

ÿcoverÿ

ÿDocuments to be submittedÿ

securities report

[Government clause]

Article 24, Paragraph 1 of the Financial Instruments and Exchange Law

[Submit to]

Director of Kanto Local Finance Bureau

ÿFiling dateÿ

July 29, 2022

[Business year]

Fifth Term (From May 1, 2021 to April 30, 2022)

ÿcompany nameÿ

ANY COLOR Co., Ltd.

[English translation name]

ANY COLOR Inc.

[Representative's title and name]

Representative Director and CEO Riku Tazuno

[Location of head office]

Midtown East 11F, 9-7-2 Akasaka, Minato-ku, Tokyo

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03-4335-4850 (representative)

[Name of administrative contact]

Director, CFO and General Manager of Business Administration Department Shinya Tsurai

[Nearest Contact Location]

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Director, CFO and General Manager of Business Administration Department Shinya Tsurai

[Place for public inspection]

Tokyo Stock Exchange, Inc.

(2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part 1 [Company Information]

Part 1 [Overview of the company]

1 [Changes in major management indicators, etc.]

times	1st term	2nd term	3rd term	4th term	5th term	
Fiscal year/month	April 2018	April 2019	April 2020	April 2021	April 2022	
amount of sales (thousand yen)	16,622	866,517	3,478,701	7,636,041	14,164,140	
Ordinary profit or ordinary loss (¥) (thousand yen)	¥3,962	47,258	42,008	1,451,104	4,149,013	
Net income or net loss (¥) (thousand yen)	¥1,897	29,699	32,435	937,297	2,793,063	
Investment profit when the equity method is applied (thousand yen)	-	-	-	-	-	
capital (thousand yen)	31,500	31,500	100,000	104,120	104,120	
Total number of issued shares						
Common stock	13,750	13,750	1,250,000	1,270,600	29,943,435	
Class A1 preferred stock (stock)	-	-	216,524	216,524	-	
Class A2 preferred stock	-	-	125,000	125,000	-	
Class B preferred stock	-	-	424,105	424,105	-	
net worth (thousand yen)	60,102	89,801	2,703,801	3,525,678	6,318,742	
total assets (thousand yen)	67,311	277,593	3,590,681	6,229,760	9,353,326	
Net assets per share (Circle)	2.91	4.35	2.39	29.80	210.90	
Dividend per share (including interim dividend per share) Net income per share or per share Net loss (¥) Diluted (Circle)	- (¥)	- (¥)	- (¥)	- (¥)	- (¥)	
net income per share (Circle)	-0.11	1.44	1.39	30.97	93.28	
profit	-	-	-	-	-	
Capital adequacy ratio (%)	89.29	32.35	75.25	56.54	67.52	
return on equity (%)	-	39.62	2.32	30.12	56.79	
price earnings ratio (times)	-	-	-	-	-	
payout ratio (%)	-	-	-	-	-	
Cash flow from operating activities (thousand yen)	-	¥205,179	1,350,439		2,718,495	
Cash flow from investing activities (thousand yen)	-	¥260,459	¥757,890		¥34,540	
Cash flow from financing activities (thousand yen)	-	¥2,892,149		544,138	¥455,780	
Balance of cash and cash equivalents at the end of the period (thousand yen)	-	¥2,491,645		3,628,274	5,860,698	
Number of employees (outside, average number of temporary workers) (Man)	3 (¥)	48 (¥)	150 (Four)	156 (35)	230 (twenty five)	
Total shareholder return (Comparative index: -) (%)	- (¥)	- (¥)	- (¥)	- (¥)	- (¥)	
highest stock price (Circle)	-	-	-	-	-	
lowest stock price (Circle)	-	-	-	-	-	

(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.

Not listed.

Securities report 2. Equity-method investment income for the 1st to 3rd fiscal periods is not stated because there are no affiliated companies to which the equity-method is applied. The 4th and 5th fiscal periods are not stated because they are insignificant in terms of profit standards, retained earnings standards and other items.

3. Diluted net income per share for the 1st fiscal period is expected to be net loss per share because there are latent shares, but because the Company's shares are unlisted, it is not possible to ascertain the average share price during the period. Therefore, it is not listed. Diluted net income per share for the 2nd to 5th fiscal periods is not stated because the Company's shares are not listed and the average stock price during the period cannot be determined, although there are latent shares. . 4. Return on equity for the 1st fiscal period is not stated as a net loss was recorded. 5. The price-earnings ratio is not stated because the Company's shares were not listed. 6. Dividends per share and dividend payout ratio are not stated because we do not pay dividends. 7. Regarding the 1st and 2nd fiscal years, we have not prepared a cash flow statement, so

Each item is not described.

8. The number of employees is the number of employees (full-time employees and contract employees), and the number of temporary employees (part-timers) is the annual average number of employees in parentheses. 9. Financial statements for the third and subsequent years have been prepared in accordance with the Regulations Concerning Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No. 59 of 1963), and Article 193-2 of the Financial Instruments and Exchange Act. Based on the provisions of paragraph 1, audited by Taiyo LLC. For the 1st and 2nd fiscal periods, figures calculated based on the provisions of the "Company Accounting Regulations" (Ministry of Justice Ordinance No. 13, 2006) are shown. In addition, these figures have not been audited by Taiyo LLC in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. 10. At the extraordinary general meeting of shareholders held on May 24, 2019, a resolution was passed to partially amend the Articles of Incorporation to enable the issuance of new class A2 preferred stock on June 14, 2019, and We have resolved to change some of the shares to A2 preferred shares.

11. As of November 30, 2021, all Class A1 Preferred Shares, Class A2 Preferred Shares and B Class preferred stock will be acquired as treasury stock, and as consideration, the Class A1 preferred stock, Class A2 preferred stock and Class B preferred stock will receive one common stock for each Class A1 preferred stock, Class A2 preferred stock and Class B preferred stock. has been issued. In addition, pursuant to the resolution of the Board of Directors meeting held on December 1, 2021, pursuant to Article 178 of the Companies Act, the class shares were canceled on the same date. At the Extraordinary General Meeting of Shareholders held on December 8, 2021, the Company abolished the provision in the Articles of Incorporation to the effect that class shares will be issued.

12. In accordance with the resolution of the extraordinary general meeting of shareholders held on March 22, 2018, the Company decided to sell 100 shares of common stock on April 11, 2018. We are doing a stock split. Net assets per share and net income or net loss per share are calculated assuming that the stock split was conducted at the beginning of the first term.

13. The Company conducted a 100-for-1 stock split on August 13, 2019 in accordance with the resolution of the Board of Directors meeting held on July 26, 2019. 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 first fiscal period.

14. The Company has conducted a 15-for-1 stock split on January 5, 2022 in accordance with the resolution of the Board of Directors meeting held on December 1, 2021. Net assets per share and net income per share are calculated assuming that the stock split was conducted at the beginning of the first fiscal period.

15. The total shareholder return, comparative index, highest and lowest share prices are listed because the Company's shares were not listed. not here. The shares of the Company were listed on the Tokyo Stock Exchange Growth Market on June 8, 2022.

2 [History]

year and month	Overview
<p>May 2017</p> <p>November 2017</p> <p>2018</p> <p>May 2018</p> <p>2018</p> <p>December 2018</p> <p>February 2019</p> <p>Started April 2019</p> <p>July 2019</p> <p>Announced the launch of the VTuber group "NIJISANJI ID" in Indonesia and started recruiting drivers</p> <p>Announced the launch of the VTuber group "NIJISANJI KR" in South Korea and started recruiting drivers</p> <p>June 2020</p> <p>September 2020</p> <p>October 2020</p> <p>April 2021</p> <p>Head office relocated from Chiyoda-ku, Tokyo to Minato-ku, Tokyo</p> <p>In June 2021, the</p> <p>April 2022</p> <p>June 2022</p>	<p>Established Ichikara Co., Ltd. with a capital of 1 million yen in Shinjuku-ku, Tokyo</p> <p>Head office relocated from Shinjuku-ku, Tokyo to Shibuya-ku, Tokyo</p> <p>VTuber (Note 1) group "Ni 2018 Feb. 2018 Eight VTubers belonging to the first term of "Nijisanji" started activities</p> <p>Specialized in game distributors Started the VTuber group "Nijisanji Gamers" June 2018 Started "Nijisanji SEEDs" consisting of "Nijisanji" candidates</p> <p>December 2018 "Nijisanji", "Nijisanji" "Nijisanji Gamers" and "Nijisanji SEEDs" integrated into "Nijisanji"</p> <p>Provision of web browser version of "Nijisanji" distribution schedule site "Itsukara.link" Started</p> <p>Announcing the start of the VTuber group "VirtuaReal Project" in China and starting recruitment of drivers</p> <p>Started providing the iOS / Android application version of "Itsukara.link"</p> <p>Announced the launch of the VTuber group "NIJISANJI ID" in Indonesia and started recruiting drivers</p> <p>Announced the launch of the VTuber group "NIJISANJI KR" in South Korea and started recruiting drivers</p> <p>Official YouTube for "Nijisanji" English-speaking countries Opened a channel</p> <p>September 2020 Opened "Nijisanji Official Store", an online shop dedicated to "Nijisanji"</p> <p>October 2020 "Nijisanji" official fan club "Nijisanji" FAN CLUB" started</p> <p>April 2021 Suspend the activities of the VTuber group "NIJISANJI IN" in India</p> <p>Head office relocated from Chiyoda-ku, Tokyo to Minato-ku, Tokyo</p> <p>Changed the company name from scratch to ANYCOLOR Co., Ltd.</p> <p>English-speaking VTuber group "NIJISANJI EN" started activities</p> <p>"Virtual Talent Academy", a talent development project to be active as a VTuber start</p> <p>VTuber group "NIJISANJI ID" in Indonesia and VTuber group in South Korea</p> <p>"NIJISANJI KR" integrated into the VTuber group "Nijisanji"</p> <p>Listed on the Tokyo Stock Exchange Growth Market</p>

(Note) 1. VTuber is an abbreviation for Virtual YouTuber, YouTube (a video distribution platform operated by Google LLC).

It is the name of a person who is active using a 2D or 3D avatar, among those who continue to publish independently produced videos on the website. 2. Liver is the name of a distributor who conducts video distribution activities.

Annual Securities Report For the debut of a new VTuber, we designed and designed the character settings, including the appearance of the VTuber, and selected a river from among the applicants for the audition held by our company. We are selecting. After that, after signing a business consignment contract with the river selected in the audition, the avatar necessary for VTuber activities created by our company, We lend the name of VTuber, a tool developed by our company that allows you to distribute in 2D and 3D from your own home, a distribution account such as YouTube, and a social network service (hereinafter referred to as "SNS") account to the river. . VTubers who go through the above process are able to communicate with their fans through SNS, distribution, etc., and each VTuber advances into various fields of activity, such as appearing in TV programs, as a talent in the virtual world. I'm here. VTubers belonging to our company are engaged in video distribution activities, mainly live distribution videos on YouTube. While watching live distribution by VTuber, users can use the chat function installed on YouTube to

It is possible to interact with VTuber. In addition, even users who could not watch the live distribution in real time can watch the past videos accumulated on the YouTube channel of each VTuber. In order to increase revenue, we will provide VTubers with support for video distribution activities on YouTube and other support, as well as support for video program production as a "Nijisanji" group, equipment that can be distributed from home and provision of a distribution studio, confirmation of the rights to external copyrighted works used in videos, implementation of training in accordance with various guidelines, and other measures to restore the soundness of content and prevent flaming incidents on the Internet. In the event of compliance training for VTubers, and slander against VTubers, we will request deletion of transmissions that fall under slander and consult with the police for damage. Revenue in the domestic live streaming domain mainly consists of three revenues: Super Chat, YouTube membership, and Google AdSense revenue. Super Chat is a service provided by YouTube, and among the chat functions in YouTube's live distribution, it is a function that allows users to pay a fee and the user's comments are displayed conspicuously and fixedly. Depending on the amount charged, the user changes the color of their own chat and the length of time it is displayed fixedly, and the user can colorize and emphasize their own comments so that VTuber can recognize their comments. In addition to promoting communication between VTubers and users and between fans, it also leads to increased user recognition in the fan community.

YouTube membership is also one of the services on YouTube, where users become members of YouTube channels by paying a certain monthly fee, and access limited videos and other items for users who subscribe to the membership. It is a system that allows you to get benefits limited to membership. Google AdSense revenue is revenue received from Google LLC as part of the revenue from users viewing YouTube videos of our affiliated VTubers viewing advertisements on YouTube. Of the three revenues in the domestic live streaming domain, Super Chat revenue and YouTube membership revenue are received net amounts after deducting commissions to Google LLC. and the total amount of YouTube membership revenue are recorded, and the commission to Google LLC is recorded as an expense. Regarding Google AdSense revenue, the amount received from Google LLC (net amount) is recorded as revenue. In addition, we will pay a portion of the revenue earned from each VTuber's YouTube channel to the river.

ÿ Domestic commerce area

From the perspective of increasing opportunities to interact with VTubers outside of live distribution, we have created a variety of our original goods and digital products that record VTuber voices (hereinafter referred to as goods and digital products) for the fan community cultivated through live distribution. Products are collectively referred to as "contents"). In addition to permanent content that is always on sale, there are various forms of content such as seasonal content, made-to-order content, and event-limited content. In addition, as the range of VTuber activities expands, the number of VTubers who debut as singers is increasing, and sales of new content such as music sales are increasing accordingly. Regarding sales channels, we have a wide range of sales, such as sales at event venues hosted by the Company, centered on the "Nijisanji Official Store", the official online sales website for "Nijisanji". In addition to selling content, in October 2020, we started offering "Nijisanji FAN CLUB", the official fan club of "Nijisanji", where fans can interact with each other and between fans and VTubers. We provide paid services such as chat functions between The Company plans, designs, and places orders for the production of content to be sold, and strives to continuously provide content. Revenue from content sales is recorded as content revenue. In addition, we will pay a portion of the revenue of content directly linked to each VTuber to the river.

ÿ Domestic event area

Co., Ltd. (E37573)

We host music and other events featuring VTubers. Past events include the "Nijisanji Music Festival" held at the Makuhari Messe Event Hall in October 2019, and the "Virtual to LIVE in Ryogoku Kokugikan 2019" held at the Ryogoku Kokugikan in December 2019. , "Nijisanji JAPAN TOUR 2020 Shout in the Rainbow!" Held at 6 performances in 5 cities from February to April 2020 (including the Tokyo performance scheduled for March 5, 2020) has been canceled due to the influence of the new coronavirus infection, and the additional Namba performance held on April 5, 2020 will be held without an audience). In addition to attracting customers to the venue for each event, it also supports paid online distribution via the Internet, so that fans who cannot visit the venue can watch it. We now have. Even under the influence of the new coronavirus infection, the "Nijisanji Anniversary Festival 2021" held in February 2021 has been held completely online. Also, recently, "Nijisanji AR Stage "LIGHT UP TONES"" was held on July 31, 2021 and August 1, 2021. This event provides an event experience by combining AR technology (Note 1) and VTuber. We plan and produce events in collaboration with external event production companies, and strive to make VTuber fans even more fans. In addition, we have built relationships with music labels and sell songs produced by VTubers belonging to our company from multiple music labels in the past. Event revenue includes ticket income, etc. (in the case of co-sponsoring, the amount multiplied by the co-sponsoring ratio) associated with the event.

(Note) 1. AR is an abbreviation for Augmented Reality, a term that refers to technology that displays a virtual world superimposed on the real world. AR technology can augment the real world by superimposing digital content and data such as 3D images and characters created with CG on the real landscape.

(4) Domestic promotion area

Earnings in the promotion area mainly consist of three sources: tie-up advertising, IP licenses, and media appearances (hereafter, tie-up advertisements, IP licenses, and media appearances are collectively referred to as "corporate projects"). . Tie-up advertisements are promotions by VTubers of client companies' products and services through videos, etc., and the Company receives compensation for promotions from client companies. An IP license is a license to use the IP (Intellectual Property) related to our affiliated VTubers owned by our company for the products and services of customer companies. receive. Media appearances are VTubers belonging to the Company appearing on TV, radio, magazines, internet distribution and other media of client companies, and the Company receives appearance fees from client companies for the VTubers belonging to them. We propose the use of VTuber's IP to client companies, and after receiving an order for a corporate project, we provide support between the client company and VTuber for implementation.

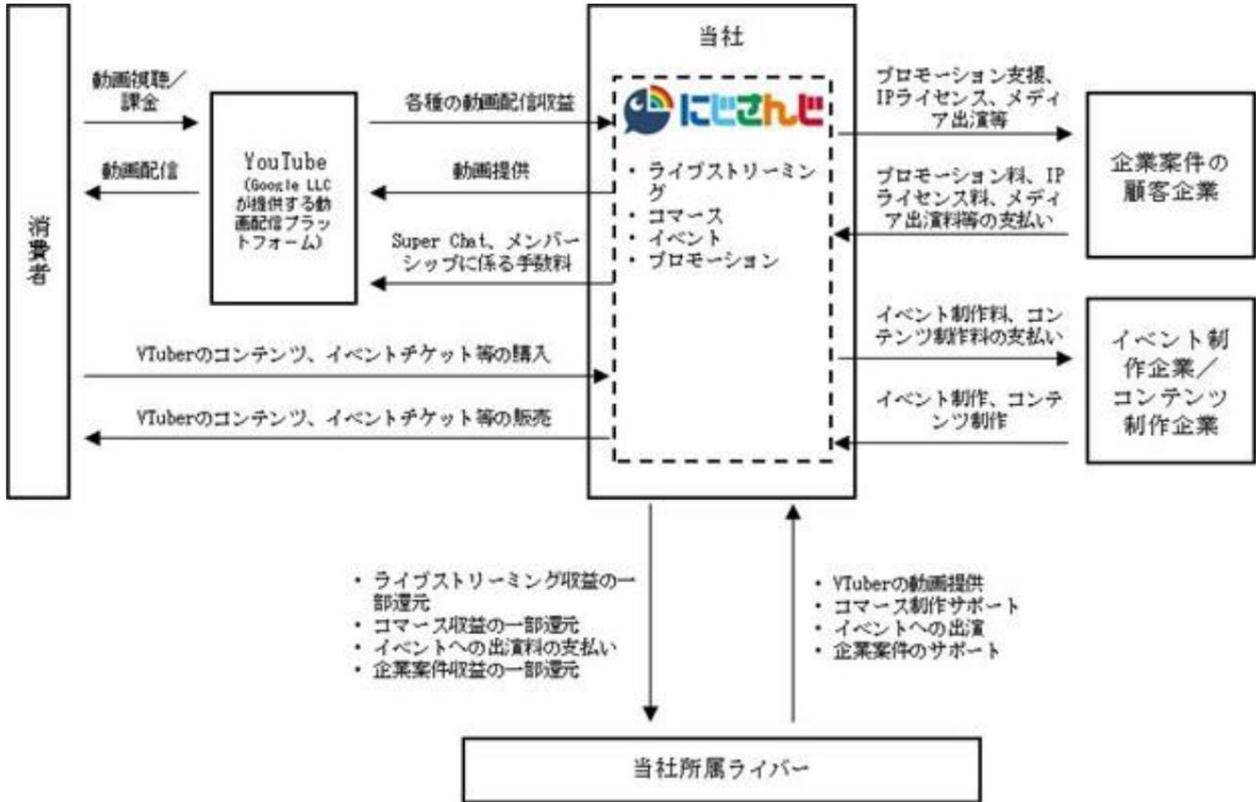
We believe that as VTubers' activities expand, their recognition will increase, their value as IP will gradually increase, and the range of activities and appearance opportunities in the media will continue to increase. In addition, the Company has formulated guidelines for provision indications in order to prevent stealth marketing (Note 1) and to prevent false recognition of superiority, and is working to earn the trust of client companies and fans. Fees received from client companies are recorded as sales in corporate project revenue. In addition, we will pay a certain amount of compensation to the rivers engaged in corporate projects.

(Note) 1. An activity that hides from consumers that it is some kind of advertisement or publicity.

ÿ Overseas VTuber business centered on NIJISANJI EN

We are developing our VTuber business overseas, mainly in English-speaking countries and China, and we select drivers for each region through auditions in the same manner as for our domestic VTuber business. Savvy candidates have applied for auditions. In addition, after concluding a business consignment contract with a river and debuting as a VTuber, we have been developing live streaming, commerce, events, and promotions centered on YouTube in the same way as the domestic VTuber business. In the English-speaking world, mainly in North America, three VTubers made their debut as the VTuber unit "Lazu Light" from "NIJISANJI EN" in May 2021, and as of the date of this report, 20 VTubers speak English. I am working in the area. In China, VTubers belonging to the VTuber group "Nijisanji" are bilibili (videos operated in China by Shanghai Guan Yu Math Technology Co., Ltd., a group of Bilibili Inc., and Shanghai Genden Information Technology Co., Ltd.). distribution platform). In addition, the Company has established a joint venture with Shanghai Bilibili Technology Co., Ltd., a group of Bilibili Inc., and is involved in the operation of the VTuber group "VirtuaReal Project" in China through this joint venture. We are also developing business in China through commerce, events, and promotions.

[Business system diagram] The business system diagram of the Company described above is shown below.



4 [Status of affiliated companies]

The Company has 1 non-consolidated subsidiary and 1 non-equity method affiliate, but these are omitted due to their immateriality.

We are here.

5 [Status of employees]

(1) Status of the submitting company

As of April 30, 2022

Number of employees (people)	Average age (years)	Average length of service (years)	Average annual salary (thousand yen)
230 <small>(twenty five)</small>	30.1	1.6	5,166

(Note) 1. The number of employees is the number of employees (regular employees and contract employees), and the number of temporary employees (part-timers) is the average number of employees per year.

are shown in () as extra numbers.

2. Average annual salary includes bonuses and non-standard wages.
3. Average age, average length of service, and average annual salary are calculated for regular employees and contract employees only.
4. Since the Company has only one segment, the video content-related business, the description by segment is omitted.

(2) Status of labor unions

The labor union has not been formed at our company, but labor-management relations are progressing harmoniously.

Part 2 [Business Situation]

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

Matters related to 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 company has a corporate mission of "creating a new, magical experience." We are developing services such as management.

(2) Business

environment ÿ Features as a VTuber group

We believe that our strength is the fan community of VTubers and users cultivated through two-way communication between VTubers and users in live distribution by VTubers. We believe that our VTuber business has the following three strengths due to its characteristics.

1. At our company, the company designs and sets the VTuber illustrations and characters, and the company owns the VTuber IP.

Owning IP by the company leads to a stable business structure, such as ease of development in the commerce and promotion areas using IP, and a high activity continuation rate of the river. 2. We believe that name recognition in the virtual world is important because name recognition in the real world cannot be utilized in the virtual world. Although it is expected that famous characters and celebrities will temporarily start the VTuber business, we believe that the relationship between fans and rivers acquired through live streaming will be a barrier to entry for other companies in order to succeed as a group. We are here.

3. Since VTubers are virtual characters, they are subject to restrictions in the real world of rivers (gender, occupation, nationality). etc.). In addition, we believe that regular compliance training and patrols of video content will ensure the soundness of content and lead to the suppression of flaming.

(2) Company performance

With the operation of the VTuber group "Nijisanji" as a starting point, we will provide the fan community cultivated through live streaming with commerce (content sales, events) and promotion areas, thereby turning VTubers into live streaming. We have been working to expand the scope of our activities without stopping. In the fiscal year ended April 2020, our company had net sales of 3,478,701,000 yen and an operating income of 44,267,000 yen (operating income ratio of 1.3%). (Operating income ratio of 19.0%), and in the fiscal year ending April 2022, sales will be 14,164,140,000 yen and operating income will be 4,191,075,000 yen (Operating income ratio of 29.6%). We are here. The reason for the increase in sales is that by prioritizing expansion of the support system rather than increasing the number of affiliated VTubers, the quality of distribution videos has improved, YouTube playback time has increased, and the number of fans of "Nijisanji" has increased. increased live streaming revenue. In addition, the commerce field grew significantly, and as the range of VTuber activities expanded and recognition increased, the number of client companies requesting corporate projects from "Nijisanji" increased, and the promotion field also grew significantly. There is a thing. In addition, our operating profit margin has improved significantly from the fiscal year ending April 2020 to the fiscal year ending April 2022, but the cost of sales recorded by the Company includes designers, engineers, and video production companies. It also includes costs that do not necessarily increase in proportion to sales growth, such as labor costs that have a cost-like nature, some outsourcing costs, and rent for distribution studios. In addition, costs included in selling, general and administrative expenses, such as personnel expenses other than cost items such as sales, business development, and management, rent, etc., do not necessarily increase in proportion to sales growth. will be the majority.

ÿ About our affiliated VTuber and fan community

In the VTuber group "Nijisanji", which consists of about 150 VTubers, users who have watched the video distribution of each VTuber can watch and By having contacts through the commerce, event, and promotion domains, we are working to establish these users as fans of "Nijisanji." In addition, our new VTuber debuts as a member of the "Nijisanji" group, making it possible to acquire fans by utilizing the existing fan community of "Nijisanji".

Diversification of earnings by Vtuber and stability

of the earnings base In addition to the attractiveness of VTubers as characters, they are also able to communicate with their fans through streaming. We believe that each VTuber has the characteristic of building a relationship with their fans. In addition, we recognize that our dependence on specific VTubers is low, and we operate with the support of a wide range of VTuber activities. It is reflected in the revenue diversification situation

is considered to be a financial report, and of the sales for the fiscal year ending April 2022, about 35% is earned by top 10 VTubers, and about 50% is from top 20 VTubers. It is the income earned by Due to this diversification of earnings, we believe that even if a specific VTuber were to retire, the impact on our earnings base would be limited, and the continuity and stability of our business would be high. increase. In addition, monthly sales (Note 1) per VTuber are 2,928,000 yen for the fiscal year ending April 2020, 6,178,000 yen for the fiscal year ending April 2021, and 10,829,000 yen for the fiscal year ending April 2022.

Stability in terms of the number of aspiring VTubers affiliated with our

company and the continuation rate We believe that the number of candidates will increase, which will lead to the maximization of the possibility of meeting more attractive talent. Through such encounters with new talent, we believe that we can attract more fans to "Nijisanji" and grow "Nijisanji" further as a brand in the VTuber industry. In fact, the number of audition applicants who wish to work as a live actor in "Nijisanji" is on the rise, with a total of more than 50,000 applicants up to the date of this book submission, with an average pass rate of 1%. It is a level that cuts . We believe that it is vital from the perspective of business continuity to have Nijisanji's VTubers continue their activities in a stable manner, and the retention rate for the fiscal year ending April 2022 is 98% (Note 2). As described in the above "1. Overview of the company, 3. Details of business (3) Details of our business fields," we provide a wide range of support for the activities of VTubers, so that rivers can work with peace of mind. We are striving to build a system.

(Note) 1. Sales per VTuber calculated by dividing the average monthly sales for each fiscal year by the number of VTubers at the end of each fiscal year height

2. The number of VTubers belonging to "Nijisanji" as of the end of April 2021 minus the number of VTubers belonging to "Nijisanji" who graduated during the period ending April 2022, as of April 2021. Calculated by dividing by

ÿ Potential for further growth of the VTuber market

The VTuber market is a market that has just been born, and we believe that the scale of the accessible market will continue to expand as the range of VTuber activities expands. Since around December 2016, VTuber is a term that has been used to refer to YouTubers who act as virtual entities. Our company started the activities of the VTuber group "Nijisanji" in February 2018, and since 2018, the number of VTubers who act as a group rather than individuals like our company has increased. VTubers have diversified their activities, such as the creation of VTubers in the market and the birth of VTubers for the purpose of corporate public relations. Against the backdrop of these developments, the number of active VTubers has exceeded 16,000, according to User Local Co., Ltd., and continues to grow to date (Note 1). As an example of growing interest in the VTuber market, the frequency of searches for the word "VTuber" on the Internet has continued to rise since 2017 (Note 2). We believe that this supports the height of the

In the live streaming field, we believe that the existing YouTube distribution and animation distribution markets (93 billion yen (Note 3)) are similar markets, and we believe that we can replace some of them. Similarly, we believe that content sales can replace part of the goods sales market (581.9 billion yen (Note 3)) in the domestic anime market, and events can replace part of the live market (29 billion yen (Note 3)) in the domestic anime market. We are here. In the promotion field, we believe that we can replace part of the Japanese video advertising market (420.5 billion yen (Note 4)). In addition, we believe that the accessible market will expand further as VTuber expands its activity area in the future. For example, VTubers are now able to access the domestic music market through their debut as singers, and the opportunities for VTubers to appear on TV are increasing. We believe that there is a possibility that the VTuber market will expand further by going forward.

(Note) 1. User Local Co., Ltd. "Virtual YouTuber surpasses 16,000 today (user local survey)

As of October 19, 2021)"

2. "VTuber" Google search interest transition in Google trend popularity trend 3. 4. Japan Animation Association "Anime Industry Report 2021" CyberAgent, Inc. "CyberAgent Releases Domestic Video Ad Market Research in 2021"

table"

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

ÿ Further expansion of the fan community in Japan starting with "Nijisanji"

We believe that the VTuber group "Nijisanji" is growing in Japan along with the development of the VTuber market. In the live streaming area, the increase in the number of VTubers has increased the delivery time, and interest in "Nijisanji" has increased.

