



THECOO

"Keep Challenging To Make
the Impossible Possible"

Results Briefing Materials for First Two Quarters of Fiscal Year Ending December 2022

THECOO Inc. TSE Growth: 4255

- 
- 1. Executive Summary**
 - 2. Business Overview**
 - 3. Market Environment**
 - 4. FY2022-2Q Results**
 - 5. Results by Segment**
 - 6. FY2022 Earnings Forecast**
 - 7. Growth Strategies**
 - 8. Appendix**

Summary of 2Q Results for the Fiscal Year Ending December 31, 2022

Company-wide

Net sales: 1.026 billion yen +30.0% YoY

Due to the structure of the Company's business, its budget is heavily weighted toward the second half of the year. The Company achieved 43.2% of its forecast, essentially in line with expectations.

Operating profit: -6 million yen +47 million yen YoY

Sales promotion expenses for the acquisition of a large fan club, recorded irregularly in 1Q, were confirmed to be lower than initially expected.

Forecasts remain unchanged; the Company continues to aim for full-year profitability.

Fanicon business

Number of Icons: 2,397 +19.1% YoY

Number of fans: 191,000 +48.8% YoY

Continued budget underachievement led to the Company undertaking fundamental organizational structure changes.

Corporate Agency Sales business

KPI, net sales, and operating profit all performed well.

FY2022-1H Results (% of budget)

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Net sales, gross profit, and operating profit were all strong for the Corporate Agency Sales business.

		1Q	2Q
Company-wide	Net sales	○	○
	Gross profit	◎	△
	Operating profit	×	◎
Fanicon business	Net sales	×	×
	Gross profit	△	×
	Operating profit	×	△
Corporate Agency Sales business	Net sales	◎	◎
	Gross profit	◎	◎
	Operating profit	◎	◎

The above is based on an overall in-house judgment and indicates a comparison with the forecast. The symbols represent the following: ◎ = +3% or more, ○ = ±3% or less, △ = -3~5% or less, and × = -3% or less.

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Business Overview

Mission

Partner in the current transformation

THECOO Inc. stands against the status quo.

We break through a state of resignation, which is the result of thinking that “it’s not cool to be passionate about something,” that “there’s nothing to be gained,” and that “our efforts will not be rewarded,” so “we should keep doing what we’re doing.”

We want to be a company that possesses the spirit to spark a transformation for this purpose.

From status quo to the current transformation.

We help others launch new businesses and create what they can really be passionate about.

We act as your partner in promoting your current transformation.

Vision

“Keep Challenging to Make the Impossible Possible”

It is of utmost importance to keep challenging to accomplish a mission.

So where do we take on those challenges?

We believe that unexplored fields, which no one has ever reached, are the answer.

They may be unexplored because “they have been regarded as impossible.

They may be unexplored because “common sense says they’re inconceivable.”

In other words, believing something is “impossible” is why such areas remain untouched.

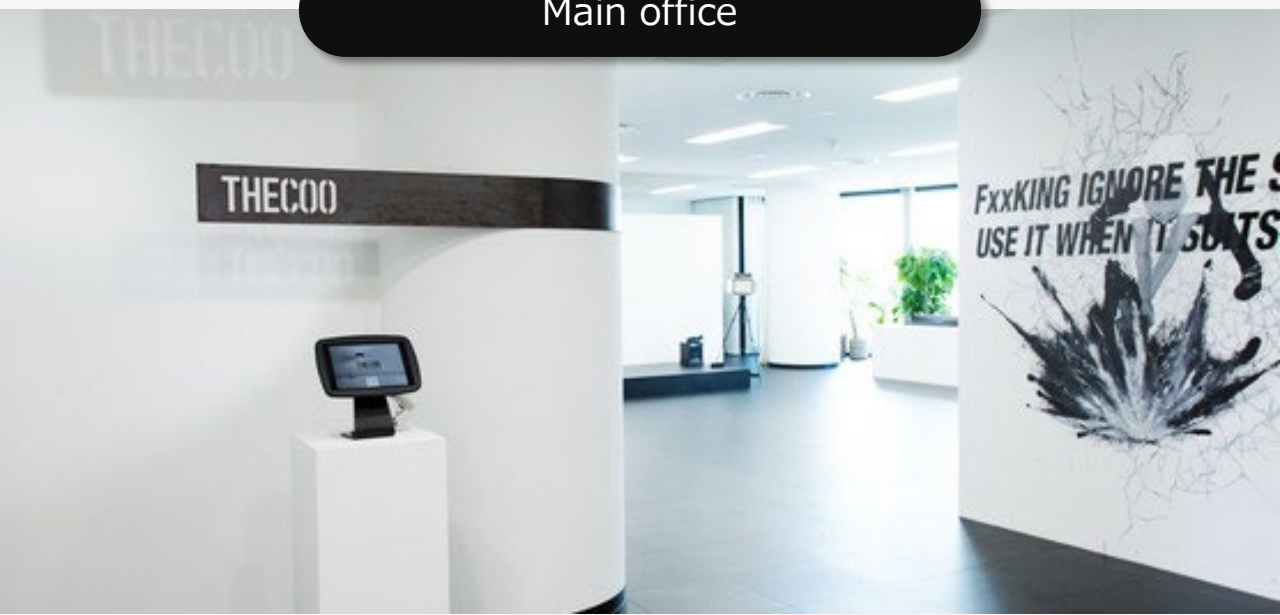
We aim to be a company, an organization, and people who leverage technology to confront and challenge the “impossible.”

Company Overview

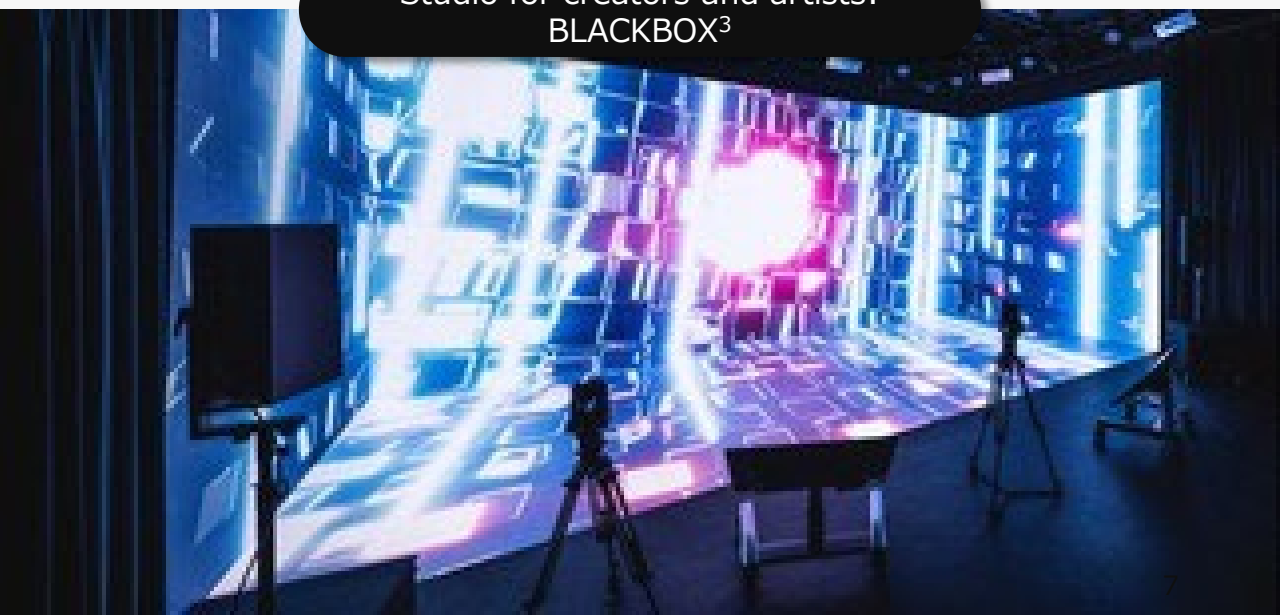
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• Name:	THECOO Inc.	• Location:	3-25-15 Jingumae, Shibuya-ku, Tokyo
• Representative:	Masato Taira, President and CEO	• Number of executives and regular employees:	123 (as of June 30, 2022, excluding temporary (part-time) employees)
• Established:	January 2014	• Our Services:	Fanicon business Corporate Agency Sales business
• Share capital:	755 million yen (as of June 30, 2022)	• Fiscal Year End:	December
• Date of listing:	December 22, 2021	• Market:	TSE Growth

Main office



Studio for creators and artists:
BLACKBOX³



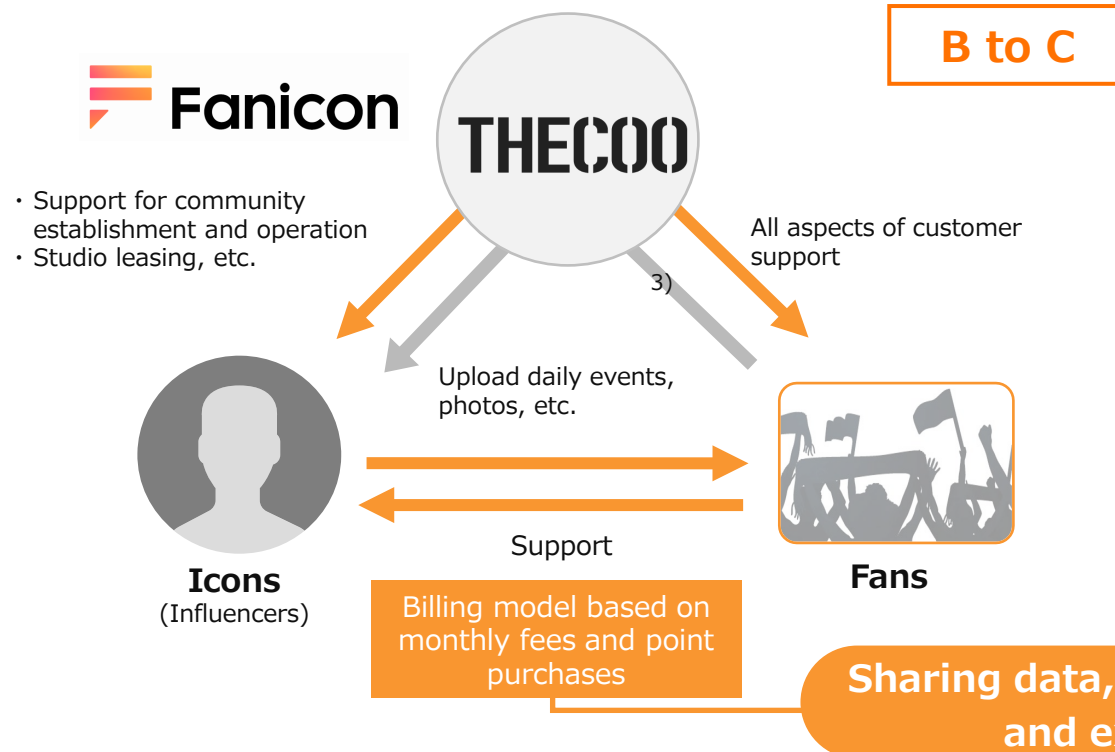
Our Services:

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Fanicon business

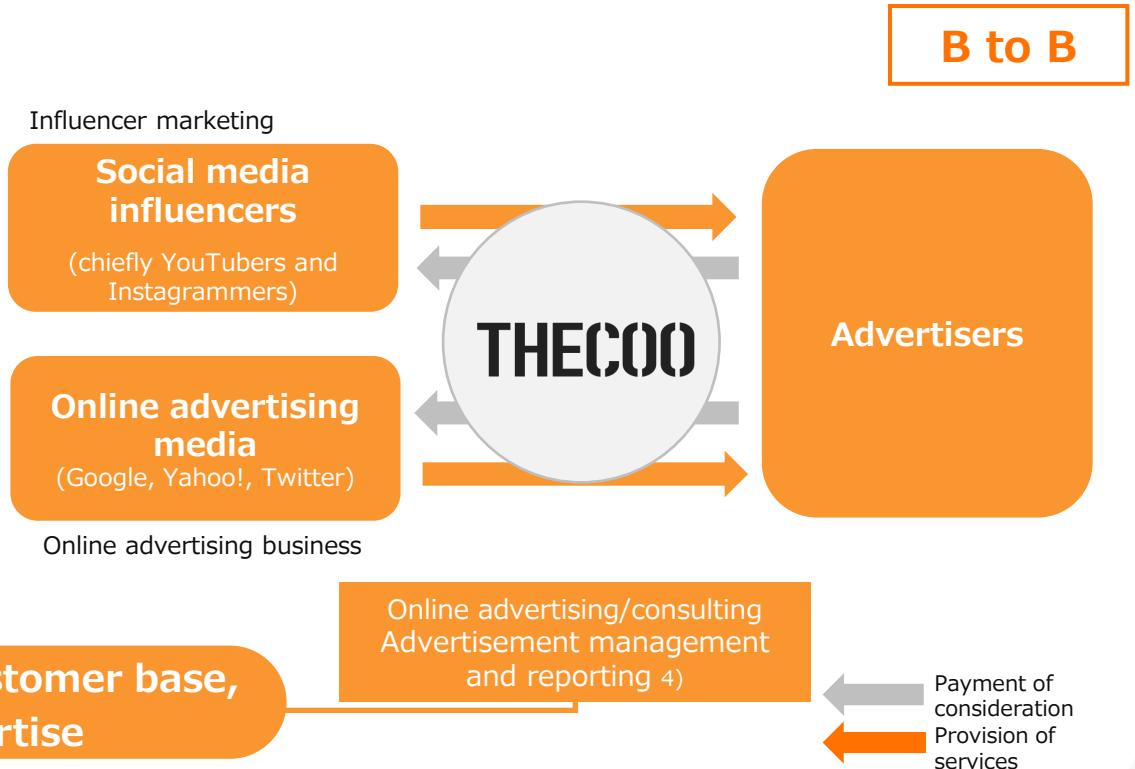
The operation of a membership-based fan community platform centered on Fanicon, where Icons¹⁾ and their fans²⁾ work together to enhance the activities of Icons.

Fanicon = Fun + Icon



Corporate Agency Sales business

This business comprises an influencer sales business that leverages YouTubers and Instagrammers in support of influencer marketing measures, and an online advertising business that provides consulting services for pay-per-click (PPC) advertising, including official social media account management and listing ads.



Notes:

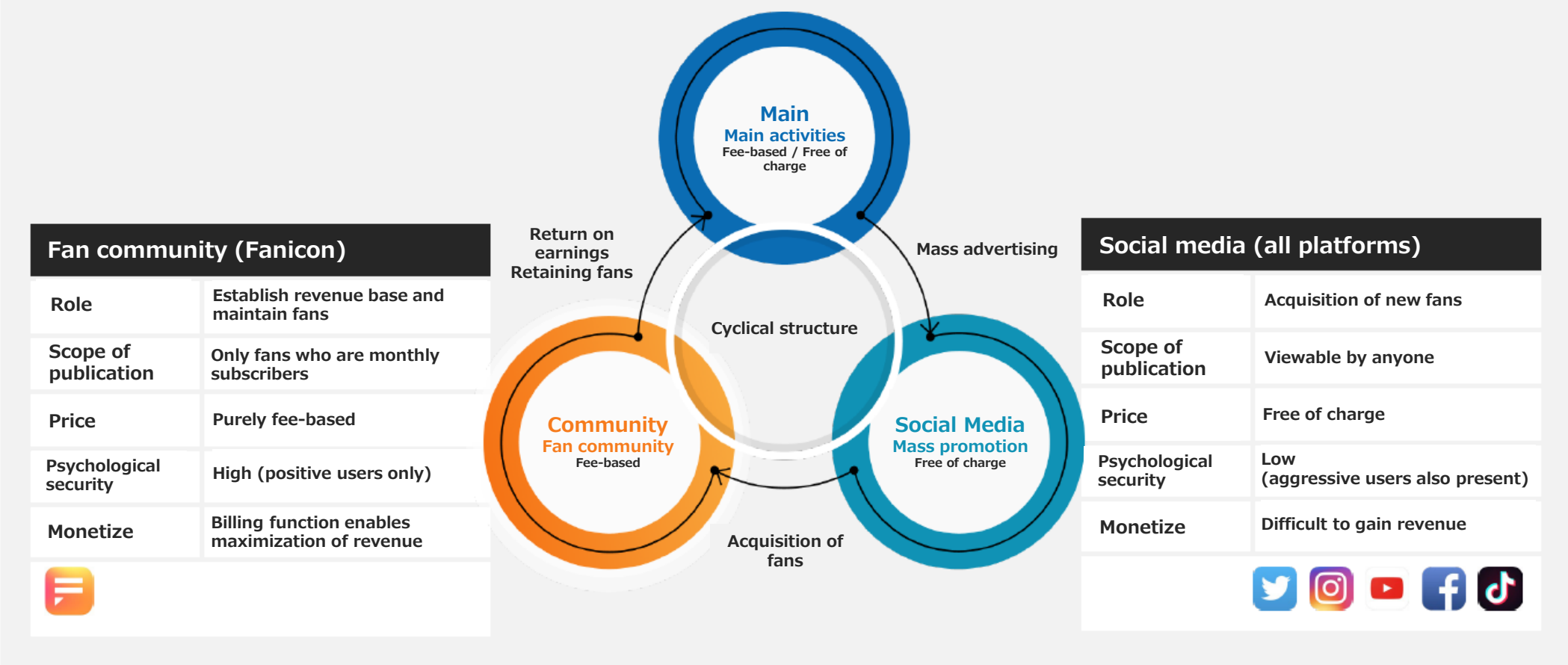
1) "Icons" refers to community owners and operating entity.

