

Financial Results for FY2023/3

May 12th, 2023



COVER

Financial Results for FY2023/3

Financial Highlights -Summary for FY2023/3-

FY2023 Financial Results

Revenue **20,451** million(JPY)
(YoY+49.7%)

Gross Profit **9,396** million(JPY)
(YoY+78.1%)

Operating Profit **3,417** million(JPY)
(YoY+84.2%)

Net Profit **2,508** million(JPY)
(YoY+101.6%)

Revenue by Service Segments

Streaming / Content
6,342million(JPY)
(YoY+20.8%)

Concerts / Events
3,429million(JPY)
(YoY+55.6%)

Merchandising
8,003million(JPY)
(YoY+65.6%)

Licensing / Collaborations
2,676million(JPY)
(YoY+94.2%)

Numbers related to YouTube

Total # of ch. Subs.*1
75.58 million
(as of March 31, 2023)

of VTubers
75
(as of March 31, 2023)

Yearly Revenue Per VTuber*2
272 million(JPY)
(FY2023/3)

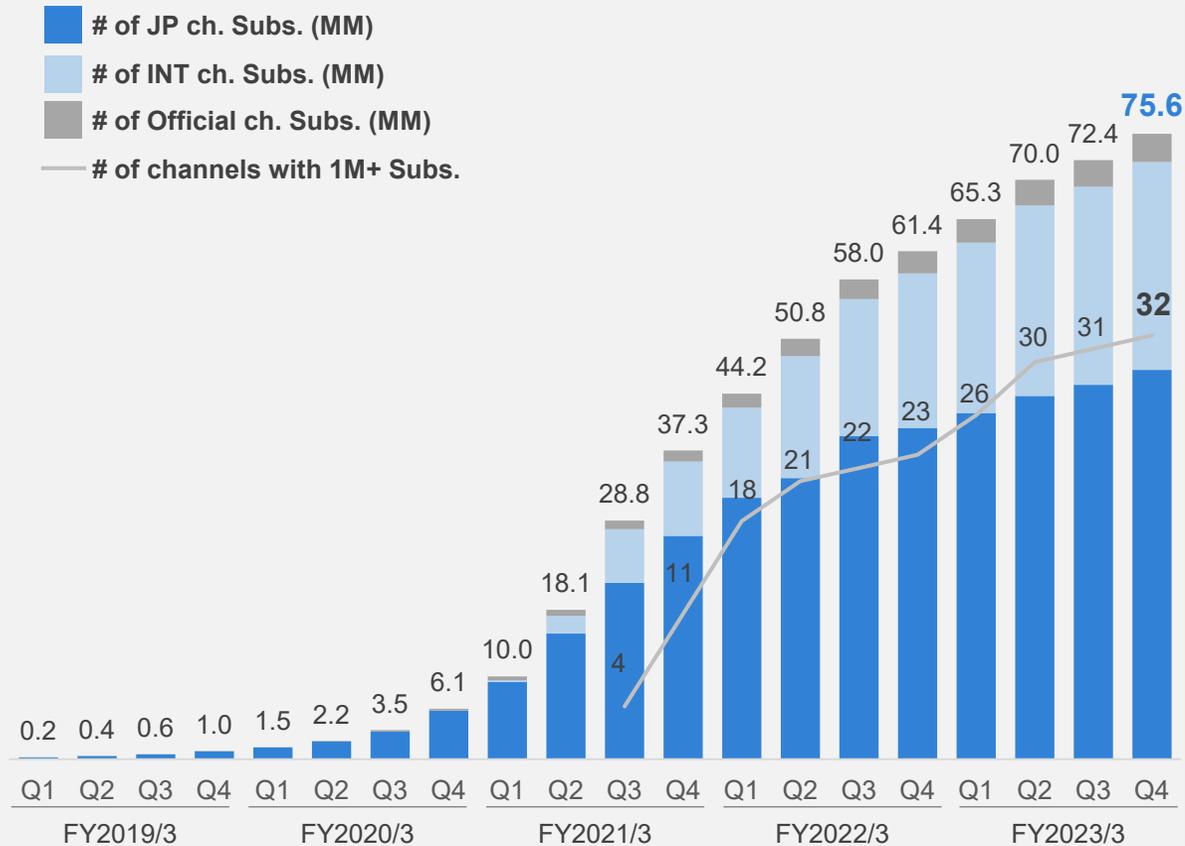
*1:Aggregated from each channel and official channel on YouTube as of March 31, 2023

*2:Calculated by dividing FY2023/3 sales by the number of enrolled VTubers at the end of FY2023/3

Current Status of Growth in Number of Fans

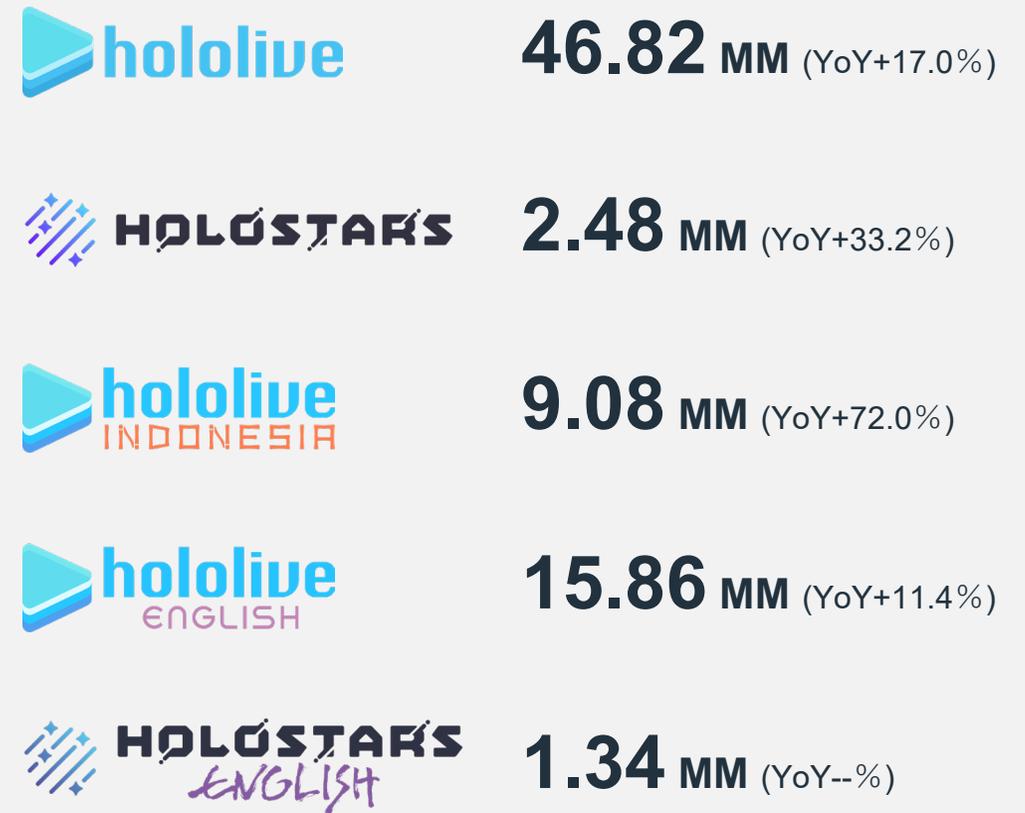
Due to the popularity of original music and short video content, fans have continued to grow steadily

■ # of ch. Subs. / # of channels with 1M+ Subs. *1



*1: YouTube Channel Subscriber Count

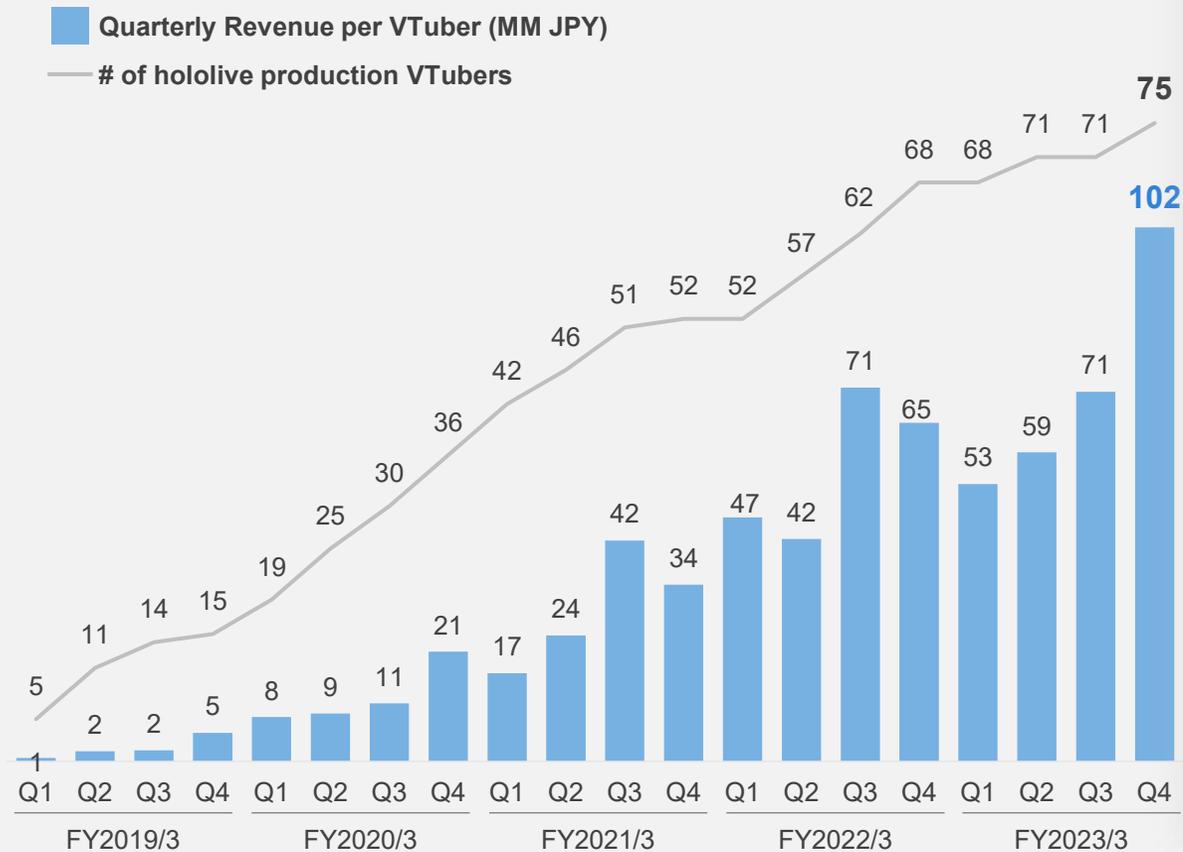
■ # of ch. Subs. by groups (as of March 31, 2023)



