

Materials for Growth Opportunities and Strategies

May 12th, 2023



COVER

Introduction

Executive Management

Experienced management of IP development and UGC^{*1} services



CEO

Tanigo Motoaki

Background

Imagineer Co., Ltd.
istyle Inc.



CTO

Fukuda Ikko

Sony Corporation
Agile Media Network Inc.

*1 : UGC: Abbreviation for User Generated Contents. It refers to content created and shared by general consumers who use Livestreaming service, SNS, and other entertainment services

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.

Corporate Summary

COVER Corporation is an industry leader providing cutting-edge 2D entertainment from Japan, through our global VTuber Agency “hololive production”

Founded	June 13, 2016
Full-time Employee Count	409 (As of March 31, 2023)
Capital	970 million yen
Business Overview	Streaming/Content, Concerts/Events, Merchandising, and Licensing/Collaborations

■ hololive Production Overview

					
Main Language	Japanese	Japanese	Indonesian	English	English
# of VTubers	Female 35	Male 13	Female 9	Female 10	Male 8
Debut	June, 2018	May, 2019	April, 2020	September, 2020	July, 2022
Total ch. Subs.	46.82 MM	2.48 MM	9.08 MM	15.86 MM	1.34 MM

Source : YouTube (as of March 31, 2023)

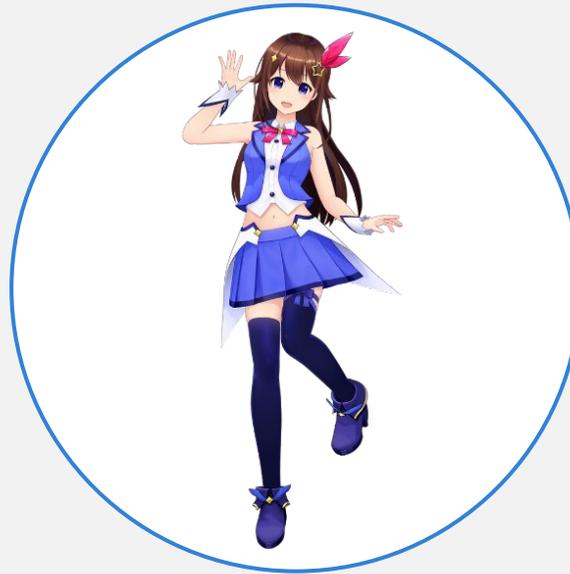
What is VTuber?

A VTuber is a virtual entertainer who livestreams, while utilizing motion capture technology, as an animated avatar

Performer



Avatar



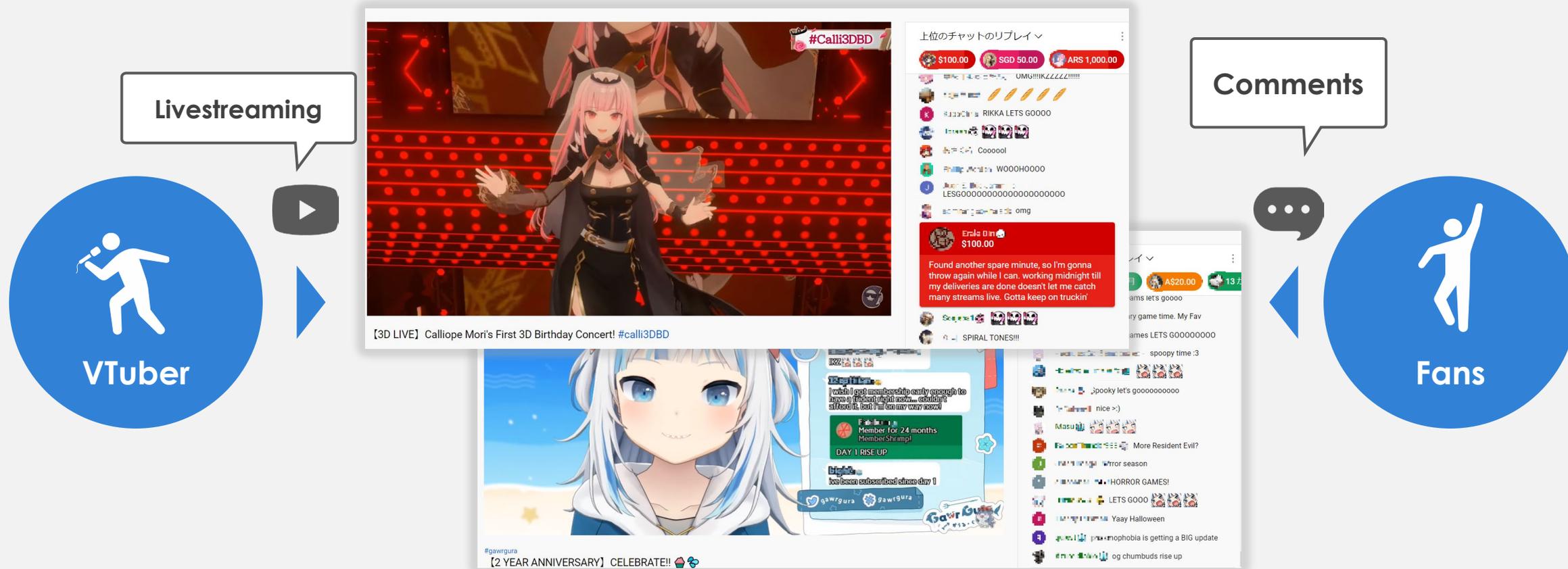
IP belongs to COVER

VTuber



VTubers as Livestreamers

VTubers attract fans through interactive livestreaming and communication via chat



COVER at a Glance

COVER is a Top-tier VTuber agency with a passionate fan community, leading to strong industrial growth

hololive production

75

of VTubers

32

of channels with 1M+ Subs. *1

68,000

Total # of Streaming Videos *1

Fan Community

75.6MM

Total # of ch. Subs. *1

141MM

Related Twitter Posts *2

42%

Overseas Viewers Ratio *1,3

Financials

¥20.4Bn

FY2022/3 Revenue

+49%

YoY Sales Growth

¥272MM

Yearly Revenue Per VTuber *4

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

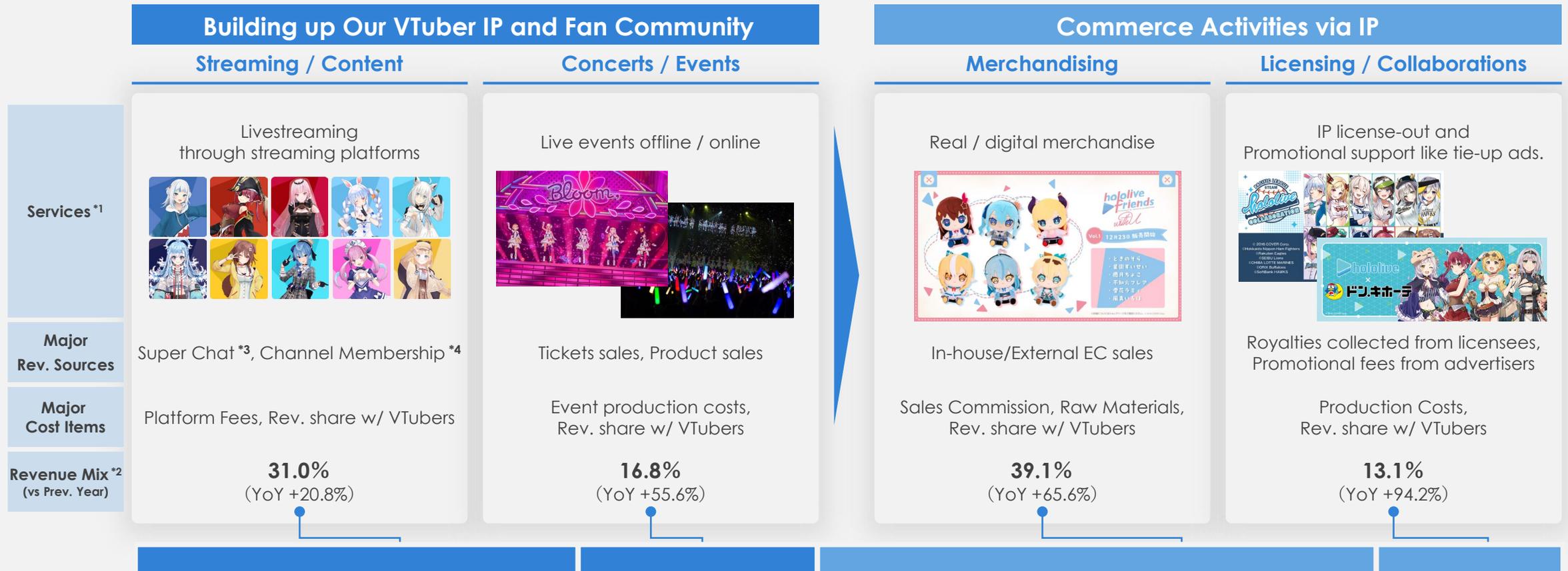
*2 : # of mentions through official Twitter hashtags of FY2023/3

*3 : Ratio of channel views of overseas accounts compared to total views in FY2023/3

*4 : Calculated by dividing FY2022/3 sales by the number of enrolled VTubers at the end of FY2023/3

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 : For details of each service, please refer to "Revenue Flow & Business Flow" in the Appendix

