

FY2022.8 Full-Year Financial Results

coconala Inc. (TSE Growth Market: 4176)

01

Company Overview



Business Overview of coconala



An EC-type service (skills) marketplace. Users can search and purchase from 700,000 listings and complete everything from order to delivery online.



A service focused on purchases for business purposes. It offers an assortment of carefully selected services, invoice payment, convenient project management features for team and department use, concierge services, etc.



coconala Legal Consultation
A web service that connects users who are facing legal problems with lawyers. Users can browse and post legal Q&As at no charge, as well as search and inquire about 3,000 lawyers by field or region. (Advertising revenue model)





Vision

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

Mission

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

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

Features of coconala

A matching platform that commercializes knowledge, skills and experience and enables users to sell and buy them similar to "e-commerce".

Point 1

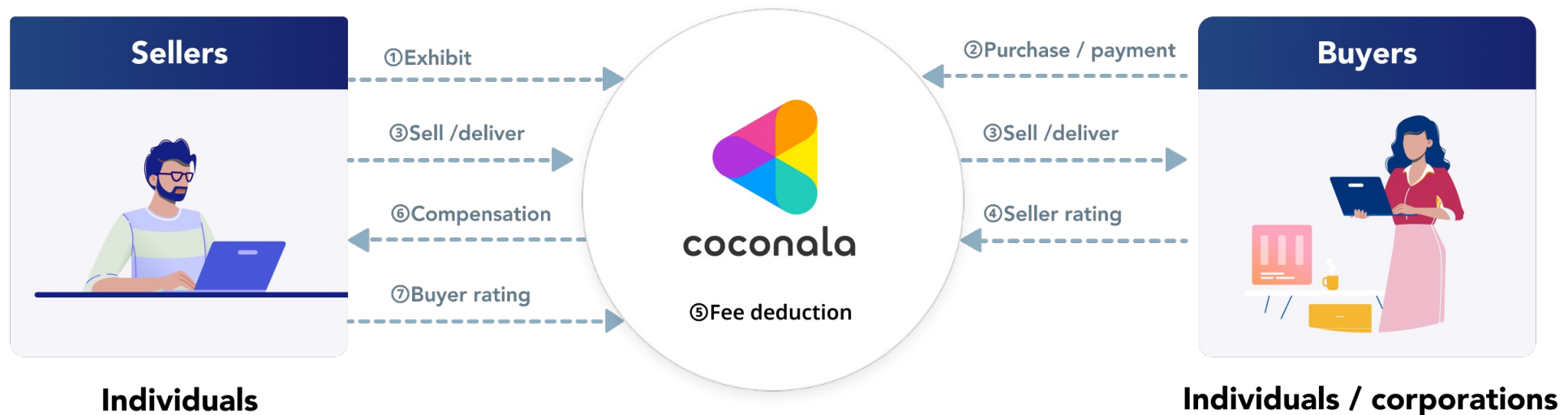
Easy purchase/sale with e-commerce model

Point 2

Complete online

Point 3

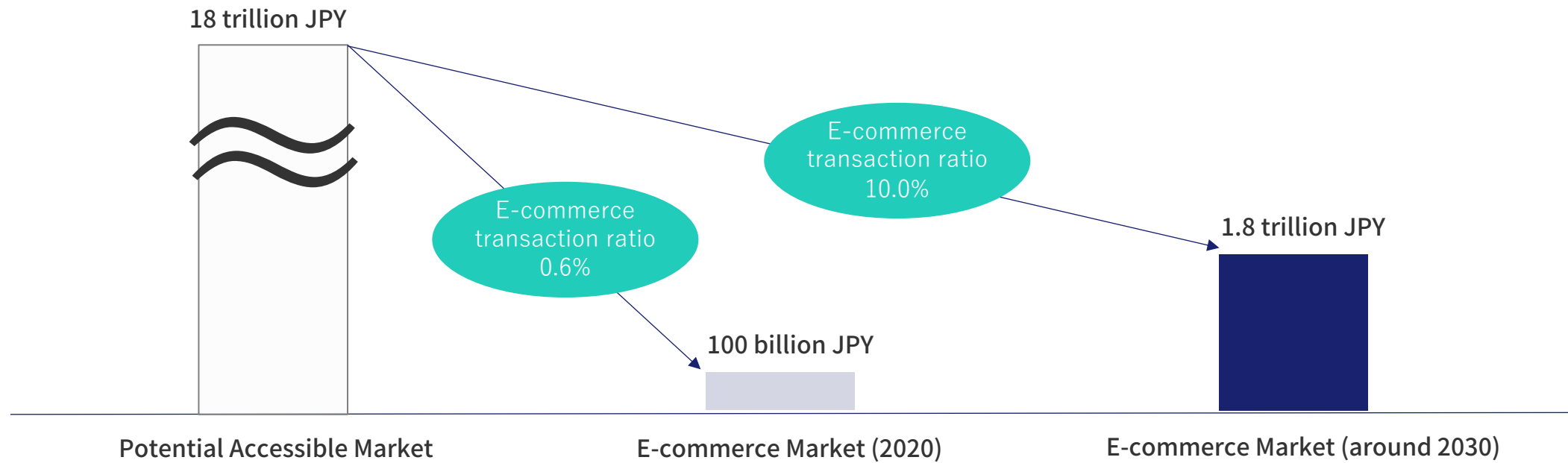
With range of categories



Attractiveness of Skill-Sharing Market

Online skill-sharing is not just an expansion of the market—it is a market with social importance given the arrival of 100-year lifespans and significant changes in lifestyles under work-style reform.

Growth Opportunities in the Skill-sharing Market*¹



*1: Market size of transactions for non-face-to-face services between individuals/SMB and individuals/SMB that could 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.

Regardless of who the skill-provider is, such as a company, sole proprietor, or individual, it is assumed 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.



Added Value of E-commerce Shift of the Skill-Sharing Market

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

	Until Now (Legacy Transactions)	coconala's Added Value	What Can Be Achieved
Matching Scope	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
Time & Place	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
Information	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
Price	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

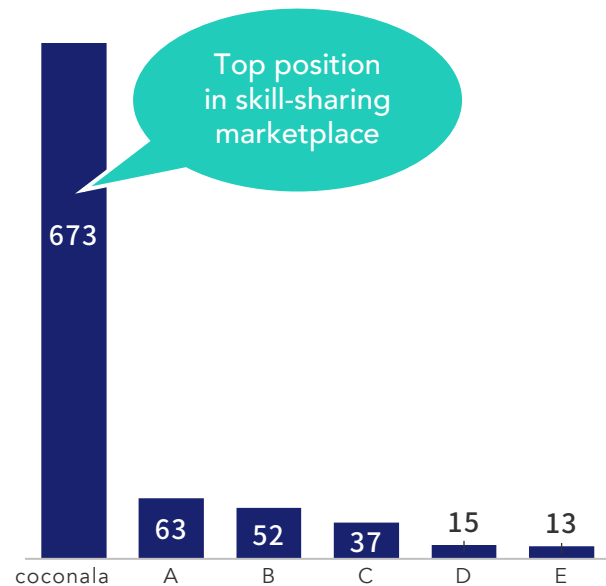
coconala's Competitive Advantage

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.

Top Position in Marketplace*1

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

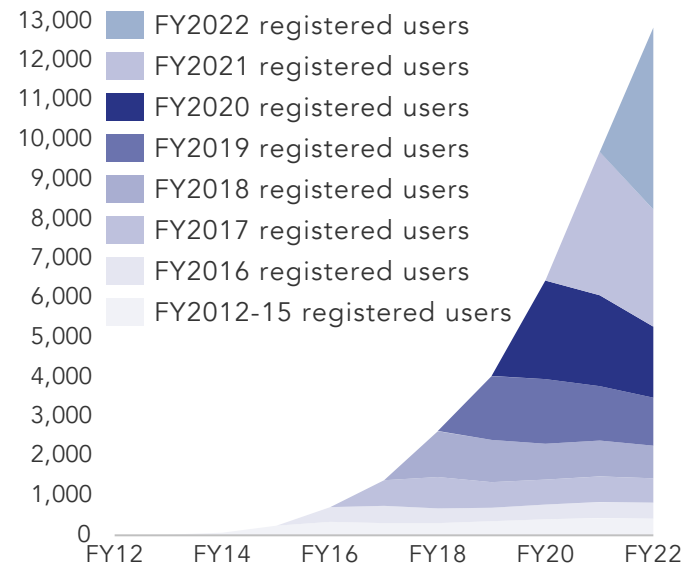
(Unit: thousand services)



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

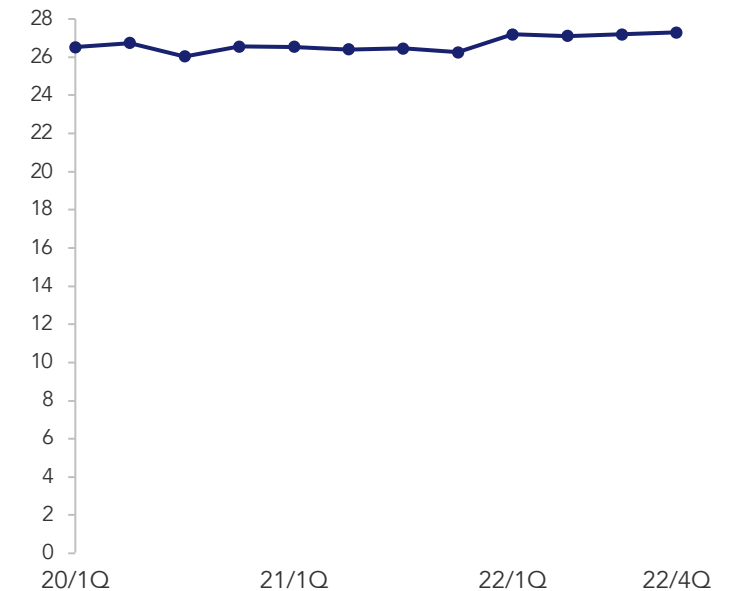
(Unit: million JPY)



Stable Take Rate

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

(Unit: %)

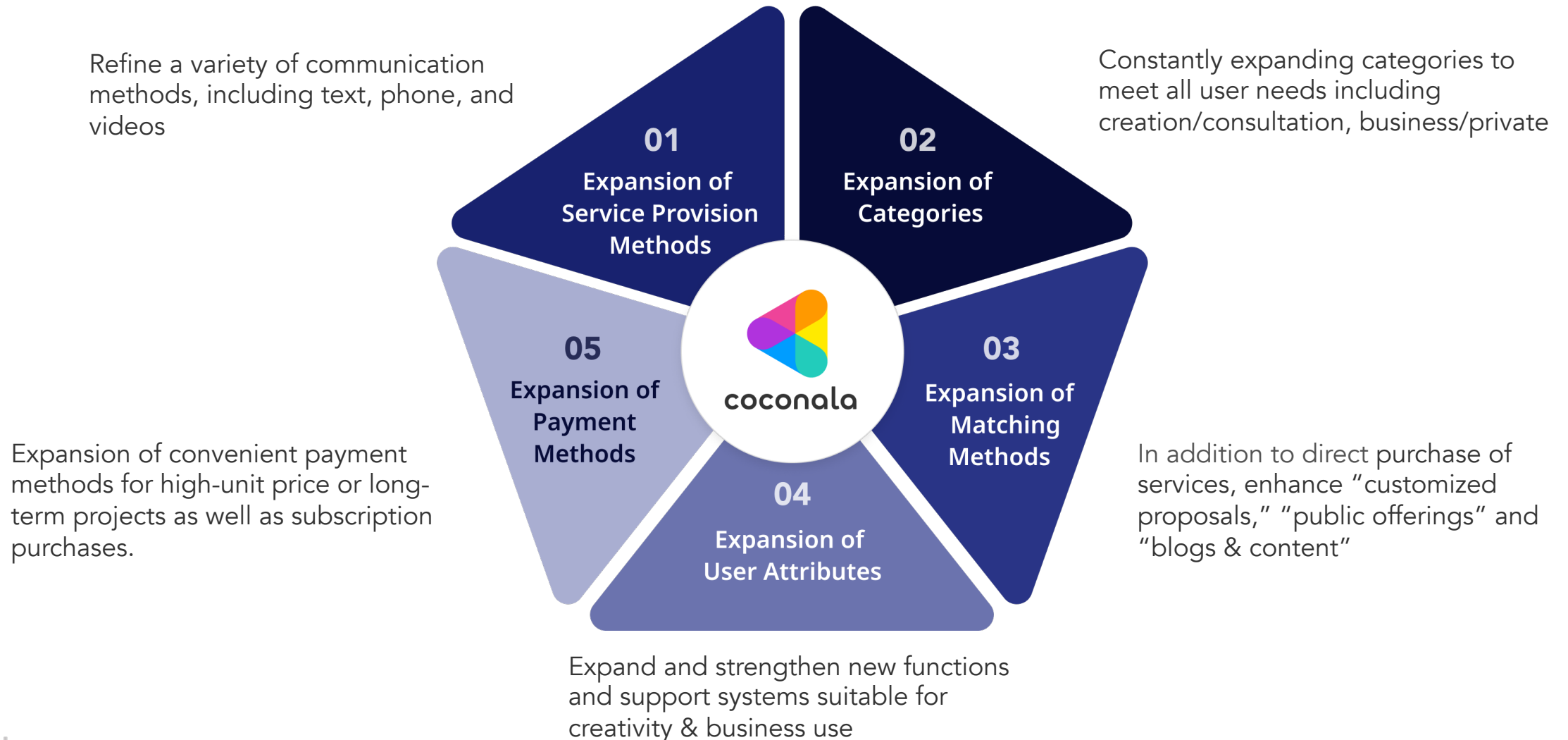


*1 Data as of September -October 2022. Source: For data related to other companies, we refer to their service pages. Aggregation method (coconala): The number of listing services on the service website. The number of our listing services does not include proposals from sellers to public or private requests 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. This differs from the amount recognized as revenue on completion of delivery.

Expansion of the Product

Further updating the user experience by expanding products in five directions to encourage use.



02

FY2022 Results





FY2022 Full-Year (Sep. - Aug.) Financial Highlights

Consolidated

- Due to the effects of product development and various marketing measures, both coconala and coconala Legal Consultation performed strongly. The FY2022 full-year GMV increased 32% YoY to around 12.7 billion yen and operating revenue increased 40% to around 3.8 billion yen.
- The FY2022 full-year operating loss was around 500 million yen due to aggressive marketing (marketing expenses of around 1.5 billion yen) centering on TVCM.

coconala

- Due to the impact of Japan's reopening, GMV growth slowed from Q3 onward, with the GMV in Q4 up 29% YoY while operating revenue growth remained at 37%.
- TV commercials were temporarily stopped in Q3 but resumed in Q4. In parallel, we are considering new user acquisition measures.
- In July 2022, we launched a PR function service that allows sellers to post services using coconala advertising space, and due to the advertising revenue that was recorded, the take rate in Q4 increased somewhat to 27.3%.

coconala Legal Consultation

- We began segment disclosure in FY2022, and the quarterly operating profit became profitable from Q3 onward, ensuring profitability for the full year.
- With an increase in the number of paid subscribing lawyers, operating revenue maintained a high growth rate in Q4, increasing 60% YoY.
- The number of paid subscribing lawyers maintained its high growth in Q4, increasing 49% YoY, while the churn rate improved to 0.9%.



FY2022 Q4 (Jun. - Aug.) and Full-Year (Sep. -Aug.) Financial Results

(Unit: MM JPY)	FY2022 Q4 Consolidated (Jun. - Aug.)	FY2021 Q4 Non-Consolidated (Jun. - Aug.)		FY2022 Full-Year Consolidated (Sep. - Aug.)	FY2021 Full-Year Non-Consolidated (Sep. - Aug.)	
	Consolidated* ¹ (including coconala Skill Partners)	Non-consolidated* ²	YoY	Consolidated* ¹ (including coconala Skill Partners)	Non-consolidated* ²	YoY
GMV	3,439	2,666	+29.0%	12,718	9,599	+32.5%
Operating revenue	1,049	769	+36.4%	3,837	2,746	+39.7%
coconala	938	-	-	3,455	-	-
coconala Legal Consultation	110	-	-	382	-	-
Operating profit	(130)	(85)	-	(522)	89	-
coconala	(132)	-	-	(515)	-	-
coconala Legal Consultation	7	-	-	4	-	-
Non-GAAP operating profit* ³	(116)	(85)	-	(501)	89	-
Ordinary profit	(127)	(85)	-	(518)	59	-
Profit attributable to owners of parent	(119)	(75)	-	(501)	41	-
(Marketing expenses)	392	264	+48.2%	1,513	497	+204.4%

*1: Consolidated figures do not match the sum of coconala and coconala Legal Consultation's figures, as they include the subsidiary coconala Skill Partners.

