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MEMBERSHIP

April 14, 2022

## Consolidated Financial Results for the Six Months Ended February 28, 2022 (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: April 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. Consolidated financial results for the six months ended February 28, 2022 (from September 1, 2021 to February 28, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2022	1,787	–	(448)	–	(447)	–	(447)	–
February 28, 2021	–	–	–	–	–	–	–	–

(Note) Comprehensive income For the six months ended February 28, 2022: ¥(448) million [– %]

For the six months ended February 28, 2021: ¥– million [– %]

	Basic earnings per share	Diluted earnings per share
Six months ended February 28, 2022	Yen (19.47)	Yen –
February 28, 2021	Yen –	Yen –

- (Notes) 1. As the Company has prepared consolidated financial statements from the second quarter of the fiscal year ending August 31, 2022, the figures for the six months ended February 28, 2021 and the percentages indicating year-on-year changes have not been stated.
2. For the six months ended February 28, 2022, a figure for diluted earnings per share has not been stated despite the existence of dilutive shares because the Company incurred basic loss per share.

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2022	3,677	2,130	53.8
August 31, 2021	–	–	–

(Reference) Equity: As of February 28, 2022 ¥1,977 million

As of August 31, 2021 ¥– million

(Note) As the Company has prepared consolidated financial statements from the second quarter of the fiscal year ending August 31, 2022, the figures as of August 31, 2021 have not been stated.

## 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	–	0.00			
Fiscal year ending August 31, 2022 (Forecast)			–	0.00	0.00

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

## 3. 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		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,650	–	(1,290)	–	(1,290)	–	(1,292)	–	(57.74)

(Notes) As the Company has prepared consolidated financial statements from the second quarter of the fiscal year ending August 31, 2022, the percentages indicating year-on-year changes have not been stated.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (CSP No.1 Investment Limited Partnership)

Excluded: –

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) 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

- (4) Number of issued shares (common shares)

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

As of February 28, 2022	23,382,700 shares
As of August 31, 2021	22,380,500 shares

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

As of February 28, 2022	–
As of August 31, 2021	–

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

For the six months ended February 28, 2022	22,969,229 shares
For the six months ended February 28, 2021	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 six months ended February 28, 2022, 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, and in order to intensely facilitate its efforts to capture a user base through mass media and other such channels, updated TV commercials that have been running since August 2021 in January 2022, and ran these TV commercials nationwide in Japan.

During the six months ended February 28, 2022, the Company consequently achieved the following financial results: GMV of ¥5,964,026 thousand, operating revenue of ¥1,787,992 thousand, operating loss of ¥448,122 thousand, ordinary loss of ¥447,403 thousand, and loss attributable to owners of parent of ¥447,148 thousand.

Operating results by segment are as follows.

#### (i) coconala

In “coconala,” the Company continued to expand the number of registered buyers through proactive marketing investments by updating the TV commercials that have been running since August 2021 in January 2022. In particular, the growth of production and business category drove overall GMV growth.

As a result, operating revenue amounted to ¥1,615,737 thousand, while segment loss amounted to ¥432,770 thousand.

#### (ii) coconala Legal Consultation

In “coconala Legal Consultation,” the number of lawyers registered under the fee-based service increased as both precision and volume of the matching of users and lawyers were steady, and against this backdrop, fixed usage fees, which are advertising revenue from lawyers, also grew.

As a result, operating revenue amounted to ¥172,255 thousand, while segment loss amounted to ¥12,671 thousand.

### (2) Explanation regarding financial position

#### (i) Assets, liabilities and net assets

##### Assets

Total assets as of February 28, 2022 were ¥3,677,737 thousand.

They mainly consist of cash and deposits of ¥2,815,063 thousand.

##### Liabilities

Total liabilities as of February 28, 2022 were ¥1,547,128 thousand.

They mainly consist of deposits received of ¥802,174 thousand, advances received of ¥488,195 thousand, and accounts payable of ¥215,567 thousand.

##### Net assets

Total net assets as of February 28, 2022 were ¥2,130,609 thousand.

They mainly consist of share capital of ¥1,193,224 thousand, capital surplus of ¥2,338,194 thousand, and retained earnings of negative ¥1,553,933 thousand.

(ii) Cash flows

Cash and cash equivalents as of February 28, 2022 were ¥2,815,063 thousand. The respective cash flow positions and main factors behind the changes are as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥683,884 thousand. This is mainly attributable to ¥447,403 thousand for loss before income taxes, and ¥253,874 thousand of decrease in accounts payable pertaining to advertising through TV commercials.

Cash flows from investing activities

Net cash used in investing activities was ¥64,686 thousand. This is attributable to ¥34,641 thousand for purchase of investment securities, and ¥30,045 thousand for purchase of property, plant and equipment largely involving capital investment associated with floor space expansion for the headquarters.

Cash flows from financing activities

Net cash provided by financing activities was ¥244,734 thousand. This is attributable to ¥150,000 thousand for proceeds from share issuance to non-controlling shareholders and ¥90,234 thousand for proceeds from issuance of shares resulting from exercise of share acquisition rights.

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

The Group has been preparing quarterly consolidated financial statements from the second quarter of the fiscal year ending August 31, 2022, but the full-year consolidated earnings forecasts are the same as the full-year non-consolidated earnings forecasts for the fiscal year ending August 31, 2022, which were announced in the “Financial Results for the Fiscal Year Ended August 31, 2021” on October 15, 2021, as the impact on the full-year non-consolidated earnings forecasts for the fiscal year ending August 31, 2022 is immaterial.

