

# FY2022.8 Second Quarter Financial Results

coconala Inc. (TSE Growth Market: 4176)

# 01

## Company Overview



# Business Overview of the coconala



An EC-type service (skills) marketplace. You can search and purchase from 500,000 listings and complete everything online, from order communication to delivery.



A new service focused on purchases for business purposes (released in August 2021). Offers a curation of carefully selected services, invoice payment, convenient project management features for team and department use, concierge services, and so on.



## coconala Legal Consultation

A web service that connects users who are tackling legal problems with lawyers. You can browse and post legal Q&As for free, and search and inquire about 3,000 lawyers by field or region. (Advertising revenue model)



matching platform type venture capital



# Vision

**Create a world where each person lives their "own story."**

# Mission

**Provide a platform to empower individuals by making their knowledge, skills and experiences visible and connecting them to those who need them**

## Features of the coconala

Matching platform that commercializes knowledge, skills and experiences then enables users to sell and buy those like “e-commerce”

### Point 1

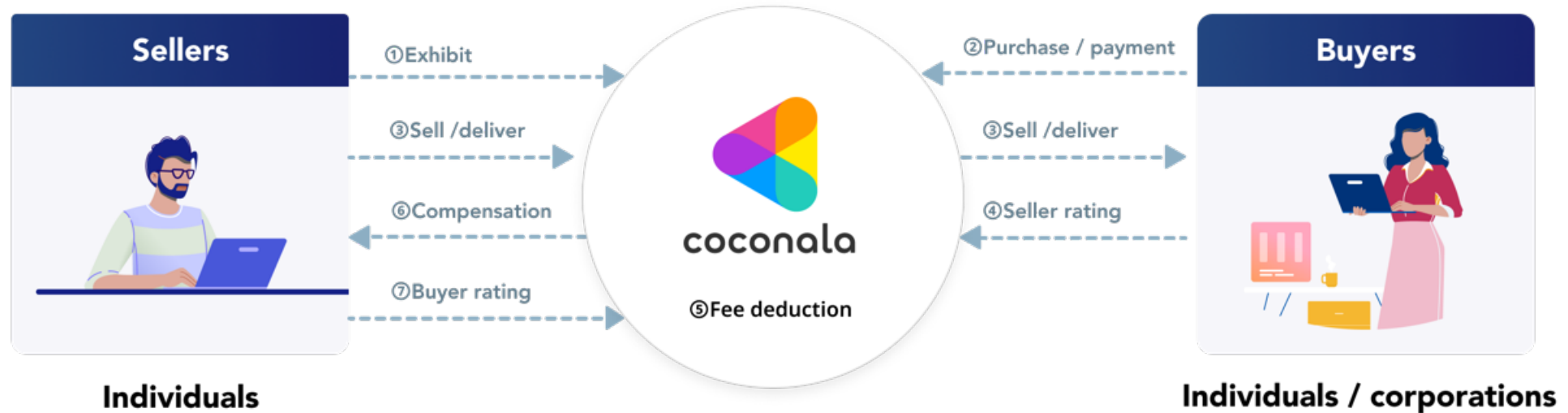
Easy purchase/selling with e-commerce model

### Point 2

Complete online

### Point 3

Wide range of categories



# 01 Opportunity for Everyone

- For Business / For Private
- Individual / Corporation
- Buyers / Sellers
- Amateurs / Professionals



# 02 Free from Constraints

- Time
- Place
- Environment
- Age



# 03 Fair Trade

- Visualization of information
- Optimization of matching



Akiyuki Design

★★★★★ 5.0(120)

Designer for 10 years

# Attractiveness of Skill Sharing Market

Online skill sharing is not just a market expansion. It is also a socially important market with the arrival of 100-year life and significant changes in lifestyles in Work Style Reform

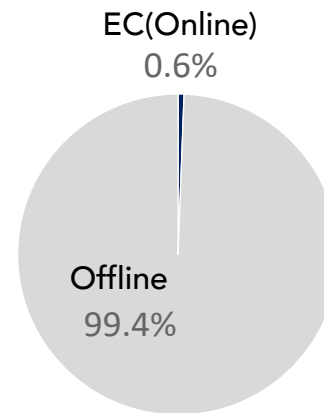
## Growth opportunities in skill sharing market

- The "Service EC" market is expected to expand significantly 10 to 20 years after the "Product EC" market.
- Ratio of E-commerce transaction among individuals and SMEs targeted by coconala is less than 1%.

### Potential Serviceable Market (Service e-commerce Market) \*1



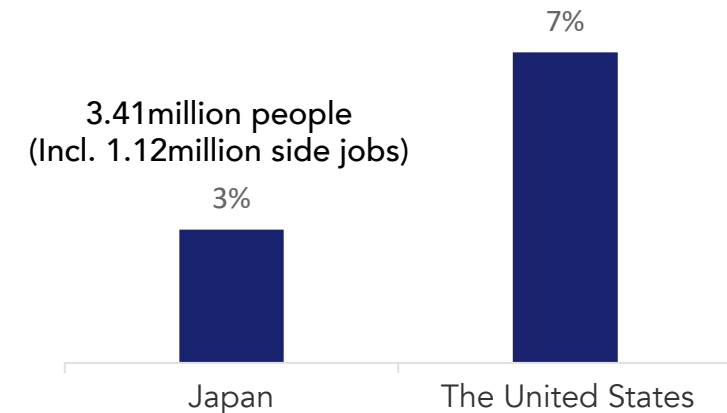
### Ratio of E-commerce transaction among individuals and SMEs (2020) \*1



## Increasing diversity and flexibility in working styles

- Increasing tendency to work as a side job or freelance regardless of time or place
- Lower percentage of freelancers in Japan than the United States

### Ratio of freelancers to total employed people (2019) \*2



\*1 : The "Service EC" market is defined as the market for non-face-to-face services that can be traded online within the service trading markets between individuals and SMEs . We outsourced the survey to InfoCom Research, which created a non-face-to-face skill sharing service EC market size forecast in September 2021.

Regardless of who is the provider of skills such as companies, sole proprietors, individuals, etc., when it becomes possible to understand the content and quality of services by looking at reviews on one website / smartphone application, or about services provided by individuals It is assumed that problems such as low awareness and anxiety about safety have been resolved.

\*2 : Cabinet Office, "About freelancers in Japan" (July 2019) Data for 2019 for Japan and 2018 for the United States

# The View of the World that coconala Wants to Achieve

coconala aim to become a one-of-a-kind service e-commerce platform by replacing daily offline transactions on the web and make them more convenient

	<b>Until Now (legacy transactions)</b>	<b>coconala's Added Value</b>	<b>What Can Be Achieved</b>
<b>Matching scope</b>	Only reaches people in the know, or a handful of people online	A database of 300,000 experts	Easily reach sellers who can solve a variety of problems
<b>Time &amp; Place</b>	Need to coordinate schedule with seller Only active in large trading areas	Comprehensive communication methods allow you to complete the entire flow online	Speedy communication regardless of time/place
<b>Information</b>	No way to know the quality of the seller beforehand	Visual representation of seller's skills (track record, reviews, portfolio, response speed)	Able to compare different sellers so it's more reassuring than face-to-face transactions
<b>Price</b>	Cost includes store rent, organization maintenance fees and subcontractor margins etc	Directly matches you with experts online	Cheaper than the market rate, with the same quality



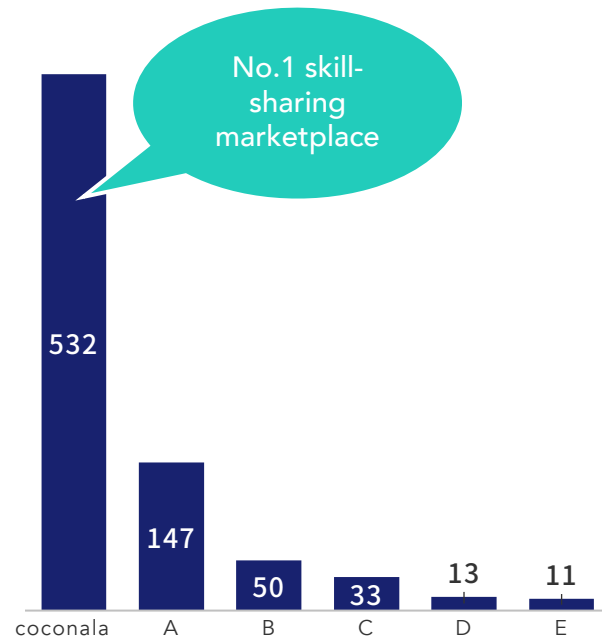


# coconala's Competitive Advantage

Providing an attractive marketplace with an overwhelming number of items to be exhibited, and realizing a recurring revenue model with a high purchase continuation rate and stable take rate

## No. 1 Marketplace\*1

- Offer a full range of services horizontally and a compelling platform to attract users



\*1 Data as of September 2021.

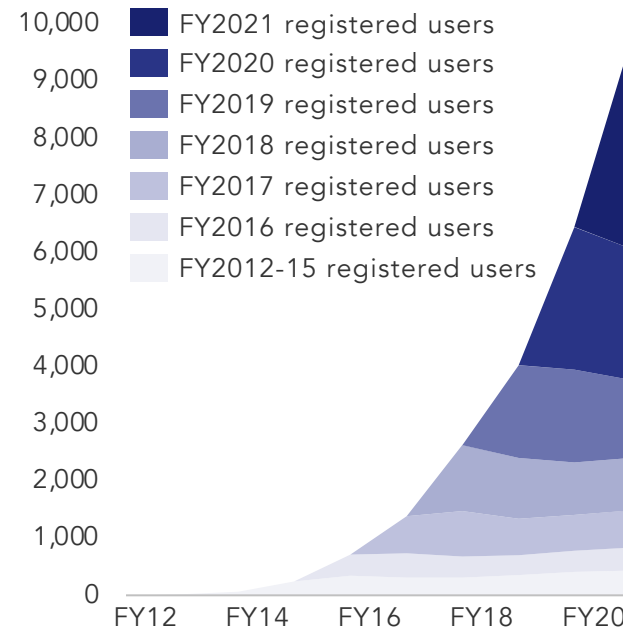
Source: For data related to other companies, we refer to their service pages. Aggregation method (coconala) : The number of listing services on the service site. The number of our listing services does not include proposals from sellers to public or private requests from buyers to sellers. (Unlike the listing services on the service sites of each company, this is not a pre-listed EC type service.) Aggregation method (other companies) : The number of services displayed on the service search screen in the service site.

\*2 : Contract-based distribution : Total contract amount based on service purchase contracts concluded during the fiscal year. Differ from the amount recognized as revenue on completion of delivery

## High continuation rate

- A profit structure in which GMV\*2 accumulates if the number of registered users increases due to continuous purchases in multiple categories

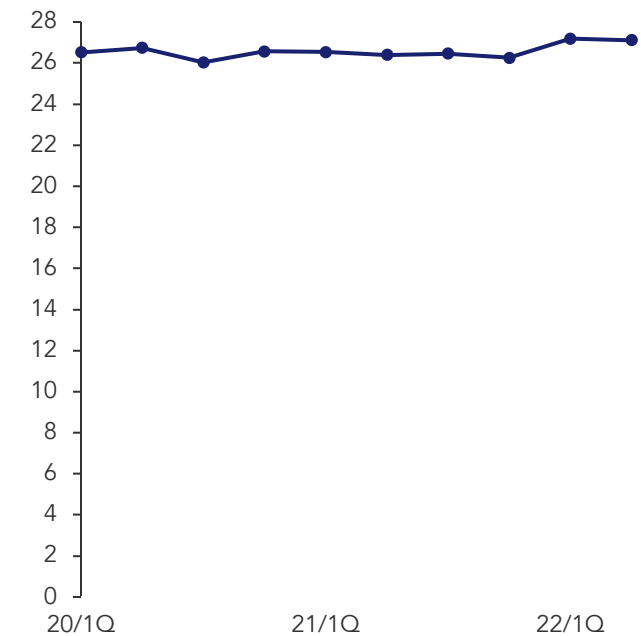
(Unit: million JPY)



## Stable take rate

- Maintain an appropriate take rate as a result of providing an attractive marketplace

(Unit : %)

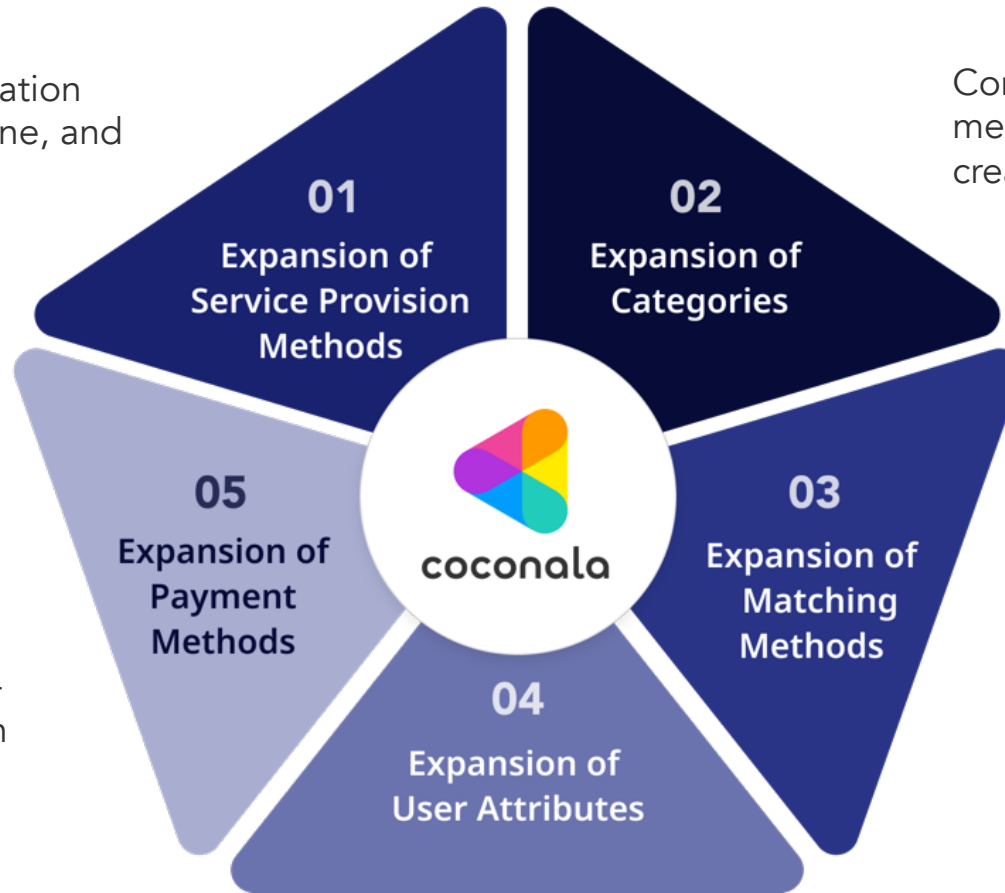


# Expansion of the Product

Further update the user experience by expanding product in five directions to encourage usage

Refine a variety of communication methods, including text, phone, and videos

Constantly expanding categories to meet all user needs including creation/consultation, business/private



Expansion of convenient payment methods for high-unit price or long-term projects as well as subscription purchases.

