

FY2023.8 First Quarter Financial Results

coconala Inc. (TSE Growth Market: 4176)

January 13, 2023

01

Company Overview



Matching Service



An EC-type service (skills) marketplace



A service focused on purchases for business purposes.



A business outsourcing agent type service



Matching IT freelancers with companies. Scheduled to link and utilize the evaluation data at both coconala and coconala Agent.



A web service that connects users 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)

Others



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 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

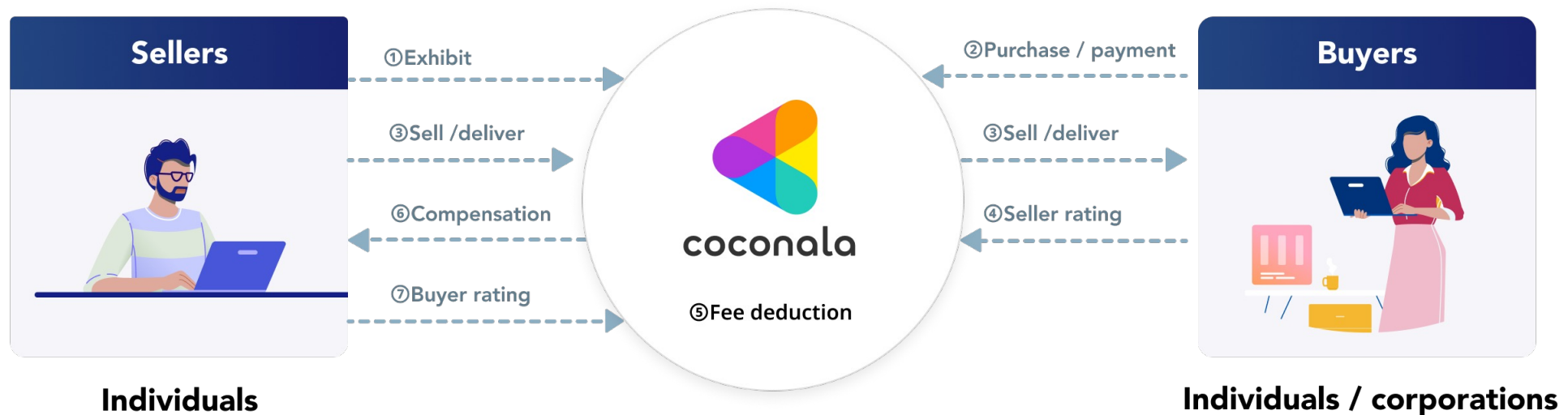
Easy purchase/sale with e-commerce model

Point 2

Complete online

Point 3

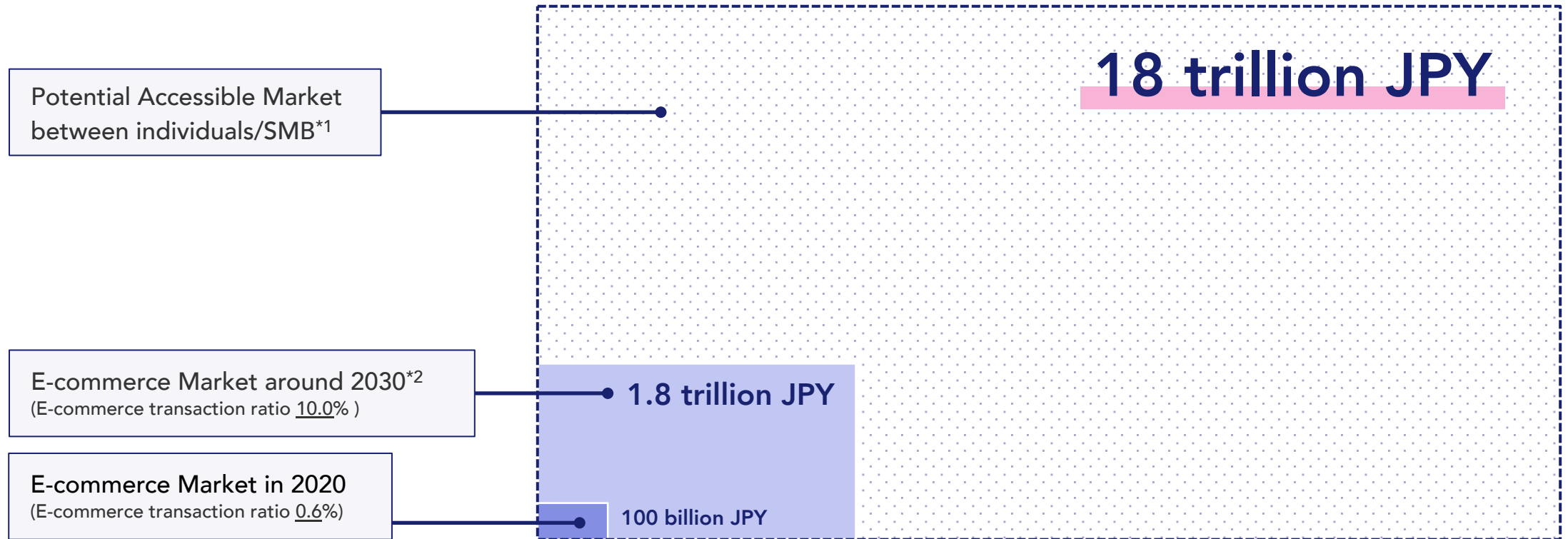
With range of categories



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: Market size of non-face-to-face services transaction between individuals/SMB and individuals/SMB that could be potentially shifted 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.



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

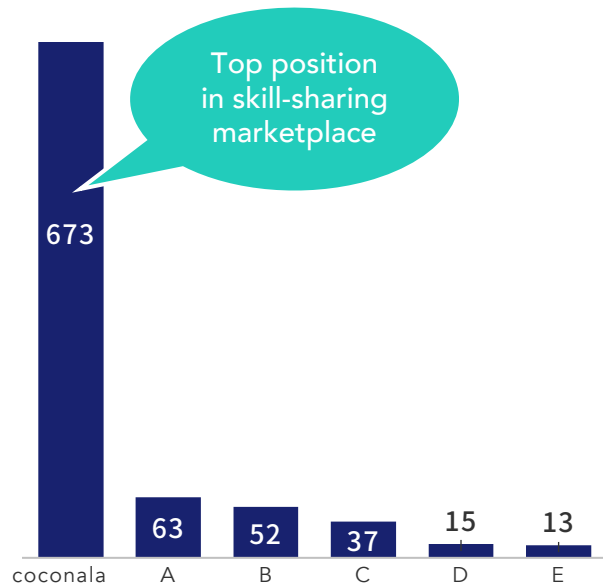
coconala's Competitive Advantage

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

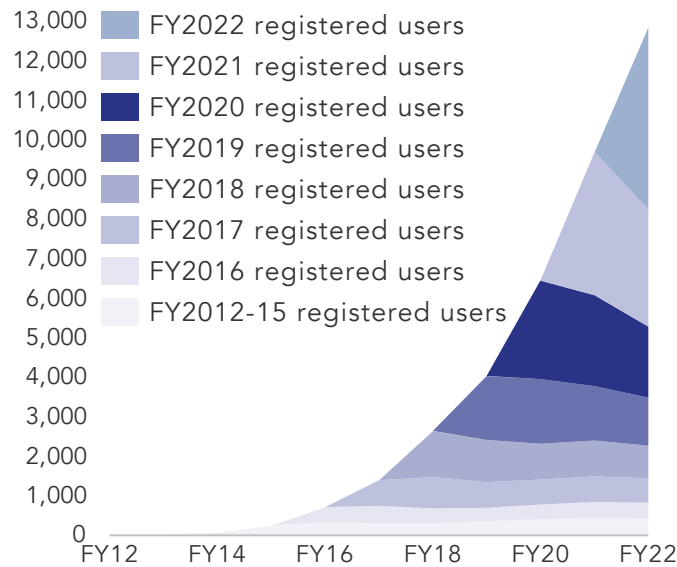
(Unit: thousand services)



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

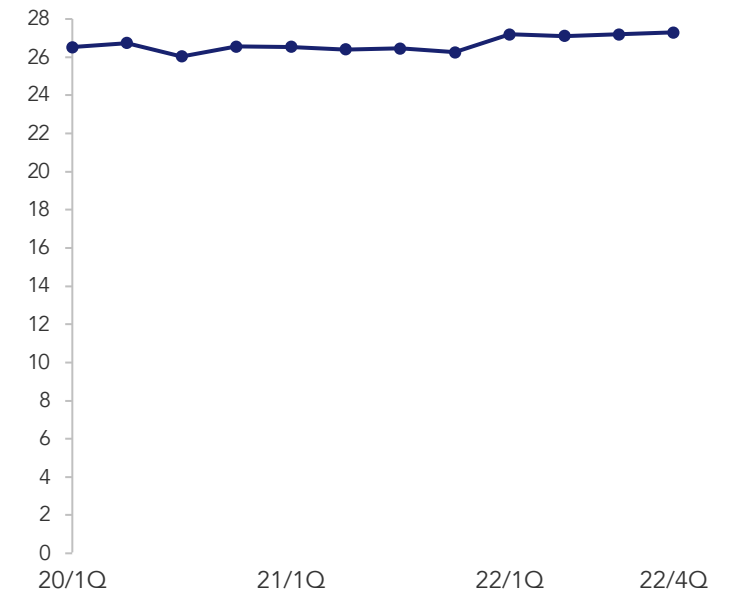
(Unit: million JPY)



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.