While the viewers who have the securities report have feelings of empathy, attachment, and trust in VTuber through viewing, We believe that you will become a fan through two-way communication on YouTube's chat function. Also, in addition to the live streaming area, through contact points in the commerce and promotion areas, fans who are enthusiastic, supportive, and unique to our services are born and willing to pay for our services. We believe that these businesses are growing. On top of that, in order for our platform to continue to grow stably in the future, we must steadily increase the number of affiliated VTubers, improve the quality of VTubers to acquire fans, and improve the quality of VTubers to increase the influx of viewers. We believe that improving the number of contacts and image branding that attracts viewers is important. We are considering the following measures with the aim of acquiring new fans of "Nijisanji" in the future. (a) Steadily increasing the number of affiliated VTubers and strengthening training

Up to now, we have acquired many applicants for live streaming against the background of the expansion of fans of "Nijisanji", and by selecting attractive distributors from among those applicants, we will create popular VTubers. I have been focusing on that. Acquisition of attractive rivers forms the basis of our service expansion, and we will focus on cultivating them. In June 2021, we will open a VTuber training school called Virtual Talent Academy. At the stage prior to debuting the potential VTubers as VTubers, we provide training on the activities that individuals desire, such as distribution training, voice/singing training, dance/motion training, how to deal with fans, video editing, and strengthening studio utilization skills. We are thinking of strengthening the development function while taking into consideration the direction and other factors. On top of that, we will aim to develop a system to give priority to people who have grown as attractive VTubers through this process. In addition, by making such a training program available to existing rivers, we are thinking that it will contribute to raising the appeal of existing VTubers.

(b) Composition of VTubers belonging to our company

As of the date of this report, we manage about 150 VTubers, and each VTuber belongs to a group called "Nijisanji", but each VTuber basically carries out its own activities. is doing. In addition, the worldview and character design of individual VTubers, such as character settings, are not the same, but take a wide variety of forms. While I think that the fact that such a wide variety of VTubers belong to is one of the attractions of "Nijisanji," the group "Nijisanji" has an even wider range of fans. We are thinking of producing in a more unified way as a branding measure to get people interested in. Specifically, we are more conscious of the balance of the newly debuted VTubers. In the past, VTubers were the type of VTubers that had strengths in distribution and were centered on female characters. We are thinking of balancing each characteristic, such as a new comedy style.

(c) Focus on promotion "Nijisanji"

has not conducted large-scale promotions to expand its fans, and has expanded its fan base based on word-of-mouth from fans and topics on SNS, etc. I'm here. On the other hand, in order to acquire a wider fan base in the future, we are thinking of actively incorporating methods such as SNS marketing that emphasizes topicality, rather than chasing name recognition through large-scale promotions. We are here. Specifically, we are considering supporting the debut of new VTubers in the form of SNS promotions, and promoting existing VTubers in conjunction with appropriate advertisements, etc., in line with events, song releases, etc. .

(d) Live content distribution support and planning

Regarding the content of the live distribution, while entrusting it to the rivers from the perspective of ensuring the diversity of the content, we will reduce the burden on the rivers who have to continuously create content and keep fans interested. From the perspective of attracting interest, we believe that it is effective for the company to provide well-crafted content. In addition, from the perspective of supporting live distribution of live streams, we have obtained tie-ups with music labels and licenses from game companies.

ÿ Further growth of overseas expansion in the VTuber business

We believe that recognition in the world of VTuber is still in the developing stage. However, the anime market, which we believe is similar to the VTuber market, is a large global market. According to the Association of Japanese Animations, the overseas market for Japanese anime in 2020 is estimated to be approximately 1.2 trillion yen. (Note 1), and a market equivalent to the domestic market exists.

It is said that Considering these points, we believe that the overseas market for VTubers is potentially large. We are currently developing the VTuber business overseas, mainly in English-speaking countries and China. In the English-speaking world, mainly in North America, due to the popularity of YouTube and the popularity of anime, three VTubers will debut as the VTuber unit "Lazu Light" in May 2021. 20 VTubers are active in English-speaking countries. The basic concept of measures overseas is roughly the same as the strategy for the domestic VTuber business, but there are other strategies such as increasing awareness through advertising and SNS marketing, designing the worldview of VTubers, producing original music, and creating simple animations. We are promoting lowering the viewing hurdles for users by creating short videos that shorten the viewing time of users so that they can attract interest and interest through VTuber branding through production and can be enjoyed easily. I will come. In addition, as in Japan, we believe that securing drivers will be the basis of business expansion, so we will focus on securing future drivers while approaching people who are engaged in distribution activities overseas.

(Note) 1. Japan Animation Association "Anime Industry Report 2021"

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

We use net sales and each area as indicators of the realization of our corporate mission, sustainable growth, and improvement of corporate value. Separate sales, operating profit, and operating profit margin are positioned as important indicators for management. In addition, to expand sales, We believe that it is necessary to increase the number of Jisanji VTubers, YouTube playback time, and ANYCOLOR IDs. Below you will find our Trends in sales and operating income by service are posted, and these are growth potential and profitability expansion centered on a diverse earnings base. We believe that it indicates

Trends in performance and operating income by area

(Unit: thousand yen)

	Fiscal year ending April 2020	Fiscal year ending April 2021	Fiscal year ending April 2022
amount of sales	3,478,701	7,636,041	14,164,140
Domestic live streaming area	1,238,714	2,399,146	2,992,195
Domestic commerce area	1,519,334	3,355,358	6,638,400
Domestic event area	410,433	602,302	785,559
Domestic promotion area	262,994	1,037,759	2,269,832
NIJISANJI EN	-	-	1,126,843
Other areas (Note)	47,225	241,472	351,307
Operating income	44,267	1,452,015	4,191,075
(Operating margin)	(1.3%)	(19.0%)	(29.6%)

(Note) Other areas include the VTuber business in Indonesia, South Korea, and China.

Changes in KPIs

	Fiscal year ending April 2020	Fiscal year ending April 2021	Fiscal year ending April 2022
Number of VTubers (Japan)	99 people	103 people	109 people
Number of VTubers (English-speaking countries)			20 people
YouTube play time (Japan)	272	496	571
YouTube playback time (English-speaking countries) (million hours)			56
Number of ANYCOLOR IDs (10,000 accounts)			53

(5) Business issues that should be addressed with priority

The main issues that the Company should prioritize to address are as follows. Please let us know which financial issues should be addressed with priority. I'm sorry.

① Ensuring soundness of services

At our company, transmitting healthy content will contribute to the acquisition and accumulation of fans and client companies in the medium to long term. We are focusing on compliance training and content management for our rivers. increase. In addition, with the spread of SNS, etc., slander, etc. against creators on the Internet has become a social issue. It is a subject. We are strengthening the system to protect our affiliated rivers from such threats. I will continue.

(2) Increase awareness of services

In order for our company to maintain a high growth rate in the future, we will improve the recognition of VTuber and "Nijisanji" and continue. We believe that it is absolutely essential to acquire new fans. Through my activities so far, Although there is a certain degree of recognition among young people, mainly those in their late to early twenties, In order to acquire a wide range of fans, we will promote the expansion of marketing and public relations activities centered on SNS. increase.

③ Discovery and development of rivers

For our company, the training of affiliated rivers and the discovery of new rivers are the foundation of our business. I'm here. We provide support for the production of videos and content and the acquisition of corporate projects for our current partners. In addition, we will continue to further strengthen various support for increasing viewers and fans,

efforts such as improving the securities report factor design. In addition, in order to discover and nurture future drivers, we will pursue various possibilities, regardless of the form of auditions we have conducted so far.

γ Response to new technology

It is important for us to respond to new technologies in a timely manner, recognizing that the development of technology will enable expression in new ways in entertainment and that we will be able to evolve the experiences we can provide to our fans. I believe that this is an important issue. Therefore, the Company will actively make the necessary responses and investments to respond to new technologies that appear one after another in recent years, including VR and AR.

γ Recruitment and training of excellent human

resources We believe that it is important to employ excellent human resources in line with business expansion and to improve our organizational structure for the continuous growth of our company. In order to hire excellent human resources who empathize with our corporate mission and are highly motivated, we will actively recruit, create an environment where employees can work comfortably, and build a personnel system. We will continue to In addition, we will strive to enhance training systems, etc., in addition to training through work, in order to encourage employees to fully demonstrate their abilities after being hired.

γ Development of overseas markets

We are currently developing our VTuber business overseas, mainly in English-speaking countries and China. , We will strive to spread VTuber overseas. In addition, we will continue to consider the possibility of the VTuber business in countries and regions where we have not yet entered.

γ Reinforcement of information management system

We hold personal information about our affiliated drivers and customers, and we believe it is important to strengthen our information management. Going forward, we will continue to strictly enforce internal regulations, implement regular internal training for officers and employees, and work to improve information security systems, in an effort to further strengthen and thoroughly implement our information management system.

γ Further strengthening of internal control system

We recognize that improving the efficiency of our operations and further strengthening our internal control system according to the scale and risks of our business are important issues for our further growth. Going forward, we will continue to properly understand and analyze business risks, revise risk management regulations and compliance regulations, and enhance internal education to develop an appropriate internal control system.

2 [Business risks]

Among the matters related to the business situation, accounting situation, etc. described in this document, the matters that may have a significant impact on the decisions of investors are as follows. The Company fully recognizes the possibility of these risks occurring, and has a policy of striving to avoid them and respond to them if they do occur. We believe that it is necessary to carefully consider the matters described in the above. In addition, matters concerning the future in the text are based on judgments made by the Company as of the date of submission of this document, and do not cover all risks that may occur in the future.

(particularly important risks)

ÿ Reliance on video distribution platforms operated by other companies

Our live streaming domain provides services on video distribution platforms operated by other companies such as YouTube. However, if the contractual relationship with the other party is terminated due to the Company violating the terms of use, etc. of the operating company of the video distribution platform, and the Company's services cannot be developed on the video distribution platform, or if the video distribution platform loses its value as a video distribution medium due to a decrease in the number of users, it may affect our business and affect our business development, operating results and financial position. , we recognize that it is a particularly important risk, but we recognize that the risk of materialization is not high. In addition to the video distribution business, we are working to accumulate fans and secure revenue through content sales, events, etc. without relying solely on the video distribution platform. We believe that the ratio is not excessively high. In addition, without relying on a single platform, we have accumulated fans in various places such as SNS, and we have a system that allows us to change the video distribution platform.

ÿ About dependence on popular VTuber

In addition to debuting as a group, the VTuber group "Nijisanji" operated by our company has
By deepening ties with users through communication with VTubers, we recognize that we are less dependent on specific VTubers, and a wide range of VTubers are supported by many fans. On the other hand, in developing content and IP services, we are always aware of risks such as dependence on popular VTubers and the risk of not being able to create new popular VTubers. At the same time, we aim to maintain and expand the passion of the fan community. If a popular VTuber's river suspends or suspends activities, if VTuber activities are affected by scandals or flames, or if our company suppresses VTuber activities for reasons of management strategy, outsourcing with the river The contract period is limited and there is no guarantee that it can be renewed every time. may affect the reputation of our company or "Nijisanji", as well as our business development, operating results and financial condition. I understand that it is not expensive. As described in the above "Part 1 Overview of the Company, 3. Details of Business (3) Details of the Company's Business Fields,"

We support a wide range of VTuber activities and strive to build a system that allows rivers to work with peace of mind. In addition, it is difficult for a river to conduct activities as a VTuber belonging to "Nijisanji" independently from our company, and very few "Nijisanji" VTubers will retire in the fiscal year ending April 2022. We are here.

ÿ Reputation risk due to inappropriate content in video content

We strive to instruct our affiliated rivers not to distribute videos or engage in activities that lead to violations of public order and morals or infringement of intellectual property rights. In addition, if we become aware that a affiliated river is engaged in inappropriate activities as pointed out by a third party, we will endeavor to deal with it promptly. However, if the Company's response is inadequate, the reputation of the Company and its affiliated rivers may deteriorate, or it may lead to litigation or even disputes, which may affect the Company's business development, operating results, and financial position. We recognize that this is a particularly important risk that is possible, but we do not believe that the risk of materialization is high. We believe that transmitting healthy content will contribute to the acquisition and accumulation of fans and customer companies in the medium to long term, and we are focusing on compliance training and content management for our rivers. increase. We will continue to strengthen our system to protect our company and our affiliated rivers from reputational damage caused by distributing videos with inappropriate content.

(Significant risks)

(1) Risks related to the business

environment ̄ Internet environment, etc.

Our business mainly provides services through the Internet. Against the backdrop of the recent spread of smartphones and tablet devices, the environment for general users to use the Internet continues to improve, and services provided over the Internet and their use are on the rise. However, in the future, if telecommunications carriers' trends including tightening of regulations on Internet use, revision of usage fees, etc., and rapid technological innovation occur, there will be significant changes in general users' Internet usage trends and how they should be. In the event that the Company is unable to respond to these changes in the external environment, the Company's business development, operating results and financial position may be affected.

̄ About the growth potential of the VTuber industry

The VTuber business, which is our core business, forms part of the content market, and we believe that it is a market closely related to the anime market, especially from the perspective of the similarities of the business characteristics and fan base. We recognize that market trends may have an impact. With the spread of the Internet, the barriers between the creators who create content and the users who experience them have disappeared, and a culture of communication between creators and users and between users has been fostered through SNS. We believe that the VTuber market has great potential for growth. On the other hand, the Company's business domain is a relatively new market and the market itself is considered to be in the process of growth. We believe that it will continue to evolve while changing its definition and form. Recently, high charges by minors have become a problem. We are dealing with the problem. The Company intends to promote business development in response to changes in the market. In the event that such an event occurs, it may affect our business and affect our business development, operating results and financial condition. In addition, consumption trends in the product and service sector may be strongly influenced by the economic environment and social conditions, etc. Economic trends, employment conditions, tax systems, disasters, and other factors can have a significant impact on personal consumption and corporate advertising. In the event that an event affecting

(3) Trends of Competitors In the

VTuber market in which the Company is developing its business, in addition to VTuber specialist companies, there are many companies such as game companies and other entertainment companies, video distribution platform companies, and talent management companies. As a result, the competitive environment in the market is becoming increasingly severe. We have been supporting various activities for the rivers we have cultivated so far and continuously expanding the "Nijisanji" brand in the VTuber market. In addition, rather than utilizing existing characters and talents, the company has expanded its business by producing rivers, and has developed a wide range of services, not limited to video distribution, such as content sales, holding events, and acquiring corporate projects. This is our strength, and we believe that it will help us differentiate ourselves from potential competitors such as game companies and other entertainment companies, video distribution platform companies, and talent management companies, as well as other video content such as anime. I'm here. However, if these efforts by the Company do not produce the expected results, or due to the emergence of competitors developing services with more attractive and innovative features, fans may leave the services that the Company develops. In the event that such an event occurs, it may affect our business and affect our business development, operating results and financial condition.

ÿ Regarding the spread of new coronavirus infections

The global spread of COVID-19 has affected almost all companies that do business, and our company is no exception. As for the impact on our business, there was the cancellation of offline events, the accompanying suspension of sales of goods, and the extension of the negotiation period for some corporate projects. At present, the impact is limited due to measures such as moving forward to In addition, we believe that the increase in social telecommuting has had a positive impact, such as an increase in the amount of time spent watching videos in our business. However, even now, there is no clear forecast for when the infection of the new coronavirus infection will come to an end. It may affect business performance and financial condition.

(2) Risks related to business content

ÿ Agreement with Google LLC

Based on the contract with Google LLC, we license video content managed by us to Google LLC. and receive a fixed percentage of the revenue generated from such content. The contract is for a period of one year and will be automatically renewed for another year unless 30 days notice of termination is given. At present, there are no grounds for termination of the agreement, but the termination of the agreement may be due to insolvency such as bankruptcy of the Company, transfer of business, etc., or confidentiality or guarantee under the terms of the agreement. In addition, both parties may terminate the agreement by giving 30 days' notice. If the contract is canceled, it may affect our business and affect our business development, operating results and financial condition.

ÿ About overseas expansion

We are currently developing our VTuber business overseas, mainly in English-speaking countries and China. , We are working to spread VTuber overseas. We are also continuously considering the possibility of the VTuber business in countries and regions where we have not yet entered. However, the spread of VTuber in these countries and regions is subject to uncertainty, and language, geographical factors, various regulations including legal and tax systems, economic and political instability, cultural and user preferences, etc. There are various potential risks such as differences in business practices, exchange rate fluctuations, difficulty in securing human resources and drivers necessary for business development, and competitive risks with competitors that are competitive in each country and region. . If we are unable to manage such risks, our business development, results of operations and financial condition may be affected.

ÿ New business development

As an entertainment business next to the VTuber business, we are not limited to VTubers, but we are conducting business activities to provide customers with a "magical, new experience." We will continue to believe in the new possibilities of entertainment, actively create entertainment that has not yet existed in the world, and strive to grow such services to become the core of our business. However, we recognize that the launch and expansion of new businesses are more risky than existing businesses. In spite of meticulous market analysis and formulation of business plans, if circumstances differ from forecasts and progress does not proceed as planned, we will not be able to recover the investment funds, and our business development, operating results and financial position will be adversely affected. can have an impact.

ÿ Technological innovation

It is important for the Company to respond to new technologies in a timely manner, based on the recognition that technological development will enable new forms of expression in entertainment and that the experiences that can be provided to fans will evolve. I believe that this is an issue. Therefore, the Company will actively make the necessary responses and investments in order to respond to new technologies that appear one after another in recent years, including VR and AR. However, in the event that the technology of the business areas in which the Company is developing undergoes revolutionary changes, and in the event that the Company is unable to keep up with the trend, or in the event that the cost of responding to such changes is higher than expected, the Company may It may affect business performance and financial condition.

̣ About system trouble

Our business is primarily provided over the Internet, and our service infrastructure relies on telecommunications networks to connect to the Internet. In order to ensure stable service operation, we are strengthening our server facilities and building an internal system. However, factors unforeseeable by the Company, such as temporary overloading of the system, interruption of power supply, software defects, computer intrusion by computer viruses or unauthorized external means, natural disasters, accidents, etc. In the event that the system goes down due to an incident, or if an event outside the Company's system that adversely affects the user's access environment occurs, the Company's business development, operating results and financial position may be affected.

(3) Risks related to legal regulations, etc. ̣

Management of personal information

We hold personal information about our affiliated rivers and customers, and we believe that it is important to strengthen this information management. Going forward, we will continue to strictly enforce internal regulations, conduct regular internal training for officers and employees, and work to improve information security systems, thereby further strengthening and thoroughly implementing our information management system. However, in the unlikely event that information is leaked, the Company's business development, operating results and financial position may be affected due to the occurrence of damage compensation costs and loss of social credibility.

̣ Infringement of intellectual property rights and violation of public order and morals

The Company strives to acquire intellectual property rights related to the businesses it operates, and strives to protect trademarks, content, etc. owned by the Company. We are conducting compliance training for affiliated VTubers and monitoring distributed videos to prevent video distribution and activities that lead to harassment. However, if our intellectual property rights are not protected by a third party, or if a third party claims that our intellectual property rights have been infringed, we will not be liable for any costs or losses incurred in defending our claims or resolving disputes. may occur and affect our business development, operating results and financial condition.

(3) Risks related to the interpretation and application of laws and regulations regarding the Internet, applications,

etc. Our main business areas, video distribution on the Internet and various businesses that utilize liver, are new business types, so we cannot In relation to this, in addition to the copyright law, the current law regarding portrait rights, privacy rights, the Act on Specified Commercial Transactions, the Act against Unjustifiable Premiums and Misleading Representations, the Act on the Protection of Personal Information, and the tax laws related to video distribution. Controversies may arise in the interpretation and application of laws and regulations and rights, and as a result, the Company's business development, operating results and financial position may be affected.

(4) Risks related to company organization

̣ Dependence on Representative Director and CEO Riku Tazuno

Riku Tazuno, Representative Director and CEO, is the founder of the company and has served as the company's representative since its founding. Mr. He has a wealth of experience and knowledge regarding the development of the VTuber business, and plays an extremely important role in determining and executing management policies and business strategies. The Company is working to share information with officers and executives at the Board of Directors meetings, etc., and to strengthen the management organization, and is developing a management structure that does not rely excessively on Mr. Tanaka. If it becomes difficult to do so, it may affect our business development, operating results and financial condition.

(2) Risks related to human resources

We believe that it is important to employ excellent human resources in line with business expansion and to improve our organizational structure for the continuous growth of our company. In order to hire excellent human resources who empathize with our corporate mission and are highly motivated, we will actively recruit, create an environment where employees can work comfortably, and build a personnel system. We are doing In addition, in order to encourage employees to make full use of their abilities even after they are hired, we strive to enhance training systems, etc., in addition to training through work. However, due to intensifying competition to acquire human resources, changes in market needs, etc., there may be cases where it becomes difficult to acquire excellent human resources, such as hiring not progressing as expected, or current personnel may leave the company. In such a case, it may affect our business development, operating results and financial condition.

(3) Strengthening business structure and internal control system

We recognize that improving the efficiency of our operations and strengthening our internal control system according to the scale and risks of our business are important issues for our further growth. Going forward, we will continue to properly understand and analyze business risks, and work to establish an appropriate internal control system through the development of internal regulations and various manuals, and the enhancement of internal education. In addition, we have established and operate an internal control system to ensure the appropriateness of financial reporting based on laws and regulations.

(E37573) Securities Report It may affect your financial position. In addition, in the event that the Company's internal control system related to financial reporting does not function effectively, or if a serious deficiency occurs in the internal control system related to financial reporting, the reliability of the Company's financial reporting will be affected. There is a possibility.

(5) Business performance and financial

condition 1) Short history of the company

The Company is a relatively young company, having been established in May 2017, and is in the process of rapid growth. It is possible that we cannot obtain financial information for a sufficient period of time to make decisions, and past performance alone may not be sufficient as information for judging future performance. Also, since the overseas VTuber business is still in the investment stage, the figures themselves are limited especially in these areas.

ÿ Dividend policy

The Company considers the return of profits to shareholders, as well as the enhancement of its financial structure and securing of competitiveness, to be an important management issue. At present, we believe that the 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 shareholders. For this reason, we have not paid dividends since our founding, and our policy is to continue to increase internal reserves for the time being. 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 or timing of dividends.

(6) Others ÿ

Dilution of stock value due to exercise of stock acquisition rights

In addition to granting stock acquisition rights, we may continue to issue stock acquisition rights and other equity incentive plans to secure and retain excellent human resources. In the event that 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. If such stocks flow into the market all at once, it may affect the formation of an appropriate stock price. As of the filing date of this document, the number of potential shares underlying these stock acquisition rights is 2,572,500 shares, which is equivalent to 7.90% of the total number of issued and potential shares of 32,565,935 shares.

ÿ Use of funds

We plan to use the funds procured from the public offering at the time of listing on the stock to cover hiring expenses for business growth and personnel expenses due to an increase in personnel, in order to further expand our business. However, the business environment in the market to which the Company belongs may change rapidly, so even if the funds are used according to the initial plan, there is a possibility that the expected investment effect will not be obtained. In addition, due to changes in the market environment, there is a possibility that we will be forced to change the plan and use the proceeds for purposes other than the above.

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) Financial Status (Assets) Current assets at the end of the current fiscal year were 8,497,779,000 yen, an increase of 3,276,963,000 yen from the end of the previous fiscal year. This was mainly due to increases of 2,232,424,000 yen in cash and deposits, 674,295,000 yen in accounts receivable, and 361,841,000 yen in merchandise. Fixed assets were 855,546,000 yen, a decrease of 153,397,000 yen from the end of the previous fiscal year. This was mainly due to a decrease of 107,141,000 yen in security deposits. As a result, total assets were 9,353,326,000 yen, an increase of 3,123,566,000 yen from the end of the previous fiscal year.

(Liabilities) Current liabilities at the end of the current fiscal year were 2,724,494,000 yen, an increase of 590,514,000 yen from the end of the previous fiscal year. This was mainly due to an increase in income taxes payable of ¥592,195 thousand and a decrease in short-term loans payable of ¥200,000 thousand. Fixed liabilities decreased by 260,012,000 yen from the end of the previous fiscal year to 310,089,000 yen. This is due to a decrease of 260,012,000 yen in long-term borrowings. As a result, total liabilities increased by 330,502,000 yen from the end of the previous fiscal year to 3,034,583,000 yen.

(Net assets)

Total net assets at the end of the current fiscal year were 6,318,742 thousand yen, an increase of 2,793,063 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 2,793,063,000 yen. Due to the cancellation of treasury stock, other capital surplus decreased by 70,000,000 yen, retained earnings carried forward decreased by 55,640,000 yen, and treasury stock decreased by 125,640,000 yen.

② Operating results

As a company that provides new entertainment based on our corporate mission of "creating new, magical experiences," we are developing our business in the entertainment field centered on the operation of the VTuber group "Nijisanji." We are doing. During the fiscal year under review, the Japanese economy did not see an end to the COVID-19 pandemic, and while measures to mitigate the spread of epidemic prevention and mitigation measures to coexist with COVID-19 through vaccinations, etc., were beginning to spread. However, economic downturn factors such as soaring prices and turmoil in financial markets have become apparent, and the outlook remains uncertain. Even in such a situation, we will steadily promote business operations for fans, mainly online. In the domestic VTuber business, we continue to prioritize expanding the VTuber support system rather than increasing the number of VTubers that belong to us. There were 109 users (an increase of 6 people compared to the previous year), and YouTube playback time was 571 million hours (an increase of 15.1% compared to the previous year). In the domestic live streaming field, we are holding "Nijisanji Koshien" in August 2021 and "NJU Kayosai" in the year-end and New Year holidays of 2021, which have been well received by viewers. In the domestic commerce area, the live Blu-ray of the "Nijisanji Anniversary Festival 2021" held from February 27th to 28th, 2021 will be released in October, and some of the live bar costumes and accessories will be available. "Sonomanma Goods", which are based on the concept of making goods with the same design as they are, have been released one after another, and sales of these products and other products are doing well. Regarding the domestic event area, "Nijisanji AR STAGE" LIGHT UP TONES "" will be held completely online from July 31st to August 1st, 2021, and Yokohama will be held on October 30th and 31st of the same year. "NIJIROCK NEXT BEAT" and "initial step in NIJISANJI" will be held at Pia Arena, and "Kuzuha Birthday Event 'Scarlet Invitation'" will be held at Zepp Haneda on November 20th of the same year. In terms of the overseas VTuber business, we are focusing on expanding the VTuber business "NIJISANJI EN" in English-speaking countries.

I got it. As

a result of the above, the business results for the current fiscal year are sales of 14,164,140,000 yen (up 85.5% year on year), operating income of 4,191,075,000 yen (up 188.6% year on year), ordinary income of 4,149,013,000 yen (up 185.9% year on year), Net income was 2,793,063,000 yen (up 198.0% year on year). Since the Company has a single segment, the video content-related business, information by segment is omitted.

ÿ Cash flow status

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the current fiscal year increased by ¥2,232,424,000 from the end of the previous fiscal year to ¥5,860,698,000. 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 in the current fiscal year amounted to 2,718,495,000 yen (up 101.3% year on year). This was mainly due to the recording of profit before income taxes of 3,998,682,000 yen, while the increase in trade receivables of 674,295,000 yen, the payment of corporate tax, etc. of 633,049,000 yen, and the increase in inventories of 361,841,000 yen. It is due to what happened.

(Cash flow from investing activities) Funds

spent on investing activities in the current fiscal year amounted to 34,540,000 yen (down 95.4% year-on-year). This was mainly due to income of 27,000,000 yen from paid capital reduction of stocks of affiliated companies and income of 57,141,000 yen from collection of security deposits, while expenditure for acquisition of property, plant and equipment was 116,818,000 yen.

(Cash flow from financing activities) Funds

spent from financing activities in the current fiscal year amounted to 455,780,000 yen (income of 544,138,000 yen in the previous fiscal year). This was due to the repayment of short-term loans payable of 200,000 thousand yen and the repayment of long-term loans payable of 255,780 thousand yen.

4) Production, Orders and Sales Results a.

Production results

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

b. Product purchase results

Purchase results for the fiscal year under review are as follows.

Name of business area	Current fiscal year (From May 1, 2021 to April 30, 2022)	YoY (%)
Domestic commerce area (1,000 yen)	2,164,214	174.0
NIJISANJI EN (thousand yen)	26,547	-
Total (thousand yen)	2,190,761	177.3

(Note) Since the Company has only one segment, the video content-related business, the purchase results by business area are shown.

c. Order record

Since the period from receiving an order to providing services is generally short, we have omitted the description of the order status.

d. Sales performance

Sales results for the fiscal year under review are as follows.

Name of business area	Current fiscal year (From May 1, 2021 To April 30, 2022)	YoY (%)
Domestic live streaming area (1,000 yen)	2,992,195	124.7
Domestic commerce area (1,000 yen)	6,638,400	197.8
Domestic event area (thousand yen)	785,559	130.4
Domestic promotion area (1,000 yen)	2,269,832	218.7
NIJISANJI EN (thousand yen)	1,126,843	-
Other areas (thousand yen) (Note)	351,307	145.5
Total (thousand yen)	14,164,140	185.5

(Note) 1. Since the Company has a single segment, the video content-related business, sales results by business area are shown.