In addition to direct purchase of services, enhance "customized proposal", "public offering", and "blog & contents"

Expand and strengthen new functions and support systems suitable for creative & business use

**Entered**

**Partially Entered**

**Not Entered**

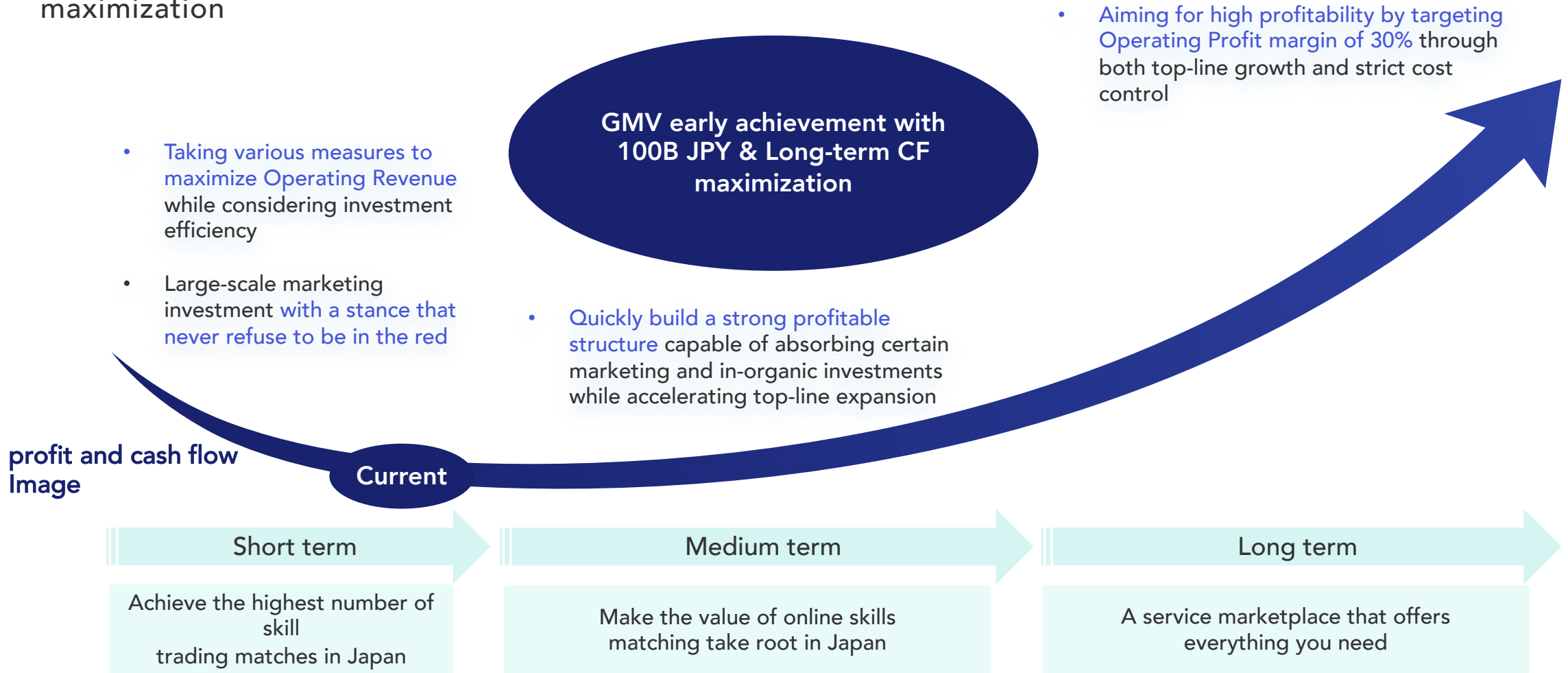
## Matching business

## Related area

Area/Category	Matching business				Related area
	Service_ Project based	Service_ Time based	Service_ Overseas	Contents/ Goods	Management Tools
Creative /Business Agency	coconala coconala legal consulation	Not Entered	Not Entered	coconala (original goods, Others)	Not Entered
Consulting /Consultation					
Learnings Know-how Fortune Telling Entertainment		coconala (telephone, video chat)		coconala blog	
Support for Sellers	coconala (Promoted Ad)				
Support for Buyers	coconala business				

# Medium- and Long-Term Targets

Although the current deficit continues due to the advance of investment, appropriate measures will be implemented according to each phase toward the GMV early achievement with 100B JPY and the long-term CF maximization



# 02

## Financials





# FY2022 2nd Quarter (Dec.-Feb.) Financial Highlights

Consolidated	<ul style="list-style-type: none"><li>• The performance of both coconala and coconala Legal Consultation was strong, and GMV(+35% YoY), Operating Revenue (+43% YoY) maintained high growth rate</li><li>• Operating Loss due to TVCM, but Operating Profit remained profitable excluding TVCM related expenses.</li><li>• Operating Expenses is at a high level due to TVCM, but we will continue to appropriately control costs.</li><li>• Began consolidated accounting in Q2 with the establishment of coconala Skill Partners</li></ul>
coconala	<ul style="list-style-type: none"><li>• GMV(+35% YoY) maintained high level partly due to new TVCM from January to February 2022</li><li>• GMV for Creative &amp; Business drove YoY +43% and overall GMV</li><li>• Maintained appropriate level of take rate with 27.1%</li></ul>
coconala Legal Consultation	<ul style="list-style-type: none"><li>• As the number of paid subscribing lawyers increases, Operating Revenue continues to grow at a high rate of +98% YoY.</li><li>• Number of paid subscribing lawyers maintained high growth (+80%) and the churn rate improved to 0.8%</li></ul>
Topics	<ul style="list-style-type: none"><li>• The number of registered members for coconala is 2.79 million as of the end of February 2022.</li><li>• Released new creative TVCM and will continue close monitoring. Always optimize marketing for both TVCM and new channels</li><li>• Ratio of overseas institutional investors increased from the end of August 2021 to the end of February 2022</li><li>• Established coconala Skill Partners, Inc.</li></ul>



## FY2022 2nd Quarter (Dec.-Feb.) Summary of Financial Results

(Unit: million JPY)	FY2022 Q2 Consolidated (Dec. – Feb.)			FY2021 Q2 Non-Consolidated (Dec. – Feb.)	
	Result*1 (incl. coconala Skill Partners)	coconala*2	coconala Legal Consultation	Result	YoY
GMV	3,016	3,016	-	2,233	+35.0%
Operating Revenue	907	816	91	637	+42.5%
Revenue / GMV	30.1%	27.1%	-	28.5%	+1.6pt
Operating Expenses	1,128	1,029	95	579	+94.7%
Operating Profit	-220	-212	-4	57	-
Profit / Revenue	-24.3%	-26.1%	-5.4%	9.1%	-
Ordinary Profit	-220	-	-	47	-
Net Profit	-219	-	-	47	-
(Marketing Expenses)	485	-	-	73	+557.4%

\*1: The consolidated figures include the subsidiary coconala Skill Partners, Inc, so they do not match the total of coconala and coconala legal consultation.

\*2: Including coconala Meets



## Operating Revenue

Consolidated operating revenue\*1 maintains a high growth rate of YoY + 43%



\*1: The new revenue recognition standard is not retrospectively adopted to the figures in FY2020-FY2021 (The same as the figures disclosed in the financial reports.)





# coconala: GMV, Operating Revenue and Take Rate

The take rate was 27.1%, which was almost flat compared to Q1. GMV rose at YoY + 35%, operating revenue\*1 rose at YoY + 38%, maintaining a high growth rate

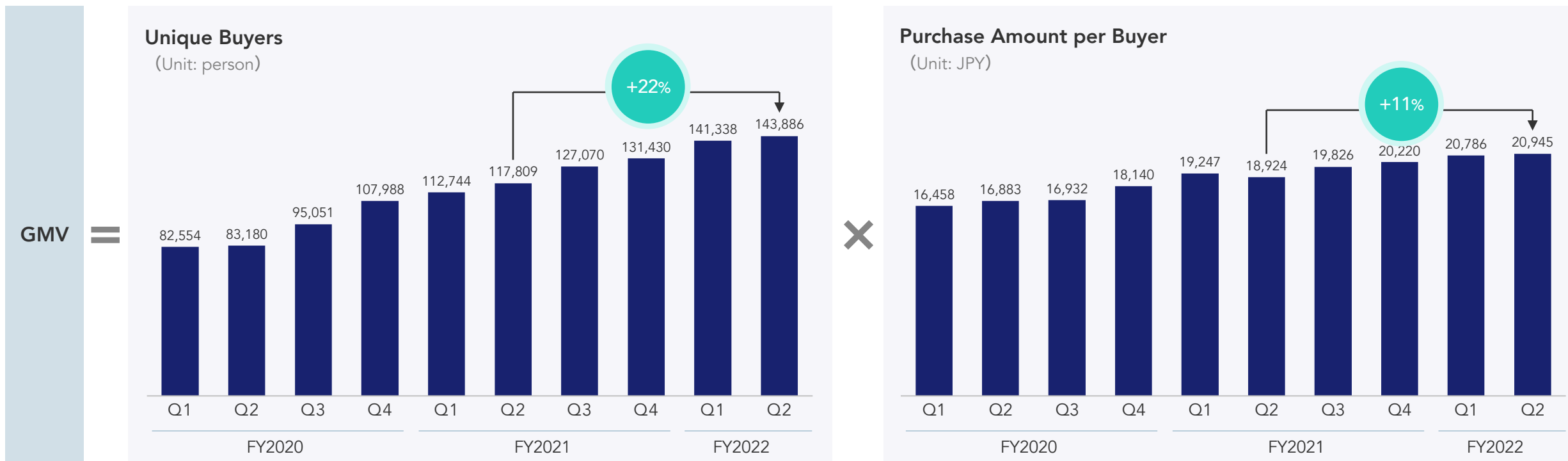
Take rate(%)



\*1: The figures in this page of the presentation reflect the new revenue recognition standard retroactively from FY2020 to FY2021 for comparison purposes, which differ from the disclosed figures in the financial reports

# Major KPIs (Quarterly Buyer Side KPI)

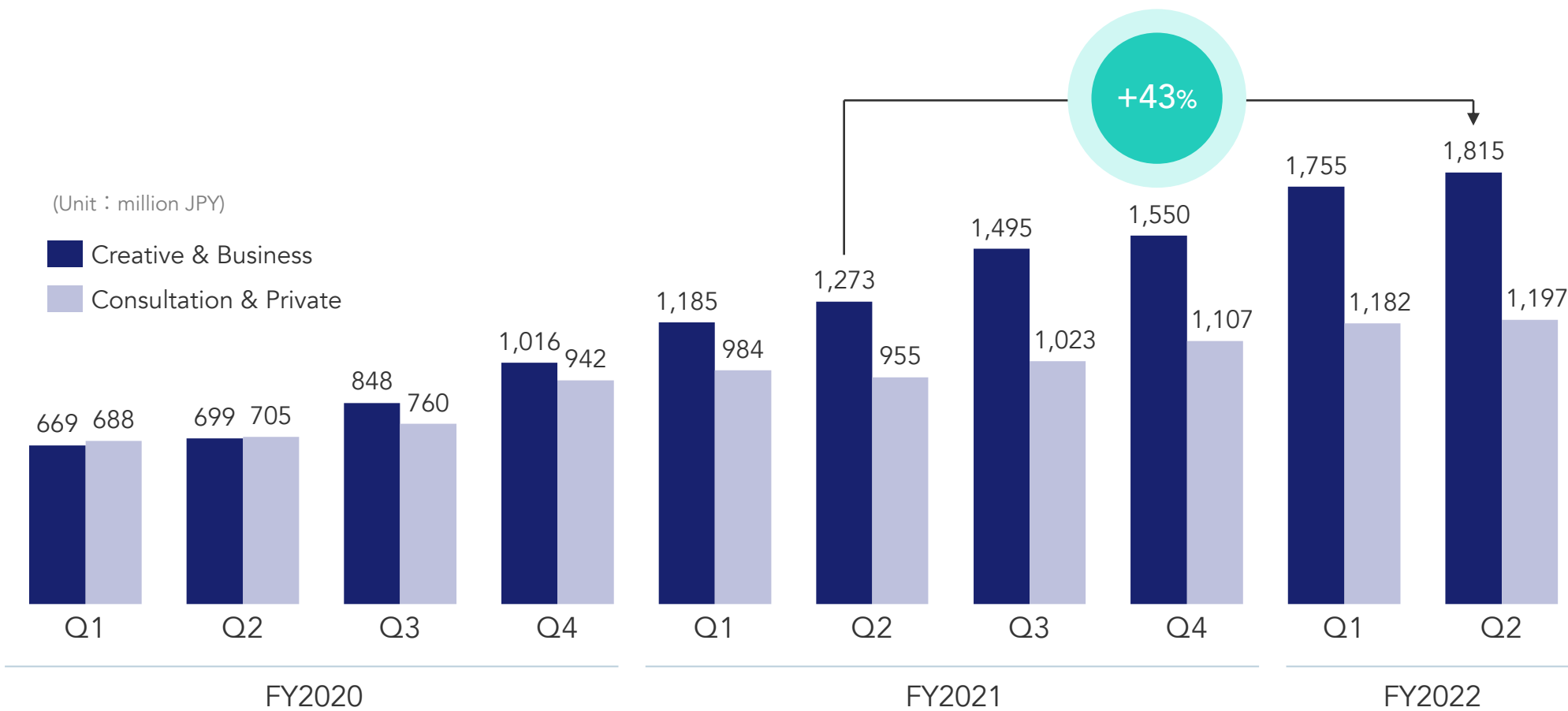
Both number of unique buyers and purchase amount per buyer shows steady growth





# coconala: GMV by Category

Creative & Business category drove GMV\*1 growth with +43% YoY. (Consultation & Private: +25% YoY)

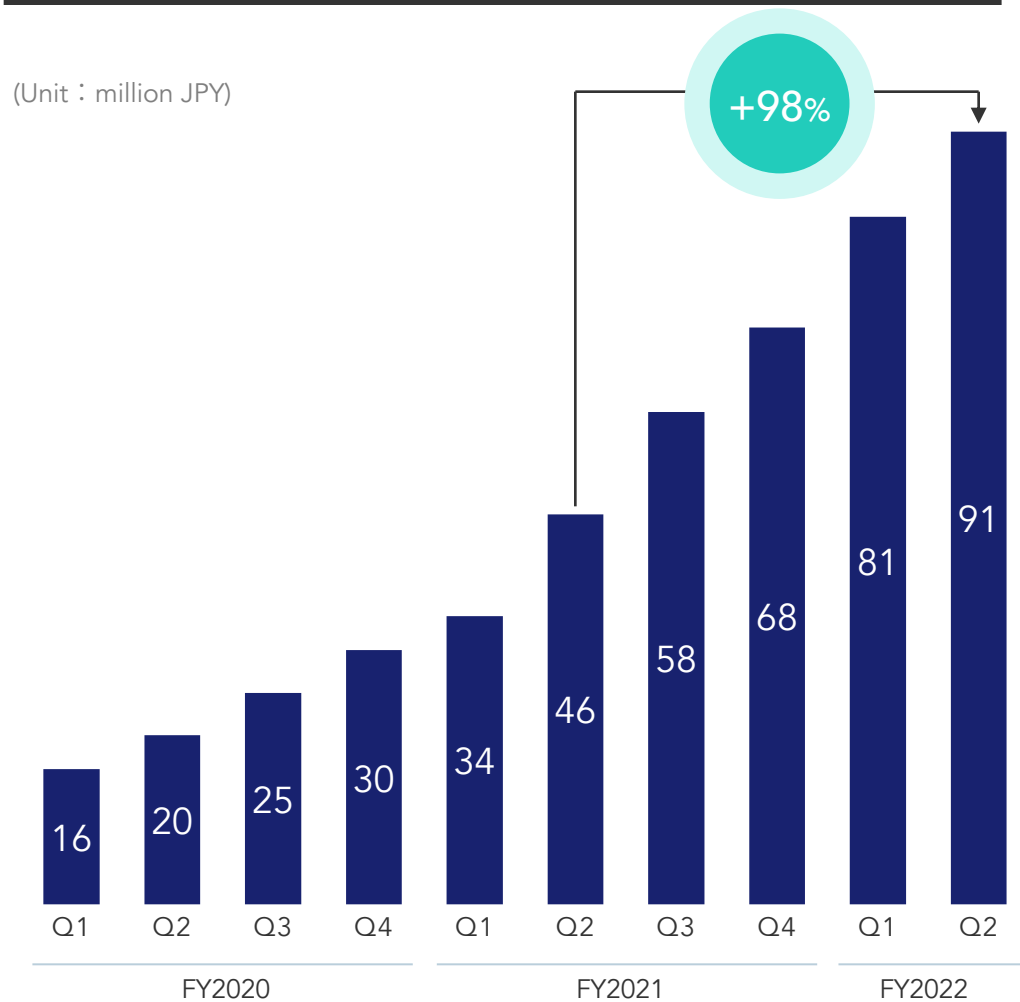


\*1: Retrospective correction due to partial category revision

# Legal Consultation: Operating Revenue • KPIs (1/2)

Due to the increase in the number of paid registered lawyers (YoY+80%), operating revenue maintains a high growth rate of YoY+98%.