2) "Fans" refers to joining these communities and paying monthly fees.

3) Revenue received from fans consists of monthly usage fees, point purchases, e-commerce sales, etc.

4) "Reporting" refers to periodic reports on advertising management. This includes the cost to place ads, acquisition costs, and advertising management methods.

Fanicon is purely fee-based, full-membership fan community app.



Fanicon: Reasons for Purely Fee-Based, Full-Membership System

Why create a closed, fee-based “community” now?

Today, “open and free of charge” is the norm. It actually makes sense to opt for **an intentionally closed membership system**.



Retain fans

Evolving from “fans” who simply enjoy the content to members of one community. An increase in **the sense of belonging** leads to **a decrease in the attrition rate**.



Establish a stable revenue base

A monthly subscription-based membership system provides a stable revenue base. A wide variety of pay-per-use elements **allows** for **maximization of revenue**.



Psychological security

Making it **purely fee-based** ensures that the space is guaranteed to exist only for particularly enthusiastic fans. It allows for safe interaction and heightens fan enthusiasm.

Fanicon: Examples of Icons that Use It (excerpts)

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Icons from a wide range of categories including idols, artists, actors, musicians, entertainers, celebrities, YouTubers, sports teams, K-pop idols, and more have established communities.



MUCC



I Don't Like
Mondays



Seikima-II



ARUKARA



Atsushi Horie
STRAIGHTENER



Mao
SLD



Yuki Izawa



Seiya Konishi



ukka



Minami Takahashi



Minami Minegishi



Moe Ito



Hajime Syacho



@Azuki



YOKARO-MON



DOZLE Corp.

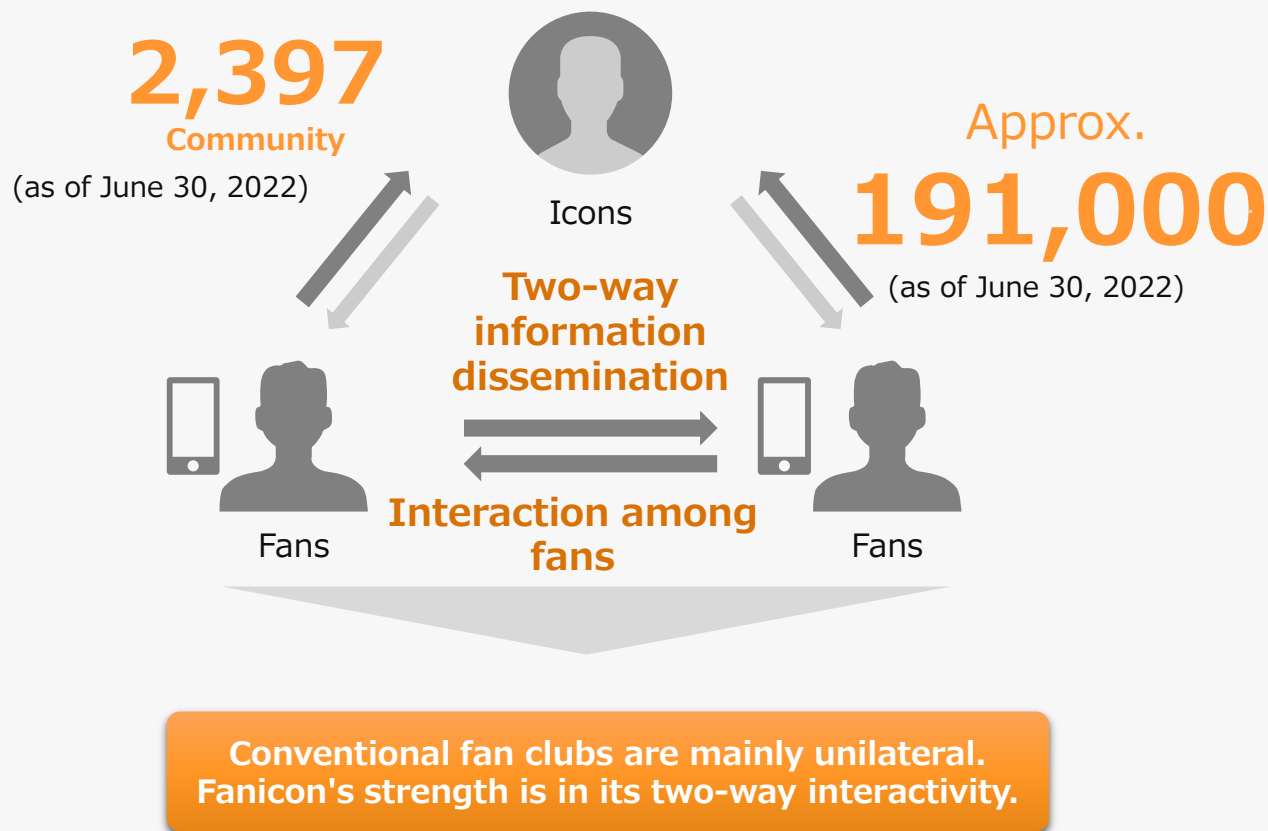


Kodai Matsuura

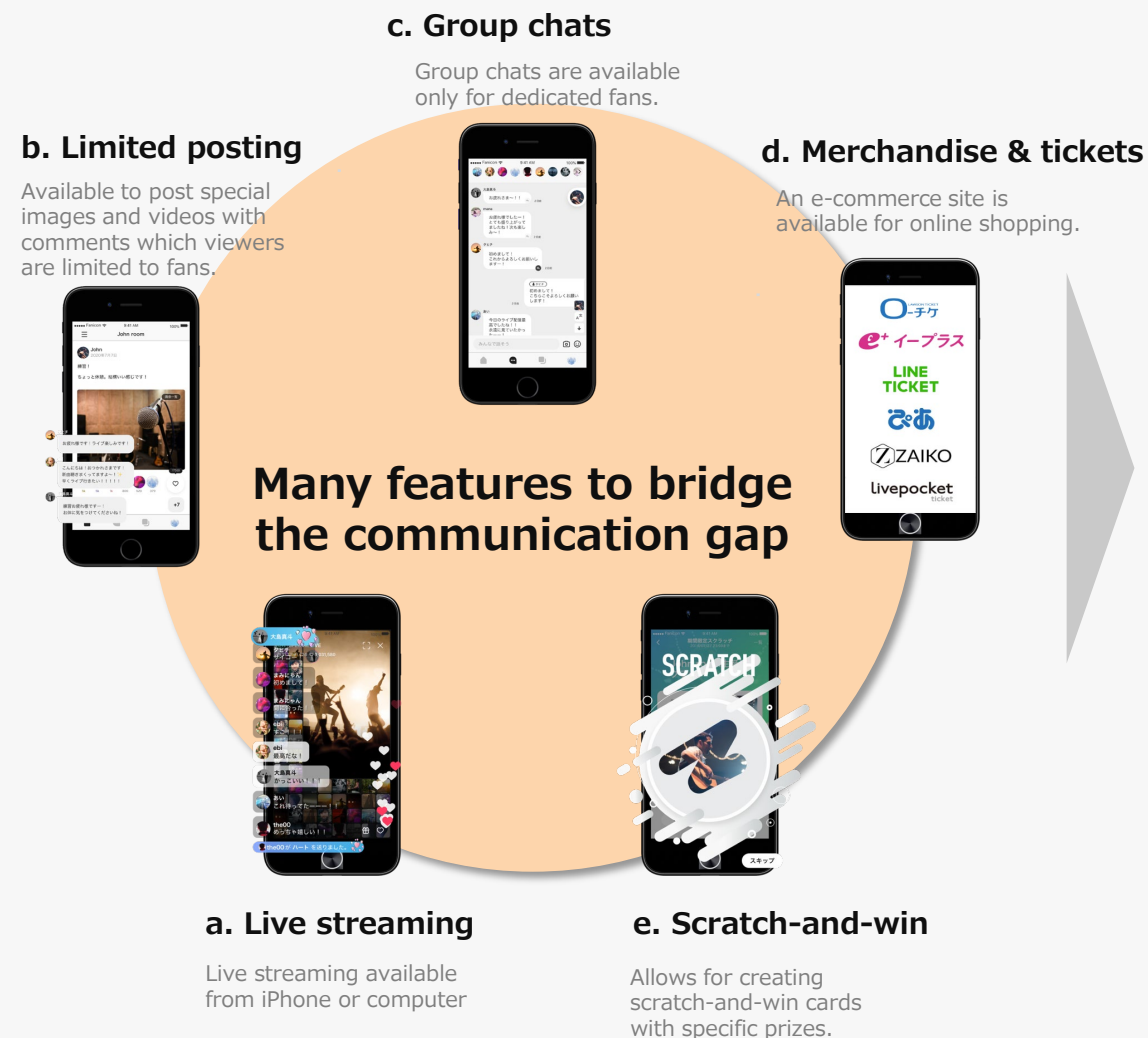


All Japan Pro
Wrestling

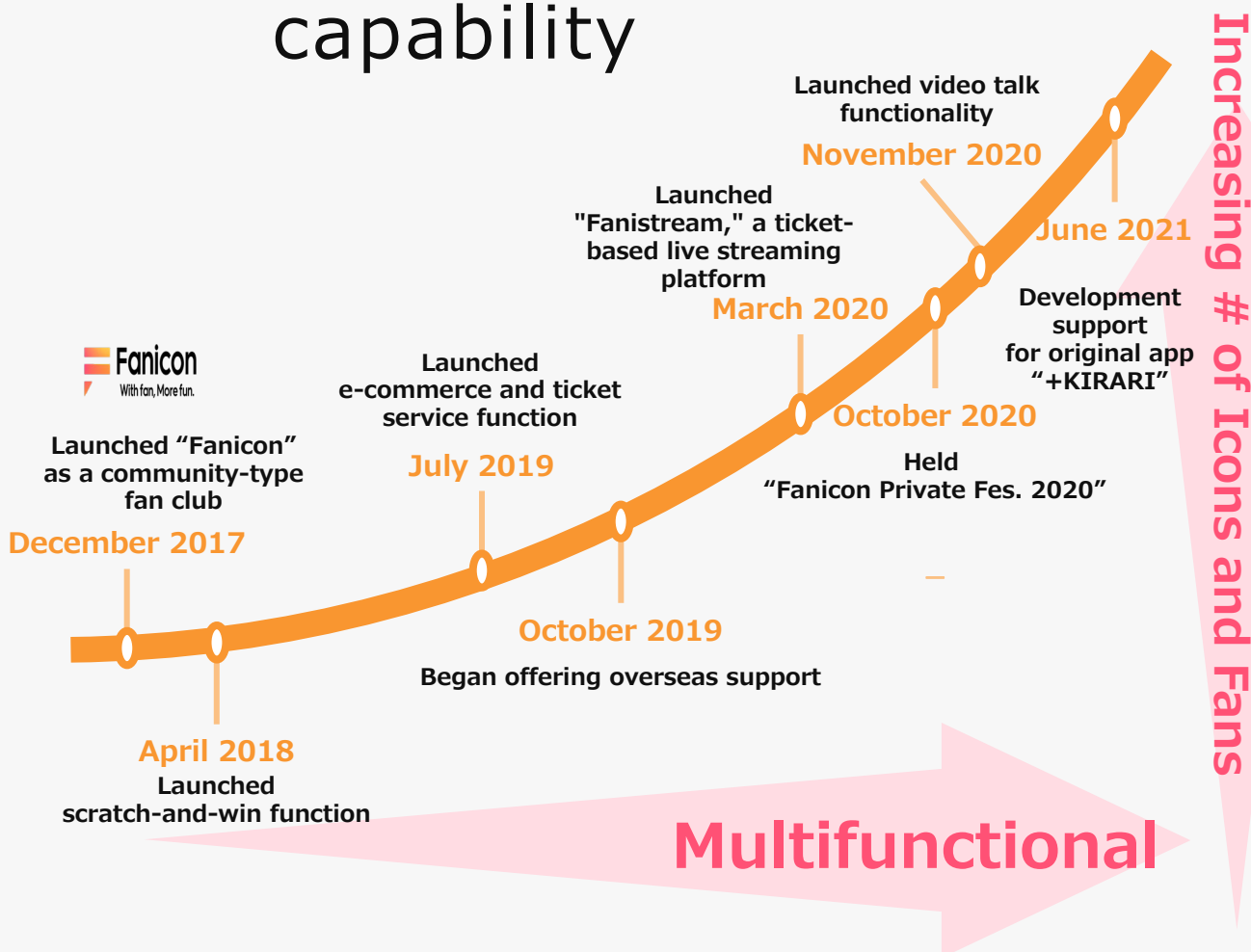
1) Interactivity



2) Multifunctional



3) Product development capability



4) Free distribution studio



The studio consists of first and second underground floors. It contains two studios: the BOX Studio with permanent four-sided LED panels, and the antique-style BRICK Studio. Equipped with lighting, cameras, and video equipment, the facility can be used for a wide range of purposes, including online distribution and the shooting of music videos.

Fanicon Features

5) Platform strategy

Started by providing services to Icons with a limited number of fans; expanded functions and streamlined customer success and now being used by top Icons

Around 2017
(upon service launch)

Started by providing services to Icons with a limited number of fans.



N-on-N

Around 2020
(three years later)

Gradually began offering services to Icons with a certain degree of name recognition.



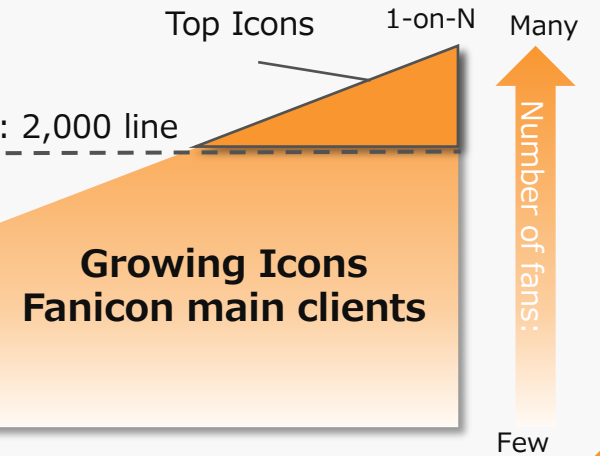
N-on-N

Present

Also began providing services to top Icons (head)

Number of fans: 2,000 line

N-on-N



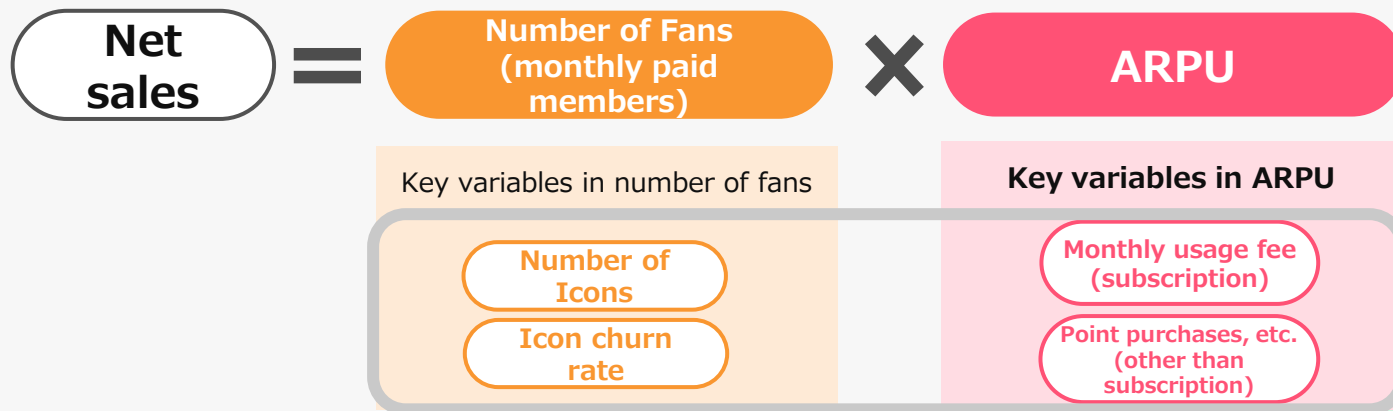
Standardized platform



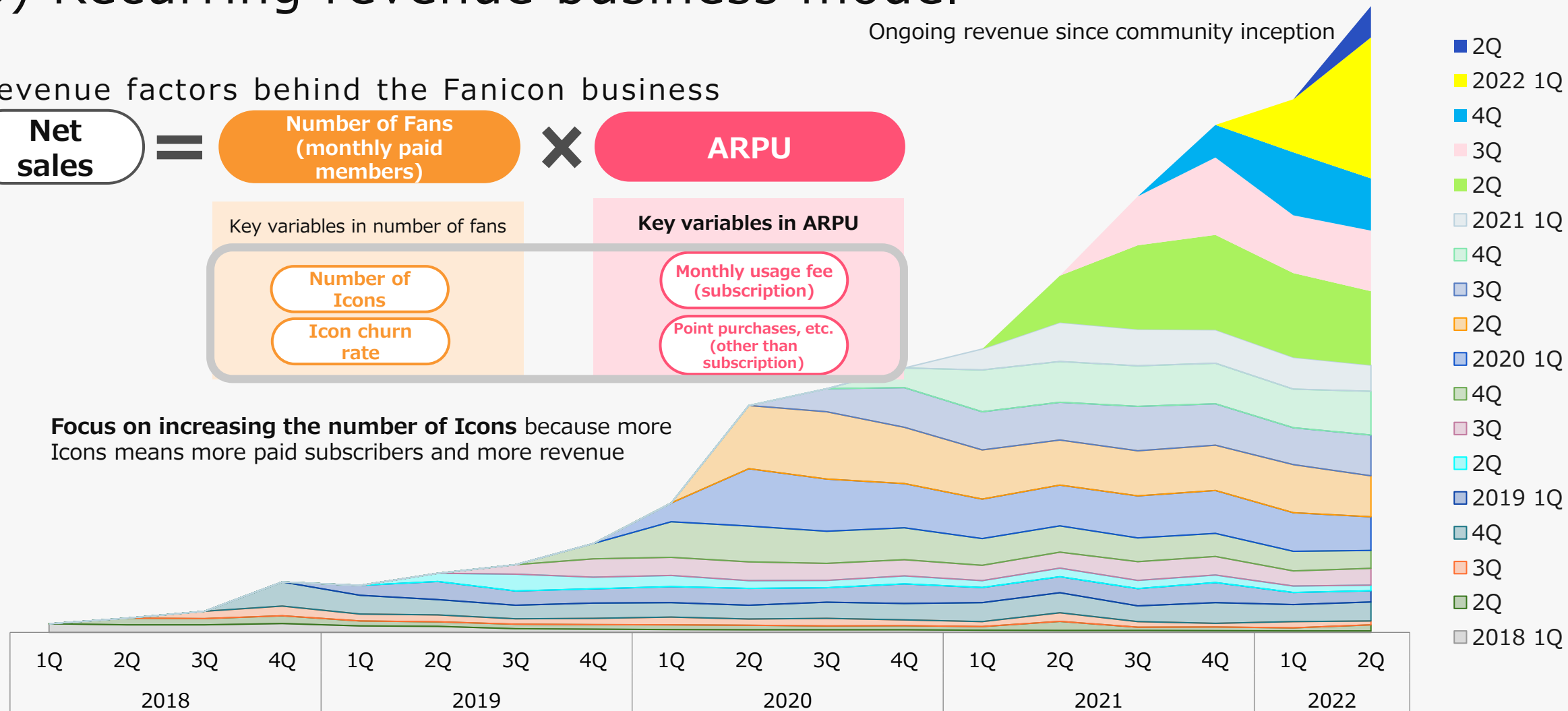
Streamlined customer success

6) Recurring revenue business model

Revenue factors behind the Fanicon business



Focus on increasing the number of Icons because more Icons means more paid subscribers and more revenue



*Net sales figures are based on managerial accounting and are not audited by an auditing firm.