2. Other areas include the VTuber business in Indonesia, South Korea, and China.

3. The sales results by major customer and the ratio of the sales results to the total sales results for the last two fiscal years are as follows.

increase.

other party	Previous fiscal year (From May 1, 2020 To April 30, 2021)		Current fiscal year (From May 1, 2021 To April 30, 2022)	
	Amount (thousand yen)	Percentage (%)	Amount (thousand yen)	Percentage (%)
Google LLC	2,413,440	31.6	3,577,353	25.3
Sony Music Solutions Inc. 1,594,820		20.9	4,715,222	33.3
pixiv Inc.	1,214,222	15.9	985,111	7.0

(2) Recognition, analysis, and consideration of 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 concerning the future in this document are based on judgments made as of the date of submission of this document.

(i) Recognition, analysis, and consideration of the status of business performance, etc.

(amount of sales)

Sales for the current fiscal year were 14,164,140,000 yen (an increase of 85.5% year-on-year).

Regarding the analysis and examination of sales, please refer to "Section 2. Status of business, 3.

Analysis of cash flow status (1) Overview of operating results, etc.

I will.

(Cost of sales, gross profit)

The cost of sales for the current fiscal year was 8,179,805,000 yen (a 74.0% increase from the previous fiscal year).

The main factors are the expansion of the support system for affiliated VTubers, and the expansion of content areas such as real goods and digital goods.

This is due to the increase in production costs and payment compensation due to the expansion of the promotion area using VTuber. This tie As a result, gross profit was 5,984,334,000 yen (up 103.8% year-on-year).

(Selling, general and administrative expenses, operating income)

Selling, general and administrative expenses for the current fiscal year amounted to 1,793,259,000 yen (up 20.8% year-on-year).

This was mainly due to an increase in rent, personnel expenses, paid compensation, etc. due to office relocation. As a result, operating income was 4,191,075,000 yen (up 188.6% year-on-year).

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

Non-operating income of 1,491,000 yen and non-operating expenses of 43,552,000 yen were incurred in the current fiscal year.

The main factors were subsidy income of 1,140,000 yen and compensation for damages of 27,000,000 yen. As a result, Ordinary income was 4,149,013,000 yen (up 185.9% year on year).

(Extraordinary profit and loss, net income) An extraordinary loss of 150,331,000 yen was incurred due to event cancellation in the current fiscal year. As a result of adding 1,205,619,000 yen to tax expenses (corporate tax, inhabitant tax, enterprise tax, and deferred corporate tax, etc.), net income was 2,793,063,000 yen (up 198.0% year-on-year).

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. (i) 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.

2) Analysis of capital resources and liquidity of funds

The Company's working capital needs are primarily for cost of sales, such as compensation for its players and content production costs, and operating expenses, such as personnel expenses, rent, and other selling and general administrative expenses. Demand for funds for investment purposes includes installation of equipment for distribution studios and development costs for new services. The Company's basic policy is to ensure a stable source of liquidity and funds necessary for business operations. Short-term working capital is basically self-financed, and capital investment and long-term working capital procurement are basically self-financing and long-term borrowings from financial institutions. Our basic policy is to compare the amount of demand, usage, interest rate and cost of capital at the relevant timing, and then consider the order of priority before implementing. At the end of the 5th fiscal period (April 30, 2022), the balance of borrowings was 556,831 thousand yen, and the balance of cash and cash equivalents was 5,860,698 thousand yen.

(3) Factors that have a significant impact on operating results

Regarding factors that have a significant impact on business results, as described in "2. Business Status, 2. Business Risks," we recognize that various risk factors may affect our business results. We are here. In order to avoid the occurrence of these risk factors, we recognize that it is necessary to continuously strengthen our management base, such as strengthening the business we operate, increasing personnel, and stabilizing our financial base. .

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

For the management's awareness of issues and future policies, please refer to "2. Current Status of Business, 1. Management Policy, Management Environment, and Issues to be Addressed, etc."

γ 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 targets are described in Section 2. Business Status, 1. Management Policy, Management Environment, and Issues to be Addressed, etc. (4) Management Objective Management Indicators for Determining the Status of Target Achievement)", positioning sales, sales by area, operating income, and operating margin as key management indicators. We are here. In addition, we believe that increasing sales requires increasing the number of Nijisanji VTubers, YouTube playback time, and ANYCOLOR IDs. In the fiscal year ending April 2022, in our domestic VTuber business, in the domestic live streaming field, we will continue to prioritize expanding the VTuber support system over increasing the number of VTubers affiliated with us in the previous fiscal year. ``Jikoshien" and the ``NJU Kayosai" at the end of the year, which has been well received by viewers. name increase), YouTube playback time reached 571 million hours (up 15.1% year on year). In addition, in the domestic commerce area, the live Blu-ray of the "Nijisanji Anniversary Festival 2021" held from February 27th to 28th, 2021 will be released in October, and the costumes and decorations of the river will be released. We have been successively launching "Sonomanma Goods," which are based on the concept of transforming a part of a product into goods with the original design, and sales of these products are doing well.

4 [Important contracts, etc. for management]

(1) Business consignment contract with the river

Contract date	depends on the river
Contract name	Liver exclusive contract
name of the other party	Liver
Contract period	2 years from the contract conclusion date (with automatic renewal)
Contract overview	The river performs VTuber activities as an exclusive river of our company. Compensation: A certain rate is multiplied by the revenue earned by the Company from VTuber activities according to the content of each VTuber activity. Pay the river for stuff.

(2) Live2D usage contract

Contract date	December 11, 2018
Contract name	Live2D Publication License Agreement
name of the other party	Live2D Inc.
Contract period	1 year from the contract conclusion date (with automatic renewal)
Contract overview	Using the licensed SDK whose copyright is owned by Live2D Co., Ltd., we Video distribution on the platform. Compensation: Payment to Live2D Co., Ltd. of revenue obtained from the video distribution business multiplied by a certain rate Comments:

(3) Content management agreement on YouTube

Contract date	July 7, 2021 (due to contract renewal)
Contract name	CONTENT LICENSE AGREEMENT
name of the other party	Google LLC
Contract period	1 year from the contract conclusion date (with automatic renewal)
Contract overview	While we license the use of copyrighted video content, manage such content on YouTube using tools to receive the proceeds of the transaction.

(4) Business alliance agreement

Contract date	March 23, 2020
Contract name	Memorandum of Understanding on Business Alliance
name of the other party	Sony Music Solutions Inc.
Contract period	Completion date of investment by Sony Music Entertainment Inc. (April 10, 2020) day) to 3 years (with automatic renewal for 1 year). provided, however, that 18 months have passed since the effective date of the agreement. After that, the parties shall discuss the contents of this memorandum.
Contract overview	Live events under the name of the VTuber group "Nijisanji" (excluding those sponsored by third parties) to co-sponsor. Compensation: Prorate the income and expenses of the co-sponsored live event based on a certain co-sponsor ratio be.

5. Research and

Development Activities: Not applicable.

3. [Equipment status]

1. [Outline of capital investment, etc.] Not applicable.

2 [Status of major facilities]

As of April 30, 2022

Office name (location)	Contents of equipment	book value				Number of employees (people)
		Building (thousand yen)	Tools, equipment and fixtures (1,000 yen)	Software (thousand yen)	Total (thousand yen)	
Head office Head office and studio (Minato-ku, Tokyo) (Note) 1. No major facilities are currently public use is intended.		136,026	91,484	8,410	235,920	230 <small>(twenty five)</small>

annual rent is 520,605,000 yen. 3. The number of employees is the number of

employees (full-time employees and contract employees), and the number of temporary employees (part-timers) is the annual average number of employees in parentheses.

4. Since the Company has only one segment, the video content-related business, descriptions by segment are omitted.

3. Plans for new installation and removal of facilities

There are no plans to install or retire important facilities, except for new installation or retirement for regular renewal of facilities.

Part 4 [Status of Submitting Company]

1 [Status of Shares, etc.]

(1) [Total number of shares, etc.]

(1) [Total number of shares]

type	Total number of authorized shares (shares)
common stock	115,000,000
Total	115,000,000

(2) [Issued shares]

type	Issued as of the end of the fiscal year (shares) (April 30, 2022)	Number of shares issued as of date of submission (July 29, 2022)	Name of listed financial instruments exchange or name of registered financial instruments business association	content
common stock	29,943,435	29,993,435	Tokyo Stock Exchange Growth Market (as of filing date)	It is a stock with full voting rights and is the standard stock of the Company with no restrictions on the content of rights, and the number of shares constituting one unit is 100 shares.
Total	29,943,435	29,993,435	-	-

(Note) Our shares were listed on the Tokyo Stock Exchange Growth Market on June 8, 2022.

(2) [Status of stock acquisition rights, etc.]

(1) [Contents of stock option system] Stock acquisition

rights issued in accordance with the Companies Act are as follows.

2nd Stock Acquisition Rights

Resolution date	Extraordinary General Meeting of Shareholders Resolution: February 21, 2019
Category and number of grantees (persons)	External collaborators 1
Number of Stock Acquisition Rights (Units) *	69 (Note 1)
Type, content and number of shares (shares) to be issued upon exercise of stock acquisition rights *	Common stock 103,500 (Notes 1, 6)
Amount to be paid upon exercise of subscription rights to shares (yen) *	27 (Note) 2, 6
Exercise period of stock acquisition rights *	From February 22, 2019 to February 21, 2029 However, if the final day of the exercise period falls on a holiday of the Company, the final day will be the preceding business day. Issue price 27 Amount
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	incorporated into capital 13.5 (Note 6)
Conditions for exercising subscription rights to shares *	(Note) 3
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring * (Note 5)	

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the end of the month before the submission date (June 30, 2022), the contents as of the end of the month before the submission date are indicated in brackets [], and other matters. There is no change from the content as of the last day of the current fiscal year.

(Note) 1. In the event that the Company conducts a stock split or consolidation of common stock, the number of underlying shares for each unexercised subscription right to shares shall be adjusted according to the following formula, resulting in 100 per share resulting from the adjustment. Fractions less than one-third will be rounded down and no monetary adjustments will be made. Number of purpose shares after adjustment = number of purpose shares before adjustment x ratio of split/consolidation

In addition, in the event that the Company issues or disposes of shares for subscription by way of shareholder allotment, in the event of a gratis allotment of shares, in the event of a merger, in the event of a share exchange, in the event of a company split, or in other cases deemed necessary, the Company shall adjust the number of shares for the purpose of each Stock Acquisition Right as it deems appropriate.

2. If the Company splits or consolidates common shares, or issues common shares through gratis allotment, the exercise price of unexercised stock acquisition rights shall be adjusted according to the following formula. Fractions of less than one yen resulting from this shall be rounded up.

$$\text{Post-adjustment exercise price} = \frac{1}{\text{Pre-adjustment exercise price} \times \text{Split/consolidation/gratis allotment ratio}}$$

We will adjust the permissible exercise price.

3. The conditions for exercising stock acquisition rights are as follows.

(1) The exercise of the Stock Acquisition Rights shall be subject to the condition that the acquisition reasons described in (Note 4) do not occur for the Stock Acquisition Rights or right holders to be exercised, and Exercise of subscription rights to shares shall not be permitted. However, this does not apply if the Company specifically approves the exercise.

(2) Exercise of the Stock Acquisition Rights is subject to the condition that the right holder is still alive. shall not be continued and the Stock Acquisition Rights shall not be exercised.

(3) Rights holders may not exercise the Stock Acquisition Rights until the stock of the Company is listed on any of the financial instruments exchanges. However, this does not apply if the Company specifically approves the exercise. (4) Stock acquisition rights shall be exercised in units of one stock acquisition right, and partial exercise of each stock acquisition right shall not be permitted. and

(5) Notwithstanding the content of (3) above, the right holder shall, with respect to the acquisition of the Company, make a resolution or decision (hereinafter referred to as the "Purchase Decision"), and if the Company approves the exercise of the stock acquisition rights at the same time as the purchase decision or within 10 days from the purchase decision (hereinafter referred to as the "exercise decision at the time of acquisition"), Thereafter, the number of Stock Acquisition Rights approved by the Company may be exercised only during the period during which the Company has approved the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Period at Acquisition"). . "Acquisition of the Company" means any of the following cases, and the same shall apply hereinafter.

(i) Acquisition of more than 50% of the total voting rights of the Company's issued shares by a specific third party by itself and by its subsidiaries and affiliates; "Subsidiary" and "affiliated company" are defined in Article 8 of the Ordinance Concerning Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No. 59 of 1963, including subsequent amendments). means "Subsidiary" and "Affiliate".

2) Due to the merger of the Company with another company, the total number of voting rights held by all shareholders of the Company immediately prior to the merger with respect to the post-merger company will be 50% of the total number of voting rights of the issued shares of the post-merger company. be less than (iii) As a result of the Company conducting a share exchange with another company, the total number of voting rights held by all shareholders of the Company immediately before the share exchange in relation to the wholly owning parent company after the share exchange will be equal to the issued shares of the wholly owning parent company after the share exchange. be less than 50% of the total voting rights of

(4) As a result of the Company carrying out a share transfer with another company, the total number of voting rights held by all shareholders of the Company immediately before the share transfer in relation to the wholly owning parent company after the share transfer will be equal to the issued shares of the wholly owning parent company after the share transfer. be less than 50% of the total voting rights of

ÿ Transferring all or substantially all of our business to a third party due to business transfer or company split.

4. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) In the event that the acquisition of the Company has been approved or decided by the General Meeting of Shareholders or other bodies of the Company as required by law or under the Articles of Incorporation of the Company, the exercise decision at the time of acquisition based on the contents of (Note 3) (5) is not exercised or the Stock Acquisition Rights are not exercised within the exercise period at the time of acquisition, the Company may acquire the Stock Acquisition Rights free of charge. (2) In the event of any of the following events, the Company may acquire the unexercised Stock Acquisition Rights without compensation. Wear.

(1) If the right holder is sentenced to imprisonment or severer punishment. In the event of competition with the Company or its subsidiaries regardless of the situation. except with the prior written approval of the Company.

ÿ If the right holder has damaged the credibility of the Company or its subsidiaries due to legal violations or other wrongful acts. if

ÿ The right holder has suspended payment or becomes insolvent, or the draft or check drawn or accepted is invalid. In case of migration

ÿ Commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation proceedings, etc. When a petition for the commencement of similar procedures is filed ÿ When a resolution for dissolution is made for the right holder ÿ When the right holder belongs to anti-social forces means a group or individual who pursues economic interests by using force or fraudulent means; the same shall apply hereinafter).

or is found to have some sort of interaction or involvement with anti-social forces through the provision of funds, etc.

(3) If the rights holder holds the status of a director, auditor, or employee of the Company or a subsidiary (including cases where such status has been obtained after the issuance of the stock acquisition rights), any of the following applies: If an event occurs, the Company may acquire the unexercised Stock Acquisition Rights without consideration. If the right holder falls under any disciplinary action stipulated in the Company's or subsidiary's employment regulations that apply to him/herself If the right holder violates his or her obligations to the Company or its subsidiaries, such as the duty of loyalty as a director

5. An absorption-type merger or consolidation-type merger in which the Company becomes a dissolving company, an absorption-type or incorporation-type company split in which the Company becomes a splitting company, or a share exchange or share transfer in which the Company becomes a wholly-owned subsidiary (hereinafter collectively referred to as "organizational restructuring acts"), the holders of the Stock Acquisition Rights remaining immediately before the effective date of the organizational restructuring will be transferred to the surviving company or newly established company in the merger, the succeeding company in the company split or the newly established company, depending on the procedure. Stock Acquisition Rights of a company or a wholly-owning parent company in a share exchange or share transfer (in any case limited to a stock company; hereinafter collectively referred to as the "Company Subject to Restructuring"), shall be issued in accordance with the following policy. increase. However, this shall be limited to cases where the contract or plan pertaining to the organizational restructuring stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the policy below. (1) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered The same number of Stock Acquisition Rights as the number of Stock Acquisition Rights held by each right holder shall be delivered.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be issued Common shares of the restructuring company. (3) Number of shares of the reorganized company for which stock acquisition rights are exercised

Determined in accordance with the description in (Note 1), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of subscription rights to shares or calculation method thereof

The post-reorganization exercise price, which is obtained by adjusting the exercise price described in (Note 2), taking into account the conditions of the reorganization, etc. The amount shall be multiplied by the number of shares of a certain company subject to restructuring. (5) Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Conditions for exercising rights, reasons for acquisition, and other details of stock acquisition rights

It shall be stipulated in the contract or plan related to the organizational restructuring in accordance with the content of the Stock Acquisition Rights. (7) Restrictions on transfer of subscription rights to shares

The transfer of stock acquisition rights shall be subject to the approval of the board of directors of the restructuring company (in the case of a company without a board of directors, the general meeting of shareholders). (8) Handling at the time of organizational restructuring To be determined in accordance with the contents of (1) to (7) above. 6. On January 5, 2022, the Board of Directors resolved on December 1, 2021 to conduct a 15-for-1 stock split of our common stock. As a result, the "class, content 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 number of shares to be issued upon The capitalization amount has been adjusted.

3rd Stock Acquisition Rights

Resolution date	Resolution of the Ordinary General Meeting of Shareholders: July 26, 2019 Resolution of the Board of Directors: July 26, 2019
Category and number of grantees (persons)	Company employee 7
Number of Stock Acquisition Rights (Units) *	85 (Note 1)
Type, details and number of shares (shares) to be issued upon exercise of stock acquisition rights *	Common stock 127,500 (Notes 1, 6)
Amount to be paid upon exercise of subscription rights to shares (yen) *	210 (Note) 2, 6
Exercise period of stock acquisition rights *	From July 29, 2019 to July 28, 2029 However, if the final day of the exercise period falls on a holiday of the Company, the final day will be the preceding business day. Issue price 210 Amount incorporated into
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	capital 105 (Note 6)
Conditions for exercising subscription rights to shares *	(Note) 3
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring *	(Note 5)

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. In the event that the Company conducts a stock split or consolidation of common stock, the number of underlying shares for each unexercised subscription right to shares shall be adjusted according to the following formula, resulting in 100 per share resulting from the adjustment. Fractions less than one-third will be rounded down and no monetary adjustments will be made. Number of purpose shares after adjustment = number of purpose shares before adjustment x ratio of split/consolidation

In addition, in the event that the Company issues or disposes of shares for subscription by way of shareholder allotment, in the event of a gratis allotment of shares, in the event of a merger, in the event of a share exchange, in the event of a company split, or in other cases deemed necessary, the Company shall adjust the number of shares for the purpose of each Stock Acquisition Right as it deems appropriate. 2. If the Company splits or consolidates common shares, or issues common shares through gratis allotment, the exercise price of unexercised stock acquisition rights shall be adjusted according to the following formula. Fractions of less than one yen resulting from this shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation/gratis allotment ratio}}$$

We will adjust the permissible exercise price.

3. The conditions for exercising stock acquisition rights are as follows.

- (1) The exercise of the Stock Acquisition Rights shall be subject to the condition that the acquisition reasons described in (Note 4) do not occur for the Stock Acquisition Rights or right holders to be exercised, and Exercise of subscription rights to shares shall not be permitted. However, this does not apply if the Company specifically approves the exercise.
- (2) Exercise of the Stock Acquisition Rights is subject to the condition that the right holder is still alive. shall not be continued and the Stock Acquisition Rights shall not be exercised.
- (3) Rights holders may not exercise the Stock Acquisition Rights until the stock of the Company is listed on any of the financial instruments exchanges. However, this does not apply if the Company specifically approves the exercise. (4) Stock acquisition rights shall be exercised in units of one stock acquisition right, and partial exercise of each stock acquisition right shall not be permitted.
and
- (5) Notwithstanding the content of (3) above, the right holder shall, with respect to the acquisition of the Company, make a resolution or decision (hereinafter referred to as the "Purchase Decision"), and if the Company approves the exercise of the stock acquisition rights at the same time as the purchase decision or within 10 days from the purchase decision (hereinafter referred to as the "exercise decision at the time of acquisition"), Thereafter, the number of Stock Acquisition Rights approved by the Company may be exercised only during the period during which the Company has approved the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Period at Acquisition"). "Acquisition of the Company" means any of the following cases, and the same shall apply hereinafter.
 - (i) Acquisition of more than 50% of the total voting rights of the Company's issued shares by a specific third party by itself and by its subsidiaries and affiliates; "Subsidiary" and "affiliated company" refer to terms, formats, and preparation methods for financial statements, etc.

"Subsidiaries" and "affiliates" as defined in Article 8 of the Ordinance (Ministry of Finance Ordinance No. 59 of 1963, including subsequent amendments).

(2) Due to the merger of the Company with another company, the total number of voting rights held by all shareholders of the Company immediately prior to the merger with respect to the post-merger company will be 50% of the total number of voting rights of the issued shares of the post-merger company. be less than (iii) As a result of the Company conducting a share exchange with another company, the total number of voting rights held by all shareholders of the Company immediately before the share exchange in relation to the wholly owning parent company after the share exchange will be equal to the issued shares of the wholly owning parent company after the share exchange. be less than 50% of the total voting rights of

(4) As a result of the Company carrying out a share transfer with another company, the total number of voting rights held by all shareholders of the Company immediately before the share transfer in relation to the wholly owning parent company after the share transfer will be equal to the issued shares of the wholly owning parent company after the share transfer. be less than 50% of the total voting rights of

ÿ Transferring all or substantially all of our business to a third party due to business transfer or company split.

4. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) In the event that the acquisition of the Company has been approved or decided by the General Meeting of Shareholders or other bodies of the Company as required by law or under the Articles of Incorporation of the Company, the exercise decision at the time of acquisition based on the contents of (Note 3) (5) is not exercised or the Stock Acquisition Rights are not exercised within the exercise period at the time of acquisition, the Company may acquire the Stock Acquisition Rights free of charge. (2) If the right holder loses any of the following statuses, the Company may acquire the unexercised Stock Acquisition Rights free of charge.
can be done.

ÿ The Company or its subsidiary (meaning the Company's subsidiary as stipulated in Article 2, Item 3 of the Companies Act, hereinafter simply referred to as "subsidiary")
cormorant.) director or auditor

(2) Employees of the Company or its

subsidiaries (3) Advisors, advisors, consultants, and other persons who have a continuous contractual relationship with the Company or its subsidiaries, regardless of the name, such as mandate or contract (3) Fall under any of the following If any event occurs, the Company may acquire the unexercised Stock Acquisition Rights without compensation.

Wear.

(1) If the right holder is sentenced to imprisonment or severer punishment. In the event of competition with the Company or its subsidiaries regardless of the situation.
except with the prior written approval of the Company.

ÿ If the right holder has damaged the credibility of the Company or its subsidiaries due to legal violations or other wrongful acts.
if

ÿ The right holder has suspended payment or becomes insolvent, or the draft or check drawn or accepted is invalid.
In case of migration

ÿ Commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation proceedings, etc.

When a petition for the commencement of similar procedures is filed ÿ When a resolution for dissolution is made for the right holder ÿ When the right holder belongs to anti-social forces means a group or individual who pursues economic interests by using force or fraudulent means; If found

(4) If the rights holder has the status of a director, auditor, or employee of the Company or a subsidiary (including cases where such status has been obtained after the issuance of the stock acquisition rights), any of the following applies: If an event occurs, the Company may acquire the unexercised Stock Acquisition Rights without consideration. ÿ If the right holder falls under any disciplinary action stipulated in the Company's or subsidiary's employment regulations that apply to him/herself ÿ If the right holder violates his or her obligations to the Company or its subsidiaries, such as the duty of loyalty as a director

5. An absorption-type merger or consolidation-type merger in which the Company becomes a dissolving company, an absorption-type or incorporation-type company split in which the Company becomes a splitting company, or a share exchange or share transfer in which the Company becomes a wholly-owned subsidiary (hereinafter collectively referred to as "organizational restructuring acts").), the holders of the Stock Acquisition Rights remaining immediately before the effective date of the organizational restructuring will be transferred to the surviving company or newly established company in the merger, the succeeding company in the company split or the newly established company, depending on the procedure. Stock Acquisition Rights of a company or a wholly-owning parent company in a share exchange or share transfer (in any case limited to a stock company; hereinafter collectively referred to as the "Company Subject to Restructuring"), shall be issued in accordance with the following policy. increase. However, this shall be limited to cases where the contract or plan pertaining to the organizational restructuring stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the policy below. (1) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered The same number of Stock Acquisition Rights as the number of Stock Acquisition Rights held by each right holder shall be delivered.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be issued Common shares of the restructuring company.

(3) Number of shares of the reorganized company for which stock acquisition rights are exercised

Determined in accordance with the description in (Note 1), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of subscription rights to shares or calculation method thereof

The post-reorganization exercise price, which is obtained by adjusting the exercise price described in (Note 2), taking into account the conditions of the reorganization, and the purpose of the stock acquisition rights determined according to (3) above. The amount shall be multiplied by the number of shares of a certain company subject to restructuring. (5) Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Conditions for exercising rights, reasons for acquisition, and other details of stock acquisition rights

It shall be stipulated in the contract or plan related to the organizational restructuring in accordance with the content of the Stock Acquisition Rights. (7) Restrictions on transfer of subscription rights to shares

The transfer of stock acquisition rights shall be subject to the approval of the board of directors of the restructuring company (in the case of a company without a board of directors, the general meeting of shareholders). (8) Handling at the time of organizational restructuring To be determined in accordance with the contents of (1) to (7) above. 6. On January 5, 2022, the Board of Directors resolved on December 1, 2021 to conduct a 15-for-1 stock split of our common stock. As a result, the "type, content and number of shares to be issued upon exercise of stock acquisition rights"

of

Amount to be paid at the time of exercise" and "issue price and capitalization amount for issuance of shares upon exercise of subscription rights to shares" have been adjusted.

4th Stock Acquisition Rights

Resolution date	Extraordinary General Meeting of Shareholders Resolution: September 26, 2019 Board of Directors Resolution: September 19, 2019
Category and number of grantees (persons)	Company director 1
Number of Stock Acquisition Rights (Units) *	30,000 (Note 2)
Type, details and number of shares (shares) to be issued upon exercise of stock acquisition rights *	Common stock 450,000 (Notes 2, 7)
Amount to be paid upon exercise of subscription rights to shares (yen) *	210 (Note) 3, 7
Exercise period of stock acquisition rights *	October 31, 2019 - October 30, 2029
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	Issue price 213.07 Capitalization 106.54 (Note 7)
Conditions for exercising subscription rights to shares *	(Note) 4
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring *	(Note 6)

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. The Stock Acquisition Rights are issued for a value of 55 yen per Stock Acquisition Right.

2. The number of shares to be issued upon exercise of one Stock Acquisition Right (hereinafter referred to as the "Number of Shares Granted") is one share of common stock of the Company. However, 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 number of shares to be granted shall be adjusted according to the following formula. increase. Such adjustment will 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 will be rounded down. shall be

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of split (or consolidation)}$$

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 granted shall be adjusted accordingly.

3. If the Company conducts a stock split or a stock consolidation after the allotment date of the Stock Acquisition Rights, the exercise price will be adjusted according to the following formula. Fractions of less than one yen due to adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{adjustment} \times \text{Split (or consolidation) ratio}}$$

In addition, if the Company issues new shares or disposes of treasury stock at a price lower than the market price of the Company's common stock after the allotment date of the stock acquisition rights (issuance of new shares and disposal of treasury stock based on the exercise of stock acquisition rights and (Excluding the case of transfer of treasury stock through exchange), the exercise price shall be adjusted according to the following formula, and fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Market price per share before new issuance} \times (\text{Number of shares already issued} + \text{Number of newly issued shares})}$$

above formula, "number of shares already issued" means the total number of issued shares of common stock of the Company to the number of treasury shares of common stock of the Company. In addition, when disposing of treasury stock related to common stock of the Company, the "number of newly issued shares" shall be read as "the number of treasury stock to be disposed of". In addition to the above, if the Company merges with another company after the allotment date of the Stock Acquisition Rights, if it conducts a company split, or if it is necessary to adjust the exercise price in accordance with these cases, the Company will: The exercise price may be adjusted appropriately within a reasonable range.

4. The conditions for exercising stock acquisition rights are as follows.

(1) Persons to whom stock acquisition rights have been allotted (hereinafter referred to as "stock acquisition right holders") shall apply for the listing of the common stock of the Company on any financial instruments exchange in Japan. is approved by the board of directors, and the largest shareholder of the Company sells all or part of the Company's common stock held by him to a third party (excluding the case where the shares are sold in association with or after being listed on a commodity exchange), or in exchange for all or part of Stock acquisition rights may be exercised only when other assets, etc. are delivered. However, this

This does not apply if the Company recognizes that there is a justifiable reason such as a procedural need to exercise the stock acquisition rights immediately before falling under any of the above.

(2) If any of the following events occur between the allotment date of the Stock Acquisition Rights and the expiration date of the exercise period, the Stock Acquisition Rights Holders may cancel all remaining Stock Acquisition Rights. rights cannot be exercised. (1) When the Company common stock is issued at a price lower than 3,140 yen (however, it shall be adjusted appropriately in the same manner as the exercise price stated in (Note 3)) (however, If the paid-in amount is a "particularly advantageous amount" as stipulated 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, (This excludes cases where the issuance, etc. is based on a shareholder allotment.)