### Operating Revenue



### Registered Lawyers





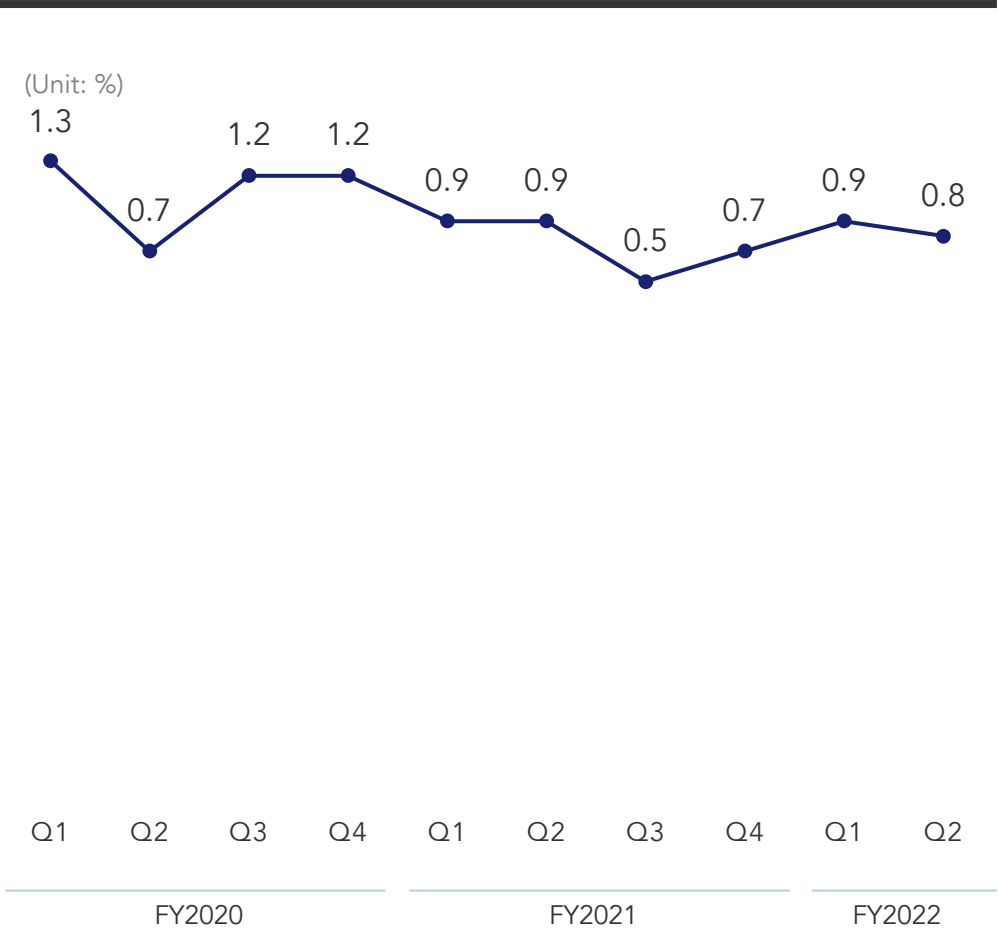
## Legal Consultation: KPIs (2/2)

ARPPU\*1 increased by YoY+9%. The churn rate\*2 is 0.8%, which is an improvement compared to Q1 and we aim to gradually reduce it in the future.

### ARPPU



### Churn Rate



\*1: Average Revenue Per Paid User

\*2: Churn Rate: Quarterly average of the monthly churn rate (number of cancelled lawyers in the current month / number of paid subscribing lawyers at the end of the previous month)

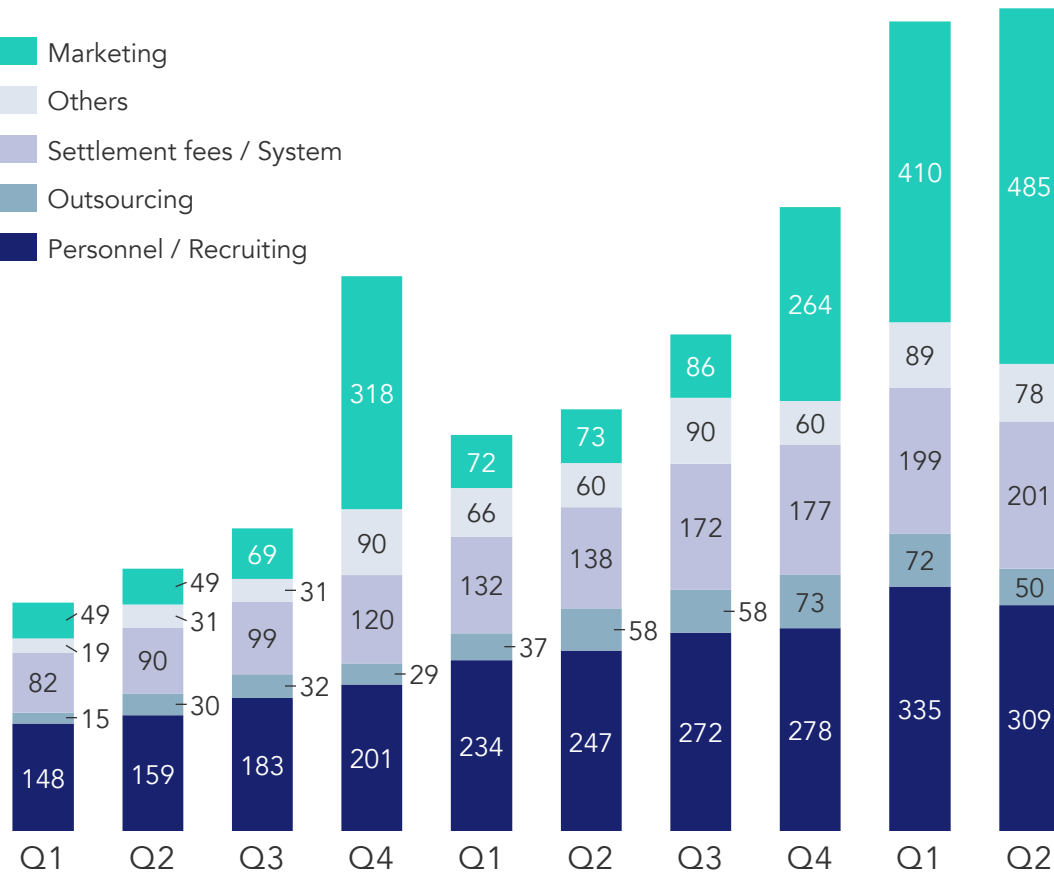
# Operating Expenses

Operating expenses\*1 increased as advertising expenses increased. Policy to continue appropriate cost control in the future

## Operating Expenses

(Unit: million JPY)

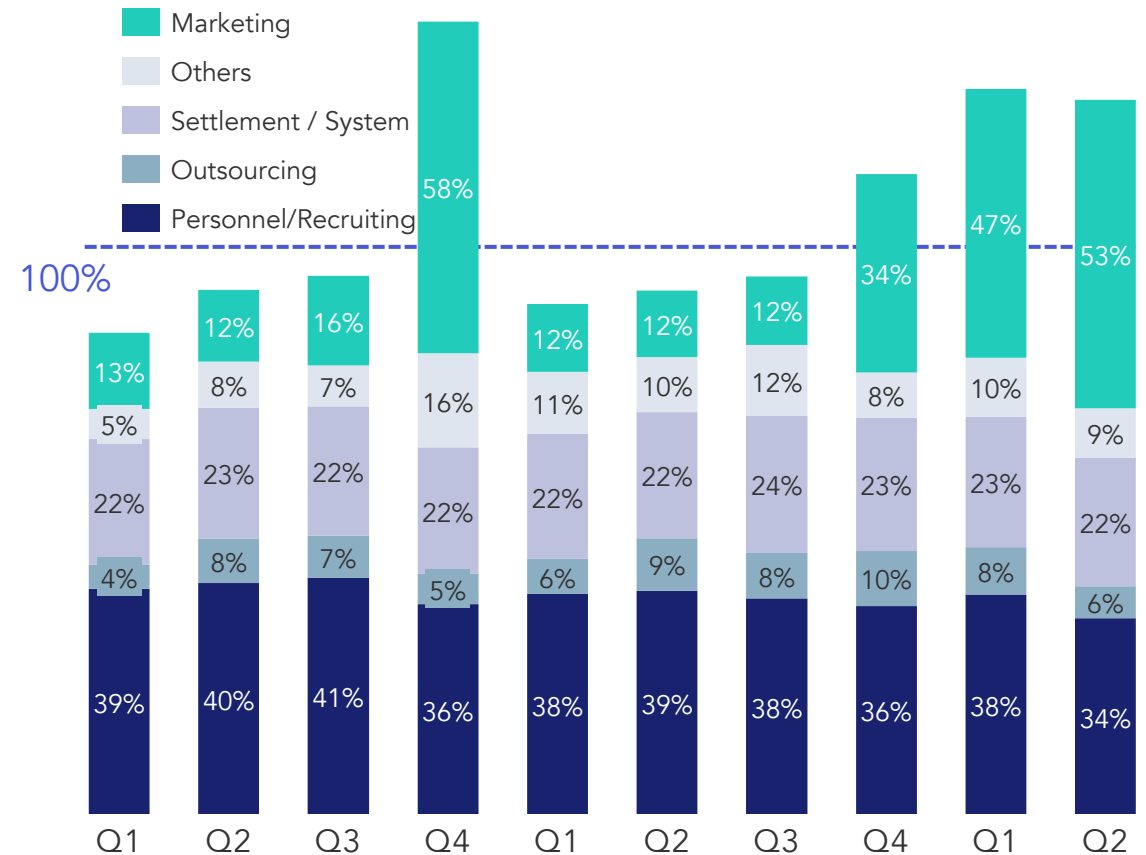
- Marketing
- Others
- Settlement fees / System
- Outsourcing
- Personnel / Recruiting



## Operating Expenses/Operating Revenue

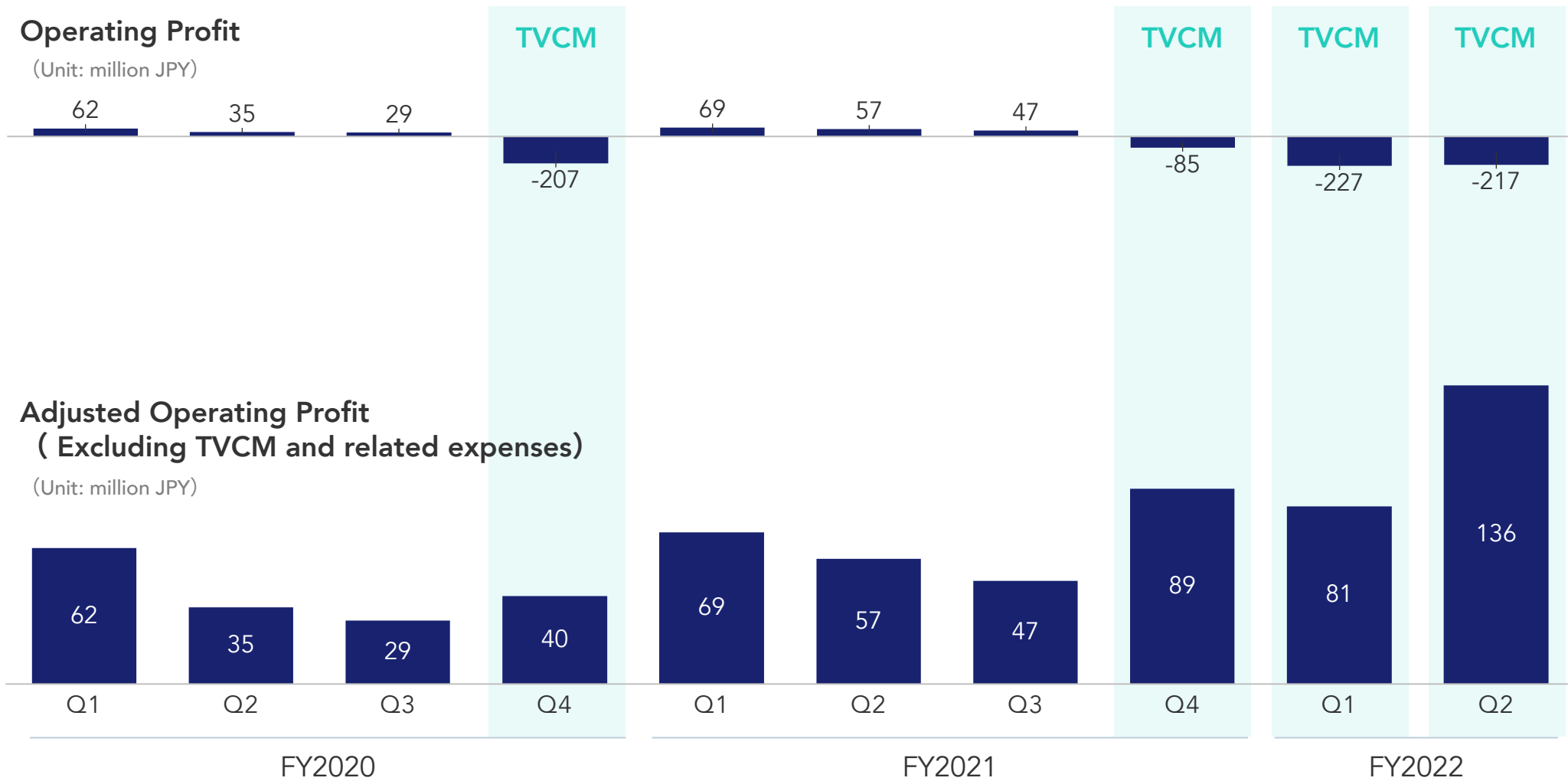
(Unit : %)

- Marketing
- Others
- Settlement / System
- Outsourcing
- Personnel/Recruiting



# Adjusted Operating Profit\*1 Excluding TVCM Related Expenses

Continue to be in the black after deducting TV commercial related expenses



\*1: The new revenue recognition standard is not retrospectively adopted to the figures in FY2020-FY2021 (The same as the figures disclosed in the financial reports.)