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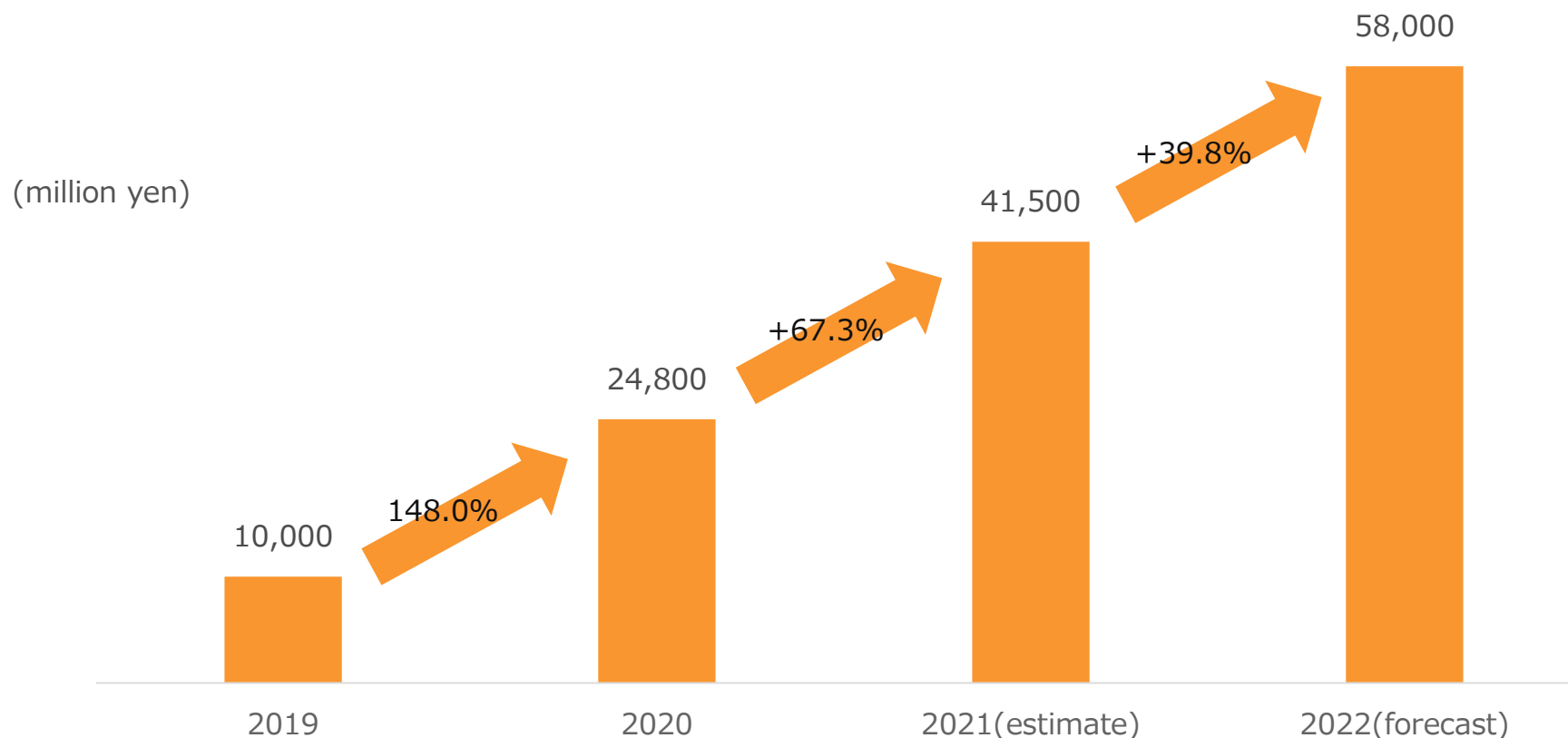
Market Environment

Rapidly-Growing Fan Community Business Market

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According to “Fan Community Business 2022,” a study by Yano Research Institute, in 2021, the market is expected to grow 67.3% year-on-year to 41.5 billion yen.

Monthly subscription-type online community platform service market (based on membership fees)

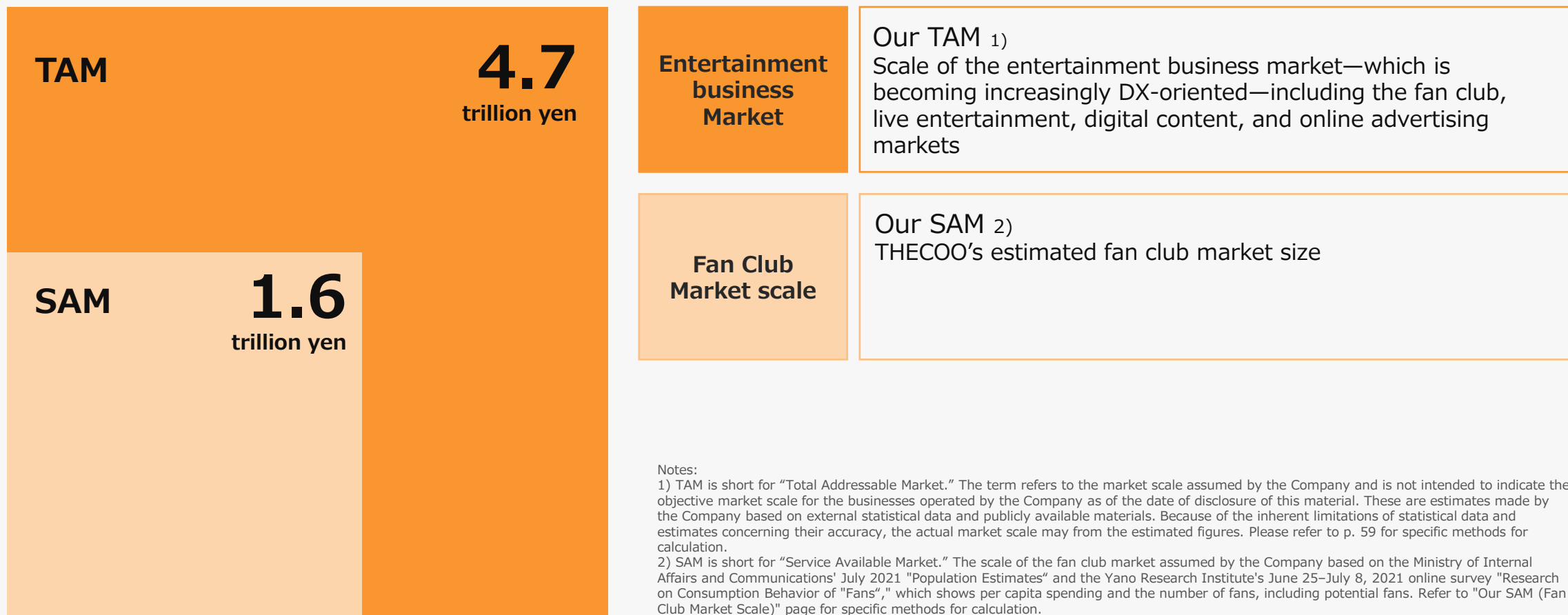


Source: Fan Community Business 2022, Yano Research Institute
(released in April 2022)

Vast Market Potential (our SAM and TAM)

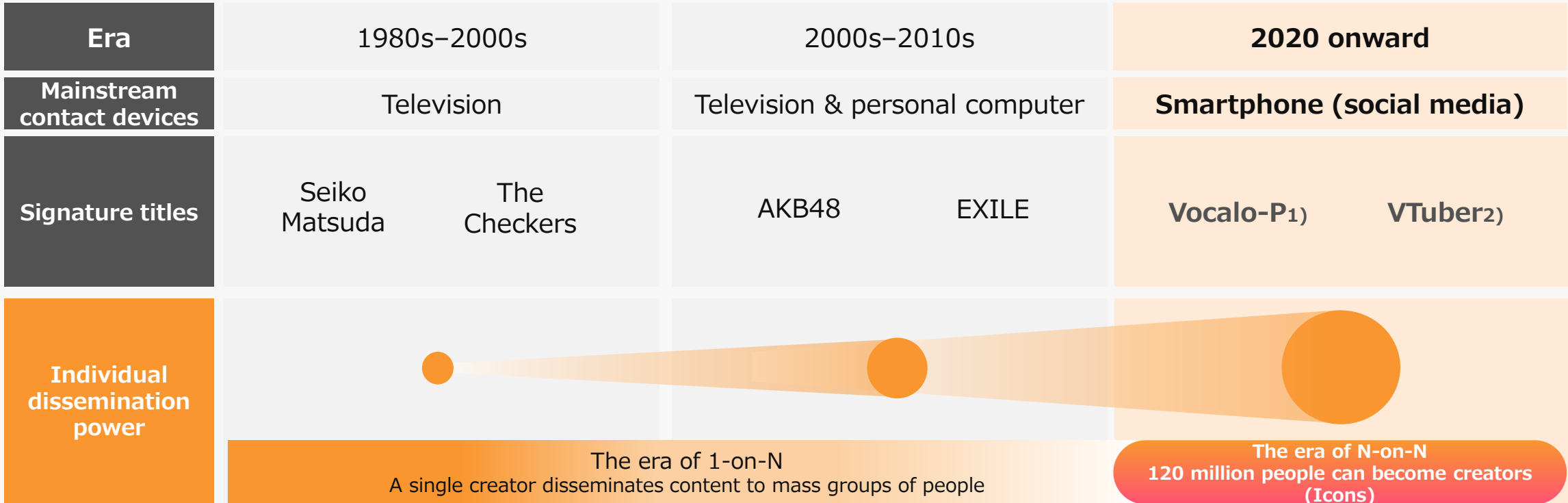
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Vast market potential with room for future expansion with “Web3”



State of Fan Communities in Heyday of Social Media

In the heyday of social media, individuals are becoming more capable of sending out messages, leading to our entering the N-on-N era.



Notes:

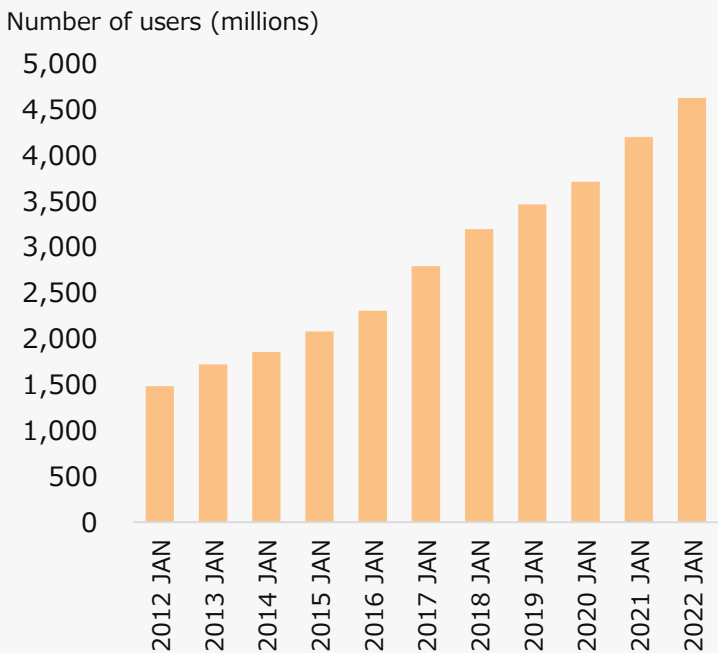
1) Vocalo-P is a term coined by combining the music synthesizing software Vocaloid and producer, and refers to musicians who publish songs created using Vocaloid on video-sharing websites.

2) VTuber is an abbreviation for "Virtual YouTuber," a person who posts videos on YouTube using characters generated using computer graphics.

Expanding Market of Individuals

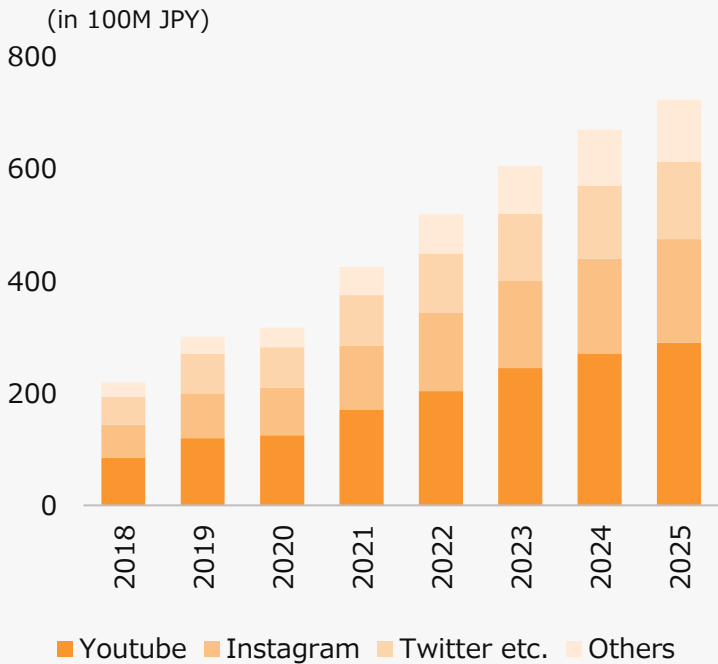
The growth of the influencer marketing and YouTuber markets shows that stages for activity of "individuals" are expanding.

Global number of social media users



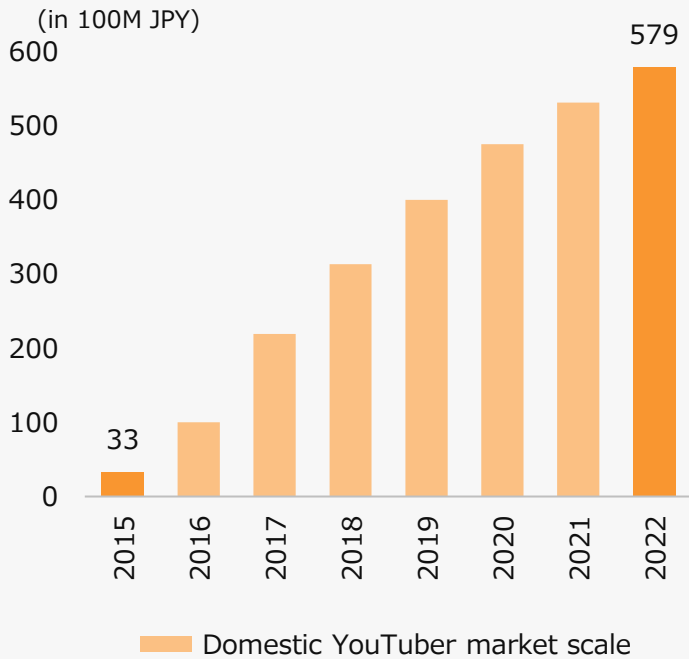
Source: We are Social Digital 2022: Global Overview Report (January 2022)

Estimated market scale for influencer marketing



Source: Research by CyberBuzz, Digital InFact (released in October 2020)

Domestic YouTuber market scale



Source: Research by CA Young Lab, Digital InFact (released in March 2018)



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FY2022-2Q Results

*Numerical values are rounded down to the nearest whole number, and percentages are rounded to the first decimal place.