(ii) When stock acquisition rights are issued with an exercise price lower than 3,140 yen (however, this shall be adjusted appropriately in the same manner as the exercise price described in (Note 3)) (however, (Excluding the case where the exercise price is set at a price different from the stock price of the Company's common stock at the time of issuance of the stock acquisition rights.) 3) If the common stock of the Company underlying the Stock Acquisition Rights is not listed on any financial instruments exchange in Japan, ¥3,140 when the Company's common stock is traded or otherwise traded at a price lower than the current price (which is deemed to be significantly lower than the stock price at the time of the transaction for the purpose of capital policy, etc.). unless the transaction was made at a price). (iv) If the common stock of the Company, which is the subject of the Stock Acquisition Rights, is listed on any financial instruments exchange in Japan, the closing price of the common stock of the Company on such financial instruments exchange will be 3,140 after the listing date. When the price falls below yen (however, it shall be adjusted appropriately in the same manner as the exercise price described in (Note 3)).

(3) Holders of subscription rights to shares must be directors, auditors or employees of the Company or affiliated companies of the Company even when exercising the rights. However, this shall not apply in cases where the Company 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 heirs of 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 total number of issuable shares at that time, the Stock Acquisition Rights may not be exercised.

(6) Less than one Stock Acquisition Right may not be exercised. 5. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) A merger agreement in which the Company will be the dissolved company, a split agreement or plan for a company split in which the Company will be the splitting company; Or, if the share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary is approved by the general meeting of shareholders (if the approval of the general meeting of shareholders is not required, then by resolution of the board of directors), With the advent of , all of the Stock Acquisition Rights can be acquired without consideration.

(2) If the stock acquisition rights cannot be exercised due to the details described in (Note 4) before the stock acquisition rights holders exercise their rights, the Company shall acquire the stock acquisition rights free of charge. can be done. 6. When the Company conducts a merger (limited to cases where the Company is dissolved due to a merger), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer (hereinafter collectively referred to as "organizational restructuring"), On the effective date of the reorganization, in each case, the stock acquisition right holders will be notified of the shares listed in Article 236, Paragraph 1, Item 8, A through E of the Companies Act (hereinafter referred to as the "Company Subject to Reorganization"). Stock Acquisition Rights will be delivered based on the following conditions. However, if it is stipulated in the 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 that the stock acquisition rights of the restructuring company will be delivered in accordance with the following conditions: shall be limited. (1) Number of Stock Acquisition Rights of the Restructured Company to be Issued The same number of stock acquisition rights as the number of stock acquisition rights held by the holders of stock acquisition rights shall be issued.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be issued Common shares 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 (Note 2), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of stock acquisition rights The amount obtained by multiplying the post-reorganization exercise price obtained by adjusting the stated exercise price by the number of shares of the reorganized company that are the subject of the stock acquisition rights determined in accordance with (3) above. (5) Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Restrictions on transfer of subscription rights to shares

Restrictions on acquisition by transfer shall require approval by resolution of the board of directors of the restructuring company (if the company is not a company with a board of directors, the general meeting of shareholders). (7) Other conditions for exercising subscription rights to shares

Determined according to the description in (Note 4).

(8) Reasons and conditions for acquisition of stock acquisition rights

Determined according to the description in (Note 5).

(9) Other conditions shall be determined according to the conditions of the restructuring company. 7. On January 5, 2022, the Board of Directors resolved on December 1, 2021 to conduct a 15-for-1 stock split of our common stock. As a result, the "class, content 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 number of shares to be issued upon The capitalization amount has been adjusted.

5th Stock Acquisition Rights

Resolution date	Extraordinary General Meeting of Shareholders Resolution: June 10, 2020 Board of Directors Resolution: May 20, 2020
Category and number of grantees (persons)	Company employee 7
Number of Stock Acquisition Rights (Units) *	9,500 (Note 1)
Type, details and number of shares (shares) to be issued upon exercise of stock acquisition rights *	Common stock 142,500 (Notes 1, 6)
Amount to be paid upon exercise of subscription rights to shares (yen) *	210 (Note) 2, 6
Exercise period of stock acquisition rights *	From June 30, 2020 to June 29, 2030 However, if the final day of the exercise period falls on a holiday of the Company, the final day will be the preceding business day. Issue price 210 Amount incorporated into
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	capital 105 (Note 6)
Conditions for exercising subscription rights to shares *	(Note) 3
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring * (Note 5)	

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. In the event that the Company conducts a stock split or consolidation of common stock, the number of underlying shares for each unexercised subscription right to shares shall be adjusted according to the following formula, resulting in 100 per share resulting from the adjustment. Fractions less than one-third will be rounded down and no monetary adjustments will be made. Number of purpose shares after adjustment = number of purpose shares before adjustment x ratio of split/consolidation

In addition, in the event that the Company issues or disposes of shares for subscription by way of shareholder allotment, in the event of a gratis allotment of shares, in the event of a merger, in the event of a share exchange, in the event of a company split, or in other cases deemed necessary, the Company shall adjust the number of shares for the purpose of each Stock Acquisition Right as it deems appropriate. 2. If the Company splits or consolidates common shares, or issues common shares through gratis allotment, the exercise price of unexercised stock acquisition rights shall be adjusted according to the following formula. Fractions of less than one yen resulting from this shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Split/consolidation/gratis allotment ratio}}$$

We will adjust the permissible exercise price.

3. The conditions for exercising stock acquisition rights are as follows.

- (1) The exercise of the Stock Acquisition Rights shall be subject to the condition that the acquisition reasons described in (Note 4) do not occur for the Stock Acquisition Rights or right holders to be exercised, and Exercise of subscription rights to shares shall not be permitted. However, this does not apply if the Company specifically approves the exercise.
- (2) Exercise of the Stock Acquisition Rights is subject to the condition that the right holder is still alive.
shall not be continued and the Stock Acquisition Rights shall not be exercised.
- (3) Rights holders may not exercise the Stock Acquisition Rights until the stock of the Company is listed on any of the financial instruments exchanges. However, this does not apply if the Company specifically approves the exercise. (4) Stock acquisition rights shall be exercised in units of one stock acquisition right, and partial exercise of each stock acquisition right shall not be permitted.
and
- (5) Notwithstanding the content of (3) above, the right holder shall, with respect to the acquisition of the Company, make a resolution or decision (hereinafter referred to as the "Purchase Decision"), and if the Company approves the exercise of the stock acquisition rights at the same time as the purchase decision or within 10 days from the purchase decision (hereinafter referred to as the "exercise decision at the time of acquisition"), Thereafter, the number of Stock Acquisition Rights approved by the Company may be exercised only during the period during which the Company has approved the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Period at Acquisition"). "Acquisition of the Company" means any of the following cases, and the same shall apply hereinafter.
 - (i) Acquisition of more than 50% of the total voting rights of the Company's issued shares by a specific third party by itself and by its subsidiaries and affiliates; "Subsidiary" and "affiliated company" refer to terms, formats, and preparation methods for financial statements, etc.

"Subsidiaries" and "affiliates" as defined in Article 8 of the Ordinance (Ministry of Finance Ordinance No. 59 of 1963, including subsequent amendments).

(2) Due to the merger of the Company with another company, the total number of voting rights held by all shareholders of the Company immediately prior to the merger with respect to the post-merger company will be 50% of the total number of voting rights of the issued shares of the post-merger company. be less than (iii) As a result of the Company conducting a share exchange with another company, the total number of voting rights held by all shareholders of the Company immediately before the share exchange in relation to the wholly owning parent company after the share exchange will be equal to the issued shares of the wholly owning parent company after the share exchange. be less than 50% of the total voting rights of

(4) As a result of the Company carrying out a share transfer with another company, the total number of voting rights held by all shareholders of the Company immediately before the share transfer in relation to the wholly owning parent company after the share transfer will be equal to the issued shares of the wholly owning parent company after the share transfer. be less than 50% of the total voting rights of

ÿ Transferring all or substantially all of our business to a third party due to business transfer or company split.

4. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) In the event that the acquisition of the Company has been approved or decided by the General Meeting of Shareholders or other bodies of the Company as required by law or under the Articles of Incorporation of the Company, the exercise decision at the time of acquisition based on the contents of (Note 3) (5) is not exercised or the Stock Acquisition Rights are not exercised within the exercise period at the time of acquisition, the Company may acquire the Stock Acquisition Rights free of charge. (2) If the right holder loses any of the following statuses, the Company may acquire the unexercised Stock Acquisition Rights free of charge.
can be done.

ÿ The Company or its subsidiary (meaning the Company's subsidiary as stipulated in Article 2, Item 3 of the Companies Act, hereinafter simply referred to as "subsidiary")
cormorant.) director or auditor

(2) Employees of the Company or its

subsidiaries (3) Advisors, advisors, consultants, and other persons who have a continuous contractual relationship with the Company or its subsidiaries, regardless of the name, such as mandate or contract (3) Fall under any of the following If any event occurs, the Company may acquire the unexercised Stock Acquisition Rights without compensation.

Wear.

(1) If the right holder is sentenced to imprisonment or severer punishment. In the event of competition with the Company or its subsidiaries regardless of the situation.
except with the prior written approval of the Company.

ÿ If the right holder has damaged the credibility of the Company or its subsidiaries due to legal violations or other wrongful acts.
if

ÿ The right holder has suspended payment or becomes insolvent, or the draft or check drawn or accepted is invalid.
In case of migration

ÿ Commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation proceedings, etc.

When a petition for the commencement of similar procedures is filed ÿ When a resolution for dissolution is made for the right holder ÿ When the right holder belongs to anti-social forces means a group or individual who pursues economic interests by using force or fraudulent means; If found

(4) If the rights holder has the status of a director, auditor, or employee of the Company or a subsidiary (including cases where such status has been obtained after the issuance of the stock acquisition rights), any of the following applies: If an event occurs, the Company may acquire the unexercised Stock Acquisition Rights without consideration. ÿ If the right holder falls under any disciplinary action stipulated in the Company's or subsidiary's employment regulations that apply to him/herself ÿ If the right holder violates his or her obligations to the Company or its subsidiaries, such as the duty of loyalty as a director

5. An absorption-type merger or consolidation-type merger in which the Company becomes a dissolving company, an absorption-type or incorporation-type company split in which the Company becomes a splitting company, or a share exchange or share transfer in which the Company becomes a wholly-owned subsidiary (hereinafter collectively referred to as "organizational restructuring acts").), the holders of the Stock Acquisition Rights remaining immediately before the effective date of the organizational restructuring will be transferred to the surviving company or newly established company in the merger, the succeeding company in the company split or the newly established company, depending on the procedure. Stock Acquisition Rights of a company or a wholly-owning parent company in a share exchange or share transfer (in any case limited to a stock company; hereinafter collectively referred to as the "Company Subject to Restructuring"), shall be issued in accordance with the following policy. increase. However, this shall be limited to cases where the contract or plan pertaining to the organizational restructuring stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the policy below. (1) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered The same number of Stock Acquisition Rights as the number of Stock Acquisition Rights held by each right holder shall be delivered.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be issued Common shares of the restructuring company.

(3) Number of shares of the reorganized company for which stock acquisition rights are exercised

Determined in accordance with the description in (Note 1), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of subscription rights to shares or calculation method thereof

The post-reorganization exercise price, which is obtained by adjusting the exercise price described in (Note 2), taking into account the conditions of the reorganization, and the purpose of the stock acquisition rights determined according to (3) above. The amount shall be multiplied by the number of shares of a certain company subject to restructuring. (5) Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Conditions for exercising rights, reasons for acquisition, and other details of stock acquisition rights

It shall be stipulated in the contract or plan related to the organizational restructuring in accordance with the content of the Stock Acquisition Rights. (7) Restrictions on transfer of subscription rights to shares

The transfer of stock acquisition rights shall be subject to the approval of the board of directors of the restructuring company (in the case of a company without a board of directors, the general meeting of shareholders). (8) Handling at the time of organizational restructuring To be determined in accordance with the contents of (1) to (7) above. 6. On January 5, 2022, the Board of Directors resolved on December 1, 2021 to conduct a 15-for-1 stock split of our common stock. As a result, the "class, content 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 number of shares to be issued upon The capitalization amount has been adjusted.

6th Stock Acquisition Rights

Resolution date	Extraordinary General Meeting of Shareholders Resolution: June 10, 2020 Board of Directors Resolution: May 20, 2020
Category and number of grantees (persons)	Company director 1
Number of Stock Acquisition Rights (Units) *	30,000 (Note 2)
Type, details and number of shares (shares) to be issued upon exercise of stock acquisition rights *	Common stock 450,000 (Notes 2, 7)
Amount to be paid upon exercise of subscription rights to shares (yen) *	210 (Note) 3, 7
Exercise period of stock acquisition rights *	June 30, 2020 to June 29, 2030
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	Issue price 213.8 Amount incorporated into capital 106.9 (Note 7)
Conditions for exercising subscription rights to shares *	(Note) 4
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring *	(Note 6)

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. The Stock Acquisition Rights are issued for a value of ¥66 per Stock Acquisition Right.

2. The number of shares to be issued upon exercise of one Stock Acquisition Right (hereinafter referred to as the "Number of Shares Granted") is one share of common stock of the Company. However, 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 number of shares to be granted shall be adjusted according to the following formula. increase. Such adjustment will 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 will be rounded down. shall be

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of split (or consolidation)}$$

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 granted shall be adjusted accordingly.

3. If the Company conducts a stock split or a stock consolidation after the allotment date of the Stock Acquisition Rights, the exercise price will be adjusted according to the following formula. Fractions of less than one yen due to adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{adjustment} \times \text{Split (or consolidation) ratio}}$$

In addition, if the Company issues new shares or disposes of treasury stock at a price lower than the market price of the Company's common stock after the allotment date of the stock acquisition rights (issuance of new shares and disposal of treasury stock based on the exercise of stock acquisition rights and (Excluding the case of transfer of treasury stock through exchange), the exercise price shall be adjusted according to the following formula, and fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares already issued} + \text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Market price per share before new issuance} \times (\text{Number of shares already issued} + \text{Number of newly issued shares})}$$

above formula, "number of shares already issued" means the total number of issued shares of common stock of the Company to the number of treasury shares of common stock of the Company. In addition, when disposing of treasury stock related to common stock of the Company, the "number of newly issued shares" shall be read as "the number of treasury stock to be disposed of". In addition to the above, if the Company merges with another company after the allotment date of the Stock Acquisition Rights, if it conducts a company split, or if it is necessary to adjust the exercise price in accordance with these cases, the Company will: The exercise price may be adjusted appropriately within a reasonable range.

4. The conditions for exercising stock acquisition rights are as follows.

(1) Persons to whom stock acquisition rights have been allotted (hereinafter referred to as "stock acquisition right holders") shall apply for the listing of the common stock of the Company on any financial instruments exchange in Japan. is approved by the board of directors, and the largest shareholder of the Company sells all or part of the Company's common stock held by him to a third party (excluding the case where the shares are sold in association with or after being listed on a commodity exchange), or in exchange for all or part of Stock acquisition rights may be exercised only when other assets, etc. are delivered. However, this

This does not apply if the Company recognizes that there is a justifiable reason such as a procedural need to exercise the stock acquisition rights immediately before falling under any of the above.

(2) If any of the following events occur between the allotment date of the Stock Acquisition Rights and the expiration date of the exercise period, the Stock Acquisition Rights Holders may cancel all remaining Stock Acquisition Rights. rights cannot be exercised. (i) When the Company's common stock is issued at a price lower than 3,141 yen (however, it shall be adjusted appropriately in the same way as the exercise price stated in (Note 3)) (however, If the paid-in amount is a "particularly advantageous amount" as stipulated 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, (This excludes cases where the issuance, etc. is based on a shareholder allotment.)

(ii) When stock acquisition rights are issued with an exercise price lower than 3,141 yen (however, this shall be adjusted appropriately in the same manner as the exercise price described in (Note 3)) (however, (Excluding the case where the exercise price is set at a price different from the stock price of the Company's common stock at the time of issuance of the stock acquisition rights.) 3) If the common stock of the Company underlying the Stock Acquisition Rights is not listed on any financial instruments exchange in Japan, ¥3,141 when the Company's common stock is traded or otherwise traded at a price lower than the current price (which is deemed to be significantly lower than the stock price at the time of the transaction for the purpose of capital policy, etc.). unless the transaction was made at a price). (iv) If the Company's common stock underlying the Stock Acquisition Rights is listed on any financial instruments exchange in Japan, the closing price of the Company's common stock on such financial instruments exchange after the listing date will be 3,141. When the price falls below yen (however, it shall be adjusted appropriately in the same manner as the exercise price described in (Note 3)).

(3) Holders of subscription rights to shares must be directors, auditors or employees of the Company or affiliated companies of the Company even when exercising the rights. However, this shall not apply in cases where the Company 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 heirs of 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 total number of issuable shares at that time, the Stock Acquisition Rights may not be exercised.

(6) Less than one Stock Acquisition Right may not be exercised. 5. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) A merger agreement in which the Company will be the dissolved company, a split agreement or plan for a company split in which the Company will be the splitting company; Or, if the share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary is approved by the general meeting of shareholders (if the approval of the general meeting of shareholders is not required, then by resolution of the board of directors), With the advent of , all of the Stock Acquisition Rights can be acquired without consideration.

(2) If the stock acquisition rights cannot be exercised due to the details described in (Note 4) before the stock acquisition rights holders exercise their rights, the Company shall acquire the stock acquisition rights free of charge. can be done. 6. When the Company conducts a merger (limited to cases where the Company is dissolved due to a merger), an absorption-type company split, an incorporation-type company split, a share exchange, or a share transfer (these are hereinafter referred to as "organizational restructuring acts"), On the effective date, stock acquisition rights holders of stock acquisition rights of stock companies listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (hereinafter referred to as the "Company Subject to Reorganization") shall be issued in each case. will be issued under the following conditions. However, if it is stipulated in the 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 that the stock acquisition rights of the restructuring company will be delivered in accordance with the following conditions: shall be limited. (1) Number of Stock Acquisition Rights of the Restructured Company to be Issued The same number of stock acquisition rights as the number of stock acquisition rights held by the holders of stock acquisition rights shall be issued.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be issued Common shares 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 (Note 2), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of stock acquisition rights The amount obtained by multiplying the post-reorganization exercise price obtained by adjusting the stated exercise price by the number of shares of the reorganized company that are the subject of the stock acquisition rights determined in accordance with (3) above. (5) Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Restrictions on transfer of subscription rights to shares

Restrictions on acquisition by transfer shall require approval by resolution of the board of directors of the restructuring company (if the company is not a company with a board of directors, the general meeting of shareholders). (7) Other conditions for exercising subscription rights to shares

Determined according to the description in (Note 4).

(8) Reasons and conditions for acquisition of stock acquisition rights

Determined according to the description in (Note 5).

(9) Other conditions shall be determined according to the conditions of the restructuring company. 7. On January 5, 2022, the Board of Directors resolved on December 1, 2021 to conduct a 15-for-1 stock split of our common stock. As a result, the "class, content 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 number of shares to be issued upon The capitalization amount has been adjusted.

7th Stock Acquisition Rights

Resolution date	Extraordinary General Meeting of Shareholders Resolution: December 11, 2020 Board of Directors Resolution: November 20, 2020
Category and number of grantees (persons)	Company employee 16
Number of Stock Acquisition Rights (Units) *	18,500 (Note 1)
Type, content and number of shares to be issued upon exercise of stock acquisition rights (shares)*	Common stock 277,500 (Notes 1, 6)
Amount to be paid upon exercise of subscription rights to shares (yen) *	210 (Note) 2, 6
Exercise period of stock acquisition rights *	December 22, 2020 to December 21, 2030 However, if the final day of the exercise period falls on a holiday of the Company, the final day will be the preceding business day. Issue price 210 Amount incorporated into
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	capital 105 (Note 6)
Conditions for exercising subscription rights to shares *	(Note) 3
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring * (Note 5)	

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. In the event that the Company conducts a stock split or consolidation of common stock, the number of underlying shares for each unexercised subscription right to shares shall be adjusted according to the following formula, resulting in 100 per share resulting from the adjustment. Fractions less than one-third will be rounded down and no monetary adjustments will be made. Number of purpose shares after adjustment = number of purpose shares before adjustment x ratio of split/consolidation

In addition, in the event that the Company issues or disposes of shares for subscription by way of shareholder allotment, in the event of a gratis allotment of shares, in the event of a merger, in the event of a share exchange, in the event of a company split, or in other cases deemed necessary, the Company shall adjust the number of shares for the purpose of each Stock Acquisition Right as it deems appropriate. 2. If the Company splits or consolidates common shares, or issues common shares through gratis allotment, the exercise price of unexercised stock acquisition rights shall be adjusted according to the following formula. Fractions of less than one yen resulting from this shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{exercise price} \times \text{Split/consolidation/gratis allotment ratio}}$$

We will adjust the permissible exercise price.

3. The conditions for exercising stock acquisition rights are as follows.

- (1) The exercise of the Stock Acquisition Rights shall be subject to the condition that the acquisition reasons described in (Note 4) do not occur for the Stock Acquisition Rights or right holders to be exercised, and Exercise of subscription rights to shares shall not be permitted. However, this does not apply if the Company specifically approves the exercise.
- (2) Exercise of the Stock Acquisition Rights is subject to the condition that the right holder is still alive.
shall not be continued and the Stock Acquisition Rights shall not be exercised.
- (3) Rights holders may not exercise the Stock Acquisition Rights until the stock of the Company is listed on any of the financial instruments exchanges. However, this does not apply if the Company specifically approves the exercise. (4) Stock acquisition rights shall be exercised in units of one stock acquisition right, and partial exercise of each stock acquisition right shall not be permitted.
and
- (5) Notwithstanding the content of (3) above, the right holder shall, with respect to the acquisition of the Company, make a resolution or decision (hereinafter referred to as the "Purchase Decision"), and if the Company approves the exercise of the stock acquisition rights at the same time as the purchase decision or within 10 days from the purchase decision (hereinafter referred to as the "exercise decision at the time of acquisition"), Thereafter, the number of Stock Acquisition Rights approved by the Company may be exercised only during the period during which the Company has approved the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Period at Acquisition"). "Acquisition of the Company" means any of the following cases, and the same shall apply hereinafter.
 - (i) Acquisition of more than 50% of the total voting rights of the Company's issued shares by a specific third party by itself and by its subsidiaries and affiliates;
"Subsidiary" and "affiliated company" refer to terms, formats, and preparation methods for financial statements, etc.

"Subsidiaries" and "affiliates" as defined in Article 8 of the Ordinance (Ministry of Finance Ordinance No. 59 of 1963, including subsequent amendments).

2) Due to the merger of the Company with another company, the total number of voting rights held by all shareholders of the Company immediately prior to the merger with respect to the post-merger company will be 50% of the total number of voting rights of the issued shares of the post-merger company. be less than (iii) As a result of the Company conducting a share exchange with another company, the total number of voting rights held by all shareholders of the Company immediately before the share exchange in relation to the wholly owning parent company after the share exchange will be equal to the issued shares of the wholly owning parent company after the share exchange. be less than 50% of the total voting rights of

(4) As a result of the Company carrying out a share transfer with another company, the total number of voting rights held by all shareholders of the Company immediately before the share transfer in relation to the wholly owning parent company after the share transfer will be equal to the issued shares of the wholly owning parent company after the share transfer. be less than 50% of the total voting rights of

ÿ Transferring all or substantially all of our business to a third party due to business transfer or company split.

4. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) In the event that the acquisition of the Company has been approved or decided by the General Meeting of Shareholders or other bodies of the Company as required by law or under the Articles of Incorporation of the Company, the exercise decision at the time of acquisition based on the contents of (Note 3) (5) is not exercised or the Stock Acquisition Rights are not exercised within the exercise period at the time of acquisition, the Company may acquire the Stock Acquisition Rights free of charge. (2) If the right holder loses any of the following statuses, the Company may acquire the unexercised Stock Acquisition Rights free of charge.
can be done.

ÿ The Company or its subsidiary (meaning the Company's subsidiary as stipulated in Article 2, Item 3 of the Companies Act, hereinafter simply referred to as "subsidiary")
cormorant.) director or auditor

(2) Employees of the Company or its

subsidiaries (3) Advisors, advisors, consultants, and other persons who have a continuous contractual relationship with the Company or its subsidiaries, regardless of the name, such as mandate or contract (3) Fall under any of the following If any event occurs, the Company may acquire the unexercised Stock Acquisition Rights without compensation.

Wear.

(1) If the right holder is sentenced to imprisonment or severer punishment. In the event of competition with the Company or its subsidiaries regardless of the situation. except with the prior written approval of the Company.

ÿ If the right holder has damaged the credibility of the Company or its subsidiaries due to legal violations or other wrongful acts.
if

ÿ The right holder has suspended payment or becomes insolvent, or the draft or check drawn or accepted is invalid.
In case of migration

ÿ Commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation proceedings, etc.

When a petition for the commencement of similar procedures is

filed ÿ When a resolution for dissolution is made for the right holder ÿ When the right holder belongs to anti-social forces means a group or individual who pursues economic interests by using force or fraudulent means; If found

Annual securities report (4) If the right holder has the status of a director, auditor, or employee of the Company or its subsidiaries), if any of the following events occur, the Company may acquire the unexercised Stock Acquisition Rights without consideration. ̄ If the right holder falls under any disciplinary action stipulated in the Company's or subsidiary's employment regulations that apply to him/herself ̄ If the right holder violates his or her obligations to the Company or its subsidiaries, such as the duty of loyalty as a director

5. An absorption-type merger or consolidation-type merger in which the Company becomes a dissolving company, an absorption-type or incorporation-type company split in which the Company becomes a splitting company, or a share exchange or share transfer in which the Company becomes a wholly-owned subsidiary (hereinafter collectively referred to as "organizational restructuring acts").), the holders of the Stock Acquisition Rights remaining immediately before the effective date of the organizational restructuring will be transferred to the surviving company or newly established company in the merger, the succeeding company in the company split or the newly established company, depending on the procedure. Stock Acquisition Rights of a company or a wholly-owning parent company in a share exchange or share transfer (in any case limited to a stock company; hereinafter collectively referred to as the "Company Subject to Restructuring"), shall be issued in accordance with the following policy. increase. However, this shall be limited to cases where the contract or plan pertaining to the organizational restructuring stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the policy below. (1) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered The same number of Stock Acquisition Rights as the number of Stock Acquisition Rights held by each right holder shall be delivered.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be

issued Common shares of the restructuring company. (3) Number of shares of the

reorganized company for which stock acquisition rights are exercised

Determined in accordance with the description in (Note 1), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of subscription rights to shares or calculation method thereof

The post-reorganization exercise price, which is obtained by adjusting the exercise price described in (Note 2), taking into account the conditions of the reorganization, and the purpose of the stock acquisition rights determined according to (3) above The amount shall be multiplied by the number of shares of a certain company subject to restructuring. (5)

Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Conditions for exercising rights, reasons for acquisition, and other details of stock acquisition rights

It shall be stipulated in the contract or plan related to the organizational restructuring in accordance with the content of the Stock Acquisition Rights. (7) Restrictions on transfer of subscription rights to shares

The transfer of stock acquisition rights shall be subject to the approval of the board of directors of the restructuring company (in the case of a company without a board of directors, the general meeting of shareholders). (8) Handling at the time of organizational restructuring To be determined in accordance with the contents of (1) to (7) above. 6. On January

5, 2022, the Board of Directors resolved on December 1, 2021 to conduct a 15-for-1 stock split of our common stock. As a result, the "class, content 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 number of shares to be issued upon The capitalization amount has been adjusted.

8th Stock Acquisition Rights

Resolution date	Resolution of the Extraordinary General Meeting of Shareholders: August 24, 2021 Resolution of the Board of Directors: August 16,
Category and number of grantees (persons)	2021 Employees of the Company 39 (Note) 6 Directors of the Company 1
Number of Stock Acquisition Rights (Units) *	50,700 [49,700] (Note 1)
Type, content and number of shares to be issued upon exercise of stock acquisition rights	(shares) *Common stock 760,500 [745,500] (Note 1)
Amount to be paid upon exercise of subscription rights to shares (yen) *	410 (Note 2)
Exercise period of stock acquisition rights *	From August 25, 2021 to August 24, 2031 However, if the final day of the exercise period falls on a holiday of the Company, the final day will be the preceding business day. Issue price 410 Amount invested
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	205
Conditions for exercising subscription rights to shares *	(Note) 3
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring *	(Note 5)

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. In the event that the Company conducts a stock split or consolidation of common stock, the number of underlying shares for each unexercised subscription right to shares shall be adjusted according to the following formula, resulting in 100 per share resulting from the adjustment. Fractions less than one-third will be rounded down and no monetary adjustments will be made. Number of purpose shares after adjustment = number of purpose shares before adjustment x ratio of split/consolidation

In addition, in the event that the Company issues or disposes of shares for subscription by way of shareholder allotment, in the event of a gratis allotment of shares, in the event of a merger, in the event of a share exchange, in the event of a company split, or in other cases deemed necessary, the Company shall adjust the number of shares for the purpose of each Stock Acquisition Right as it deems appropriate. 2. If the Company splits or consolidates common shares, or issues common shares through gratis allotment, the exercise price of unexercised stock acquisition rights shall be adjusted according to the following formula. Fractions of less than one yen resulting from this shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment} \frac{1}{\text{exercise price} \times \text{Split/consolidation/gratis}}$$

allotment ratio We will adjust the permissible exercise price.