Current Status of Revenue per VTuber

In the FY2023/3, we continued to debut new talent and further nurture our existing talent through merchandising and licensing projects.

Revenue per VTuber*1 / # of hololive Production VTubers



*1: Calculated by dividing quarterly revenue by the number of enrolled VTubers at the end of quarter

Strengthen activities of existing talents

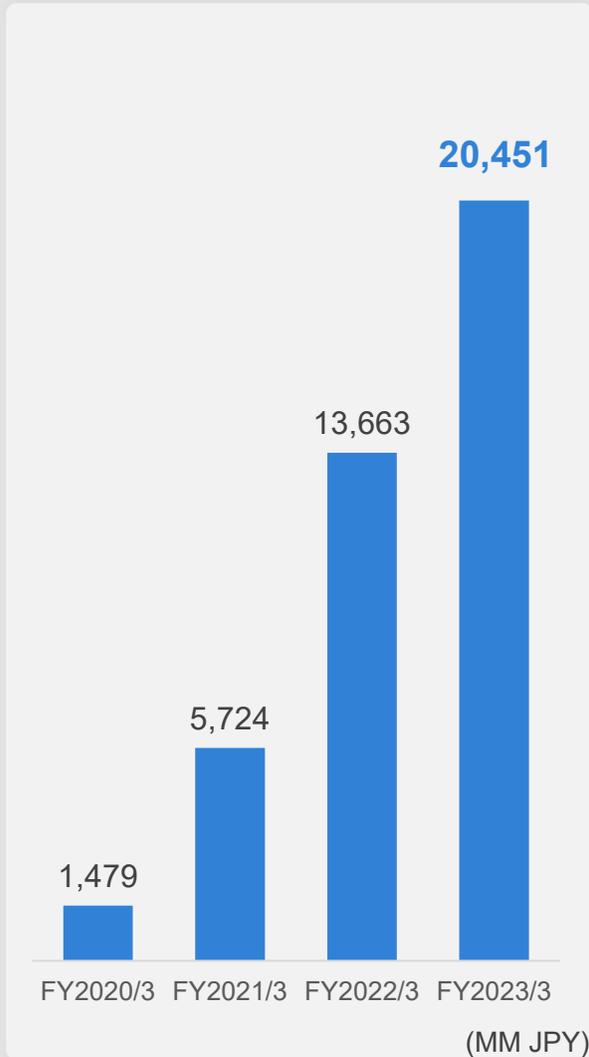


Talent debuts in new areas

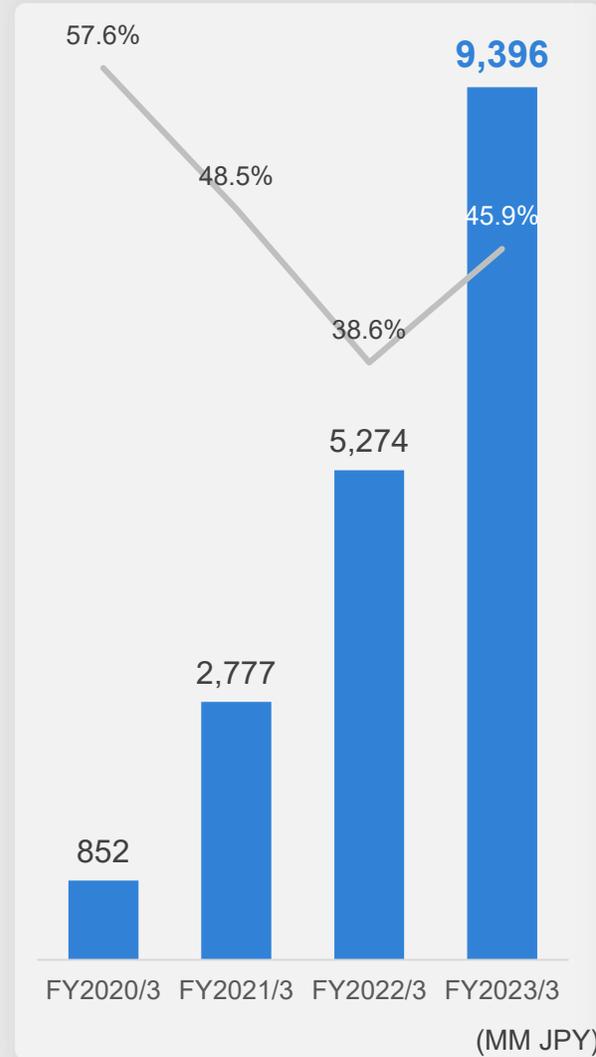


Historical Trends in Annual Financials

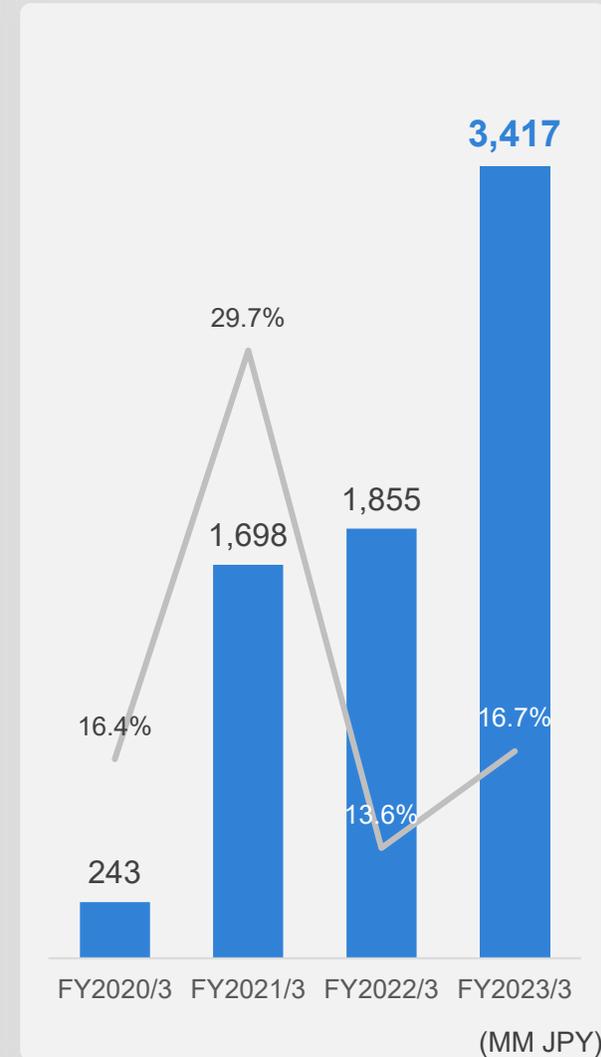
Revenue



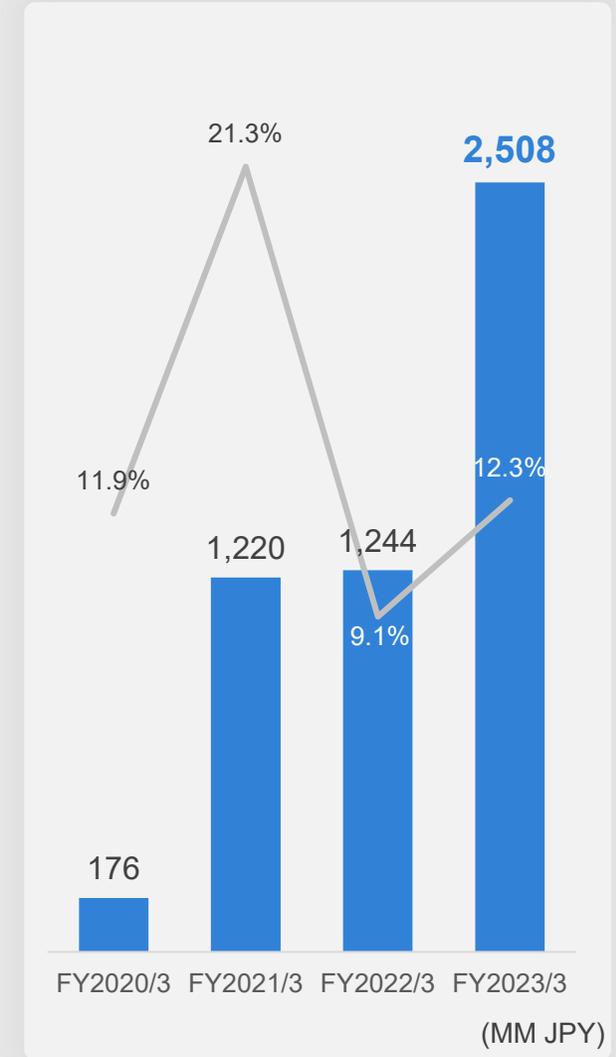
Gross Profit / Margin



Operating Profit / Margin



Net Profit / Margin

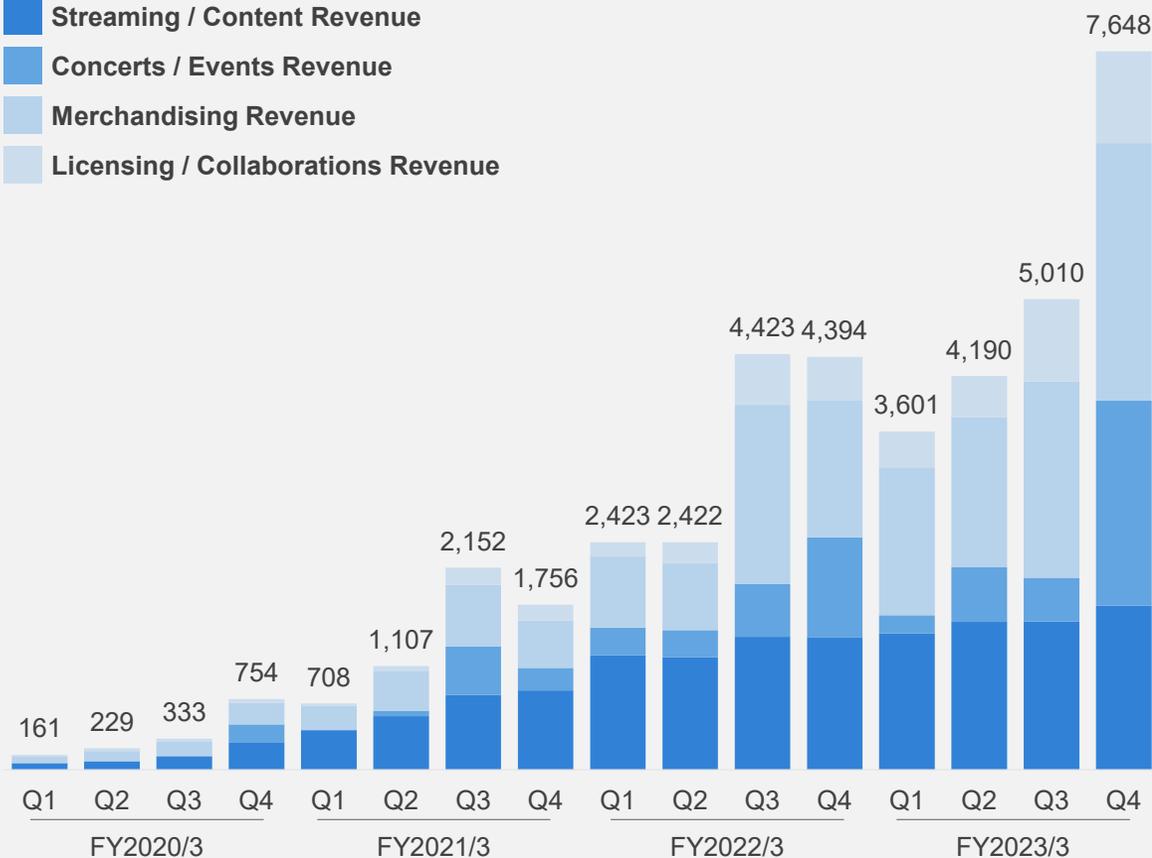


Historical Trends in Revenue