Topics: Created the Sustainability Page

Created the sustainability page on our website in November 2022. Plan to strengthen disclosure together with the actual efforts.

<https://coconala.co.jp/en/sustainability>

ENVIRONMENT

Environmental Policy

As a skill-sharing platform that matches people online, we help preserve the global environment by reducing unnecessary paper use and transportation. In addition, regarding climate change as the most important, imminent issue that everyone needs to address, we strive to reduce the environmental impact of our business activities by promoting energy conservation efforts and renewable energy use.

Climate Change Initiatives

Product/Service Characteristics and Environmental Contribution

Our business centers on coconala, a skills marketplace for buying and selling services based on individuals' knowledge, skills and experience. Since coconala is a completely online sales platform, we are contributing to climate change measures and waste reduction efforts by reducing the paper exchange and greenhouse gas emissions associated with physical movement for conventional face-to-face services. Furthermore, because our business is the operation and development of cloud services, our greenhouse gas emissions are primarily limited to the use of electricity in the office. In light of these factors, we believe that replacing existing services with our services will not only enhance our corporate value but also help to reduce environmental impact.

Greenhouse Gas Initiatives

We are introducing renewable energy use to reduce

SOCIETY

Product/Service Characteristics and Social Contribution

We aim to create the kind of world where anyone can draw on their skills to help others while learning from these people and passionately living their "own story". Our core business, coconala, is a skill-matching platform that empowers every user, including skill providers from professionals to amateurs as well as private users and business users. In addition, by harnessing the power of technology to eliminate constraints such as time, place, environment and age, we empower unutilized and underutilized human resources and provide society with flexibility in work and lifestyle. Furthermore, through information visualization and support, we are striving to maintain a safe, secure and fair platform where anyone can easily obtain necessary information and exchange on an equal footing.

Initiatives for Customers

Quality Assurance System

We are implementing the following initiatives to improve the quality and safety of our services.

- Establishment of a customer service point (Customer Success Department)
- Continuous monitoring of satisfaction with customer service point
- Development of guidelines to ensure appropriateness of labeling
- Company-wide disclosure of information on customer requests, complaints, service defects, etc.
- Establishment of a specialized team to monitor user listings daily, both visually and with AI (Soundness Team)
- Disclosure and warning about user violations on the coconala website (coconala News)
- "Pro selection" of high-quality sellers

GOVERNANCE

Governance Structure

For our organizational structure, we have selected a company with a board of company auditors. Our corporate governance structure is as follows.

Organization Chart

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graph TD
    GMS[General Meeting of Shareholders] -- Appointment/Dismissal --> Board[Board of Directors]
    GMS -- Appointment/Dismissal --> IA[Independent Auditor]
    Board -- Auditing/Reporting --> ASC[Audit and Supervisory Committee]
    Board -- Collaboration --> IA
    ASC -- Collaboration --> IA
    Board -- Selection/Supervision/Dismissal --> NRC[Nominating and Remuneration Committee]
    Board -- Appointment --> ID[Representative Director]
    Board -- Proposal --> IA
    ID -- Reporting --> NRC
    ID -- Reporting --> IAO[Internal Audit Office]
    ID -- Reporting --> RCC[Risk & Compliance Committee]
    ID -- Reporting --> BD[Business Departments]
    NRC -- Instruction/Appointment --> IAO
    IAO -- Collaboration --> IA
    RCC -- Auditing --> IAO
    RCC -- Guidance/Advice --> CA[Certified public tax accountant  
Other experts]
    IAO -- Reporting --> BD
    CA -- Guidance/Advice --> IA
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02

Results





FY2023 First Quarter (Sep. - Nov.) Financial Highlights

Consolidated

- GMV increased 21% YoY to approximately 3.5 billion yen, and operating revenue increased 24% YoY to approximately 1 billion yen, due to the slowdown in the growth rate of coconala
- Operating loss was recorded due to aggressive investments related to TVCM and new businesses

coconala

- Both GMV and operating revenue increased only 21% YoY due to the backlash of the reopening of Japan
- We made TVCM and taxi CM that are appealing to business users
- We continued to focus on the acquisition of business users through sales and alliances for long-term growth

coconala Legal Consultation

- With an increase in the number of paid subscribing lawyers, operating revenue maintained a high growth rate, increasing 47% YoY
- The number of paid subscribing lawyers maintained its high growth, increasing 37% YoY

Topics

- Started coconala Agent as a new business to expand coconala's ecosystem
- Concluded a business partnership agreement on provision of benefits with Mizuho Bank. Scheduled to continue strengthening alliance with a variety of business categories



FY2023 First Quarter (Sep. - Nov.) Financial Results

(単位 : 百万円)	FY2023 Q1 Consolidated (Sep. - Nov.)	FY2022 Q1 Non-Consolidated (Sep. - Nov.)	YoY
	Consolidated* ¹ (including coconala Skill Partners)	Non-consolidated* ²	
GMV	3,567	2,947	+21.0%
Operating revenue	1,089	880	+23.8%
coconala	969	798	+21.4%
coconala Legal Consultation	119	81	+46.9%
Operating profit	(220)	(227)	-
coconala	(224)	(219)	-
coconala Legal Consultation	11	(7)	-
Non-GAAP operating profit* ³	(199)	(227)	-
Ordinary profit	(267)	(227)	-
Profit attributable to owners of parent	(191)	(227)	-

*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 profit + share-based payment expenses + coconala Skill Partners expenses

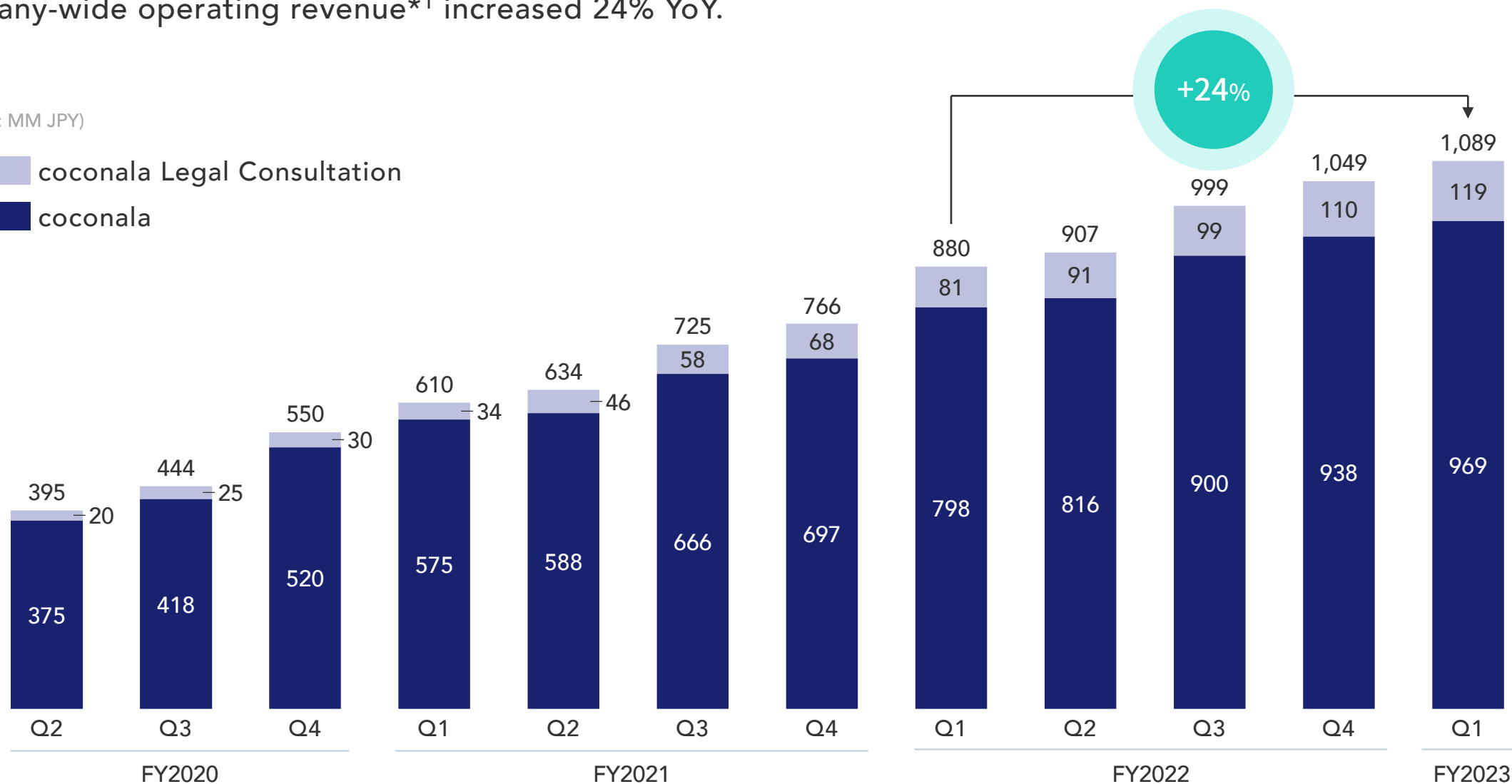
Consolidated: Operating Revenue

Company-wide operating revenue*¹ increased 24% YoY.