3. The conditions for exercising stock acquisition rights are as follows.

(1) The exercise of the Stock Acquisition Rights shall be subject to the condition that the acquisition reasons described in (Note 4) do not occur for the Stock Acquisition Rights or right holders to be exercised, and Exercise of subscription rights to shares shall not be permitted. However, this does not apply if the Company specifically approves the exercise.

(2) Exercise of the Stock Acquisition Rights is subject to the condition that the right holder is still alive.
shall not be continued and the Stock Acquisition Rights shall not be exercised.

(3) Rights holders may not exercise the Stock Acquisition Rights until the stock of the Company is listed on any of the financial instruments exchanges.
However, this does not apply if the Company specifically approves the exercise. (4) Stock acquisition rights shall be exercised in units of one stock acquisition right, and partial exercise of each stock acquisition right shall not be permitted.

and

Annual securities report (5) Notwithstanding the content of (3) above, the right holder shall, with regard to the Company's (hereinafter referred to as the "Purchase Decision"), and the Company approved the exercise of the stock acquisition rights (hereinafter referred to as the "Purchase Decision") at the same time as or within 10 days after the purchase decision. In that case, after that date, only during the period during which the Company has permitted the exercise of the Stock Acquisition Rights (hereinafter referred to as the "exercise period at the time of acquisition"), the number of shares permitted to be exercised by the Company. The Stock Acquisition Rights may be exercised. "Acquisition of the Company" means any of the following cases, and the same shall apply hereinafter.

- (i) Acquisition of more than 50% of the total voting rights of the Company's issued shares by a specific third party by itself and by its subsidiaries and affiliates; "Subsidiary" and "affiliated company" are defined in Article 8 of the Ordinance Concerning Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No. 59 of 1963, including subsequent amendments). means "Subsidiary" and "Affiliate".
- 2) Due to the merger of the Company with another company, the total number of voting rights held by all shareholders of the Company immediately prior to the merger with respect to the post-merger company will be 50% of the total number of voting rights of the issued shares of the post-merger company. be less than (iii) As a result of the Company conducting a share exchange with another company, the total number of voting rights held by all shareholders of the Company immediately before the share exchange in relation to the wholly owning parent company after the share exchange will be equal to the issued shares of the wholly owning parent company after the share exchange. be less than 50% of the total voting rights of
- (4) As a result of the Company carrying out a share transfer with another company, the total number of voting rights held by all shareholders of the Company immediately before the share transfer in relation to the wholly owning parent company after the share transfer will be equal to the issued shares of the wholly owning parent company after the share transfer. be less than 50% of the total voting rights of

ÿ Transferring all or substantially all of our business to a third party due to business transfer or company split.

4. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

- (1) In the event that the acquisition of the Company has been approved or decided by the General Meeting of Shareholders or other bodies of the Company as required by law or under the Articles of Incorporation of the Company, the exercise decision at the time of acquisition based on the contents of (Note 3) (5) is not exercised or the Stock Acquisition Rights are not exercised within the exercise period at the time of acquisition, the Company may acquire the Stock Acquisition Rights free of charge. (2) If the right holder loses any of the following statuses, the Company may acquire the unexercised Stock Acquisition Rights free of charge.
can be done.

ÿ The Company or its subsidiary (meaning the Company's subsidiary as stipulated in Article 2, Item 3 of the Companies Act, hereinafter simply referred to as "subsidiary")
cormorant.) director or auditor

- (2) Employees of the Company or its subsidiaries (3) Advisors, advisors, consultants, and other persons who have a continuous contractual relationship with the Company or its subsidiaries, regardless of the name, such as mandate or contract (3) Fall under any of the following If any event occurs, the Company may acquire the unexercised Stock Acquisition Rights without compensation.

Wear.

- (1) If the right holder is sentenced to imprisonment or severer punishment. In the event of competition with the Company or its subsidiaries regardless of the situation. except with the prior written approval of the Company.

ÿ If the right holder has damaged the credibility of the Company or its subsidiaries due to legal violations or other wrongful acts.

if

ÿ The right holder has suspended payment or becomes insolvent, or the draft or check drawn or accepted is invalid.
In case of migration

ÿ Commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation proceedings, etc.

When a petition for the commencement of similar procedures is filed ÿ When a resolution for dissolution is made for the right holder ÿ When the right holder belongs to anti-social forces means a group or individual who pursues economic interests by using force or fraudulent means; If found

- (4) If the rights holder has the status of a director, auditor, or employee of the Company or a subsidiary (including cases where such status has been obtained after the issuance of the stock acquisition rights), any of the following applies: If an event occurs, the Company may acquire the unexercised Stock Acquisition Rights without consideration. ÿ If the right holder falls under any disciplinary action stipulated in the Company's or subsidiary's employment regulations that apply to him/herself ÿ If the right holder violates his or her obligations to the Company or its subsidiaries, such as the duty of loyalty as a director

absorption-type merger or consolidation-type merger in which the Company becomes a dissolving company, an absorption-type or incorporation-type company split in which the Company becomes a splitting company, or a share exchange or share transfer in which the Company becomes a wholly-owned subsidiary (hereinafter collectively referred to as "organizational restructuring acts").), the holders of the Stock Acquisition Rights remaining immediately before the effective date of the organizational restructuring will be transferred to the surviving company or newly established company in the merger, the succeeding company in the company split or the newly established company, depending on the procedure. Stock Acquisition Rights of a company or a wholly-owning parent company in a share exchange or share transfer (in any case limited to a stock company; hereinafter collectively referred to as the "Company Subject to Restructuring"), shall be issued in accordance with the following policy. increase. However, this shall be limited to cases where the contract or plan pertaining to the organizational restructuring stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the policy below. (1) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered The same number of Stock Acquisition Rights as the number of Stock Acquisition Rights held by each right holder shall be delivered.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be

issued Common shares of the restructuring company. (3) Number of shares of the reorganized company for which stock acquisition rights are exercised

Determined in accordance with the description in (Note 1), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of subscription rights to shares or calculation method thereof

The post-reorganization exercise price, which is obtained by adjusting the exercise price described in (Note 2), taking into account the conditions of the reorganization, and the purpose of the stock acquisition rights determined according to (3) above The amount shall be multiplied by the number of shares of a certain company subject to restructuring. (5)

Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Conditions for exercising rights, reasons for acquisition, and other details of stock acquisition rights

It shall be stipulated in the contract or plan related to the organizational restructuring in accordance with the content of the Stock Acquisition Rights. (7) Restrictions on transfer of subscription rights to shares

The transfer of stock acquisition rights shall be subject to the approval of the board of directors of the restructuring company (in the case of a company without a board of directors, the general meeting of shareholders). (8) Handling at the time of organizational restructuring To be determined in accordance with the contents of (1) to (7) above. 6. Due to the loss of rights due to retirement of grantees, the "classification and number of grantees" as of the date of submission of this document is

38 people and 1 director of our company.

9th Stock Acquisition Rights

Resolution date	Extraordinary General Meeting of Shareholders Resolution: November 22, 2021 Board of Directors Resolution: November 15, 2021
Category and number of grantees (persons)	Employee of the Company 100 (Note 6)
Number of Stock Acquisition Rights (Units) *	19,600 [19,400] (Note 1)
Type, content and number of shares to be issued upon exercise of stock acquisition rights	(shares) *Common stock 294,000 [291,000] (Note 1)
Amount to be paid upon exercise of subscription rights to shares (yen) *	410 (Note 2)
Exercise period of stock acquisition rights *	From November 24, 2021 to November 23, 2021 However, if the final day of the exercise period falls on a holiday of the Company, the final day will be the preceding business day. Issue price 410
Share issue price and capitalization amount (yen) when issuing shares upon exercise of subscription rights to shares *	Amount invested 205
Conditions for exercising subscription rights to shares *	(Note) 3
Matters concerning the transfer of subscription rights to shares *	Any transfer of the Stock Acquisition Rights shall be subject to approval by a resolution of the Board of Directors of the Company.
Matters concerning the issuance of subscription rights to shares in association with acts of organizational restructuring *	(Note 5)

* The contents are as of the last day of the current fiscal year (April 30, 2022). Regarding matters that changed from the last day of the current fiscal year to the last day of the month before the date of submission (June 30, 2022), the contents as of the end of the month before the date of submission are indicated in brackets []. There are no changes to the items as of the last day of the current fiscal year.

(Note) 1. In the event that the Company conducts a stock split or consolidation of common stock, the number of underlying shares for each unexercised subscription right to shares shall be adjusted according to the following formula, resulting in 100 per share resulting from the adjustment. Fractions less than one-third will be rounded down and no monetary adjustments will be made. Number of purpose shares after adjustment = number of purpose shares before adjustment x ratio of split/consolidation

In addition, in the event that the Company issues or disposes of shares for subscription by way of shareholder allotment, in the event of a gratis allotment of shares, in the event of a merger, in the event of a share exchange, in the event of a company split, or in other cases deemed necessary, the Company shall adjust the number of shares for the purpose of each Stock Acquisition Right as it deems appropriate. 2. If the Company splits or consolidates common shares, or issues common shares through gratis allotment, the exercise price of unexercised stock acquisition rights shall be adjusted according to the following formula. Fractions of less than one yen resulting from this shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment} \frac{1}{\text{exercise price} \times \text{Split/consolidation/gratis allotment ratio}}$$

We will adjust the permissible exercise price.

3. The conditions for exercising stock acquisition rights are as follows.

- (1) The exercise of the Stock Acquisition Rights shall be subject to the condition that the acquisition reasons described in (Note 4) do not occur for the Stock Acquisition Rights or right holders to be exercised, and Exercise of subscription rights to shares shall not be permitted. However, this does not apply if the Company specifically approves the exercise.
- (2) Exercise of the Stock Acquisition Rights is subject to the condition that the right holder is still alive.
shall not be continued and the Stock Acquisition Rights shall not be exercised.
- (3) Rights holders may not exercise the Stock Acquisition Rights until the stock of the Company is listed on any of the financial instruments exchanges.
However, this does not apply if the Company specifically approves the exercise. (4) Stock acquisition rights shall be exercised in units of one stock acquisition right, and partial exercise of each stock acquisition right shall not be permitted.
and
- (5) Notwithstanding the content of (3) above, the right holder shall, with respect to the acquisition of the Company, make a resolution or decision (hereinafter referred to as the "Purchase Decision"), and if the Company approves the exercise of the stock acquisition rights at the same time as the purchase decision or within 10 days from the purchase decision (hereinafter referred to as the "exercise decision at the time of acquisition"). Thereafter, the number of Stock Acquisition Rights approved by the Company may be exercised only during the period during which the Company has approved the exercise of the Stock Acquisition Rights (hereinafter referred to as the "Exercise Period at Acquisition"). "Acquisition of the Company" means any of the following cases, and the same shall apply hereinafter.
 - (i) Acquisition of more than 50% of the total voting rights of the Company's issued shares by a specific third party by itself and by its subsidiaries and affiliates; "Subsidiary" and "affiliated company" refer to terms, formats, and preparation methods for financial statements, etc.

"Subsidiaries" and "affiliates" as defined in Article 8 of the Ordinance (Ministry of Finance Ordinance No. 59 of 1963, including subsequent amendments).

(2) Due to the merger of the Company with another company, the total number of voting rights held by all shareholders of the Company immediately prior to the merger with respect to the post-merger company will be 50% of the total number of voting rights of the issued shares of the post-merger company. be less than (iii) As a result of the Company conducting a share exchange with another company, the total number of voting rights held by all shareholders of the Company immediately before the share exchange in relation to the wholly owning parent company after the share exchange will be equal to the issued shares of the wholly owning parent company after the share exchange. be less than 50% of the total voting rights of

(4) As a result of the Company carrying out a share transfer with another company, the total number of voting rights held by all shareholders of the Company immediately before the share transfer in relation to the wholly owning parent company after the share transfer will be equal to the issued shares of the wholly owning parent company after the share transfer. be less than 50% of the total voting rights of

ÿ Transferring all or substantially all of our business to a third party due to business transfer or company split.

4. The reasons and conditions for the acquisition of stock acquisition rights by the Company are as follows.

(1) In the event that the acquisition of the Company has been approved or decided by the General Meeting of Shareholders or other bodies of the Company as required by law or under the Articles of Incorporation of the Company, the exercise decision at the time of acquisition based on the contents of (Note 3) (5) is not exercised or the Stock Acquisition Rights are not exercised within the exercise period at the time of acquisition, the Company may acquire the Stock Acquisition Rights free of charge. (2) If the right holder loses any of the following statuses, the Company may acquire the unexercised Stock Acquisition Rights free of charge.
can be done.

ÿ The Company or its subsidiary (meaning the Company's subsidiary as stipulated in Article 2, Item 3 of the Companies Act, hereinafter simply referred to as "subsidiary")
cormorant.) director or auditor

(2) Employees of the Company or its

subsidiaries (3) Advisors, advisors, consultants, and other persons who have a continuous contractual relationship with the Company or its subsidiaries, regardless of the name, such as mandate or contract (3) Fall under any of the following If any event occurs, the Company may acquire the unexercised Stock Acquisition Rights without compensation.

Wear.

(1) If the right holder is sentenced to imprisonment or severer punishment. In the event of competition with the Company or its subsidiaries regardless of the situation.
except with the prior written approval of the Company.

ÿ If the right holder has damaged the credibility of the Company or its subsidiaries due to legal violations or other wrongful acts.
if

ÿ The right holder has suspended payment or becomes insolvent, or the draft or check drawn or accepted is invalid.
In case of migration

ÿ Commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation proceedings, etc.

When a petition for the commencement of similar procedures is filed ÿ When a resolution for dissolution is made for the right holder ÿ When the right holder belongs to anti-social forces means a group or individual who pursues economic interests by using force or fraudulent means; If found

(4) If the rights holder has the status of a director, auditor, or employee of the Company or a subsidiary (including cases where such status has been obtained after the issuance of the stock acquisition rights), any of the following applies: If an event occurs, the Company may acquire the unexercised Stock Acquisition Rights without consideration. ÿ If the right holder falls under any disciplinary action stipulated in the Company's or subsidiary's employment regulations that apply to him/herself ÿ If the right holder violates his or her obligations to the Company or its subsidiaries, such as the duty of loyalty as a director

5. An absorption-type merger or consolidation-type merger in which the Company becomes a dissolving company, an absorption-type or incorporation-type company split in which the Company becomes a splitting company, or a share exchange or share transfer in which the Company becomes a wholly-owned subsidiary (hereinafter collectively referred to as "organizational restructuring acts").), the holders of the Stock Acquisition Rights remaining immediately before the effective date of the organizational restructuring will be transferred to the surviving company or newly established company in the merger, the succeeding company in the company split or the newly established company, depending on the procedure. Stock Acquisition Rights of a company or a wholly-owning parent company in a share exchange or share transfer (in any case limited to a stock company; hereinafter collectively referred to as the "Company Subject to Restructuring"), shall be issued in accordance with the following policy. increase. However, this shall be limited to cases where the contract or plan pertaining to the organizational restructuring stipulates that the stock acquisition rights of the restructuring company will be delivered in accordance with the policy below. (1) Number of Stock Acquisition Rights of the Reorganized Company to be Delivered The same number of Stock Acquisition Rights as the number of Stock Acquisition Rights held by each right holder shall be delivered.

(2) Type of shares of the restructuring company for which the stock acquisition rights are to be issued Ordinary shares of the restructuring company.

(3) Number of shares of the reorganized company for which stock acquisition rights are exercised

Determined in accordance with the description in (Note 1), taking into consideration the conditions of the reorganization.

(4) Value of property to be invested upon exercise of subscription rights to shares or calculation method thereof

The post-reorganization exercise price, which is obtained by adjusting the exercise price described in (Note 2), taking into account the conditions of the reorganization, and the purpose of the stock acquisition rights determined according to (3) above. The amount shall be multiplied by the number of shares of a certain company subject to restructuring. (5) Period during which stock acquisition rights can be exercised

From the first day of the exercise period of the Stock Acquisition Rights or the effective date of the reorganization, whichever is later, to the last day of the exercise period of the Stock Acquisition Rights.

(6) Conditions for exercising rights, reasons for acquisition, and other details of stock acquisition rights

It shall be stipulated in the contract or plan related to the organizational restructuring in accordance with the content of the Stock Acquisition Rights. (7)

Restrictions on transfer of subscription rights to shares

The transfer of stock acquisition rights shall be subject to the approval of the board of directors of the restructuring company (in the case of a company without a board of directors, the general meeting of shareholders). (8) Handling at the time of organizational restructuring To be determined in accordance with the contents of

(1) to (7) above. 6. Due to the loss of rights due to retirement of grantees, the "classification and number of grantees" as of the date of submission of this document is

We have 99 people.

(2) Contents of rights plan

Not applicable.

(3) Status of Other Stock Acquisition

Rights, etc. Not applicable.

(3) [Exercise Status of Corporate Bonds with Stock Acquisition Rights with Exercise Price Amendments]

Not applicable.

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

date	Total number of issued shares Increase/decrease number (shares)	Total number of issued shares Balance (shares)	Capital increase/decrease (thousand yen)	capital balance (thousand yen)	Capital reserve increase Reduction (thousand yen)	Capital reserve balance High (thousand yen)
November 29, 2017 (Note) 1	common stock 15	common stock 115	3,000	4,000	3,000	3,000
December 20, 2017 (Note) 2	common stock Ten	common stock 125	2,500	6,500	2,500	5,500
April 11, 2018 (Note) 3	common stock 12,375	common stock 12,500	-	6,500	-	5,500
April 20, 2018 (Note) 4	common stock 1,250	common stock 13,750	25,000	31,500	25,000	30,500
June 14, 2019 (Note) 5	Class A preferred stock 796	common stock 13,750 Class A preferred stock 796	124,991	156,491	124,991	155,491
June 14, 2019 (Note) 6	common stock 1,250 Class A preferred stock 1,250	common stock 12,500 Class A preferred stock 796 Class A preferred stock 1,250	-	156,491	-	155,491
August 13, 2019 (Note) 7	common stock 1,237,500 Class A preferred stock 78,804 Class A preferred stock 123,750	common stock 1,250,000 Class A preferred stock 79,600 Class A preferred stock 125,000	-	156,491	-	155,491
August 26, 2019 (Note) 8	Class A preferred stock 136,924	common stock 1,250,000 Class A preferred stock 216,524 Class A preferred stock 125,000	214,970	371,462	214,970	370,462
April 6, 2020 (Note) 9	Class B preferred stock 245,535	common stock 1,250,000 Class A preferred stock 216,524 Class A preferred stock 125,000 Class B preferred stock 245,535	549,998	921,460	549,998	920,460
April 8, 2020 (Note) 10	Class B preferred stock 44,642	common stock 1,250,000 Class A preferred stock 216,524 Class A preferred stock 125,000 Class B preferred stock 290,177	99,998	1,021,458	99,998	1,020,458

date	Number of shares issued Increase/decrease (shares)	Total number of issued shares Balance (shares)	Capital increase (thousand yen)	Capital balance (thousand yen)	Capital reserve increase/ decrease (thousand yen)	Capital reserve balance (thousand yen)
April 10, 2020 (Note 11)	Class B preferred stock 133,928	common stock 1,250,000 Class A preferred stock 216,524 Class A preferred stock 125,000 Class B preferred stock 424,105	299,998	1,321,457	299,998	1,320,457
April 30, 2020 (Note 12)	-	Common stock 1,250,000 Class A preferred stock 216,524 Class A preferred stock 125,000 Class B	¥1,221,457	100,000	1,221,457	2,541,914
March 23, 2021 (Note 13)	common stock 20,600	preferred stock 424,105 Common stock 1,270,600 Class A preferred stock 216,524 Class A preferred	4,120	104,120	4,120	2,546,034
April 27, 2021 (Note 14)	-	stock 125,000 Class B preferred stock 424,105 Common stock 1,270,600 Class A preferred stock 40	-	104,120	¥70,000	2,476,034
May 20, 2021 (Note 15)	Common stock -40,000	Class A 16,524 40 0 Class B 52 2 Preferred stock 424,105 Common stock 1,230,600 Class A preferred stock 216,524 Class A preferred stock 125,000 Class B preferred stock 424,105	-	104,120	-	2,476,034
November 30, 2021 (Note 16)	Common stock 765,629	Common Stock 1,996,229 Class A Preferred Stock 216,524 Class A Preferred Stock 125,000 Class B Preferred Stock 424,105	-	104,120	-	2,476,034

date	Number of shares issued Increase/decrease (shares)	Total number of issued shares Balance (shares)	Capital increase (thousand yen)	Capital balance (thousand yen)	Capital reserve increase/ decrease (thousand yen)	Capital reserve balance (thousand yen)
December 1, 2021 (Note 17)	Class A preferred stock -216,524 Class A preferred stock -125,000 Class B	common stock 1,996,229	-	104,120	-	2,476,034
January 5, 2022 (Note 18)	Class A preferred stock -424,105 Class B preferred stock -27,947,208	Common stock 29,943,435	-	104,120	-	2,476,034

party allotment of common stock Allotted to Skyland

Ventures No. 2 Investment Business Limited Liability Partnership Issue price 400,000 yen Amount incorporated into capital 200,000 yen (Note) 2. Paid third-party allotment of common stock

Allottee Ken Honda Issue price 500,000 yen Amount incorporated into capital 250,000 yen

(Note) 3. This is due to a stock split (1:100). (Note) 4. Paid third-party allotment of common stock Allottees Adways Inc.,

Katsuya Uenoyama, MOI.Inc, Shunsuke Oyu, Masao Ito Issue price 40,000 yen Amount incorporated into capital 20,000 yen (Note) 5. Paid Third-Party Allotment of Class A

Preferred Shares Allotted to HODE HK Limited Issue price 314,049 yen Capitalization amount 157,024.5 yen

(Note) 6. At the extraordinary general meeting of shareholders held on May 24, 2019, a resolution was passed to partially amend the Articles of Incorporation to allow the issuance of new class A2 preferred stock on June 14, 2019. We have resolved to change some of our common stock to Class A2 preferred stock. As a result, the total number of issued shares decreased by 1,250 shares of common stock and increased by 1,250 shares of Class A2 preferred stock. (Note) 7. This is due to a stock split (1:100). (Note) 8. Paid Third-Party Allotment of Class A Preferred Shares Allotted to HODE HK Limited, SBI AI & Blockchain Investment Business Limited Liability Partnership, KLab Co., Ltd. Issue price 3,140 yen Amount incorporated into capital 1,570 yen (Note) 9. Paid Third-Party Allotment of Class B Preferred Shares

Allotted party LC FUND VIII, LP, Highsino Group Limited Issue price 4,480 yen Capitalization amount 2,240 yen (Note) 10. Paid Third-Party Allotment of Class B Preferred Shares Allotted to Keihanna Science City ATR Venture

NVCC Investment Business Limited Liability Partnership Issue price 4,480 yen Amount incorporated into capital 2,240 yen (Note) 11. Paid Third-Party Allotment of Class B Preferred Shares

Allottee Sony Music Entertainment Inc., ITOCHU Corporation Issue price ¥4,480 Amount incorporated in capital ¥2,240 (Note) 12. For the purpose of ensuring flexibility and mobility in terms of capital policy, we reduced the amount of capital as of April 30, 2020 and transferred it to capital reserves. As a result, capital decreased by 1,221,457,000 yen (capital reduction ratio of 92.4%) and capital reserve increased by the same amount. (Note) 13. Increase due to the exercise of second stock acquisition rights (Note) 14. With the aim of creating a distributable amount for the acquisition of treasury stock from specific shareholders, the amount of capital reserve was reduced on April 27, 2021 and transferred to other capital surplus. As a result, capital reserve decreased by 70,000,000 yen (2.75% reduction in capital), and other capital surplus increased by the same amount.

(Note) 15. This is due to the cancellation of treasury stock acquired from certain shareholders.

(Note) 16. On November 30, 2021, class A1 preferred stock, class A2 preferred stock and and Class B preferred stock as treasury stock, and as consideration, the Class A1 preferred stock, Class A2 preferred stock and One share of common stock is issued for each share of Class B preferred stock.

(Note) 17. All Class A1 preferred stock, Class A2 preferred stock and Class B preferred stock acquired by the Company shall comply with the provisions of Article 178 of the Companies Act.

It has been canceled by the resolution of the Board of Directors meeting held on December 1, 2021, based on the provisions. In addition, the meeting held on December 8, 2021

At the Ordinary General Meeting of Shareholders, the Articles of Incorporation stipulating the issuance of class shares was abolished.

(Note) 18. This is due to a stock split (1:15).

(Note) 19. 50,000 new shares (issue price 1,530 yen, subscription price 1,407.6 yen, capitalization amount of 703.8 yen), capital and capital reserve increased by 35,190,000 yen each.

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(5) [Situation by owner]

As of April 30, 2022

Division	Status of shares (1 unit of shares is 100 shares)							Fractional shares Expression situation (stock)	
	government and land public body	financial institution	financial instruments tractor	Other laws Man	Foreign corporation, etc.		Individuals and others total		
					Non-individual	Individual			
Number of shareholders (people)	-	-	-	-	-	-	9	19	-
Number of shares owned (unit)	-	-	-	32,022	67,856	-	199,554	299,432	235
Percentage of shares owned (%)	-	-	-	10.69	22.66	-	66.65	100	-

(6) [Status of Major Shareholders]

As of April 30, 2022

name	address	Number of shares owned (stock)	Issued shares (treasury Excluding stocks.)of Ownership over total Percentage of shares (%)
Takumi Riku	Minato Ward, Tokyo	14,031,810	46.86
LC FUND VIII, LP	Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands	3,348,210	11.18
HODE HK Limited	Flat/RM 603, 06/F, Laws Commercial Plaza, 788 Cheung Sha Wan Road, Cheung Sha Wan, Hong Kong	2,388,000	7.98
Skyland Ventures No.2 Investment Business Co., Ltd. liability union	Shindaiso Building, 2-10-12 Dogenzaka, Shibuya-ku, Tokyo Building No. 3, No. 531	2,250,000	7.51
Sony Music En Inc. Tataiment	4-5 Rokubancho, Chiyoda-ku, Tokyo	1,674,105	5.59
Ken Honda	Gentle Road, Singapore	1,500,000	5.01
Influencer Invest Co., Ltd. Tomento Holdings	8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo Sumitomo Realty & Development Shinjuku Grand Tower 38th floor	750,000	2.50
SBI AI&Blockchain Investment Business Limited Liability Keihanna	1-6-1 Roppongi, Minato-ku, Tokyo	716,550	2.39
Science City ATR Venture	2-4-1 Marunouchi, Chiyoda-ku, Tokyo	669,630	2.24
NVCC Investment Business Limited Liability Partnership Sin Growth Partners Pte.	10 Anson Road, #14-06 International Plaza, Singapore 079903	527,190	1.76
Total	-	27,855,495	93.02

(7) [Status of voting rights]

(1) Issued shares

As of April 30, 2022

Division	Number of shares (shares)	Number of voting rights (number)	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.)	-	-	-
Stock with full voting rights (Other)	Common stock 29,943,200	299,432	No restrictions on rights Our standard stock and the number of shares constituting one unit is 100 shares.
Shares less than one unit	common stock 235	-	-
Total number of issued shares	29,943,435	-	-
Voting rights of all shareholders	-	299,432	-

(2) Treasury stock, etc.

Not applicable.

2. Status of acquisition of treasury stock, etc.

[Types of shares, etc.] Acquisition of Class A1 preferred stock, Class A2 preferred stock, and Class B preferred stock that fall under Article 155, Item 4 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	Total value (yen)
Acquired treasury stock in the current fiscal year	shares (shares) Class A preferred stock 216,524 Class A preferred stock 125,000 Class B preferred stock 424,105	-
Acquired treasury stock during the period	-	-

(Note) On November 30, 2021, upon exercising the put option from a shareholder, all Class A preferred stock, Class A2 preferred stock and Class B preferred stock will be acquired as treasury stock, and consideration will be given. 1 share of common stock is delivered for each 1 share of preferred stock. In addition, pursuant to the resolution of the Board of Directors meeting held on December 1, 2021, pursuant to Article 178 of the Companies Act, the class shares were canceled on the same date.

3 [Dividend Policy]

The Company recognizes maximizing shareholder returns as one of its most important management goals. We believe that it is important to have sufficient reserves, and have not paid dividends since the company was established, including the current fiscal year. We intend to make effective use of internal reserves as funds to strengthen our financial structure and achieve continuous expansion and development of our business in order to stabilize our management foundation over the long term. In the future, it is our policy to comprehensively consider the management environment, performance trends, future business and investment plans, financial condition and the status of internal reserves, and to consider how to return profits to shareholders. In addition, whether or not dividends will be implemented in the future, including the specific implementation timing and details, has not yet been determined. In addition, when paying dividends from surplus, we basically 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 October 31 as the record date.

4 [Corporate Governance Status, etc.]

(1) [Corporate Governance Overview]

1) Basic Approach to Corporate Governance

In order to meet the trust and expectations of our shareholders, customers, employees, clients and other stakeholders, and to continuously improve our corporate value, we must establish corporate ethics based on legal compliance and earn social trust. We recognize that it is extremely important to establish For this reason, we will improve corporate governance by building an organizational structure that is conscious of ensuring management transparency and fairness, risk management, and strengthening supervisory functions, while promoting management efficiency by speeding up decision-making. We will continue to enhance our corporate value.

2) Overview of the corporate governance system and reasons for adopting the system i.