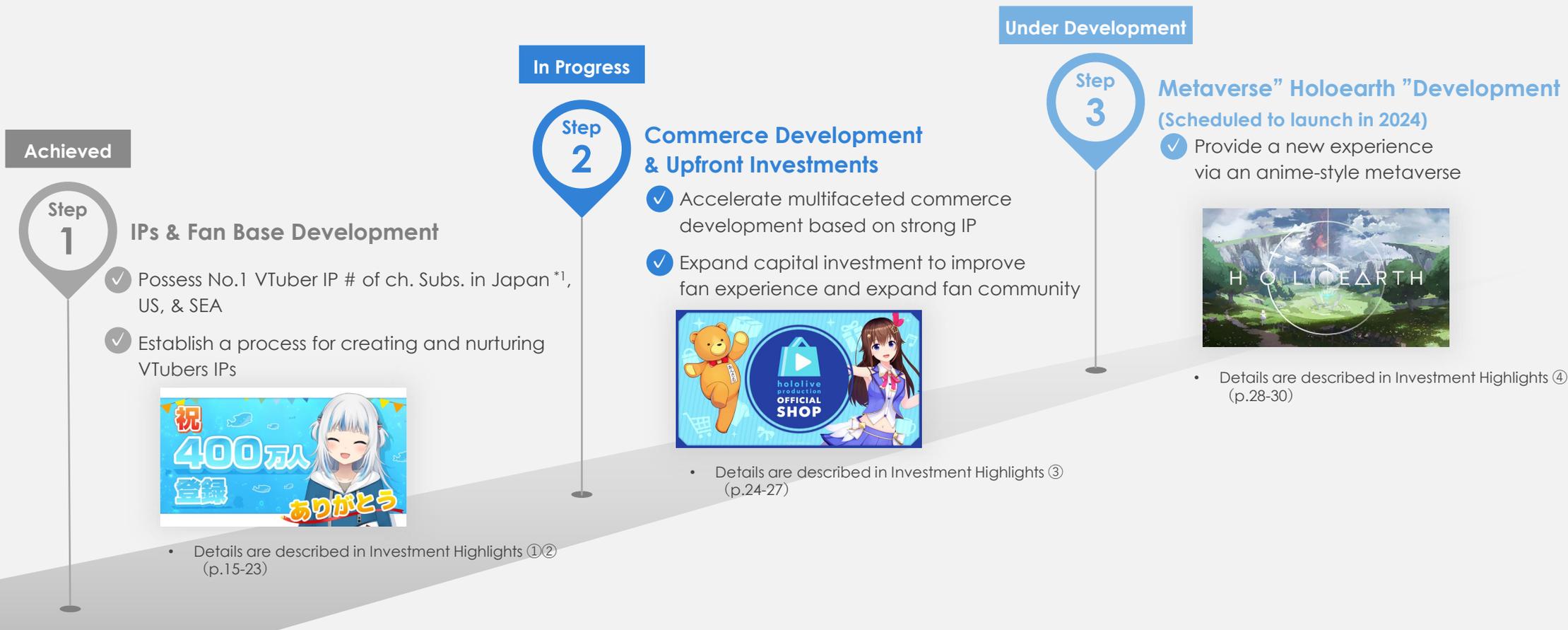
*2 : Breakdown of FY2023/3 Revenue

*3 : 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

*4 : 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

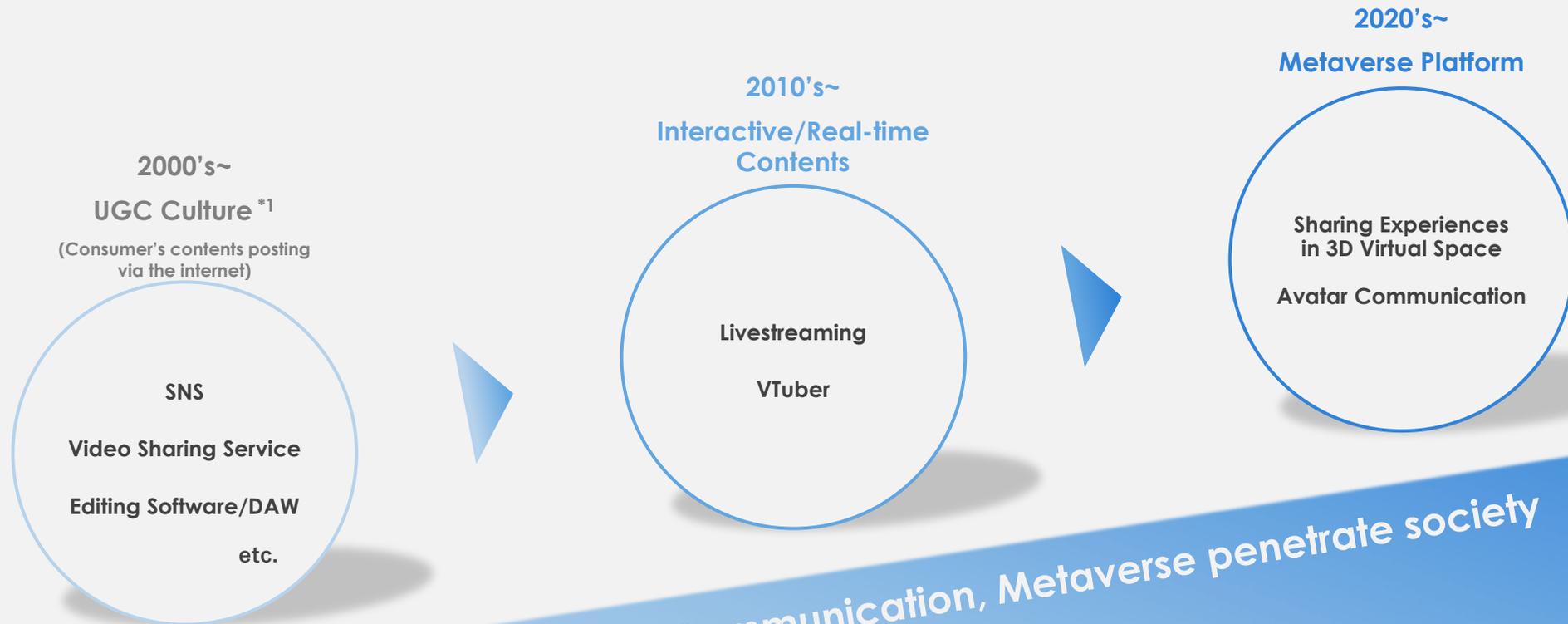
TAM expansion into Anime-related entertainment via multifaceted business development.
Metaverse services replace a portion of the existing gaming-related market



*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

Social Background of the Expanding VTuber Market

As UGC*1 on the internet is shifting into real-time experience sharing, avatar-based interaction is gradually penetrating into society



1: UGC: Abbreviation for User Generated Contents. It refers to content created and shared by general consumers who use Livestreaming service, SNS, and other entertainment services

The background of the slide is a solid blue color with faint, semi-transparent illustrations of anime-style characters. On the left, a character with long dark hair and a backpack is shown in a dynamic pose. In the center, a character with long blonde hair and a white dress is depicted. On the right, a character with long dark hair and a white dress is shown in a dynamic pose. In the bottom left corner, a smaller character with blonde hair and a sailor-style outfit is visible.

Investment Highlights

Investment Highlights

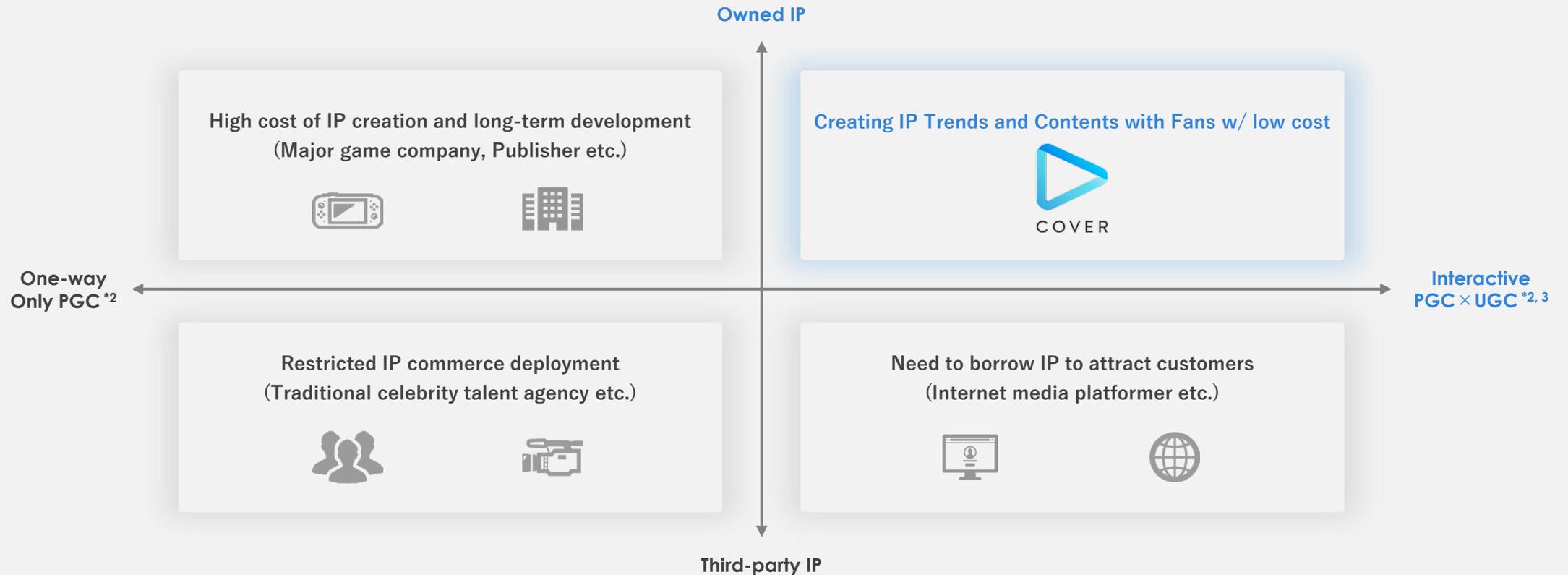


Investment Highlights



Unique Positioning in the Entertainment Sector *1

A unique business model that enables a low-cost, continuous supply of highly engaging content for fans



*1 : The above represents our own views of the positioning of entertainment companies, including our own, in the entertainment industry

*2 : PGC: Abbreviation for Professionally Generated Contents. It refers to contents produced by professionals/agencies

*3 : UGC: Abbreviation for User Generated Contents. It refers to content created and shared by general consumers who use Livestreaming service, SNS, and other entertainment services

Ownership of Global Top-Tier VTubers

Ownership of the worlds leading VTubers, including the No.1 VTuber within Japan, North America, and Southeast Asia

■ VTuber ch. Subs. Global Ranking

#	VTuber	Agency	YouTube ch. Subs.
1	Gawr Gura	hololive EN	4,310,000
2	Kizuna Ai ^{*1}	Kizuna AI	3,040,000
3	Houshou Marine ^{*1}	hololive	2,360,000
4	Mori Calliope	hololive EN	2,220,000
5	Usada Pekora	hololive	2,210,000
6	Shirakami Fubuki	hololive	2,100,000
7	Kobo Kanaeru	hololive ID	1,980,000
8	Inugami Korone	hololive	1,960,000
9	Hoshimachi Suisei	hololive	1,840,000
10	Minato Aqua	hololive	1,780,000

Source : User Local (April 17, 2023)

*1 : #2 Kizuna Ai is currently on indefinite hiatus, so #3 Houshou Marine is currently the No. 1 active VTuber in Japan