The fourth quarter recorded net sales of JPY 7,648 MM due to revenue from made-to-order merchandise in the middle of the year, strong Licensing/Collaborations projects, and stronger-than-expected performance at the 4th Fes./EXPO

(MM JPY)

- Streaming / Content Revenue
- Concerts / Events Revenue
- Merchandising Revenue
- Licensing / Collaborations Revenue



■ 4th Fes./EXPO*1

of visitors:

- 4th Fes. (Concert)
 - On-site : 15,000
 - Online : 84,000
- EXPO 2023 (Event) : Approx. 30,000

4Q Revenue Contribution : Approx. JPY 1.8 bn

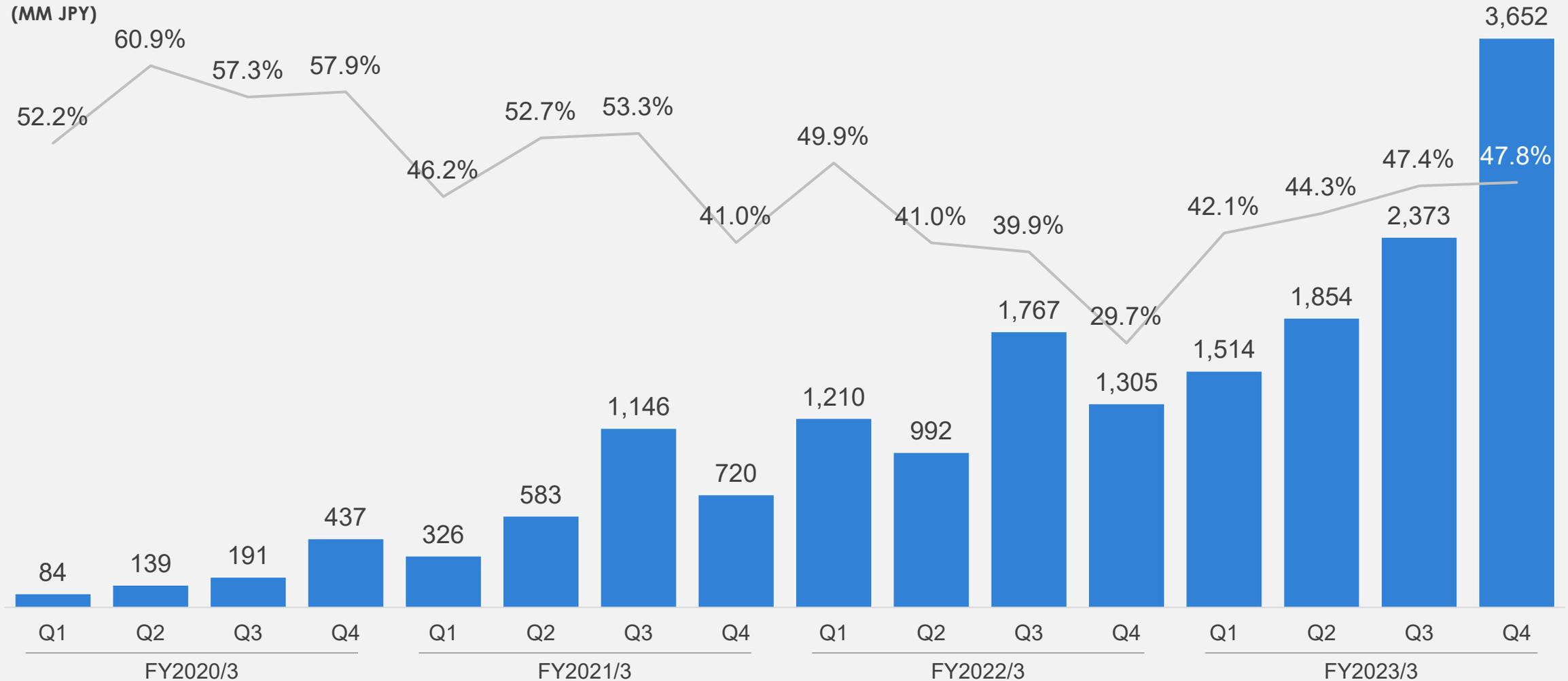
■ Seasonality of made-to-order merchandise

- Made-to-order merchandise is recorded as an advance payment on the balance sheet at the time of order receipt and recorded as sales on the income statement at the time of shipment about three months later.
- Most of the pieces of made-to-order merchandise are anniversary items such as for talent anniversaries, etc., and sales tend to be posted in Q3 and Q4.