*2: Including coconala Blog and coconala Meets.

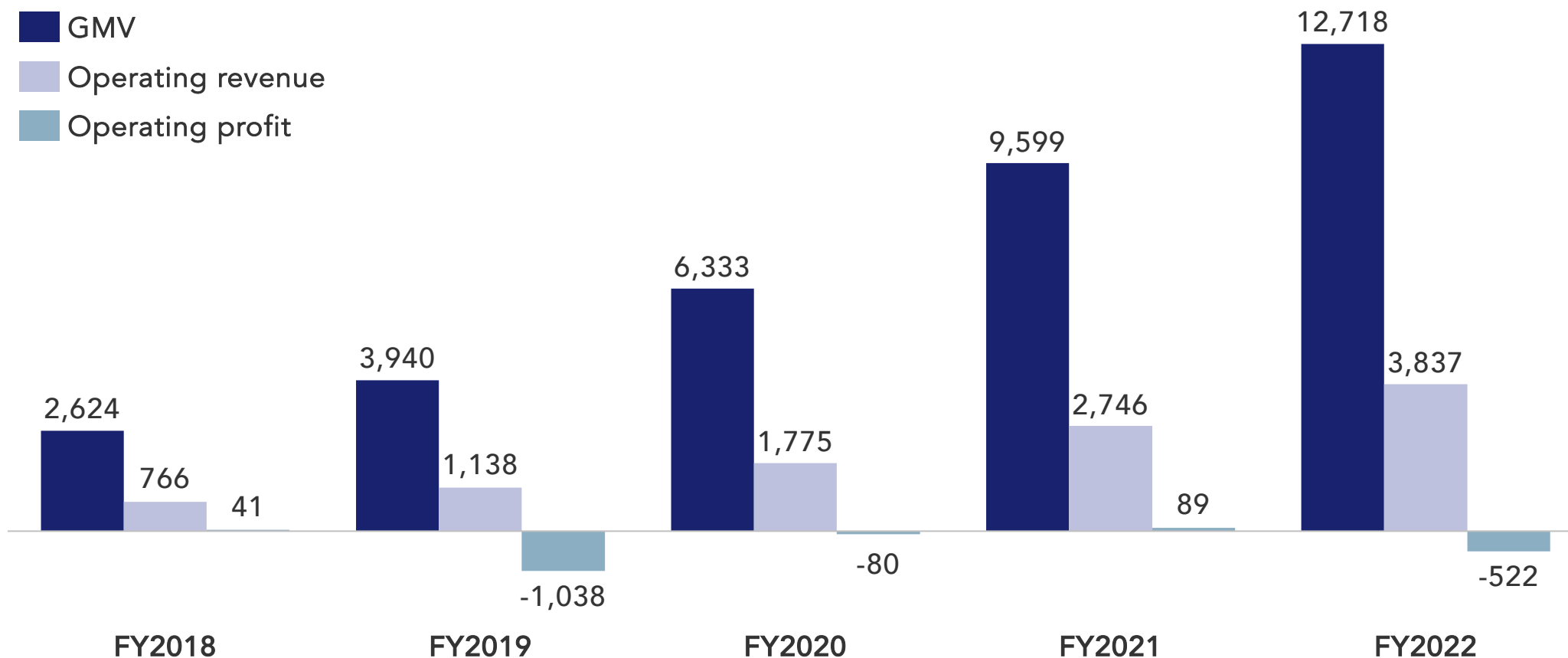
*3: Non-GAAP operating profit = operating income + stock-based compensation expenses + coconala Skill Partners expenses



FY2022 Full-Year (Sep. - Aug.) Financial Highlights

GMV increased 32% YoY, operating revenue increased 40% YoY, and operating profit recorded a loss due to TVCM investment.

(Unit: MM JPY)

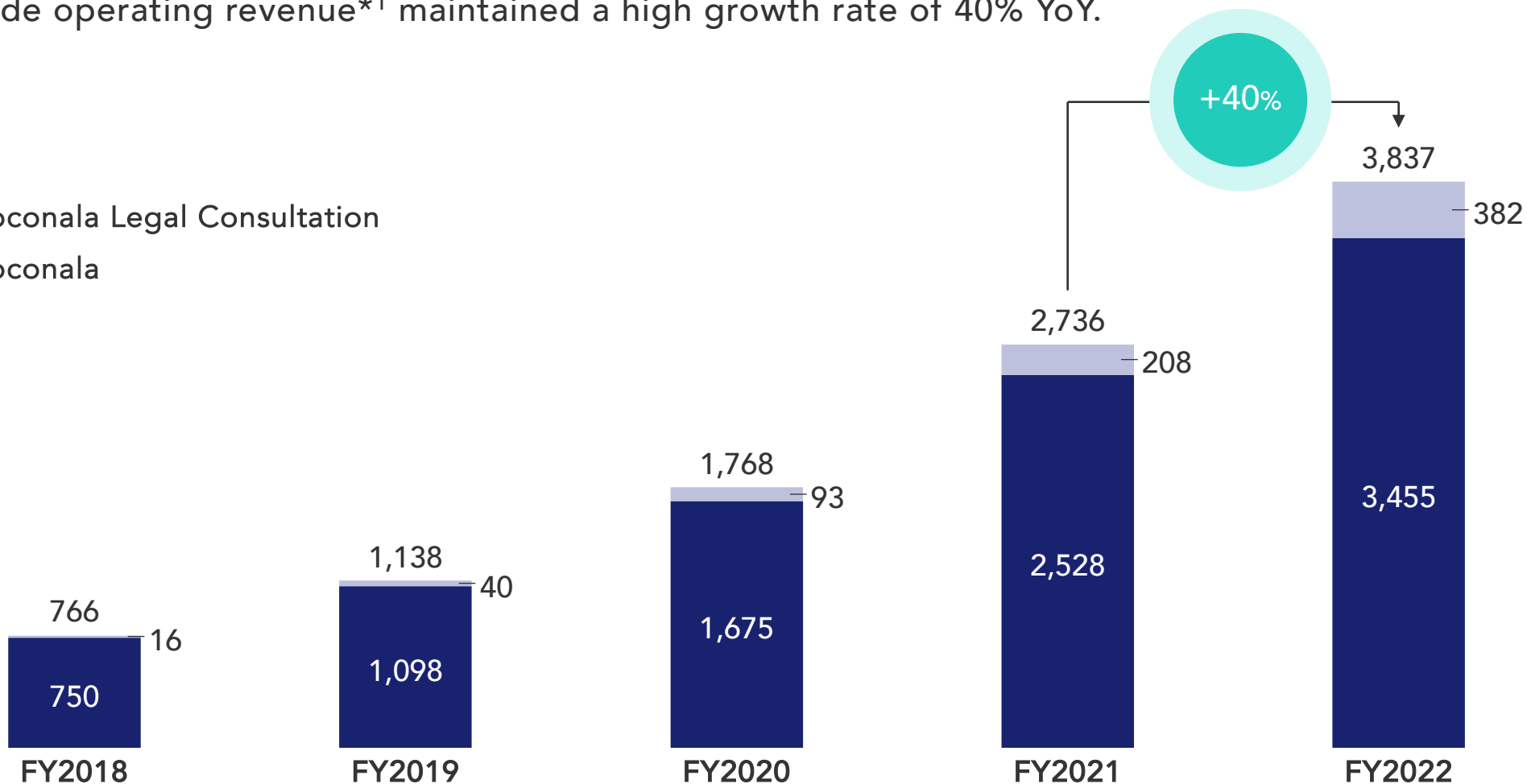


Consolidated: Operating Revenue

Company-wide operating revenue*¹ maintained a high growth rate of 40% YoY.

(Unit: MM JPY)

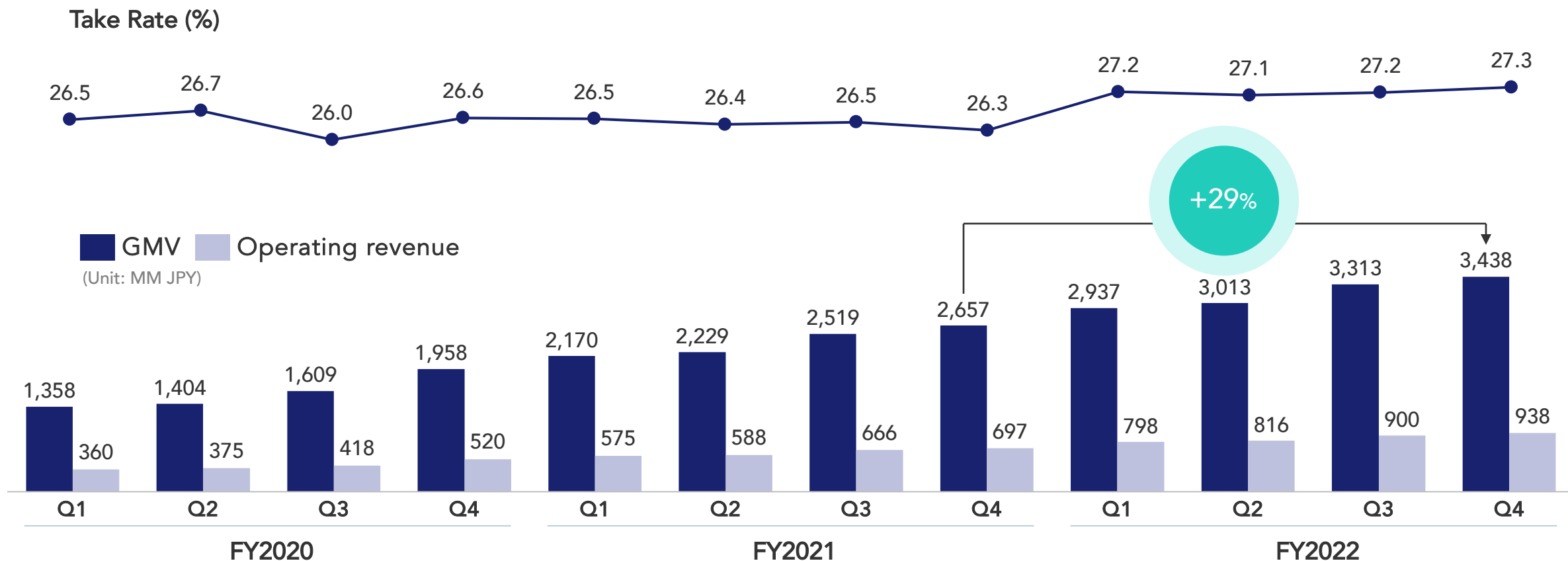
coconala Legal Consultation
coconala



*1: On this page of the financial result presentation, the new revenue recognition standard has been applied retroactively to FY2020 and FY2021 for purposes of comparison, and the figures therefore differ from the disclosure figures in the financial statements.

coconala: GMV, Operating Revenue, and Take Rate

With GMV*¹ increasing 29% YoY and operating revenue*² increasing 35% YoY, a high growth rate was maintained. Due to advertising revenue from Service PR, the take rate*³ improved somewhat compared to Q3, increasing to 27.3%.



*1: Not including coconala Blog.

*2: On this page of the financial result presentation, the new revenue recognition standard has been applied retroactively to FY2020 and FY2021 for purposes of comparison, and the figures therefore differ from the disclosure figures in the financial statements.

*3: Take rate = operating revenue ÷ GMV

coconala: Review of FY2022 Measures

Operating revenue reached the upper end of the initial forecast range due to product update and user acquisition measures, while acceleration of business use expansion, etc., are an issue.

Product Update Measures

- Implementing updates to improve UI/UX



Team browsing function



Document publishing function



Fortune-telling certification



Project management



Deferred payment function



Upgrading of transaction management



Service PR



SMS authentication

User Acquisition Measures

- We continued aggressive marketing investment centering on TVCM. We also began testing new user acquisition methods, including sales.

Results

- We reached the upper end of the performance forecast projected at the start of the fiscal year (operating revenue up 40% YoY) .
- The number of coconala members surpassed 3 million people, while the number of coconala Business members exceeded 20,000 companies.
- The TVCM ROI was at a level comparable to previous years.

Issues

- Acceleration of business use expansion
- Further product refinement
- Establishment of new user acquisition methods

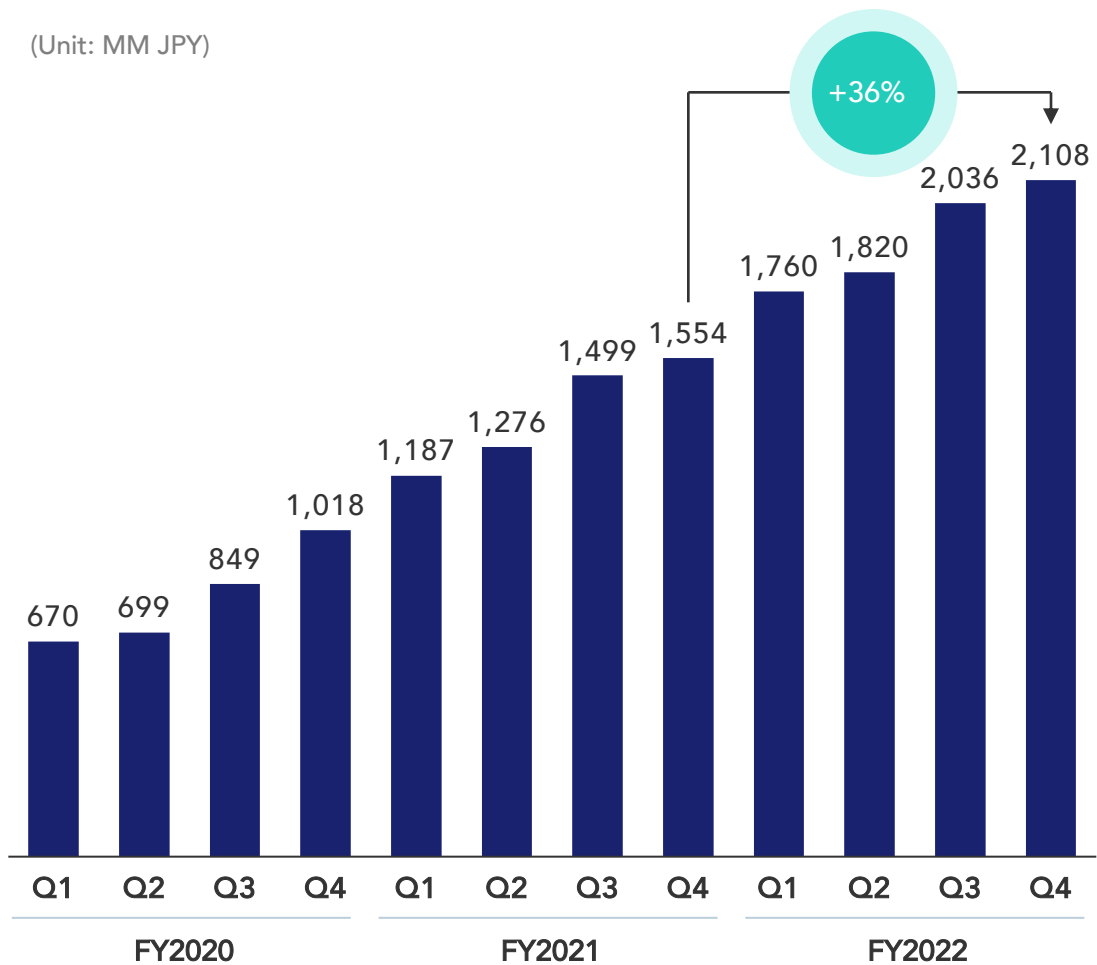


coconala: GMV by Category

The creative/business category drove GMV*¹ growth, increasing 36% YoY.

