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January 14, 2022

Non-Consolidated Financial Results for the Three Months Ended November 30, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4176
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 Scheduled date to file quarterly securities report: January 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended November 30, 2021 (from September 1, 2021 to November 30, 2021)

(1) Non-consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended November 30, 2021	880	43.6	(227)	–	(227)	–	(227)	–
November 30, 2020	612	–	69	–	65	–	65	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2021	(10.04)	–
November 30, 2020	3.19	–

- (Notes) 1. As the Company has not prepared financial statements for the three months ended November 30, 2019, the percentages indicating year-on-year changes have not been stated for the three months ended November 30, 2020.
2. For the three months ended November 30, 2020, a figure for diluted earnings per share has not been stated despite the existence of dilutive shares because it is not possible to ascertain the average share price during that period given that the Company's shares were not listed.
3. For the three months ended November 30, 2021, a figure for diluted earnings per share has not been stated despite the existence of dilutive shares because the Company incurred a net loss per share.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2021	3,653	2,165	59.2
August 31, 2021	4,059	2,328	57.4

(Reference) Equity: As of November 30, 2021 ¥2,160 million
As of August 31, 2021 ¥2,328 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ending August 31, 2022	—				
Fiscal year ending August 31, 2022 (Forecast)		0.00	—	0.00	0.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Non-consolidated earnings forecasts for the fiscal year ending August 31, 2022 (September 1, 2021 to August 31, 2022)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Net profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,650	32.9	(1,290)	—	(1,290)	—	(1,292)	—	(57.74)

(Note) Revisions to the non-consolidated earnings forecast most recently announced: None

*** Notes**

- (1) Application of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2021	22,973,100 shares
As of August 31, 2021	20,474,000 shares

(ii) Number of treasury shares at the end of the period

As of November 30, 2021	–
As of August 31, 2021	–

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the three months ended November 30, 2021	22,669,915 shares
For the three months ended November 30, 2020	20,474,000 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts, and other special matters

The forecasts and other forward-looking statements in this report are based on information currently available to the Company and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future.

Attached Materials

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1. Qualitative information on quarterly financial results

(1) Explanation regarding operating results

During the three months ended November 30, 2021, the Japanese economy was beset by a persisting outlook of uncertainty with still no end in sight in terms of the prolonged nature of the novel coronavirus disease (COVID-19) pandemic despite the number of people vaccinated in Japan has increased.

Under such circumstances, the Company focused on the development of product features while also enlisting marketing initiatives that have intensely facilitated its efforts to capture users through mass media and other such channels, and has been running TV commercials nationwide in Japan since August 2021.

During the three months ended November 30, 2021, the Company consequently achieved the following financial results: GMV of ¥2,947,803 thousand (up 35.7% YoY), operating revenue of ¥880,028 thousand (up 43.6% YoY), operating loss of ¥227,747 thousand (operating profit of ¥69,609 thousand in the same period of the previous fiscal year), ordinary loss of ¥227,052 thousand (ordinary profit of ¥65,952 thousand in the same period of the previous fiscal year), and net loss of ¥227,625 thousand (net profit of ¥65,379 thousand in the same period of the previous fiscal year).

Operating results by segment are as follows.

Segments have been changed to “coconala” and “coconala Legal Consultation” due to a change in reportable segments from the first quarter of the fiscal year ending August 31, 2022.

(i) coconala

In “coconala,” the Company began airing a new TV commercial from August 2021, and plans to continue broadcasting going forward. The Company is expanding the number of enrollments of buyers and sellers through such proactive marketing investments.

As a result, operating revenue amounted to ¥798,828 thousand, while segment loss amounted to ¥219,942 thousand.

(ii) coconala Legal Consultation

In “coconala Legal Consultation,” as a result of the improvement of advertising content for individual lawyers and the improvement of various functions and internet marketing, both precision and volume of the matching of users and lawyers steadily grew, and against this backdrop, fixed usage fees, which is advertising revenue from lawyers, also grew.

As a result, operating revenue amounted to ¥81,200 thousand, while segment loss amounted to ¥7,804 thousand.

(2) Explanation regarding financial position

Assets

Total assets as of November 30, 2021 were ¥3,653,182 thousand, a decrease of ¥406,144 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥421,883 thousand decrease in cash and deposits largely due to the payment of accounts payable pertaining to expenses incurred in relation to TV commercials.

Liabilities

Total liabilities as of November 30, 2021 were ¥1,487,700 thousand, a decrease of ¥242,820 thousand from the end of the previous fiscal year. This is mainly attributable to decreases of ¥255,791 thousand in accounts payable due to the payment of expenses incurred in relation to TV commercials, ¥40,330 thousand in income taxes payable due to the payment of income taxes and ¥66,124 thousand in accrued

consumption taxes due to the payment of consumption taxes as well as increases of ¥77,967 thousand in advances received and ¥47,659 thousand in deposits received due to the increase in GMV.

Net assets

Total net assets as of November 30, 2021 were ¥2,165,482 thousand, a decrease of ¥163,323 thousand from the end of the previous fiscal year. This is mainly attributable to a ¥222,030 thousand decrease in retained earnings as well as increases of ¥27,103 thousand in share capital due to the exercise of share acquisition rights and ¥27,103 thousand in legal capital surplus.

(3) Explanation regarding earnings forecasts and other forward-looking statements

There has been no change to the earnings forecasts for the fiscal year ending August 31, 2022 announced on October 15, 2021.