(Unit: MM JPY)

coconala Legal Consultation

coconala



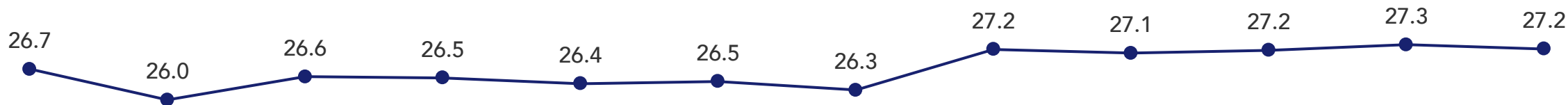
*1: On this page of the financial result presentation, the new revenue recognition standard has been applied retroactively to FY2020 and FY2021 for purposes of comparison, and the figures therefore differ from the disclosure figures in the financial statements.



coconala: GMV, Operating Revenue, and Take Rate

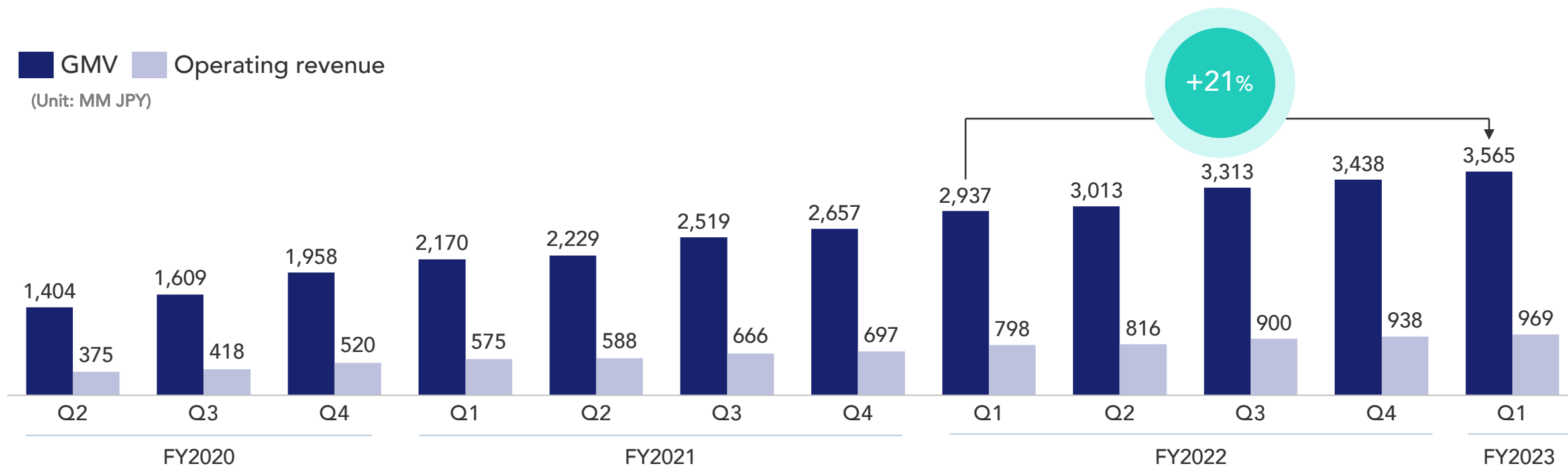
Both GMV*¹ and operating revenue*² increased 21% YoY. Take rate*³ remained at an appropriate level of 27.2%.

Take Rate (%)



■ GMV ■ Operating revenue

(Unit: MM JPY)



*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.

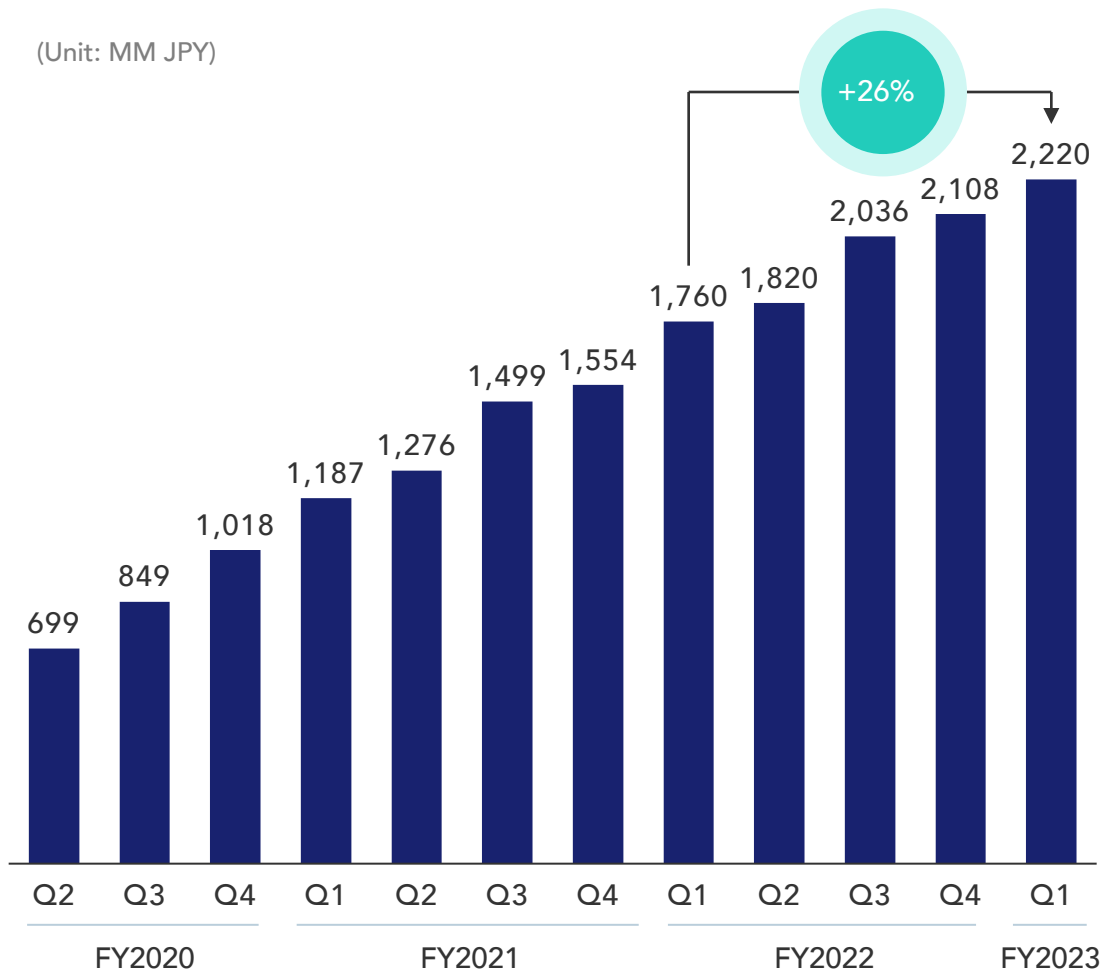
*3: Take rate = operating revenue ÷ GMV

coconala: GMV by Category

The creative/business category drove GMV*¹ growth, increasing 26% YoY.

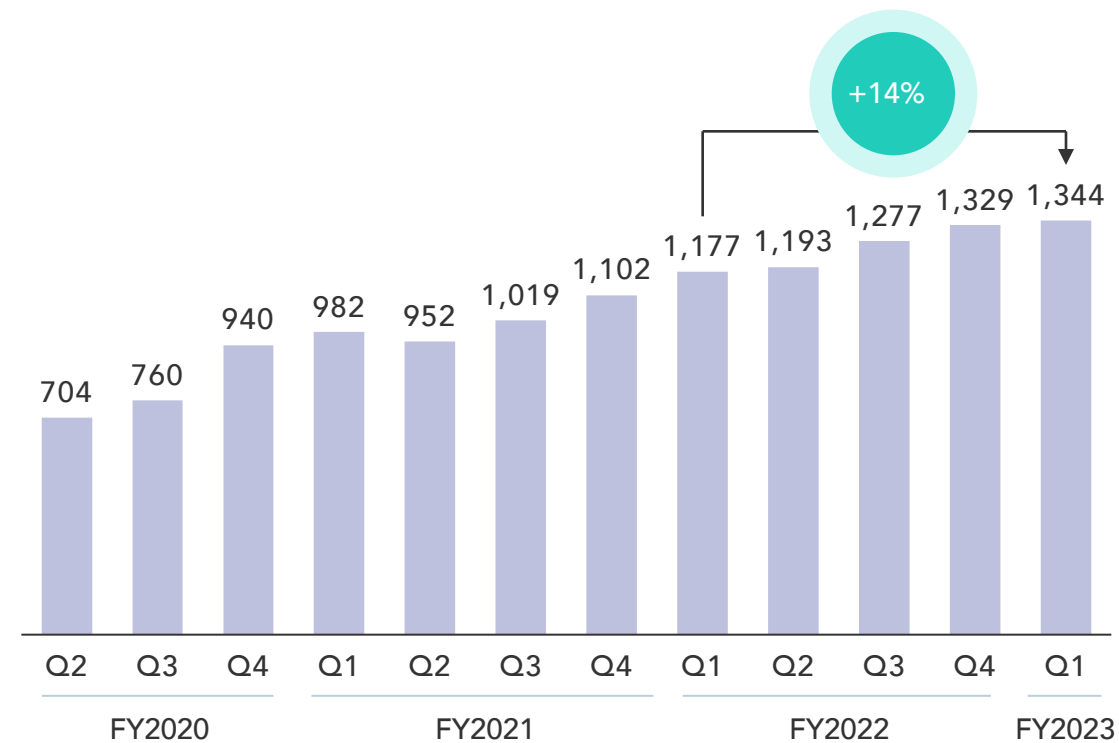
Creative/business

(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.