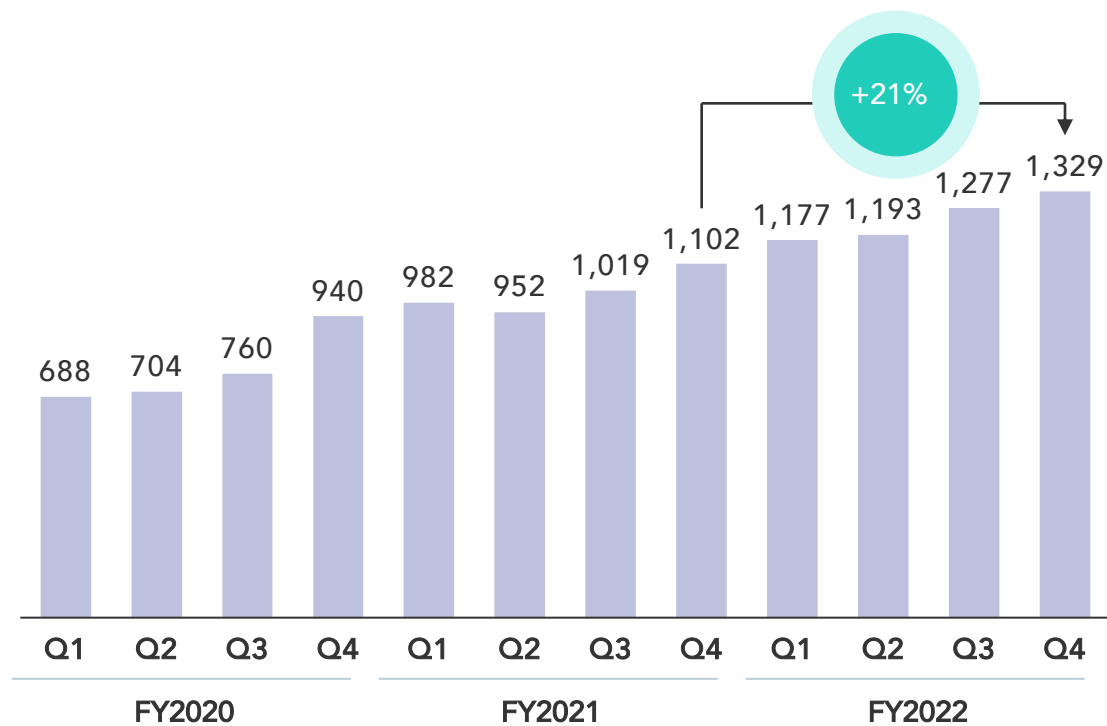
Creative/business

(Unit: MM JPY)



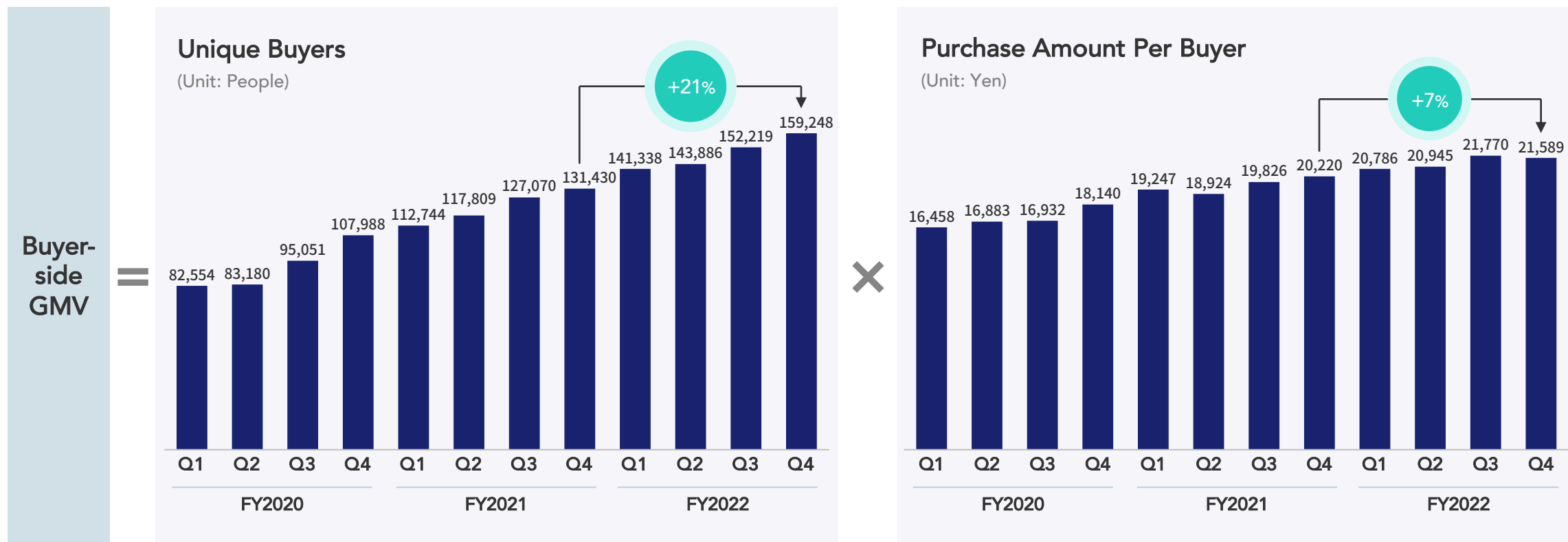
Consultation/private

(Unit: MM JPY)



coconala: Major KPIs (Quarterly Changes in Buyer-Side KPIs)

Unique buyers and purchase amount per buyer, which comprise GMV, both steadily increased.





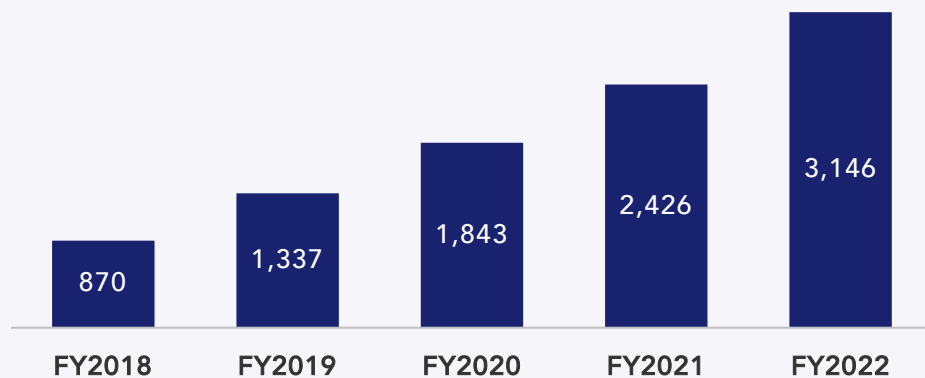
coconala: Major KPIs

(Registered Users, Annual Unique Buyers, Number of Services on Sale, Number of Sellers)

There was steady growth in each KPI.

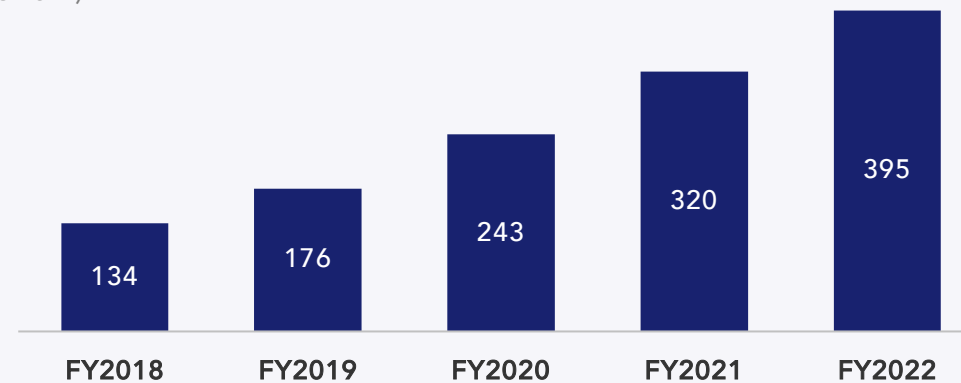
Registered Users (End of Each Fiscal Year)

(Unit: K)



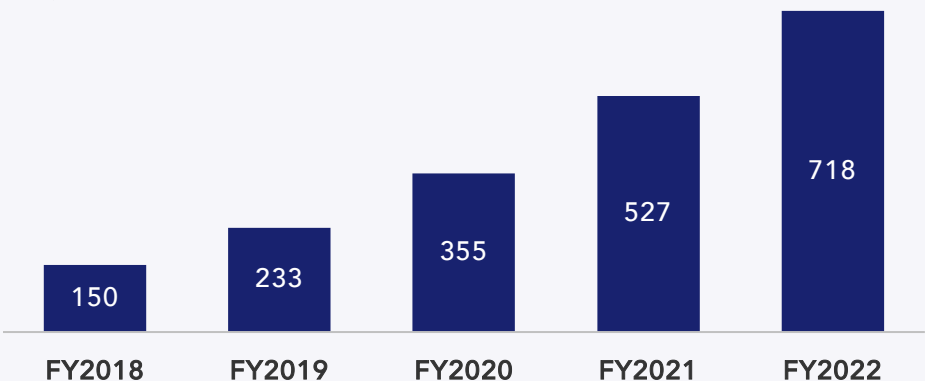
Annual Unique Buyers

(Unit: K)



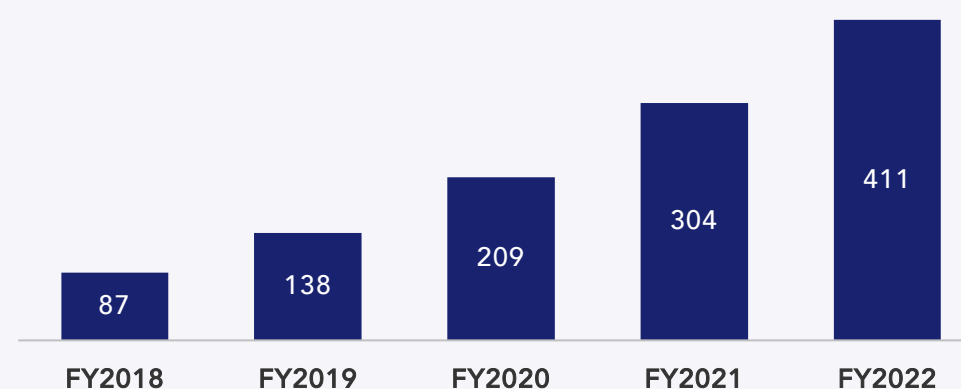
Number of Services on Sale (End of Each Fiscal Year)

(Unit: K)



Number of Sellers (End of Each Fiscal Year)

(Unit: K)



coconala: Product Update Examples in Q4

Pursuing ease of use while continuing to gather user feedback

New Function

Service PR Function

We have started offering a function that enables sellers to advertise their services to buyers by posting them in the advertising space for service search results.

- Since advertising is shown based on the category and filter parameters specified during the buyer's search, it is possible to promote services aligned with the user's buying intention.
- The number of advertising display items/clicks and the number of services sold via advertising can be checked on the advertising management screen, enabling sellers themselves to identify areas for improvement in order to increase advertising effectiveness.



Renewal

Refer-a-Friend Campaign

We ran a campaign that provided both the person who refers us and the friend to whom they referred us with a special gift when coconala was referred to a friend using an invitation code.

- Limited-time points worth 1,000 yen were given to both the referring user and the friend.
- If the referring user was a seller, there was no sales commission at the time of their first transaction.
- The risk of unauthorized use is reduced by adding social media functions.

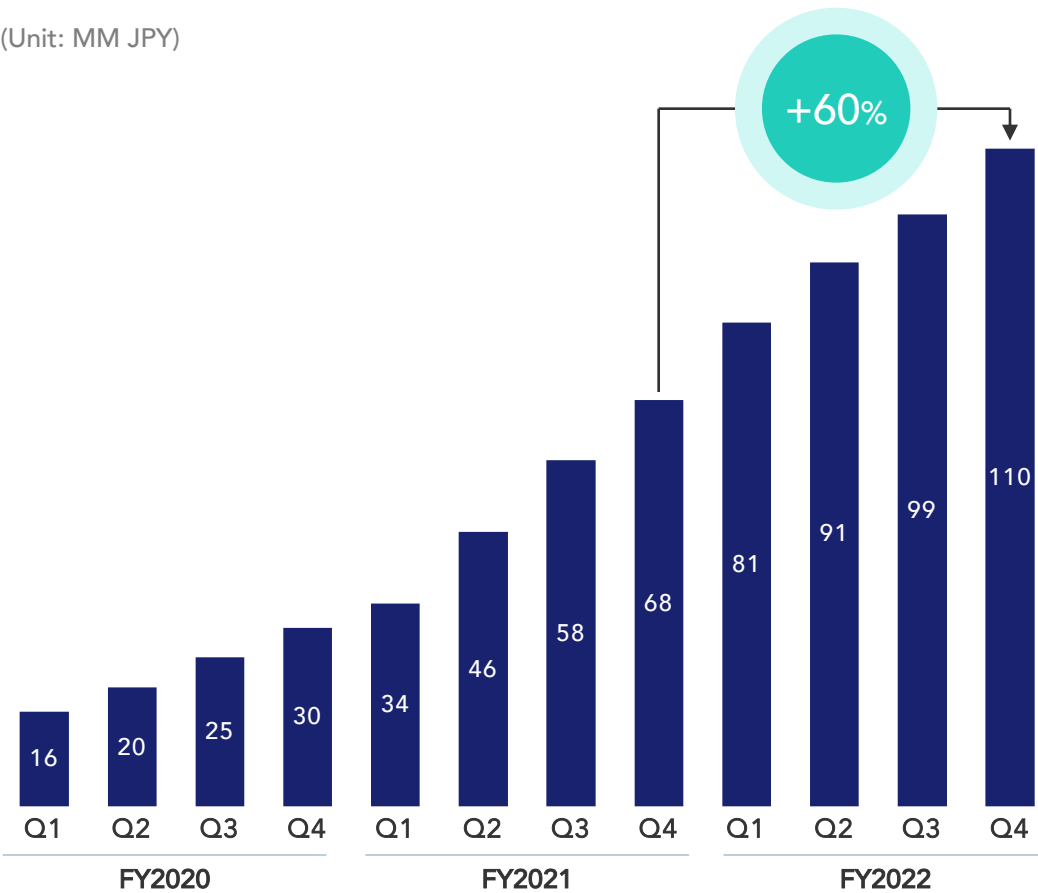


coconala Legal Consultation: Operating Revenue and Major KPIs (1/2)

Operating revenue*¹ maintained a high growth rate of 60% YoY due to an increase in the number of paid subscribing lawyers (+49% YoY).