1) Application of the Accounting Standard for Revenue Recognition

Under the previous standard, ticket sales within “Fanicon” were recorded at gross.

Under the new standard, however, ticket sales are recorded at net.

2) Fanicon business individual app

Net sales are recorded for apps where the operating entity is on the Icon side, not THECOO.

As sales of individual apps are expected to grow and account for a larger proportion of Fanicon's total net sales than in the recent past, the Company discloses figures for individual apps when such can be indicated.

Factors that improve gross profit margin due to recording as net.

3) ARPU

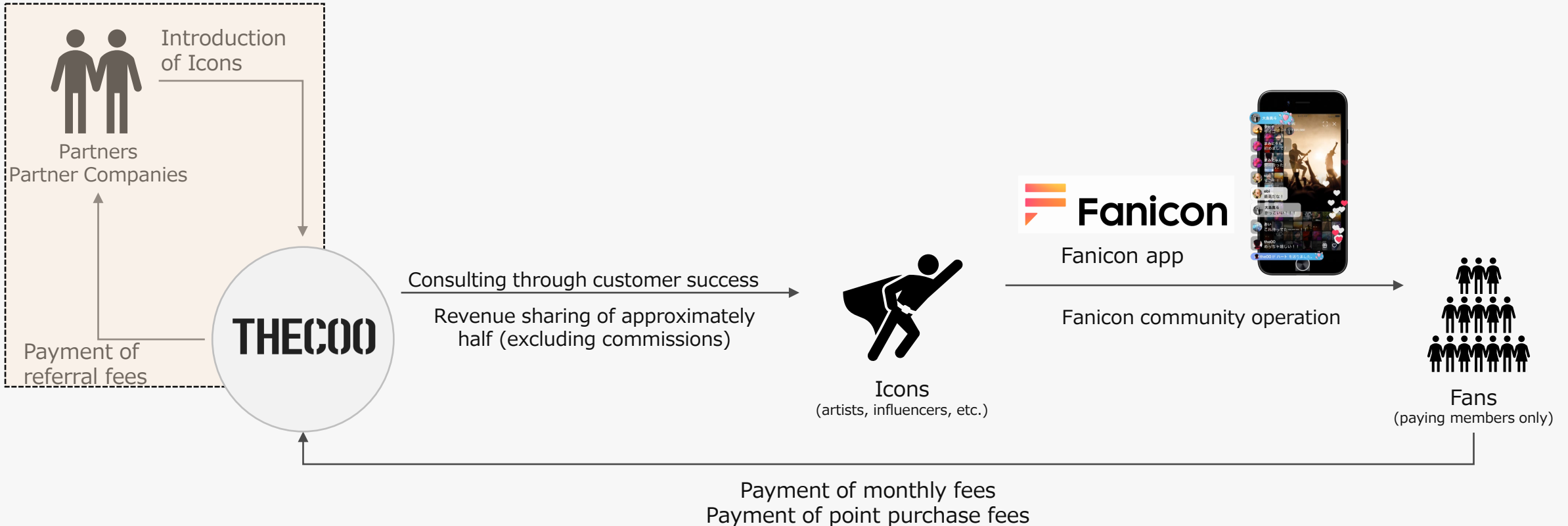
The Company continued to disclose what was recorded at gross in the current fiscal year's materials to facilitate understanding of past growth trends (concerned that it could be misleading to reflect changes in accounting standards as is).

The above information is based on consultations with the audit firm at this time and are subject to change.

Fanicon Business Flow

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A BtoBtoC business model under which approximately 50%* of revenue from Icon communication with paid members (excluding monthly usage and point purchase fees) is shared with Icons.



Only applies in case of large Icons

*In principle, 50% of revenue is shared, but it changes depending on various factors

Company-Wide: FY2022-2Q Results PL

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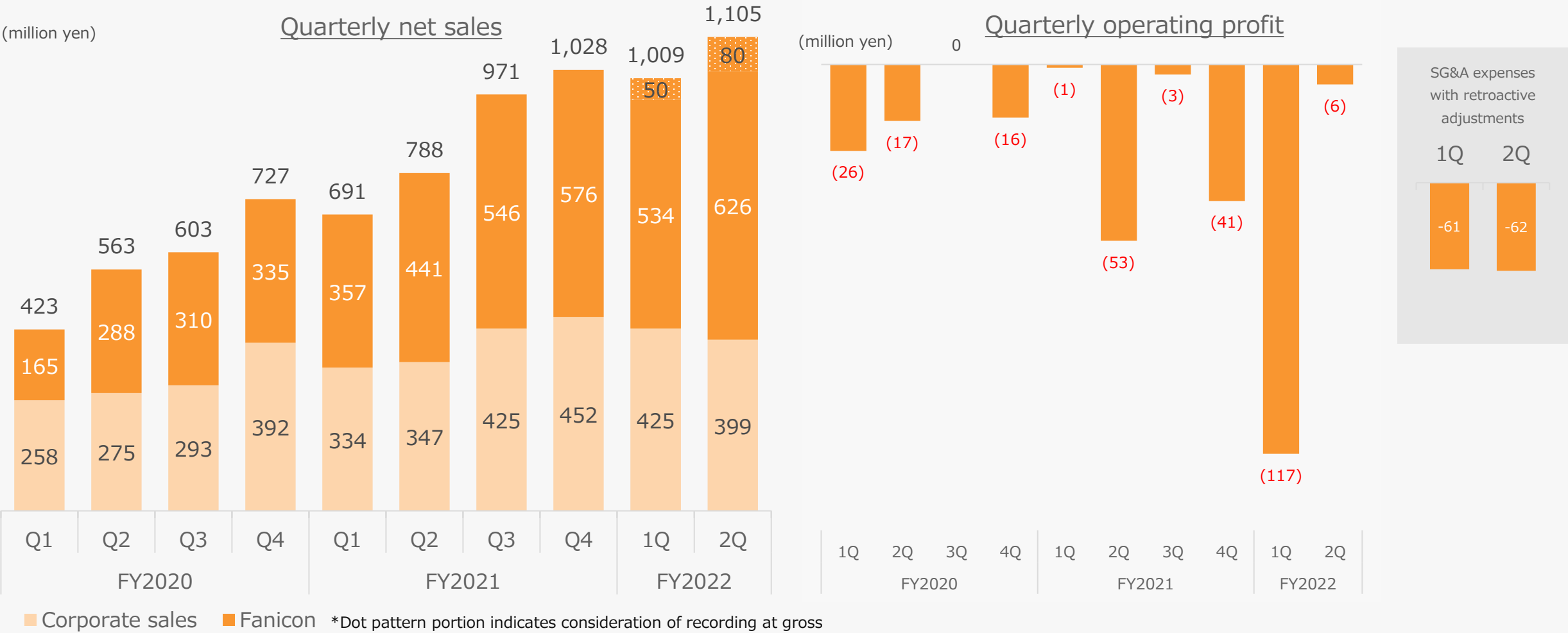
Net sales growth of 30% YoY due to Fanicon business growth

(million yen)	FY2022-2Q (April–June 2022)					Cumulative total through FY2022-2Q (Jan.–Jun. 2022)		
	Results	Same period in previous fiscal year		Same period in previous fiscal year		Results	Same period in previous fiscal year	
		Results	YoY	Results	QoQ		Results	YoY
Net sales	1,026	789	30.0%	959	7.0%	1,986	1,480	34.2%
Gross profit	387	283	36.7%	384	0.8%	772	544	41.9%
Gross profit margin	37.7%	35.9%	+1.8pt	40.0%	-2.3pt	38.9%	36.8%	+2.1pt
SG&A expenses	393	336	17.0%	502	-21.7%	895	599	49.4%
Operating profit	(6)	(53)	-	(117)	-	(123)	(55)	-
Ordinary profit	(3)	(53)	-	(117)	-	(120)	(56)	-
Profit	(4)	(53)	-	(117)	-	(121)	(59)	-

Company-Wide: Quarterly Net Sales and Operating Profit Trends

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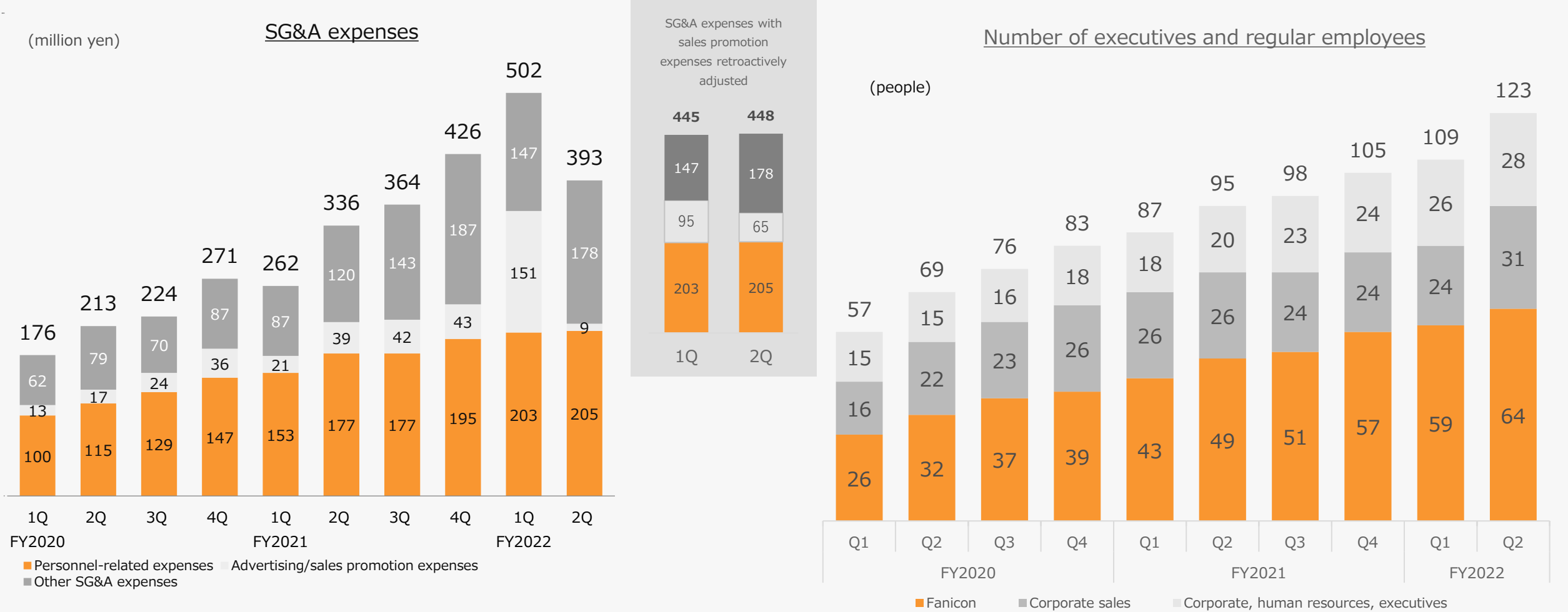
Quarterly net sales increased 40.2% YoY after factoring in recording at gross.
Quarterly operating profit: -6 million yen (+47 million yen YoY), -62 million yen after factoring in SG&A adjustments.



Company-Wide: SG&A Expenses and Number of Executives and Regular Employees

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Sales promotion expenses for the acquisition of a large fan club—recorded at 100 million yen in FY2022-1Q—will be reduced by 56 million yen in 2Q because owing to confirmation that the amount could be reduced more than initially anticipated.



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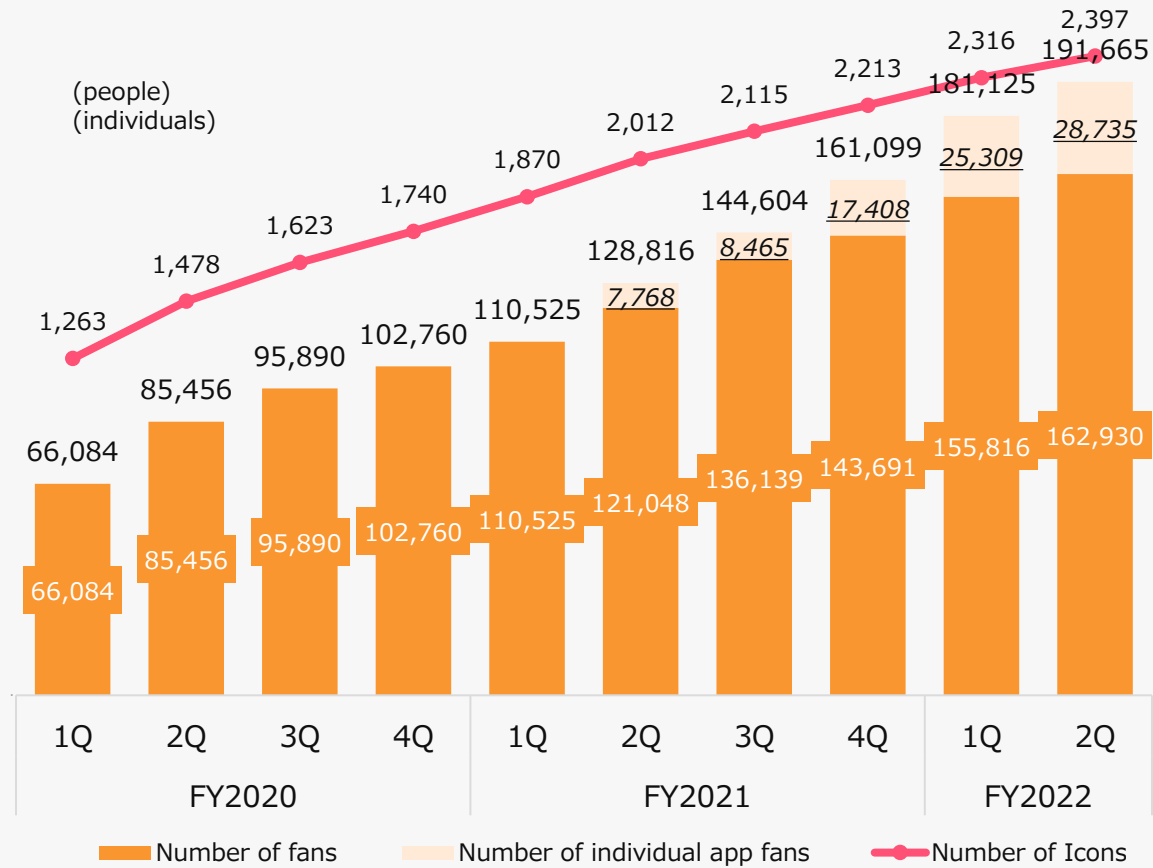
Results by Segment

Fanicon Business

[Fanicon Business] KPIs

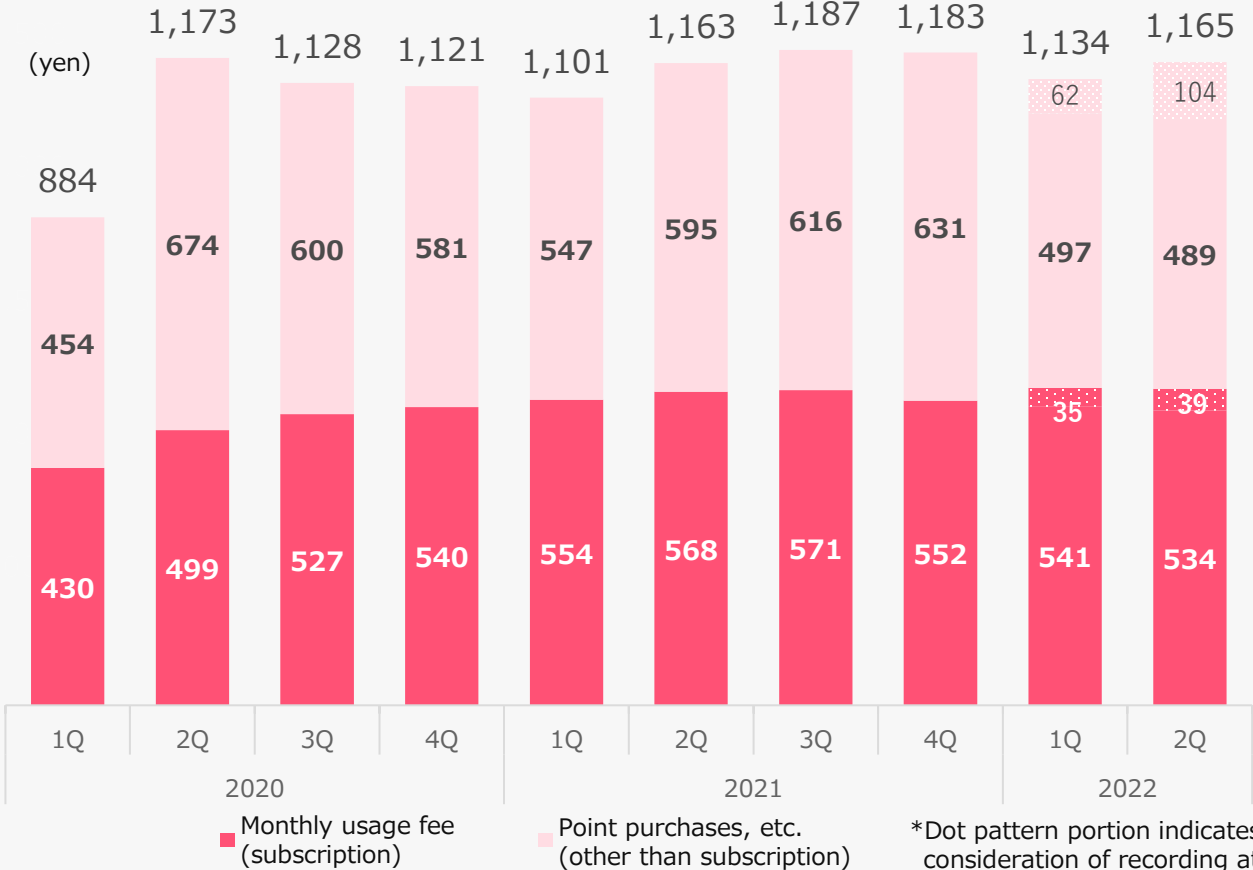
The number of Icons increased 19.1% YoY, while the number of fans rose 48.8% YoY owing to the acquisition of Icons who have a relatively larger fan base. ARPU was up 1.7% YoY to 1,165 yen after factoring in recording at gross.