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 consolidated financial statements and significant notes thereto

## (1) Quarterly consolidated balance sheet

(Thousands of yen)

As of February 28, 2022	
<b>Assets</b>	
Current assets	
Cash and deposits	2,815,063
Accounts receivable	226,162
Prepaid expenses	101,323
Other	184,744
<b>Total current assets</b>	<b>3,327,293</b>
Non-current assets	
Property, plant and equipment	
Buildings	102,682
Tools, furniture and fixtures	82,892
Accumulated depreciation	(57,651)
<b>Total property, plant and equipment</b>	<b>127,923</b>
Investments and other assets	
Guarantee deposits	182,858
Long-term prepaid expenses	1,160
Investment securities	34,677
Other	3,823
<b>Total investments and other assets</b>	<b>222,520</b>
<b>Total non-current assets</b>	<b>350,443</b>
<b>Total assets</b>	<b>3,677,737</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	215,567
Accrued expenses	20,947
Income taxes payable	10,414
Advances received	488,195
Deposits received	802,174
Provision for point certificates	3,501
Provision for coupons	6,316
<b>Total current liabilities</b>	<b>1,547,117</b>
Non-current liabilities	
Deferred tax liabilities	11
<b>Total non-current liabilities</b>	<b>11</b>
<b>Total liabilities</b>	<b>1,547,128</b>
<b>Net assets</b>	
Shareholders' equity	
Share capital	1,193,224
Capital surplus	2,338,194
Retained earnings	(1,553,933)
<b>Total shareholders' equity</b>	<b>1,977,486</b>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	24
<b>Total accumulated other comprehensive income</b>	<b>24</b>
Share acquisition rights	4,500
Non-controlling interests	148,598
<b>Total net assets</b>	<b>2,130,609</b>
<b>Total liabilities and net assets</b>	<b>3,677,737</b>

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Thousands of yen)

	Six months ended February 28, 2022
Operating revenue	1,787,992
Operating expenses	2,236,114
Operating loss	(448,122)
Non-operating income	
Interest income	14
Income from refund	743
Other	90
Total non-operating income	847
Non-operating expenses	
Interest expenses	128
Total non-operating expenses	128
Ordinary loss	(447,403)
Loss before income taxes	(447,403)
Income taxes - current	1,147
Loss	(448,550)
Loss attributable to non-controlling interests	(1,401)
Loss attributable to owners of parent	(447,148)



Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended February 28, 2022
Loss	(448,550)
Other comprehensive income	
Valuation difference on available-for-sale securities	24
Total other comprehensive income	24
Comprehensive income	(448,525)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(447,148)
Comprehensive income attributable to non-controlling interests	(1,377)

## (3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended February 28, 2022
<b>Cash flows from operating activities</b>	
Loss before income taxes	(447,403)
Depreciation	13,572
Amortization of guarantee deposits	2,981
Interest income	(14)
Interest expenses	128
Decrease (increase) in trade receivables	42,923
Decrease (increase) in prepaid expenses	(52,928)
Decrease (increase) in long-term prepaid expenses	(204)
Increase (decrease) in accounts payable	(253,874)
Increase (decrease) in accrued expenses	212
Increase (decrease) in income taxes payable - factor based tax	(17,347)
Increase (decrease) in accrued consumption taxes	(81,732)
Increase (decrease) in advances received	134,236
Increase (decrease) in deposits received	54,380
Increase (decrease) in provision for point certificates	907
Increase (decrease) in provision for coupons	680
Decrease (increase) in other current assets	(61,725)
Increase (decrease) in other current liabilities	282
Subtotal	(664,923)
Interest received	14
Interest paid	(99)
Income taxes paid	(18,875)
Net cash provided by (used in) operating activities	(683,884)
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(30,045)
Purchase of investment securities	(34,641)
Net cash provided by (used in) investing activities	(64,686)
<b>Cash flows from financing activities</b>	
Proceeds from issuance of shares resulting from exercise of share acquisition rights	90,234
Proceeds from issuance of share acquisition rights	4,500
Proceeds from share issuance to non-controlling shareholders	150,000
Net cash provided by (used in) financing activities	244,734
Net increase (decrease) in cash and cash equivalents	(503,836)
Cash and cash equivalents at beginning of period	3,318,899
Cash and cash equivalents at end of period	2,815,063

- (4) Notes to quarterly 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.

(Additional information)

(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 six months ended February 28, 2022, operating revenue decreased by ¥5,564 thousand and operating expenses decreased by ¥8,311 thousand, while operating profit, ordinary profit and profit before income taxes each increased by ¥2,746 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.

(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 consolidated financial statements.

(Segment information, etc.)

[Segment information]

For the six months ended February 28, 2022

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			Other (Note 1)	Total (Note 2)
	coconala	coconala Legal Consultation	Total		
Operating revenue					
Revenue from contracts with customers	1,615,737	172,255	1,787,992	–	1,787,992
Other revenue	–	–	–	–	–
Revenues from external customers	1,615,737	172,255	1,787,992	–	1,787,992
Intersegment operating revenue or transfers	–	–	–	–	–
Total	1,615,737	172,255	1,787,992	–	1,787,992
Segment loss	(432,770)	(12,671)	(445,442)	(2,680)	(448,122)

(Notes) 1. The “other” category includes business segments that are not included in the reportable segments and includes the investment business.

2. Total amount of the segment loss corresponds to operating loss described in the quarterly consolidated statement of income.

(Additional information)

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.

(Significant events after reporting period)

Not applicable.