

Translation

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January 13, 2023

Summary of Consolidated Financial Results for the Three Months Ended November 30, 2022 (Under Japanese GAAP)

Company name: coconala Inc.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 4176
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 Scheduled date for filing quarterly securities report: January 13, 2023
 Scheduled date for commencing dividend payments: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen, unless otherwise noted.)

1. Consolidated Financial Results for the First Three Months Ended November 30, 2022 (from September 1, 2022 to November 30, 2022)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent 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	%
Three months ended November 30, 2022	1,089	—	(220)	—	(267)	—	(191)	—
November 30, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income For the three months ended November 30, 2021: (255) million yen [- %]
 For the three months ended November 30, 2022: - million yen [- %]

	Basic earnings per share	Diluted earnings per share
Three months ended November 30, 2022	Yen (8.11)	Yen —
November 30, 2021	—	—

(Note) 1. As coconala Inc. (“the Company”) has prepared consolidated financial statements from the second quarter of the fiscal year ended August 31, 2022, the figures for the first quarter of the fiscal year ended August 31, 2022, and the percentages indicating year-on-year changes have not been stated.

2. Diluted earnings per share for the first quarter of the fiscal year ending August 31, 2023, is not indicated as the Company generated net loss for the period, although there are diluted shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First three months ended November 30, 2022	4,129	2,389	43.9
Fiscal year ended August 31, 2022	4,327	2,437	45.9

(Reference) Total shareholders' equity: As of November 30, 2022: 1,813 million yen
 As of August 31, 2022: 1,987 million yen

2. Cash Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	Fiscal year-end	Total
Fiscal year ended August 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending August 31, 2023	—				
Fiscal year ending August 31, 2023 (Forecast)		0.00	—	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending August 31, 2023 (from September 1, 2022 to August 31, 2023)

(Percentage figures indicate year-on-year changes for full year and changes from the same quarter of the previous fiscal year for quarter)

	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	4,800	25.1	(700)	—	(700)	—	(645)	—	(27.39)

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

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly consolidated: None; Excluded from consolidation: None

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies other than those in i. above: None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statement: 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 November 30, 2022	23,751,600 shares
As of August 31, 2022	23,546,600 shares

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

As of November 30, 2022	- shares
As of August 31, 2022	- shares

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

As of November 30, 2022	23,586,154 shares
As of November 30, 2021	22,669,915 shares

* This summary of quarterly financial results is not subject to quarterly review by a public accountant or audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other notes

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are deemed to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual results, etc. may materially differ materially from the forecast due to various factors.

○ **Contents of Attachment**

- 1. Qualitative Information on the Financial Results for the Period under Review 2
 - (1) Overview of Operating Results 2
 - (2) Financial Position 2
 - (3) Explanation of Consolidated Financial Results and Other Forward-looking Statements 2
- 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto 3
 - (1) Quarterly Consolidated Balance Sheets 3
 - (2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 4
 - (Quarterly Consolidated Statements of Income)
(Year to quarter end consolidated statement of income) 4
 - (Quarterly Consolidated Statements of Comprehensive Income)
(Year to quarter end consolidated statement of income) 5
 - (3) Notes to Quarterly Consolidated Financial Statements 6
 - (Notes on Going Concern Assumption) 6
 - (Notes When There are Significant Changes in Amounts of Equity) 6
 - (Segment Information, Etc.) 6
 - (Significant Subsequent Events) 6

1. Qualitative Information on the Financial Results for the Period under Review

(1) Overview of Operating Results

During the three months ended November 30, 2022, amid the prolonged COVID-19 pandemic, a slowdown in the overall growth rate of online transactions was seen as vaccination progressed nationwide and time spent at home shortened. The Company conducted proactive marketing centering on TV commercials in order to intensively facilitate efforts to capture a user base through mass media and other such channels while focusing on the development of product functions to enhance user convenience. In addition, in order to expand its business areas of focus, it is strengthening user acquisition through sales and alliances with external parties.

As a result of the above, the Company posted gross merchandise value (GMV) of 3,567,841 thousand yen, operating revenue of 1,089,175 thousand yen, operating loss of 220,658 thousand yen, ordinary loss of 267,044 thousand yen, and loss attributable to owners of parent of 191,318 thousand yen for the three months ended November 30, 2022.

Operating results by segment are as follows.

(i) coconala

In “coconala,” in order to expand its business areas of focus, the Company is strengthening user acquisition through sales and alliances with external parties.

As a result, operating revenue amounted to 969,930 thousand yen, while segment loss amounted to 224,231 thousand yen.

(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 119,245 thousand yen, while segment profit amounted to 11,871 thousand yen.

(2) Financial Position

Status of assets, liabilities and net assets

(Assets)

Total assets as of November 30, 2022 decreased by 198,225 thousand yen from the end of the previous fiscal year to 4,129,173 thousand yen. This was mainly due to a decrease of 180,494 thousand yen in cash and deposits due to payments for TV commercial-related expenses, etc.