## Marketing Policy

Although we plan to implement aggressive marketing investment in FY2022, operating profit excluding TVCM related expenses will be maintained profitable

### Marketing Policy

- In FY2022, we plan to implement **marketing investment (TVCM + related promotions) on the same scale as in FY2019 (over 1 billion yen)**.
- Operate both web ads and TV commercials **within the specified payback period, taking into account unit economics** (visualization of effectiveness and high-speed PDCA).
- **Always consider optimizing marketing including new channels instead of focusing on TV commercials**

### Financial Policy considering marketing

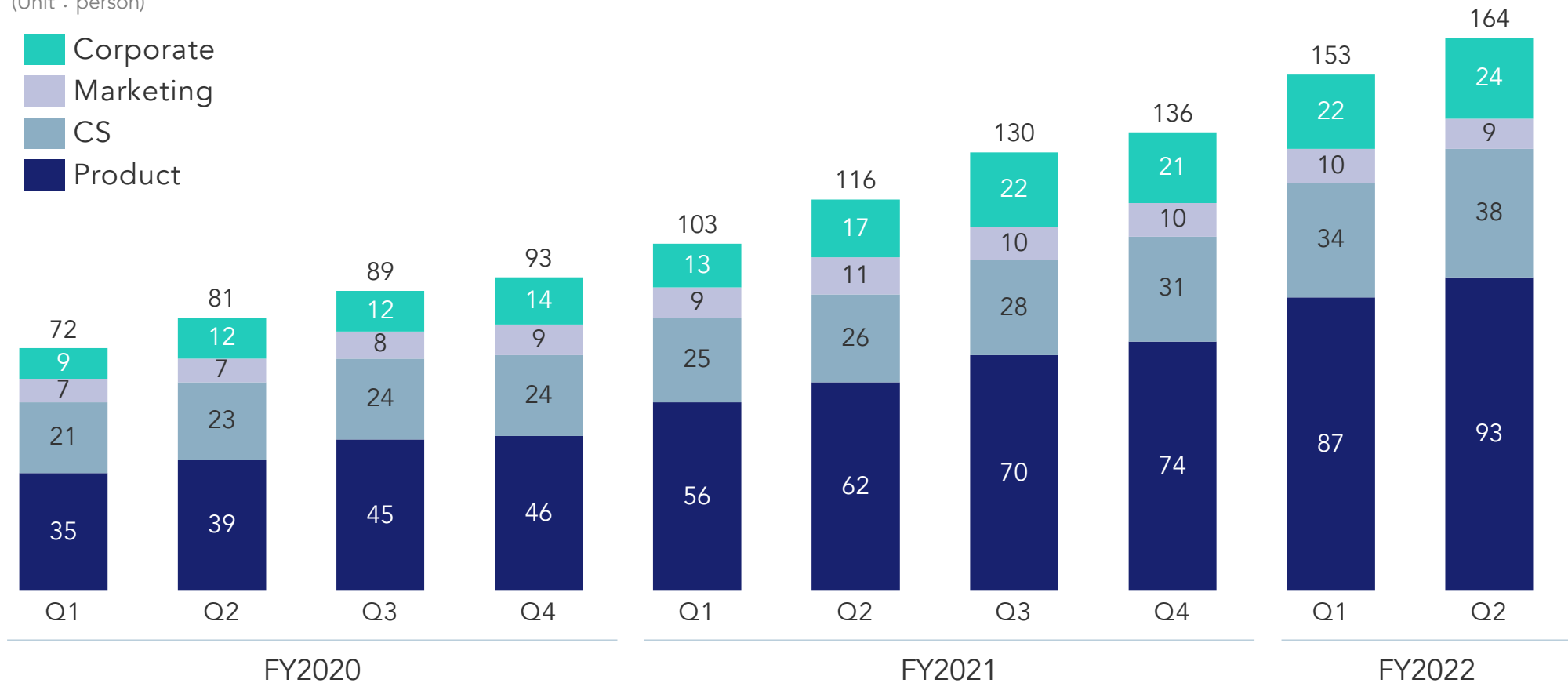
- For the full year of FY2022, operating income is expected to be in the red due to marketing investment (TVCM + related promotion) of over 1 billion yen, but **operating income after deducting related expenses such as TVCM will remain in the black**.
- Since investment on TVCM can be stopped at any time and profits controlled
- since we will actively invest in human resources for product development, we will not pursue growth in adjusted operating profit for the short term, and our policy will be to maintain a constant surplus.



## Number of Employees by Job Category (Regular and Contract Employees)

Since we do not have sales staff, only CS personnel will increase in proportion to sales. However, we will continue to invest in personnel for product development and to strengthen the company's foundation

(Unit : person)





## Financial Base

Consolidated coconara Skill Partners from Q2. Maintain a sound financial base in terms of cash and shareholder's equity.

### Aug. 2021 (Non-consolidated)

(Unit : million JPY)

Cash and Deposits 3,318	Advances Received 331
	Deposit Received 747
	Other Liabilities 651
	Shareholders' Equity 2,328
Other Assets 740	

### Feb. 2022 (Consolidated)

(Unit : million JPY)

Cash and Deposits 2,815	Advances Received 488
	Deposit Received 802
	Other Liabilities 256
	Other Net Assets 153
Other Assets 862	Shareholders' Equity 1,977

## Progress Against the Full-Year Forecast

The progress rate against the full-year outlook exceeds expectations. Limited impact on profit and loss due to the start of consolidated financial statements

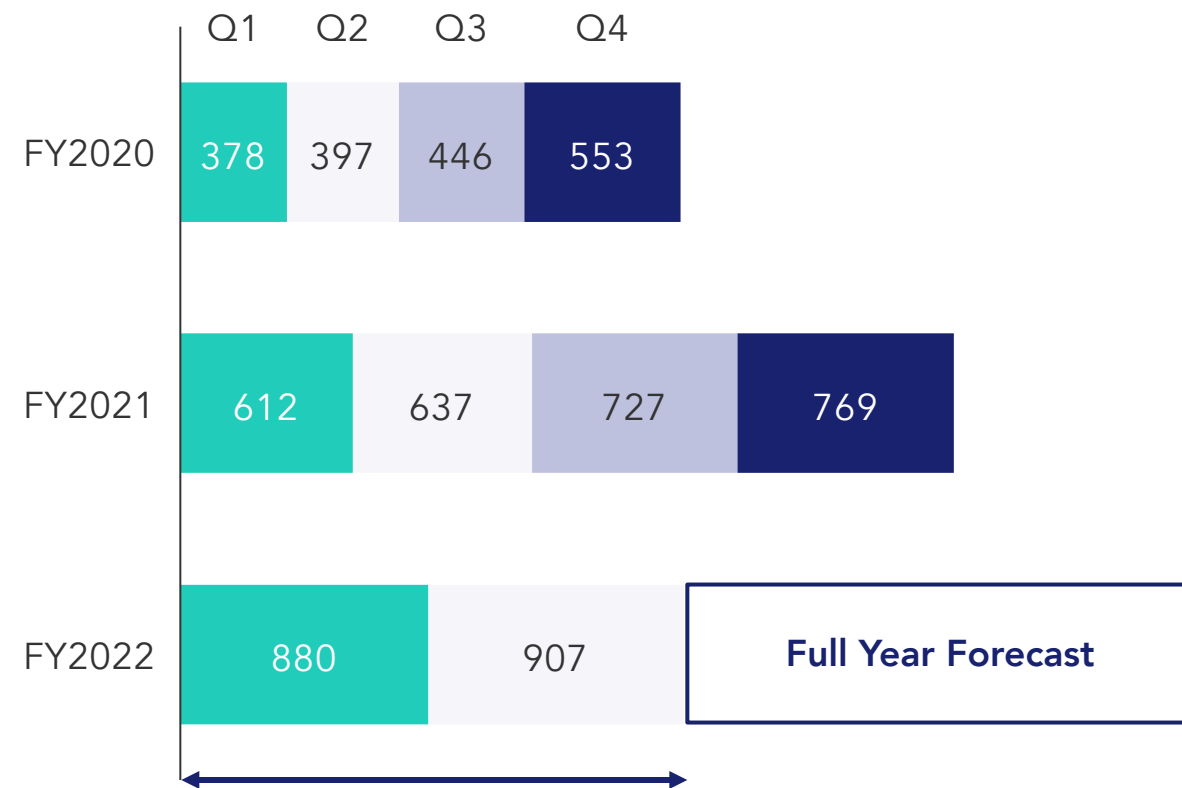
### FY2022 Financial Forecast (No change from the initial forecast)

(Unit : million JPY)

	FY2021 Results	FY2022 Forecast	Growth rate (upper)
Operating Revenue	2,746	3,650 ~	+33% (~+40%)
Operating Profit	89	▲1,290	-
Ordinary Profit	59	▲1,290	-
Net Profit	41	▲1,292	-

### Progress on the full-year outlook for operating revenue

(Unit : million JPY)



Progress rate 49% against full-year earnings forecast



# 03

## Topics



## Broadcasting of New TV Commercials

As with web ads, the effectiveness of TV commercials is measured weekly and carefully operated in the PDCA cycle.

The direct effect\*<sup>1</sup> of the TV commercials implemented in FY22Q1-Q2 is judged to be equivalent to implemented after 2017.

Always consider optimizing marketing including new channels instead of focusing on TV commercials

### Overview of the second TV commercial

- The theme is "coconala where you can easily ask for work and consultation like online shopping", and all three TV commercials are developed.
- TVCM were broadcast nationwide from January 15<sup>th</sup>, 2022



\*1: "Direct effect" refers to the revenue earned from users acquired during the TV ads period that exceed the user acquisition level immediately prior to the TV ads period

# coconala : Product Update

Pursuing ease of use while continuously listening to users' feedback

## [New Function]

### Fortune-telling certification system

A system designed to certify services that have passed the standards set by coconala and allow buyers to use fortune-telling services with greater peace of mind.



## [New Function]

### Delivery date setting function

Setting and displaying the mutually agreed "expected delivery date" on the talk room



## [Renewal]

### Search UI Renewal (Web)

Easy to use "filtering" required when comparing large numbers of services



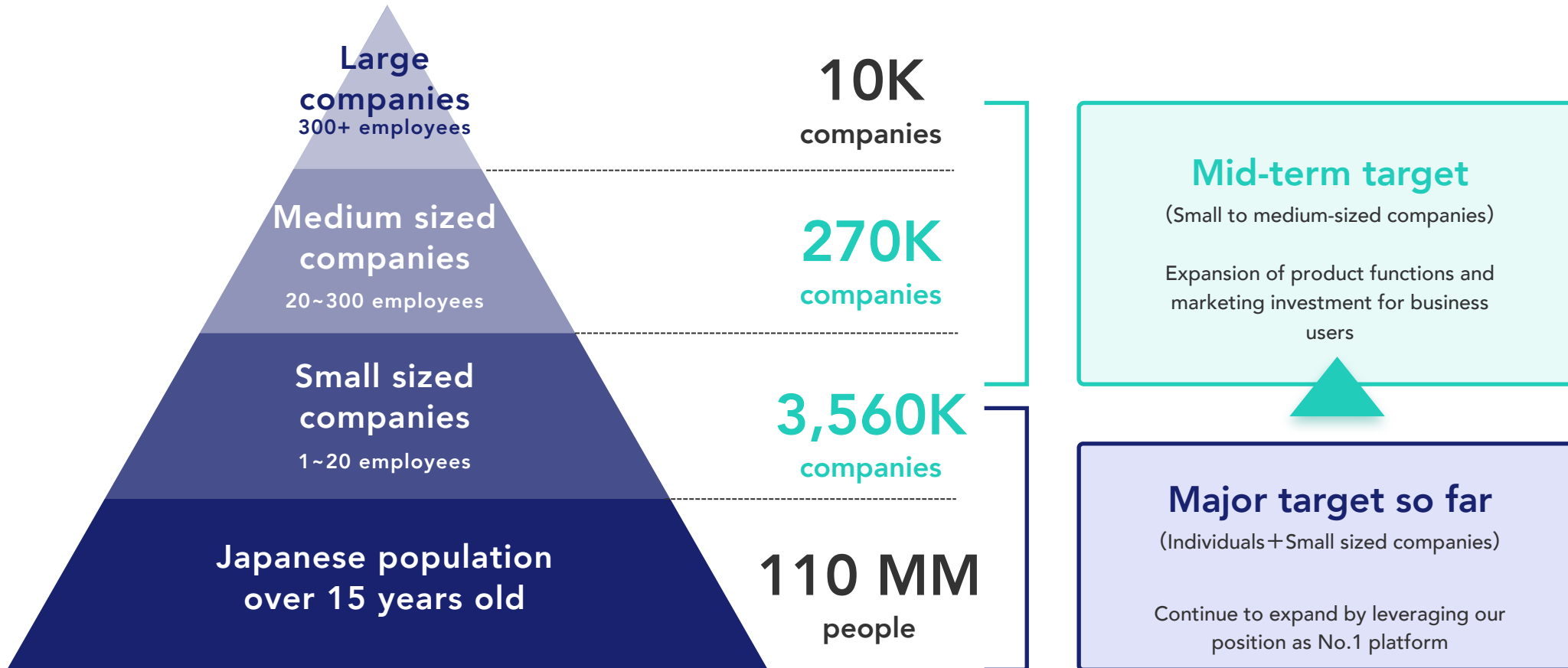
## [Renewal]

### Search UI Renewal (APP)

Like the Web, "Search Function" is easy to use in Apps

# coconala Business: Focusing on Small and Medium-sized Companies

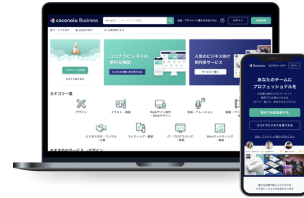
We are aiming to capture market share of small and medium-sized companies by “coconala Business”



# coconala Business: Service Overview

## Overview of coconala Business

### Site focused on business purchases



- Display only selected services and exhibitor lineups
- Project management functions that make it easy for teams and departments to collaborate
- Dedicated team support (chat, call, etc.)
- Invoice payment, withholding, etc.

### Usage by companies of various sizes and industries



## Use case by business users

<p><b>New business</b></p>	<ul style="list-style-type: none"> <li>• Diversification in new business development and new measures, quick delivery and verification with limited budget</li> </ul>
<p><b>Resource shortage Support for / Operational efficiency</b></p>	<ul style="list-style-type: none"> <li>• Utilizing the skills of external human resources to respond to resource shortages / absences and improve the efficiency of internal operations</li> </ul>
<p><b>Purchasing cost reduction</b></p>	<ul style="list-style-type: none"> <li>• Reduce service purchasing costs by diversifying and switching suppliers</li> </ul>





## Examples of coconala Business Utilization 1/2

### Aioi Nissay Dowa Insurance Co., Ltd.



Realize the ideas of sales tools quickly while simultaneously increasing sales and reducing costs by 90%.

#### Items purchased in coconala

- Promotional sticky notes and brochures

#### Impressions after using coconala

- We were able to produce ideas in a shorter delivery time while reducing costs compared to regular outsourcing.
- We were able to reduce the burden of on-site work and achieve results by promoting services while improving work efficiency.