Gawr Gura
U.S. No.1



Houshou Marine
Japan No.1^{*1}

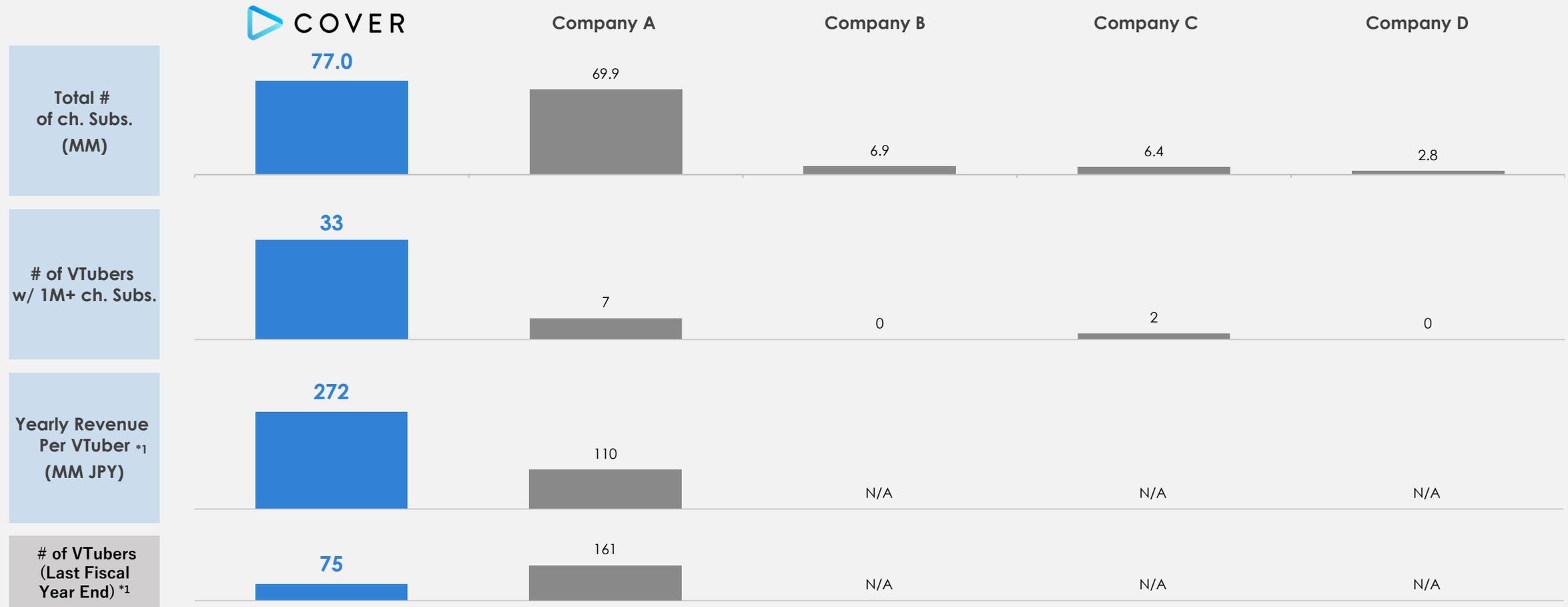


Kobo Kanaeru
SEA No.1



hololive Production is the Most Subscribed VTuber Agency

Recognition, popularity, and revenue per IP at hololive are best-in-class within VTuber Industry

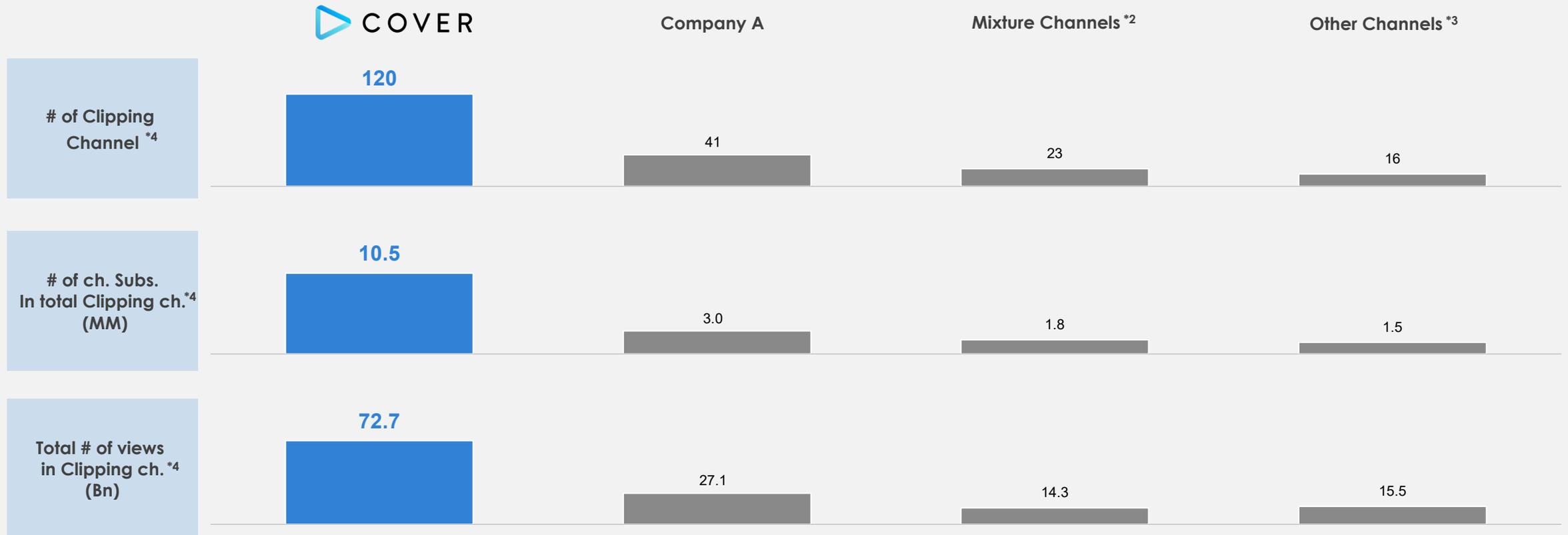


Source : User Local (as of April 17, 2023)

*1 : For COVER, this was calculated by dividing FY2021 Revenue by # of enrolled VTubers at the end of the same period; for Company A calculated by dividing FY2021 Revenue by # of enrolled VTubers at the end of the same period

Large and Enthusiastic UGC Communities

Clipping video channels ^{*1} of hololive content have far more views



Source : User Local (April 17, 2023)

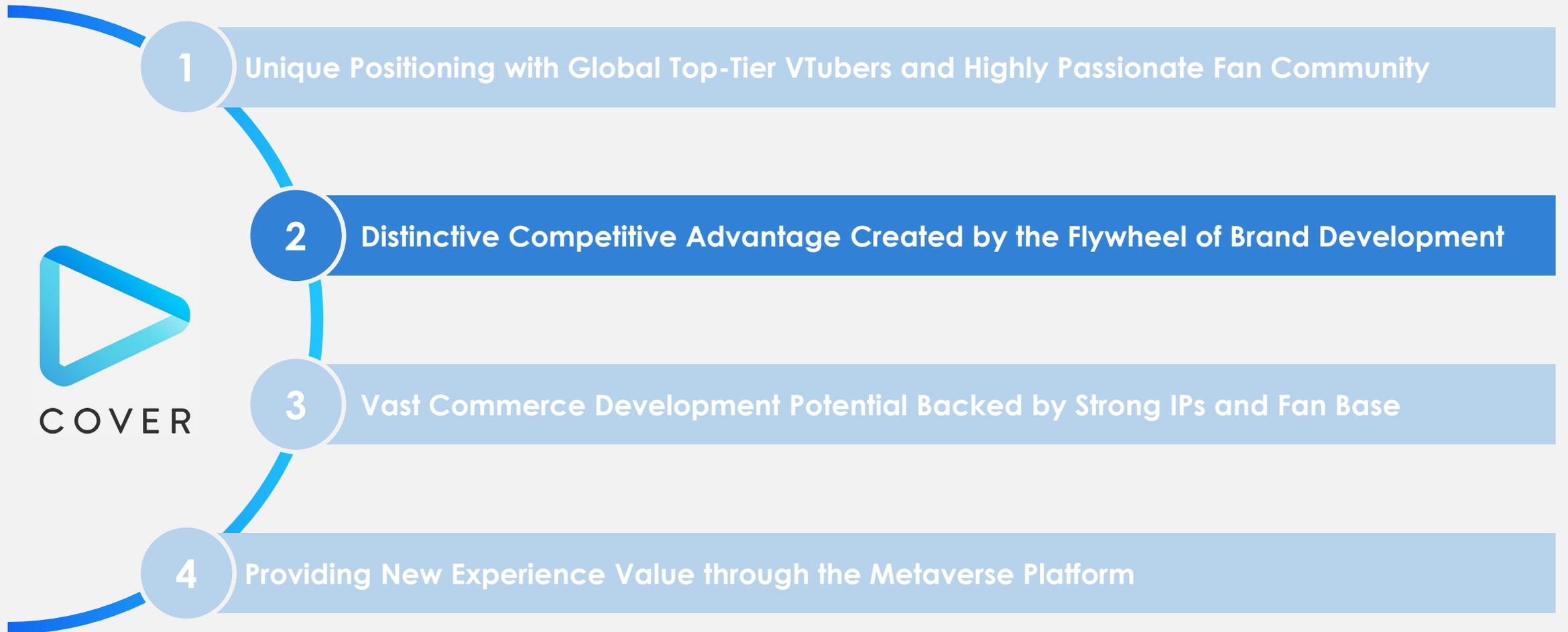
^{*1} : An unofficial channel that clips a portion of a stream/video and posts that to their channel. We have published guidelines for secondary creation and have allowed monetization under certain restrictions

^{*2} : Channels that distribute clipped videos about VTubers belonging to multiple VTuber agencies

^{*3} : Channels that do not belong to any of the clipping channels specialized in COVER or Company A, or mixed channels

^{*4} : Total of the top 200 VTuber clipping channels on YouTube in terms of total # of views

Investment Highlights

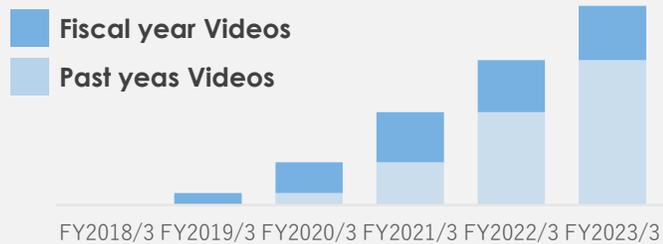


Enthusiastic Fan Community Expansion Creates an Irreplaceable Moat

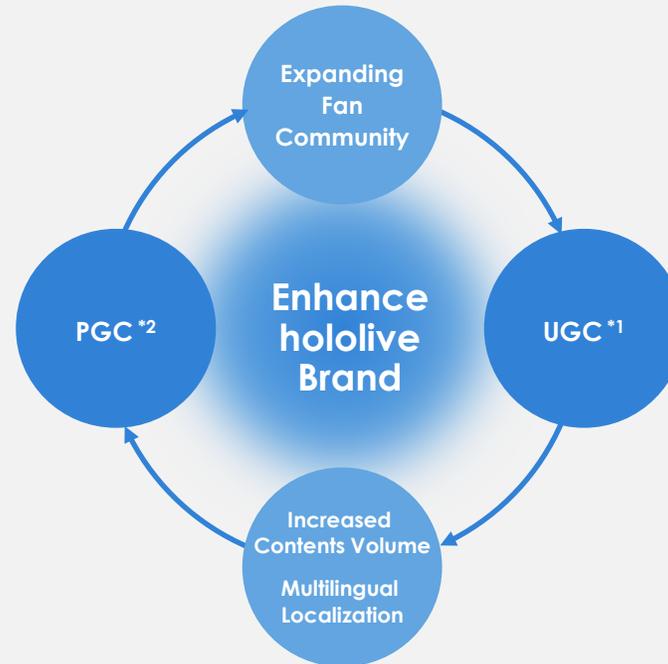
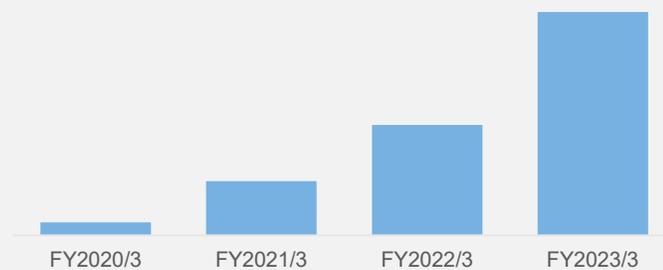
Synergy between VTubers' live streaming and fans' UGC^{*1} in response contributes to establishing a strong brand

Livestreaming and Contents Supply (PGC^{*2})