*1: Official names; <hololive 4th fes. Our Bright Parade Supported By Bushiroad> and <hololive SUPER EXPO 2023 Supported By Bushiroad>

Historical Trends in Gross Profit and Gross Profit Margin

Gross profit margin increased over this quarter, due to Licensing/Collaborations and improvements to the product mix in MD*1



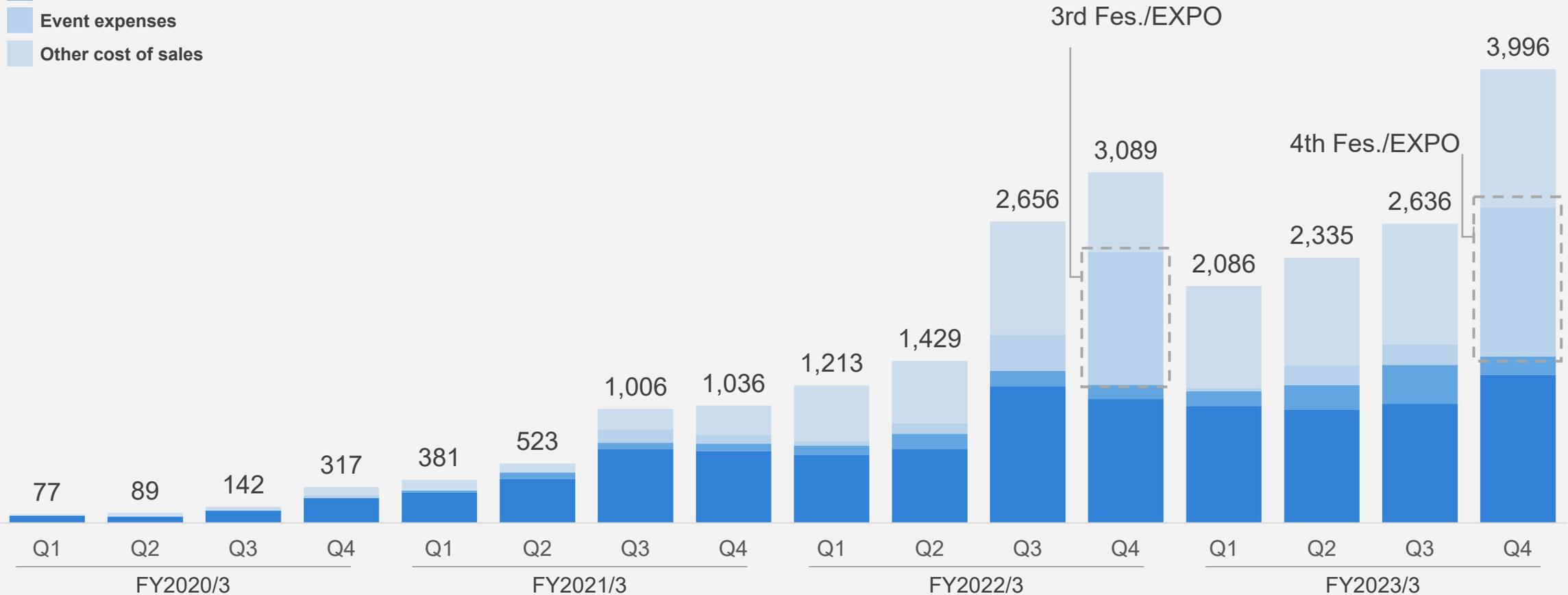
*1: MD stands for merchandising

Historical Trends in Cost of Sales

Expenses rose during Q4 due to our yearly EXPO. However, change in variable costs was low due to revenue sources that were not dependent on performance

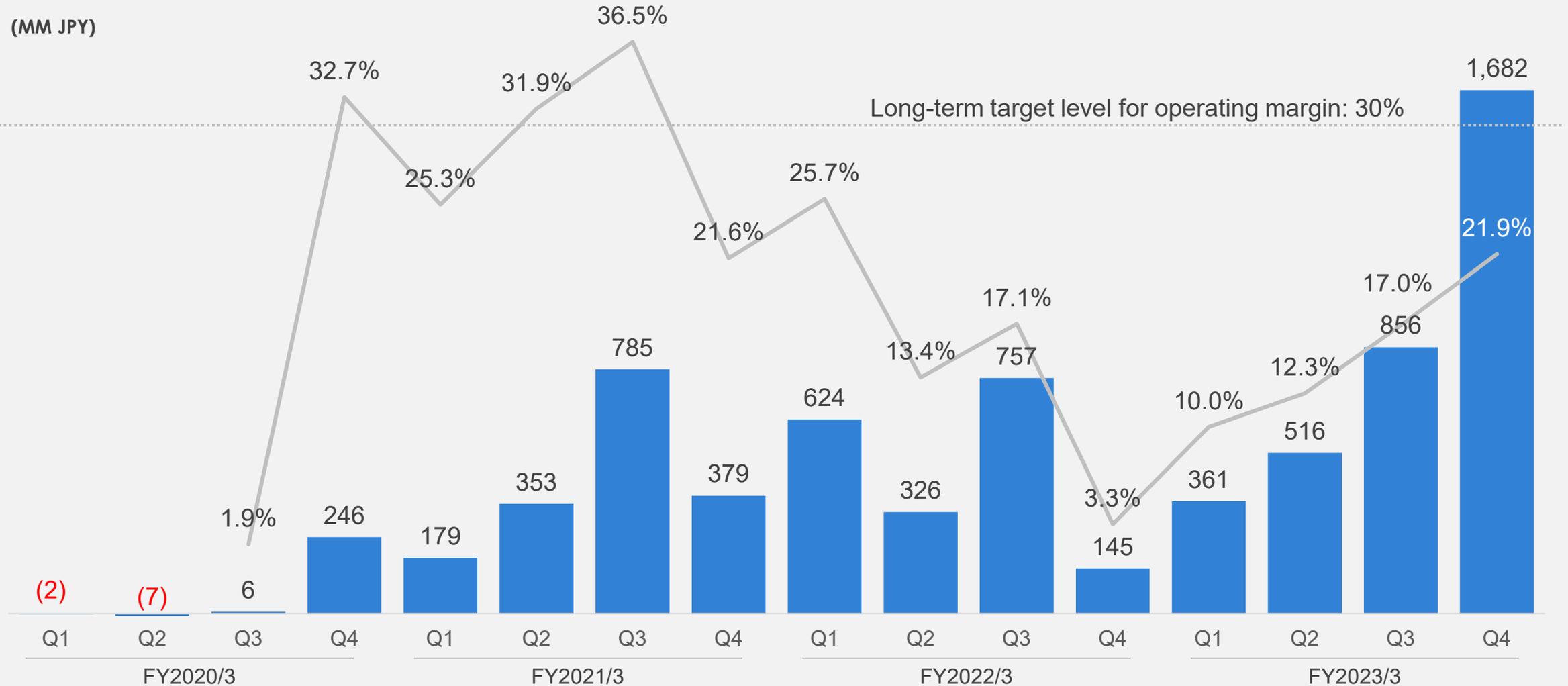
(MM JPY)

- Performer remuneration
- Outsourcing expenses
- Event expenses
- Other cost of sales



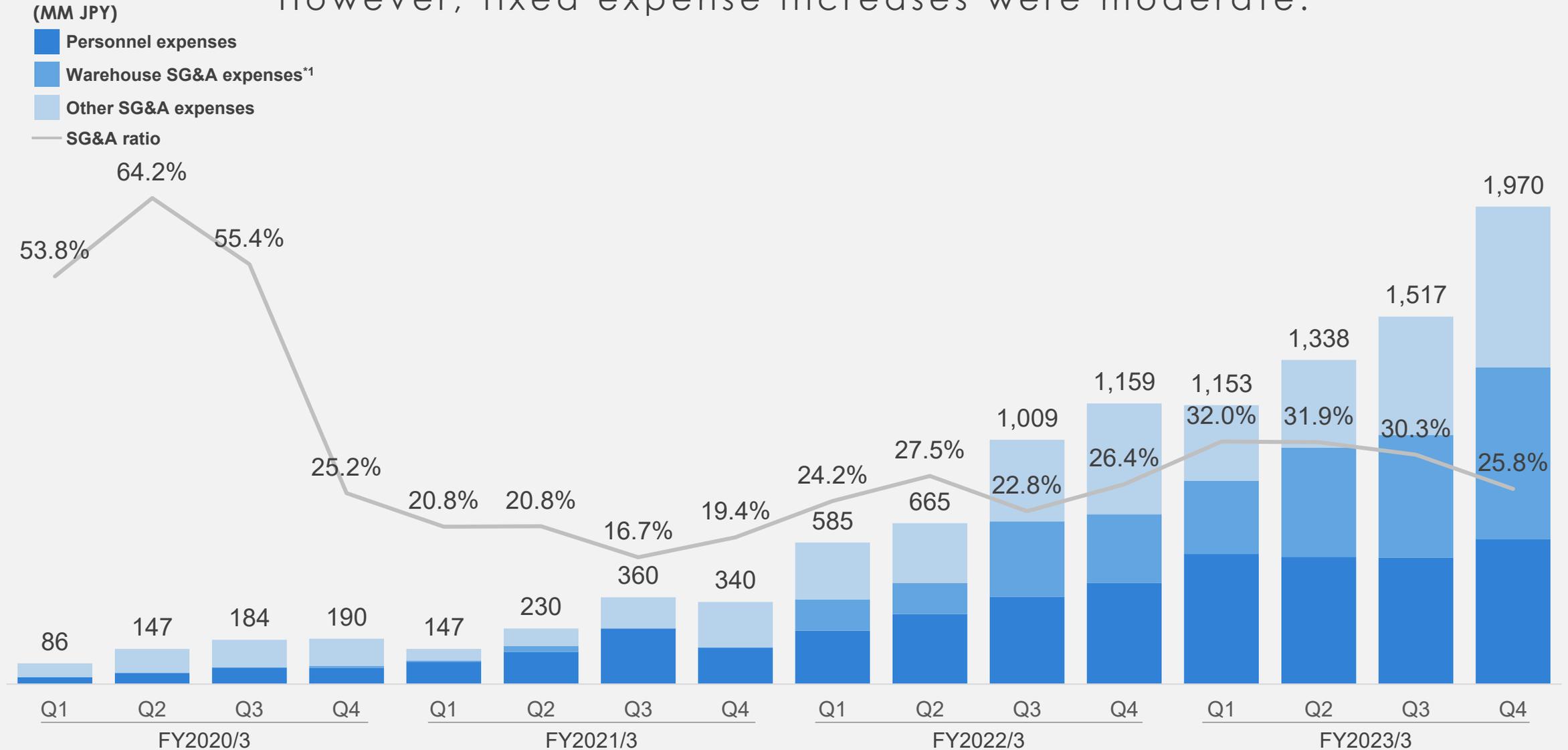
Historical Trends in Operating Income and Operating Margin