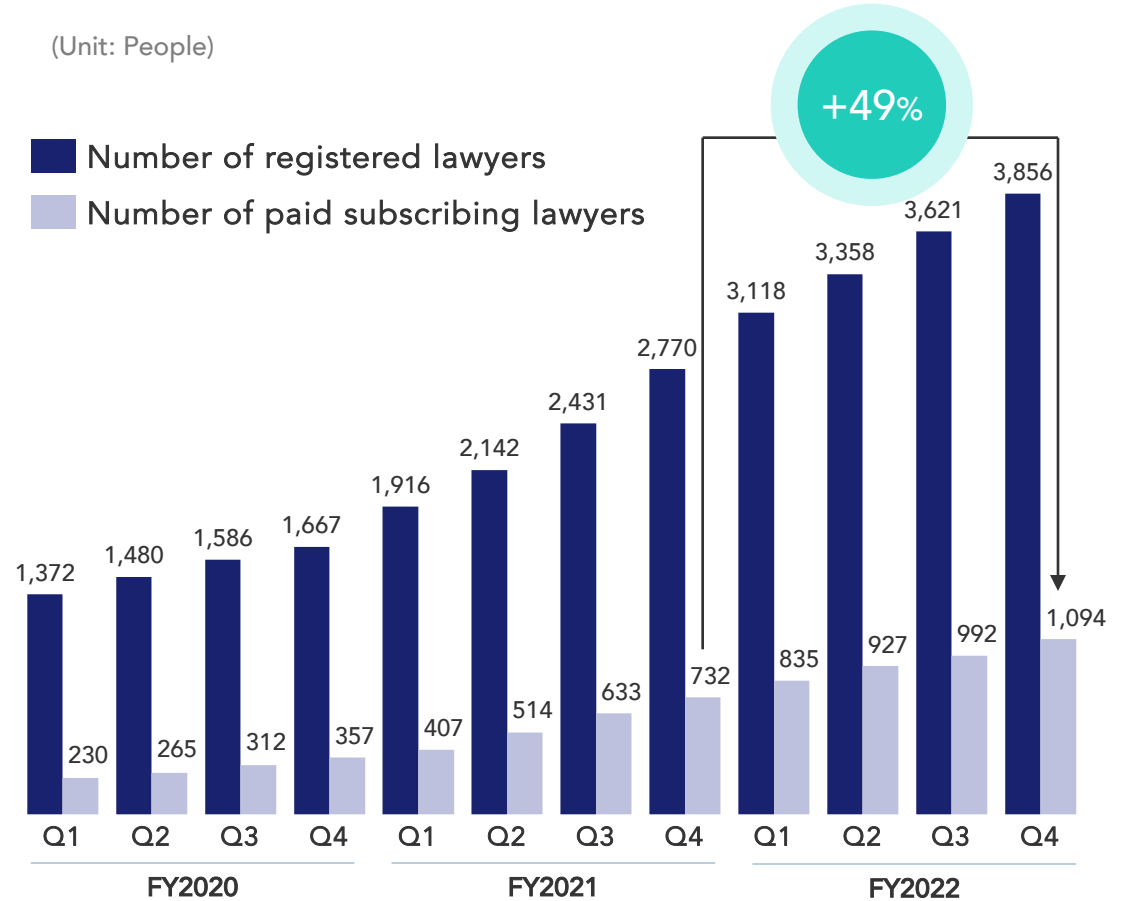
Operating Revenue

(Unit: MM JPY)



Number of Registered Lawyers

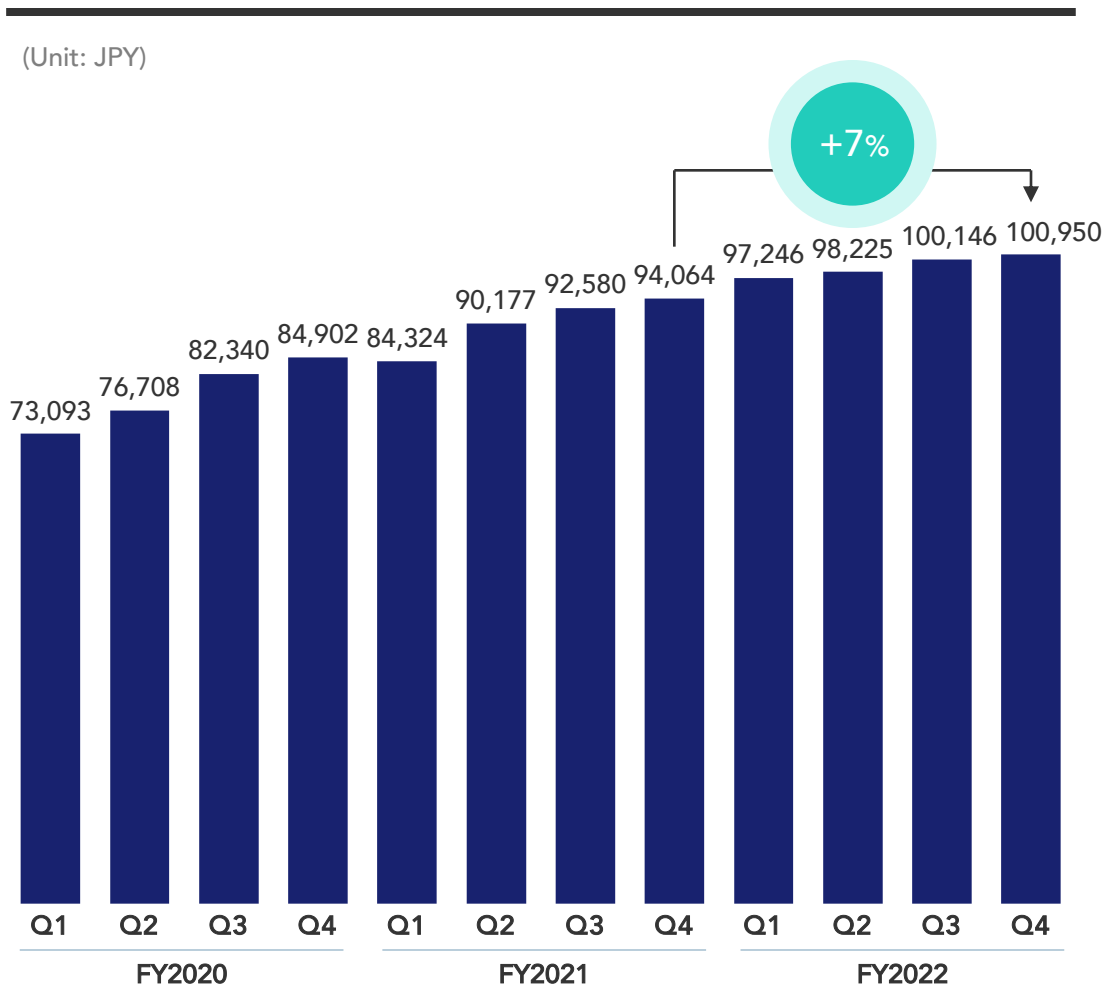
(Unit: People)



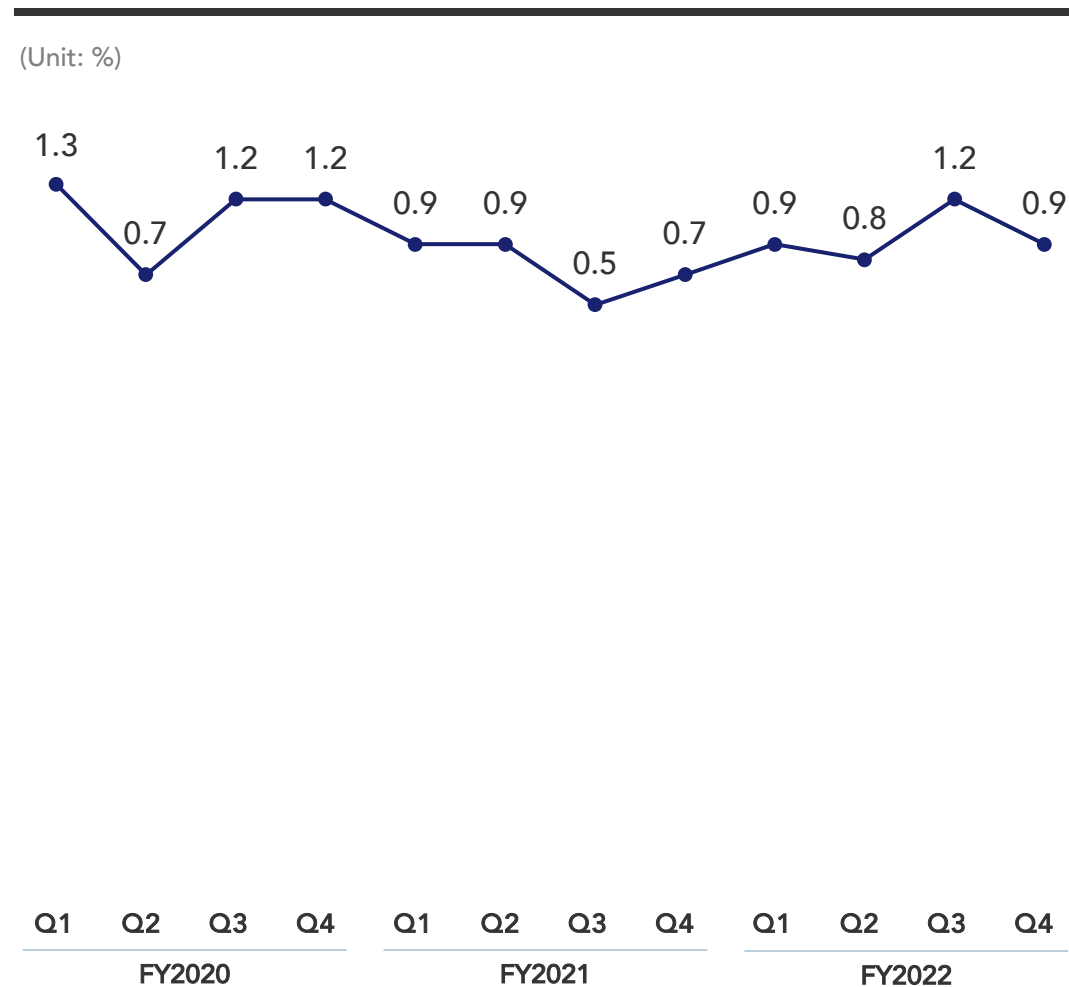
coconala Legal Consultation: Major KPIs (2/2)

ARPPU*¹ increased by 7% YoY. The churn rate*² improved to 0.9%.

ARPPU



Churn Rate



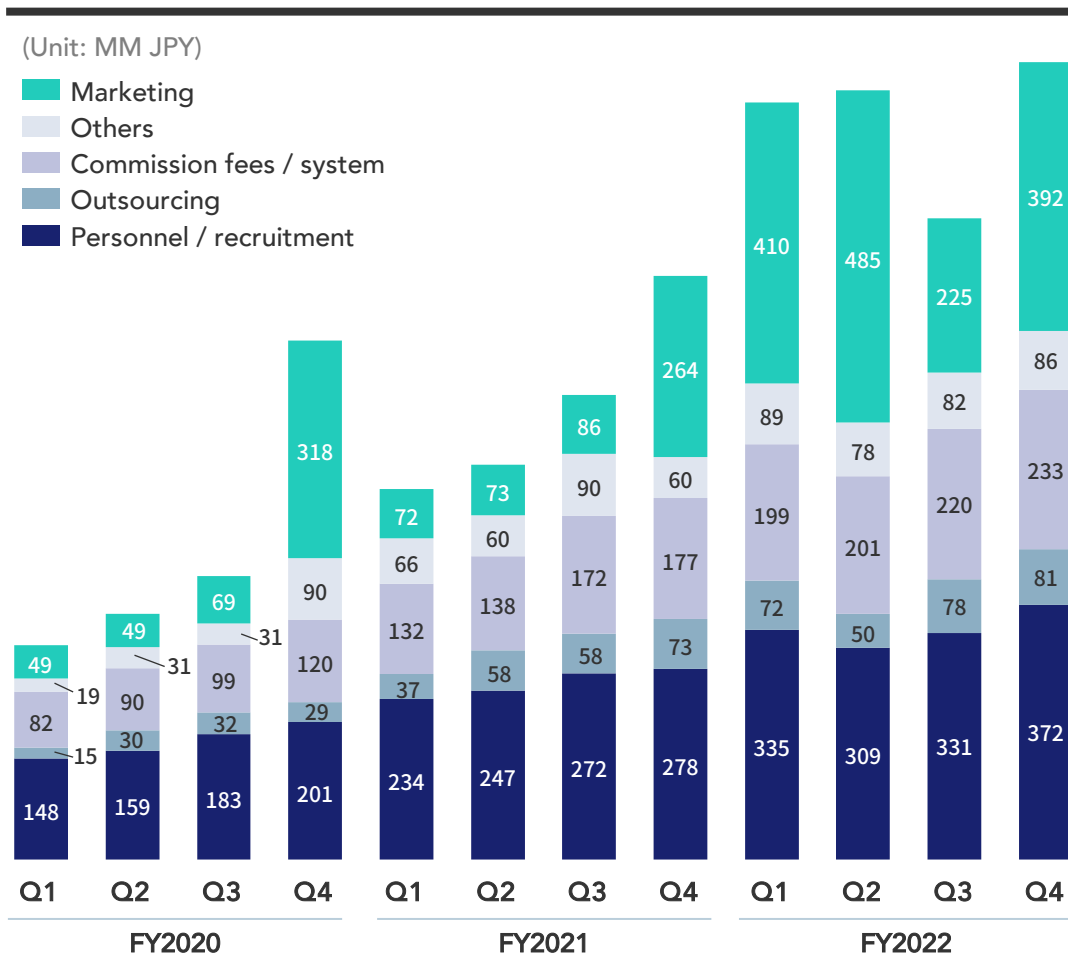
*1: ARPPU = average revenue per paid user.

*2: Churn rate = quarterly average of monthly churn rate (number of cancellations in a given month ÷ number of paid subscribing lawyers at the end of the previous month).

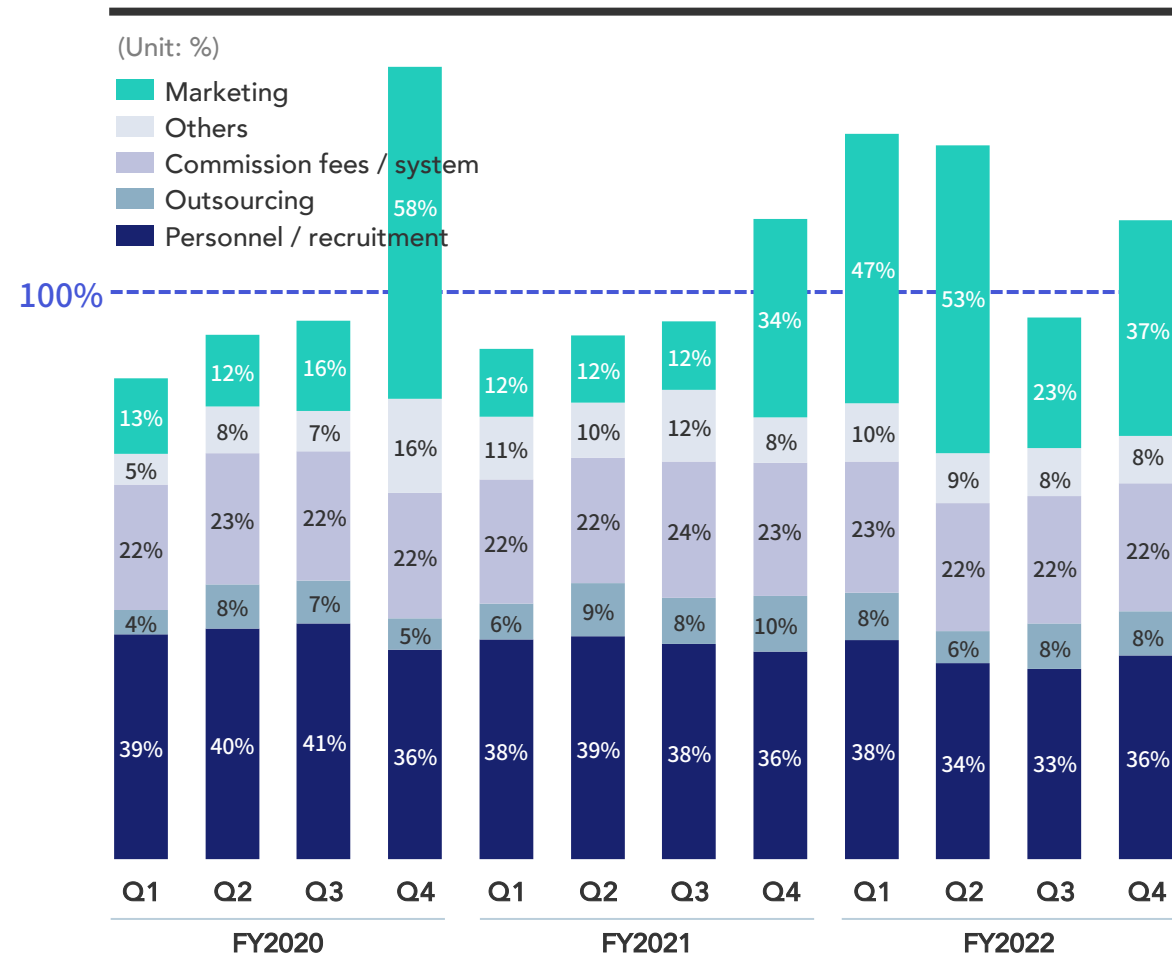
Operating Expenses

Marketing expenses increased due to resumption of TVCM in Q4. Going forward, we will maintain our policy of implementing appropriate cost control.