Interview Details (Japanese Only)

<https://coconala.com/blogs/647998/115596>

### SUMITOMO LIFE INSURANCE COMPANY



SUMISEI  
INNOVATION  
FUND

By communicating directly with creators, we can quickly create designs that match your image.

#### Items purchased in coconala

- Logo design of newly established fund

#### Impressions after using coconala

- We were able to choose the style that suits our purpose from various creators.
- We were able to get the image we wanted because we can communicate directly with the creator.
- Delivery was speedy and costs were reduced.

Interview Details (Japanese Only)

<https://case.coconala.com/entry/2021/03/31/102952>



## Examples of coconala Business Utilization 2/2

### ANDOH PARACHEMIE



Taking on the challenge of developing a new business of sterilizing alcohol through COVID-19 pandemic. Create ideas in coconala and create a challenging mind!

#### Items purchased in coconala

- Promotional tools (brochures, flyers, HP production, POP)

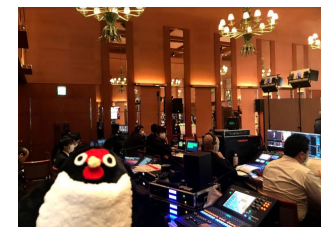
#### Impressions after using coconala

- It takes hundreds of thousands of yen for a corporate designer, but in coconala, it only takes tens of thousands of yen.
- Within the company, there are many times when a sense of speed is required and the coconala designer was able to complete the brochure in a few days.
- In coconala, designers understand our intentions and finish them with high quality.

Interview Details (Japanese Only)

<https://case.coconala.com/entry/2021/12/01/115114>

### DYFLEX



Purchasing various skills such as composing and creating videos, and holding the 50th Annual Meeting online

#### Items purchased in coconala

- Composition and arrangement
- Music video
- Guidance video
- Flyer design
- Stuffed animal design

#### Impressions after using coconala

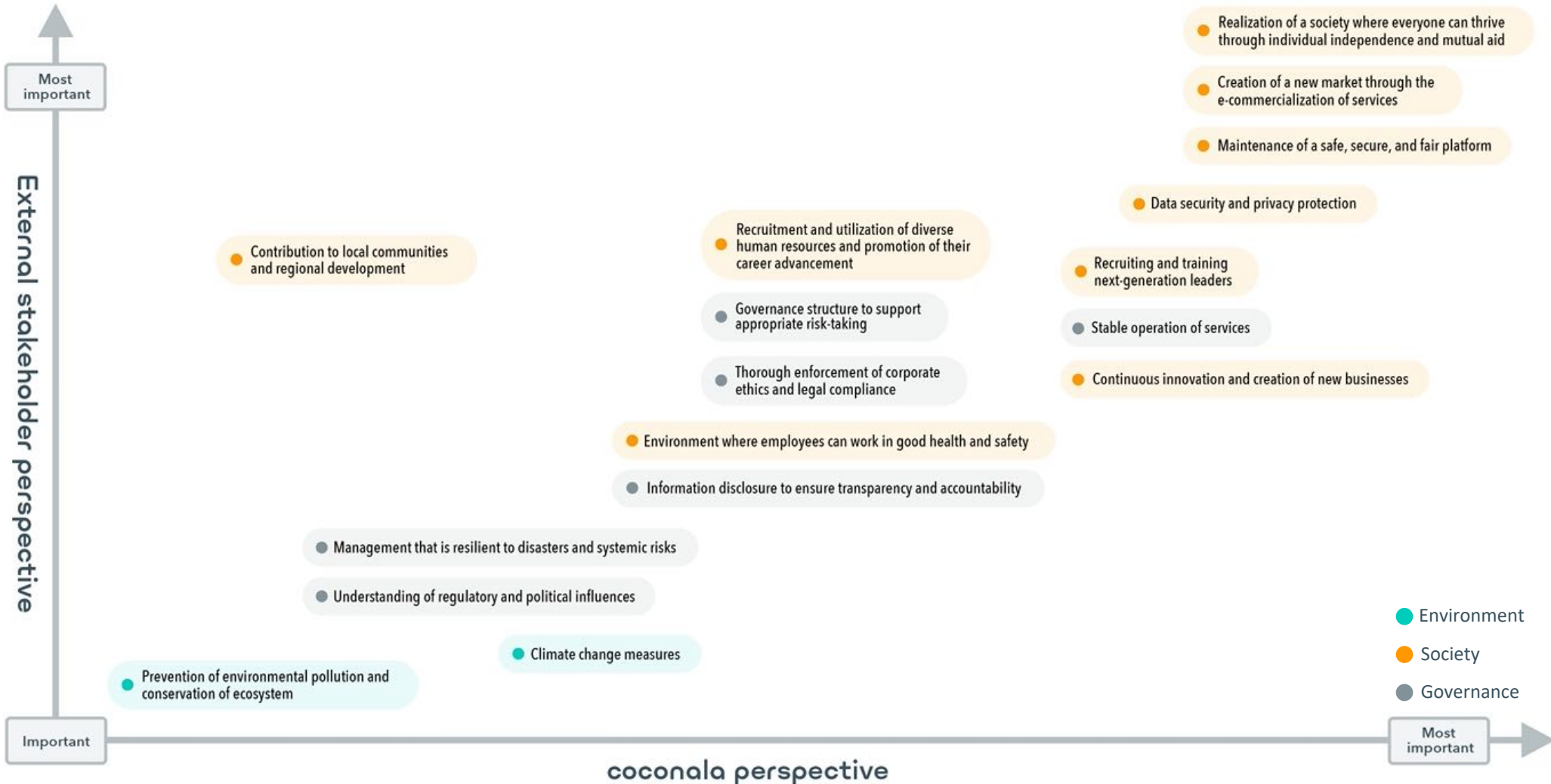
- The wide range of services allowed us to realize our ideas as we imagined.
- No one in our company has the skill, but we were able to use the skill by using this service.
- We could choose to suit our preferences and budget

Interview Details (Japanese Only)

<https://coconala.com/blogs/647998/88242/>

# ESG Materiality Map

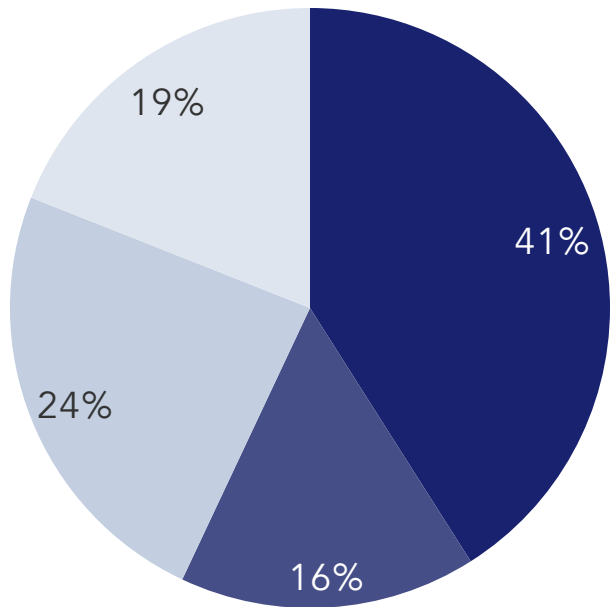
Formulated materiality map based on discussions with internal and external stakeholders. coconala places particular importance on social issues.



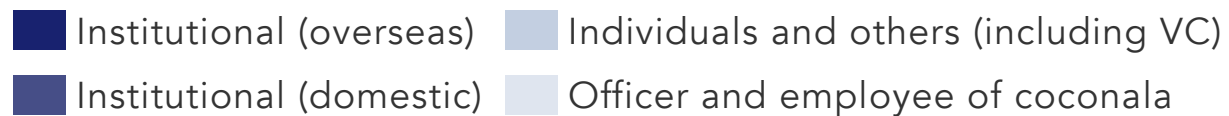
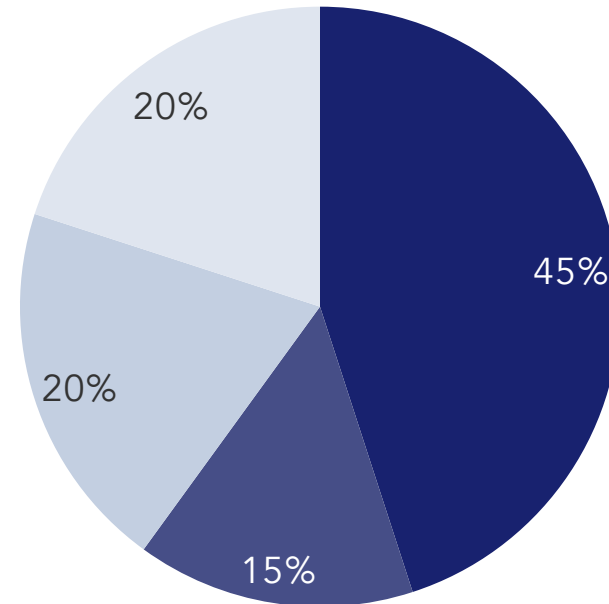
## Changes in Shareholder Structure

The ratio of overseas institutional investors increased from 41% to 45%. VC has almost sold and overhang concern is limited

As of Aug. 2021



As of Feb. 2022



Note: Institutional(domestic)=Financial institutions, financial instruments business operators  
 Institutional(overseas)=Foreign corporations excluding individuals

## Establishment of coconala Skill Partners (CSP)

CSP is a new matching platform type venture capital enabling startups in the early stages to utilize leading experts in each business area



### Characteristics and novelty of CSP

- **Seed / early stage investment**
  - ✓ Target fund size of 1B to 1.5B JPY
  - ✓ Estimated Investment amount of 10M to 50M JPY per case
- **Mentoring by Skill Partners**
  - ✓ A design with highly skilled professionals in various areas as skill partners and allows invested companies to add the skill partners to fix investment challenges
- **Funds dedicated to collaborative investment (follow-up investment)**
  - ✓ Aim to be a platform VC that does not compete with other VCs but co-invests with all VCs
  - ✓ **coconala does not invest in LPs and assumes all LPs are external parties**







## CSP: Why coconala Does VC Business

Matching the coconala's mission

- CSP is a platform to **connect and empower the knowledge, skills, and experience of top-level skilled professionals with entrepreneurs** who are challenging new businesses.

Social significance of expanding the pie of the entire economy

- CSP can help **expand the pie of the economy** by providing support for the best skill holders to entrepreneurs who will create new industries and jobs.

Promoting the use of coconala for startups

- As we listen to the voices from our investment partners, we will **propose solutions to them using coconala.**

Presenting new ways of working style

- Skill holders are not satisfied with being no more than salaried workers
- This reward mechanism, which provides **upward revision, has a dream in the career of the skill holders, opening up their possibilities.**

Branding on coconala itself

- coconala started out as a "housewife's side business for 500 yen," and now it is becoming a platform that matches high-skilled sellers with large companies.
- Through CSP, top-level skill holders are working under the name of "coconala," **contributing to increasing the impression that coconala has high-level human resources.**

Tips for M&A and new businesses

- Grasping startup trends helps us to create hints for M&A and new businesses
- **coconala considers active investment through M&A in the future.**

# CSP: Matching "Highly Skilled Professionals"

Leveraging our concept to the matching of "highly skilled professionals" and "start-up companies facing a shortage of specialized skills"

## Conventional problem

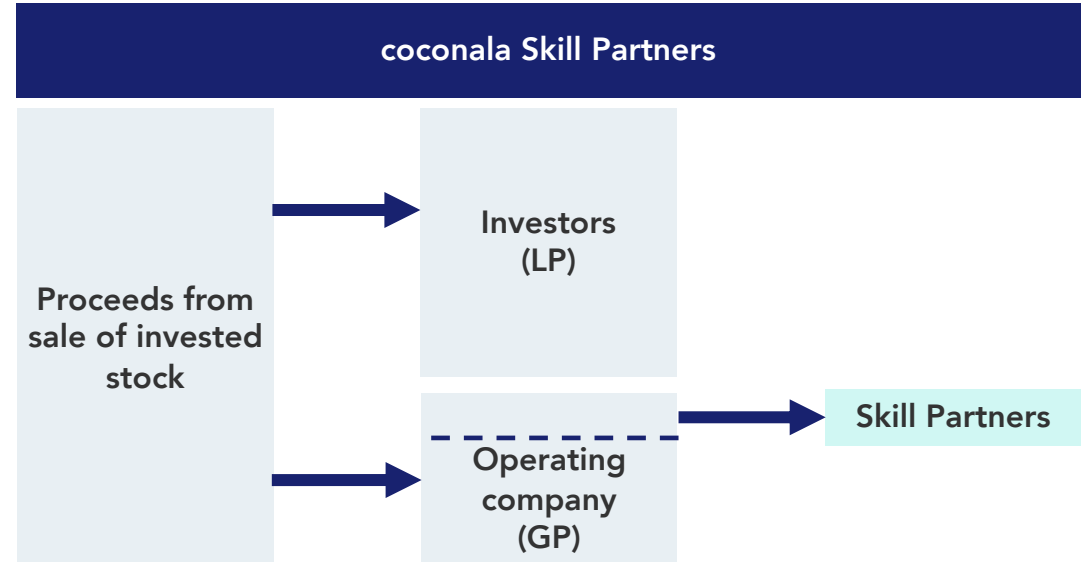
- Start-up companies facing a shortage of specialized skills for their growth had difficulty in hiring highly skilled professionals due to the lack of appropriate compensation schemes

Compensation scheme	Problem
Cash compensation	<ul style="list-style-type: none"> <li>Shortage of funds of startups in the early stages</li> </ul>
Stock options	<ul style="list-style-type: none"> <li>Difficulty in making appropriate valuation</li> <li>Significant burden for startups</li> </ul>
Advisory contracts with VCs	<ul style="list-style-type: none"> <li>Difficulty in adjusting the appropriate percentage of involvement</li> <li>Rewards without upward revision</li> </ul>



## coconala's unique solution

- Skill Partners acquires "pseudo investment interests" based on the period of activity, support content, evaluation from investment companies etc. In addition, the investment profit will be distributed according to the investment performance of the fund.





