基準に準拠して四半期レビューを行った。四半期レビューの基準における当監査法人の責任は、「四半期財務諸表の四半期レビューにおける監査人の責任」に記載されている。当監査法人は、我が国における職業倫理に関する規定に従って、会社から独立しており、また、監査人としてのその他の倫理上の責任を果たしている。当監査法人は、結論の表明の基礎となる証拠を入手したと判断している。

四半期財務諸表に対する経営者並びに監査役及び監査役会の責任

経営者の責任は、我が国において一般に公正妥当と認められる四半期財務諸表の作成基準に準拠して四半期財務諸表を作成し適正に表示することにある。これには、不正又は誤謬による重要な虚偽表示のない四半期財務諸表を作成し適正に表示するために経営者が必要と判断した内部統制を整備及び運用することが含まれる。

四半期財務諸表を作成するに当たり、経営者は、継続企業の前提に基づき四半期財務諸表を作成することが適切であるかどうかを評価し、我が国において一般に公正妥当と認められる四半期財務諸表の作成基準に基づいて継続企業に関する事項を開示する必要がある場合には当該事項を開示する責任がある。

監査役及び監査役会の責任は、財務報告プロセスの整備及び運用における取締役の職務の執行を監視することにある。

四半期財務諸表の四半期レビューにおける監査人の責任

監査人の責任は、監査人が実施した四半期レビューに基づいて、四半期レビュー報告書において独立の立場から四半期財務諸表に対する結論を表明することにある。

監査人は、我が国において一般に公正妥当と認められる四半期レビューの基準に従って、四半期レビューの過程を通じて、職業的専門家としての判断を行い、職業的懐疑心を保持して以下を実施する。

- ・ 主として経営者、財務及び会計に関する事項に責任を有する者等に対する質問、分析的手続その他の四半期レビュー手続を実施する。四半期レビュー手続は、我が国において一般に公正妥当と認められる監査の基準に準拠して実施される年度の財務諸表の監査に比べて限定された手続である。
- ・ 継続企業の前提に関する事項について、重要な疑義を生じさせるような事象又は状況に関して重要な不確実性が認められると判断した場合には、入手した証拠に基づき、四半期財務諸表において、我が国において一般に公正妥当と認められる四半期財務諸表の作成基準に準拠して、適正に表示されていないと信じさせる事項が認められないかどうか結論付ける。また、継続企業の前提に関する重要な不確実性が認められる場合は、四半期レビュー報告書において四半期財務諸表の注記事項に注意を喚起すること、又は重要な不確実性に関する四半期財務諸表の注記事項が適切でない場合は、四半期財務諸表に対して限定付結論又は否定的結論を表明することが求められている。監査人の結論は、四半期レビュー報告書日までに入手した証拠に基づいているが、将来の事象や状況により、企業は継続企業として存続できなくなる可能性がある。
- ・ 四半期財務諸表の表示及び注記事項が、我が国において一般に公正妥当と認められる四半期財務諸表の作成基準に準拠していないと信じさせる事項が認められないかどうかとともに、関連する注記事項を含めた四半期財務諸表の表示、構成及び内容、並びに四半期財務諸表が基礎となる取引や会計事象を適正に表示していないと信じさせる事項が認められないかどうかを評価する。

監査人は、監査役及び監査役会に対して、計画した四半期レビューの範囲とその実施時期、四半期レビュー上の重要な発見事項について報告を行う。

監査人は、監査役及び監査役会に対して、独立性についての我が国における職業倫理に関する規定を遵守したこと、並びに監査人の独立性に影響を与えると合理的に考えられる事項、及び阻害要因を除去又は軽減するためにセーフガードを講じている場合はその内容について報告を行う。

利害関係

会社と当監査法人又は業務執行社員との間には、公認会計士法の規定により記載すべき利害関係はない。

以 上