Operating Expenses*1



Operating Expenses*1 Relative to Operating Revenue

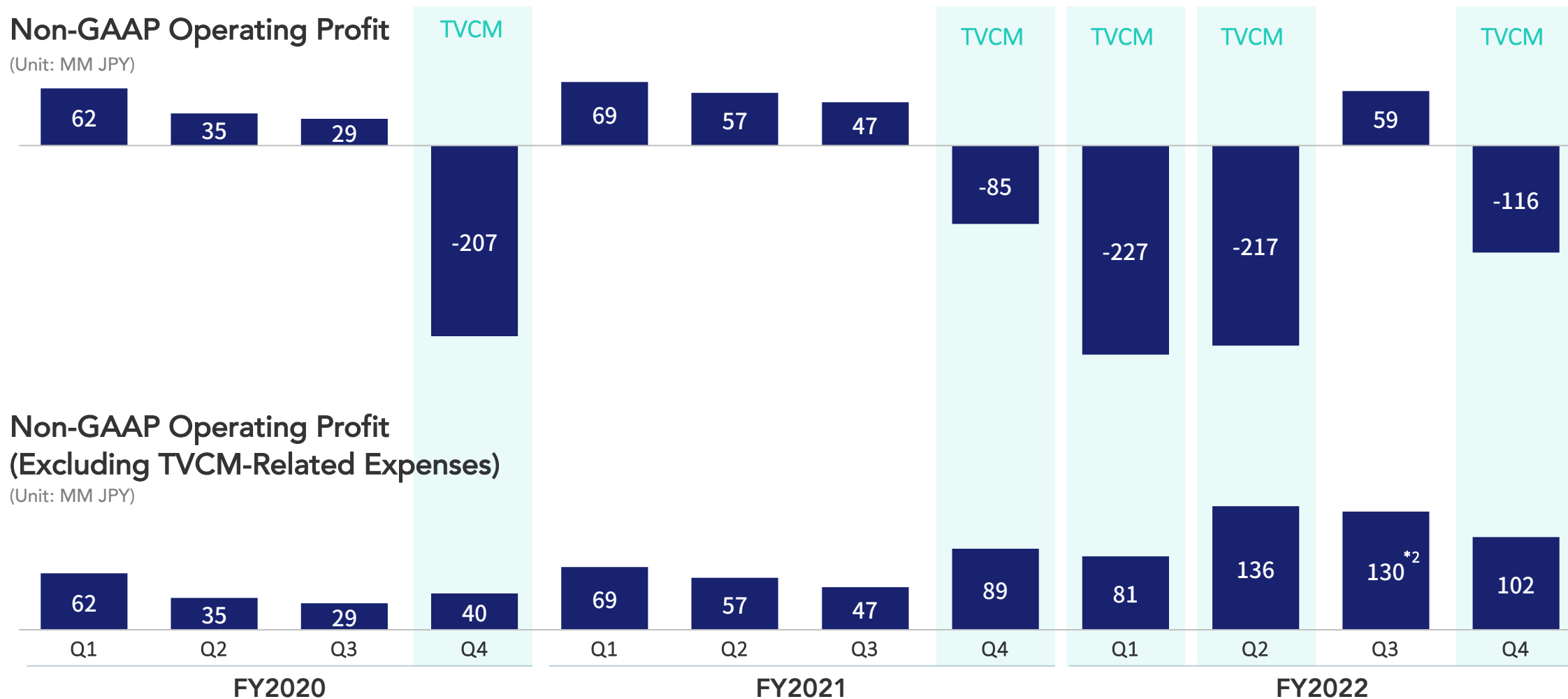


Non-GAAP Operating Profit*¹ Excluding TVCM-Related Expenses

Non-GAAP Operating profit excluding TVCM-related expenses remained in the black.

Non-GAAP Operating Profit

(Unit: MM JPY)



*1: Non-GAAP operating profit = operating income + stock-based compensation expenses + coconala Skill Partners expenses

FY2020-FY2021 do not retroactively reflect the new revenue recognition standard (same as the disclosure figures in the financial statements).

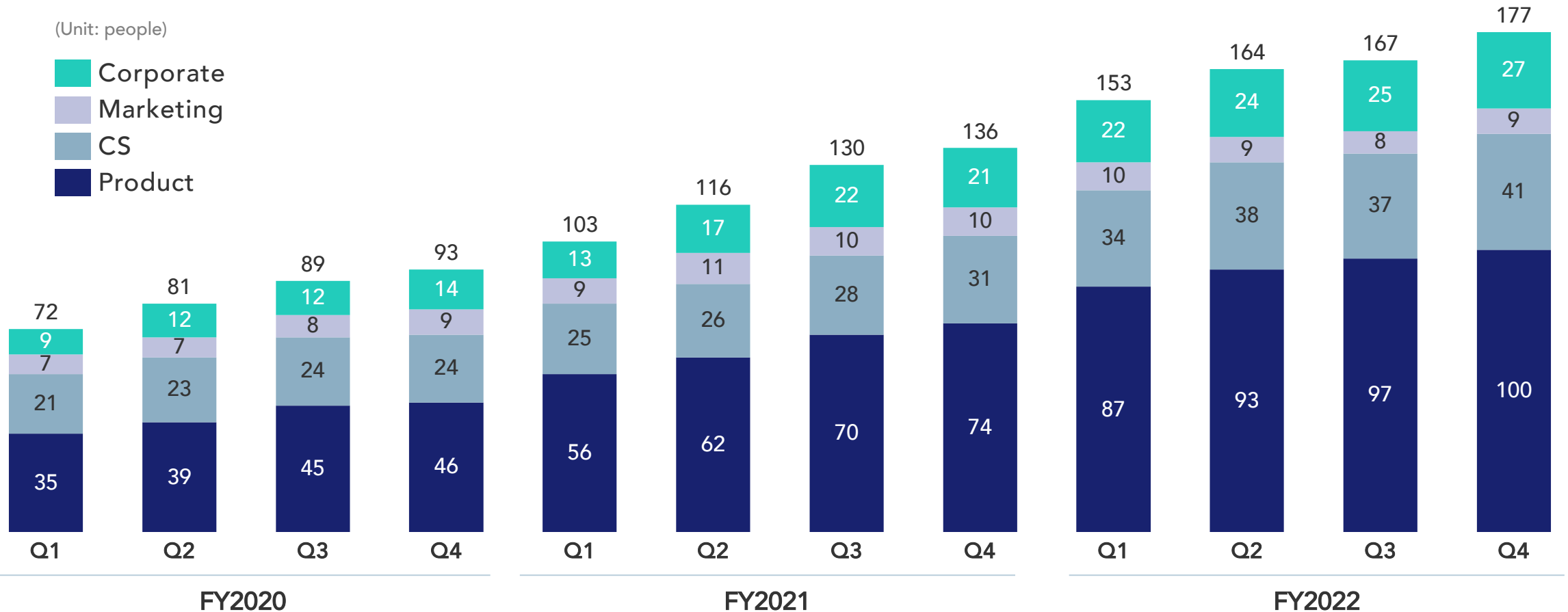
*2: There was no TVCM in FY2022 Q3, but TVCM-related expenses such as creative and research costs have been deducted.



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

It is mainly CS personnel that will continue to increase in proportion to operating revenue. For the time being, however, our policy is to continue investing in personnel company-wide for the purpose of product development and strengthening the business infrastructure.

(Unit: people)





Financial Foundation

We are maintaining a sound financial foundation with sufficient cash and capital levels.

FY2021 (Non-Consolidated)

(Unit: MM JPY)

Cash and deposits 3,318	Advances received 331
	Deposits received 747
	Other liabilities 651
Other assets 740	Shareholders' equity 2,328

FY2022 (Consolidated)

(Unit: MM JPY)

Cash and deposits 3,050	Advances received 487
	Deposits received 922
	Other liabilities 479
	Other net assets 457
Other assets 1,276	Shareholders' equity 1,979

03

FY2023 Forecast





Financial Forecast for FY2023

- GMV and operating revenue growth are expected to slow in FY2023 due to the reaction to Japan's reopening. Since our GMV was boosted by the tailwind from the declaration of the state of emergency in August and September of last year, we expect a slowdown YoY, especially in the first half of this fiscal year, but a pickup in the second half of the year.
- Due to continued aggressive marketing and recruitment activities and initial investment in new businesses, we expect to remain in the red in FY2023 as well.

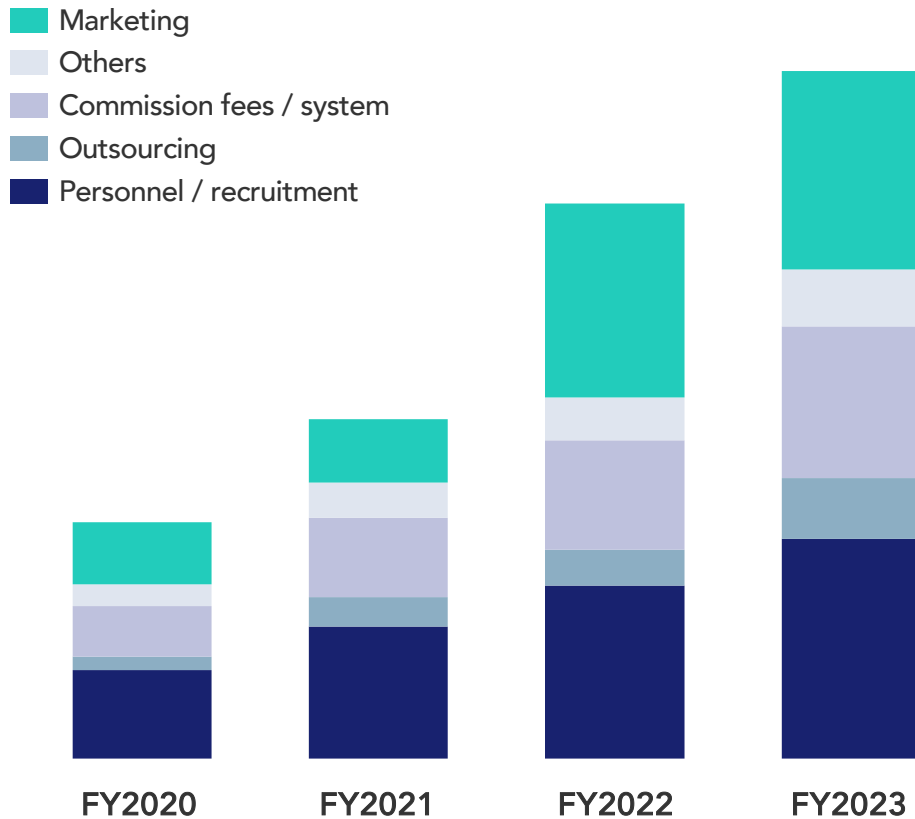
(Unit: MM JPY)	FY2022 Results	FY2023 Forecast	Rate of change
GMV	12,718	15,900	+25%
Operating revenue	3,837	4,800	+25%
Operating profit	(522)	(700)	-
Non-GAAP operating profit*1	(501)	(570)	-
Ordinary profit	(518)	(700)	-
Profit attributable to owners of parent	(501)	(645)	-



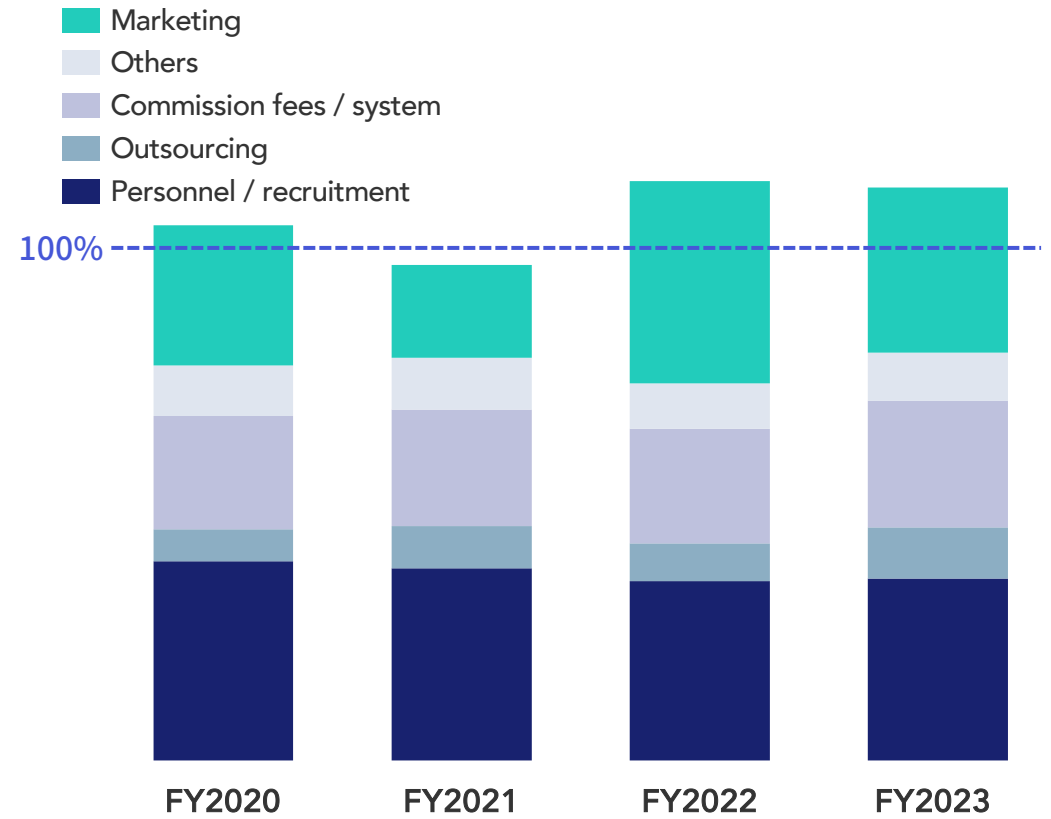
Operating Expenses Forecast for FY2023

- Marketing expenses are expected to be at the same level as in FY2022. Non-GAAP operating loss are expected to remain at the same level as in FY2022 due to initial investments in new businesses, increased personnel costs due to continuing recruitment activities, and higher server costs due to the depreciation of the yen.

Operating Expenses*1 Forecast

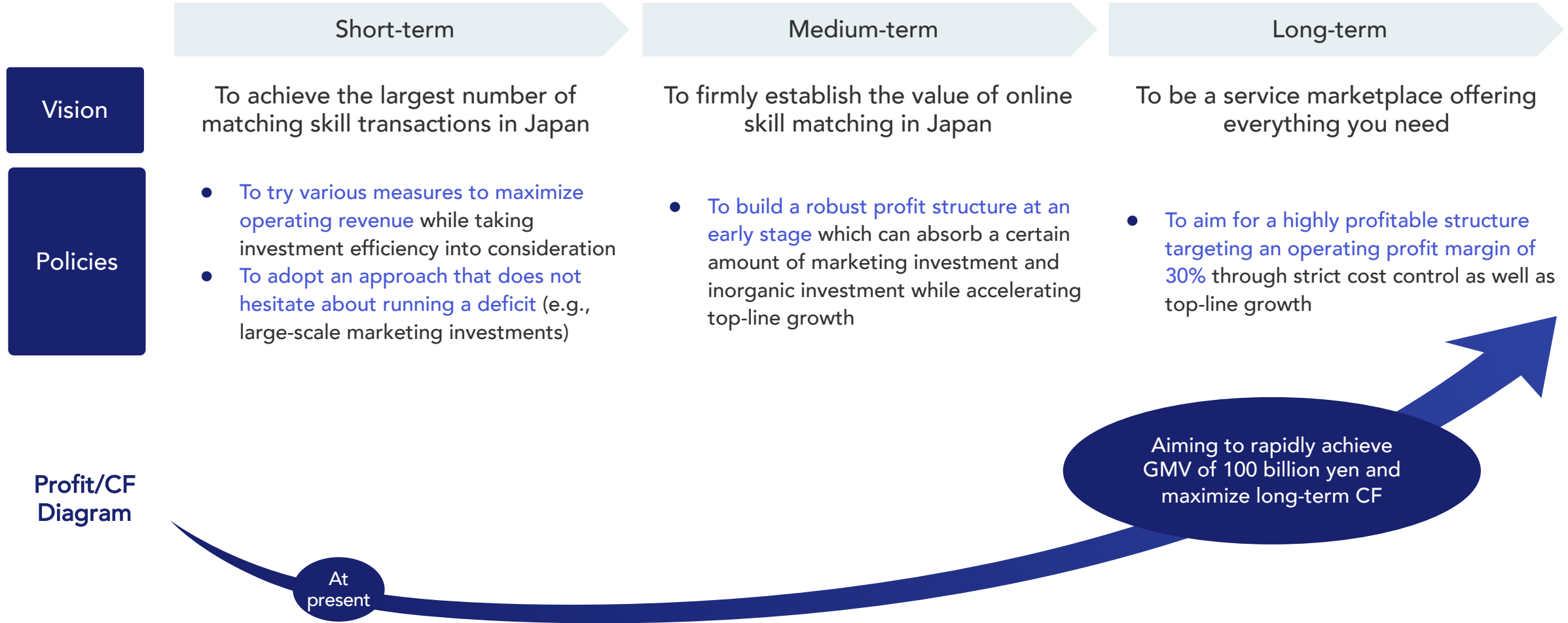


Operating Expenses*1 Relative to Operating Revenue Forecast



Medium- and Long-Term Targets

- With investment taking precedence at the moment, we remain in the red, but we are implementing appropriate measures aligned with each phase with the aim of rapidly achieving GMV of 100 billion yen and maximizing long-term CF.