(Liabilities)

Total liabilities as of November 30, 2022 decreased by 149,810 thousand yen from the end of the previous fiscal year to 1,739,921 thousand yen. This was mainly due to a decrease of 166,914 thousand yen in accounts payable due to payments for TV commercial-related expenses, etc., and an increase of 16,878 thousand yen in advances received due to an increase in GMV.

(Net assets)

Total net assets as of November 30, 2022 decreased by 48,415 thousand yen from the end of the previous fiscal year to 2,389,251 thousand yen. This was mainly due to a decrease of 191,318 thousand yen in retained earnings despite an increase of 120,984 thousand yen in non-controlling interests.

(3) Explanation of Consolidated Financial Results and Other Forward-looking Statements

There are no changes to the forecasts of full-year financial results announced in the “Consolidated Financial Results for the Fiscal Year Ended August 31, 2022” dated October 14, 2022.

The forecasts of financial results are based on information currently available to and certain assumptions that are deemed to be reasonable by the Company. Actual results, etc. may differ due to various factors.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of August 31, 2022)	Three months ended November 30, 2022 (As of November 30, 2022)
Assets		
Current assets		
Cash and deposits	3,050,945	2,870,450
Accounts receivable - trade	333,364	297,008
Prepaid expenses	105,655	110,841
Other	88,408	81,496
Total current assets	3,578,372	3,359,796
Non-current assets		
Property, plant and equipment		
Buildings	102,682	103,013
Tools, furniture and fixtures	82,865	83,110
Accumulated depreciation	(70,924)	(76,381)
Total property, plant and equipment	114,623	109,742
Intangible assets		
Software	10,674	10,122
Total intangible assets	10,674	10,122
Investments and other assets		
Guarantee deposits	179,876	178,385
Long-term prepaid expenses	20,936	17,646
Investment securities	419,090	449,654
Other	3,823	3,823
Total investments and other assets	623,727	649,510
Total non-current assets	749,025	769,376
Total assets	4,327,398	4,129,173
Liabilities		
Current liabilities		
Accounts payable - other	443,471	276,557
Accrued expenses	23,454	16,508
Income taxes payable	2,287	471
Accrued consumption taxes	-	6,005
Advances received	487,936	504,814
Deposits received	922,567	921,527
Provision for bonuses	-	2,813
Provision for point card certificates	3,502	4,295
Provision for coupons	6,513	6,928
Total current liabilities	1,889,731	1,739,921
Total liabilities	1,889,731	1,739,921
Net assets		
Shareholders' equity		
Share capital	1,221,560	1,230,081
Capital surplus	2,366,763	2,375,579
Retained earnings	(1,601,139)	(1,792,457)
Total shareholders' equity	1,987,184	1,813,203
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	94
Total accumulated other comprehensive income	94	94
Share acquisition rights	12,500	17,081
Non-controlling interests	437,888	558,872
Total net assets	2,437,666	2,389,251
Total liabilities and net assets	4,327,398	4,129,173

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Year to quarter end consolidated statement of income)

(Thousands of yen)

Three months ended
November 30, 2022

Operating revenue	1,089,175
Operating expenses	1,309,833
Operating profit (loss)	(220,658)
Non-operating income	
Interest income	0
Income from refund	3,012
Other	150
Total non-operating income	3,163
Non-operating expenses	
Interest expenses	49
Loss on valuation of investment securities	49,500
Total non-operating expenses	49,549
Ordinary profit (loss)	(267,044)
Extraordinary income	
Gain on reversal of share acquisition rights	12,500
Total extraordinary income	12,500
Profit (loss) before income taxes	(254,544)
Income taxes - current	572
Profit (loss)	(255,117)
Profit (loss) attributable to non-controlling interests	(63,799)
Profit (loss) attributable to owners of parent	(191,318)

(Quarterly Consolidated Statements of Comprehensive Income)
(Year to quarter end consolidated statement of income)

(Thousands of yen)

	Three months ended November 30, 2022
Profit (loss)	(255,117)
Other comprehensive income	
Valuation difference on available-for-sale securities	80
Total other comprehensive income	80
Comprehensive income	(255,037)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(191,317)
Comprehensive income attributable to non-controlling interests	(63,719)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Notes When There are Significant Changes in Amounts of Equity)
Not applicable.

(Segment Information, Etc.)

[Segment information]

For the three months ended November 30, 2022 (September 1, 2022 - November 30, 2022)

1. Disclosure of operating revenue and profit (loss) for each reportable segment, and breakdown of revenue

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total (Note 2)
	coconala	coconala Legal Consultation	Total		
Operating revenue					
Goods transferred at a point in time	969,930	—	969,930	—	969,930
Goods transferred over a period of time	—	119,245	119,245	—	119,245
Revenue from contracts with customers	969,930	119,245	1,089,175	—	1,089,175
Other revenue	—	—	—	—	—
Revenues from external customers	969,930	119,245	1,089,175	—	1,089,175
Intersegment operating revenue or transfers	—	—	—	—	—
Total	969,930	119,245	1,089,175	—	1,089,175
Segment profit (loss)	(224,231)	11,871	(212,360)	(8,297)	(220,658)

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

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

(Significant Subsequent Events)
Not applicable.