Number of Icons and Fans



*Large-scale fan club operation projects commissioned in 1Q are excluded from KPIs as they differ in nature from conventional fan community operation.

Q average monthly ARPU

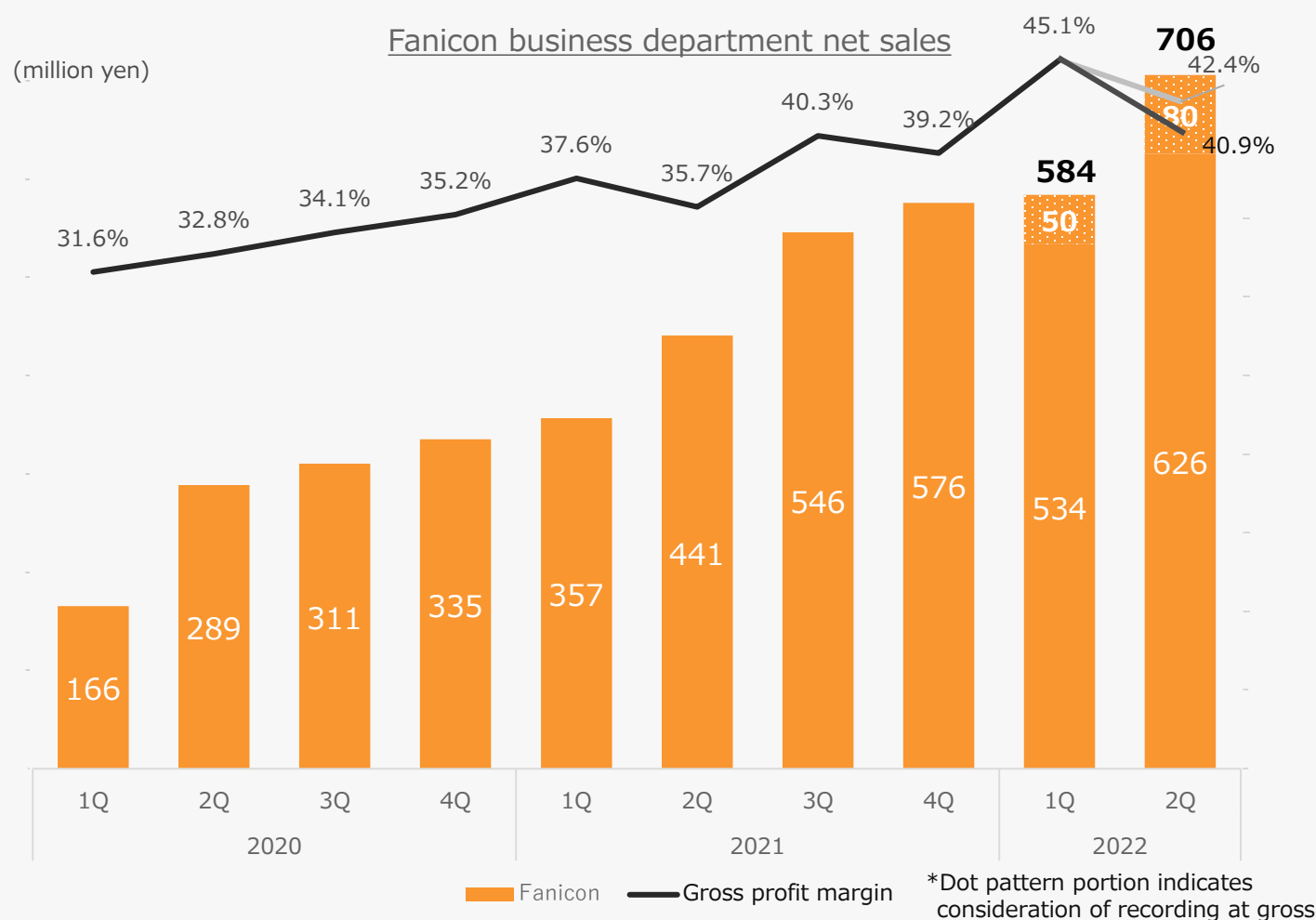


*Dot pattern portion indicates consideration of recording at gross

[Fanicon Business] Quarterly Net Sales and Gross Profit Margin Trends

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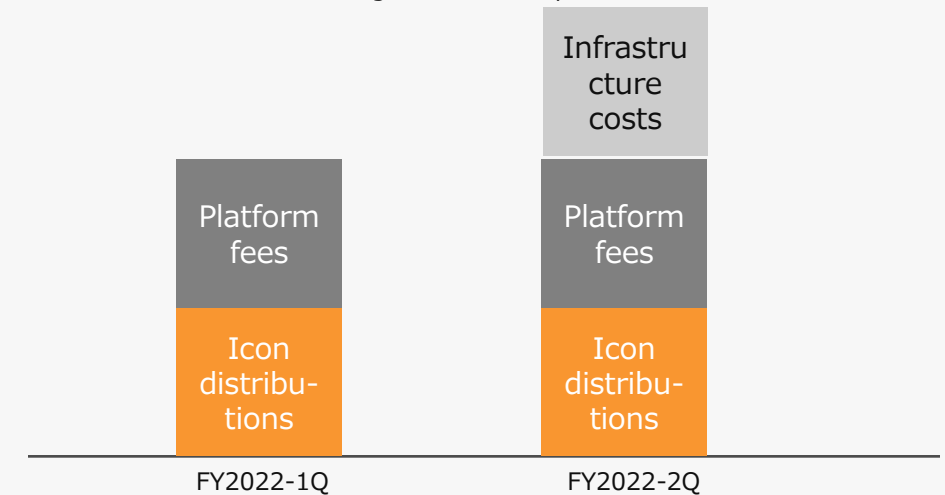
Sales of Fanicon business department grew steadily to 706 million yen, or up 60.1% YoY, on a gross basis. Decrease in gross profit margin due to change in cost components



Regarding gross profit margin

- 2Q gross profit margin 40.9%, -4.2pp QoQ
- Infrastructure costs associated with stable operation of services to win icons having a large fan base, recorded as SG&A expenses until 1Q, were recorded as expenses from 2Q.
- Recognized as upfront investment toward stable operation of future large projects.
- Gross profit margin excluding infrastructure costs is 42.4%.

Changes in cost components



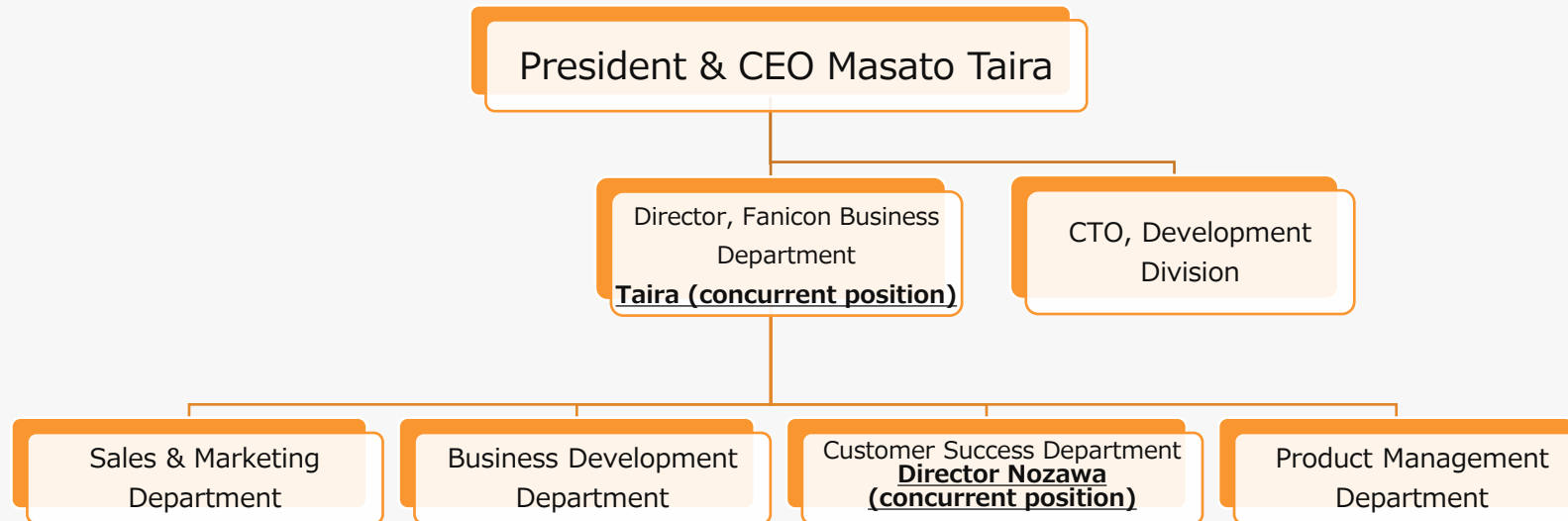
[Fanicon Business] Future Structure

Organizational structure changes implemented in August

Aim for intermittent growth by establishing a system that makes possible quicker, more agile management decisions

Fanicon organization chart from August

- Aiming to increase the scale of business, CEO Masato Taira serves concurrently as Fanicon Business Department Director.
- Director Toshimichi Nozawa serves concurrently as Director of the Customer Success Department, which is the key to non-subscription (point purchase) sales.
Implement strengthening of customer satisfaction capabilities through Knowledge Share and increasing operational efficiencies for upscaling
- Newly established Development Division and Chief Technology Officer (CTO) as independent organizations for faster and more organized development



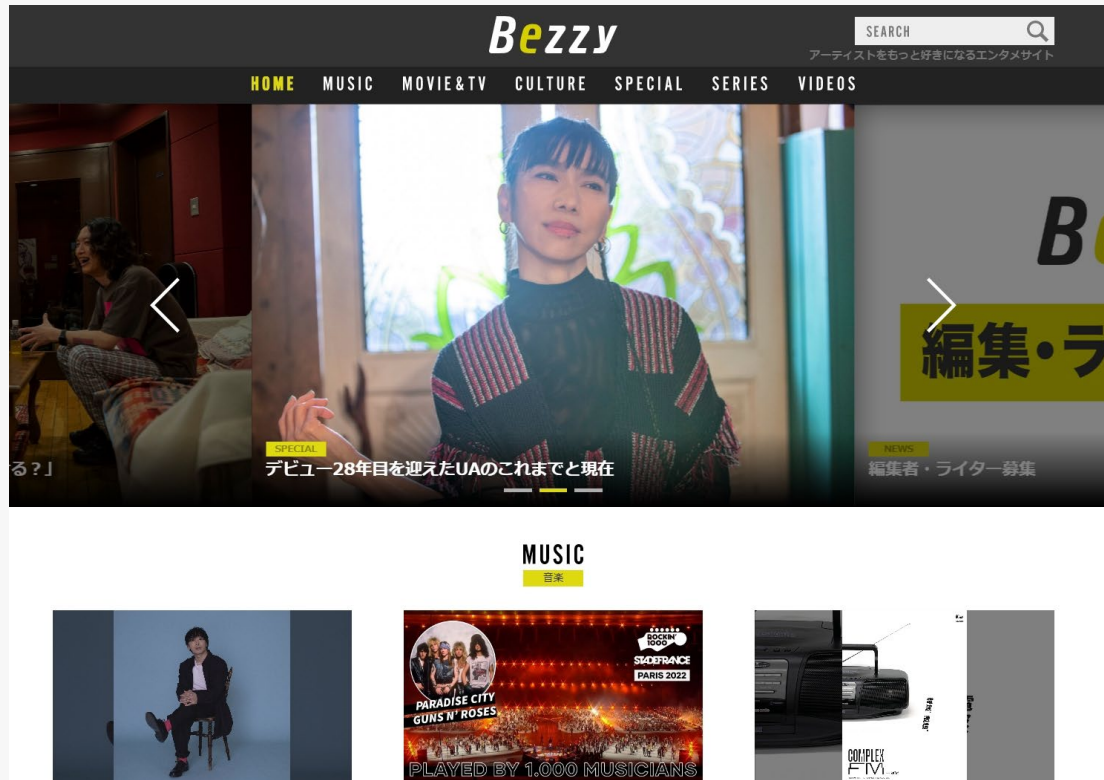
[Fanicon Business] Topics

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Continue measures toward expanding recognition in the entertainment industry

Entertainment information to make artists even more appealing

Launched "Bezzzy" web media service



<https://bezzzy.jp/>

Exhibited at the 9th Live Entertainment Expo



Booth (rendition)



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Results by Segment

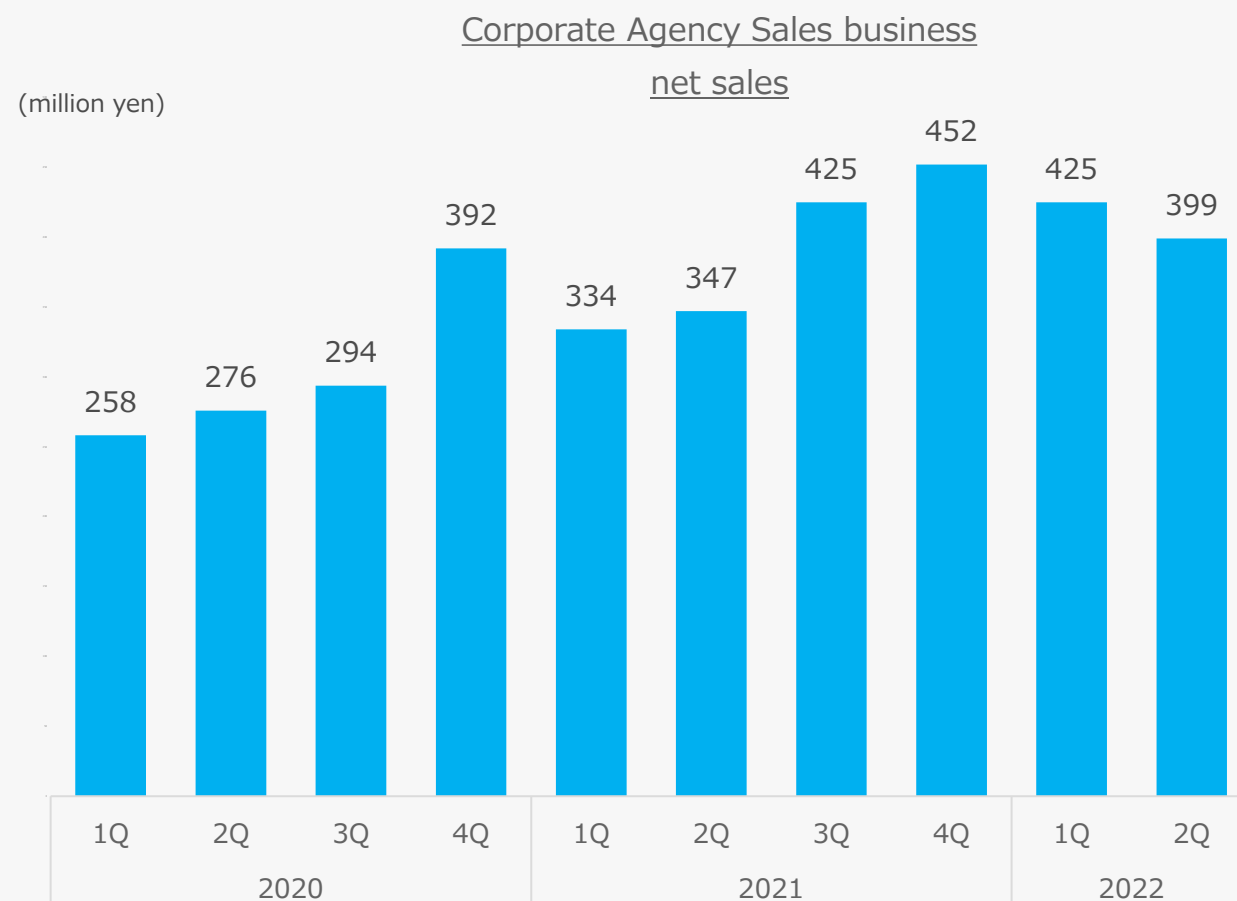
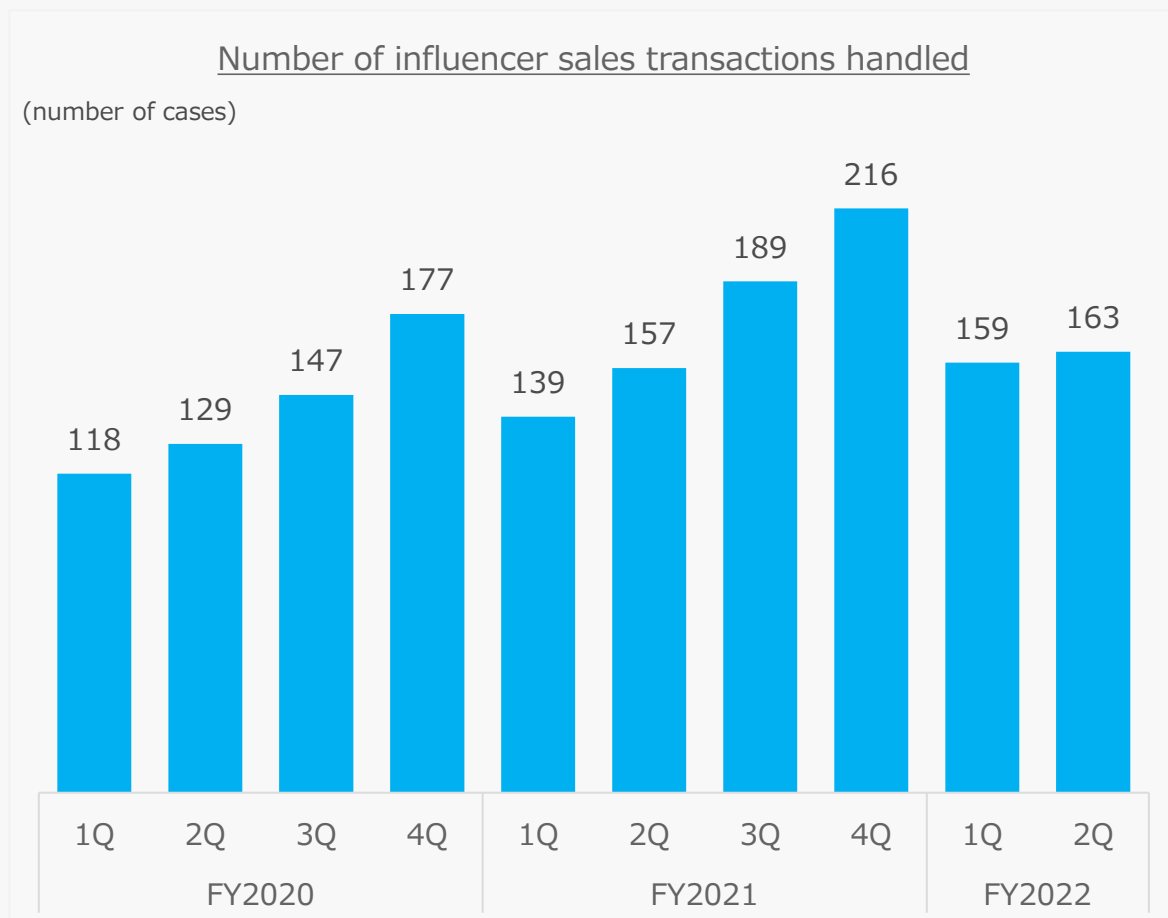
Corporate Agency Sales Business