Existing

Partially supported

Matching

Adjacent

Area/Category	Matching				Adjacent
	Services/One-Time	People/Projects	Overseas	Content/Items	Tools
Creative/agency		Not supported	Not supported	 (original goods and various types of creative/agency)	Not supported
Consulting		 Legal consultation		coconala Blog	
Learning, fortune-telling, and entertainment		 (telephone, video chat)			
Seller support	Service PR/advertising Promotional functions (coupons/notifications)				
Buyer support					



coconala's Business Policies for FY2023

- With the GMV growth rate to slow down due to the reaction to Japan's reopening, we plan to release product updates that will improve UI/UX and implement various marketing measures.

Expansion of business use

- Strengthen user acquisition through sales
- Strengthen user acquisition through alliances
- Expansion of functions for medium and large companies
- Mass marketing verification (TV commercials, cab ads)

Usability Improvements

- Schedule appointment booking function
- Subscription function
- Payment function for high-value transactions

User-driven purchaser expansion

- Refer-a-Friend campaign
- Promotional functions by sellers



Launch of new business

- Challenge to new matching methods (Preparing new services)

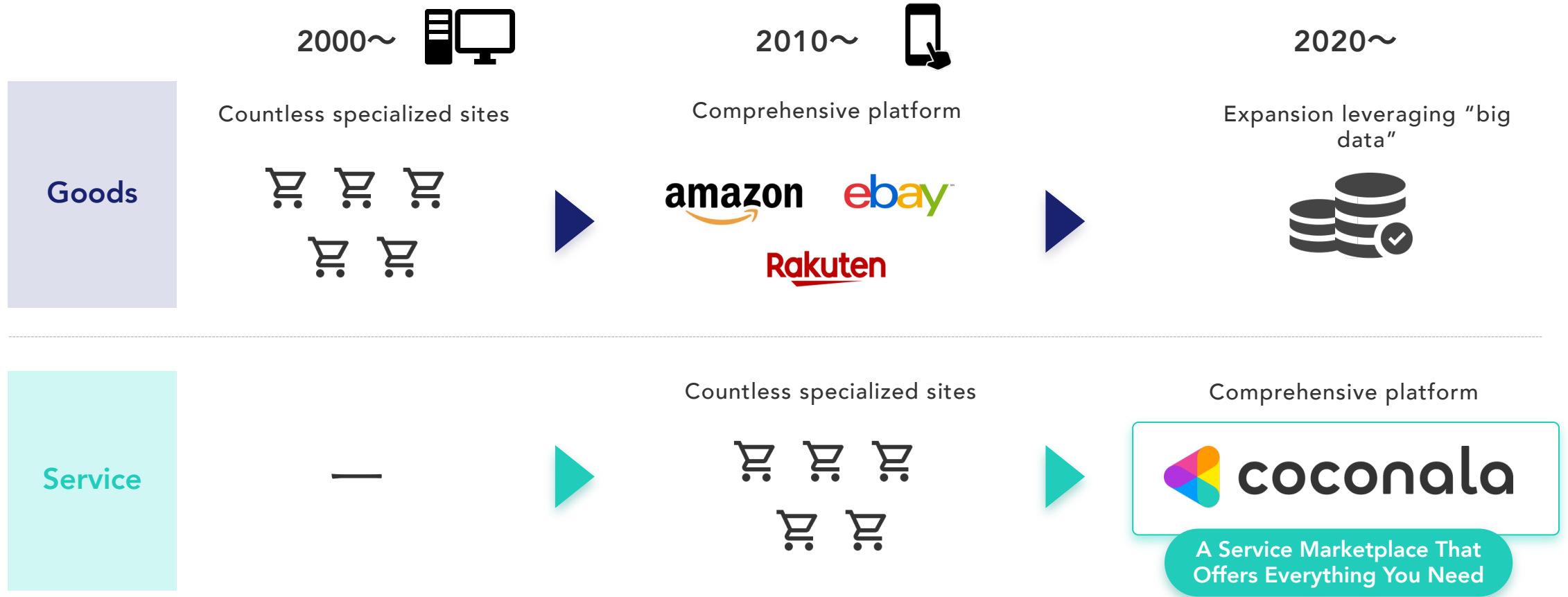
04

Appendix



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

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



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

Potential Accessible Market^{*1}

18 trillion JPY

Current serviceable market size is about

100 billion JPY

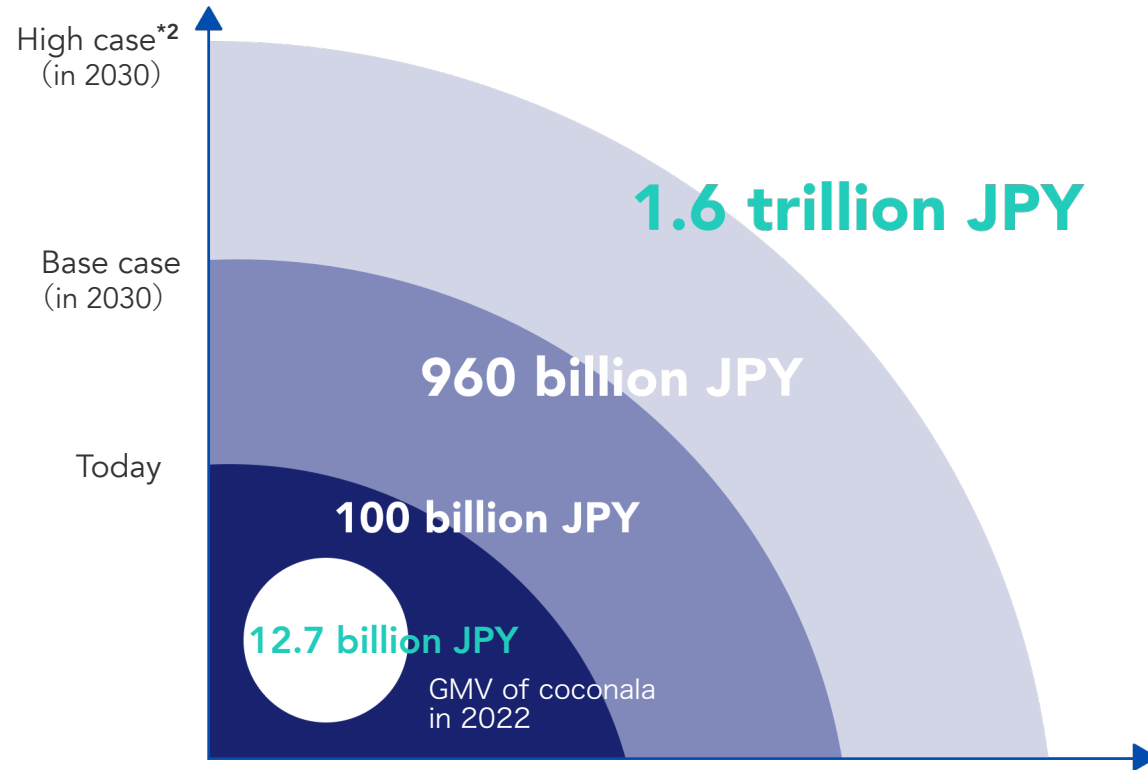
Potential serviceable market size in 2030 is about

960 billion ~

1.6 trillion 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.

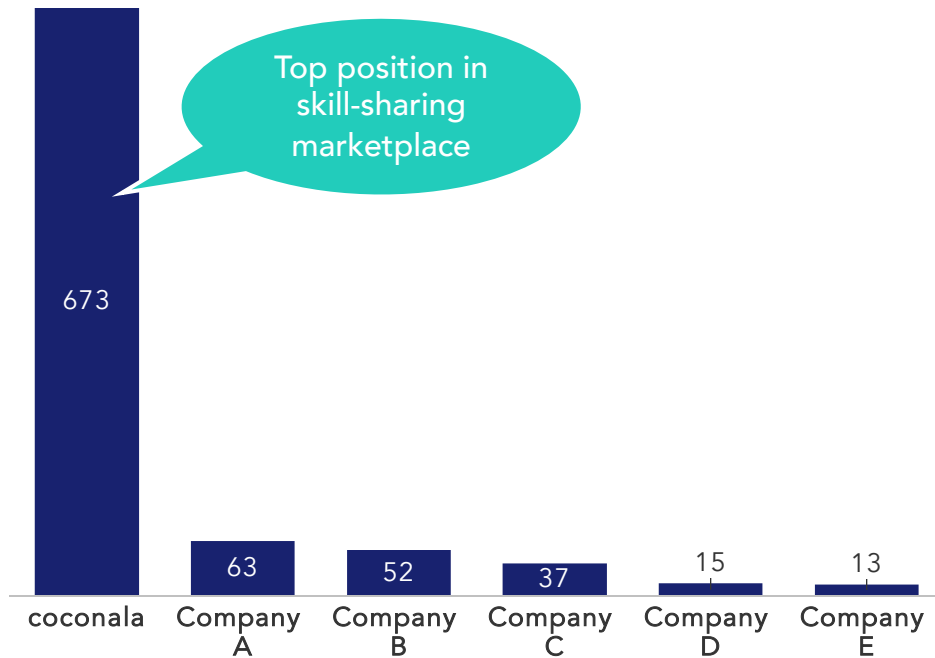
*2: Regardless of who the skill-provider is, such as a company, sole proprietor, or individual, it is assumed that the content and quality of the service can now be determined by looking at reviews on a single website or smartphone application, or that issues such as lack of recognition and concerns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

Large Number of Services on Offer and Reviews

A market-leading platform providing an abundance of inventories and reviews

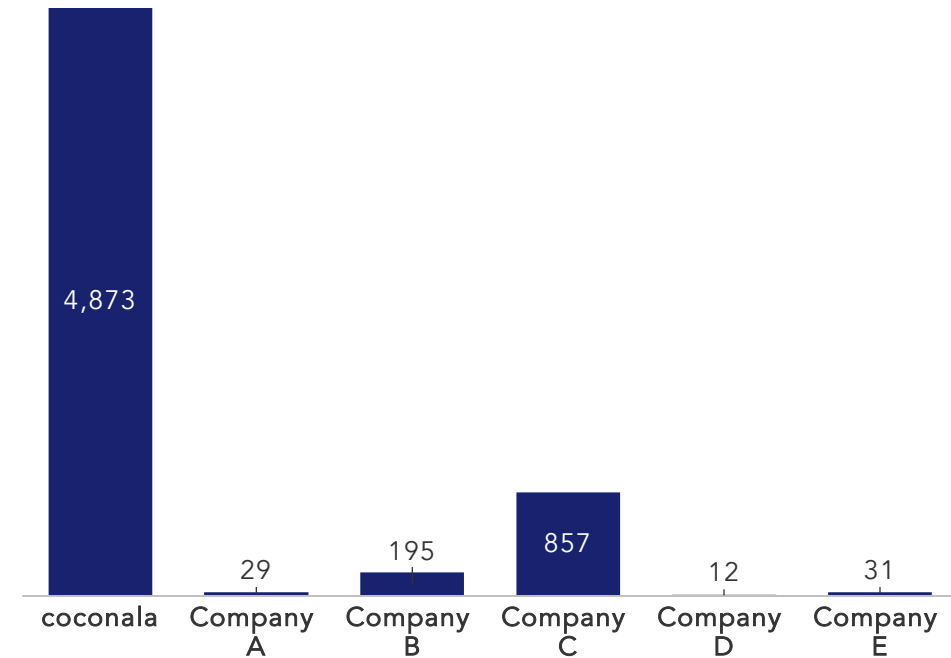
Number of Services on Offer*1

(Unit: thousand services)



Number of Reviews*2

(Unit: thousand reviews)



*1 Data as of September -October 2022.

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

Aggregation method (coconala): The number of listing services on the service website. 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 Data as of September -October 2022.

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

Aggregation method (coconala): The number of on-offer service reviews on the service website.

Aggregation method (other companies): The number of on-offer service reviews from buyers and sellers displayed on the service/seller search page on the service website. As each company has its own review system, review systems of buyers may be different.

Category List

coconala can handle various issues and concerns of users with 15 main categories and more than 450 subcategories.

 Creative & Business  Consultation & Private



Design

Logo creation, flyer creation/design, brochure/catalogue design, etc.



Film / Animation / Photography

Film editing, film shooting, animation, photo processing/correction, etc.



Web Marketing / Customer Acquisition

SNS marketing, SEO measures, EC marketing, website analytics, etc.



Housing / Beauty / Lifestyle / Entertainment

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



Illustration / Cartoon

Illustration, portrait creation, cartoon/comic production, character creation, character modeling, etc.



Business Agency / Consultation / Professional Consultation

Creation/support for documents and proposals, EC consulting/operation agency, preparation of contracts/various documents, legal consultation, etc.



Fortune-telling

Romance fortune-telling, marriage fortune-telling, life/spirituality, fortune-telling method/advice, etc.



Online Lessons / Advice

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



Website Creation / Website Design

Website creation, EC site creation, LP creation, application design, etc.



IT / Programming / Development

Programming, Excel/VBA creation, web system development/site construction, IT support/consultation, etc.



Consultation / Love Counseling / Conversation

Conversation partner, air one's grievances, love counseling/advice, family and nursing care counseling, etc.



Money / Side Job / Affiliate Ad

Consultations on FX, consultations on stocks/various investments, methods of side jobs/earning, etc.



Music / Narration

Composition/arrangement, narration/reading, demo/session singing, mix/mastering, etc.



Writing / Translation

Articles/web content creation, novels, proofreading, catchphrases, translation, etc.