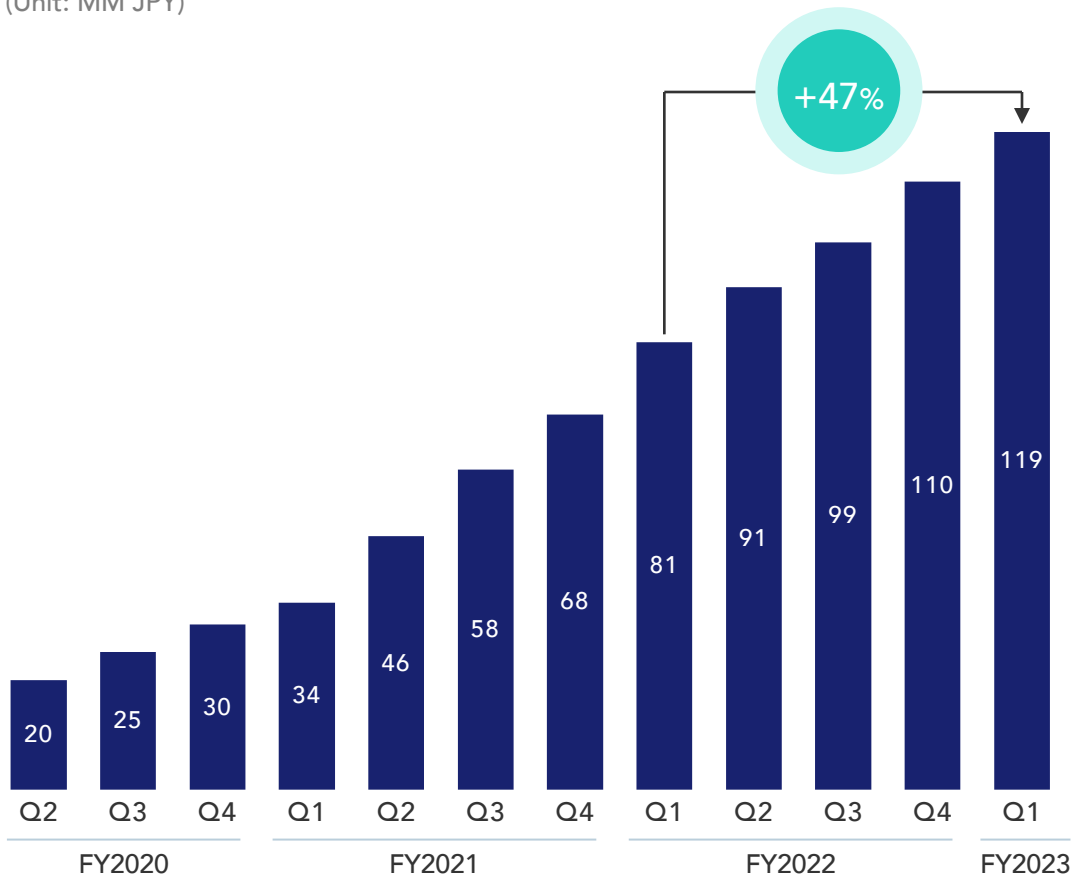


coconala Legal Consultation: Operating Revenue and Major KPIs (1/2)

Operating revenue*¹ maintained a high growth rate of 47% YoY due to an increase in the number of paid subscribing lawyers (+37% YoY).

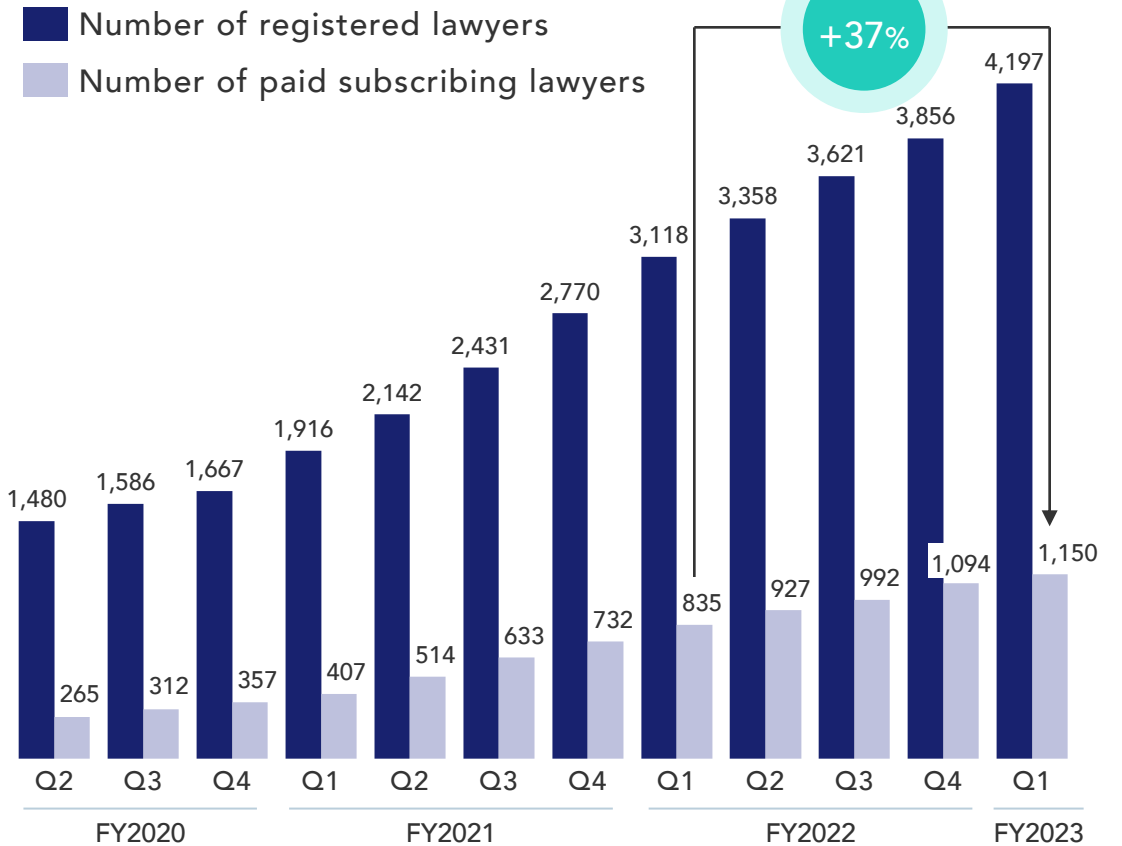
Operating Revenue

(Unit: MM JPY)



Number of Registered Lawyers

(Unit: People)