Operating margin is on an improving trend due to a better service mix and product mix.
Our long-term goal is to achieve an operating margin of 30%



Historical Trends in SG&A Expenses and SG&A ratio

Due to increase in sales, there was an overall increase in SG&A expenses. However, fixed expense increases were moderate.



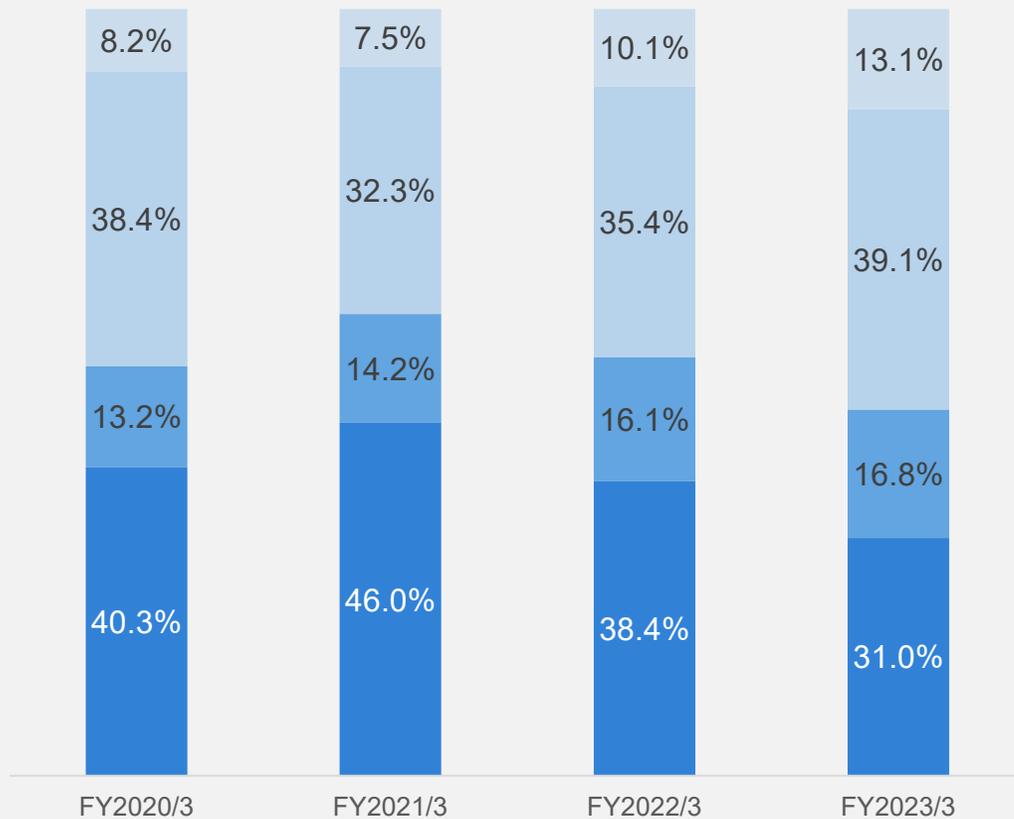
*1 : including SG&A cost related to EC such as logistics expense, sales commission, etc.

Overview of Service Mix and Product Mix

The percentage of the commerce segment (MD, Licensing/Collaborations) in total revenue increased with the growing influence of IP and with improvements to the product mix.

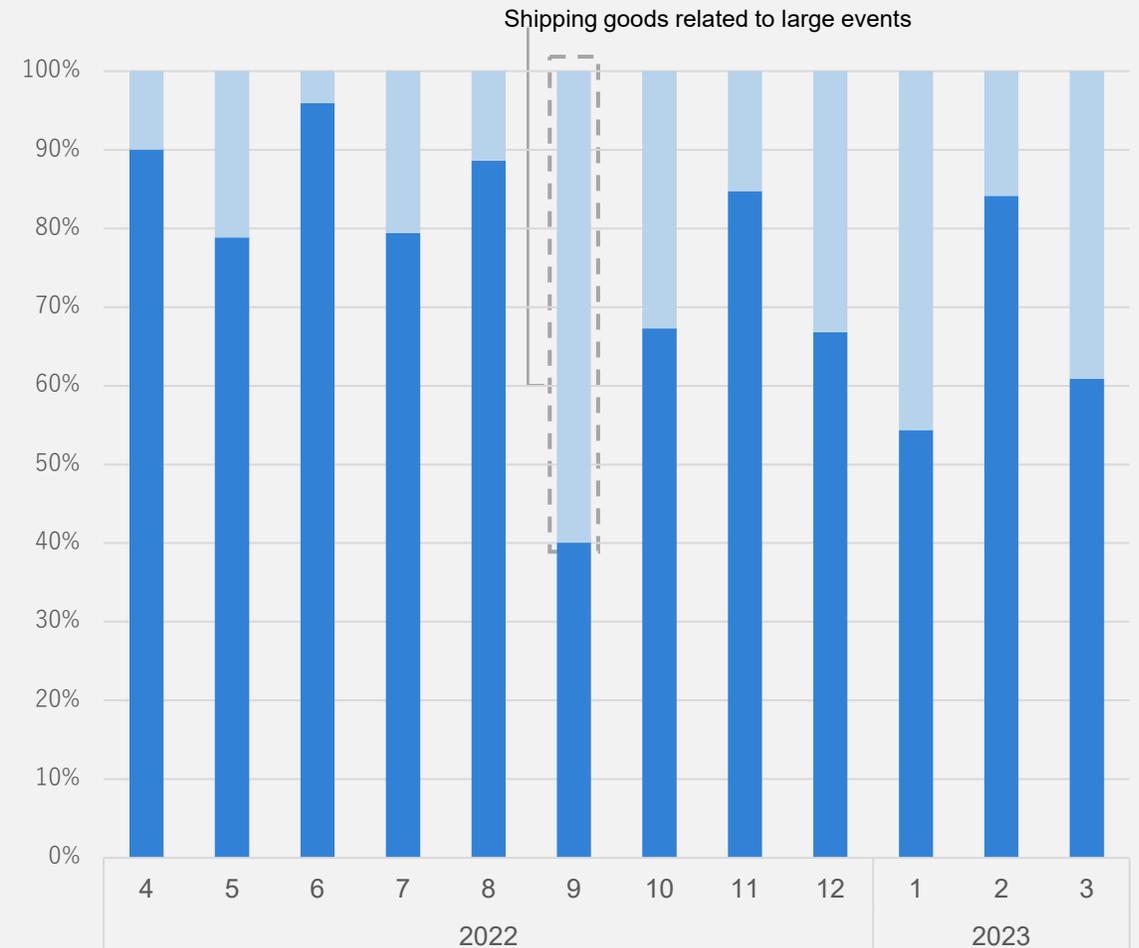
■ % of Revenue by Service Segments

- Streaming /Content
- Merchandising
- Concerts / Events
- Licensing / Collaborations



■ Monthly Sales Ratio of Each Product in our EC websites*1

- Made-to-order anniversary goods
- Other in-house planned goods



*1 : including hololive production official shop and Geek Jack

Examples of Newly Developed Products

To reach a wider range of consumers, as well as improve profitability, we will continue to expand on our annual inventory of mid priced projects.

■ 『hololive friends with u 』



The first official branded merchandise of “hololive production” available from December 23, 2022.
Currently, the lineup has expanded to VOL.4, offering 23 plush toys.
Price on internal EC website: 3,300 yen

Increase in Licensing-out Projects

Alongside the expanding influence of our IP, product licensing is also increasing

■ OMOCAT, LLC



■ LEVEL-5 Inc./NHN PlayArt Corp.