CSP: Despite two months since establishment, it has already decided to invest in three companies

**MISAKY**  
TOKYO

- Cashi Cake inc.
- Using technology to process seaweed agar, develop seaweed tech business in the United States, including the high-end Japanese confectionery brand "MISAKY.TOKYO"
- Invested in February 2022

**fixU**

- fixU Inc.
- Handles the actual store operation support service "fixU" that can easily and speedily realize unmanned and labor-saving without contracting multiple tools.
- Invested in April 2022

 **SynchroLife**

- GINKAN, Inc.
- Token economy type gourmet SNS "SynchroLife" and restaurant support service that provides a complex of fully automated CRM services for restaurants
- Invested in April 2022



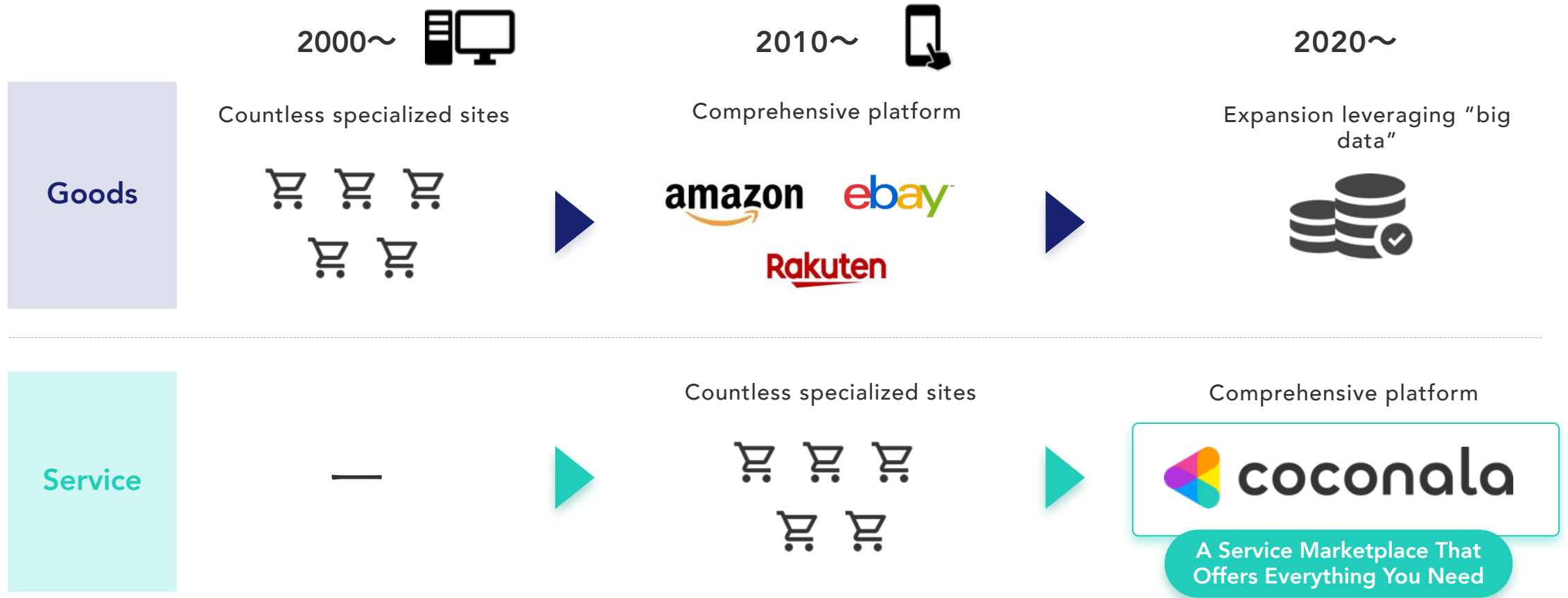
# 04

## Appendix



# Our Strategic Concept : A Service Marketplace That Offers Everything You Need

Service e-commerce industry is 10-20 years behind the goods e-commerce industry. coconala aims to be a comprehensive "service e-commerce" platform



# coconala Potential for Expansion of the Skill-Sharing Market (in 2030)

Potential Accessible Market\*1

**18 T JPY**

Current serviceable market size is about

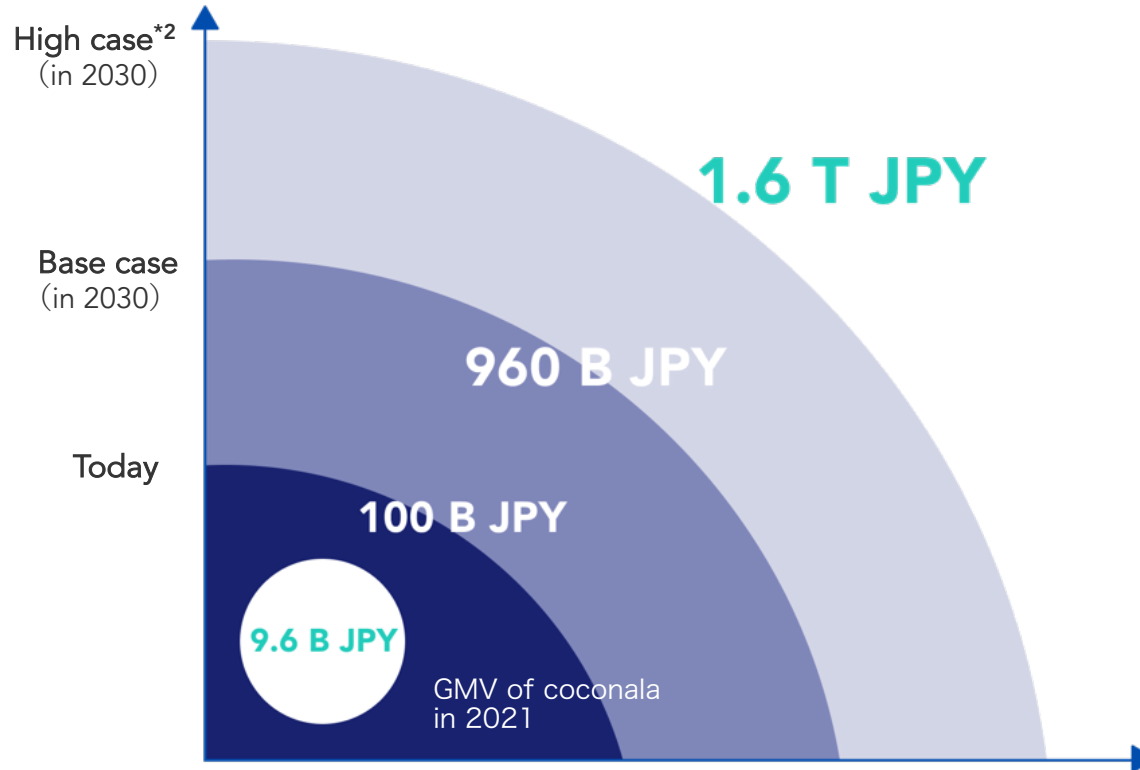
**100 B JPY**

Potential serviceable market size in 2030 is about

**960 B ~ 1.6 T JPY**

## Potential Serviceable Market (Service e-commerce Market)

E-commerce shift



\*1: Market size of non-face-to-face services transaction between individuals/SMB and individuals/SMB that could be potentially shift to e-commerce

Forecast of e-commerce market size for non-face-to-face skill-sharing services surveyed and created by InfoCom Research Inc. in Sep. 2021

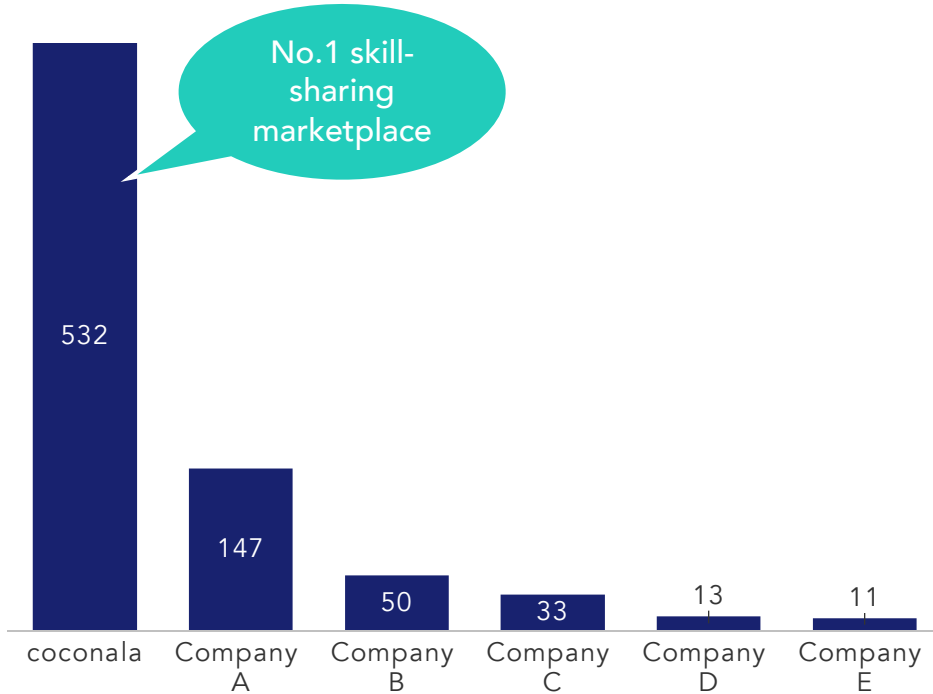
\*2: Regardless of who the skill-provider is, such as a company, sole proprietor, or individual, assume that the content and quality of the service can now be determined by looking at reviews on a single website or smartphone application, or that issues such as lack of recognition and concerns about safety regarding services provided by individuals have been resolved

# Large Number of Services on Sale and Reviews

Market-leading platform providing an abundance of inventories and reviews

### Number of Services on Sale\*1

(Unit : K)



\*1: Data as of Sep. 2021

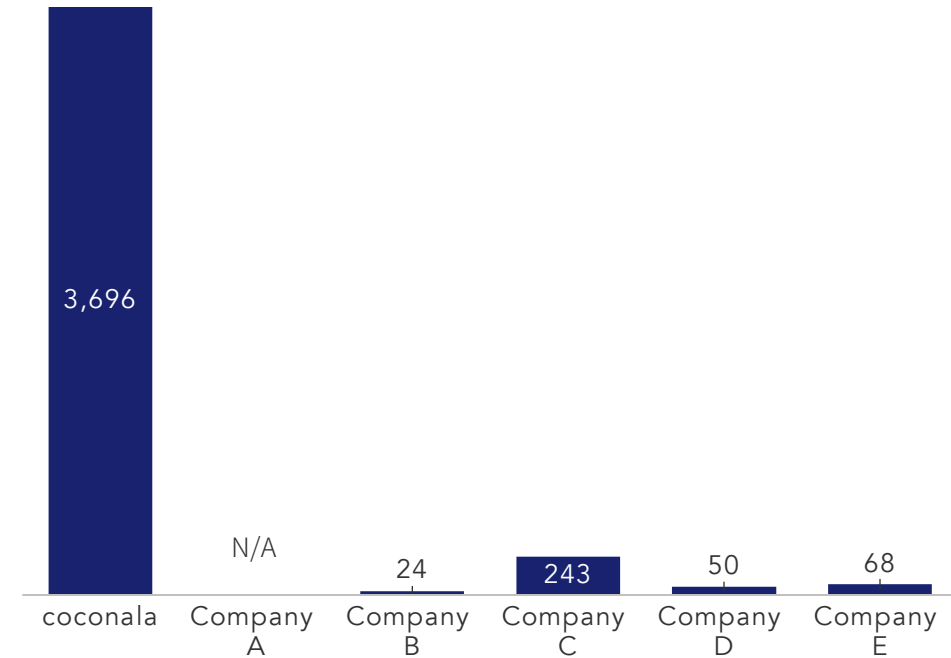
Source: For data related to other companies, we refer to their service pages.

Counting method (our company): Count the number of services on sale that are publicly available on the service website. Our company's number of services on sale does not include public requests from buyers to sellers or seller's proposal to private requests (because it is not an e-commerce-like service that lists items on sale in advance, unlike the services offered by other companies.)

Counting method (other companies): Count the number of services that are shown on the service search in their respective service websites.

### Number of Reviews\*2

(Unit : K)



\*2: Data as of Sep. 2021


Source: For data related to other companies, we refer to their service pages.

Counting method (our company): Count the number of reviews of the services on sale that are publicly available on the service website.

Counting method (other companies): Count the number of reviews of services/sellers that are shown on the service/seller search in their respective service websites. The company A does not show the number of reviews since it is not part of the website designing. Buyers' review systems differ by companies as each company has its own review system.

# Category List

coconala can cover all kinds of issues and concerns of users with 15 main categories and more than 450 subcategories

 Creative & Business

 Consultation & Private

## Designing

Logo creation, Flyer creation / Designing, Brochure / catalog designing, etc

## Movie / Animation / Photography

Movie Editing, Movie shooting, Animation creation, Photo processing / Correction, etc.

## Web marketing / Customer acquisition

SNS marketing, SEO measures, EC marketing, Website analysis, etc.

## Housing / Beauty / Lifestyle / Entertainment

Housing, lifestyle, beauty and fashion consultation, contents sales, hobbies, game etc.

## Illustration / Cartoon

Illustration creation, Portrait creation, Cartoon / Comic production, Character creation, Character modeling, etc.

## Business Agency / Consultation / Professional consultation

Creation / Support of documents and proposals, EC consulting / Operation agency, Preparation of contracts / various documents, legal consultation, etc.

## Fortune telling

Romance fortune-telling, Marriage fortune-telling, Life / spiritual, Fortune-telling method / advice, etc.

## Online Lessons / Advice

Language lessons / advice, music / instrument lessons / advice, exercise lessons, etc.

## Website creation / Web designing

Website creation, EC site creation, LP creation, Application designing etc.

## IT / Programming / Development

Programming, Excel / VBA creation, Web system development / Site construction, IT support / consultation, etc.

## Trouble consultation / Love counseling / Conversation partner

Conversation partner, Listening complaints, Love counseling / advice, family and nursing care counseling, etc.

## Money / Side job / Affiliate ad

Consultation on FX, Consultation on stocks / various investments, Method of side job / Earning, etc.

## Music / Narration

Composition / Arrangement, Narration / Reading, Demo / Session singing, Mix / Mastering, etc.

## Writing / Translation

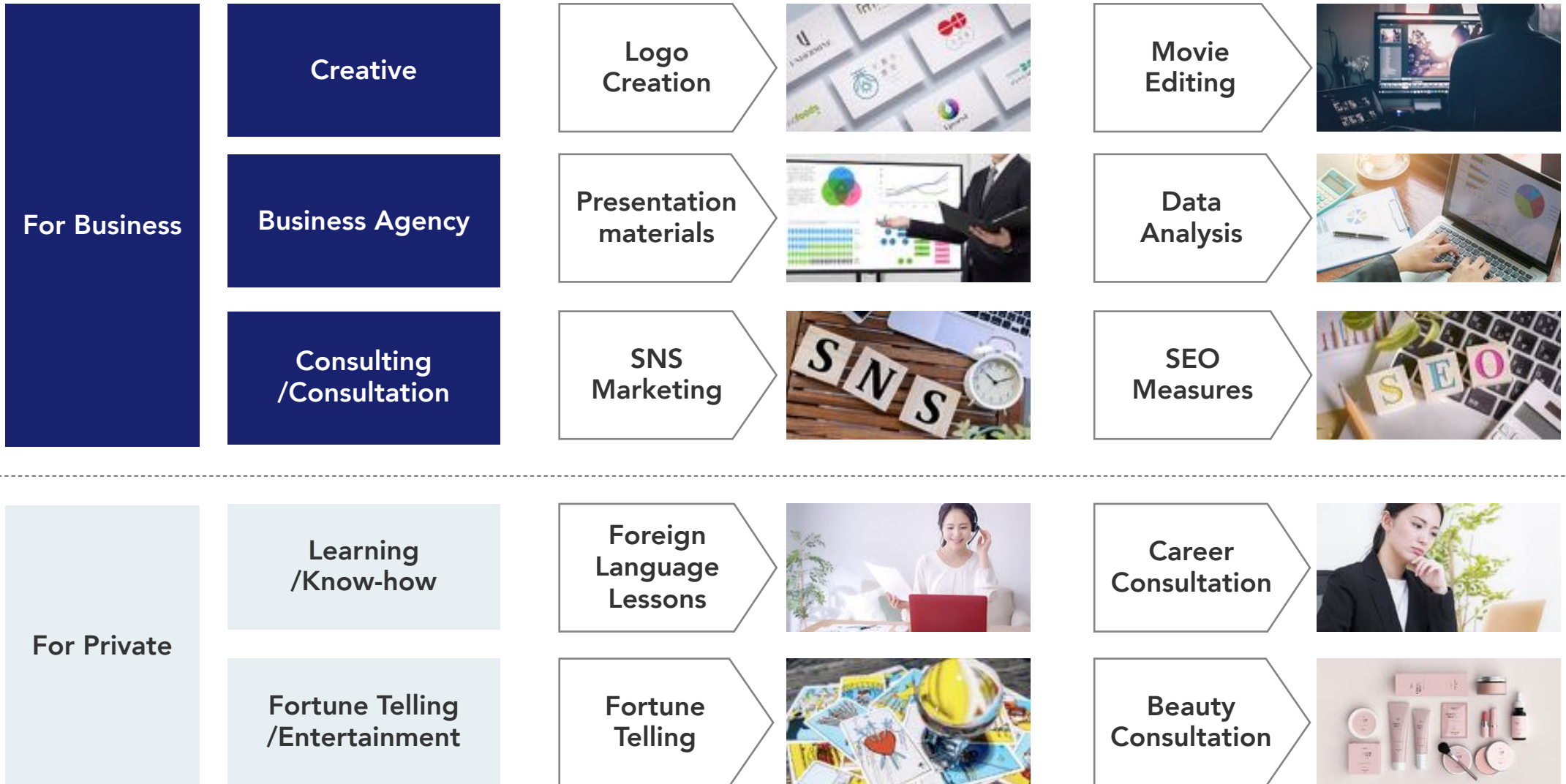
Article / Web contents creation, Novel creation, Proofreading, Catchphrase creation, Translation, etc.