Overview of Corporate Governance System

stomach. board of directors

Our board of directors consists of three directors (one of whom is an outside director). The Board of Directors holds regular meetings once a month, in principle, and extraordinary meetings as necessary, in order to establish a system that enables prompt management decision-making. The Board of Directors makes decisions on matters stipulated by laws and regulations and the Articles of Incorporation, as well as important management matters, and supervises the execution of duties by each director. In addition, the Board of Directors is attended by corporate auditors, and the system allows them to monitor the status of execution of duties by the directors. The names of the members of the Board of Directors are Riku Tazuno, Representative Director and CEO as the head of the organization (chairman), and the other members are Shinya Tsurugi and Takeyuki Aritomi, who is an outside director.

B. Corporate Auditors and Board of Corporate Auditors

The Company is a company with an Audit & Supervisory Board, which consists of three Audit & Supervisory Board Members (one full-time Audit & Supervisory Board Member and three outside Audit & Supervisory Board Members). Corporate auditors monitor the state of governance and its operational status, and audit the execution of duties by directors. Full-time corporate auditors attend meetings of the Board of Directors, exercise their legal rights, such as receiving reports from directors, employees, and accounting auditors, and attend management meetings and other important meetings to ensure effective monitoring. We are doing. Part-time corporate auditors attend meetings of the Board of Directors and monitor management based on their work experience and expertise. At the Board of Corporate Auditors, the results of audits conducted on a daily basis by full-time corporate auditors are reported monthly and resolutions are made on necessary matters. In addition, Audit & Supervisory Board Members exchange information and opinions with the Accounting Auditor and internal auditors as needed to improve the auditing function through close cooperation. The members of the Audit & Supervisory Board are Tasuku Yamaoka, Shunsaku Maekawa, and Yasuko Umeda (maiden name: Iino), and Tasuku Yamaoka, Shunsaku Maekawa, and Yasuko Umeda (maiden name: Iino) are outside auditors. Full-time Audit & Supervisory Board Member Shunsaku Maekawa serves as chairman.

c. Management

Committee The Management Committee consists of the Company's Representative Director and CEO, directors (excluding outside directors), full-time corporate auditors, executive officers, and persons appointed by the Representative Director and CEO as necessary. These meetings are held regularly. The Executive Committee deliberates on important matters concerning the Company's organization, operations, and other management, and strives to clarify and ensure transparency in the decision-making process regarding proposals to be submitted to the Board of Directors. In addition, if necessary, the opinions of full-time corporate auditors are heard. The Management Committee is chaired by Representative Director and CEO Riku Tazuno, and is composed of Director Shinya Tsurugi, Executive Officer, Full-time Corporate Auditor Shunsaku Maekawa as an observer, and persons appointed by Representative Director and CEO as necessary. increase.

D. Accounting auditor

The Company has concluded an audit contract with Taiyo LLC, and receives audits in a timely and appropriate manner from an independent standpoint.

E. Executive officer system

The Company has introduced an executive officer system in order to separate management decision-making and auditing functions from business execution functions and to expedite business execution. Executive officers are elected by the Board of Directors and carry out business according to their assigned responsibilities. The term of office of Executive Officers shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within two years after their election.

f. Internal Audit

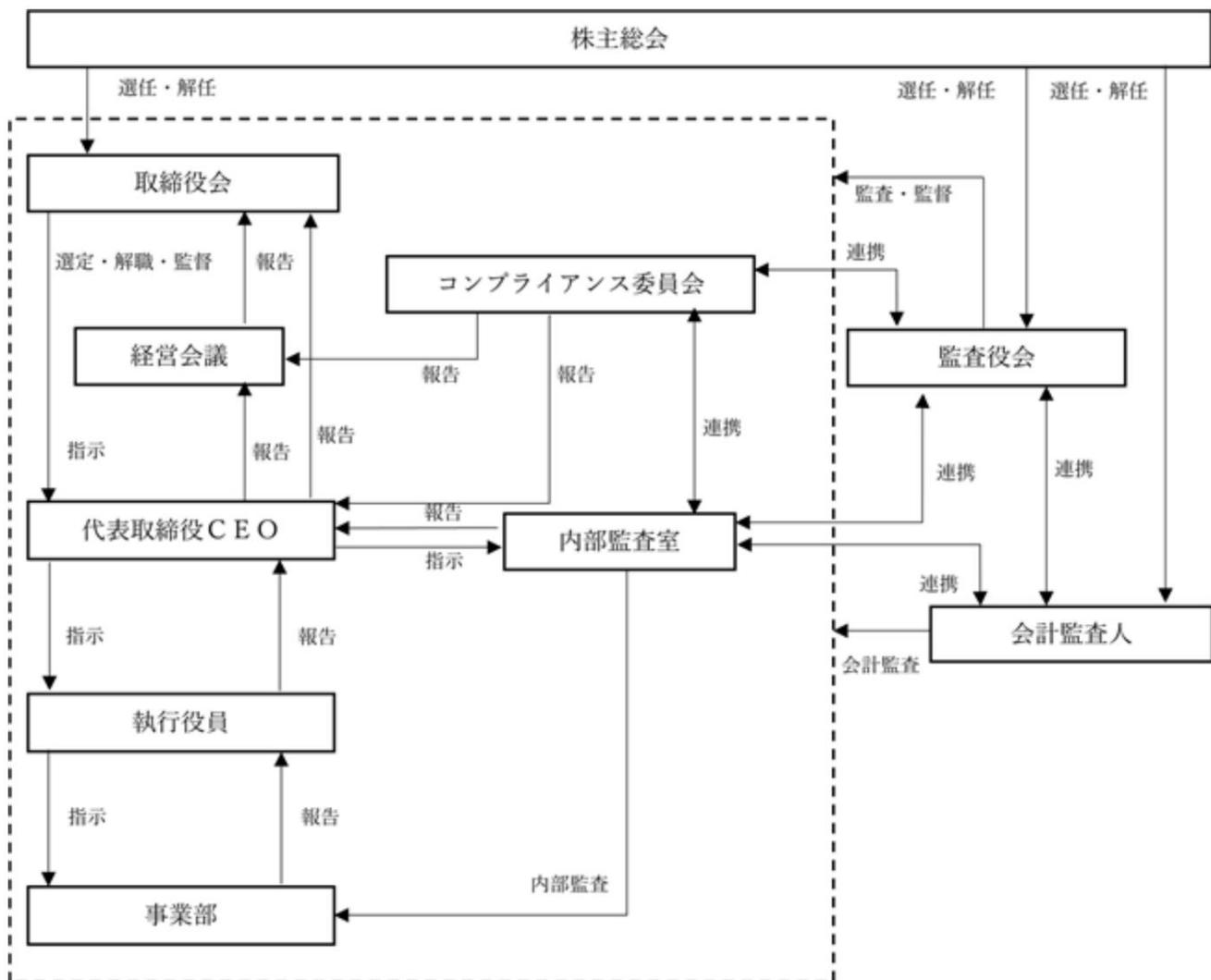
The Company has established an Internal Audit Office (consisting of one head of the Internal Audit Office) to conduct internal audits of the Company. For the purpose of verifying the appropriateness of the business and ensuring the effectiveness and efficiency of operations, the person in charge of internal audits conducts internal audits, reports the audit results to the Representative Director and CEO, and examines the audited items. In addition, we make suggestions for business improvement, etc. to each department, and follow up and confirm the improvement status at a later date. In addition, the staff in charge of internal audits enhances the effectiveness of audits by exchanging information and opinions with the board of corporate auditors and accounting auditors as needed.

door. Compliance Committee The

Company has established a Compliance Committee consisting of directors, auditors, general managers of business administration, and employees in charge of compliance in each department in order to develop and operate a compliance system and appropriate governance. I will. The Compliance Committee holds regular quarterly meetings and discusses the development and operational status of the compliance system and internal control system.

ii. Corporate governance system

The outline of our corporate governance system is as follows.



iii. Reasons for adopting this system The

Company has adopted the above corporate governance system, judging that it is effective for ensuring flexible and prompt decision-making and ensuring the transparency and soundness of management. .

3) Other matters related to corporate governance i.

Development status of internal control system

At the Board of Directors meeting held on July 20, 2020, the Company passed a resolution to establish a "basic policy for building an internal control system" as a system for ensuring the proper execution of business. We operate an internal control system based on The outline is as follows. stomach. A system to ensure that the performance of duties by directors and employees conforms to laws and regulations and the Articles of Incorporation

- a. Compliance regulations are established so that the Company and its officers and employees can comply with laws and regulations and the Articles of Incorporation and act in a way that respects ethics. determine.
- b. We have established a system that allows us to report violations of laws and regulations by our directors using our compliance-related whistle-blowing system. and monitor the functioning of the compliance system.
- c. A secretariat for the Board of Directors shall be established to (1) convene a Board of Directors meeting as soon as necessary and establish a system for timely submission and deliberation of matters stipulated in the standards for submission to the Board of Directors; By providing support for the preparation of materials that will enable such proposals and prior explanations of the content of proposals, the Outside Directors and Audit & Supervisory Board Members will be encouraged to understand the proposals and ensure that legality and other matters are properly confirmed.
- d. If a director discovers that another director has acted in violation of laws and regulations or the Articles of Incorporation, he/she shall immediately notify the Board of Corporate Auditors and the Board of Directors. report to

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

Information related to the execution of duties by directors shall be properly recorded, stored and managed in accordance with document management regulations and information security management regulations.

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

- a. Establish risk management rules that systematically define our risk management, build a risk management system based on the rules, operate.
- b. Internal auditors will audit the risk management status of each organization and report the results to the representative director and CEO.

D. System to ensure that directors perform their duties efficiently

- a. The Board of Directors establishes the Board of Directors Regulations, Administrative Authority Regulations, Division of Duties Regulations, Approval Regulations, etc., and clarifies the system of responsibility for business execution and business processes, thereby ensuring prompt and efficient execution of business based on decisions made by the Board of Directors. promote efficient processing.
- b. As a system to ensure that the directors perform their duties efficiently, in addition to regular monthly meetings of the board of directors, meetings consisting of the majority of directors are held as needed to determine basic policies and strategies. .

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

- a. Employees shall perform their duties based on the organization and division of duties, etc., determined by the Board of Directors. b. The person in charge of internal audits monitors the development and operation status of the internal control system in cooperation with the auditors and accounting auditors. and validate.

- f. Matters concerning employees in cases where auditors request to assign employees to assist them in their duties a. If the Audit & Supervisory Board Members deem it necessary and request it, they will promptly appoint an employee to assist the Audit & Supervisory Board Members in their duties. b. In the case of appointing an employee to assist, the consent of the Audit & Supervisory Board shall be required for matters such as the number of employees, personnel transfers, and personnel evaluations. and Audit & Supervisory Board Members.

door. System for reporting to Audit & Supervisory Board Members and other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively a. Audit & Supervisory Board Members attend meetings of the Board of Directors in order to understand important decision-making processes and the status of business execution. b. In principle, the Audit & Supervisory Board shall hold regular meetings once a month and extraordinary meetings as necessary to exchange information and discuss matters such as the status of audit implementation. Receive audit reports and exchange opinions.

- c. Directors and employees shall, at the request of Audit & Supervisory Board Members, report on the status of execution of their duties and other matters from time to time. d. Audit & Supervisory Board Members can always view records related to business execution, such as minutes of meetings of the Board of Directors. e. Auditors can check all important approval documents such as requests for approval.

f. If it is confirmed that the person who reported to the Audit & Supervisory Board Members was treated unfavorably, the person who gave the unfavorable treatment shall may be subject to disciplinary action, etc.

g. In the event that an Audit & Supervisory Board Member requests advance payment of expenses arising from the execution of duties, reimbursement of expenses incurred, or repayment of debts incurred, such expenses, etc. are not incurred in the execution of duties by Audit & Supervisory Board Members. We will comply unless we can prove that

blood. System to eliminate anti-social forces

a. The Company does not deal with anti-social forces and groups that threaten the order and safety of civil society,
From the point of view of b. If there is an unreasonable demand from anti-social forces, we
will consult with our corporate lawyer.

Li. System for optimizing corporate governance at the Company and its subsidiaries

- a. In order to ensure the appropriateness of the operations of our subsidiaries, we provide management guidance, support, and management to our subsidiaries.
monitoring and recording.
- b. Directors and employees shall immediately report to the Audit & Supervisory Board Members of the Company when they discover facts related to legal violations or other compliance violations at subsidiaries, or when they discover facts that are suspected of compliance violations.
- c. Upon receipt of the report, the Audit & Supervisory Board Members will convey it to the relevant departments of the Company, grasp the situation, and propose countermeasures.
- d. When an Audit & Supervisory Board Member recognizes that there is a problem with the compliance system of a subsidiary or that improvements are required, he/she may state his/her opinion at the Company's Executive Committee and the Company's Board of Directors, and request the formulation and implementation of corrective measures and measures to prevent recurrence. Wear.
- e. Audit & Supervisory Board Members audit subsidiaries when necessary, and if they recognize any problems, they may report to the Board of Directors and request the formulation and implementation of corrective measures and measures to prevent recurrence.

ii. Development status of risk management system

stomach. Development status of risk management system

The Company has established risk management rules for the purpose of preventing the materialization of risks that cause physical, economic or credit losses or disadvantages to the Company and minimizing the Company's losses. We are working to strengthen our risk management system. All employees, including the representative director and CEO, directors, and executive officers, proactively foresee and assess business risks, report to the management meeting and the representative director and CEO in a timely manner, and respond appropriately and promptly as a company. We have established a system that can

B. Status of development of compliance system

We strictly comply with all laws and rules in our business operations, carry out sincere and fair corporate activities, and have established "Compliance Regulations" for the purpose of ensuring sound management based on self-discipline. We have established a compliance committee. The Compliance Committee always cooperates with employees of each department, corporate auditors, and the Internal Audit Office to investigate whether all employees, including directors, are complying with compliance. In addition, regular meetings are held to confirm the status of development and operation of the compliance system and internal control system, identify potential risks of violation of laws and regulations, etc., and decide how to deal with them. Furthermore, in the unlikely event that a compliance violation occurs, we will convene a Compliance Committee meeting at the appropriate time, investigate the facts, and take prompt measures to minimize the damage. We will take measures to prevent recurrence.

iii. Status of establishment of systems to ensure the appropriateness of operations at

subsidiaries The Company ensures the appropriateness of operations at subsidiaries in accordance with the above-mentioned "Basic Policy for Establishing Internal Control Systems."

iv. Exemption and Limitation of Liability of Directors and Audit & Supervisory Board Members

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company shall, by a resolution of the Board of Directors, appoint any director (including former director) or corporate auditor (or Directors (excluding those who are executive directors, etc.) are exempted from liability to the extent permitted by laws and regulations, and pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. Alternatively, the Articles of Incorporation stipulate that the Company may enter into agreements with Audit & Supervisory Board Members that limit liability for damages under Article 423, Paragraph 1 of the Act. The purpose of this is to create an environment in which directors and corporate auditors can fully demonstrate their abilities and fulfill their expected roles in the execution of their duties. The Company has entered into agreements with directors (excluding those who are executive directors, etc.) and corporate auditors to limit liability for damages. The maximum amount of liability under the contract shall be the minimum liability amount stipulated by laws and regulations. This limitation of liability is only permitted when the directors and corporate auditors have acted in good faith and without gross negligence in performing their duties that caused the liability.

v. Number of Directors The

Company's Articles of Incorporation stipulate that the number of directors shall be no more than seven.

vi. Resolution Requirements for Election of

Directors The Company's Articles of Incorporation stipulate that resolutions for the election of directors shall be made by a majority of the voting rights of the shareholders who hold one-third or more of the voting rights of the shareholders who can exercise their voting rights. We have decided. In addition, the Articles of Incorporation stipulate that resolutions for the appointment of directors shall not be made by cumulative voting.

vii. interim dividend

In accordance with Article 454, Paragraph 5 of the Companies Act, with the aim of facilitating the flexible return of profits to shareholders, the Company pays interim dividends by resolution of the Board of Directors with October 31 of each year as the record date. The Articles of Incorporation stipulate that it is possible to do so.

v. Requirements for special resolutions at the

General Meeting of Shareholders The Company may exercise voting rights with respect to the requirements for special resolutions at the General Meeting of Shareholders as stipulated in Article 309, Paragraph 2 of the Companies Act. However, the Articles of Incorporation stipulate that two-thirds or more of the voting rights shall be exercised. The purpose of this is to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum required for special resolutions at the General Meeting of Shareholders.

y. Acquisition of own shares

The Company's Articles of Incorporation stipulate that the Company may acquire its own shares by resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act.

x. Overview of Officers Liability Insurance The Company

concludes officers liability insurance contracts with insurance companies, with directors and corporate auditors as the insured persons. This insurance contract covers damages that may arise as a result of an officer, etc., who is the insured person, taking responsibility for the performance of their duties or receiving a claim for the pursuit of such liability. However, we will not compensate for damages caused by actions taken with the knowledge that they are in violation of laws and regulations. We cover all insurance premiums.

(2) [Status of
Officers] (1) List of
Officers 5 men, 1 female (Ratio of female officers: 16.7%)

job title	Full name	Date of birth	Biography	term of office	Number of shares owned (shares)
Representative Director and	CEO Riku Tazuno	Born February 3, 1996	May 2017 Established the Company May 2017 Appointed Representative Director and CEO of the Company (current position) May 2021 Appointed Executive Officer of the	(Note) 3	13,831,810
Director, CFO and General Manager of Business Management Department	Shinya Tsurai	Born March 3, 1987	Overseas VTuber Division of the Company April 2012 Price Waterhouse Tax Accountant Corporation Joined Coopers (currently PwC Tax Corporation) September 2014 Joined Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. May 2019 Joined the Company Appointed Executive Officer and CFO July 2019 Appointed Director and CFO of the Company (current position) November 2019 Company management Appointed General Manager of Planning Department May 2021 Appointed Executive Officer of Corporate Planning Department of the Company July 2021 Appointed Executive Officer and General Manager of Corporate Administration Department of the Company (current position)	(Note) 3	-
Outside Director	Takeyuki Aritomi	Born August 5, 1984	September 2008 Joined Nagashima, Ohno & Tsunematsu July 2011 Joined Shiomizaka Sogo Law Office January 2016 Appointed as Partner of the same office December 2017 Outside Corporate Auditor of ROXX Co., Ltd. August 2019 First Advisors Co., Ltd. Appointed Director (current position) August 2019 Appointed Outside Corporate Auditor of Travel Book Co., Ltd. (current position) July 2022 Appointed Outside Director of the Company (current position) April 1976 Joined Sumitomo Corporation July 2009 Sumitomo Corporation Chemical Co., Ltd. July 2013 Appointed full-time corporate auditor of the company March	(Note) 3	-
full-time auditor	Shunsaku Maekawa	Born November 26, 1953	2020 Appointed full-time corporate auditor of the Company (current position) April 1991 Joined Toshiba Corporation October 2002 Registered as an attorney June 2006 American Family Life Insurance Company (Currently: Aflac Life Insurance Co., Ltd.) January 2011 Appointed Director of Iino Law Office (current position) December 2017 Appointed Audit &	(Note) 4	-
Auditor	Yasuko Umeda (maiden name: Iino)	Born October 28, 1968	Supervisory Board Member of Aioi System Co., Ltd. (current position) December 2018 Appointed Audit & Supervisory Board Member of Supreme System Co., Ltd. July 2020 Appointed Audit & Supervisory Board Member of	(Note) 4	-
Auditor	Tasuku Yamaoka	Born April 3, 1986	the Company (current position) January 2010 Joined Deloitte Touche Tohmatsu LLC March 2014 Joined Casley Consulting Co., Ltd. July 2014 Appointed Representative Partner of Tasuku Yamaoka CPA Office (current position) 2016 October 2019 Joined Gojo & Company Co., Ltd. (current position) January 2019 Appointed Representative Director of Shikumiya Co., Ltd. Appointed (current position) February 2019 Joined Wantedly Co., Ltd. (current position) July 2019 Appointed Audit & Supervisory Board Member of the Company (current position) January 2021 Appointed Audit & Supervisory Board Member of F-Code Co., Ltd. (current position)	(Note) 4	-
Total					13,831,810

(Note) 1. Director Takeyuki Aritomi is an outside director.

2. Audit & Supervisory Board Members Shunsaku Maekawa, Yasuko Umeda (maiden name: Iino), and Tasuku Yamaoka are Outside Audit & Supervisory Board

Members. 3. From the conclusion of the Annual General Meeting of Shareholders held on July 29, 2022 to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending April 30, 2023.
increase.4. From the conclusion of the extraordinary general meeting of shareholders held on February 10, 2022 to the conclusion of the ordinary general meeting of shareholders for the fiscal year ending April 2025.
increase.

y Status of Outside Officers

The Company has one outside director and three outside corporate auditors. Takeyuki

Aritomi, an outside director (part-time director), has experience in the financial field, including M&A and various fund formations, as a lawyer. He has experience in supporting many companies in a wide range of areas, including legal matters, and is therefore qualified to serve as an outside director of the Company. . Outside Audit & Supervisory Board Member (Full-time Audit & Supervisory Board Member) Shunsaku Maekawa has a wealth of experience in administrative departments, internal audits, and Audit & Supervisory Board Member positions at Sumitomo Corporation and its subsidiaries. We have judged that he will be able to perform his duties as an Audit & Supervisory Board Member appropriately. Outside Audit & Supervisory Board Member (part-time Audit & Supervisory Board Member) Yasuko Umeda (maiden name: Iino) has specialized knowledge and experience cultivated as a lawyer, and is expected to be able to appropriately perform her duties as an Audit & Supervisory Board Member. I am judging. Outside Audit & Supervisory Board Member (part-time Audit & Supervisory Board Member) Tasuku Yamaoka is a certified public accountant and has specialized knowledge of finance and accounting, so he is able to appropriately perform his duties as an Audit & Supervisory Board Member. I have judged that. There are no personal, capital, business, or other interests between the Company and the above Outside Directors and Outside Audit & Supervisory Board Members. The Company does not have any clearly established standards or policies regarding independence for the appointment of Outside Directors or Outside Audit & Supervisory Board Members. The decision is made on the premise that sufficient independence can be ensured to perform duties as an outside director from a position of independent director.

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

departments Outside directors and outside auditors receive reports on the results of internal audits, audits by auditors, and accounting audits at meetings of the board of directors and the board of auditors, as well as reports on other important matters. I make remarks and suggestions based on my expertise, experience and knowledge. Outside corporate auditors attend meetings of the Board of Directors based on the audit policies and audit plans formulated by the Board of Corporate Auditors and express their opinions as appropriate. . details of important meetings, summaries of important documents reviewed, status of internal control, etc. In addition, through regular three-way audits, we receive reports and explanations from accounting auditors on the outline of audit procedures and audit results, etc., and strive to strengthen cooperation with accounting auditors and the Internal Audit Office. In addition, we are enhancing mutual cooperation with the Internal Audit Office by exchanging information as necessary.

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

audits by auditors

The Board of Corporate Auditors of the Company consists of one full-time corporate auditor (including one outside corporate auditor) and two part-time corporate auditors (including two outside corporate auditors). Based on various business and social environments as well as audit results from past years, auditors establish priority audit items and formulate audit plans, and conduct audits based on these. In order to improve the effectiveness and efficiency of audits as a monitoring function, we strive to maintain close cooperation through regular information exchanges with the Accounting Auditors and the Internal Audit Office. At the Audit & Supervisory Board meetings, opinions are exchanged on the legality of decision-making by the Board of Directors based on laws and regulations, the Articles of Incorporation, and the Audit & Supervisory Board Members Audit Regulations. We have decided. In addition, the full-time corporate auditors attend important meetings such as management meetings, offer opinions on the execution of duties by directors, and conduct audits of overall business execution. Full-time Audit & Supervisory Board Member Shunsaku Maekawa has worked at Sumitomo Corporation for approximately 40 years in the Accounting Department, Administration Department, etc., and has a wealth of knowledge and experience in matters such as settlement procedures and the preparation of financial statements. Audit & Supervisory Board Member Tasuku Yamaoka is a certified public accountant and has considerable knowledge of finance and accounting. During the fiscal year under review, the Audit & Supervisory Board met once a month, and the attendance status of each Audit & Supervisory Board Member is as follows.

Position	Full name	Held times	Attendance
Standing Audit & Supervisory Board Member (Outside)	Shunsaku Maekawa	16 times	16 times
Part-time Audit & Supervisory Board Member (Outside)	Yasuko Umeda (maiden name: Iino)	16 times	16 times
Part-time Audit & Supervisory Board Member (Outside)	Tasuku Yamaoka	16 times	16 times

The main items to be considered by the Audit & Supervisory Board are the annual audit policy, audit plan, audit method, determination of the division of duties of each Audit & Supervisory Board member, evaluation of the accounting auditor and consent for reappointment, and explanation of the annual audit plan from the audit firm. After receiving, consent to the audit compensation of the audit firm, and information sharing based on the monthly activity report by the full-time corporate auditors. In addition, as a full-time corporate auditor, in addition to the Board of Directors meetings, he participates in important meetings such as management meetings, reviews important documents such as requests for approval, conducts interviews with directors, etc., and reports from the Internal Audit Office and accounting auditors. In addition to receiving and exchanging opinions, we also report to and exchange opinions with the president. Internal information collected through these activities is communicated to part-time corporate auditors as needed, reported to the board of corporate auditors, and strictly discussed.

y Status of internal audits

For internal audits, the Company has established an Internal Audit Office (consisting of one head of the Internal Audit Office) under the direct control of the Representative Director and CEO. In addition to reporting the results to the Representative Director and CEO, the results of the audits are reported to the relevant departments, points out and provides guidance on matters to be improved, and confirms the progress of these matters, thereby conducting highly effective business audits. , Audit & Supervisory Board Members, the Internal Audit Office, and the Accounting Auditor maintain close cooperation, exchange opinions and information, and conduct efficient and effective audits.

y Status of accounting audit

i. Audit firm name Taiyo LLC

ii. Continuous audit period 3

years

iii. Certified public accountant who executed the work

Gen Takehara

Shinichi Shinozuka

iv. Composition of assistants involved in audit work 4 certified

public accountants and 14 others

v. Policy and Reasons for Selection of Audit

Firm (Policy for Decisions on Dismissal or Non-reappointment of

Accounting Auditor) If approved, the accounting auditor will be dismissed with the unanimous consent of the auditors. In addition, if it is determined that dismissal or non-reappointment of the Accounting Auditor is appropriate, such as when it is deemed appropriate to dismiss or not reappoint the Accounting Auditor, the Board of Corporate Auditors will notify the shareholders. Determines the content of the proposal to dismiss or not to reappoint the Accounting Auditor to be submitted to the general meeting.

(Reason for reappointment as Accounting

Auditor) In selecting the audit firm, the reasons for disqualification and independence were determined based on the "Practical Guidelines for Audit & Supervisory Board Members, etc. Regarding the Evaluation and Selection Criteria for Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association. We make a comprehensive decision by taking into consideration the quality and quality control system. In addition, we have decided to reappoint Taiyo LLC in consideration of the audit plan and implementation status, the appropriateness of the audit results, the evaluation from the directors and audited departments, the appropriateness of the audit fee, and other factors.

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

Auditors and the Board of Auditors of the Company evaluate the auditing firm, and Taiyo LLC did not have any events that would impair the independence and expertise of the accounting auditor, and performed audits appropriately. is evaluated as possible.

(iv) Details of audit fees i.

Compensation 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)
14,000	-	22,500	1,500

ii. Remuneration for the same network as auditing certified public accountants, etc. (excluding i.) Not applicable.

iii. Details of remuneration based on other important audit certification services

The content of non-audit services at the Company is the preparation of comfort letters, which is other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law.

iv. Policy for Determining Audit

Compensation The Company does not have a policy for determining audit compensation for auditing certified public accountants, etc. However, upon consultation with an auditing firm, the amount of compensation will be determined based on the number of audit days, etc., based on the Company's business scale and business characteristics. Estimated remuneration is determined based on the rationality of the number of days and the unit price, and after obtaining the approval of the Board of Corporate Auditors.

v. Reasons for the Audit & Supervisory Board to Agree to Compensation,

etc. for the Accounting Auditor, the contents of the accounting auditor's audit plan, the status of performance of accounting audit duties, and the basis for calculation of compensation estimates, etc., and as a result of necessary verification and deliberation, it was determined that the amount of compensation, etc., for the accounting auditor was appropriate. .

(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

Regarding executive remuneration, the annual general meeting of shareholders to be held on July 29, 2022 decided to set a maximum annual remuneration amount for directors. 300,000,000 yen and annual remuneration limit of 50,000,000 yen for corporate auditors have been decided.

Remuneration for directors shall be determined by resolution of the Board of Directors within the total amount of remuneration determined by resolution of the General Meeting of Shareholders.

The position of each director, the degree of contribution, the performance of the company, etc. will be taken into account when the compensation is paid. and

The reason for delegating authority is that the representative director is the most important person to evaluate the duties of each director while overlooking the performance of the company as a whole.

This is because we have determined that it is suitable for

The representative director and CEO evaluates the execution of duties by each director and evaluates the company's performance comprehensively, etc., and determine the amount of payment for each individual. Regarding outside directors, the role expected of the company and duties, as well as the expertise and knowledge possessed by the relevant outside director,

The amount of compensation is determined in consideration of the balance with the amount of compensation for outside corporate auditors.

Remuneration for directors is paid as fixed remuneration in cash, and performance-linked remuneration, etc. and non-monetary remuneration, etc., are not adopted. not here.