Total # of Streaming Videos : **68K** (YoY +45%)^{*3}

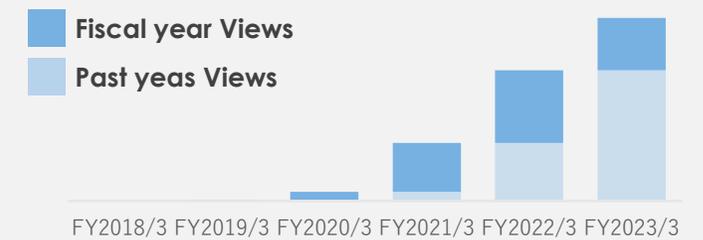


Shipped Goods in FY2023/3 : **1.60MM**

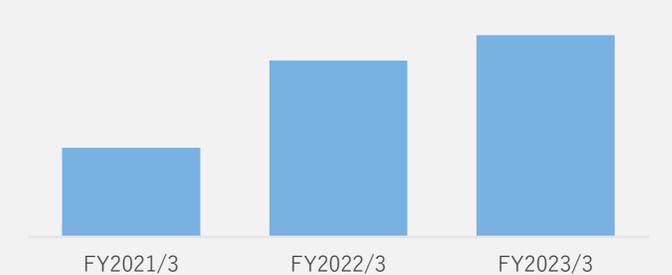


Fan Viewership and UGC^{*1} Posts

Total # of Views : **10.6Bn** (YoY +48%)^{*4}



of Related Tweets FY2023/3 : **141MM**^{*5}



*1 : PGC: Abbreviation for Professionally Generated Contents. It refers to contents produced by professionals/agencies

*2 : UGC: Abbreviation for User Generated Contents. It refers to content created and shared by general consumers who use Livestreaming service, SNS, and other entertainment services

*3 : Cumulative # of videos posted since September 2017. In addition to the channels of COVER's VTubers, we have also included our sub-channels, official channels, etc. as well. YoY is the increase ratio of the total # of videos posted as of March 31, 2023 compared to the total # of videos posted as of March 31, 2022

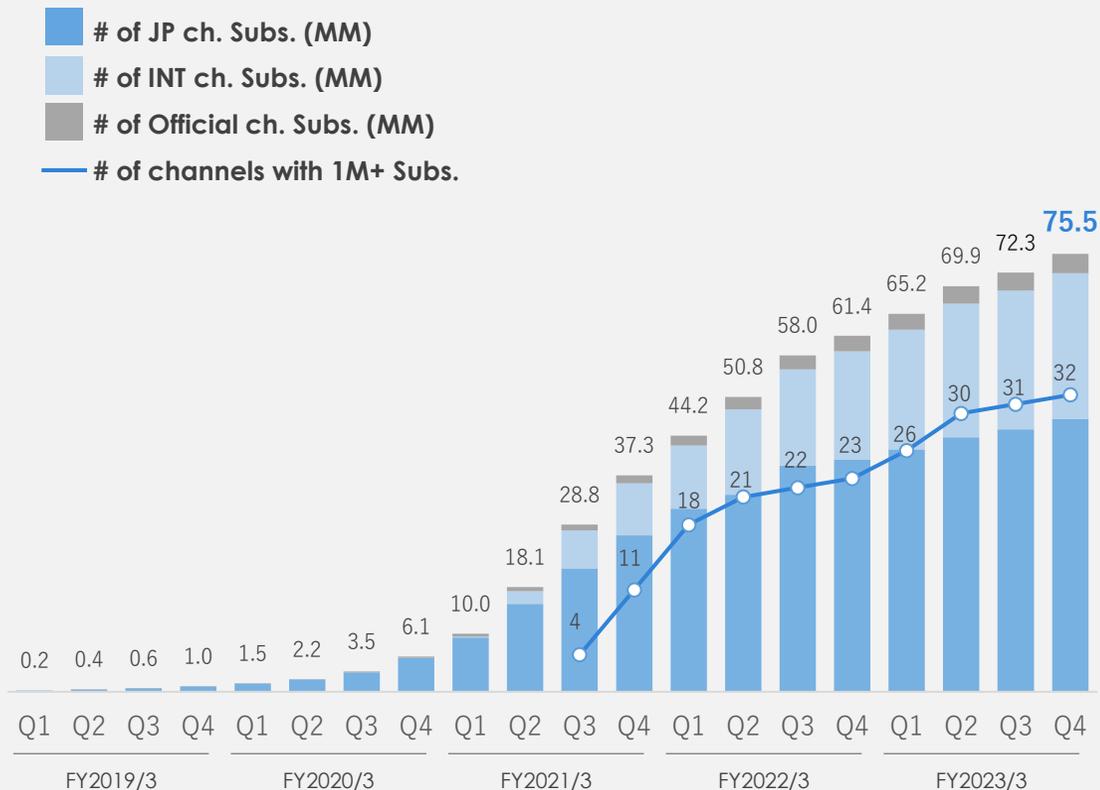
*4 : Cumulative # of video views since September 2017. In addition to the channels of COVER's VTubers, we have also included our sub-channels, official channels, etc. as well. YoY is the increase ratio of the total # of views as of March 31, 2023 compared to the total # of views as of March 31, 2022

*5 : # of mentions of official Twitter hashtags

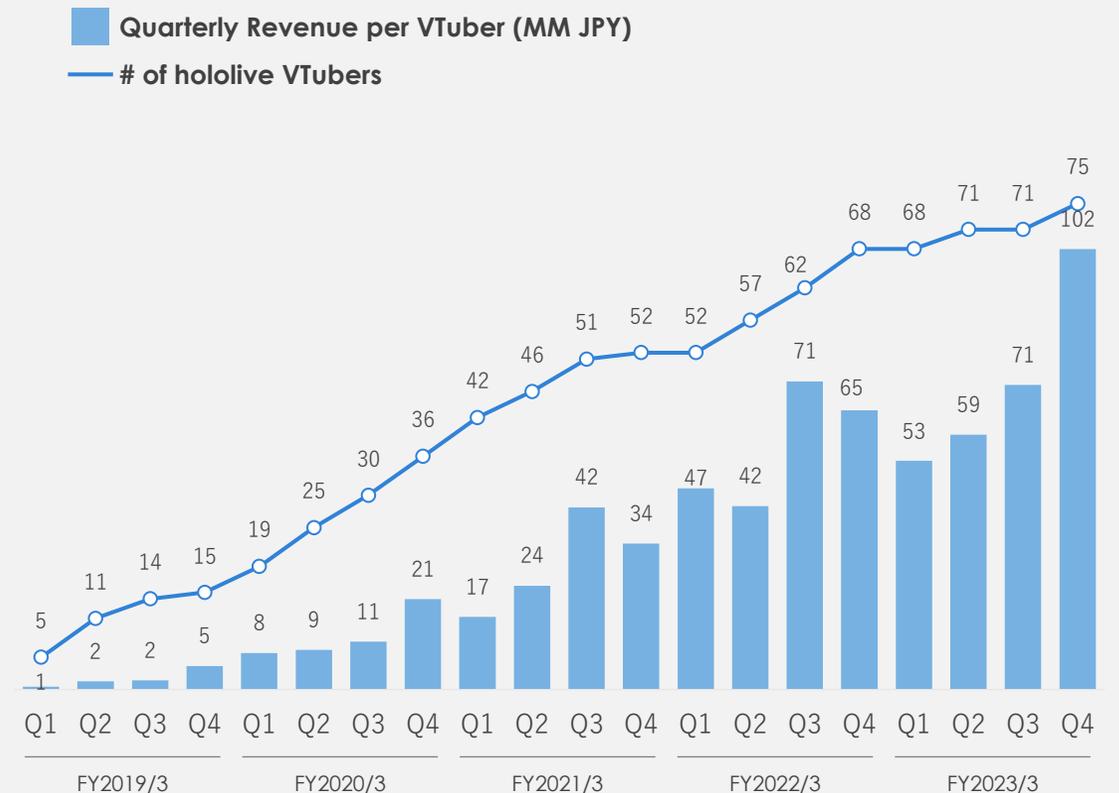
Steady Growth of Our Fan Base and IPs

In line with the rapid growth in # of fans of our VTubers worldwide, the value of the IPs itself and ability to attract customers have increased

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



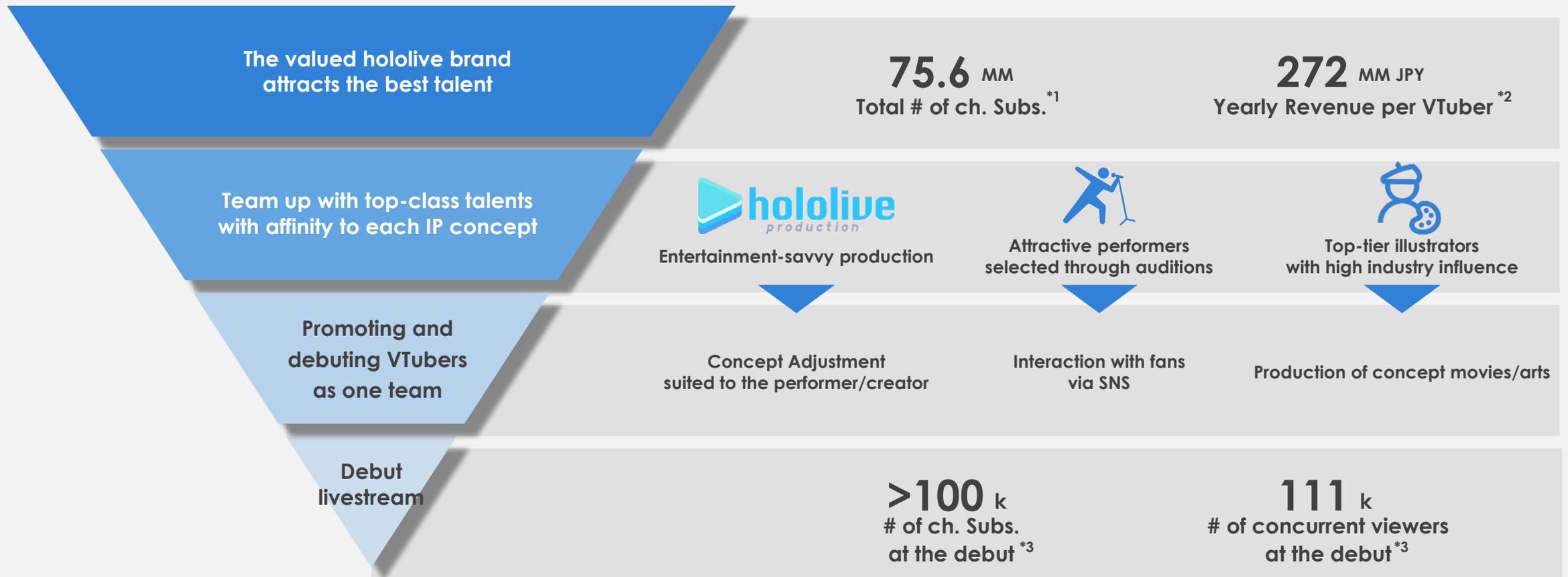
■ Revenue per VTuber / # of hololive VTubers



*1 : YouTube Channel Subscriber Count

Sustainable Planning and Structure to Create High-quality IP

Brilliant IP planning team, performers, and creators attracted by the hololive brand work as one team to create a hit IP