## Career / Job hunting / Qualification / Study

Learning method consultation, Job change / Career / Study abroad consultation, Qualification consultation, etc.



# Examples of Major Services by User





## Management Team

From Nov. 2021, co-founder Shimmyo will become a fellow and retire from the board. Sato was newly appointed as an Outside Director to strengthen governance.



**Akiyuki Minami** / Chairperson

Graduated from Keio University and Saïd Business School (MBA) at Oxford University. Worked as an analyst at Sumitomo Banking Corporation (current Sumitomo Mitsui Banking Corporation), then oversaw corporate buyout at Advantage Partners Inc. Founded WelSelf Inc.(current coconala Inc.) in January 2012.



**Ayumu Suzuki** / CEO

Graduated from Waseda University. Gained experience in product planning and sales as well as new business development in Ad-technology at Recruit Co., Ltd. Later worked in the overseas business planning division at Recruit Holdings Co., Ltd. and joined coconala Inc. in May 2016.



**Atsushi Akaike** / Outside Director

A partner of CVC, one of the world's largest private equity investment firms with 26 offices around the world, and CEO of CVC Asia Pacific Japan K.K. Director of our company since August 2018.



**Yuki Sato** / Outside Director

A partner of So & Sato Law Offices from Jan. 2019, after working at the Tokyo office of a global law firm as a partner . Experienced various support in finance, fund and Artificial Intelligence industries. Director of our company since November 2021.



**Kentaro Yadomi** / Full time Auditor

Certified Public Accountant. After joining KPMG AZSA (now KPMG AZSA LLC), he was engaged in accounting audits based on Japanese GAAP, U.S. GAAP, and IFRS, as well as financial due diligence work related to domestic and international M&A and business restructuring support. Auditor of our company since March 2017.



**Yuka Hattori** / Auditor

After working at Recruit Co., Ltd. in human resources and business development, established Inclusion Japan Inc. which provides incubation services and became its representative director. Auditor of our company since August 2015.



**Kazuki Ishihara** / Auditor

Lawyer/Patent Attorney. Engaged in all aspects of corporate legal affairs at Yahoo Japan Corporation. After working at a law firm, he established Seven Rich Law Office, which specializes in the field of IT ventures, and became its representative attorney. Auditor of our company since June 2017.



# Thoughts Behind Preventing Disintermediation

## Product

- All communication is designed to be carried out on coconala (text-based chats, video chats, phone calls)
- Users will try to avoid the risk of their account being halted and no longer being able to generate sales
- Users will try to avoid the risk of payment/delivery issues that might occur with external transactions
- Users expect to be able to accumulate a track record, such as number of transactions and reviews.

## Operation

- Using machine learning and other tools, having created a system to detect communications that show an intention to cut out the intermediary
- If detected, send a warning to the relevant individuals. Have organized a special team who will suspend the accounts of repeat offenders.





## Thoughts Behind Barrier to Entry

### Japanese Major Companies

- With a track record of over 9 years, we have an overwhelming number of services and reviews compared to competitors.
- Buyers tend to buy from businesses offering more services, so even if competitors run offers like “no service charge,” it will probably do little to attract buyers.
- Since sellers cannot transfer their own reviews to other platforms, it’s likely that they have little reason to move to a new platform.

### Overseas Competitors

- Since only a few Japanese can use services in a full English environment, it’s possible that they’ll find that using overseas services will be cumbersome unless competitors are localized properly.
- Different cultures have different expectations towards service quality, so it’s possible that Japanese users will not want to buy overseas services in the same way.



## Thoughts Behind the Take Rate

### Thoughts behind the Take Rate

- The take rate is unlikely to be impacted as there are no major competitors.
- Competitors exist for phone-based consultations, but coconala's fee (approx. 50%) is lower than theirs.
- Until now, we've never carried out any marketing to attract sellers, and seller retention rate is high, meaning that the take rate is probably not an issue.

### Potential Measures to raise the Take Rate further

- Increase revenue from ways other than service charge by offering fee-based services to sellers, such as an in-site ad.
- We will continue to develop the product to provide more value to both sellers and buyers.



## Our Marketing Operation

### Our Marketing Operation

- Marketing considering unit economics
- Strictly control the payback period by considering the ROI from the CAC at the time of acquisition based on the historical LTV.
- For web ads, we have organized an in-house marketing team for meticulous ad management.
- For TVCM, we visualize the effects and implement a weekly PDCA cycle to reduce CAC

### Payback Period of Our Marketing Investment

- Because we acquire the vast majority of users organically (unpaid), the payback period\*<sup>1</sup> for new user acquisition is one month; the payback period for web ad alone (excl. organic) is about one year.
- TVCM can also be paid back in a few years (incl. indirect effects\*<sup>2</sup>)

\*1: A period needed to achieve a positive ROI.

\*2: "Direct effect" refers to the revenue earned from users acquired during the TV ads period that exceed the user acquisition level immediately prior to the TV ads period, and "indirect effect" refers to the revenue earned from users acquired after the TV ads period that exceed the user acquisition level that takes into account the growth trend prior to the TV ads period (the estimated value after disregarding the effect of TV ads, the effect of advertisements other than TV ads, such as web advertising, and other factors in FY2019 and FY2020).

# FY2022 Target

Aim to maximize Operating Revenue by increasing purchase UU, purchase amount per buyer and maintaining a high take rate

Our Goal	Measures	Recent Performance		FY2022 Target
		FY2020	FY2021	FY2022
Maximization of Operating Revenue	<u>Increase of Purchase UU (buyer)</u>	243,077	320,036	GMV 12,256 MM JPY
	×			
	<u>Increase of Purchase Amount per Buyer</u>	26,047 JPY	29,922 JPY	
	×			
	Maintain a High Operating Revenue Ratio <sup>*1</sup>	28.0%	28.6%	29~30%

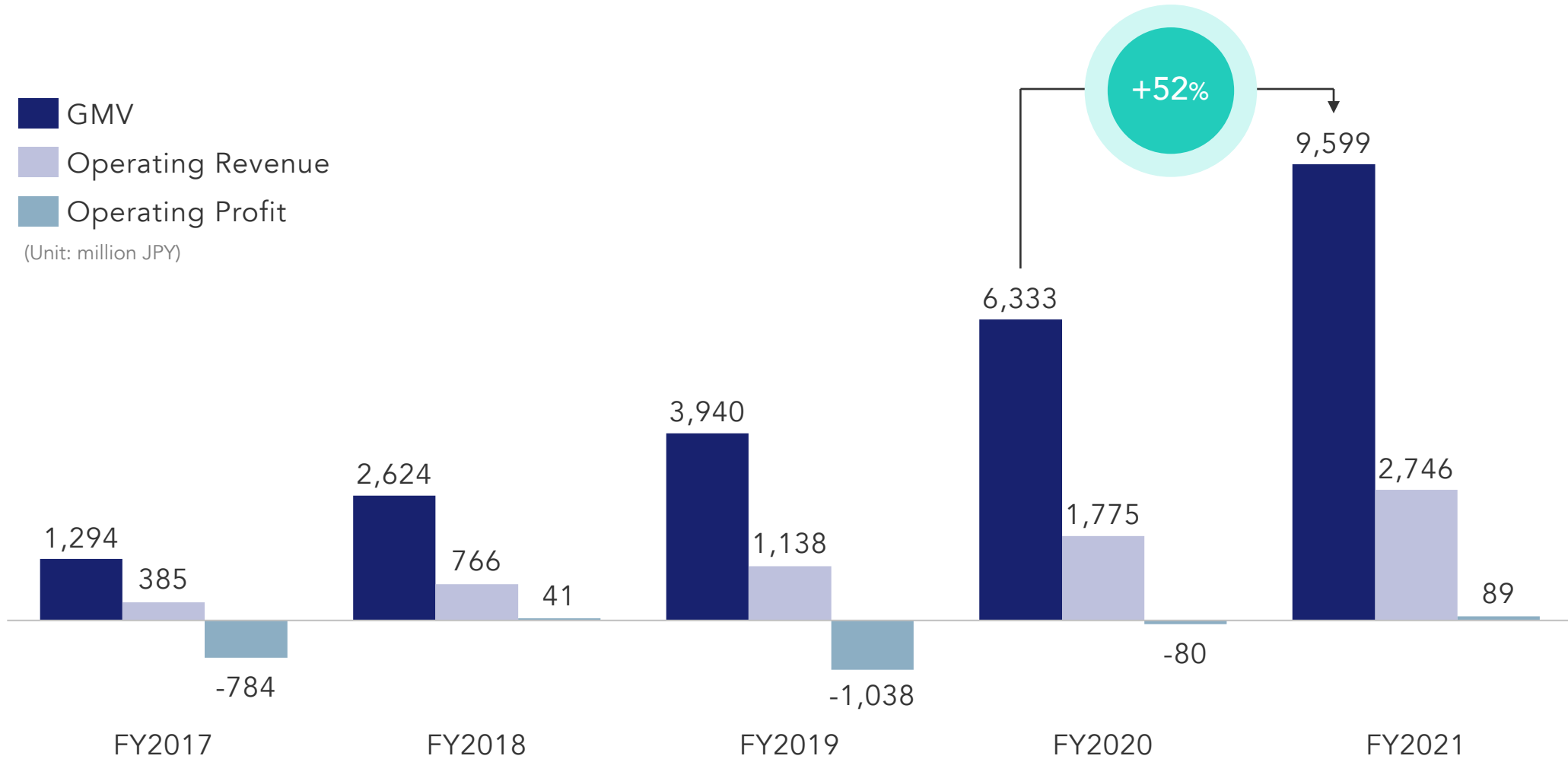
The operating revenue ratio is expected to maintain a balance between the effects of a gradual decline over the long term due to a decrease in the share of telephone transactions, and the effects of a gradual increase due to growth in the coconala Legal Consultation business.

\*1: Operating Revenue Ratio: Operating revenue as a ratio of GMV.



## FY2021 Full Year (Sep. – Aug.) Financial Highlights

GMV grew +52% YoY, operating revenue grew +55% YoY, then became profitable for the first time in the three fiscal years



# Major KPIs (Buyer Side KPI, Seller Side KPI)

Continuous increase in both buyer side and seller side KPIs

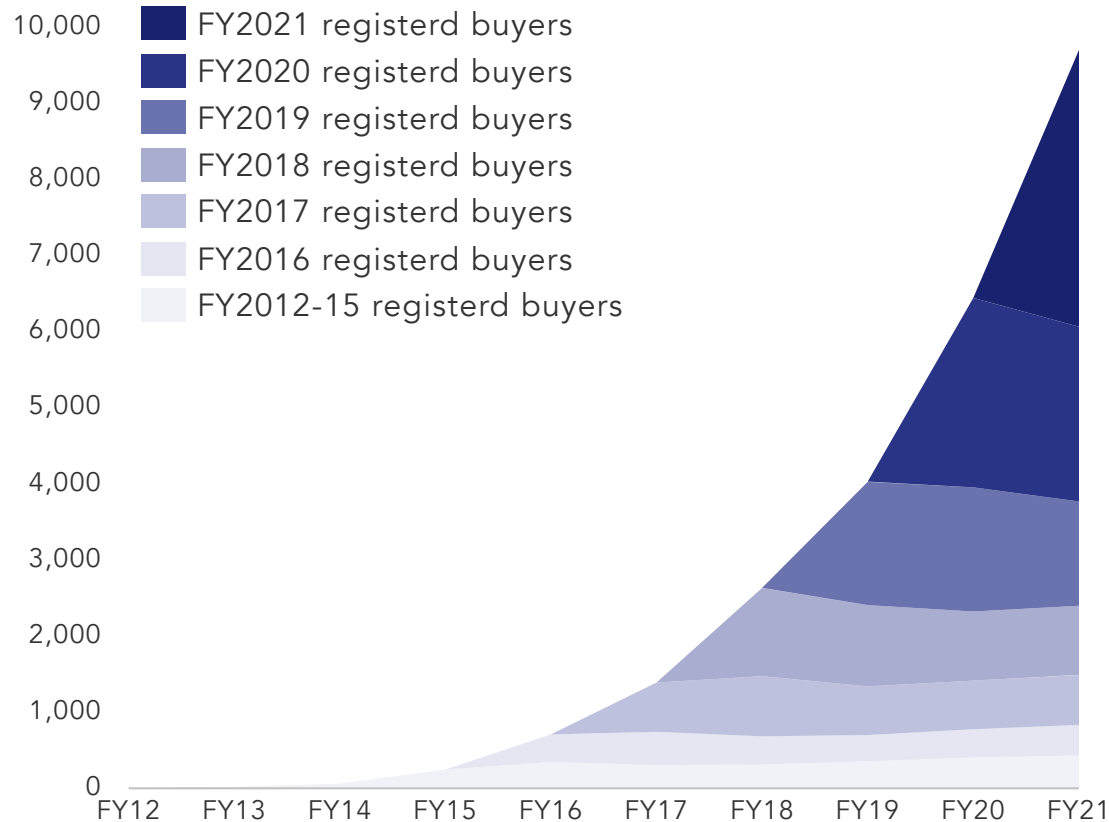


# Recurring Business Model

Recurring business model where GMV grows along with increase in registered users

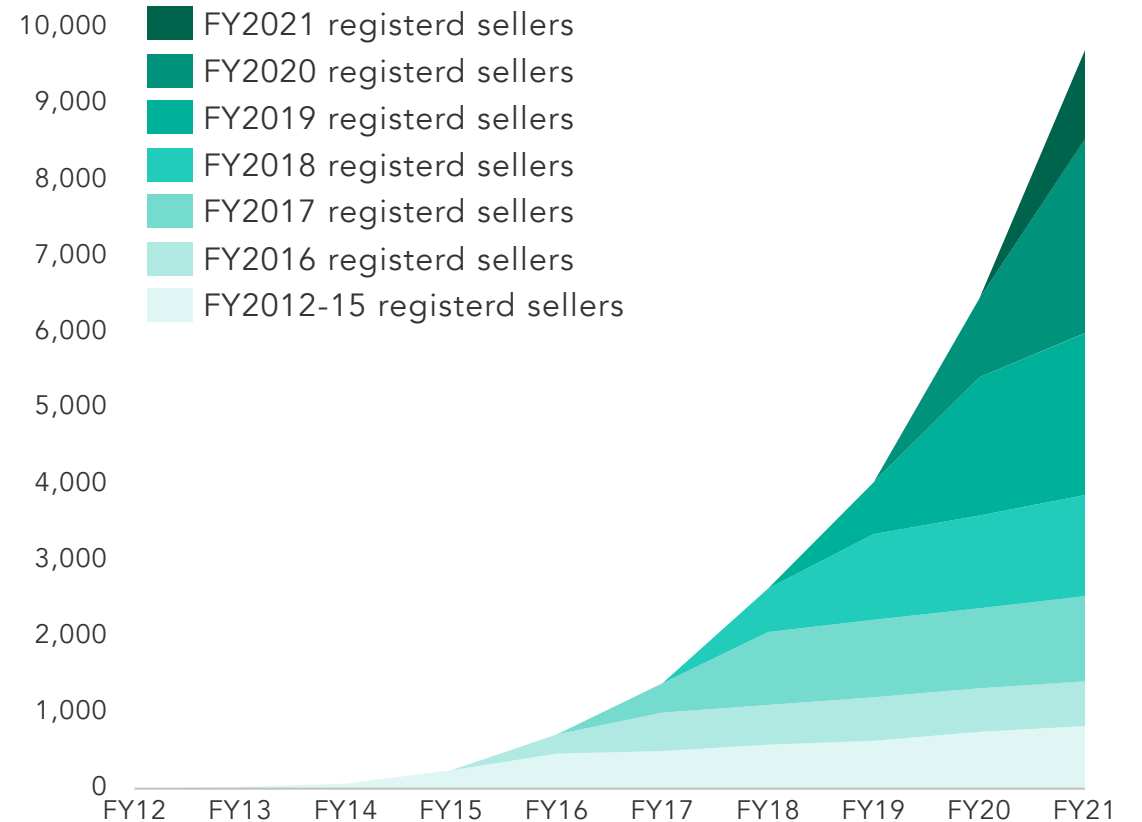
### GMV by Buyers FY Cohort\*1

(Unit: million JPY)