Remuneration for Audit & Supervisory Board Members shall be determined through discussion by the Audit & Supervisory Board within the total amount of remuneration determined by resolution of the General Meeting of Shareholders.

We have decided.

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

Officer classification	Total amount of remuneration, etc. (thousand yen)	Total amount by type of remuneration (1,000 yen)				be eligible number of officers (Man)
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Of the items on the left, Non-monetary compensation, etc.	
Director <small>(excluding outside directors) Audit & Supervisory</small>	40,220	40,220	-	-	-	2
Board Members <small>(excluding outside auditors)</small>	-	-	-	-	-	-
Outside officer	13,000	13,000	-	-	-	Four

(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.

(iv) An important part of the employee portion of salaries for an officer concurrently serving as an employee

Not applicable.

(5) [Shareholding status]

Not applicable.

Fifth [Accounting situation]

1. How to prepare financial statements

The Company's financial statements are prepared in accordance with the "Regulations Concerning Terminology, Forms, and Methods of Preparation of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963).

2. About audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the financial statements for the business year (from May 1, 2021 to April 30, 2022) will be reviewed by Taiyo LLC. We are audited.

3. Regarding consolidated financial

statements, in accordance with 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 does not disclose the assets, sales, profit and loss, and retained earnings of its subsidiaries. In terms of cash, cash flow and other items, the consolidated financial statements are considered to be insignificant to the extent that they do not mislead rational judgments regarding the financial position, operating results and cash flow status of the Group. Not created.

The percentages based on assets, sales, profit and retained earnings are as follows. Assets basis 0.07% Sales basis 0.04% Profit basis 0.08%

Retained earnings basis 0.04%

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

The Company makes special efforts to ensure the appropriateness of its financial statements. Specifically, in order to properly understand the content of accounting standards, etc., and develop a system that can appropriately respond to changes in accounting standards, etc., we will hold discussions with audit firms as necessary. We also actively collect information by sharing information with accounting experts and subscribing to specialized finance and accounting magazines. In addition, we have joined the Financial Accounting Standards Foundation and participate in explanatory seminars on accounting standards, etc. sponsored by the Financial Accounting Standards Foundation and audit firms.

1 [Financial statements, etc.]

(1) [Financial Statements]

Balance sheet

(Unit: thousand yen)

	Previous fiscal year (April 30, 2021)	Current fiscal year (April 30, 2022)
assets		
current assets		
Cash and deposits	3,628,274	5,860,698
Accounts receivable	1,395,309	* 2,069,605
Merchandise Advance	127,033	488,875
payments Prepaid	7,850	-
expenses Other Total	29,774	65,712
current assets Fixed	32,574	12,888
assets	5,220,816	8,497,779
Tangible fixed assets		
	152,132	164,899
Buildings Accumulated	-2,279	¥28,872
depreciation Buildings,	149,852	136,026
net Tools, furniture and	151,247	190,450
fixtures Accumulated	-52,247	¥98,966
depreciation Tools, furniture and fixtures,	98,999	91,484
net Total property, plant and equipment	248,852	227,510
Intangible assets		
Software Total	9,315	8,410
intangible assets	9,315	8,410
Investments and other assets		
Stocks of affiliated	64,598	37,598
companies Long-term	106	963
prepaid expenses	565,623	458,481
Deposits Deferred tax	119,249	121,275
assets Other Total	1,198	1,306
investments and other assets Total	750,776	619,625
fixed assets Total assets	1,008,944	855,546
	6,229,760	9,353,326

(Unit: thousand yen)

	Previous fiscal year (April 30, 2021)	Current fiscal year (April 30, 2022)
Liabilities section		
Current Liabilities		
Accounts payable	622,188	739,647
Short-term loans payable	200,000	-
Current portion of long-term loans payable	242,510	246,742
Accrued expenses	250,514	22,716
Income taxes payable	280,034	367,814
Advances received		
Deposits received		
Other		
Total current liabilities	462,118	1,054,313
Fixed liabilities	35,721	18,577
	39,213	70,401
	1,679	204,281
	2,133,980	2,724,494
Long-term debt	570,101	310,089
Total fixed liabilities	570,101	310,089
Total liabilities	2,704,081	3,034,583
Net assets		
Shareholders' equity		
Capital	104,120	104,120
Capital surplus		
Capital reserve	2,476,034	2,476,034
Other capital surplus	70,000	-
Total capital surplus	2,546,034	2,476,034
Retained earnings		
Other retained earnings		
Retained earnings carried forward	997,534	3,734,957
Total retained earnings	997,534	3,734,957
Treasury stock	¥125,640	-
Total shareholders' equity	3,522,048	6,315,112
Subscription rights to shares		
Total net assets	3,630	3,630
Total liabilities and net assets	3,525,678	6,318,742
	6,229,760	9,353,326

Income statement

(Unit: thousand yen)

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Net sales	7,636,041	*1 14,164,140
Cost of sales	4,699,904	8,179,805
Gross profit Selling,	2,936,137	5,984,334
general and administrative expenses	*2, *3 1,484,121	*2, *3 1,793,259
Operating income Non-operating income	1,452,015	4,191,075
Interest income	26	39
Subsidy income	5,130	1,140
Other Total non-	1,300	312
operating income Non-	6,456	1,491
operating expenses		
Interest expense	6,749	5,293
Foreign exchange	-	6,777
loss Compensation	-	27,000
for damages IPO	-	4,482
expenses Other Total	617	-
non-operating expenses	7,366	43,552
Ordinary income Extraordinary	1,451,104	4,149,013
income		
Gain on transfer of	10,981	-
business Total extraordinary	10,981	-
gain Extraordinary loss		
Loss on office	*4, *5 192,684	-
relocation Loss	-	*6 150,331
on cancellation of	8,136	-
events Other	200,821	150,331
extraordinary losses	1,261,264	3,998,682
	426,156	1,207,644
	¥102,189	¥2,025
	323,967	1,205,619
	937,297	2,793,063

[Cost of sales statement]

Division	Notes number	Previous fiscal year (From May 1, 2020 To April 30, 2021)		Current fiscal year (From May 1, 2021 To April 30, 2022)	
		Amount (thousand yen)	composition ratio (%)	Amount (thousand yen)	composition ratio (%)
Labor costs		345,975	8.5	434,807	6.8
Outsourcing expenses		2,304,835	57.0	3,437,839	53.7
Expenses	*1	1,393,585	34.5	2,535,076	39.5
Total manufacturing cost for the period		4,044,395	100.0	6,407,722	100.0
Commodity inventory at the beginning of the period		52,352		127,033	
Product purchases for the period		723,493		2,092,378	
total		4,820,241		8,627,134	
Inventory of merchandise at the end of the period		127,033		488,875	
Product valuation loss		6,695		41,546	
Current cost of sales		4,699,904		8,179,805	

Cost accounting method

We calculate individual costs based on actual costs.

*1 The main breakdown is as follows.

item	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Payment fee (1,000 yen) *2	1,083,484	2,022,607
Rent (thousand yen)	93,769	182,596
Software cost (thousand yen)	107,174	160,535

*2 Primarily commissions to platform operators, etc.

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

Previous fiscal year (From May 1, 2020 to April 30, 2021)

(Unit: thousand yen)

	Shareholders' equity								Subscription rights to shares	Total net assets
	capital	capital surplus			retained earnings		Treasury stock	Total shareholders' equity		
		capital reserve	Other capital Surplus	capital surplus total	Other profit Surplus	retained earnings total				
					Earnings carried forward Surplus					
Balance at beginning of period	100,000	2,541,914	-	2,541,914	60,236	60,236	-	2,702,151	1,650	2,703,801
Changes during the period										
Net income					937,297	937,297		937,297		937,297
Issuance of new shares	4,120	4,120		4,120				8,240		8,240
surplus from capital reserve transfer to gold		¥70,000	70,000							
Acquisition of treasury stock							¥125,640	¥125,640		¥125,640
Issuance of Stock Acquisition Rights									1,980	1,980
Total changes during the period	4,120	¥65,880	70,000	4,120	937,297	937,297	¥125,640	819,897	1,980	821,877
Balance at end of period	104,120	2,476,034	70,000	2,546,034	997,534	997,534	¥125,640	3,522,048	3,630	3,525,678

Current fiscal year (from May 1, 2021 to April 30, 2022)

(Unit: thousand yen)

	Shareholders' equity								Subscription rights to shares	Total net assets
	capital	capital surplus			retained earnings		Treasury stock	Total shareholders' equity		
		capital reserve	Other capital Surplus	capital surplus total	Other profit Surplus	retained earnings total				
					Earnings carried forward Surplus					
Balance at beginning of period	104,120	2,476,034	70,000	2,546,034	997,534	997,534	¥125,640	3,522,048	3,630	3,525,678
Changes during the period										
Net income					2,793,063	2,793,063		2,793,063		2,793,063
Cancellation of treasury stock			¥70,000	¥70,000	¥55,640	¥55,640	125,640			
Total changes during the period			¥70,000	¥70,000	2,737,423	2,737,423	125,640	2,793,063		2,793,063
Balance at end of period	104,120	2,476,034		2,476,034	3,734,957	3,734,957		6,315,112	3,630	6,318,742

Cash Flow Statement

(Unit: thousand yen)

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Cash flow from operating activities		
Income before income	1,261,264	3,998,682
taxes Depreciation and other amortization	89,192	126,080
Interest income Interest expenses Gain	-26	¥39
(loss) on transfer of business Loss on	6,749	5,293
office transfer Loss on event cancellation	*2 -10,981	-
Compensation for damages Decrease	192,684	-
(increase) in trade receivables Decrease	-	150,331
(increase) in inventories (¥ increase)	-	27,000
Increase (decrease) in trade payables	¥690,141	¥674,295
Increase (decrease) in other assets	¥74,681	¥361,841
(increase) Decrease in other liabilities	221,277	117,458
(decrease) Other subtotal Interest received	19,141	¥9,366
Interest paid Office Loss on transfer payment	387,364	226,497
Loss on event cancellation Payment for	8,194	¥4,248
damages Payment of income tax, etc. Refund	1,410,039	3,601,550
of income tax, etc. Cash flows from operating	26	39
activities	¥6,749	¥5,293
	¥43,270	¥67,420
	-	¥150,331
	-	¥27,000
	¥29,585	¥633,049
	19,979	-
	1,350,439	2,718,495
Cash flow from investing activities		
Purchase of property, plant and equipment	¥152,561	¥116,818
Purchase of intangible assets Purchase	¥3,600	¥1,863
of stocks of affiliated companies Income	¥80,598	-
from paid capital reduction of stocks of affiliated	-	27,000
companies Payment of deposits Income from	¥521,347	-
collection of security deposits Cash flows from	217	57,141
investing activities	¥757,890	¥34,540
Cash flow from financing activities		
Proceeds from short-term loans	200,000	-
Repayments of short-term loans	-33,332	¥200,000
Proceeds from long-term loans	700,000	-
Repayments of long-term loans	-223,110	¥255,780
Proceeds from issuance of shares	8,240	-
Payments from purchase of treasury	-109,640	-
stock Proceeds from issuance of	1,980	-
subscription rights to shares Cash flows from financing activities	544,138	¥455,780
Exchange differences on cash and cash equivalents	-57	4,248
Increase (decrease) in cash and cash equivalents Cash	1,136,628	2,232,424
and cash equivalents at beginning of period Cash and	2,491,645	3,628,274
cash equivalents at end of period	*1 3,628,274	*1 5,860,698

[Notes]

(Significant accounting policies)

1. Valuation standards and methods for securities

Stocks of subsidiaries and affiliated companies

Stated at cost determined by the moving average method.

2. Valuation standards and valuation methods for

inventories Primarily the cost method based on the specific identification

method. (Balance sheet value is calculated by devaluation method due to decline in profitability)

3. Depreciation method for fixed assets (1)

Tangible fixed assets

Buildings are depreciated using the straight-line method, and tools, furniture and fixtures are depreciated using the declining-balance method. The main useful lives are as follows. Buildings 5-6 years Tools, fixtures and fixtures 4-6 years

(2) Intangible Fixed Assets

The straight-line method is used. As for software for in-house use, it is based on the usable period (five years) within the company.

4. Accounting standards for allowances

Allowance for doubtful accounts

In order to prepare for bad debt losses on receivables, the recoverability of specific receivables, such as doubtful receivables, is considered individually based on the actual bad debt rate for general receivables, and the estimated uncollectible amount is recorded. In the current fiscal year, we have not posted any allowance for doubtful accounts because we have not recorded any bad debts and no doubtful accounts.

5. Conversion standards for foreign currency-denominated assets and liabilities into Japanese currency

Foreign currency-denominated monetary receivables and payables are converted into yen at the spot exchange rate at the end of the period, and exchange differences are treated as profit or loss.

6. Standards for recognition of income and

expenses Details of the major performance obligations in the Company's main business and the usual timing for recognizing revenue are as follows. (1)

Domestic live streaming area

We are mainly engaged in video distribution activities centered on live distribution videos on YouTube. Revenue in the domestic live streaming domain is derived from Super Chat, YouTube membership, Google AdSense earnings are made up of three parts.

Super Chat revenue is a service provided by YouTube that uses the chat function in YouTube live distribution.

Among them, when a user pays a fee, the user's comment is displayed conspicuously and fixedly. The Company determines that the performance obligation is satisfied at the time of live distribution using the Super Chat function, and

We are aware of

YouTube membership revenue is one of the services on YouTube, where users become members of the YouTube channel by paying a certain monthly fee, and receive exclusive videos and other items for users who have subscribed to the membership. It is a system that allows you to get benefits exclusive to membership.

Under this system, performance obligations are satisfied according to the period of use, so revenue is recognized at the relevant period and point in time.

Google AdSense revenue is generated by users viewing YouTube videos of our affiliated VTubers.

This is the revenue from receiving part of the revenue from Google LLC by viewing the advertisements.

The Company determines that the performance obligation is satisfied when the user views the advertisement, and recognizes revenue at that point. Of the three revenues in the domestic live streaming domain, Super Chat revenue and YouTube membership revenue are received net amounts after deducting fees to Google LLC. The total amount of revenue and YouTube membership revenue is recorded, and the commission to Google LLC is recorded as expenses.

Regarding Google AdSense revenue, the amount received from Google LLC (net amount) is recorded as revenue.

(2) Domestic commerce area

We sell VTuber original goods and digital products (hereinafter referred to as "products, etc.") that record voices of VTubers whose IP (Intellectual Property) we own. In the domestic commerce domain, when control of goods or services promised under a contract with a customer is transferred to the customer

revenue is recognized at the amount expected to be received in exchange for the goods or services. Sales of these

products, etc. are mainly conducted through consignment sales and wholesale sales. In consignment sales, the alternative treatment stipulated in Paragraph 98 of the "Guidance on the Application of Accounting Standard for Revenue Recognition" is applied, and in domestic sales of goods, etc., control of the goods, etc. is transferred to the customer from the time of shipment. If the period to time is a normal period, revenue is recognized upon shipment.

In wholesale sales, at the point of delivery of the goods, the customer obtains control of the goods and the performance obligation is fulfilled. We judge that it is sufficient and recognize revenue at the time of delivery.

For products planned for co-sponsored events, the amount multiplied by the co-sponsored ratio is recognized as revenue of the Company.

γ Domestic event area

We host music and other events featuring our VTubers.

The Company determines that performance obligations are satisfied at the time the event takes place and recognizes revenue at that time. For co-sponsored events, the amount multiplied by the co-sponsored ratio is recognized as revenue by the Company.

(4) Domestic promotion area

Earnings in the domestic promotion area mainly consist of tie-up advertisements, IP licenses, and media appearances. It is done.

Tie-up advertising revenue is the promotion of products and services of client companies by VTubers through videos, etc. Revenue is recognized at the point in time when the performance obligation is judged to be satisfied when the contract conditions are fulfilled. Doing. IP license income is the licensing of IP (Intellectual Property) related to our affiliated VTubers owned by our company to the products and services of customer companies, and the generation and fulfillment of sales revenue etc. of the contract partner. Revenue is recognized when the obligation is satisfied, whichever is later. IP license income is received mainly within one year from the time the rights are vested under the agreement. It does not include significant financial components. Media appearance income is income from VTubers belonging to the Company appearing on television, radio, magazines, Internet distribution and other media of client companies, and it is determined that the performance obligation is satisfied at the time the contract conditions are fulfilled. revenue is recognized at that time.

γ NIJI SANJI EN

Live streaming, video streaming, and live streaming by "NIJISANJI EN", a VTuber group in the English-speaking world. Revenue from Mars, event and promotion services. The content of major performance obligations and the normal timing of recognizing revenue will be the same as in each domestic region.

7. Scope of funds in the cash flow statement

Consists of cash on hand, readily available bank deposits and short-term investments with maturities of three months or less from the date of acquisition that are readily convertible into cash and that are subject to insignificant risk of changes in value.

(Changes in accounting

policies) (Application of accounting standards 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 is transferred to the customer, revenue is recognized at the amount expected to be received in exchange for the goods or services.

In addition, by applying the alternative treatment stipulated in paragraph 98 of the Revenue Recognition Application Guidelines, in the domestic sales of products, from the time of shipment, If the period until control of the goods is transferred to the customer is normal, revenue is recognized at the time of shipment.

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 retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the balance at the beginning of the current fiscal year.

As a result, there will be no impact on profit and loss for the current fiscal year. In addition, there is no impact on the opening balance of retained earnings.

(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 Calculation"), etc. In accordance with paragraph 19 of the fair value accounting standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (Business Accounting Standard No. 10, July 4, 2019), the fair value accounting standard We have decided to apply the new accounting policies stipulated by , etc. into the future. This change has no impact on profit and loss for the current fiscal year.

In addition, we have decided to add 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 Application Guidance No. 19, July 4, 2019), Items related to are not described.

(Unapplied accounting standards, etc.)

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

(1) Overview

The June 17, 2021 amendments to the "Application Guidance on Accounting Standards for Calculation of Market Value" (Accounting Standards Board of Japan Accounting Standards Implementation Guidance No. 31) were announced on July 4, 2019. , it is thought that a certain period of time will be required for consultations with related parties, etc., in consideration of the "calculation of the market value of investment trusts." Since the notes on the market value of "investment in a company" also require a certain amount of consideration, after the publication of the "Accounting Standard for Calculation of Market Value", it was supposed to be reviewed over approximately one year. It has been made public.

(2) Scheduled date of

application Effective from the beginning of the fiscal year ending April 2023.

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

At present, we do not know the impact of the application of the "Guidance on Accounting Standard for Fair Value Measurement" on financial statements. It is under evaluation.

(Balance sheet related)

*Among trade receivables, the amounts of receivables arising from contracts with customers are as follows.

Current fiscal year
(From May 1, 2021
To April 30, 2022)

accounts receivable	2,069,605 thousand yen
---------------------	------------------------

(Income statement related)

*1 Revenue generated from contracts with customers

Regarding net sales, income generated from contracts with customers and other income are not stated separately.

The amount of revenue generated from contracts with customers is included in "Notes (Revenue Recognition)" and (Segment etc.)".

*2 The approximate ratio of expenses belonging to selling expenses was 2% in the previous fiscal year, 9% in the current fiscal year, and the portion of expenses belonging to general and administrative expenses.

The approximate ratio is 98% for the previous fiscal year and 91% for the current fiscal year.

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

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Salaries and allowances	466,079	553,722 thousand yen
Legal welfare expenses	thousand yen	101,502
Bonuses Paid remuneration	90,981 79,008	80,175
Land rent Depreciation	188,505	161,001
expenses Advertising	201,797 10,274	258,194
expenses	31,813	25,428
		163,814

*3 Total amount of research and development expenses included in general administrative expenses

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
	400 thousand yen	- 1,000 yen

*4 Details of office relocation loss are as follows.

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Impairment loss *5	65,727 thousand yen	- 1,000 yen
Consulting expenses Rent	55,700	-
from former head office Moving	67,910	-
expenses	3,346	-
Total	192,684	-

*5 The breakdown of impairment loss included in office relocation loss is as follows.

Previous fiscal year (From May 1, 2020 to April 30, 2021)

place	Main use	type	Impairment loss (thousand yen)
<small>main office</small> (Chiyoda Ward, Tokyo)	Head office	building	44,492
Studio (Chiyoda ward, Tokyo)	studio	building	21,235

Background to Recognition of Impairment Loss

Due to the relocation of the head office in the current fiscal year, the former head office and the former studio (hereinafter referred to as The book value of the interiors of the former head office, etc.) was reduced to the recoverable amount, and the reduced amount was recorded as an impairment loss. (65,727,000 yen) was recorded as an extraordinary loss.

The recoverable amount of this asset group is measured by the net selling price.

Due to the obligation to restore the original state of the former head office, it was expected to dispose of the interior, etc., so it is evaluated as zero.

How to group assets

In principle, business assets are based on management accounting classifications that continuously monitor income and expenditure.

We are grouping. In addition, idle assets, etc. are grouped by individual asset.

We are here.

Current fiscal year (from May 1, 2021 to April 30, 2022)

Not applicable.

*6 Event cancellation loss

Due to the spread of the new coronavirus infection, the event "Nijisanji 4th Anniversary LIVE

This is the amount of loss associated with the discontinuation of "FANTASIA".

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

Previous fiscal year (From May 1, 2020 to April 30, 2021)

1. Matters concerning the type and total number of issued shares and the type and number of treasury stock

	Shares at the beginning of the current fiscal year Formula number (shares)	Increased stocks for the current fiscal year Formula number (shares)	Decrease in stocks for the current fiscal year Formula number (shares)	Shares at the end of the current fiscal year number (shares)
issued shares				
Common stock (Note 1)	1,250,000	20,600	-	1,270,600
Class A preferred stock	216,524	-	-	216,524
Class A preferred stock	125,000	-	-	125,000
Class B preferred stock	424,105	-	-	424,105
total	2,015,629	20,600	-	2,036,229
treasury stock				
Common stock (Note 2)	-	40,000	-	40,000
total	-	40,000	-	40,000

(Note) 1. The increase of 20,600 shares in the number of issued shares of common stock is due to the exercise of stock options.

2. The increase of 40,000 shares in treasury stock of common stock is due to the acquisition of treasury stock by resolution of the General Meeting of Shareholders.

vinegar.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Category Breakdown of Stock Acquisition Rights	Stock Acquisition Rights Target strain expression type	Number of shares to be issued upon exercise of subscription rights to shares (shares)				Current fiscal year Ending balance (thousand yen)
		Current fiscal year beginning of term	Current fiscal year gain	Current fiscal year Decrease	Current fiscal year end	
Submitting company	stock option Stock Acquisition Rights as	-	-	-	-	3,630
total		-	-	-	-	3,630

3. Matters concerning dividends

(1) Dividend payment amount

Not applicable.

(2) Among dividends whose record date belongs to the current fiscal year, dividends whose effective date falls in the next fiscal year

Not applicable.

Current fiscal year (from May 1, 2021 to April 30, 2022)

1. Matters concerning the type and total number of issued shares and the type and number of treasury stock

	Shares at the beginning of the current fiscal year Formula number (shares)	Increased stocks for the current fiscal year Formula number (shares)	Decrease in stocks for the current fiscal year Formula number (shares)	Shares at the end of the current fiscal year number (shares)
issued shares				
Common Stock (Note 1, 2, 3)	1,270,600	28,712,835	40,000	29,943,435
Class A preferred stock (Note 4)	216,524	-	216,524	-
Class A preferred stock (Note 5)	125,000	-	125,000	-
Class B preferred stock (Note 6)	424,105	-	424,105	-
total	2,036,229	28,712,835	765,629	29,943,435
treasury stock				
Common stock (Note 7)	40,000	-	40,000	-
Class A preferred stock (Note 8)	-	216,524	216,524	-
Class A preferred stock (Note 9)	-	125,000	125,000	-
Class B preferred stock (Note 10)	-	424,105	424,105	-
total	40,000	765,629	805,629	-

(Note) 1. Of the increase in the number of common shares outstanding, 765,629 shares are Class A preferred stock, Class A2 preferred stock and Class B preferred stock.

This is due to the issuance of new shares accompanying the exercise of the right to request acquisition of shares.

2. On January 5, 2022, we conducted a stock split at a ratio of 15 shares per share. Shares of outstanding shares of common stock
Of the increase in number, 27,947,206 shares are due to stock splits.

3. The decrease of 40,000 shares in the number of issued shares of common stock is due to the cancellation of treasury stock.

4. 216,524 shares, which decreased the number of issued shares of Class A preferred stock, were acquired and canceled by exercising the put option.

It is due to

5. The decrease of 125,000 shares in the number of issued shares of Class A2 preferred stock was acquired and canceled by exercising the put option.

It is due to

6. The decrease of 424,105 shares in the number of issued shares of class B preferred stock was acquired and canceled due to the exercise of the put option.

It depends.

7. The decrease of 40,000 shares in treasury stock of common stock is due to the retirement of treasury stock.

8. The increase and decrease of 216,524 shares of treasury stock of class A preferred stock were acquired and canceled by exercising the put option.

This is due to

9. The increase and decrease of 125,000 shares of treasury stock of Class A preferred stock will be acquired and canceled by exercising the put option.

This is due to

Ten. The increase and decrease in the number of treasury shares of class B preferred stock of 424,105 shares were acquired and canceled by exercising the put option.

This is due to

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Category Breakdown of Stock Acquisition Rights	Stock Acquisition Rights Target strain expression type	Number of shares to be issued upon exercise of subscription rights to shares (shares)				Current fiscal year Ending balance (thousand yen)
		Current fiscal year beginning of term	Current fiscal year gain	Current fiscal year Decrease	Current fiscal year end	
Submitting company stock option Stock Acquisition Rights as	-	-	-	-	-	3,630
total	-	-	-	-	-	3,630

3. Matters Concerning

Dividends (1) Amount

of Dividends Paid Not applicable.

(2) Among dividends whose record date belongs to the current fiscal year, dividends whose effective date falls in the next fiscal year

Not applicable.

(related to cash flow statements)

*1. Relation between the balance of cash and cash equivalents at the end of the period and the amounts of items shown on the balance sheet

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Cash and deposit	¥3,628,274,000	5,860,698 thousand yen
accounts Cash and cash equivalents	3,628,274	5,860,698

*2. Main breakdown of decreased assets and liabilities due to business transfer

Previous fiscal year (From May 1, 2020 to April 30, 2021)

The main breakdown of assets and liabilities that decreased due to the transfer of business is as follows.

Current assets 1,329 thousand yen

Total assets 1,329,000 yen

Current liabilities 78 thousand yen

Total liabilities 78,000 yen

Current fiscal year (from May 1, 2021 to April 30, 2022)

Not applicable.

(Financial products) 1.

Matters concerning the status of financial

instruments (1) Policy for dealing with financial instruments

Based on the funding plan, the necessary funds are procured through the issuance of shares through third-party allotment and bank borrowings. The Company's policy is to limit fund management to short-term deposits and not to engage in derivative transactions.

(2) Details of financial instruments and associated risks

Accounts receivable, which are trade receivables, are exposed to customer credit risk. Deposits are mainly associated with lease agreements for the head office and are exposed to the credit risk of the recipient. Stocks of affiliated companies are unlisted stocks, so there is no risk of market price fluctuations. Accounts payable, which are trade payables, are mostly due within two months. Borrowings are procured mainly for operating purposes. Trade payables and borrowings are exposed to liquidity risk.

(3) Risk management system for financial instruments

1) Management of credit risk (risk related to non-fulfillment of contracts by business partners)

With respect to trade receivables, the Company manages the due dates and balances of each counterparty in accordance with internal regulations, and strives to quickly identify and mitigate collection concerns due to deterioration in financial conditions. Security deposits are monitored by the department in charge as necessary, and risks are reduced by early detection of concerns about collection due to deterioration in financial conditions.

2) Management of liquidity risk related to fund procurement (risk of not being able to make payments on the due date)

The Company manages liquidity risk by preparing and updating cash flow plans for trade payables and borrowings in a timely manner and by maintaining liquidity on hand.

(4) Supplementary explanation of matters related to the market value of financial

instruments Since the calculation of the market value of financial instruments incorporates variable factors, the value may change due to the adoption of different assumptions.

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

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

Previous fiscal year (April 30, 2021)

	Balance sheet carrying amount (thousand yen)	Market price (thousand yen)	Difference (thousand yen)
Deposit	565,623	565,623	
total assets	565,623	565,623	
Long-term borrowings (*2)	812,611	805,265	¥7,345
total debt	812,611	805,265	¥7,345

*1 Notes are omitted for cash, and deposits, accounts receivable, accounts payable, short-term borrowings, accounts payable and income taxes payable, etc. are settled in a short period of time.

Therefore, the notes are omitted because the fair value approximates the book value.

2 Long-term loans payable due within one year are included in long-term loans payable.

(Note) 1. Balance sheet carrying amount of financial instruments for which it is recognized that it is extremely difficult to determine the fair value

(Unit: thousand yen)

Division	Previous fiscal year (April 30, 2021)
Affiliated company stock (unlisted stock)	64,598

Unlisted stocks are not listed because they do not have market prices and it is recognized that it is extremely difficult to determine the market prices.

Hmm.