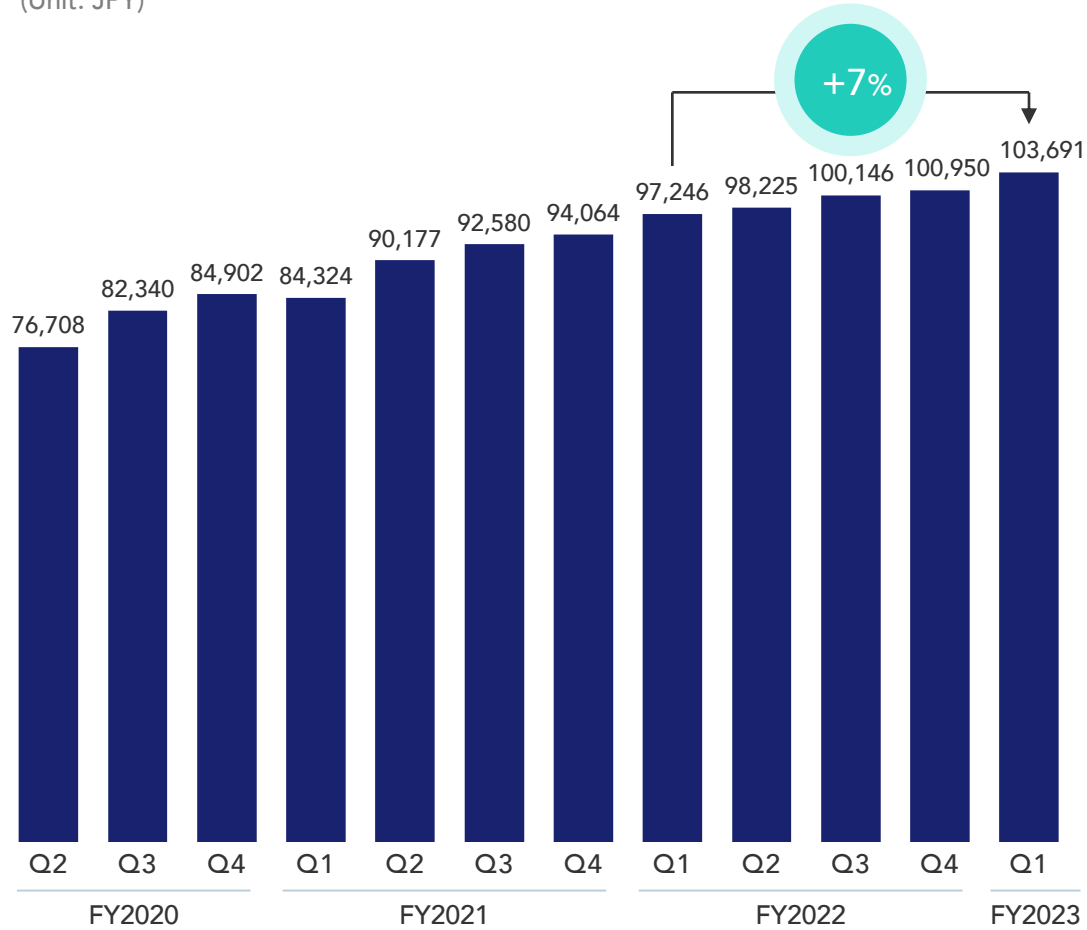


coconala Legal Consultation: Major KPIs (2/2)

ARPPU*1 increased by 7% YoY.

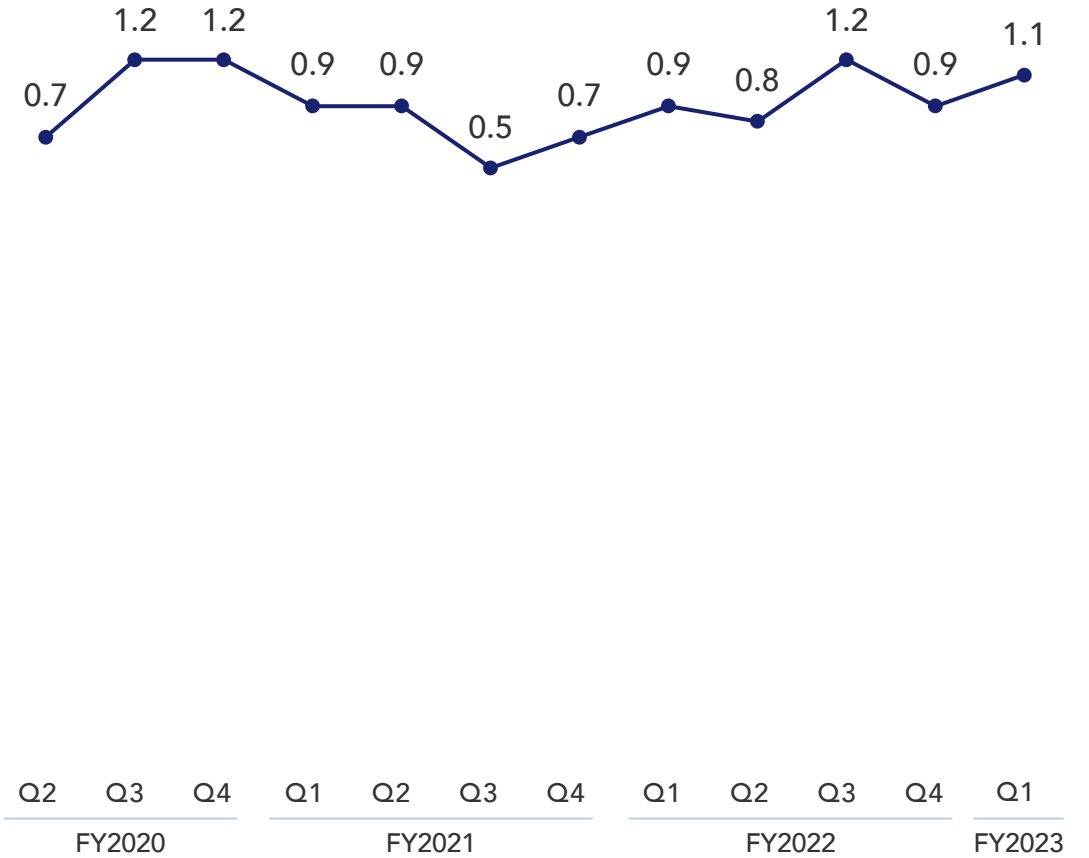
ARPPU

(Unit: JPY)



Churn Rate

(Unit: %)



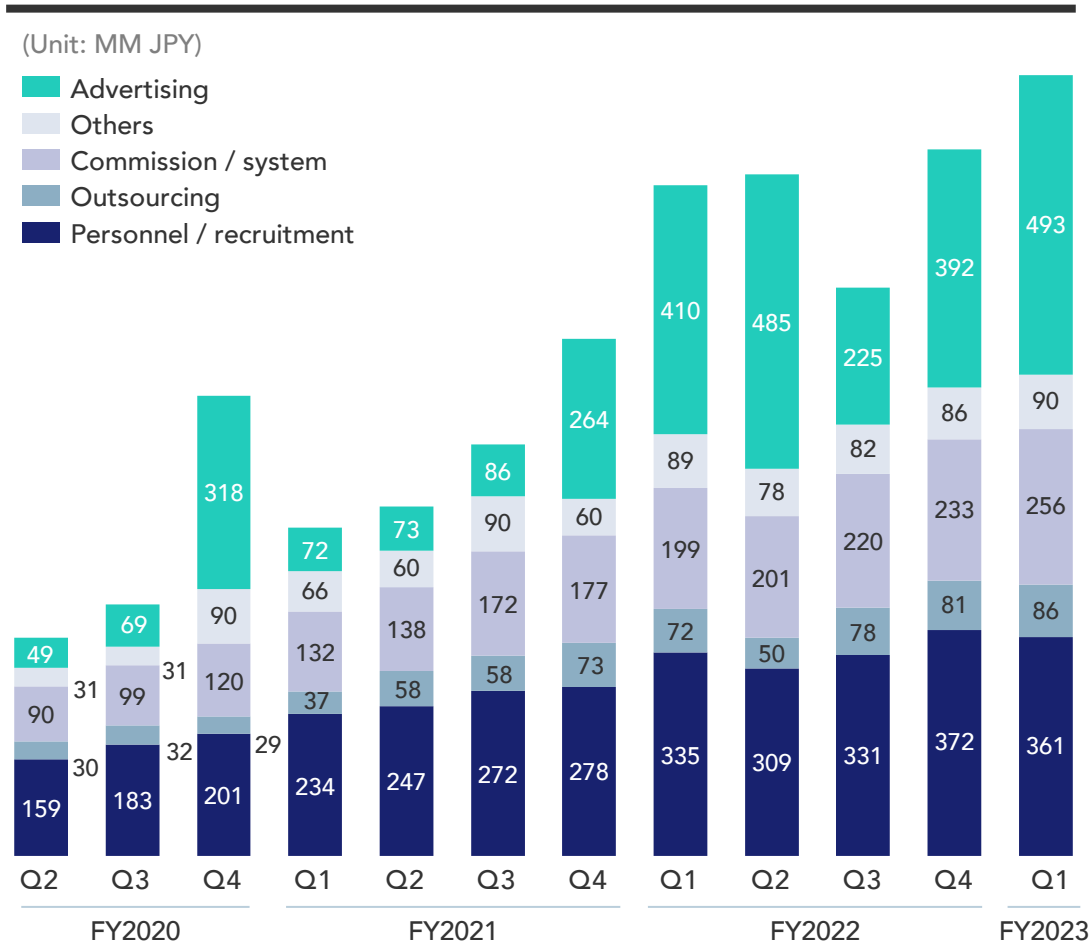
*1: ARPPU = average revenue per paid user.

*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).