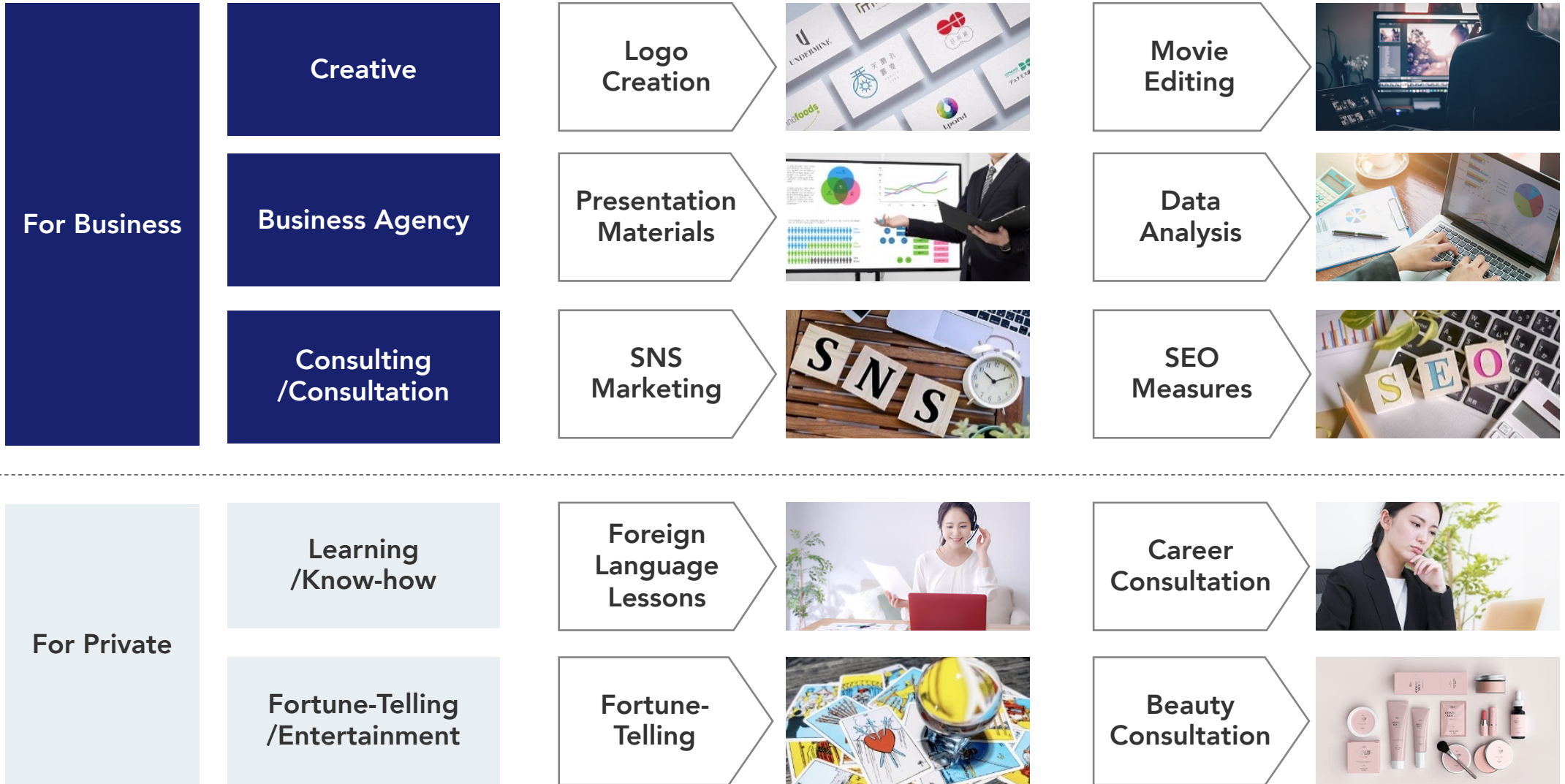


Career / Job Hunting / Qualifications / Studying

Learning method consultation, job change/career/study abroad consultation, qualification consultation, etc.



Examples of Major Services by User





Management Team



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 January 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.



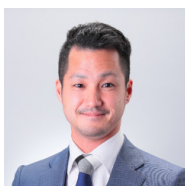
Kentaro Yadomi / Full-time Auditor

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.

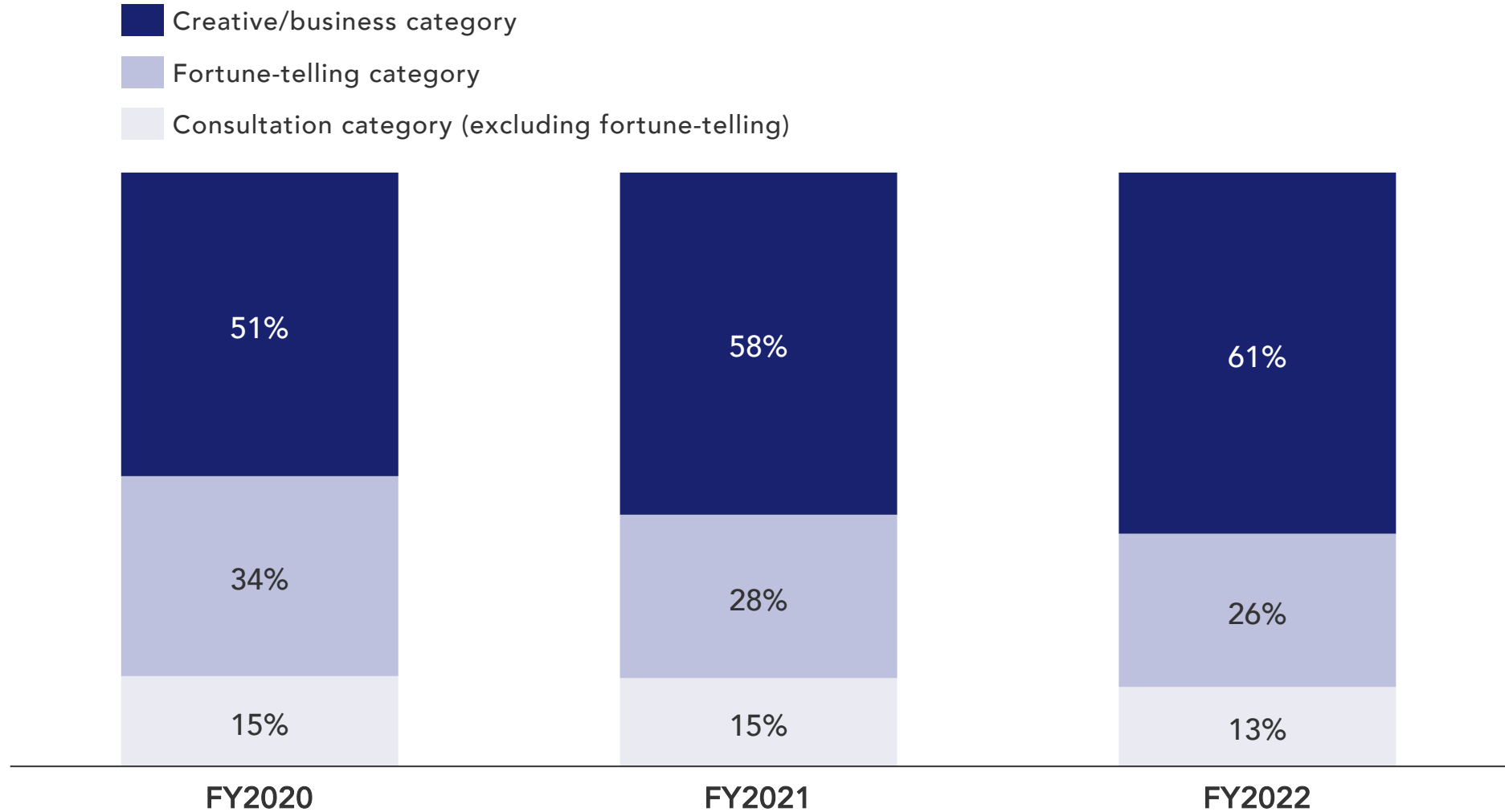


Kazuki Ishihara / Auditor

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.

Changes in GMV Composition

GMV grew in the creative/business category, resulting in a decrease in the composition ratio of the fortune-telling category.



Major KPIs (Buyer-side and Seller-side KPIs)

On both the buyer and seller sides, all major KPIs grew steadily.

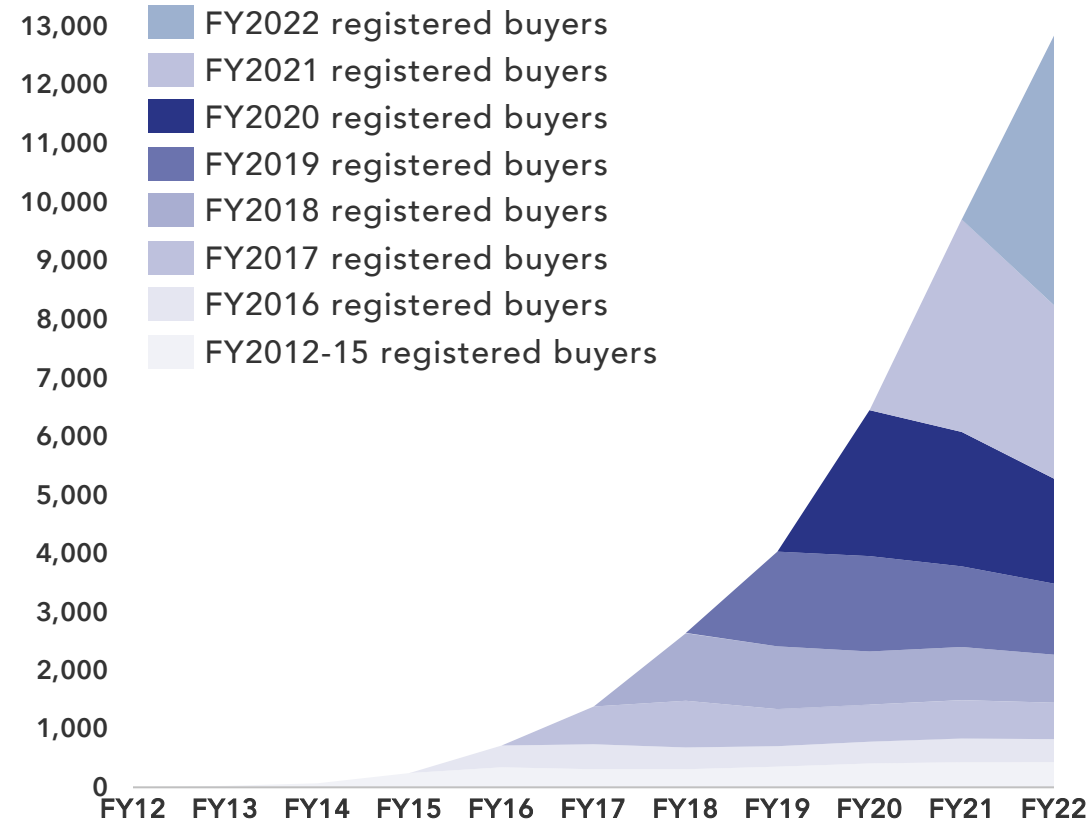


Recurring Business Model

A cumulative revenue structure in which GMV grows as the number of registered users grows.

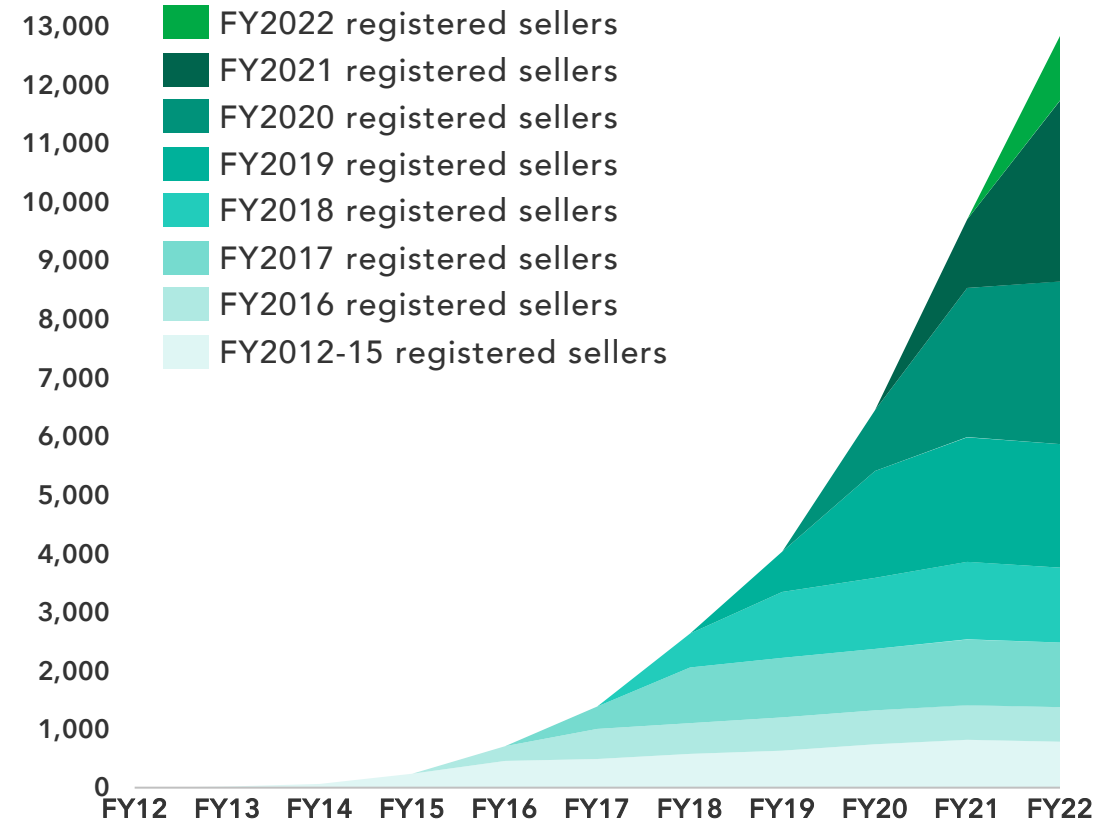
Buyer GMV (by Registration Year)*1

(Unit: MM JPY)



Seller GMV (by Registration Year)*1

(Unit: MM JPY)



*1: Contract-basis GMV: The total contract amount based on service purchase contracts signed during the fiscal year. This differs from the amount recognized as revenue for accounting purposes, which is recorded once service delivery is complete.



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 have created a system to detect communications that show an intention to cut out the intermediary.
- If detected, send a warning to the relevant individuals. We have a dedicated team for suspending the accounts of repeat offenders.



Thoughts Behind Barrier to Entry

Japanese Major Companies

- With a track record of over 10 years, we have an overwhelming number of services and reviews compared with 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 few Japanese users 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 in 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 ROI from 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^{*1} for new user acquisition is one month; the payback period^{*1} for web ad alone (excl. organic) is about one year.
- TVCM can also be paid back in a few years^{*1} (incl. indirect effects^{*2}).

*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).



Recognition of Recent Changes in the Environment

We are closely monitoring the possibility that the pace of the shift to online transactions will slow down for the time being due to Japan's reopening.

Impact of reopening

- We recognize that the overall growth rate of online service transactions has slowed due to Japan's reopening in October 2021.
- Since Q3 in particular, the GMV growth rate has slowed from the Q1-Q2 level.

Impact of economic downturn

- We understand that there is growing concern over monetary tightening in response to inflation, primarily overseas, and the accompanying economic downturn, but coconala's services are resilient to recession.
- Pressure to reduce costs increases during an economic downturn, but there is a high probability that coconala, which provides services at a reasonable price compared to offline transactions, will be selected more frequently as companies review their suppliers.

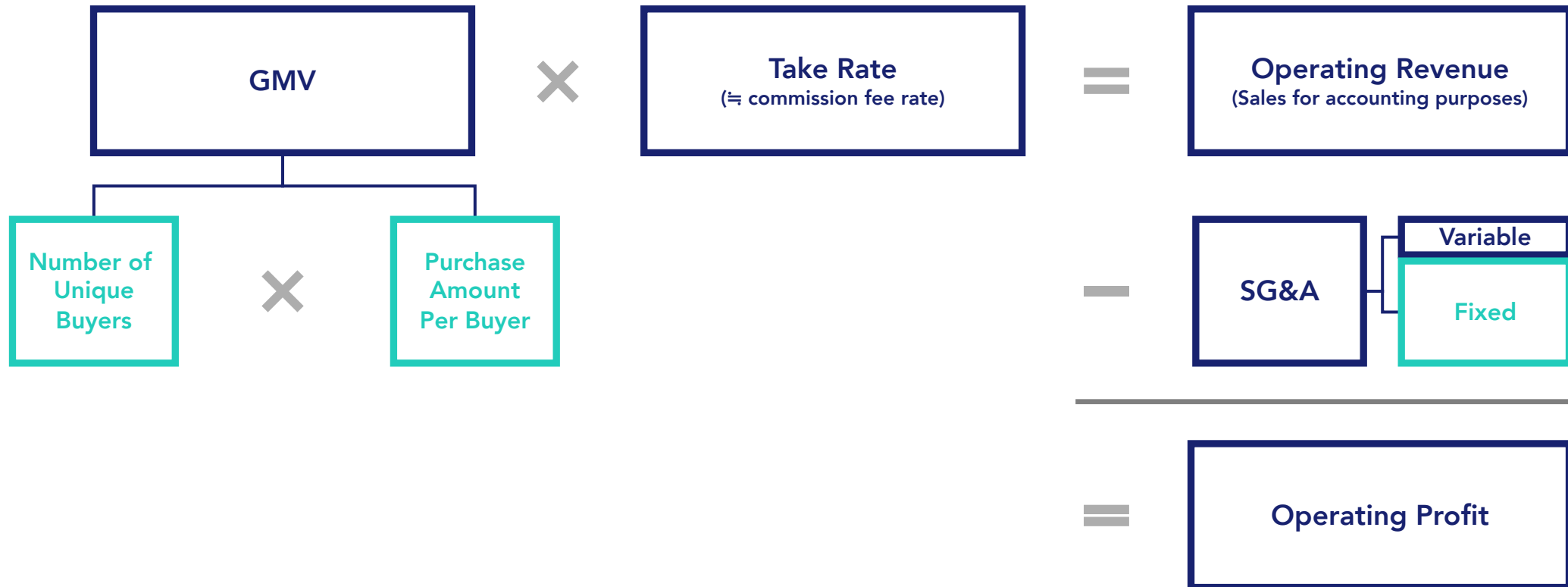
Impact of government's promotion of secondary/concurrent business

- Following the Ministry of Health, Labour and Welfare's revisions to the guidelines for promoting secondary/concurrent business, we expect that the number of sellers registering on coconala will become greater than ever. However, the impact on our short-term results will be minimal.
- From a long-term perspective, it is very likely that it will become natural for companies to utilize external human resources rather aiming for resource self-sufficiency, and there is a high probability that this will encourage business users who have not yet used coconala to do so.