In addition to the above, we have developed a variety of licensing and collaboration products, including apparel, figurines, trading cards, and foods with toys attached, by leveraging the broad development capabilities of IP.

Medium- to Long-term Strategies

Together, Let's Create Culture Loved by All.

We are continuing to build a platform to bring together unique and diverse content creators.

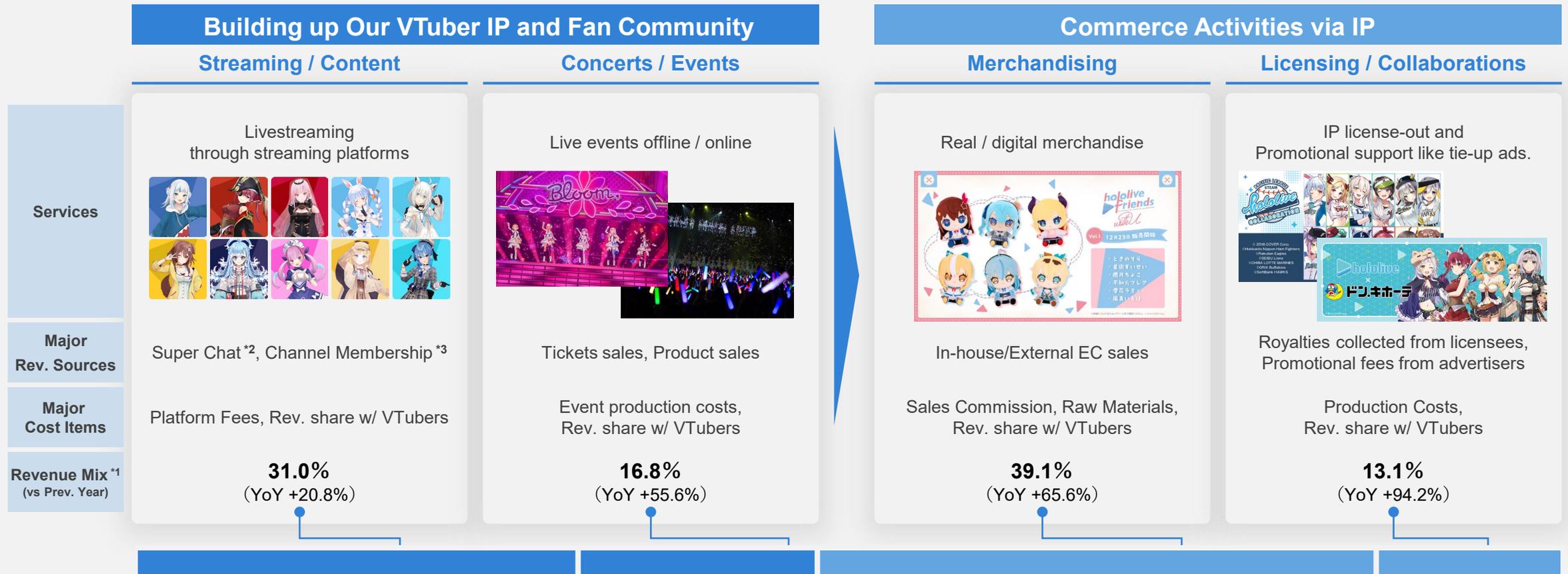
With the latest technology, users are exposed to new, exciting, high-quality experiences every single day.

We bring about the best 2D entertainment loved by all, regardless of age, gender, and nationality.

To bring all this to fruition, we continue to challenge the norm.

From VTuber Agency to an Expanding IP Business

Development of various businesses opportunities by leveraging hololive's brand recognition and the fan community gained through livestreams and live events



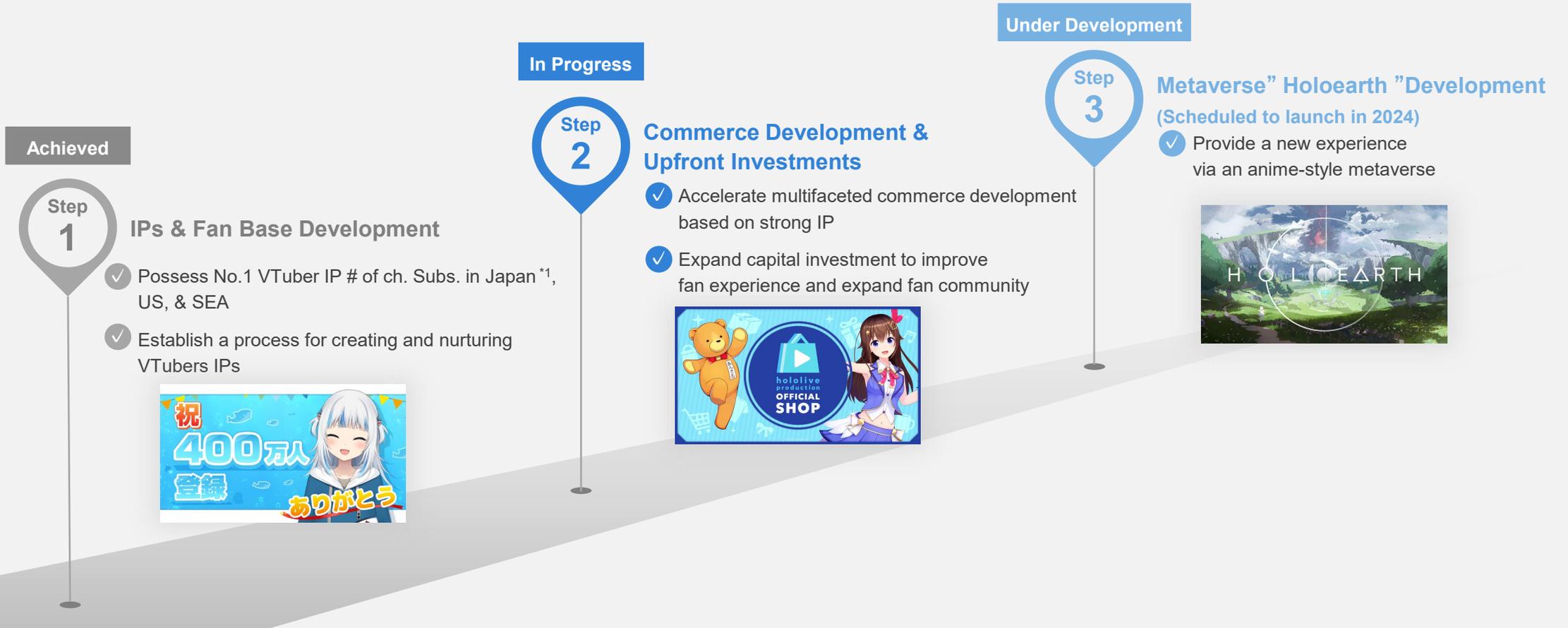
*1 : Breakdown of FY2023/3 Revenue

*2 : A system that allows viewers to pay a fee to make their chat messages stand out when livestreaming is published using YouTube's live chat

*3 : A system on YouTube whereby members pay a monthly fee to become channel members and receive badges, emotes, limited video distribution and other similar privileges

Medium and Long-Term Strategy

Execute a 3 step growth strategy by leveraging high-value IP



Source : User Local (April 17, 2023)

*1 : #1 Kizuna Ai is currently on indefinite hiatus, so #3 Houshou Marine is currently the No. 1 active VTuber in Japan

Expanding TAM Through Business Development

TAM expansion into Anime-related entertainment via multifaceted business development.
Metaverse services replace a portion of the existing gaming-related market



*1 : Source "Animation Industry Report 2022" by the Association of Japanese Animations, estimated animation-related market size in 2021 (based on sales of TV, film, video, distribution, merchandising, music, entertainment, livestreaming and events, and other businesses related to animation)
*2 : Source Kadokawa ASCII Research Institute, "Famitsu Game White Paper 2022," analyzed global game content market size in 2021

Business Plan for FY2024/3

Summary of Earnings Forecasts for FY2024/3

Earnings Forecasts for FY2024/3

Revenue **26,562** MM JPY

(YoY+29.9%)

Operating Profit **4,650** MM JPY

(YoY+36.1%)

Ordinary Profit **4,623** MM JPY

(YoY+36.6%)

Net Profit **3,236** MM JPY

(YoY+29.0%)

■ Debut of new VTubers

- We plan to debut new VTubers in Japan and overseas. Our goal is to reach and even greater fanbase while further enhancing the value of the hololive brand

■ Overseas expansion

- We will continue to market via our "hololive Meet" series of events, which launched in April 2022, and plan to participate in many more overseas events within the fiscal year
- There are plans in place to further expand our licensing business to other licensing companies overseas

■ Commerce development

- We will be continuing the development of additional profitable products. The goal is to market to a wider range of consumers while utilizing our IP
- There are plans to expand upon our current sales channels, including within retail

■ Metaverse services

- Plans regarding user involvement are in development
 - ✓ Tests are being implemented out for billing functionality within the "Holoeath Lobby". The beta version will be rolled out for functionality tests
 - ✓ Live events will be conducted to test virtual live functionality within Holoeath

Promoting Group and Unit Initiatives: About Blue Journey

Our new music project, "Blue Journey", will be following a different style of music than usual

■ Blue Journey

This music project is different from our usual idol style music that is produced, but with rather much more emotional lyrics, with deeper meaning, an expression of the soul, and something you would want to sing at the top of your lungs.