Current fiscal year (April 30, 2022)

	Balance sheet carrying amount (thousand yen)	Market price (thousand yen)	Difference (thousand yen)
Deposit	458,481	458,481	-
total assets	458,481	458,481	-
Long-term borrowings (*2)	556,831	553,484	3,347
total debt	556,831	553,484	3,347

*1 Notes are omitted for cash. Deposits, accounts receivable, accounts payable, accounts payable, accrued income taxes, etc. are settled in a short period of time, so the market value is

Notes are omitted as they approximate the book value.

2 Long-term loans payable due within one year are included in long-term loans payable.

(Note) 1. Balance sheet carrying amount of stocks, etc. with no market price

(Unit: thousand yen)

Division	Current fiscal year (April 30, 2022)
Affiliated company stock (unlisted stock)	37,598

Unlisted stocks are not listed as they fall under the category of stocks with no market price.

(Note) 2. Scheduled redemption amount after settlement date for monetary claims

Previous fiscal year (April 30, 2021)

	Within 1 year (thousand yen)	over a year Within 5 years (thousand yen)	over 5 years within 10 years (thousand yen)	over 10 years (thousand yen)
cash and deposits	3,628,274			
accounts receivable	1,395,309			
Deposit			565,623	
total	5,023,584		565,623	

Current fiscal year (April 30, 2022)

	Within 1 year (thousand yen)	over a year Within 5 years (thousand yen)	over 5 years within 10 years (thousand yen)	over 10 years (thousand yen)
cash and deposits	5,860,698	-	-	-
accounts receivable	2,069,605	-	-	-
Deposit		458,481	-	-
total	7,930,304	458,481	-	-

3. Short-term borrowings and long-term borrowings scheduled to be repaid after the balance sheet date

Previous fiscal year (April 30, 2021)

	Within 1 year (thousand yen)	over a year Within 2 years (thousand yen)	over 2 years Within 3 years (thousand yen)	over 3 years Within 4 years (thousand yen)	over 4 years Within 5 years (thousand yen)	over 5 years (thousand yen)
short-term borrowing	200,000					
long-term borrowing	242,510	260,012	153,769	111,320	45,000	
total	442,510	260,012	153,769	111,320	45,000	

Current fiscal year (April 30, 2022)

	Within 1 year (thousand yen)	over a year Within 2 years (thousand yen)	over 2 years Within 3 years (thousand yen)	over 3 years Within 4 years (thousand yen)	over 4 years Within 5 years (thousand yen)	over 5 years (thousand yen)
long-term borrowing	246,742	153,769	111,320	45,000	-	-
total	246,742	153,769	111,320	45,000	-	-

3. Matters related to the breakdown, etc. of the market value of financial instruments by level

Level 1 market value: Market value calculated using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 market value: When calculated using directly or indirectly observable inputs other than Level 1 inputs

price

Level 3 market value: Market value determined using significant unobservable inputs

When multiple inputs that have a significant impact on the calculation of fair value are used, each of those inputs

Among the levels to which it belongs, the fair value is classified into the level with the lowest priority in the calculation of the fair value.

(1) Financial instruments recorded on the balance sheet at fair value

Not applicable.

(2) Financial instruments other than financial instruments recorded on the balance sheet at fair value

Current fiscal year (April 30, 2022)

Division	Market price (thousand yen)			
	level 1	level 2	level 3	total
Deposit	-	458,481	-	458,481
total assets	-	458,481	-	458,481
long-term borrowing	-	553,484	-	553,484
total debt	-	553,484	-	553,484

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

Deposit

The market value of the security deposit is based on the scheduled date of return of the security deposit, taking into account the end period of the lease agreement, and is discounted at the interest rate of government bonds.

They are classified as Level 2 fair value based on their existing value.

long-term borrowing

The fair value of long-term borrowings is calculated based on the total amount of principal and interest, and the interest rate that takes into account the remaining period of the debt and credit risk.

It is calculated using the value method and is classified as level 2 fair value.

(Securities) Stocks

of subsidiaries and affiliated companies

Previous fiscal year (April 30,
2021) Subsidiary shares and affiliated company shares It is not stated because it is recognized to be
extremely difficult to ascertain.

Current fiscal year (April 30,
2022) Subsidiary shares and affiliated company shares As applicable, the market values of subsidiary
stocks and affiliated company stocks are not stated.

(2) Size of stock options and its fluctuations

Targeting stock options that existed in the current fiscal year (fiscal year ending April 2022),

The number of shares is converted to the number of shares.

Number of stock options

	2nd series of stock acquisition rights	3rd series of stock acquisition rights	4th series of stock acquisition rights	5th series of stock acquisition rights
Before vesting (stock)				
End of previous fiscal year	103,500	127,500	-	187,500
assignment	-	-	-	-
Revocation	-	-	-	45,000
Vesting	-	-	-	-
unvested balance	103,500	127,500	-	142,500
After vesting (stock)				
End of previous fiscal year	-	-	450,000	-
Vesting	-	-	-	-
Exercise	-	-	-	-
Revocation	-	-	-	-
outstanding balance	-	-	450,000	-

	6th Stock Acquisition Rights	7th Stock Acquisition Rights	8th Stock Acquisition Rights	9th Stock Acquisition Rights
Before vesting (stock)				
End of previous fiscal year	450,000	322,500	-	-
assignment	-	-	789,000	315,000
Revocation	-	45,000	28,500	21,000
Vesting	-	-	-	-
unvested balance	450,000	277,500	760,500	294,000
After vesting (stock)				
End of previous fiscal year	-	-	-	-
Vesting	-	-	-	-
Exercise	-	-	-	-
Revocation	-	-	-	-
outstanding balance	-	-	-	-

(Note) August 13, 2019 stock split (100 shares per share) and January 5, 2022 stock split (100 shares per share) 15 shares ratio).

Unit price information

	2nd series of stock acquisition rights	3rd series of stock acquisition rights	4th series of stock acquisition rights	5th series of stock acquisition rights
Strike price (Note) (yen)	27	210	210	210
Average share price at time of exercise (yen)	-	-	-	-
fairness on the date of grant evaluation unit price (Circle)	-	-	-	-

	6th Stock Acquisition Rights	7th Stock Acquisition Rights	8th Stock Acquisition Rights	9th Stock Acquisition Rights
Strike price (Note) (Yen)	210	210	410	410
Average share price at time of exercise (yen)	-	-	-	-
fairness on the date of grant evaluation unit price (Circle)	-	-	-	-

(Note) August 13, 2019 stock split (100 shares per share) and January 5, 2022 stock split (100 shares per share) 15 shares ratio) converted to the price after the split.

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

As of the stock option grant date, the Company is an unlisted company, so stock options are not public. By estimating the intrinsic value per unit of stock options instead of estimating the fair unit value

I'm here. In addition, the valuation of the company's own shares, which is the basis for calculating the intrinsic value per unit, is based on discount cash.

It is determined by comprehensively considering the price calculated by the Shufflow 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 adopted a method that reflects only the actual number of lapses. I am using it.

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

(1) Total intrinsic value at the end of the current	329,140 thousand yen
fiscal year (2) Exercise date of stock options exercised during the current fiscal year	
total intrinsic value in	- 1,000 yen

(Tax effect accounting related)

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

	Previous fiscal year (April 30, 2021)	Current fiscal year (April 30, 2022)
Deferred tax asset		
Accrued business tax and special corporate	31,041 thousand yen	54,128 thousand yen
enterprise tax Inventory valuation loss Accrued	-	6,255
statutory welfare expenses Asset retirement	-	5,807
obligations Impairment loss Former head office rent	19,366	19,137
Depreciation One-time depreciable assets Software	20,125	-
Other Subtotal deferred tax assets Valuation	19,326	-
allowance Total deferred tax assets	262	3,744
	5,073	4,831
	22,767	25,504
	1,286	1,867
	119,249	121,275
	-	-
	119,249	121,275

2. When there is a significant difference between the statutory effective tax rate and the corporate tax burden rate after applying tax effect accounting, the cause of the difference

Breakdown by major item

	Previous fiscal year (April 30, 2021)	Current fiscal year (April 30, 2022)
Statutory effective tax	30.6%	-
rate (adjusted)		
Per capita	0.1	-
inhabitant tax	¥0.2	-
Difference due to	¥4.4	-
change in tax rate	¥0.3	-
Special deduction for corporate tax Other	25.7	-

Income tax burden after applying tax effect accounting the difference between the rate and the statutory effective tax

Note is omitted because it is less than 5/100 of the ratio.

(Equity-method

profit and loss, etc.) Affiliated companies owned by the Company are not significant in terms of profit standards and retained earnings, and are therefore omitted.

(Asset retirement

obligations) Previous fiscal year (From May 1, 2020 to April 30, 2021)

We are here. In addition, since the security deposit related to the lease period is recorded as an asset, instead of recording the asset retirement obligation as a liability, we reasonably of which the amount attributable to the current fiscal year is recorded as expenses. In making this estimate, the expected usage period is from 2 to 6 years from the start of the real estate lease contract. In addition, of the amount deemed uncollectible for security deposits, the amount attributable to the current fiscal year is 50,747,000 yen. There are 350,490,000 yen.

Fiscal year under review (May 1, 2021 to April 30, 2022) The Company

recognizes the obligation to restore offices, etc. to their original condition upon leaving based on real estate lease agreements as asset retirement obligations. In addition, since the security deposit related to the lease period is recorded as an asset, instead of recording the asset retirement obligation as a liability, we reasonably of which the amount attributable to the current fiscal year is recorded as expenses. In making this estimate, the expected usage period is six years from the start of the real estate lease agreement. In addition, of the amount deemed uncollectible for security deposits, the amount attributable to the current fiscal year is 50,000,000 yen. There are 300,000,000 yen.

(Regarding revenue recognition)

1. Information that serves as the basis for understanding revenue generated from contracts with customers

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

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

The information that serves as the basis for understanding revenue is described in "(Significant Accounting Policies) 6. Standards for recording revenue and expenses."

I'm in the cage.

3. The relationship between 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

(Unit: thousand yen)

	Current fiscal year
Receivables arising from contracts with customers (beginning	1,395,309
balance) Receivables arising from contracts with customers (ending balance)	2,069,605

4. Transaction price allocated to remaining performance obligations

We have used the practical expedient and have

We have omitted the description of the information on our legal obligations.

(segment information, etc.)

[Segment information]

Since the Company has only one segment, the video content-related business, descriptions by segment are omitted.

yRelated informationy

Previous fiscal year (From May 1, 2020 to April 30, 2021)

1. Information by product and service

(Unit: thousand yen)

	Domestic Lives Streaming region	domestic commerce region	Domestic event region	Domestic promotion area	NIJISANJI EN Other areas	Total	
Sales to external customers	2,399,146	3,355,358	602,302	1,037,759	-	241,472	7,636,041

2. Information by region

(1) Sales

(Unit: thousand yen)

Japan	usa	Asia	others	total
4,996,462	2,437,380	191,037	11,160	7,636,041

(2) Property, plant and equipment

Because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, Description is omitted.

3. Information by major customers

(Unit: thousand yen)

Customer name or name	amount of sales
Google LLC	2,413,440
Sony Music Solutions Inc.	1,594,820
pixiv Inc.	1,214,222

(Note) As the Company has only one segment, the video content-related business, the related segment names have been omitted.

vinegar.

Current fiscal year (from May 1, 2021 to April 30, 2022)

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

(Unit: thousand yen)

	Domestic Lives Streaming region	domestic commerce region	Domestic event region	Domestic promotion area	NIJISANJI EN	Other areas	total
generated from a contract with a customer profit	2,992,195	6,638,400	785,559	2,269,832	1,126,843	351,307	14,164,140
Other income	-	-	-	-	-	-	-
Sales to external customers	2,992,195	6,638,400	785,559	2,269,832	1,126,843	351,307	14,164,140

2. Information by region

(1) Sales

(Unit: thousand yen)

Japan	usa	Asia	others	total
9,930,189	3,797,397	436,403	150	14,164,140

(2) Property, plant and equipment

Because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, Description is omitted.

3. Information by major customers

(Unit: thousand yen)

Customer name or name	amount of sales
Sony Music Solutions Inc.	4,715,222
Google LLC	3,577,353
pixiv Inc.	985,111

(Note) As the Company has only one segment, the video content-related business, the related segment names have been omitted.

vinegar.

[Information on impairment losses on fixed assets by reportable segment]

The description is omitted because the Company has a single segment, the video content-related business.

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

Not applicable.

[Information on gain on negative goodwill by reportable segment]

Not applicable.

[Related Party Information]

Transactions with Related Parties

Not applicable.

(Per share information)

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Net assets per share	29.80 yen	210.90 yen
Net income per share	30.97 yen	93.28 yen

(Note) 1. Regarding diluted net income per share, although there are dilutive shares, the Company's shares

It is unlisted until it is listed on the Tokyo Stock Exchange Growth Market in 2020, and it is not possible to ascertain the average share price during the period. I don't.

2. Based on the resolution of the Board of Directors meeting held on December 1, 2021, a 15-for-1 stock split will be implemented on January 5, 2022.

However, assuming that the stock split was conducted at the beginning of the previous fiscal year, net assets per share and per share net income per unit.

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

	Previous fiscal year (From May 1, 2020 To April 30, 2021)	Current fiscal year (From May 1, 2021 To April 30, 2022)
Net income (thousand yen)	937,297	2,793,063
Amount not attributable to common shareholders (thousand yen)		
Net income related to common stock (thousand yen)	937,297	2,793,063
Average number of shares of common stock during the period (shares)	30,266,605	29,943,435
(Of which, common stock)	(18,782,170)	(29,943,435)
(Of which, Class A preferred stock)	(3,247,860)	
(Of which, Class A preferred stock)	(1,875,000)	
(including class B preferred stock)	(6,361,575)	
Diluted 1 as there is no dilution effect	6 types of stock acquisition rights number 94,154). See Section 4 for details.	8 types of stock acquisition rights number 158,454). See Section 4 for details.
Potential earnings not included in the calculation of net income per share	1. State of shares, etc.	Status of Submitting Company 1 Status of Shares, etc.
Stock overview	(2) Status of Stock Acquisition Rights, etc." as described in	(2) Status of Stock Acquisition Rights, etc." as described in

(Significant Subsequent Events)

(Issuance of New Shares through Public Offering)

Our company was listed on the Tokyo Stock Exchange Growth Market on June 8, 2022. for this listing

Accordingly, the board of directors meetings held on April 28, 2022 and May 23, 2022 resolved to issue new shares as follows.

Payment was made on June 7th.

• Recruitment method: General recruitment (recruitment by book building method)

• Type and number of shares to be issued: 50,000 shares of common stock

• Issue price: 1,530 yen per share

This price was offered to the general public.

• Subscription price: 1,407.6 yen per share

This value is the amount received by the Company from the underwriters as a new share payment per share.

The total amount of the difference between the issue price and the underwriting price will be the proceeds of the underwriter.

• Payment amount : 1,266.5 yen per share

This amount is the amount to be paid in under the Companies Act, and is the amount determined at the Board of Directors meeting held on May 23, 2022.

I will.

(6) Amount of : 703.8 yen per share

capitalization (7) Total issue : 76,500,000 yen

price (8) Total amount of : 63,325,000 yen

paid-in capital (9) Total amount : 35,190,000 yen

of capitalization (10) Payment : June 7, 2022

date (11) Use of funds : We plan to use the funds for hiring and personnel expenses related to business expansion.

(5) [Attached detailed table]

[Securities statement]

In accordance with Article 121, Paragraph 1, Item 1 of the Ordinance on Financial Statements, etc., the detailed statement of securities stipulated in Article 121, Paragraph 3 shall be omitted.

We are here.

[Detailed table of tangible fixed assets]

asset type	Balance at beginning of period (thousand yen)	Amount increased during the period (thousand yen)	Decrease for the period (thousand yen)	Amortization amount (thousand yen)	Balance at end of period (thousand yen)	depreciation Cumulative amount (thousand yen)
Tangible fixed assets						
building	149,852	12,767	-	26,593	136,026	28,872
tools, appliances and fixtures	98,999	39,202	-	46,718	91,484	98,966
Total tangible fixed assets	248,852	51,970	-	73,311	227,510	127,839
Intangible fixed assets						
Software	9,315	1,863	-	2,768	8,410	5,238
Total intangible fixed assets	9,315	1,863	-	2,768	8,410	5,238

[Description of borrowings, etc.]

Division	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	average interest rate (%)	repayment deadline
short-term borrowing	200,000	-	-	-
Long-term borrowings scheduled to be repaid within one year	242,510	246,742	0.82	-
Long-term borrowings (excluding those scheduled to be repaid within one year)	570,101	310,089	0.71	2023-2025
total	1,012,611	556,831	-	-

(Note) 1. The average interest rate is the weighted average interest rate for the outstanding balance of borrowings, etc. at the end of the period.

2. The repayment schedule for long-term borrowings (excluding those scheduled to be repaid within one year) for five years after the date of the balance sheet is as follows.

I have.

	Over 1 year and up to 2 years (thousand yen)	Over 2 years and up to 3 years (thousand yen)	Over 3 years and up to 4 years (thousand yen)	Over 4 years and up to 5 years (thousand yen)
long-term borrowing	153,769	111,320	45,000	-

[Description of reserves]

Not applicable.

[Asset retirement obligation schedule]

Not applicable.

(2) [Details of main assets and liabilities]

ÿ Current assets

stomach. cash and deposits

Division	Amount (thousand yen)
cash	47,713
Ordinary deposit	5,812,985
total	5,860,698

B. accounts receivable

Breakdown by counterparty

other party	Amount (thousand yen)
Sony Music Solutions Inc.	729,115
Google LLC	268,868
Movic Co., Ltd.	234,617
Trans-Cosmos Co., Ltd.	203,588
Universal Music LLC	101,187
others	532,228
total	2,069,605

Occurrence, collection and retention of accounts receivable

Balance at beginning of period (thousand yen)	Current term (thousand yen)	Collection amount for the period (thousand yen)	Balance at end of period (thousand yen)	Recovery rate(%)	Stay period (days)
(A)	(B)	(C)	(D)	$\frac{(C)}{(A) + (B)} \times 100$	$\frac{(A) + (D)}{2} - \frac{(B)}{365}$
1,395,309	15,139,755	14,465,460	2,069,605	87.5	42

(Note) Consumption tax, etc., is included in the amount accrued during the period.

c. Product

Item	Amount (thousand yen)
Product	
goods	488,875
total	488,875

ÿ Current liabilities

stomach. Accounts payable

other party	Amount (thousand yen)
Sony Music Solutions Inc.	140,967
Murakami Co., Ltd.	58,470
Trans Co., Ltd.	37,664
MaLC Co., Ltd.	33,146
Live2D Inc.	30,225
others	439,173
total	739,647

B. Income taxes payable

Division	Amount (thousand yen)
Income tax payable	801,297
Business tax payable	176,773
Resident tax payable	76,242
total	1,054,313

(3) [Others]

Quarterly information, etc. for the current fiscal year

(Cumulative period)	first quarter	second quarter	third quarter	Current fiscal year
Sales (thousand yen)	-	-	10,159,499	14,164,140
Quarterly (current) net income before tax	-	-	2,970,545	3,998,682
(thousand yen) Quarterly net income	-	-	2,059,760	2,793,063
(Thousands of yen) Quarterly net per share Profit (yen)	-	-	68.79	93.28

(accounting period)	first quarter	second quarter	third quarter	4th quarter
Quarterly net income per share	-	-	27.71	24.49

(Yen) (Note) 1. The Company was listed on the Tokyo Stock Exchange Growth Market on June 8, 2022.

Although we have not submitted a notification, based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, and the quarterly financial statements for the cumulative third quarter have undergone a quarterly review by Taiyo LLC. I will.

2. On January 5, 2022, the Company conducted a 15-for-1 stock split of its common stock. period of the current fiscal year

Quarterly (current period) net income per share is calculated assuming that the stock split was conducted at the beginning of the period.

Section 6 [Summary of Stock-related Affairs of the Submitting Company]

fiscal year	From May 1st to April 30th of the following year
Ordinary General Meeting of Shareholders	in July every year
Reference date	April 30th every year
Stock certificate type	
Record date for distribution of surplus	October 31st every year April 30th every year
Number of shares in one trading unit	100 shares
Transfer of ownership of shares (Note 1)	
Handling place	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
agency	Sumitomo Mitsui Trust Bank, Limited Branches nationwide
Name transfer fee	free
New ticket issuance fee	
Purchase of odd-lot shares	
Handling place	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
agency	Sumitomo Mitsui Trust Bank, Limited Branches nationwide (Note 1)
Purchase fee	free
Public notice publication method	Electronic public notice. However, due to an accident or other unavoidable reason, electronic public notice If it is not possible to make a public notice by means of a public notice, the public notice shall be published in the Nihon Keizai Shimbun. https://www.anycolor.co.jp/
Benefits for shareholders	Not applicable.

(Note) 1. Due to the listing on the Tokyo Stock Exchange, Inc. on June 8, 2022, the Company's shares have

This item is no longer applicable because it has become a book-entry transfer stock as stipulated in Article 128, Paragraph 1 of the Act.

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 listed in each item of Article 189, Paragraph 2 of the Companies Act

(2) Right to make a request under Article 166, Paragraph 1 of the Companies Act

(3) Right to receive allotment of offered shares and subscription rights to shares according to the number of shares held by shareholders

No. 7 [Reference information of the submitting company]

1 [Information on 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]

We have submitted the following documents between the start date of the current fiscal year and the submission date of the Annual Securities Report.

(1) Securities registration statement (paid public offering and secondary offering) and attached documents

Submitted to Director of Kanto Local Finance Bureau on April 28, 2022.

(2) Amended securities registration statement Submitted to

the Director of the Kanto Local Finance Bureau on May 23, 2022 and May 31, 2022. This is an amendment

to the securities registration statement submitted on April 28, 2022.

(3) Extraordinary report

Submitted to the director of the Kanto Local Finance Bureau on May

23, 2022. This is an extraordinary report pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law and Article 19-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information.

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

Not applicable.

independent auditor's report

July 29, 2022

ANY COLOR Co., Ltd.

To the Board of Directors

Taiyo LLC

Tokyo office

Designated limited liability
partner Engagement partner

Certified public accountant Gen Takehara

Designated limited liability
partner Engagement partner

Shinichi Shinozuka Certified Public Accountant

Audit

Opinion In order to perform an audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we audited ANYCOLOR Co., Ltd. listed in the "Accounting Status" from May 1, 2021. Financial statements for the fifth fiscal year ending April 30, 2022, namely balance sheet, income statement, statement of changes in equity, statement of cash flows, significant accounting policies, other notes and attachments An audit was conducted on the schedule. We have determined that the above financial statements are based on accounting standards generally accepted in Japan and reflect the financial position of ANYCOLOR Co., Ltd. as of April 30, 2022 and the fiscal year ended on that date. We acknowledge that the company's operating results and cash flow position are presented fairly in all material respects.

Basis of Audit Opinion

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under auditing standards are set out in "Auditor's Responsibilities in an Audit of Financial Statements". We are independent from the company and fulfill other ethical responsibilities as an auditor in accordance with the regulations on professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence on which to base our opinion.

Key Audit Matters Key audit

matters are those matters that the auditor determined to be of particular professional importance in the audit of the current year's financial statements. The primary audit matters are the matters dealt with in the course of performing the audit of the financial statements as a whole and in forming the audit opinion, and we do not express an individual opinion on such matters.

Appropriateness of Revenue Recognition for the Domestic Commerce Domain	
Details of key audit matters and reasons for decisions	Audit response
<p>As described in the notes "(Segment information, etc.) [Related information] 1. Information by product and service and breakdown of earnings," commerce area, domestic event area, domestic promotion area,</p> <p>We are developing services to NIJISANJI EN and others. Of this amount, sales related to the domestic commerce area in the current fiscal year amounted to 6,638,400 thousand yen, accounting for 46.9% of sales on the income statement. In the domestic commerce domain, the company sells character goods of affiliated VTubers. or when control of the service transfers to the customer, revenue is recognized for the amount expected to be received in exchange for the goods or services. Merchandise sales include transactions with different commercial channels, such as consignment sales through affiliated businesses and sales through wholesalers, and transactions in which revenue is shared with event co-sponsors according to the sales amount. In this way, there are multiple types of transactions, and since the amount and timing of revenue recognition differ depending on the transaction, careful consideration is required to determine the appropriateness of revenue recognition for each type of transaction. Based on the above, we have determined that revenue recognition for the domestic commerce domain is of particular importance in the current fiscal year and is a key audit matter.</p>	<p>We mainly performed the following audit procedures to determine the appropriateness of revenue recognition in the domestic commerce domain.</p> <ul style="list-style-type: none"> - Evaluated the effectiveness of the internal control development and operation of the sales process related to the domestic commerce domain. <ul style="list-style-type: none"> • Term-end accounts receivable from major customers in the domestic commerce area I checked the balance. • In order to assess the risk of important omissions or misreporting of revenues recorded in the domestic commerce domain, we analyzed monthly changes in the gross profit margin by type of transaction and compared it with other months. We checked to see if there were any discrepancies in the gross profit rate, inquired about the reasons for discrepancies, and, if deemed necessary, compared them with supporting documents. <ul style="list-style-type: none"> • With regard to transactions extracted based on certain criteria, after understanding the transaction details and transaction conditions by viewing contracts and asking questions to the company, we compare them with related evidence such as sales reports from business partners to determine revenue. We examined whether the amount and timing of recording were appropriate. • We confirmed by recalculation that the amount obtained by multiplying the sales amount by the co-sponsoring ratio specified in the contract is recognized as revenue for some of the planned products of co-sponsored events.

Other description content

Other description content is the information included in the annual securities report other than the financial statements and their auditors' reports. Management's responsibility is to prepare and disclose the content of these other statements. In addition, the statutory auditors and the board of statutory auditors are responsible for overseeing the execution of duties by the directors in the development and operation of the reporting process for other content. Our audit opinion on the financial statements does not include any other content, and we do not express an opinion on the other content. Our responsibility in the financial statement audit is to read through the other information and, in the process of reading it, identify any significant differences between the other information and the financial statements or our knowledge acquired in the course of the audit. Consider whether there are any discrepancies, and pay attention to whether there are other indications of material error in the description other than such material discrepancies. If, based on the work performed, we determine that there are other material errors in the descriptions, we are required to report that fact. There are no other matters to be reported by our audit firm.

Responsibilities of Management, Corporate Auditors, and the Board of Corporate

Auditors for Financial Statements The responsibility of management is to prepare and properly present financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal controls that management determines are necessary to prepare and fairly present financial statements that are free from material misstatement due to fraud or error. In preparing financial statements, management should assess whether it is appropriate to prepare financial statements based on the premise of a going concern, and should continue to do so in accordance with corporate accounting standards generally accepted in Japan. They are responsible for disclosing corporate matters when they are required to do so. The statutory auditors and the statutory auditors' board are responsible for overseeing the directors' performance of their duties in designing and operating the financial reporting process.

Auditor's Responsibility in Auditing Financial

Statements The auditor's responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, based on the audit performed by the auditor. to express an independent opinion on the financial statements in the auditor's report.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of the financial statements. be. Throughout the audit process, the auditor shall exercise professional judgment and maintain professional skepticism in accordance with auditing standards generally accepted in Japan. • identify and assess risks of material misstatement due to fraud or error; In addition, the Company shall formulate and implement audit procedures in response to risks of material misstatement. The selection and application of audit procedures is at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence on which to base our opinion.

- The purpose of the financial statement audit is not to express an opinion on the effectiveness of internal control, but the auditor should review internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies and methods of application adopted by management, as well as the reasonableness of accounting estimates and related notes made by management. Whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained,

Conclude whether there are material uncertainties regarding events or conditions that cast significant doubt on the going concern assumption. If material uncertainties regarding the going concern assumption are identified, draw attention to the notes to the financial statements in the auditor's report, or if the notes to the financial statements regarding material uncertainties are not appropriate. are required to express a disclaimer opinion on the financial statements. Although the auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report, future events or circumstances may prevent the company from continuing as a going concern.

- Whether or not the presentation and notes of the financial statements comply with generally accepted accounting standards in Japan, and the presentation, composition and content of the financial statements, including related notes, and the financial statements. assess whether the entity fairly presents the underlying transactions and accounting events.

The auditor shall inform the statutory auditors and the kansayaku board of the scope of the planned audit and the timing of its implementation, any significant audit findings including material deficiencies in internal controls identified during the course of the audit, and the results of the audit. Report on any other matters required by the standards. The auditor shall inform the auditors and the board of auditors that they have complied with the professional ethics regulations in Japan regarding independence, as well as any matters that are reasonably thought to affect the independence of the auditor and any obstacles If safeguards are taken to eliminate or mitigate the factors, the details shall be reported. Of the matters discussed with the Audit & Supervisory Board and the Audit & Supervisory Board, the Audit & Supervisory Board determined that those matters were of particular importance in the audit of the financial statements for the current fiscal year as the key audit matters. Describe. However, in cases where disclosure of such matters is prohibited by laws and regulations, or where, although very limited, it is reasonably expected that the disadvantages arising from reporting in the audit report will outweigh the public interest. If the auditor determines that the matter should not be reported, the matter is not stated.

Conflicts of

interest There are no conflicts of interest that should be stated under the provisions of the Certified Public Accountant Law between the company and the audit firm or the managing partners.

that's all

(Note) 1. The above is an electronic version of the matters described in the original audit report, and the original is kept separately by the Company (the company submitting the annual securities report). 2. XBRL data is not included in audit targets.