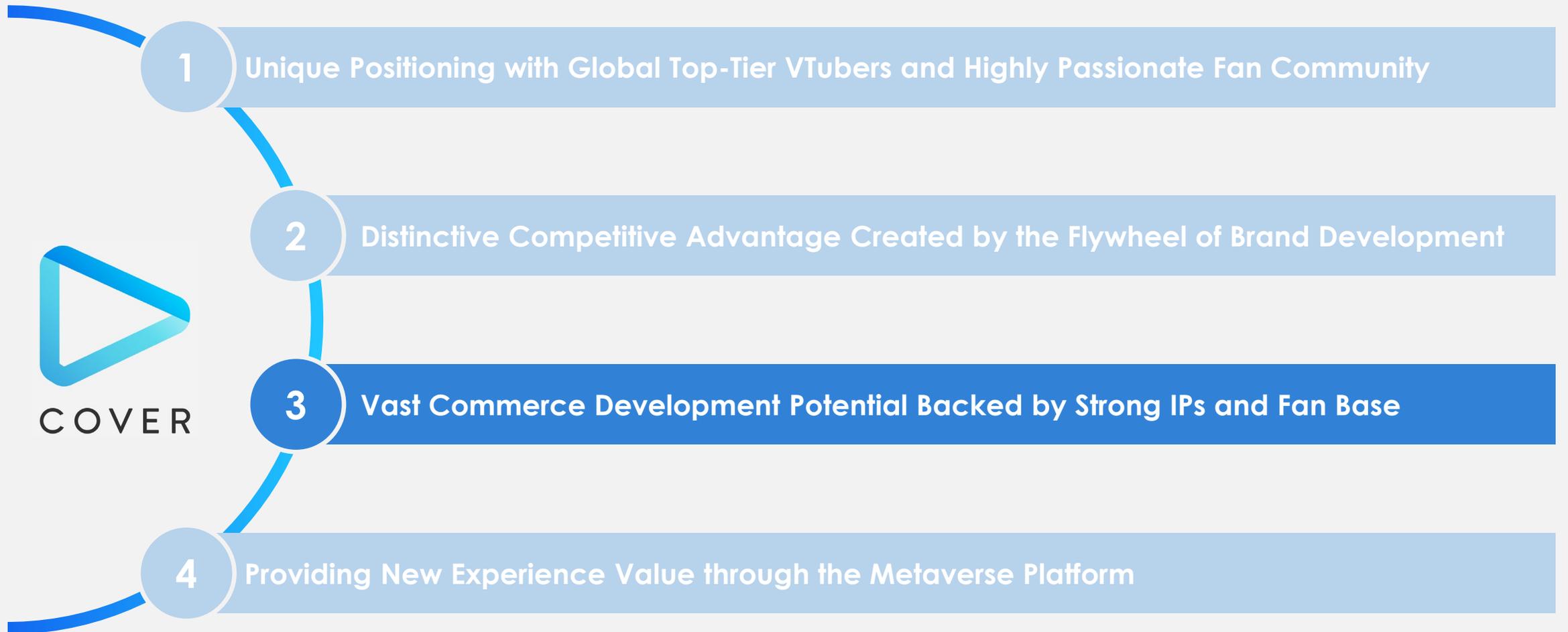
Source : YouTube Analytics (as of March 31, 2023)

*1 : Calculated by adding up # of registrations for the official YouTube channel and each VTuber's channel

*2 : Calculated by dividing FY 2023/3 Revenue by # of enrolled VTubers at the end of the same period

*3 : Performance of VTubers debuting after 2021 (hololive, hololive English, hololive Indonesia)

Investment Highlights



Enormous Commerce Development Potential

In addition to each individual VTuber's activities based on sales efforts, further IP commerce expansion is possible via accumulated brand power as a whole

	Commerce Business Based on Accumulated Brand Power		
	Individual VTuber's Agency	Unit IP Project	Licensing out
Source of Value	 <p>▲ Birthday goods</p> <p>Super Chat ch membership ▼</p>	 <p>▲ holoX</p> <p>Myth ▼</p>	 <p>Collabs with other company's game</p>
Customers	Each VTuber's fans	hololive & Group Unit's fans	Collab brand's fans
Profitability	Relatively low	Relatively high (Relatively low VTubers operation)	

Multifaceted Commerce Development

Accelerating commerce development and further strengthened profitability is possible by focusing on accumulated brand power and collaborative products

■ Group & Unit IP Merchandise



hololive Starter Goods



holoX Georama Stands

■ Collabs with Global Brands



Among Us Collab



Red Bull Collab

■ Digital Merchandise



Original Song Streaming

Voice Packs



LINE Stamps

■ Unit Live Events and Performances



Live Concert with All hololive Talents



Unit Livestreaming

Rapid Penetration into the Overseas Markets and the Commerce Potential

High international expansion potential through cultural penetration via hololive.
Massive commerce potential by utilizing the huge fan community

Step 1 : Market Penetration

Achieved

- Streaming domestic live concerts to overseas
- Guideline release for overseas fanfics/fan arts
- Encouraging clipping / translation channels
- 3D animation with multilingual subtitles

of Overseas Viewers in the hololive JP ch.

30% *1



3D animation with multilingual translation

Step 2 : Localized VTubers

Achieved

- Localized VTuber auditions and planning
- Fostering local fan communities through local events, etc.

Total # of Views in hololive EN ch.
1,700MM *2



Debut of localized VTubers

Step 3 : Commerce Development

In Progress

- Development of localized commercialization in full swing
- Supply chain development for localized merchandises

Overseas Ratio to Total EC sales

30% *3



Acrylic standees

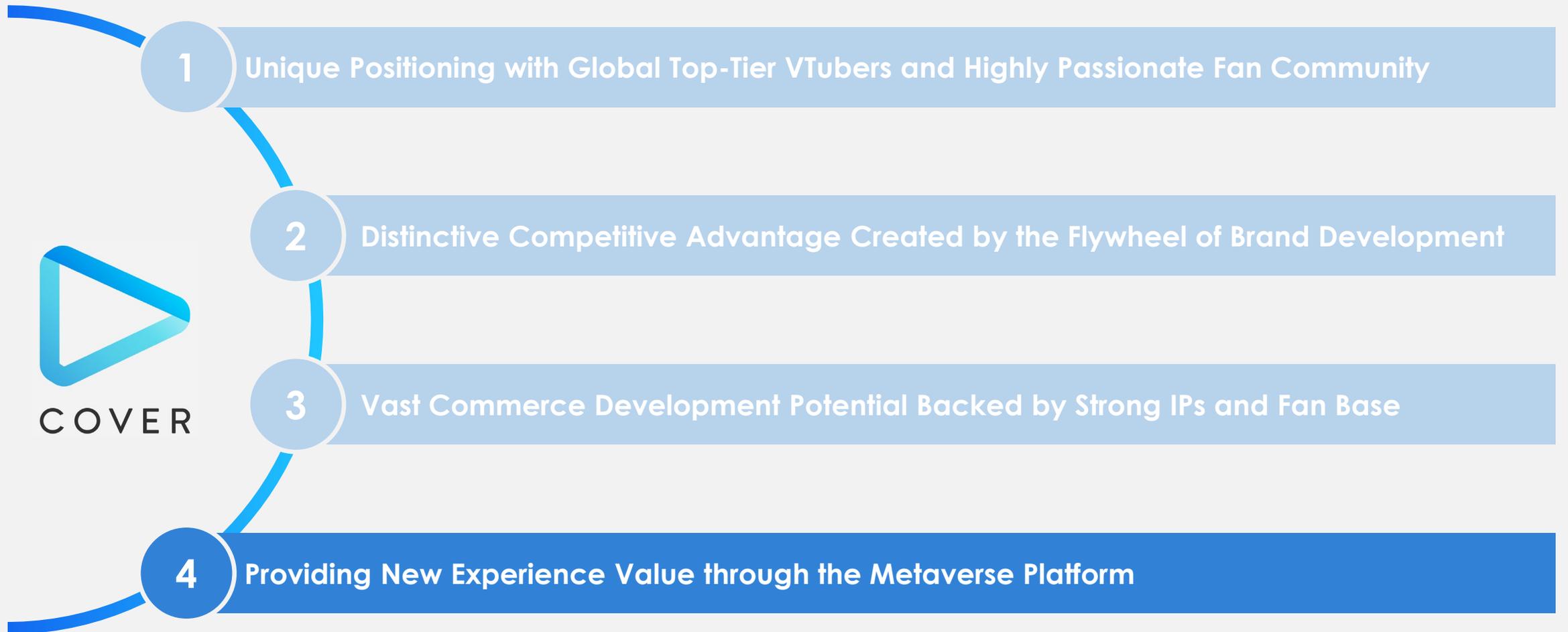
Source : YouTube Analytics (as of March 31, 2023)

*1 : Aggregated from each VTuber's channel

*2 : Total # of views on the channels of VTubers enrolled in hololive EN (September 2020–March 2023), including Art Track, Collaborations, and Fun-made movies in relevant artist channels

*3 : Actual results for FY2023/3 (hololive production OFFICIAL SHOP, Geek Jack)

Investment Highlights



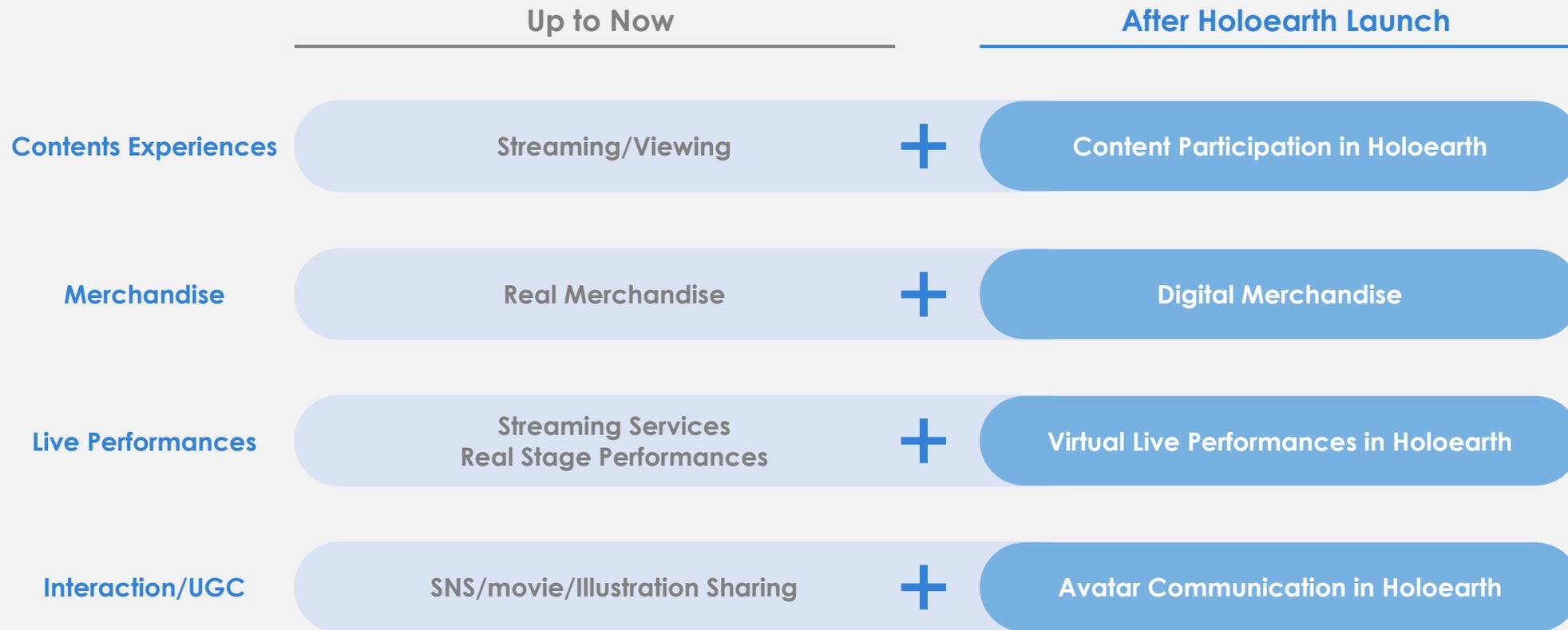
Anime-style Metaverse “Holoearth”