Blue Journey

1st DIGITAL SINGLE	2nd DIGITAL SINGLE	3rd DIGITAL SINGLE
		
僕に独りだ	君になれたかった	あの日の僕らへ
湊あくあ / 宝鐘マリン / 角巻わため	さくらみこ / 宝鐘マリン / 尾丸ポルカ	湊あくあ / 天音かなた / 雪花ラミイ
4/17(Mon) 0:00 RELEASE	5/15(Mon) 0:00 RELEASE	6/19(Mon) 0:00 RELEASE

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Official YouTube channel "Blue Journey": <https://www.youtube.com/@BlueJourney>

Promoting Awareness through Collaboration: About hololive City

Multifaceted collaboration aiming for a new entertainment with the Yomiuri Shimbun to promote expansion of brand recognition beyond the conventional VTuber framework



- “hololive City Attractions,” an amusement park project under collaboration with Tokyo Dome City Attractions
- “hololive City Summer Fair,” a fair project to enjoy game and food
- “HOLOLIVE PRIDE,” a collaborative project with the Yomiuri Giants
- “hololive Airlines,” a tour program by Yomiuri Travel Service Co., Ltd. targeting people living overseas and in rural areas
- “5th Generation Live ‘Twinkle 4 you’,” a first live program of hololive 5th generation at Tokyo Dome City Hall

Overseas Expansion

In addition to holding a large-scale live concert in Los Angeles in July, hololive also plans to hold several overseas local events titled “hololive Meet 2023”

■ 『hololive English 1st Concert -Connect the World-』



hololive English will hold its first full-scale live event at YouTube Theater (Los Angeles, USA) on Sunday, July 2, 2023 local time.

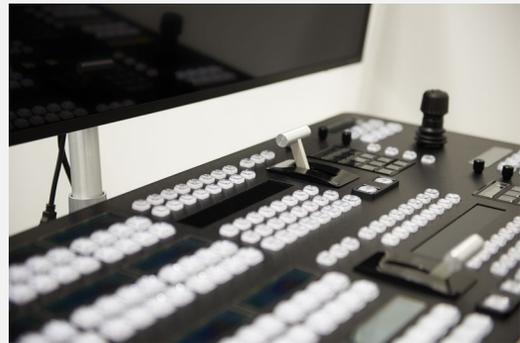
■ hololive Meet 2023



A joint project of five groups under the umbrella of “hololive production,” was launched in April 2022. “hololive Meet” aims to develop a series of overseas events, including booths at overseas conventions, guest appearances by our talents at overseas events, as well as self-organized events.

Progress in Long-Term Investment: New Motion Capture Studio

Newly acquired large-scale motion capture studio to start operation in FY2024/3



Recording environment

- The new studio will have multiple different facilities, such as a motion capture studio, chroma key studio, recording studio, etc.
- The recording facility will be the largest in Japan
- We have introduced the latest VICON*1 series “VICON VALKYRIE VK26” into our studio (26 megapixels and improved hand recognition accuracy)
 - In addition to recording motion with greater precision, motion can also be recorded with a large number of people or with differences in elevation such as steps

Distribution environment

- All studios use a unified IP switcher*2.
- Modification of the video transmission method to improve stability and redundancy while also reducing latency
- Enables recording and streaming of all videos in 4K
 - The system ensures broadcast quality of a TV station, and transmits and receives images between studios, making it easy to record and stream in multiple studios, bring in live bands, collaborate with real talent, and more

*1 Source: Collective name for companies and products that develop optical reflective motion capture systems.

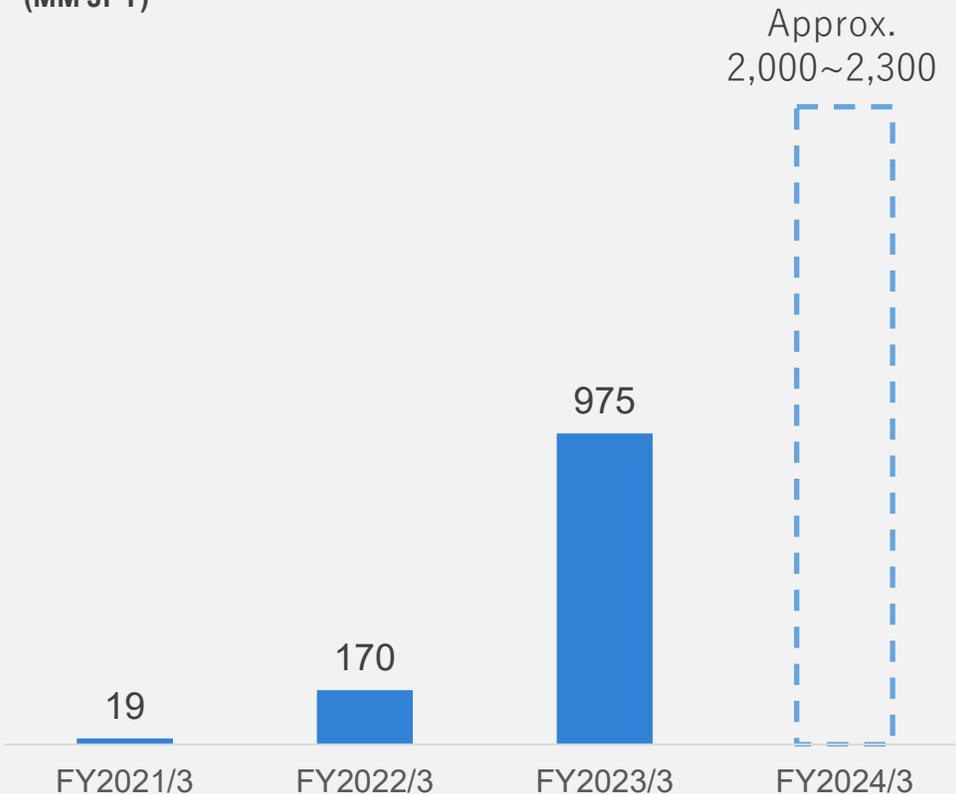
*2 Source: Machine for switching camera images transmitted over IP (Internet Protocol).

Progress in Long-Term Investments: Metaverse Services

Development costs for “Holoearth,” scheduled to be released to the public in 2024 and costs estimated JPY 2~2.3bn until FY2024/3, has been capitalized and recorded on the balance sheet

■ Trends in Software in progress

(MM JPY)



■ Future Initiatives

- **Virtual Live**
 - ✓“**Proto Live Replay**”
A re-run of “Proto Live”, the first mini-live event held in Holoearth on December 26, 2022, is scheduled for late-May.
 - ✓“**Proto Live #2**”
“Proto Live #2” is scheduled to be held in the summer for the purpose of testing newly added features.
- **Avatar Create**
Preparing a beta version for a simple avatar customization experience, aiming for the fall.
- **Sand Box Game**
Still under development, a new test play video will be released on the YouTube program “Holoearth TV.”

*1: Software in progress includes software assets other than those related to Metaverse

Progress in Long-Term Investments: App for Fans (holoplus)

The closed beta test, which had approximately 11,000 people who applied in advance, confirmed potential high user engagement. Development is underway for public release this summer.



■ Promotion of “Interaction to Support Your Favorite Talent” Among Fans

“holoplus” is the official app of hololive production based on the concept of “supporting your favorite talents even more!”.

While delivering information on products, events, etc. to a wide range of fans in an easy-to-understand and organized manner, the app also provides a fan community where fans can interact more closely with each other, creators, and production companies.

There are plans for gradual expansion of functions and global support to provide a more convenient and fulfilling “supporting your favorite talent” than ever before.

Appendix

ESG-Related Activities

To support the activities of our content creators, we are working with various industry associations to improve their working environment and implement various anti-defamation measures, etc.

■ Organizations and activities

Japan Online Game Association (JOGA)

Joined as an industry association involved in game distribution and metaverse development.

Participate in the development of guidelines and study groups.

Creator Economy Association (CEA)

Joined as an industry group addressing issues surrounding creators such as defamation and social tipping. Cooperate in exchanging opinions and conducting surveys regarding creators.

Music Publishers Association of Japan (MPA)

Joined as an industry organization involved in the processing and distribution of rights around music.

Safer Internet Association (SIA)

Joined as an industry organization addressing Internet issues such as defamation and underage protection. Cooperate in exchanging opinions and conducting research on various issues related to our services.

■ Activities involving defamation

Activities during the one-year period from January 2022 to December 2022

Number of cases in which actions were taken against defamatory acts toward affiliated talents: **146**

- legal action against death threats
- legal action against infringement of rights to post on bulletin boards
- legal action against infringement of rights in SNS postings
- legal action against curation sites

■ About the company's delivery moderator system

Stream moderation services are in Japanese, English and Indonesian, 24 hours a day by approximately 50 moderators.

*As of March 31, 2023, the company has five employees and 46 part-time workers.

CSR-Related Activities

Contribute to public awareness and PR activities by leveraging the communication skills of affiliated VTubers

■ Awareness campaign with the Japan AED Foundation



Shirakami Fubuki, a talent associated with hololive, supports the foundation's activities as a "Lifesaving Supporter" in the "Lifesaving Supporter Project team ASUKA."