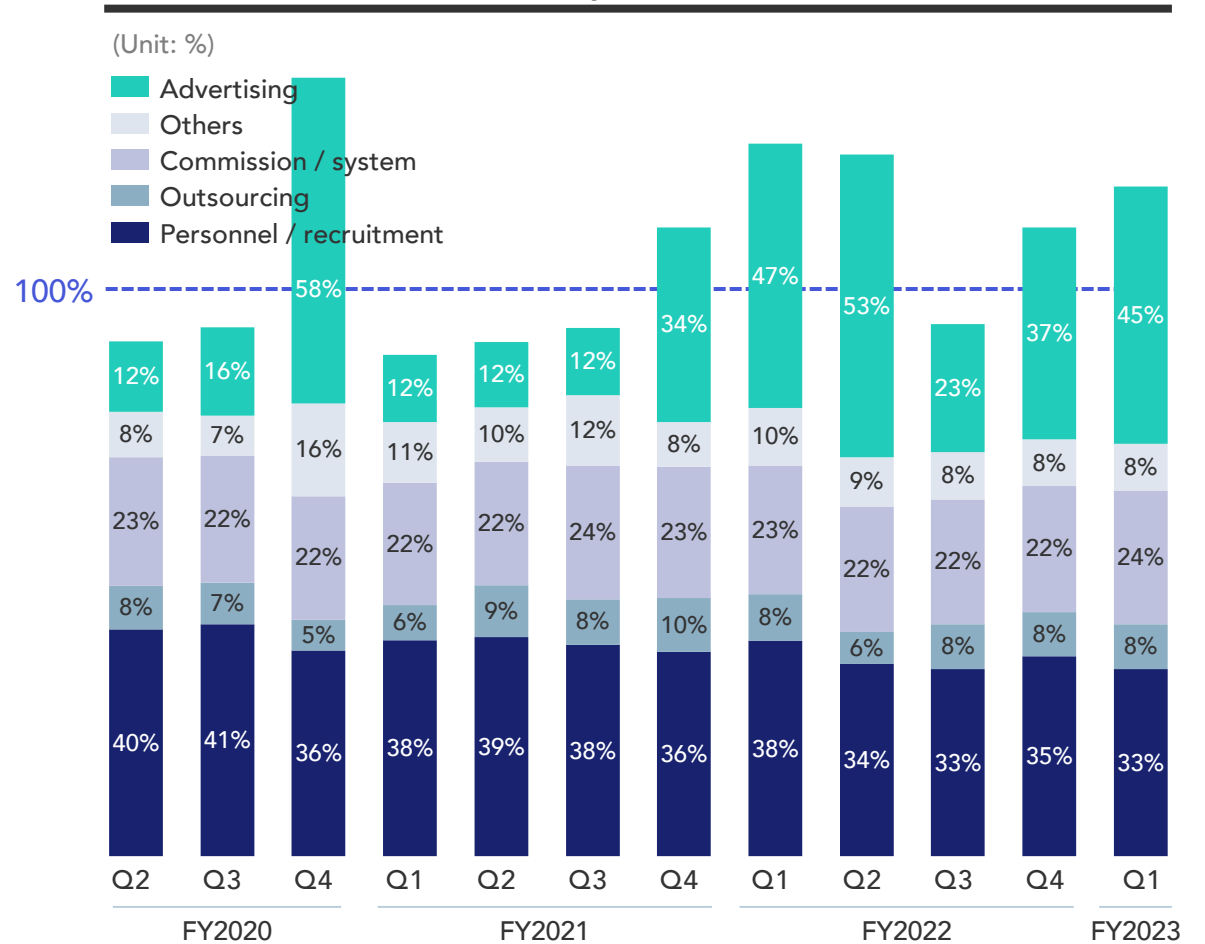
Operating Expenses

Advertising expenses increased due to implementation of TVCM. Going forward, we will maintain our policy of implementing appropriate cost control.

Operating Expenses*1



Operating Expenses*1 Relative to Operating Revenue

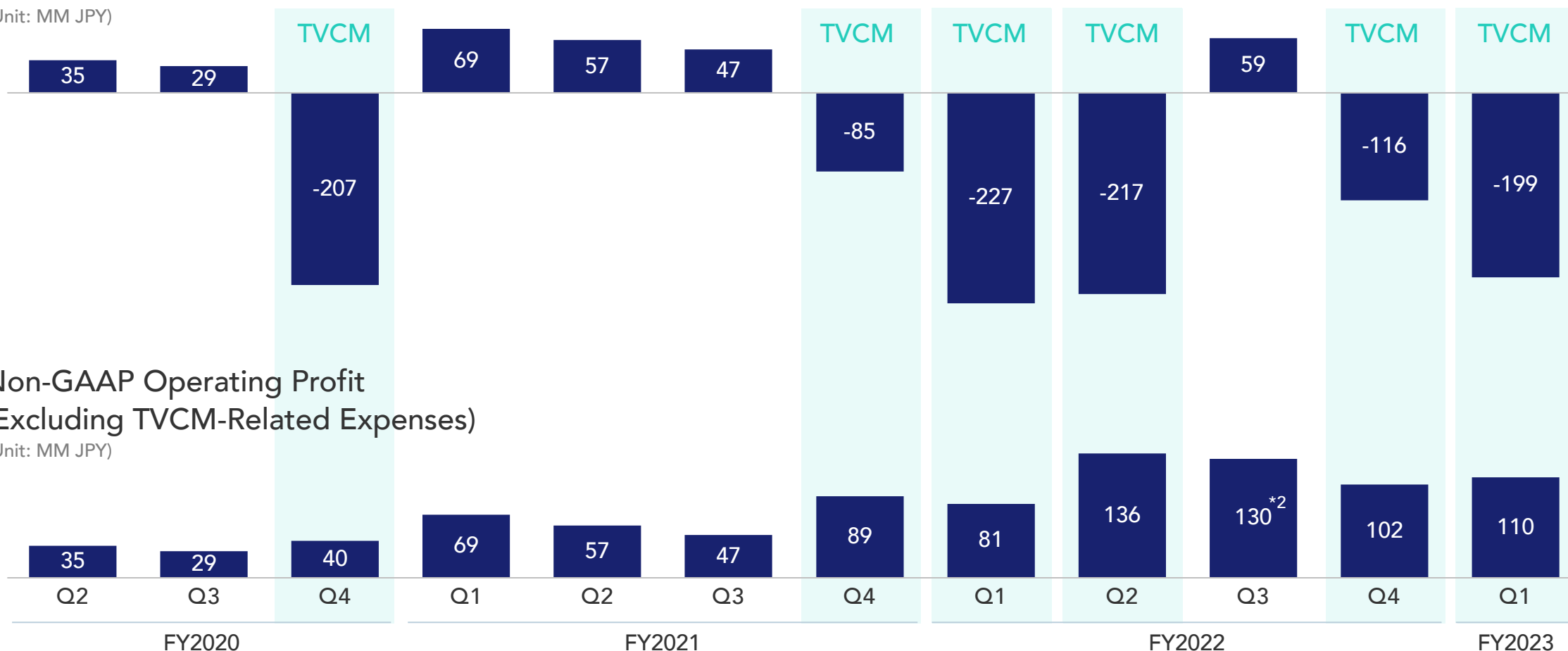


Non-GAAP Operating Profit*¹ Excluding TVCM-Related Expenses

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

Non-GAAP Operating Profit

(Unit: MM JPY)

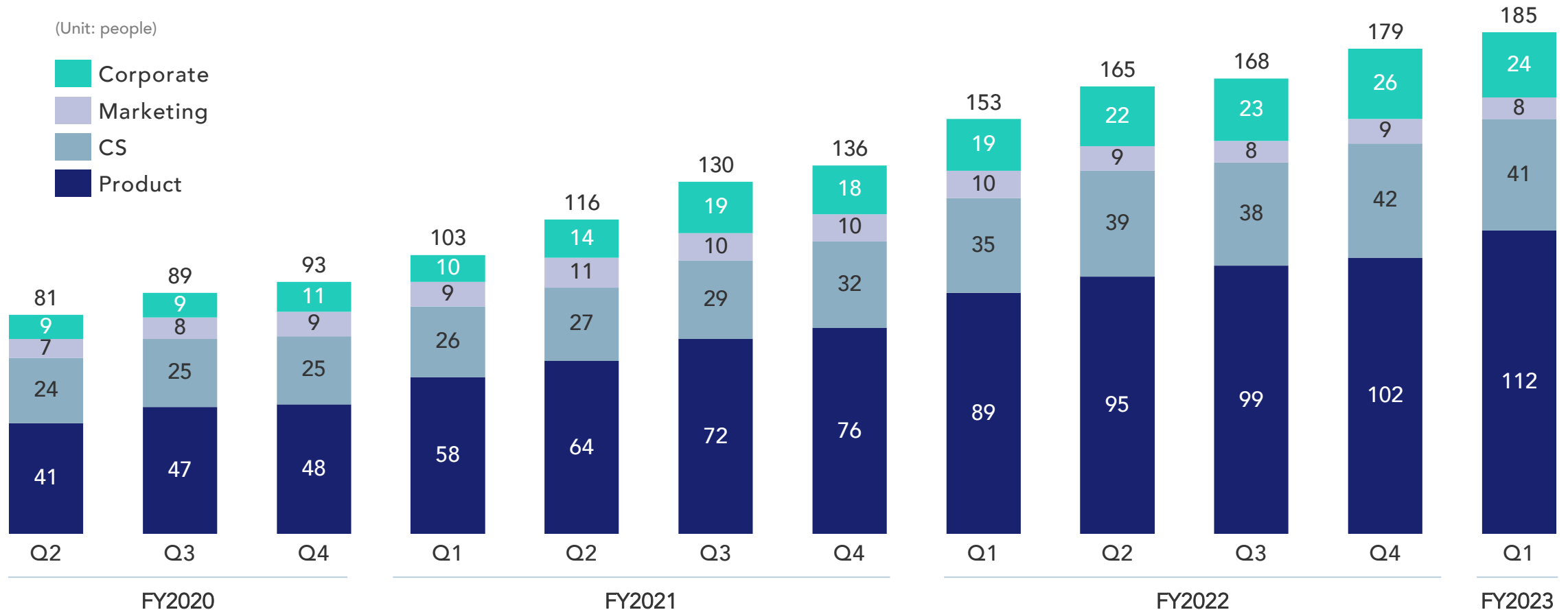


*1: Non-GAAP operating profit = operating profit + stock-based compensation expenses + coconala Skill Partners expenses
 FY2020-FY2021 do not retroactively reflect the new revenue recognition standard (same as the disclosure figures in the financial statements).