### GMV by Sellers FY Cohort\*1

(Unit: million JPY)



\*1: Contract-basis GMV: To be booked when service purchase contracts are made, which is different from the company's accounting basis, which is delivery basis

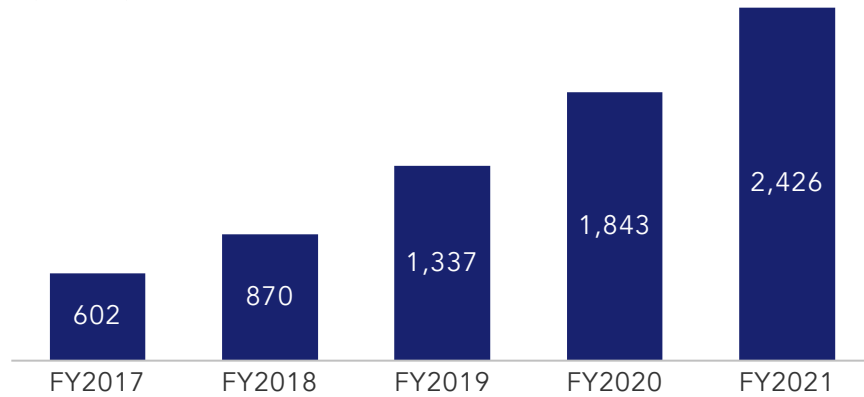


# Major KPIs (Registered Users, Number of Sellers and Buyers, Services on Sale)

All KPIs show steady growth

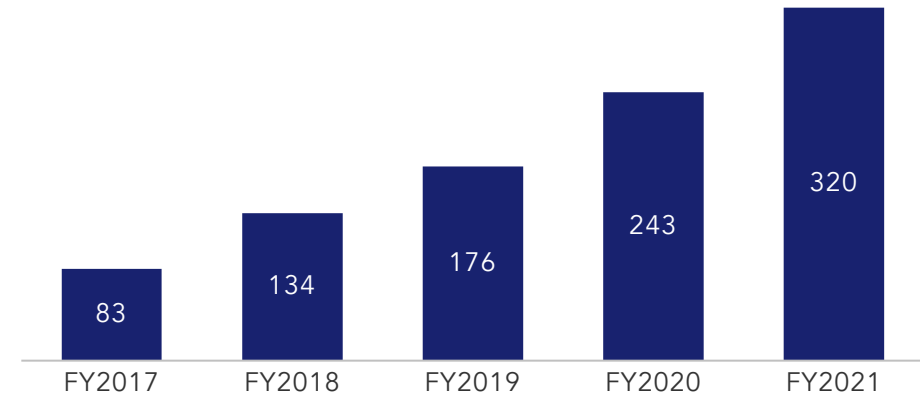
### Registered Users (as of end of each FY)

(Unit : K)



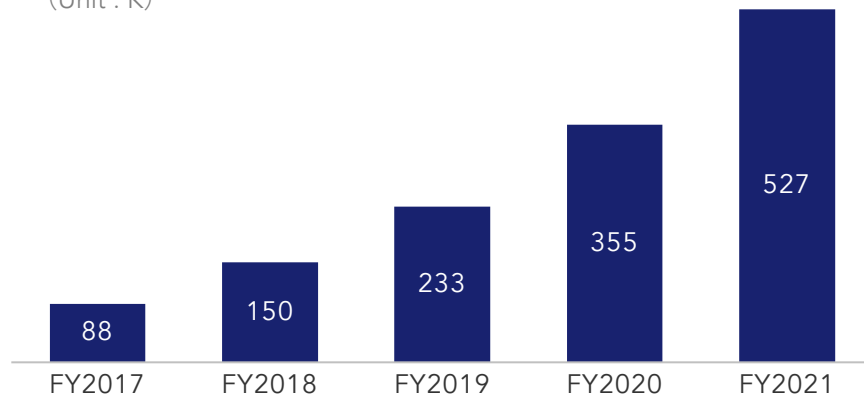
### Annual Unique Buyers

(Unit : K)



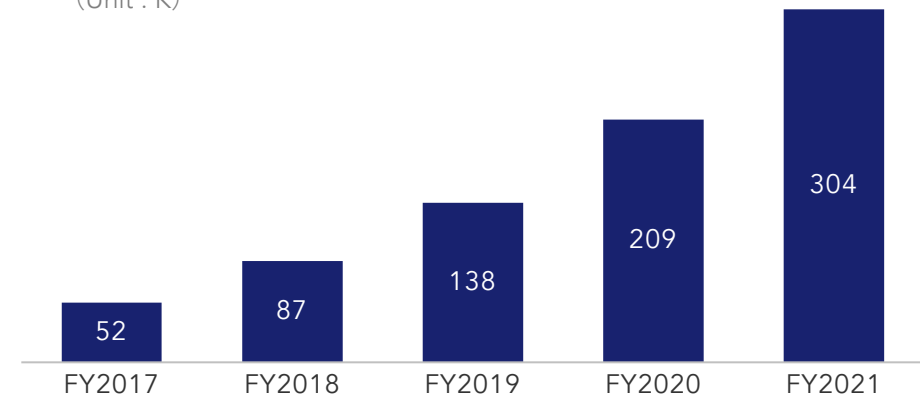
### Number of Services on Sale (as of end of each FY)

(Unit : K)



### Number of Sellers (as of end of each FY)

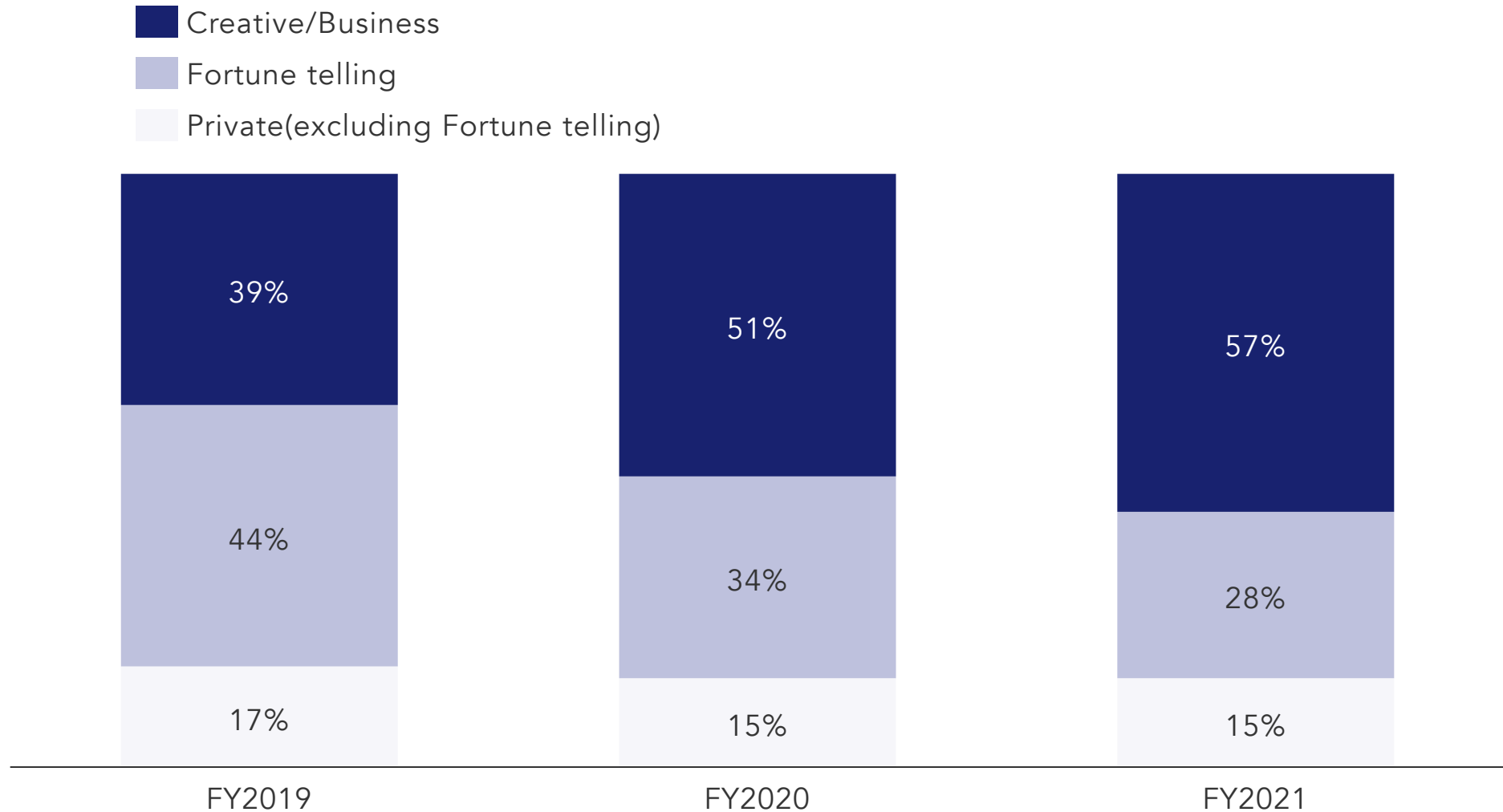
(Unit : K)





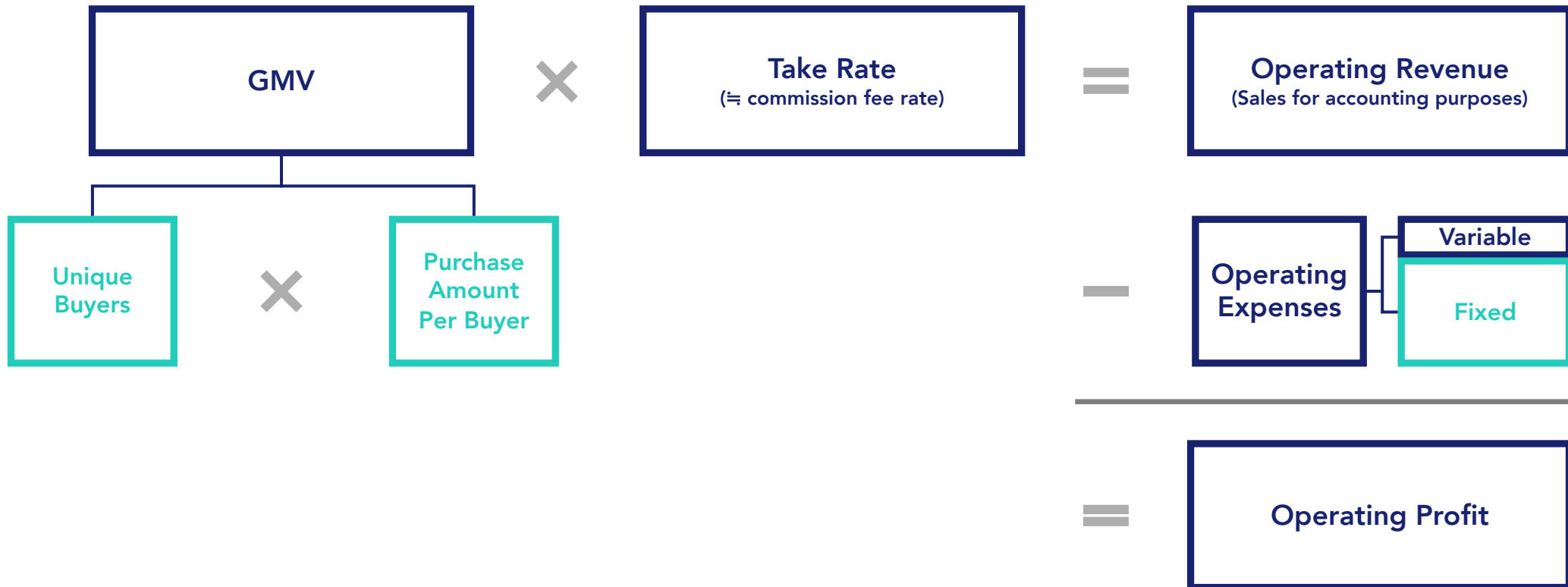
## Changes in GMV composition

The composition of “Creative/Business” has increased significantly, and as a result, the composition ratio of “Fortune telling” has decreased.



# coconala's Revenue Structure

The most important KPIs are "number of unique buyers"\*1 and "purchase amount per buyer"\*2 which make up the GMV. Based on high gross profit output due to low variable costs, aim to achieve future profitability through maximizing operating revenues



\*1 Unique Buyers : Number of unique users who purchased services within each period  
 \*2 Purchase amount per person: Purchase amount per paid UU within each period

# Measures Taken for Safety and Reliability of Marketplace

## KYC of Sellers



Identification of sellers to increase credibility by buyers

## Monitoring System



Monitoring all services and corresponding inquiries 365 days by full-time staff

Publicizing prohibited services and conducts defined in the guideline

## Escrow Settlement



Purchase payments to be escrowed until deliveries of services

## User Mutual Review System



Mutual review systems of sellers and buyers, which is reviewed and scored by each other and opened to public

## Sharing Economy Trust Mark



Obtained certified mark by fulfilling compliance standard defined by Cabinet Secretariat IT General Strategy Office

## Enhanced IT System



Investment in and daily monitoring of IT system for stable and robust operation



Create a world where each person lives their "own story."