The earnings forecasts are based on information currently available to the Company and certain assumptions determined as rational. Actual performance may differ from these forecasts due to various factors in the future.

2. Quarterly non-consolidated financial statements

(1) Non-consolidated quarterly balance sheet

(Thousands of yen)

	As of August 31, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	3,318,899	2,897,016
Accounts receivable	269,085	243,159
Prepaid expenses	48,424	83,034
Other	126,492	114,250
Total current assets	3,762,902	3,337,461
Non-current assets		
Property, plant and equipment		
Buildings	83,385	102,682
Tools, furniture and fixtures	70,891	77,200
Construction in progress	3,300	–
Accumulated depreciation	(48,298)	(50,496)
Total property, plant and equipment	109,278	129,387
Investments and other assets		
Guarantee deposits	185,840	184,349
Long-term prepaid expenses	956	1,634
Other	350	350
Total investments and other assets	187,146	186,334
Total non-current assets	296,424	315,721
Total assets	4,059,327	3,653,182
Liabilities		
Current liabilities		
Accounts payable	467,269	211,477
Accrued expenses	20,734	13,928
Income taxes payable	45,490	5,160
Accrued consumption taxes	81,732	15,607
Advances received	331,040	435,097
Deposits received	747,511	795,171
Provision for bonuses	–	2,415
Provision for point certificates	31,107	3,063
Provision for coupons	5,635	5,778
Total current liabilities	1,730,521	1,487,700
Total liabilities	1,730,521	1,487,700
Net assets		
Shareholders' equity		
Share capital	1,148,107	1,175,210
Capital surplus	2,293,077	2,320,181
Retained earnings	(1,112,379)	(1,334,409)
Total shareholders' equity	2,328,805	2,160,982
Share acquisition rights	–	4,500
Total net assets	2,328,805	2,165,482
Total liabilities and net assets	4,059,327	3,653,182

(2) Non-consolidated quarterly statement of income

(Thousands of yen)

	Three months ended November 30, 2020	Three months ended November 30, 2021
Operating revenue	612,976	880,028
Operating expenses	543,366	1,107,776
Operating profit (loss)	69,609	(227,747)
Non-operating income		
Interest income	0	0
Income from refund	683	743
Other	0	30
Total non-operating income	684	773
Non-operating expenses		
Interest expenses	2,341	79
Commission expenses	2,000	-
Total non-operating expenses	4,341	79
Ordinary profit (loss)	65,952	(227,052)
Profit (loss) before income taxes	65,952	(227,052)
Income taxes - current	572	572
Net profit (loss)	65,379	(227,625)

(3) Notes to quarterly non-consolidated financial statements

(Notes on uncertainties of entity's ability to continue as going concern)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Changes in accounting policies)

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

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending August 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result, the customer loyalty program provided by the Company previously recorded the amount expected to be used in the future as provision for point certificates in order to prepare for the use of points granted. However, this has been changed to a method that recognizes the granting of points as the performance of obligation and allocates transaction prices based on the independent sales values calculated while taking into consideration the amount expected to expire in the future.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending August 31, 2022 was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result of this change, for the three months ended November 30, 2021, operating revenue decreased by ¥3,171 thousand and operating expenses decreased by ¥3,960 thousand, while operating profit, ordinary profit and profit before income taxes each increased by ¥788 thousand. In addition, the opening balance of retained earnings increased by ¥5,595 thousand.

Furthermore, due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, among "provision for point certificates" under "current liabilities" of the non-consolidated balance sheet as of the end of the previous fiscal year, the amount subject to contract liabilities has been included in "advances received" from the first quarter of the fiscal year ending August 31, 2022.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending August 31, 2022, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly non-consolidated financial statements.

(Segment information, etc.)

[Segment information]

I. For the three months ended November 30, 2020

Segment information is omitted as the Company has one reportable segment of the coconala Business.

II. For the three months ended November 30, 2021

1. Information regarding the amounts of operating revenue and profit/loss by reportable segment, and information regarding disaggregation of revenue

(Thousands of yen)

	Reportable segments		Total (Note)
	coconala	coconala Legal Consultation	
Operating revenue			
Revenue from contracts with customers	798,828	81,200	880,028
Other revenue	–	–	–
Revenues from external customers	798,828	81,200	880,028
Intersegment operating revenue or transfers	–	–	–
Total	798,828	81,200	880,028
Segment loss	(219,942)	(7,804)	(227,747)

(Note) Total amount of the segment loss corresponds to operating loss described in the non-consolidated quarterly statement of income.

2. Disclosure of changes, etc. in reportable segments

The Company omitted segment information as the only single reportable segment until the previous fiscal year was the “coconala” business. However, since the proportion of “coconala Legal Consultation,” a business segment included in the reportable segment, has increased, the Company has changed its method of disclosing it as a new reportable segment from the first quarter of the fiscal year ending August 31, 2022. As a result, the Company changed reportable segments from a single segment to the two segments of “coconala” and “coconala Legal Consultation,” to disclose segment information.

With regard to information prepared using the method of classification of reportable segments in the three months ended November 30, 2021, the Company will not disclose segment information for the three months ended November 30, 2020 as it is difficult in practice to retrospectively prepare the necessary financial information.

Furthermore, as segment information for the three months ended November 30, 2020 was a single segment, segment information for the three months ended November 30, 2021 prepared using the method of classification of reportable segments in the three months ended November 30, 2020 has been omitted.

(Significant events after reporting period)

Not applicable.