[Corporate Agency Sales Business] KPIs/Net Sales

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The number of influencer sales transactions was 163, up 3.8% YoY.

Net sales increased 15.0% YoY to 399 million yen.



[Corporate Agency Sales Business] Introduction of Influencer Business

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The influencer business does not have a specific medium. It specializes in data-driven proposals to meet clients' challenges.

Features of THECOO's influencer business

A single point of contact for all matters necessary to conduct influencer marketing. Propose the optimal plan to meet the client's challenges.

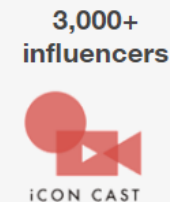
	Overall Design of Measures	Know-how in direction	Breadth of casting	Provision of influencer analysis and reporting tools	Influencer management
THECOO	○	○	○	○	△
Influencer office	×	○	△	×	○
Influencer agency	△	△	△	×	×

A vast network of influencers covering games, beauty, fashion, and a host of other genres to meet the challenges of our clients.

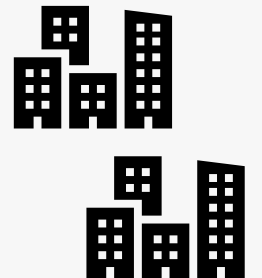
Network with
YouTuber offices



Influencer planning tool
iCON Suite holds data
on approximately 120,000
influencers.



Network with
entertainment offices



[Corporate Agency Sales Business] Introduction of Influencer Business

THECOO

iCON Suite enables data-driven proposals

A tool that enables the visualization of influencer value

Influencer search function

Users can search for influencers based on age, gender, interests, and other information of the person or follower.

The screenshot shows the 'Search' section of the iCON Suite interface. It includes a search bar with the text 'インフルエンサー検索' and a dropdown menu. Below the search bar, there are several filter options: 'キーワード検索' (Keyword search), 'クリエイティブで検索' (Search by creative), and 'ハッシュタグのエンゲージで検索' (Search by hashtag engagement). There is also a text input field for '名前、#ハッシュタグ、フリーワードを入力' (Enter name, #hashtag, free word). Below this, there are checkboxes for '#PR実績あり' (Has PR experience), 'お気に入りになる' (Become a favorite), and '芸能人を除く' (Exclude celebrities). At the bottom, there are radio buttons for 'Instagram' and 'Twitter'.

Influencer listing function

List of influencer candidates for each campaign

The screenshot shows the '2020 Spring Promotion Influencer List' interface. It displays a list of influencer candidates with their profile pictures, names, and various statistics. The table includes columns for '性別比率' (Gender ratio), '年齢比率' (Age ratio), 'フォロワー数' (Follower count), 'エンゲージメント率' (Engagement rate), and 'コメント' (Comments). The data is presented in a clear, organized manner, allowing users to easily compare different influencers.

Influencer analysis function

Influencer and fan interests and concerns

The screenshot shows the 'インフルエンサーのよく使うハッシュタグ' (Hashtags often used by influencers) section. It displays a list of hashtags and their corresponding engagement rates. The table includes columns for the hashtag and the engagement rate. The data is presented in a clear, organized manner, allowing users to easily identify popular hashtags and their associated engagement levels.

Custom tag function

Tag individual influencers for administrative identification
Influencer search is available subject to custom tags assigned

The screenshot shows the 'インフルエンサー検索' (Influencer search) section. It displays a list of influencers with their profile pictures, names, and various statistics. The table includes columns for 'インフルエンサー' (Influencer), 'SNS' (Social media), 'フォロワー数' (Follower count), 'エンゲージメント率' (Engagement rate), and '%'. The data is presented in a clear, organized manner, allowing users to easily identify influencers and their associated statistics.

iCON Suite



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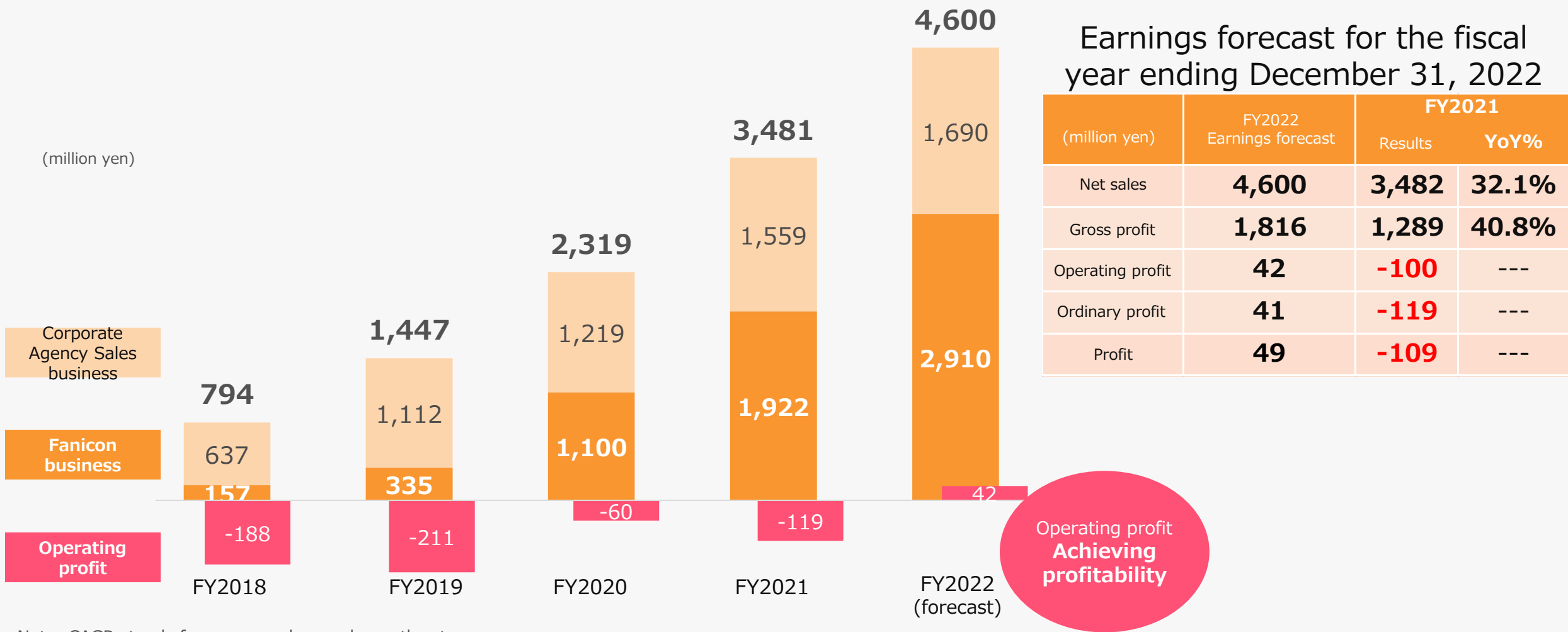
FY2022 Earnings Forecast

*Numerical values are rounded down to the nearest whole number, and percentages are rounded down to the first decimal place.

FY2022 Earnings Forecast

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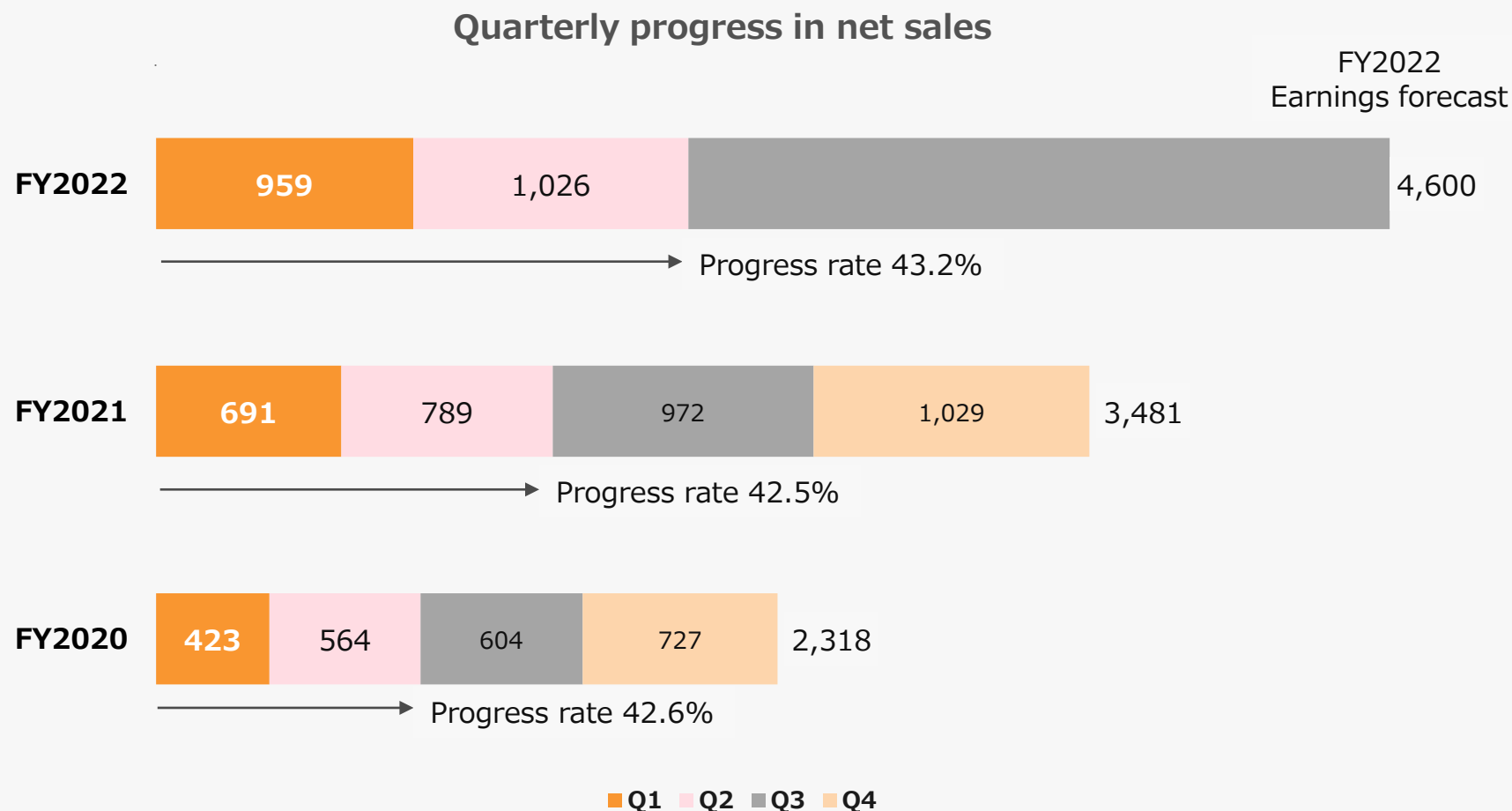
Earnings forecast remains unchanged; aiming for full-year profitability



Note: CAGR stands for compound annual growth rate

Rate of Progress Against FY2022 Earnings Forecast THECOO

Steady progress of 43.2% in net sales against the full-year earnings forecast due to the budget being weighted heavily toward the second half of the fiscal year
(FY2021: 42.5%; FY2020: 42.6%)



FY2022 Policies

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Ensure growth of growth business Fanicon and aim for full-year profitability for overall company while continuing to invest

Business	Fanicon business	Acquisition of Icons	•Structure lead nurturing
			•Develop overseas (South Korean) market
		Increased ARPU	•Fortify customer success structure and expand platform functionality
		Evolution of products	•Lead fan business online by embracing the Web3 concept
	Corporate Agency Sales business	Increase in the number of projects	•Reinforce marketing and inside sales structure
			•Increase acquisition of overseas projects
Hybrid strategy with Fanicon business		•Leverage assets to propose tie-up measures and new services	
Investments	Acquisition of personnel	•Recruit talented people in support of growth •Acquire Icons	
	Promotional costs	•Implement measures, produce merchandise and conduct other efforts to maintain high community engagement	

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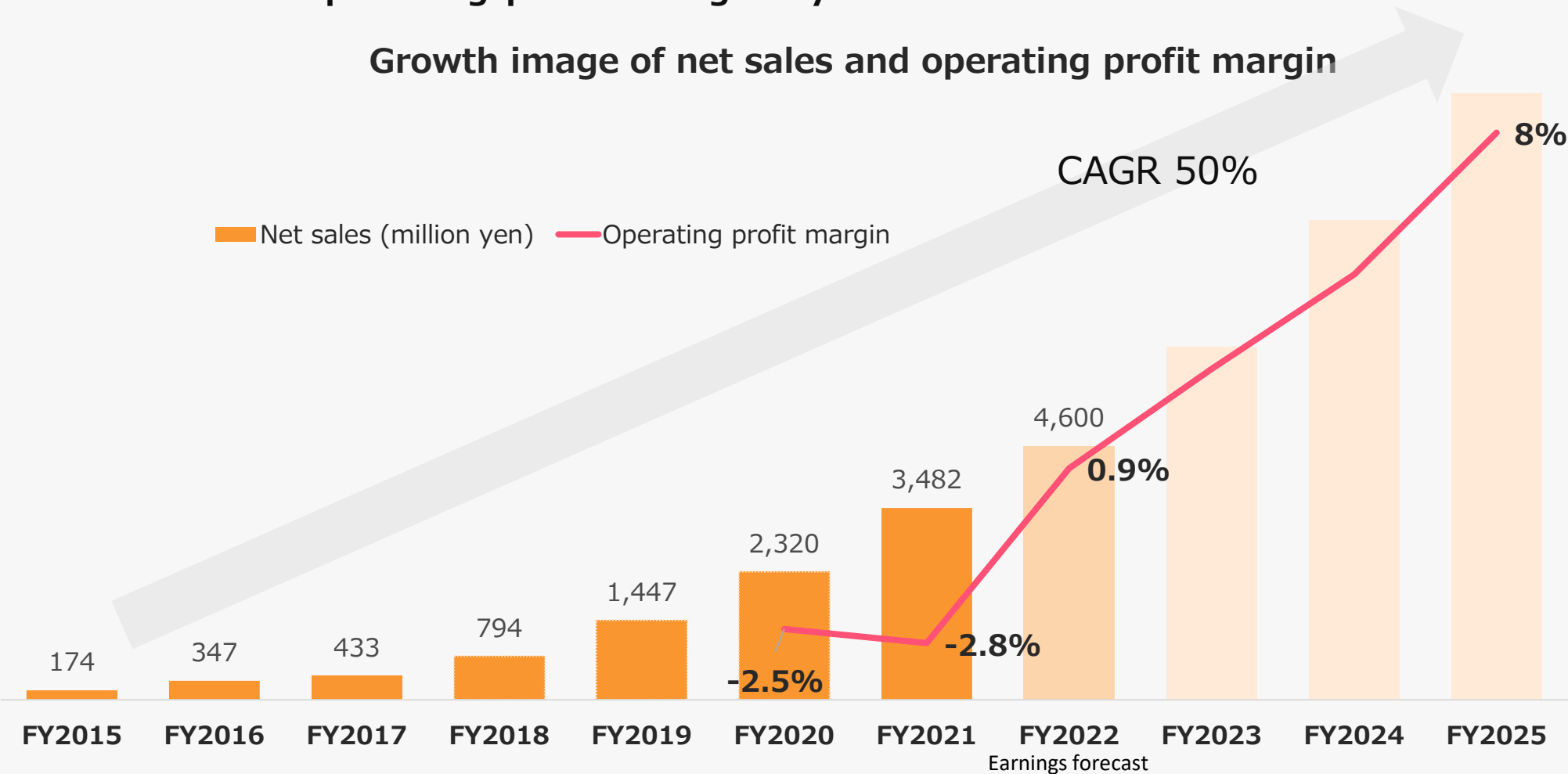
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Growth Strategies

Medium-Term Growth

Maintain net sales CAGR **+50%*** from FY2015–FY2025
Aim to achieve **8%** operating profit margin by FY2025



Note: The Fanicon business is positioned as the core of future growth, and the Company aims to achieve growth for the next three years by maintaining the growth of this business.

