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MEMBERSHIP

July 15, 2022

## Consolidated Financial Results for the Nine Months Ended May 31, 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: July 15, 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 nine months ended May 31, 2022 (from September 1, 2021 to May 31, 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	%
Nine months ended								
May 31, 2022	2,787	–	(392)	–	(390)	–	(382)	–
May 31, 2021	–	–	–	–	–	–	–	–

(Note) Comprehensive income For the nine months ended May 31, 2022: ¥(384) million [ – %]

For the nine months ended May 31, 2021: ¥– million [ – %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
May 31, 2022	(16.52)	–
May 31, 2021	–	–

(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 nine months ended May 31, 2021 and the percentages indicating year-on-year changes have not been stated.

2. For the nine months ended May 31, 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	%
May 31, 2022	4,002	2,440	51.5
August 31, 2021	–	–	–

(Reference) Equity: As of May 31, 2022 ¥2,061 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	3,820	–	(580)	–	(575)	–	(560)	–	(24.21)

(Notes) 1. Revisions to the consolidated earnings forecast most recently announced: Yes

2. 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. For the consolidated earnings forecast for the fiscal year ending August 31, 2022, please refer to the “Notice of Revisions of Full-Year Consolidated Earnings Forecast” announced today (July 15, 2022).

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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 May 31, 2022	23,484,200 shares
As of August 31, 2021	22,380,500 shares

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

As of May 31, 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 nine months ended May 31, 2022	23,127,305 shares
For the nine months ended May 31, 2021	20,884,866 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.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation regarding operating results

During the nine months ended May 31, 2022, the Company's business environment remained uncertain, with the prolonged spread of the novel coronavirus disease (COVID-19), progress in vaccination across Japan, and a slowdown in the overall growth rate of online transactions due to reduced time spent at home.

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 has run these TV commercials nationwide in Japan. In May 2022, the Company introduced "Condo Pay byGMO," a buy now pay later service, to enhance user convenience by expanding payment methods.

During the nine months ended May 31, 2022, the Company consequently achieved the following financial results: GMV of ¥9,279,042 thousand, operating revenue of ¥2,787,846 thousand, operating loss of ¥392,418 thousand, ordinary loss of ¥390,865 thousand, and loss attributable to owners of parent of ¥382,087 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 May 2022, the Company introduced "Condo Pay byGMO," a buy now pay later service, to enhance user convenience by expanding payment methods. In particular, the growth of production and business category drove overall GMV growth.

As a result, operating revenue amounted to ¥2,516,145 thousand, while segment loss amounted to ¥383,182 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 ¥271,700 thousand, while segment loss amounted to ¥2,504 thousand.

### (2) Explanation regarding financial position

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

##### Assets

Total assets as of May 31, 2022 were ¥4,002,666 thousand.

They mainly consist of cash and deposits of ¥2,851,337 thousand.

##### Liabilities

Total liabilities as of May 31, 2022 were ¥1,562,600 thousand.

They mainly consist of deposits received of ¥873,943 thousand, advances received of ¥442,325 thousand, and accounts payable of ¥217,984 thousand.

Net assets

Total net assets as of May 31, 2022 were ¥2,440,065 thousand.

They mainly consist of share capital of ¥1,202,810 thousand, capital surplus of ¥2,347,899 thousand, and retained earnings of negative ¥1,488,871 thousand.

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

Regarding matters concerning the consolidated earnings forecast for the fiscal year ending August 31, 2022, please refer to the “Notice of Revisions of Full-Year Consolidated Earnings Forecast” announced today (July 15, 2022).

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

## (1) Quarterly consolidated balance sheet

(Thousands of yen)

As of May 31, 2022	
<b>Assets</b>	
Current assets	
Cash and deposits	2,851,337
Accounts receivable	297,566
Prepaid expenses	79,849
Other	128,579
Total current assets	3,357,333
Non-current assets	
Property, plant and equipment	
Buildings	102,682
Tools, furniture and fixtures	82,011
Accumulated depreciation	(63,737)
Total property, plant and equipment	120,957
Intangible assets	
Software in progress	8,372
Total intangible assets	8,372
Investments and other assets	
Guarantee deposits	181,367
Long-term prepaid expenses	1,111
Investment securities	329,700
Other	3,823
Total investments and other assets	516,002
Total non-current assets	645,332
Total assets	4,002,666
<b>Liabilities</b>	
Current liabilities	
Accounts payable	217,984
Accrued expenses	15,486
Advances received	442,325
Deposits received	873,943
Provision for bonuses	3,162
Provision for point certificates	3,618
Provision for coupons	6,079
Total current liabilities	1,562,600
Total liabilities	1,562,600
<b>Net assets</b>	
Shareholders' equity	
Share capital	1,202,810
Capital surplus	2,347,899
Retained earnings	(1,488,871)
Total shareholders' equity	2,061,838
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	50
Total accumulated other comprehensive income	50
Share acquisition rights	5,500
Non-controlling interests	372,677
Total net assets	2,440,065
Total liabilities and net assets	4,002,666

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

## Quarterly consolidated statement of income

(Thousands of yen)

	Nine months ended May 31, 2022
Operating revenue	2,787,846
Operating expenses	3,180,264
Operating loss	(392,418)
Non-operating income	
Interest income	14
Income from refund	1,587
Other	130
Total non-operating income	1,732
Non-operating expenses	
Interest expenses	179
Total non-operating expenses	179
Ordinary loss	(390,865)
Extraordinary income	
Gain on reversal of share acquisition rights	4,500
Total extraordinary income	4,500
Loss before income taxes	(386,365)
Income taxes - current	1,719
Loss	(388,085)
Loss attributable to non-controlling interests	(5,997)
Loss attributable to owners of parent	(382,087)



Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Nine months ended May 31, 2022
Loss	(388,085)
Other comprehensive income	
Valuation difference on available-for-sale securities	3,844
Total other comprehensive income	3,844
Comprehensive income	(384,241)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(381,963)
Comprehensive income attributable to non-controlling interests	(2,277)

(3) 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 nine months ended May 31, 2022, operating revenue decreased by ¥8,705 thousand and operating expenses decreased by ¥13,659 thousand, while operating profit, ordinary profit and profit before income taxes each increased by ¥4,953 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 nine months ended May 31, 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	2,516,145	271,700	2,787,846	–	2,787,846
Other revenue	–	–	–	–	–
Revenues from external customers	2,516,145	271,700	2,787,846	–	2,787,846
Intersegment operating revenue or transfers	–	–	–	–	–
Total	2,516,145	271,700	2,787,846	–	2,787,846
Segment loss	(383,182)	(2,504)	(385,687)	(6,730)	(392,418)

(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.