Development is underway for a metaverse platform that allows VTubers and fans to interact and play together; the official launch will be in 2024



Providing New Experiences through a Metaverse Platform

Holoearth will enable more flexible and closer communication in addition to the existing activities and interactions on multiple platforms



Major Risks and Countermeasures

Major Risks	Measures	Probability	Impact	Time Span
<p>Dependence on video distribution platforms operated by other companies</p> <p>We provide livestreaming content to viewers through video distribution platforms such as YouTube. If it becomes difficult for us to continue providing livestreaming content due to changes in the business strategies of these video distribution platforms or in our relationship with them, or if there are significant changes in economic conditions, our revenue from viewers via these platforms may decrease, which may affect our business and earnings.</p>	<p>We do not solely rely on livestreaming. We have been able to advance the diversification of our revenue stream opportunities to include merchandising, events, and licensing of intellectual property. Our content creators are also active on multiple video streaming platforms other than YouTube. Furthermore, we are planning for our content creators to eventually stream on our own platform, which is currently under development. Therefore, we do not solely depend on a single platform.</p>	Med.	Med.	Long-Term
<p>Risks related to the popularity, frequency of activities, and continuity of activities of our VTubers</p> <p>Our business performance depends to a certain degree on the popularity of the VTubers that are affiliated with our company and the frequency of content being produced. We have responded to scandals, incidents of social turmoil and defamation and other similar matters concerning our tubers from the beginning. We are taking measures such as expanding our technical and organizational systems to support VTubers so they can carry out their activities comfortably. However, the nature and frequency of VTuber activities depend on the activities of the content creators who use anime-like avatars. Therefore, there is a possibility that our reputation, business performance and financial situation may be affected due to a decline in the added value of our intellectual property, content, merchandise and the like that may occur in cases, such as: (i) when our content creators are unable to continue receiving support from viewers due to the streaming of inappropriate content, scandals, incitement of social controversy, defamation, or other similar reasons related to maintaining a healthy environment for streaming activities; (ii) when the frequency of our content creator's activities declines significantly; or (iii) when it becomes difficult for our content creators to continue their activities.</p>	<p>In looking at individual content creators, these risks may not emerge at a high frequency. However, we are taking countermeasures such as: (i) promoting the streaming of content in a healthy environment; (ii) responding to scandals, incitement of social controversy, defamation and the like; (iii) expanding technical and organizational systems to support VTubers so they can carry out their activities comfortably; (iv) collaborating with other related organizations within our industry; and (v) stabilizing the provision of content by providing content via our productions, as a whole, by a variety of popular VTubers.</p>	Med.	Med.	Mid-Term
<p>Reputation risk due to inappropriate content in video content</p> <p>Unexpected events that occur in content streaming that occurs daily may lead to a decline in our reputation of our content creators or may lead to disputes, which may affect our business development, financial circumstances, and business results.</p>	<p>In order to prevent any violations of public order/morality by our content creators and any infringements of intellectual property rights, we are working to expand our guidelines and provide guidance to our content creators. In addition, we are striving to improve our management system by taking steps such as monitoring streaming activities so that we can promptly identify and respond to such events when they arise or when there are signs that they may arise.</p>	Med.	Med.	Mid-Term

※ For risks other than the above, please refer to "Business Risks" in the Securities Registration Statement, etc.

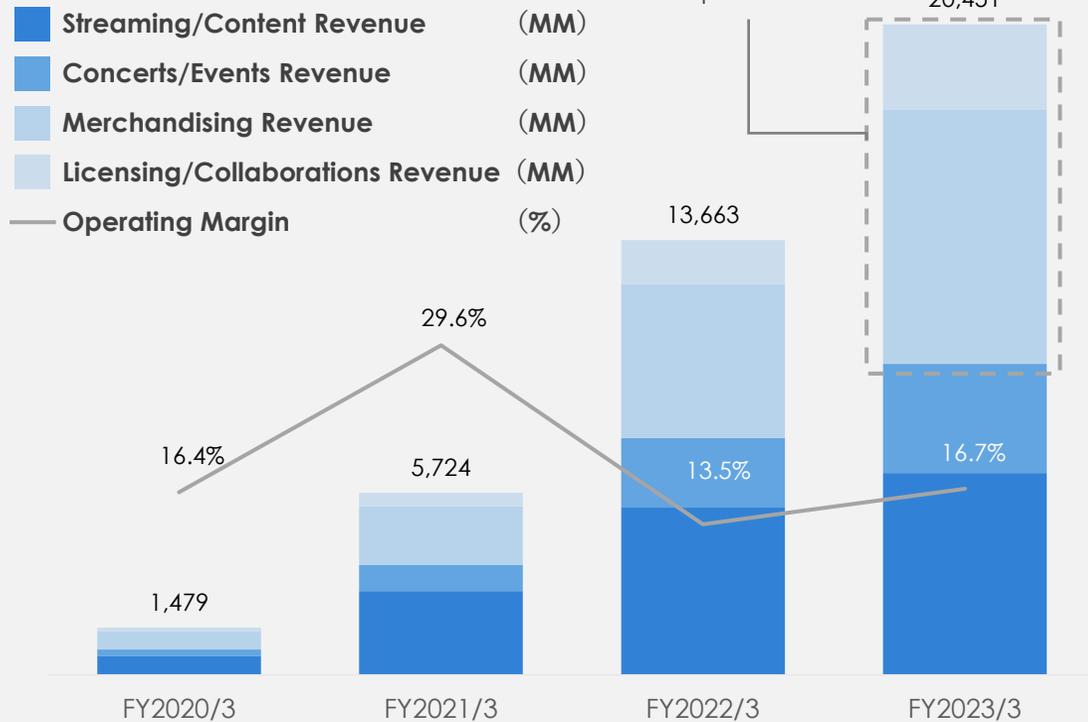
The background is a solid blue color with a faint, semi-transparent illustration of five anime-style girls in various poses and outfits, including school uniforms and sailor-style dresses.

Financial Highlights

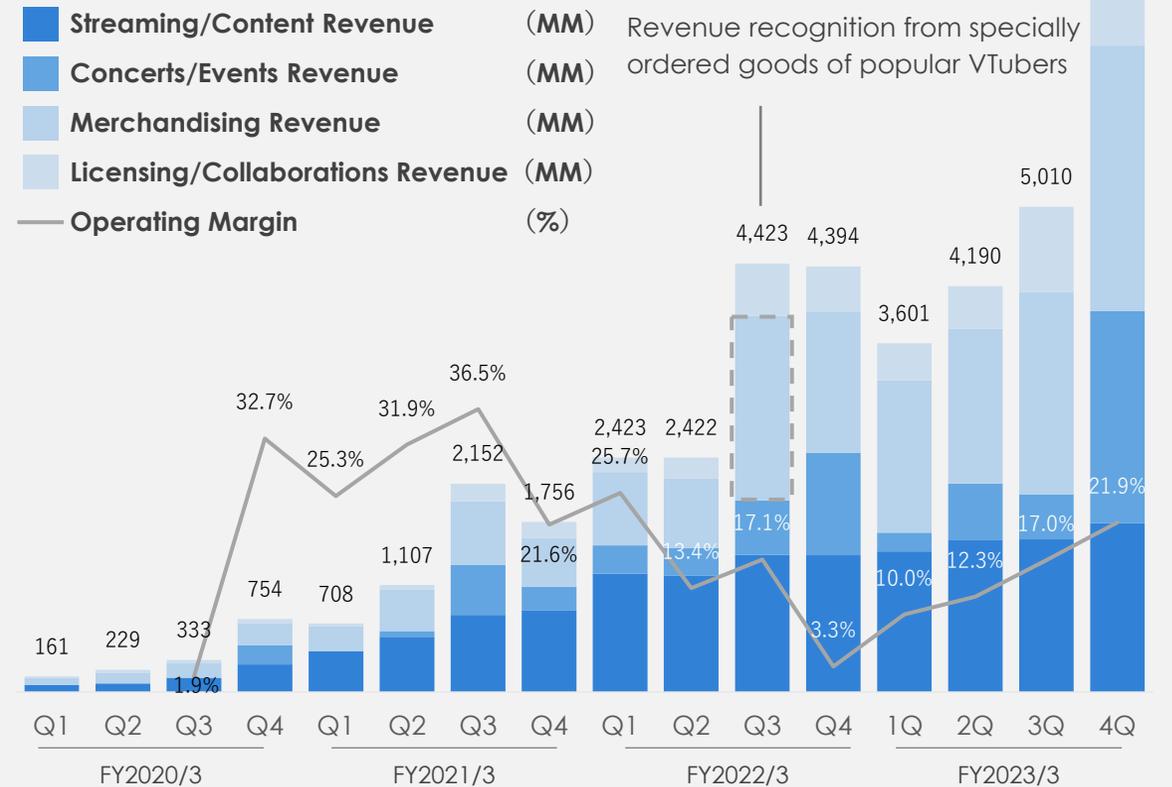
COVER's Remarkable Financial Profile

Commerce development based on high valued IP will drive growth and profitability;
With a focus on upfront investment to further strengthen our moat

Annual Revenues & Margin



Quarterly Revenue & Margin



Toward Further Improvement of Profitability

Aiming for recovery of profitability due to focus on highly profitable commerce business and reduction of labor cost ratio through scale

■ Comparison of Major Costs to Net Sales

	Step 1 : IPs & Fan Base Development		Step 2 : Commerce Development and Upfront Investment		Step 3 : Metaverse Scaling
	FY2020/3	FY2021/3	FY2022/3	FY2023/3	Long-term Goal
Gross Profit Margin	57%	48%	38%	45%	50%
SG&A Ratio	41%	18%	25%	29%	20%
Operating Margin	16%	29%	13%	16%	30%

- Securing revenue sharing for VTubers
- Better service mix focusing on high margin unit/collab goods