AED training videos and other information are available on the YouTube channel of the Japan AED Foundation.

■ Appointment as Tokyo Tourism Ambassador



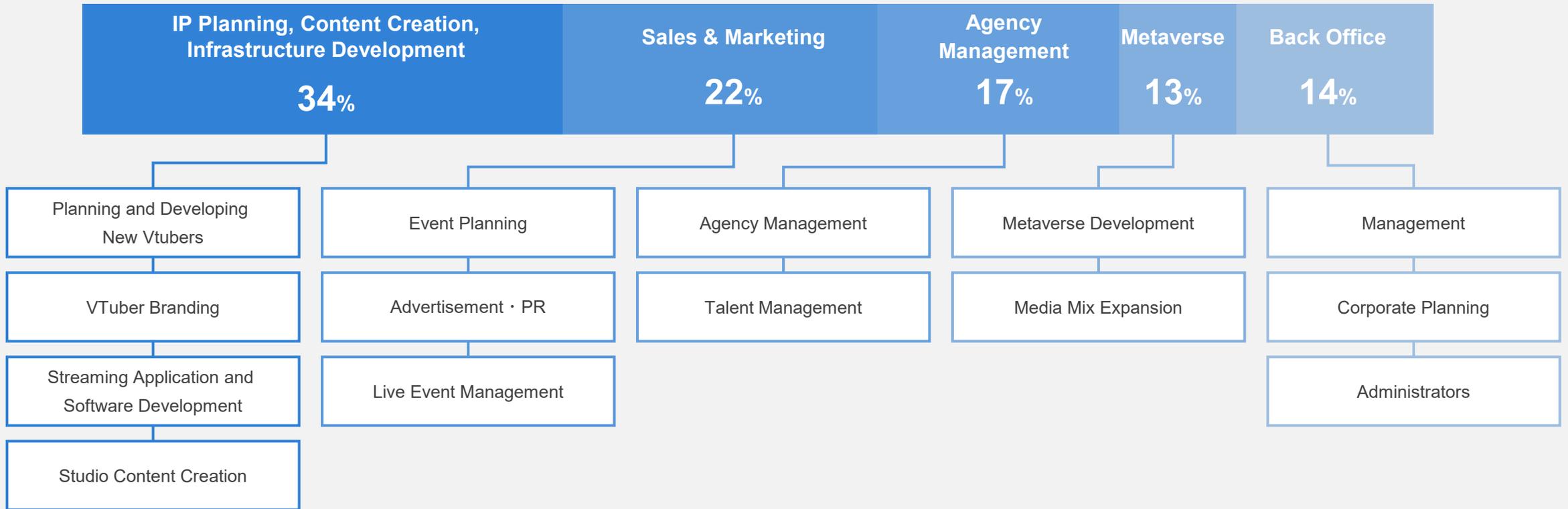
hololive production talents have been selected as "Tokyo Tourism Ambassadors" to promote the appeal of Tokyo both domestically and internationally.

"Sakura Miko" is affiliated with hololive, "Mori Calliope" and "Gawr Gura" affiliated with hololive English, were appointed.

Organizational Structure

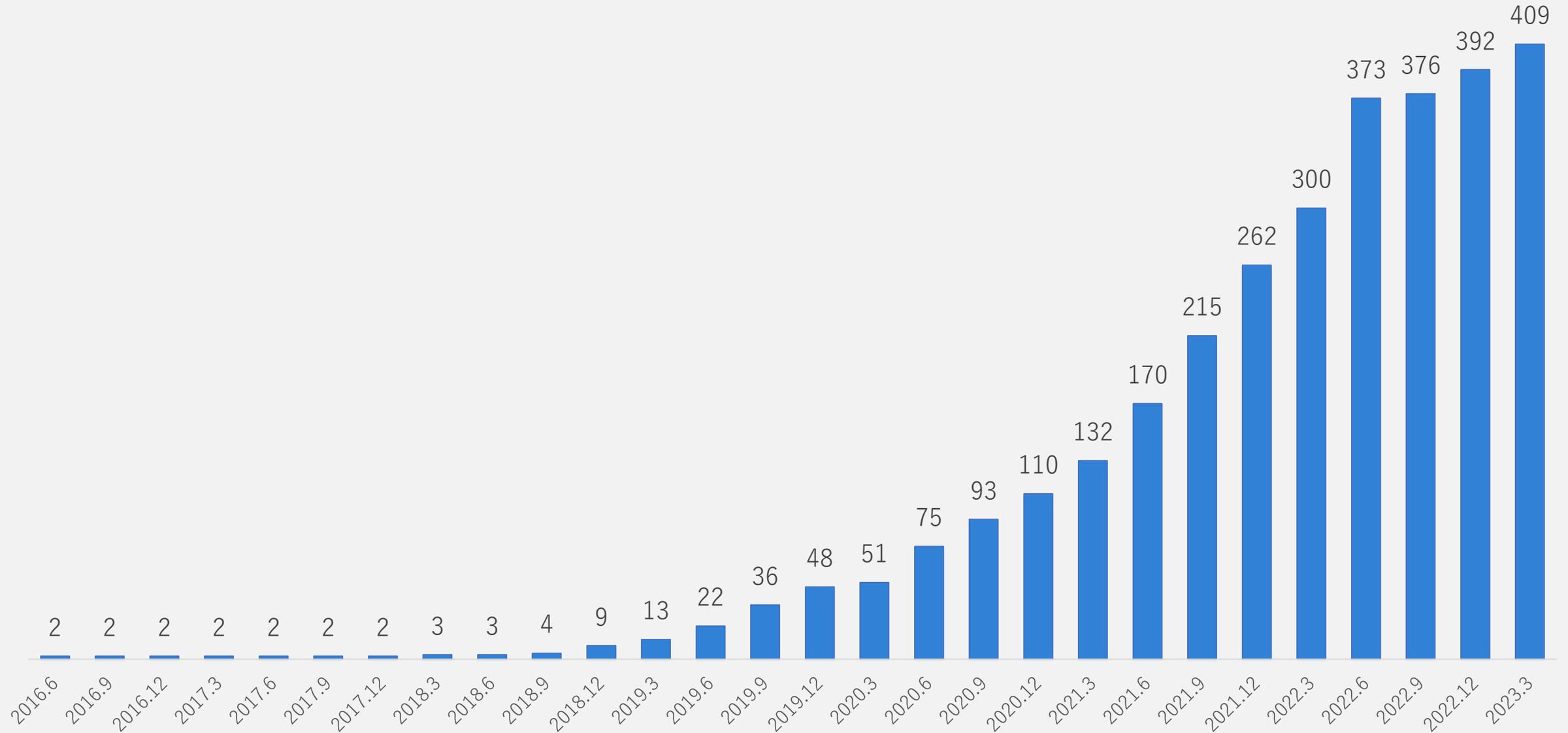
COVER boasts an industry-leading and diverse workforce with a large number of specialized employees

■ Company Structure *1 (as of March 31, 2023)



*1 : Organizational structure in full-time employees

Historical Trends in Employees



Objective indicators to judge the achievement of management goals

We define the following KPIs as important management indicators; "Total # of ch. Subs.", a direct indicator of # of hololive fans, and "Total revenue" / "Total revenue by service", which are the source of attractive content production

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Total # of ch. Subs. *1 (MM)	97.3	611.7	3,732.5	6,137.7	7,557.8
Revenue (MM JPY)	136	1,479	5,724	13,663	20,451
<i>Streaming / Content</i>	75	595	2,633	5,249	6,342
<i>Concerts / Events</i>	11	195	814	2,203	3,429
<i>Merchandising</i>	30	567	1,847	4,832	8,003
<i>Licensing / Collaborations</i>	19	121	428	1,377	2,676

PL Summary

MM JPY	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Total Revenue	136	1,479	5,724	13,663	20,451
<i>YoY Growth</i>	—	+980%	+287%	+138%	+49%
Gross Profit	131	852	2,777	5,274	9,396
<i>Margin</i>	96%	57%	48%	38%	78%
Operating Profit	(63)	243	1,698	1,855	3,417
<i>Margin</i>	—	16%	29%	13%	84%
Net Income	(63)	176	1,220	1,244	2,508
<i>Margin</i>	—	11%	21%	9%	101%

BS Summary

MM JPY	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Total Current Assets	182	679	3,048	7,168	11,740
Cash and Cash Equivalents	136	356	1,899	4,644	7,793
Total Fixed Assets	9	89	467	1,069	4,146
Total Asset	191	767	3,516	8,238	15,887
Total Liabilities	40	341	1,303	4,780	8,880
Total Equity	150	426	2,212	3,457	7,006

CF Summary

MM JPY	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Cash flows from operating activities	161	1,419	3,537	4,866
Cash flows from operating activities	(79)	(402)	(793)	(2,759)
Cash flows from financing activities	139	526	-	1,040
Net increase in cash and cash equivalents	220	1,543	2,745	3,148
Cash and cash equivalents at beginning of period	136	356	1,899	4,644
Cash and cash equivalents at end of period	356	1,899	4,644	7,793

Handling of these Materials

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