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, we aim to achieve future profitability by maximizing operating revenues.



*1 Number of unique buyers : Number of unique users who purchased services within each period.

*2 Purchase amount per buyer: Purchase amount per unique buyer within each period.

Measures Taken for Safety and Reliability of Marketplace

KYC of Sellers



Identification of sellers to increase credibility by buyers

Monitoring System



Round-the-clock monitoring of services and corresponding inquiries carried out by full-time staff

Publicizing prohibited services and conduct defined in the guideline

Escrow Settlement



Purchase payments to be escrowed until delivery of services

User Mutual Review System



Mutual review system for sellers and buyers that is open to the public

Sharing Economy Trust Mark



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

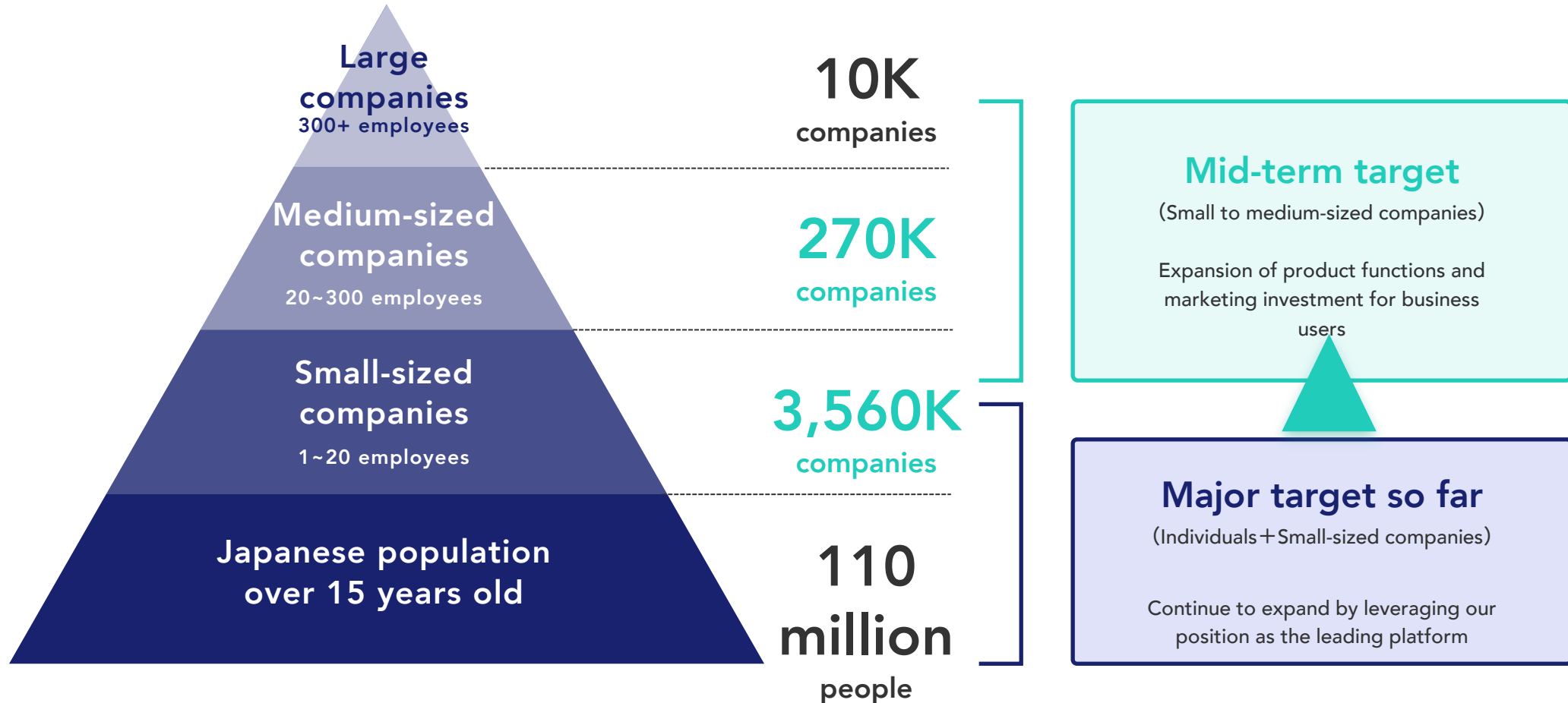
Enhanced IT System



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

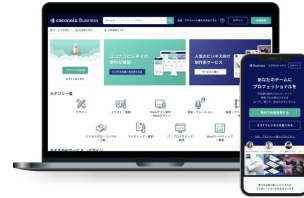
coconala Business: Focusing on Small and Medium-sized Companies

We are aiming to capture market share of small and medium-sized companies with "coconala Business".



Overview of coconala Business

Site focused on business purchases



- Displays 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.

Used by companies of various sizes and across multiple industries*1



Use Case by Business Users

New business

- Diversification in new business development and new measures, quick delivery and verification with limited budget

Resource shortage Support for / operational efficiency

- Utilizing the skills of external human resources to respond to resource shortages / absences and improve the efficiency of internal operations

Purchasing cost reduction

- Reduce service purchasing costs by diversifying and switching suppliers

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 1 billion to 1.5 billion JPY
 - Estimated Investment amount of 10 million to 50 million JPY per case
- **Mentoring by coconala Skill Partners**
 - A design with highly skilled professionals in various areas as skill partners and allowing invested companies to add 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 VC but rather co-invests alongside all VC
 - **coconala does not invest in LPs and assumes all LPs are external parties**





CSP: Why coconala Is Engaged in the VC Business

Matching 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 taking on new businesses.

Social significance of expanding the entire economy

- CSP can help **expand the economy** by providing the support of 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 of our investment partners, we will **propose solutions using coconala**.

Presenting new ways of working

- Skill holders are not satisfied with being no more than salaried workers.
- This reward mechanism, which provides **upside, is a dream for the careers of skill holders, introducing them to new 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 "coconala" name and **contributing to strengthening the impression that coconala has high-level human resources**.

Tips for M&A and new businesses

- Grasping startup trends helps us to field information valuable 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

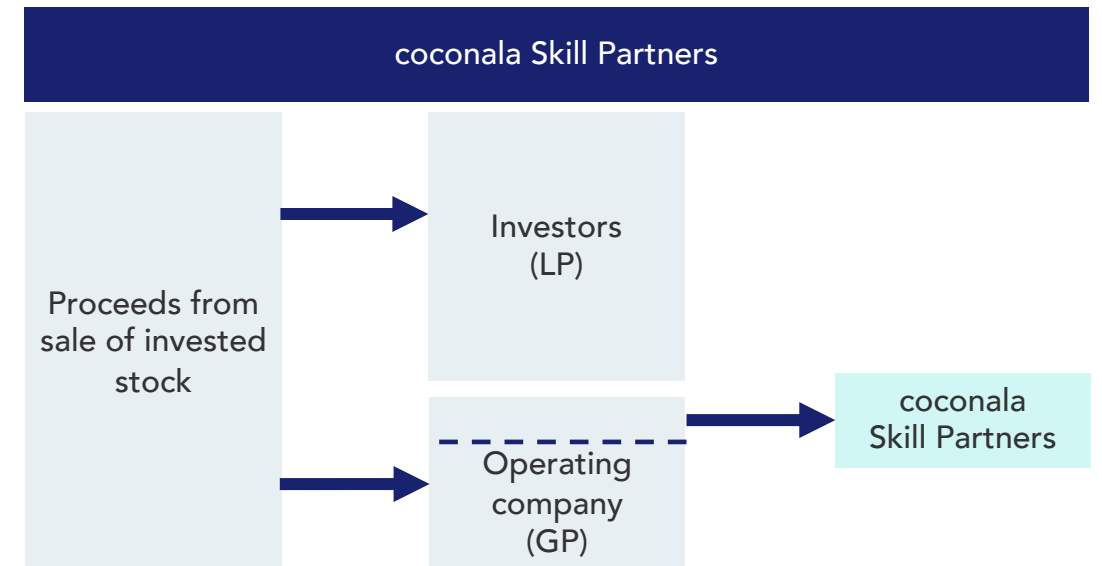
- Start-up companies facing a shortage of specialized skills for their growth had difficulty in hiring highly skilled professionals due to the lack of appropriate compensation schemes.

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



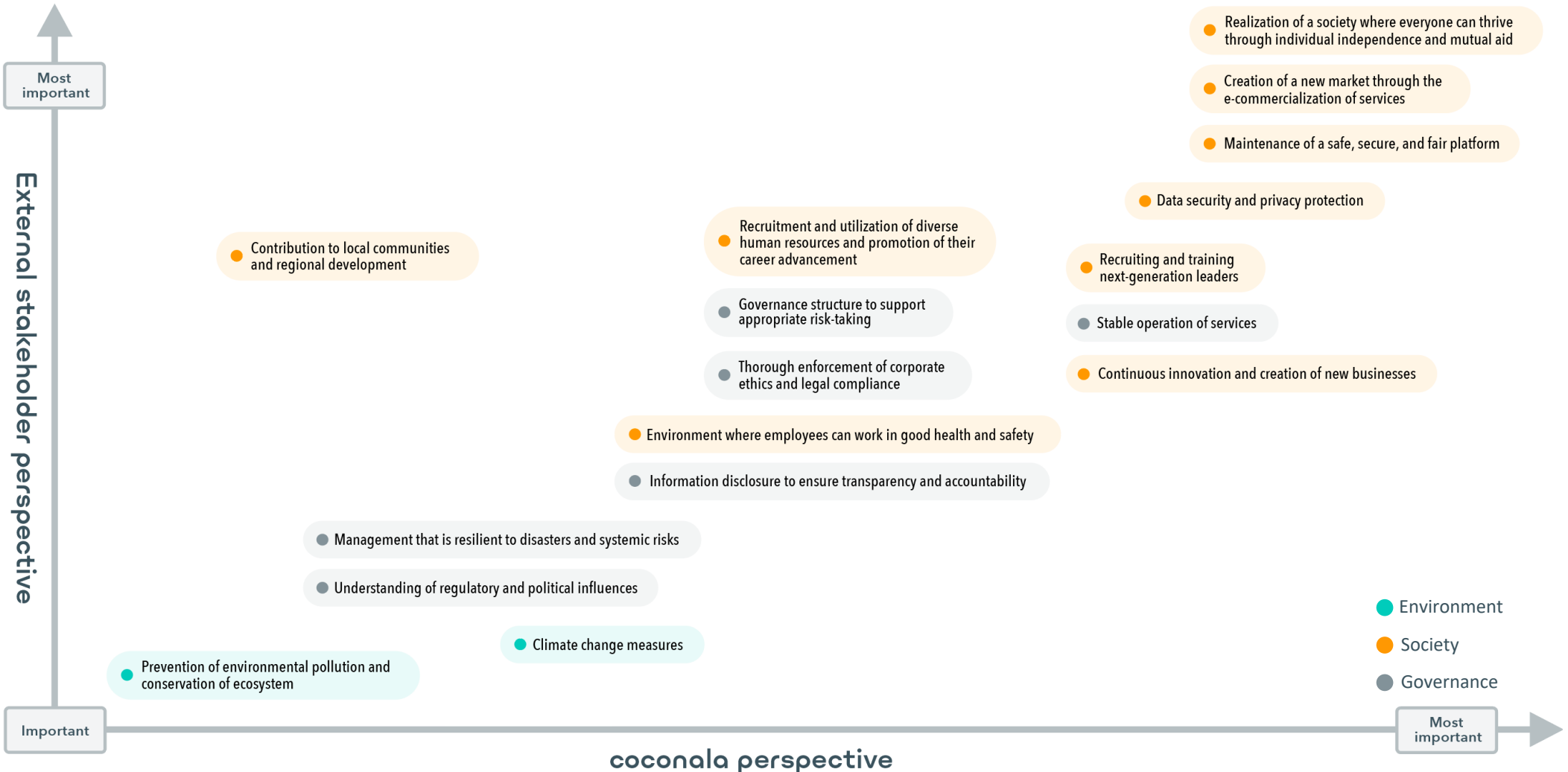
coconala's Unique Solution

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



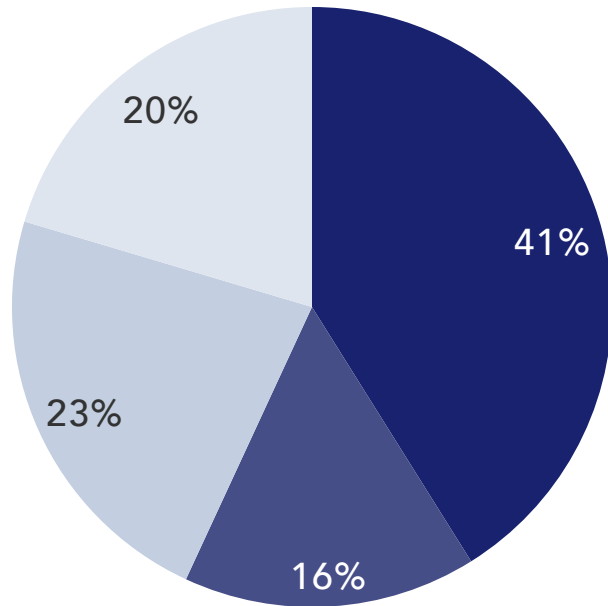
ESG Materiality Map

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

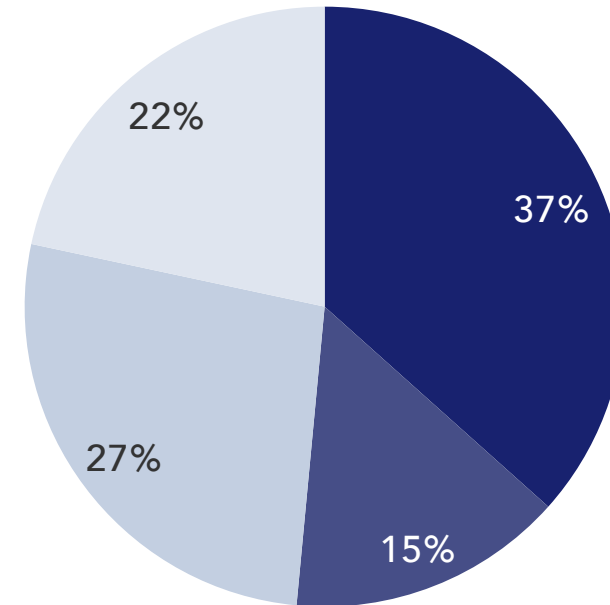


Changes in Shareholder Composition

FY2021



FY2022



■ Institutional investors (overseas)
■ Individuals and others (including VCs)

■ Institutional investors (Japan)*1
■ coconala executives and founders



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