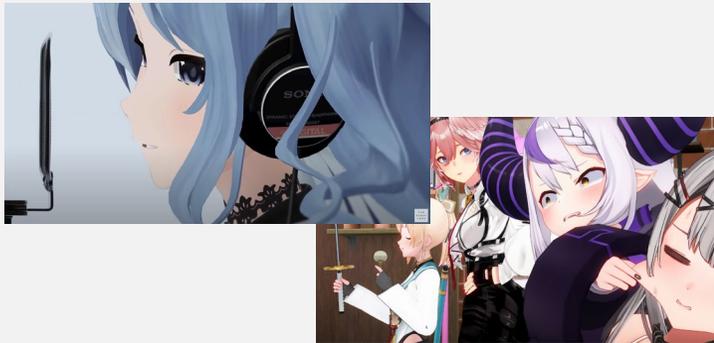
- Continue upfront investment to areas of high growth potential, and a level of approx. 20% will be maintained
- Disciplined investment for metaverse are capitalized in BS
- Decrease in SG&A ratio due to sales expansion

- Profitability is expected to return to the same level as FY2021/3 after upfront investments for medium- to long-term goals and growth run their course

Investment Items and Expected Benefits

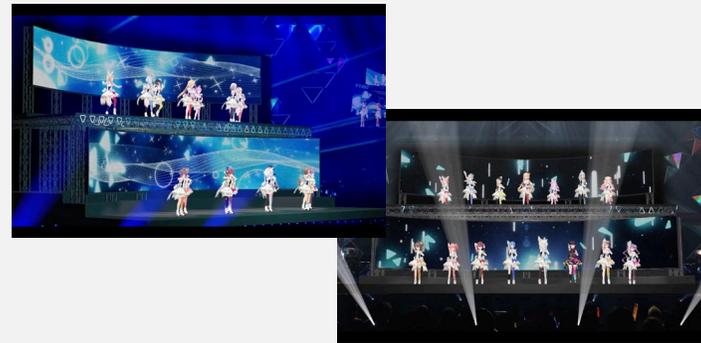
Disciplined investments to improve the quality of VTubers and the value of the fan experience

■ 3D Modeling / 3D Animation



- ✓ More attractive VTuber avatars
- ✓ Higher quality live performances

■ 3D Motion Capture Studio



- ✓ The most advanced and largest VR studio in Japan
- ✓ In-house high-quality live concert
- ✓ Development of better motion capture technology

■ App. Development for Fans *1



- ✓ Improved fan UX *2
- ✓ Cross-service promotion with integrated ID

▲ Official Application



IP Enhancement & Sales Growth



Improve profitability
Improve Fan Experience



Increased Engagement

*1 : Screen image under development
*2 : User Experience

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 "Holoearth Lobby". The beta version will be rolled out for functionality tests
 - ✓ Live events will be conducted to test virtual live functionality within Holoearth

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
		
<i>僕に独りだ</i>	<i>君になれたかった</i>	<i>あの日の僕らへ</i>
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.

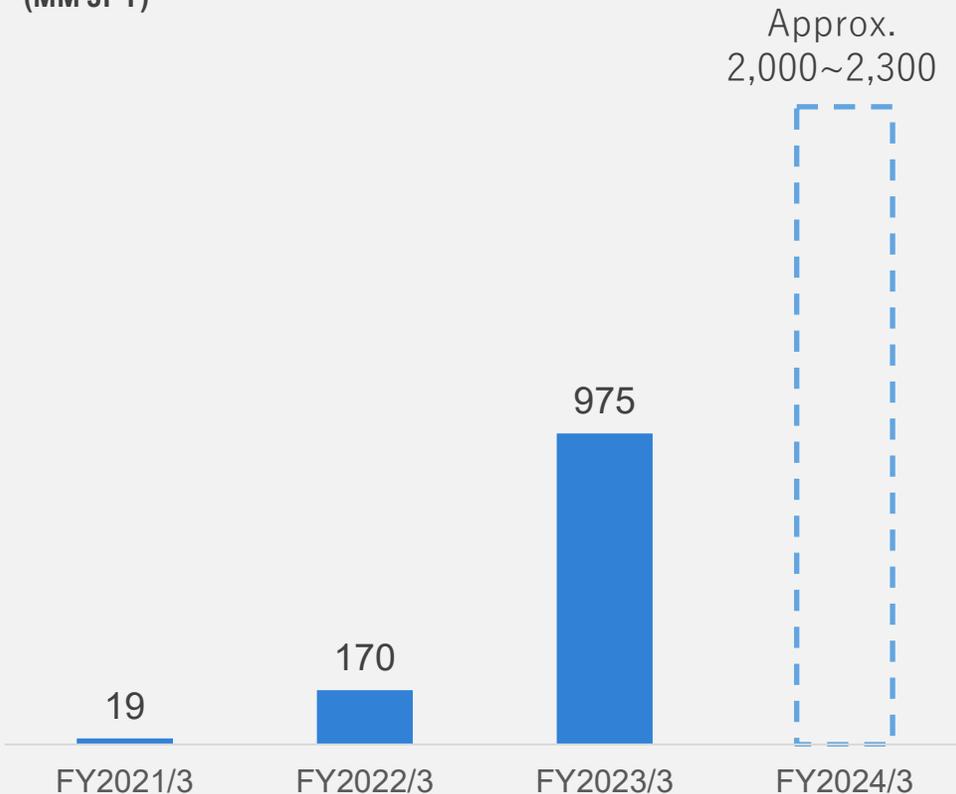
*2 Source: Machine for switching camera images transmitted over IP (Internet Protocol).

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

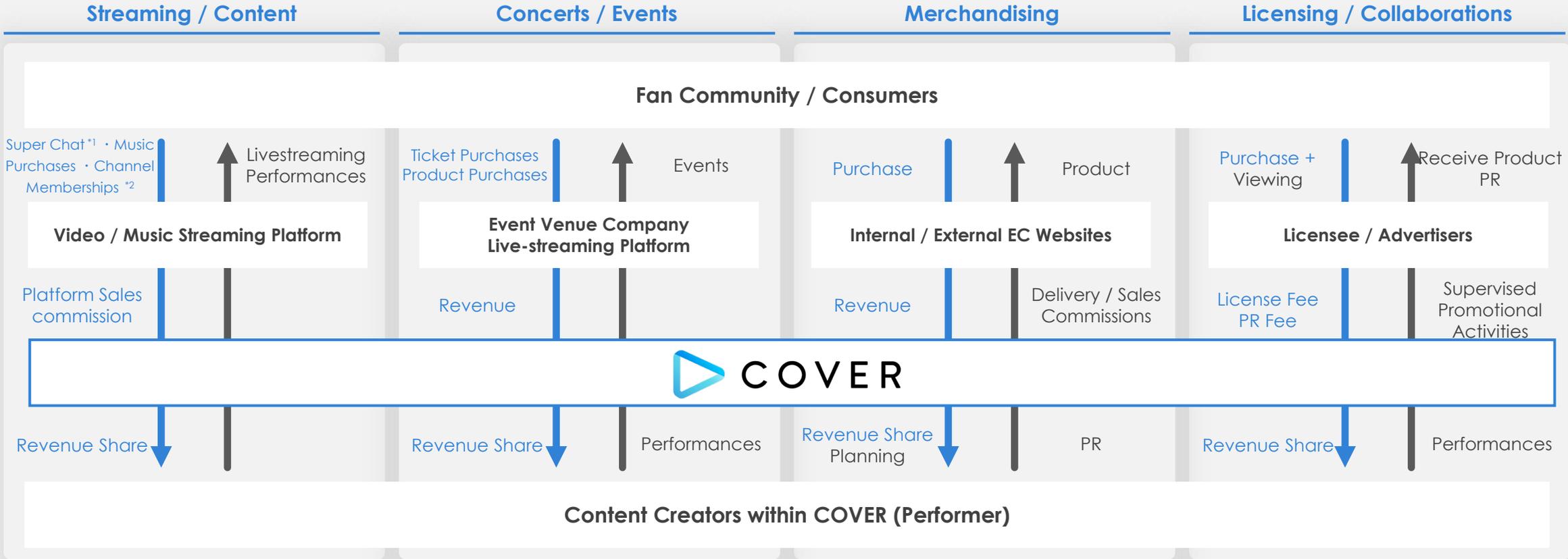


hololive production talents have been selected as "Tokyo Tourism Ambassadors" to promote the appeal of Tokyo both domestically and internationally.

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

Revenue Flow & Business Flow

→ Revenue Flow
 → Business Flow

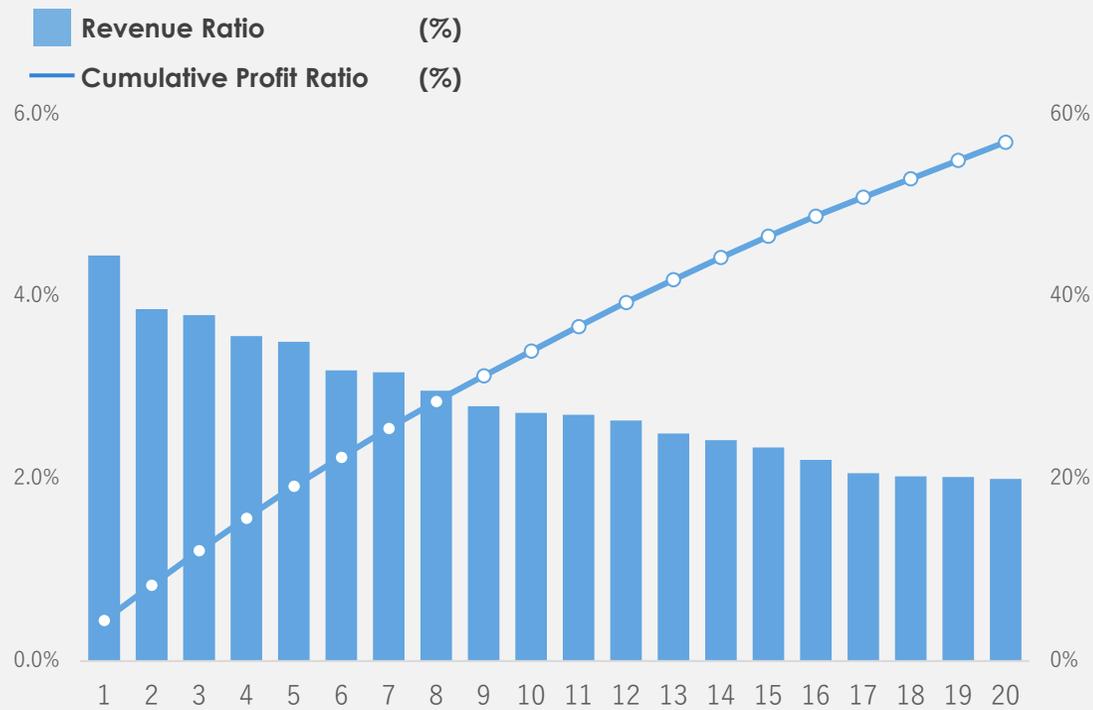


*1 : A system that allows viewers to pay a fee to make their chat messages stand out when livestreaming is published using YouTube's live chat
 *2 : A system on YouTube whereby members pay a monthly fee to become channel members and receive badges, emotes, limited video distribution and other similar privileges