Fanicon business:

"Our aim is to build a world where fans become a community with Icons at the core."

- Increase net sales by increasing number of Icons through genre expansion and overseas development
- Improve ARPU through function expansion
- Lead the fan business market online by incorporating Web3 concepts such as NFT and Metaverse to generate more value in Icons' digital products

Corporate Agency Sales business:

"We will build a world of "sampo yoshi" ¹⁾ under the slogan of "empowerment of the individual."

- Leveraging technology to provide high quality, data-based services

Company-wide:

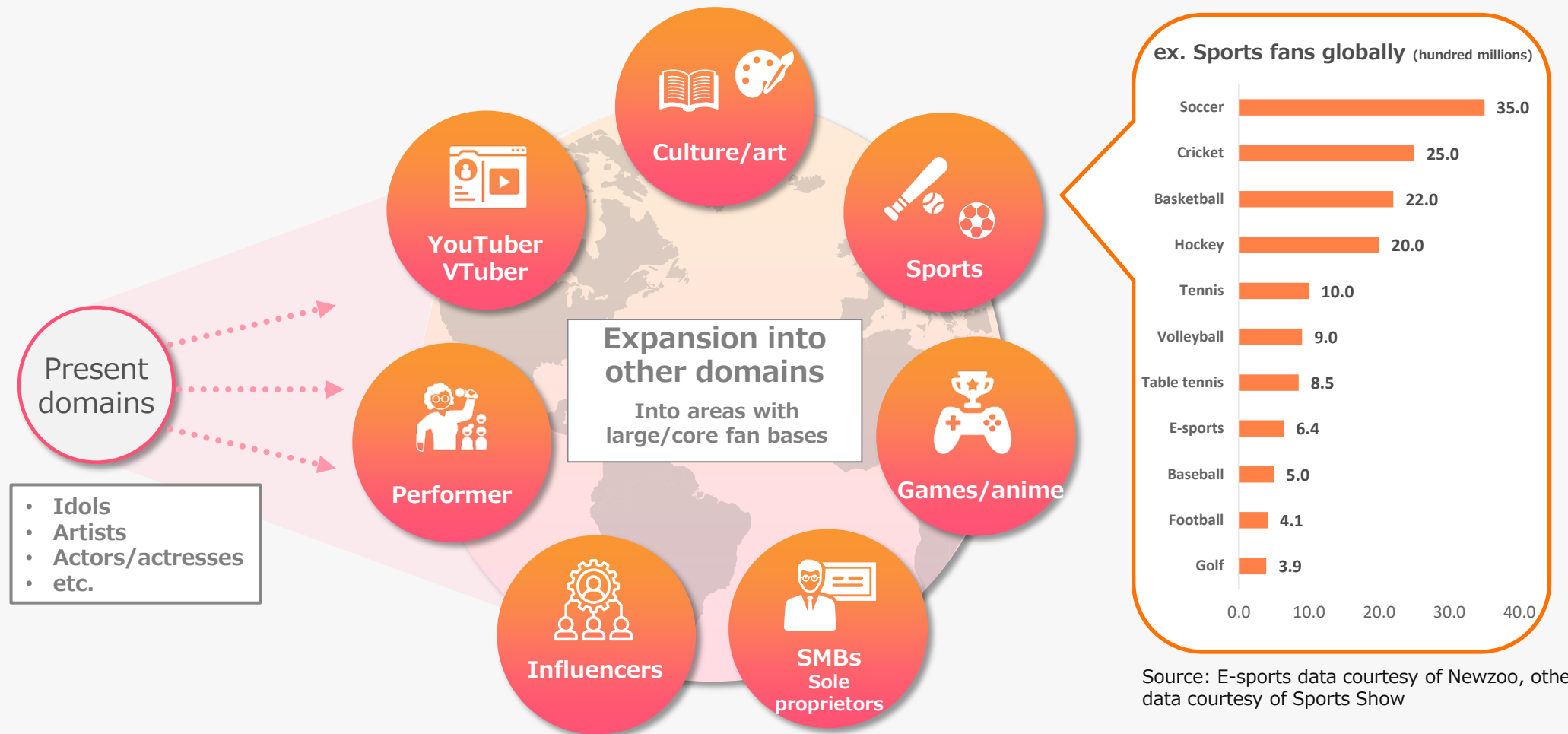
Creating Synergy Across Two Businesses: Realizing the Passion Economy

1) "Sampo yoshi" refers to an environment in which a "win-win" cycle is established among three parties, which are Icons (influencers), fans (users), and advertisers (companies), as shown in the diagram on page 39 of this document.

Icon Increase Measure 1: Further Growth Potential through Expansion from Entertainment into Other Areas

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- Expanding into genres such as sports that have passionate fandoms. Aiming to acquire more Icons.

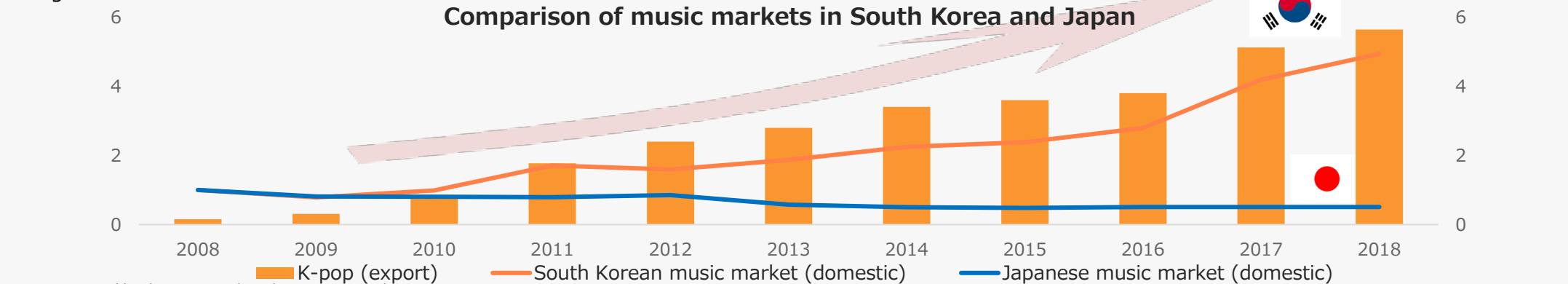


Icon Increase Measure 2: Full-Fledged Expansion Overseas

Aiming for expansion of Icon/fan base in overseas markets (particularly South Korea) through expanded functionality in the form of multilingual support and real-time translation.



Music market scale of South Korea and Japan
(with 2008 at "1")
Changes in scale



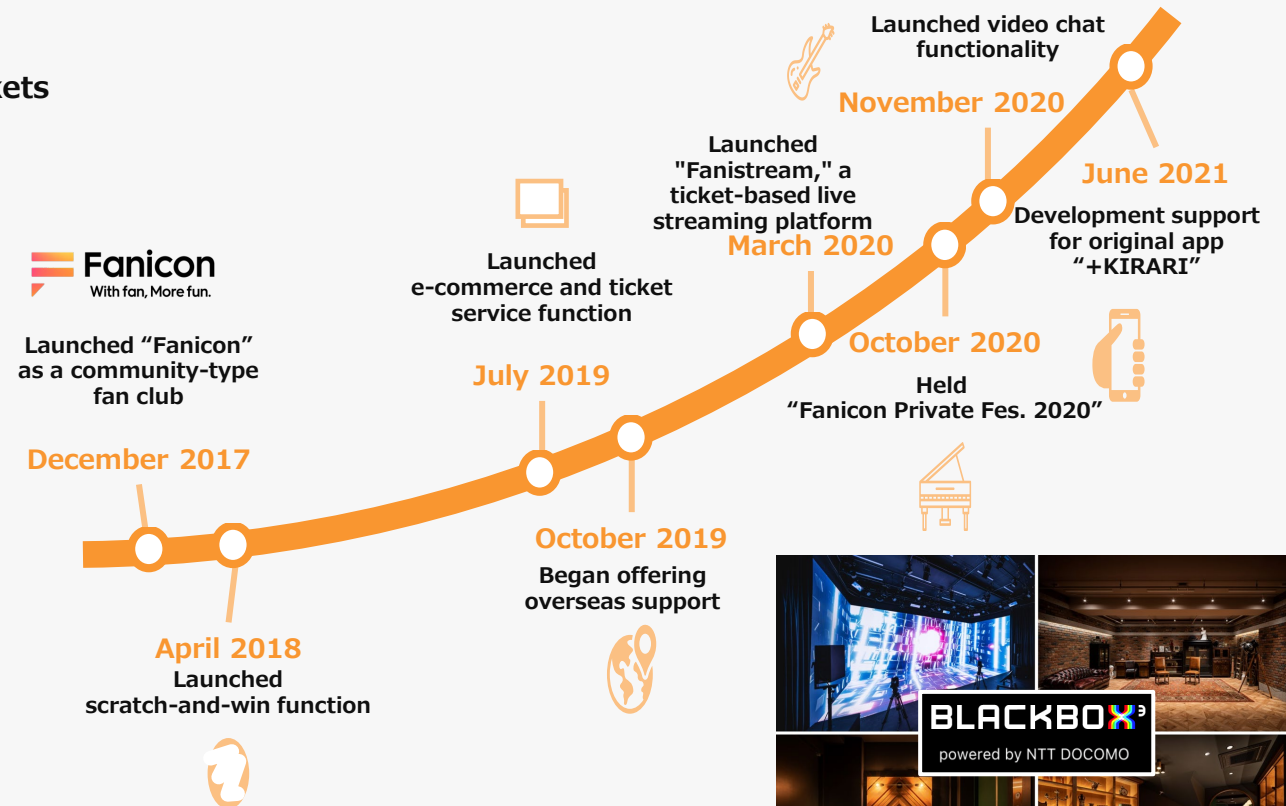
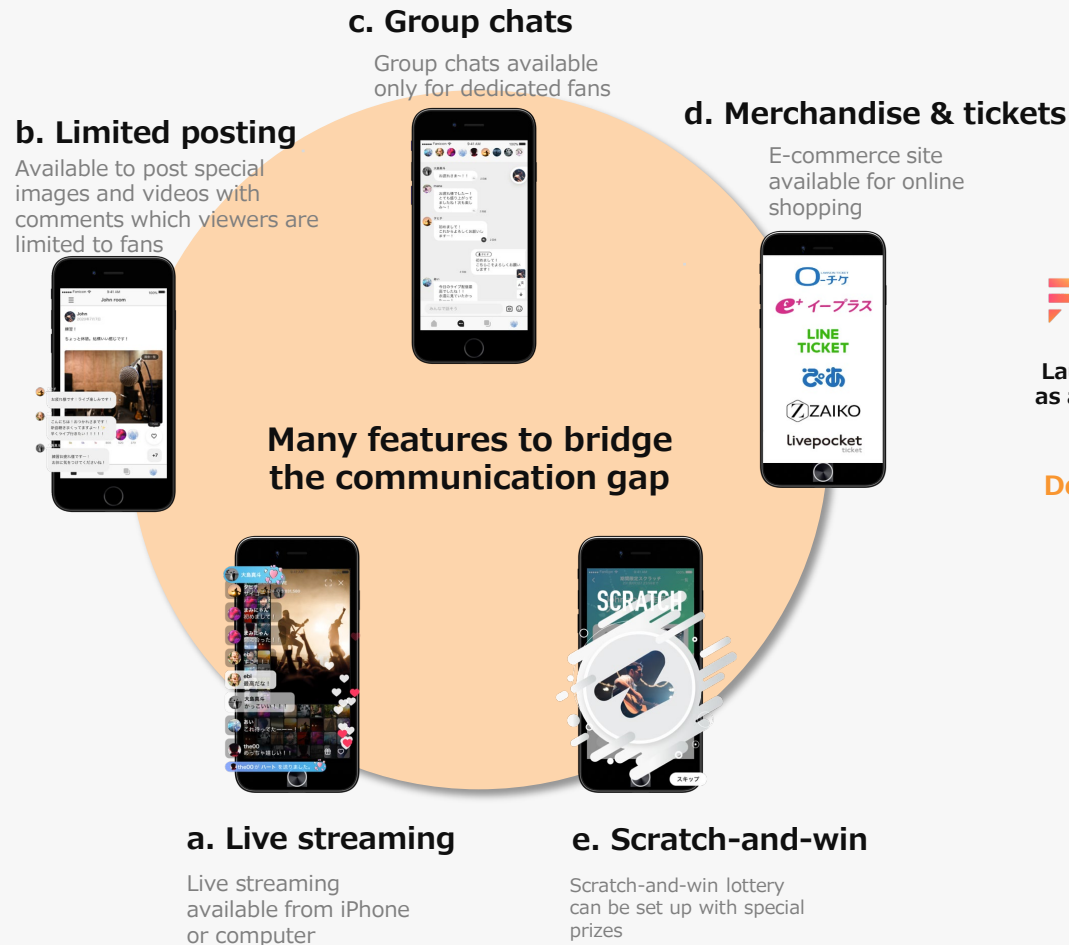
Source: Prepared by the Company based on International Federation of the Phonographic Industry (IFPI) Report

Accelerating overseas expansion with the South Korean market, which leads the Asian entertainment industry, as first step in our overseas strategy

ARPU Improvement Measures

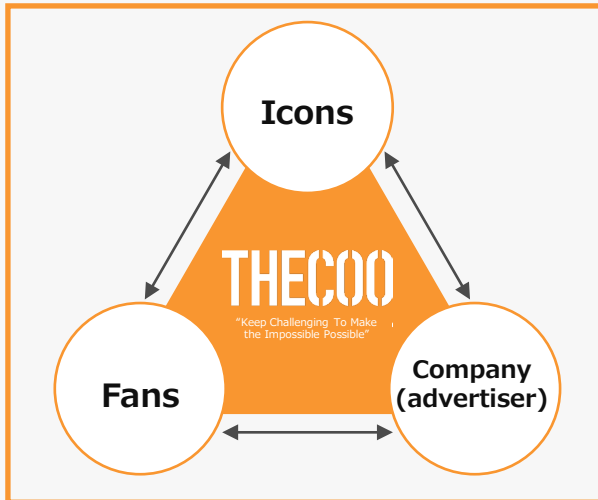
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- Promotion of transition to multifunctionality born of continued strong development capabilities.
- Expansion of services only possible with “Fanicon”—such as “BLACKBOX³”—to meet the needs of Icons and fans.



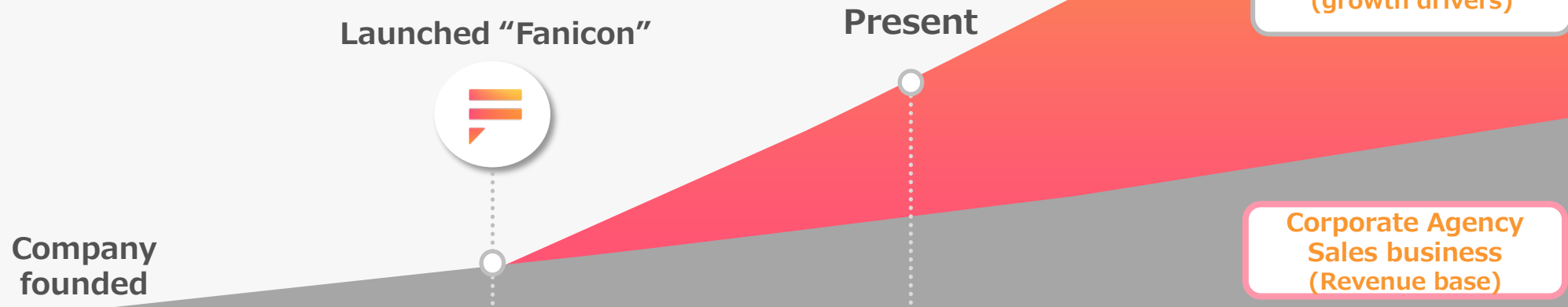
Potential as “Platform”

- Promote a hybrid strategy that leverages the assets of the Fanicon and Corporate Agency Sales businesses to transform the Web3 world into a platform that connects Icons, fans, and companies.
- Creating a “Passion Economy” 1) world.