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

Number of Employees by Job Category

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.

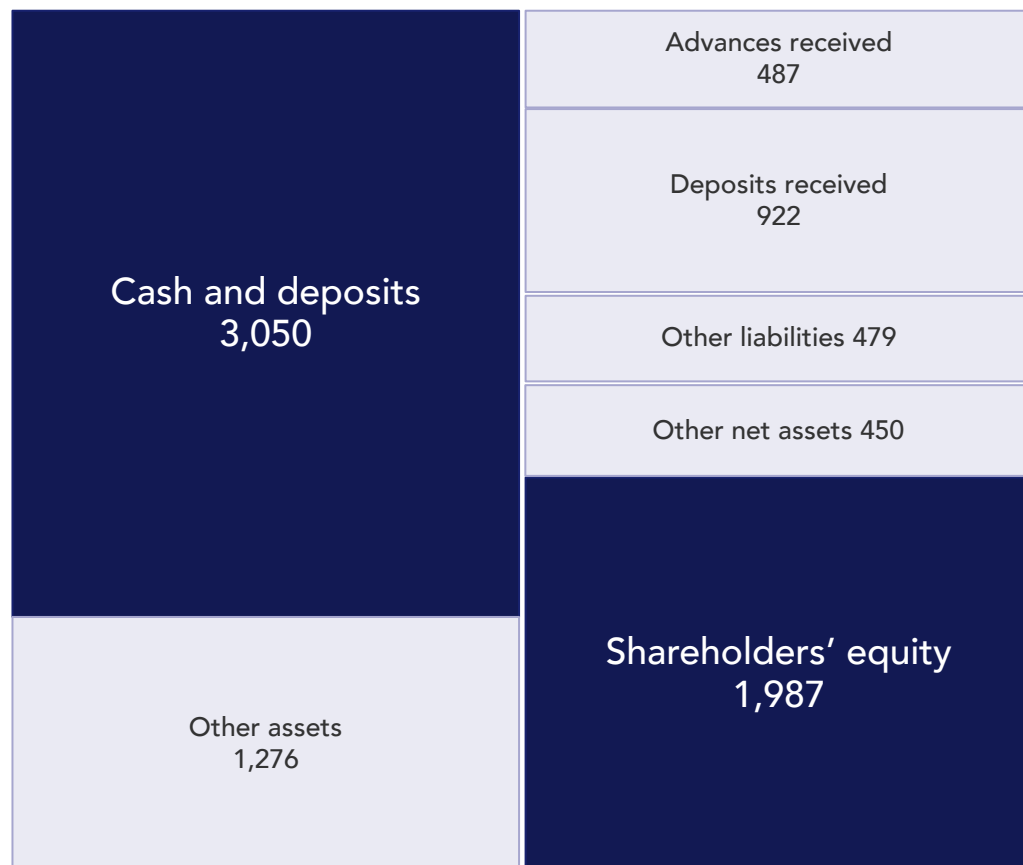




We are maintaining a sound financial foundation with sufficient cash and capital levels.

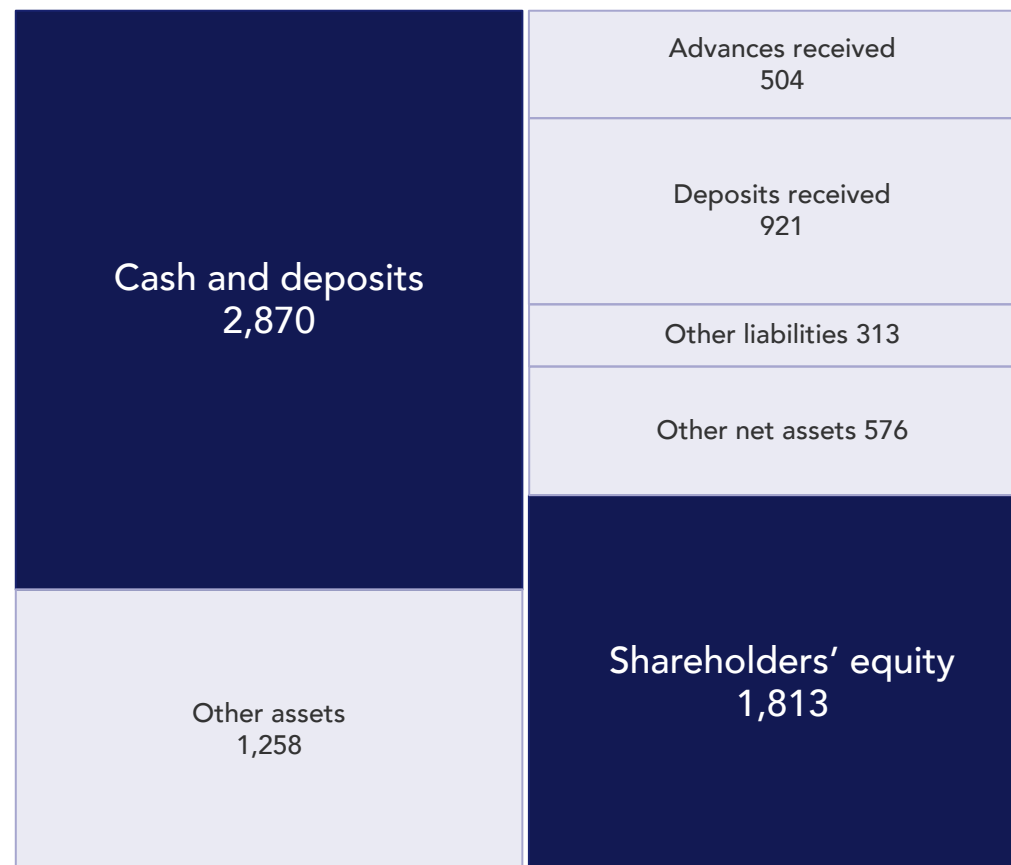
Aug. 2022 (Consolidated)

(Unit: MM JPY)



Nov. 2022 (Consolidated)

(Unit: MM JPY)



Progress Rate Against the Full-Year Earnings Forecast

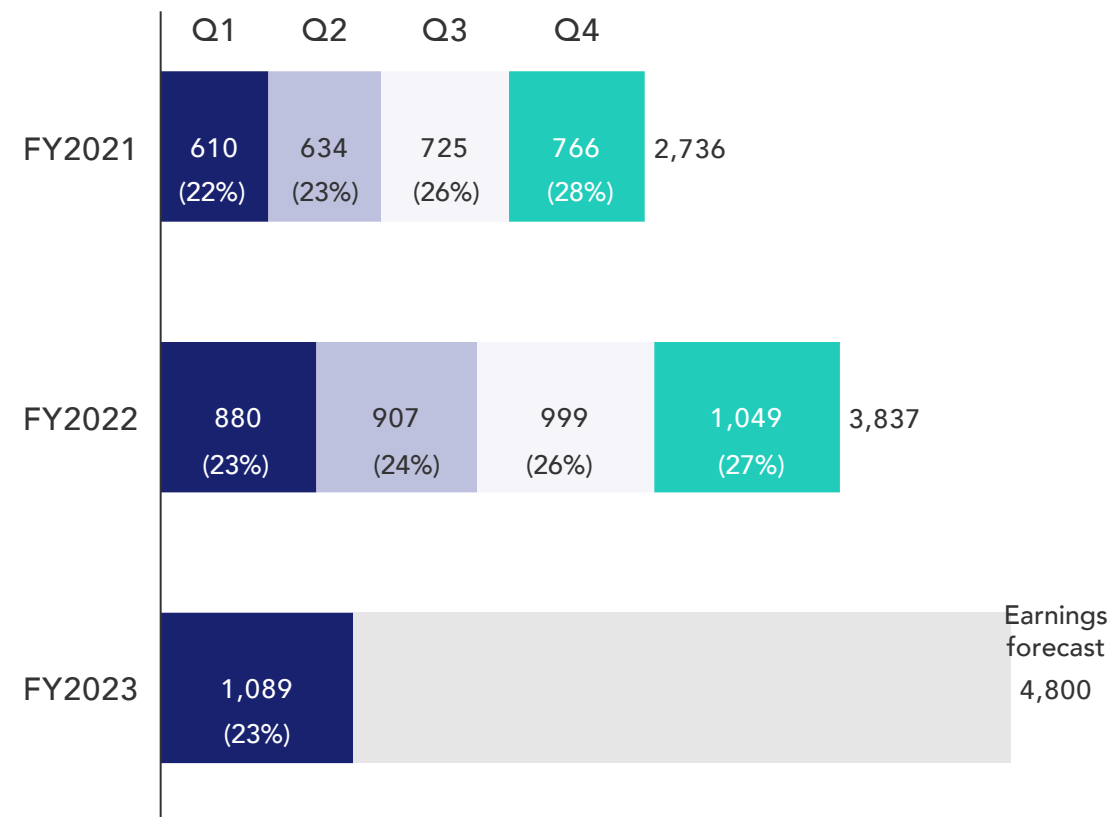
The progress rate against the full-year earnings forecast was about the same as that in FY2022.