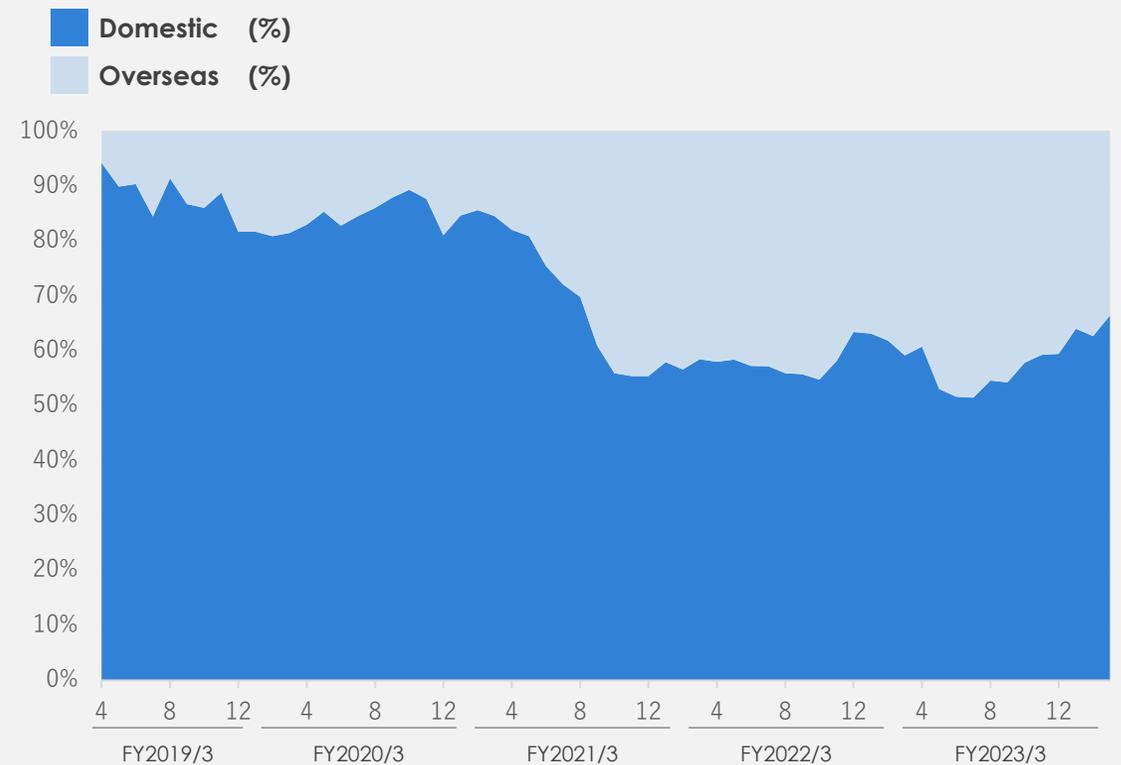
Revenue Diversification of COVER's VTubers

Built up a structure that provides revenue diversification of all VTubers and groups, achieving stability

■ Revenue Ratio by VTuber (Top 20) *1



■ Domestic and Overseas Viewership Ratio *2



Source : YouTube (as of March 31, 2023)

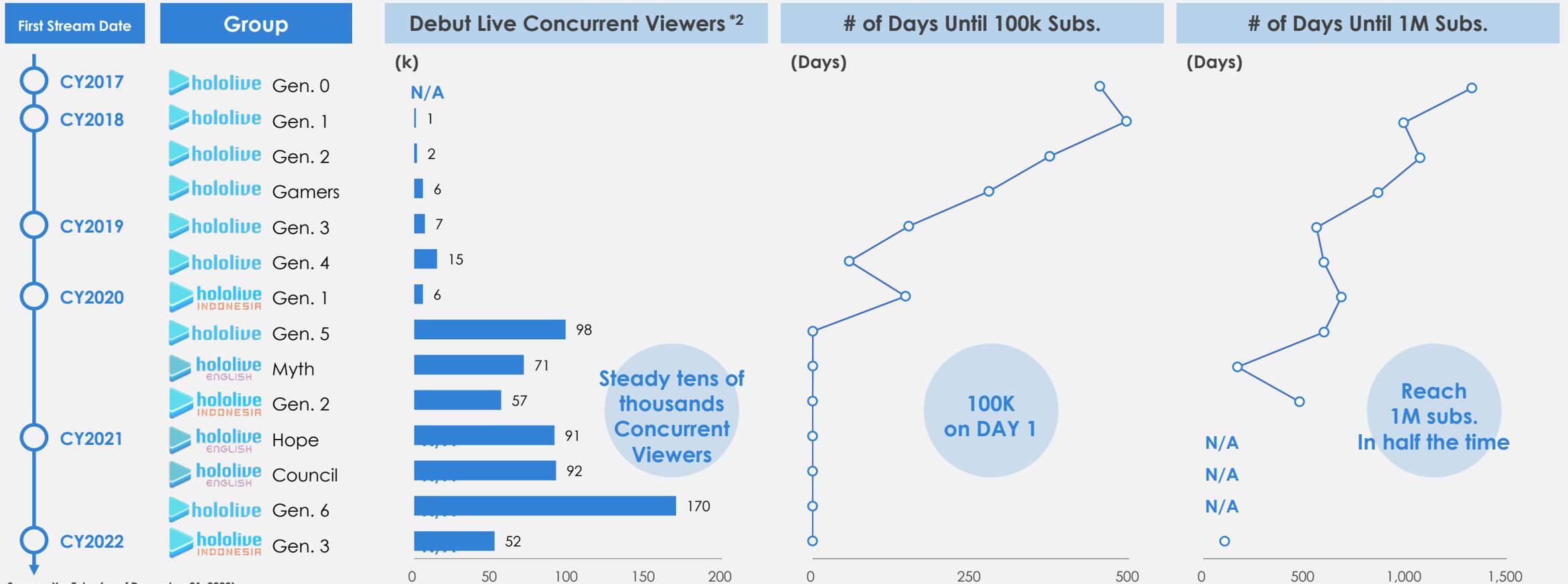
*1 : The revenue ratio (left axis) is the ratio of the revenue of the top 20 VTubers to the total revenue of all VTubers belonging to our Company. The cumulative revenue ratio (right axis) is the cumulative value from the top of the revenue ratio

*2 : Aggregated from each VTuber channel on YouTube

Achieving Rapid Growth for Newly Debuted VTubers

Leveraging the hololive brand, newly debuted VTubers achieve rapid growth. Growth speed accelerates as the fan community grows

■ # of Average Concurrent viewers and days achieving ch. Subs. *1



Source : YouTube (as of December 31, 2022)

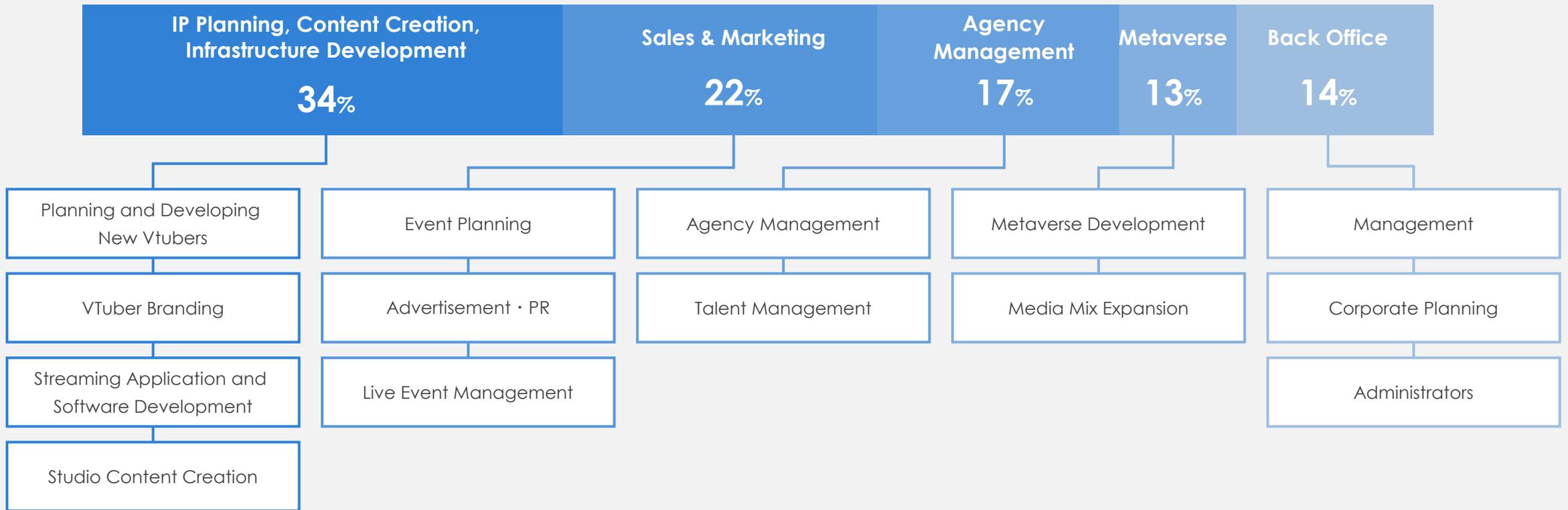
*1 : Performance of female Vtuber groups (hololive, hololive English, hololive Indonesia)

*2 : The # of people when # of simultaneous viewers reaches its maximum during the livestream

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

Co-creation of Avatars With Top-tier Creators

Co-creation with in-house editors and the top creators who represent the industry help to create unique VTuber IPs loved around the world



Character Design : Mishima Kurone

Famous for : 「Konosuba: God's Blessing on This Wonderful World!」 and others.



Character Design : Wada Arco

Famous for : 「Fate/EXTRA」 、 「Fate/Grand Order」 and others.

Enhancement of the hololive VTuber IP with Additional 3D Content

New 3D animation development, realistic 3D models, and live performances lead to increased viewer count and engagement

■ 3D Animation



YouTube 3D Animation channel 「Holo Graffiti」

Total Video Count **207** Videos *1
Total # of Views **31** MM *1

- Create 3D animations /week with VTuber 3D models
- Opportunity for a wide range of viewers to recognize and become familiar with hololive VTubers by providing multilingual subtitles

■ 3D Live Events



Commemorating the release of the holoX 3D models, via YouTube Livestreaming

3D Livestreaming **90** /yr. *1,2

- Viewers experience VTuber content with more realistic feeling through 3D livestreaming and motion capture.

■ 3D Models



Unified 3D outfits for hololive live concerts

*1 : As of March 31, 2023

*2 : Total # of 3D models streaming on YouTube

Expanding Brand Recognition Through Music Promotion

Continued major debuts and viral sensations via TikTok have created a diverse fan base across different forms of media

■ Major Record Label Debut in 2022



Mori Calliope

- Major Debuted via Universal Music: EMI Records



Hoshimachi Suisei

- Major debuted as a unit "Midnight Grand Orchestra"*1 from Toys Factory VIA

■ Gone Viral via TikTok



Sakamata Chloe

- Due to the immense popularity of the song, #tag "#SakamataChloe" has received approx. 93 MM TikTok views*2



Houshou Marine

- Due to the popularity of the song, #tag "#HoushouMarine" has received approx. 325 MM TikTok views*1

*1 : A unit of vocalist Hoshimachi Suisei and sound producer TAKU INOUE

*2 : As of April 17, 2023

Global Real-time Events

Highly engaged fan communities at local events and expos in various countries



Crunchyroll Expo (California)



Anime Central (Chicago)



Anime NYC (New York)



AGF (Korea)



SMASH! (Australia)



Anime Festival Asia (Singapore)

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)	1.0	6.1	37.3	61.4	75.7
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

*1 : Aggregated from each channel and official channel on YouTube

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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**Together,
Let's Create Culture Loved by All.**