Note 1) The term “passion economy” was coined by Li Jin, a partner at famous US venture capital firm Andreessen Horowitz, in an article she wrote in 2019. It refers to “an economic sphere created by a new digital platform that allows individuals with the ability to communicate through the widespread use of social media to build their own audience interested in their individuality and passions.”

- Incorporating Web3 concepts, lead fan business online
- Leading the business
- Promoting hybrid strategy across Fanicon and Corporate Agency Sales businesses



THECOO Inc.'s Vision of Future of "Fan Communities" Within the Web3 Concept

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Now

- Support Icons in selling NFT¹⁾
- Construction of Fan Art generation system by fans

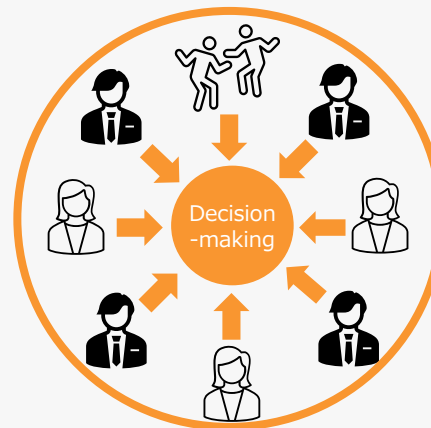
1) NFT stands for "non-fungible token."



Next

- Fans transformed into a community "DAO"²⁾ that supports the Icon's growth

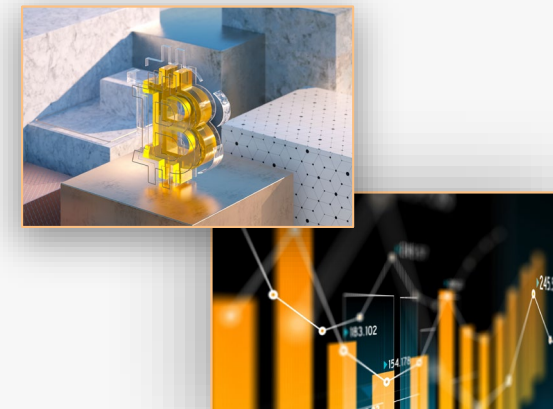
2) DAO stands for "decentralized autonomous organization."



Later

- Support ICO³⁾ by issuing tokens for each community

3) ICO stands for "initial coin offering."



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"Keep Challenging To Make
the Impossible Possible"

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Appendix

Management Team

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- Founded and operated by a management team that made ties at Google LLC
- Pursuing “individual” enrichment and customer satisfaction through KPI-focused management



President & CEO

Masato Taira

Graduate of Hitotsubashi University
Was involved in sales, marketing, and business development at ITOCHU Corporation, DoCoMo AOL, and Sony.
He joined Google in 2007. As an executive manager, he strengthened sales to SMEs and was instrumental in the company's growth in the Japanese market. He loves rock music more than anything.



Director & COO

Hiroki Shimokawa

Graduate of Faculty of Law, The University of Tokyo
After having worked for NTT East and NTT Communications, he joined Google in 2008.
For six years, Shimokawa worked to promote Google AdWords in the advertising sales division. After leaving the organization, he founded THECOO Inc. together with Masato Taira.



Director, CFO and General Manager, Corporate Headquarters

Shigeki Mori

Graduate of Faculty of Business and Commerce, Keio University; MBA, University of Southern California
After holding key positions in the finance and corporate planning departments of several foreign-backed companies and then managing the administrative department of an e-commerce startup, which was his previous workplace, he joined THECOO Inc. in December 2017.



Director

Toshimichi Nozawa

Graduate of Yachiyo International University (now Shumei University)
After having worked for Recruit Co., Ltd., Doubleclick Japan Inc., and Google LLC, he joined Freee K.K. as an executive officer in charge of the human resources and recruitment department. He has been in charge of THECOO Inc.'s human resources department since August 2021.

Outside Director Tetsuo Karasawa

Graduate of School of Commerce, Waseda University
After having worked at Pioneer Corporation and served as president and representative director and chairman of MTV Japan, president and representative director of LaLa Media Corporation, and president, executive officer, and chairman of GONZO K.K., he became an outside director of THECOO Inc.

Outside Director Yoshihiro Aita

Graduate of Faculty of Humanities, Sophia University
After joining Sony Corporation, he was involved in the marketing of professional products to overseas markets. Since then, after working in business planning in overseas markets and developing the Chinese market, he joined Sony Network Communications Inc. He served on the Board of Directors. Currently, he is the president of AiTIA Corporation, which he also founded. He was appointed as an outside director of THECOO Inc.

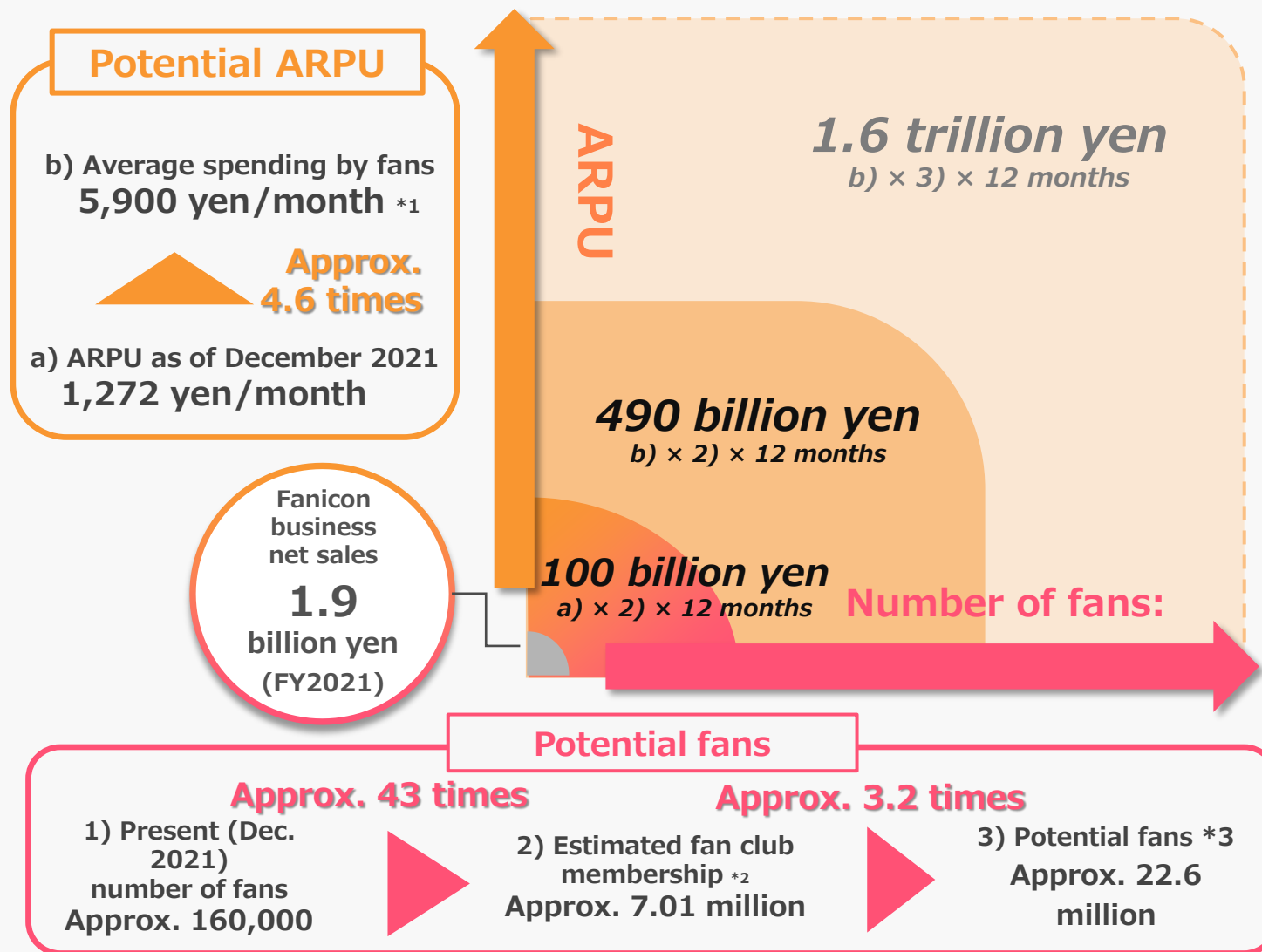
Persistently tackling challenges to create new business

January 2014	Founded in the online advertising business by three executives that made ties at Google LLC.
January 2015	Launched “iCON CAST,” a matching platform for YouTubers and advertisers.
February 2016	Company name changed from Ruby Marketing Inc. to THECOO Inc.
August 2016	Began offering the influencer marketing planning tool “iCON Suite.”
December 2017	Launched “Fanicon” business, a membership-based fan community platform.
July 2019	Launched “Fanicon” e-commerce and ticket service functions.
October 2019	Launched overseas support for Fanicon.
April 2021	Opened creator and artist-oriented distribution studio “BLACKBOX ³ .”
April 2021	Launched “Cassette,” a live-streaming platform to attract new fans.
May 2021	Entered into a business tie-up with NTT DoCoMo regarding live business.
December 2021	Listed on the Mothers market of the Tokyo Stock Exchange (now TSE Growth).

Our SAM (fan club market scale)

- SAM for Fanicon business, where digital transformation is advanced
- Aiming to establish positioning as a platform by building up medium- and long-term measures such as expansion of Icon categories and enhancement of "Fanicon" functions.

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*Definition of "fan": According to Yano Research Institute's Research on Consumption Behavior of "Fans", a "fan" is defined as a person who ardently supports a specific person or thing. (Yano Research Institute conducted an online survey of Japanese residents aged 15-59 from June 25 through July 8, 2021. Of the 4,293 valid responses, the 1,196 respondents who answered "Yes" to "Do you have a person (group) or thing that you ardently support?" were defined as "fans" (people who are passionate about a specific person or thing).

*₁ Source: Average spending on fan activities from Research on Consumption Behavior of "Fans", Yano Research Institute. Average spending was calculated by using 870 valid responses of the 1,196 responses above as the population.

*₂ Calculated based on "estimated population" multiplied by the "percentage of people who are members of fan clubs" for each age group from teens to 50s, based on Ministry of Internal Affairs and Communications' July 2021 "Population Estimates" and Research on Consumption Behavior of "Fans", Yano Research Institute. The percentage of people who are members of fan clubs was calculated by using 870 valid responses of the 1,196 responses above as the population.

*₃ Calculated based on "estimated population" multiplied by "percentage of fans" for each age group from teens to 50s, based on Ministry of Internal Affairs and Communications' July 2021 "Population Estimates" and Research on Consumption Behavior of "Fans", Yano Research Institute. The percentage of "fans" was calculated by using the 1,196 responses above as the population.

Our TAM

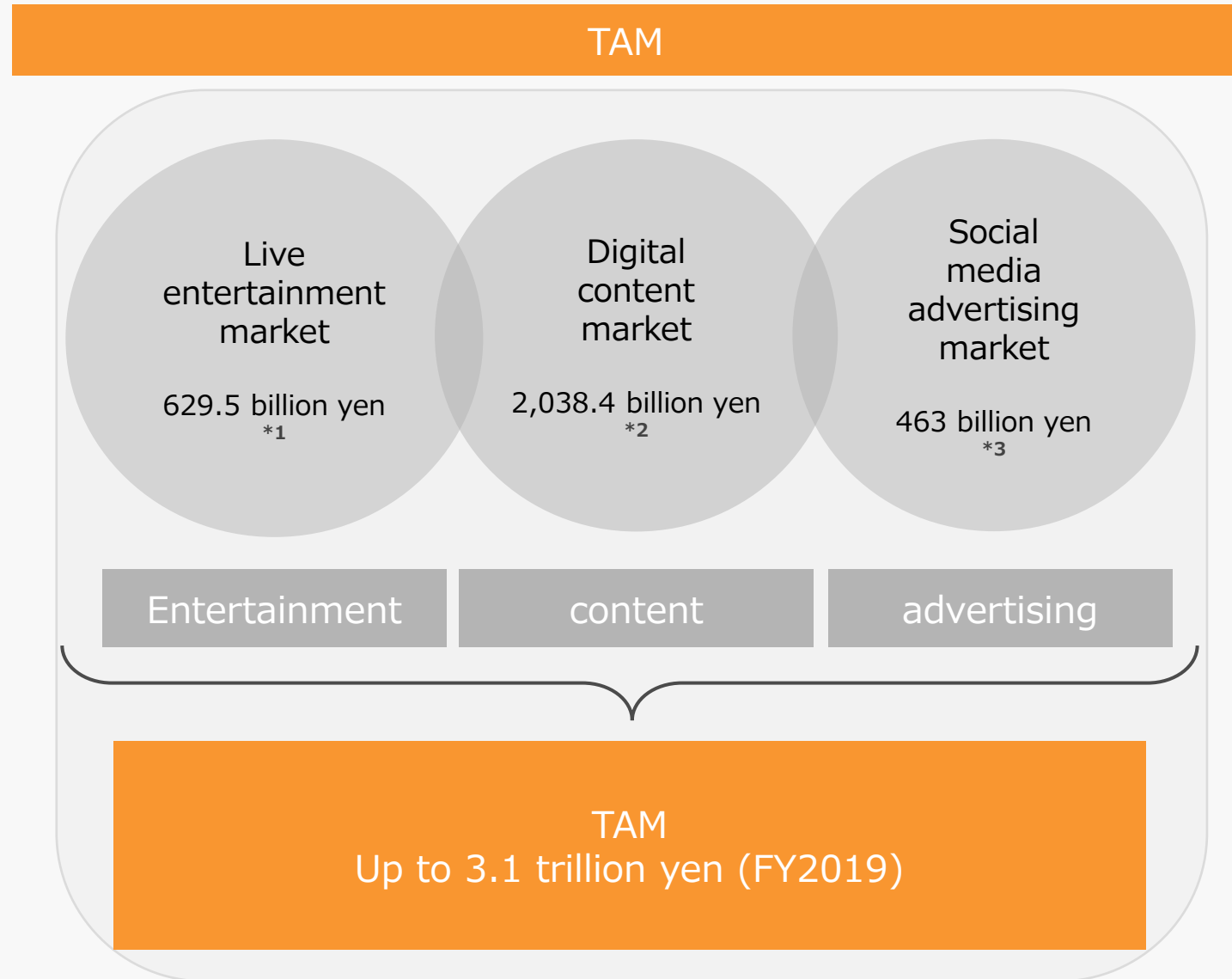
• Scale of the entertainment business market, including live entertainment, digital content, and online advertising markets, where digital transformation is advanced.

• Vast market potential for future expansion of both core businesses

*1 Prepared by the Company based on the Live Entertainment White Paper (as FY2020 was influenced by the pandemic, FY2019 is applied). Live entertainment market scale = total estimated ticket sales for music concerts and stage performance events

*2 Prepared based on Ministry of Economy, Trade and Industry, "The Global Market for Content - Japan Market Appearance," fiscal 2019 Market Scale. Preliminary calculations based on 1USD = 100 yen. Defined as the total digital content market for music (music downloads, music streaming, advertising) video (video distribution (SVOD and TVOD), VR video, advertising (video sharing sites, etc.)), games (console games, computer games (downloads)), mobile games, VR applications, VR games, advertising)

*3 Market scale in fiscal 2019 from a domestic social media marketing market trend study by CyberBuzz and Digital Infact. Defined as total of social media advertising (ads on YouTube, Facebook/Instagram, LINE, Twitter, and TikTok, and excluding ads on blog sites).



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(million yen)	End of June 2022	End of December 2021	Change from previous fiscal year-end	Major factors
Current assets	2,965	2,915	1.7%	
Cash and deposits	1,967	2,044	-3.8%	
Notes and accounts receivable - trade	782	837	-6.6%	
Other	216	34	535.3%	Advance payment based on a contract with a large fan club
Non-current assets	477	304	56.9%	
Property, plant and equipment	243	235	3.4%	
Intangible assets	12	-	-	
Investments and other assets	221	68	225.0%	Leasehold deposit payments for new offices
Total assets	3,443	3,220	6.9%	

(million yen)	End of June 2022	End of December 2021	Change from previous fiscal year-end	Major factors
Current liabilities	1,846	1,475	25.2%	
Accounts payable - trade	664	447	48.5%	Increase in distributions due to higher net sales in Fanicon
Accounts payable - other	392	365	7.4%	
Advance payments received	618	440	40.5%	Increase due to growth in number of Fanicon fans
Other	172	223	-22.9%	
Non-current liabilities	48	48	-	
Total liabilities	1,894	1,523	24.4%	
Share capital	755	752	0.4%	
Capital surplus	944	1,656	-43.0%	
Retained earnings	(153)	(714)	-	
Other	2	2	0.0%	
Total net assets	1,548	1,696	-8.7%	
Total liabilities and net assets	3,443	3,220	6.9%	

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This document contains forward-looking statements. These statements are based on information available as of the date of this document. The statements do not constitute guarantees of future results or performance. Such forward-looking statements necessarily involve known and unknown risks and uncertainties. As a result, actual future results and financial condition may differ materially from any future results or performance expressed or implied herein.

Factors that may cause results to differ materially from those described in these statements include, but are not limited to, changes in national and international economic conditions and trends in the industries in which the Company operates.

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