Full-Year Earnings Forecast (No change from the initial forecast)

(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	-

Status of Progress of Operating Revenue*²

(Unit: MM JPY)



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

*2: The new revenue recognition standard has been applied retroactively to FY2021 for purposes of comparison, and the figures therefore differ from the disclosure figures in the financial statements. The figures in parenthesis indicate the progress rate against the earnings forecast or the estimated value of the earnings forecast

03

Future Policies





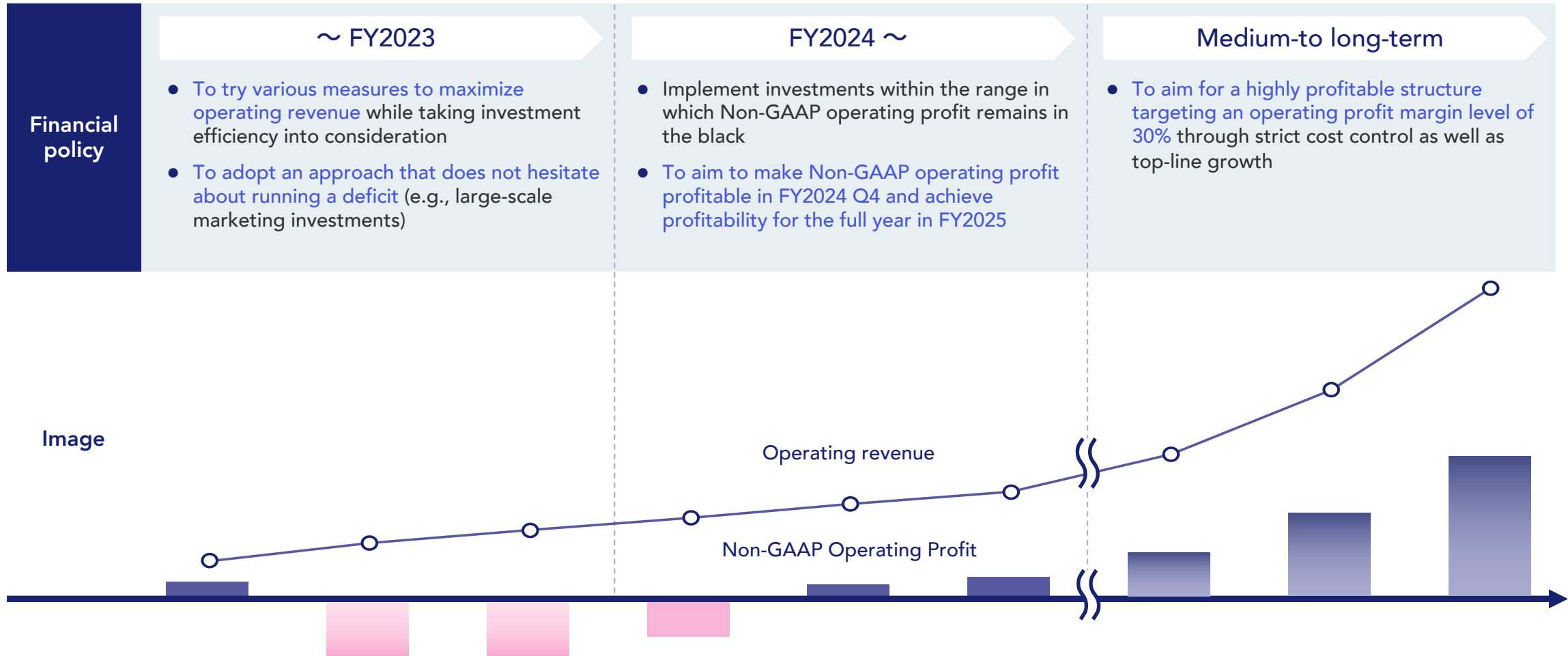
Change in Management Policy Based on the Current Environment

	~FY2023	FY2024~
Medium-term goal of top line	<ul style="list-style-type: none">● Rapidly achieve GMV of 100 billion yen	<ul style="list-style-type: none">● No change
Priorities in terms of management	<ul style="list-style-type: none">● Place top priority on the growth of top line	<ul style="list-style-type: none">● Change to management style that is also conscious of profitability in addition to the growth of top line
Gain/loss	<ul style="list-style-type: none">● Ensure that Non-GAAP Operating profit excluding TVCM-related expenses remain in the black	<ul style="list-style-type: none">● Aim to make Non-GAAP operating profit profitable in FY2024 Q4 and achieve profitability for the full year in FY2025
Investment discipline	<ul style="list-style-type: none">● Implement large-scale investments without hesitating about running a deficit while taking investment efficiency into consideration● The payback period for TVCM shall be three years and that for web marketing within a year	<ul style="list-style-type: none">● Implement investments within the range in which Non-GAAP operating profit remains in the black from FY2024 Q4 by being conscious of gain/loss● Payback period will remain unchanged



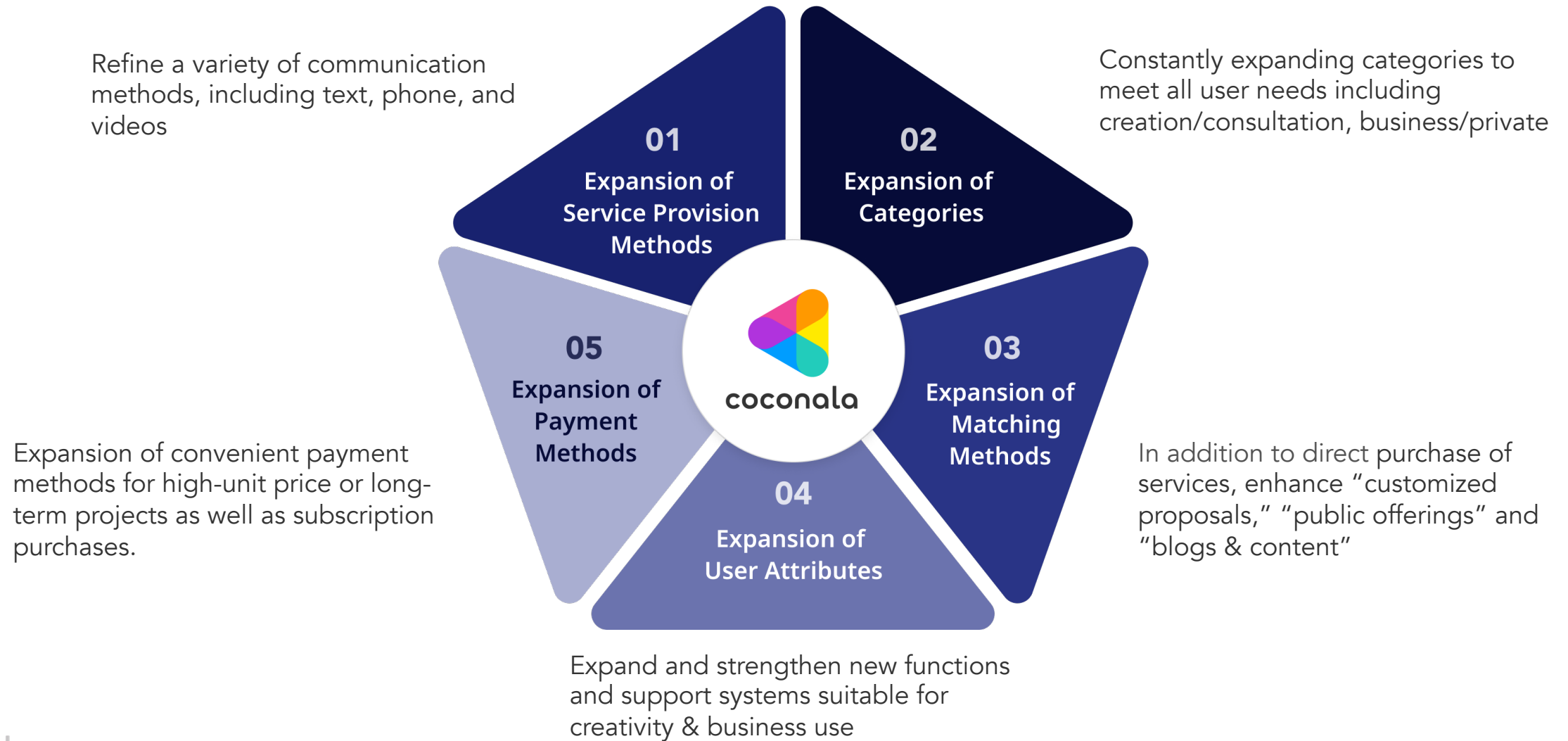
Future Image of Profitability

With large-scale up-front investment, we remained in the red until FY2023, but will shift to management conscious of profitability. To aim to make Non-GAAP operating profit profitable in FY2024 Q4 and achieve profitability for the full year from FY2025 onward.



Expansion of the Product

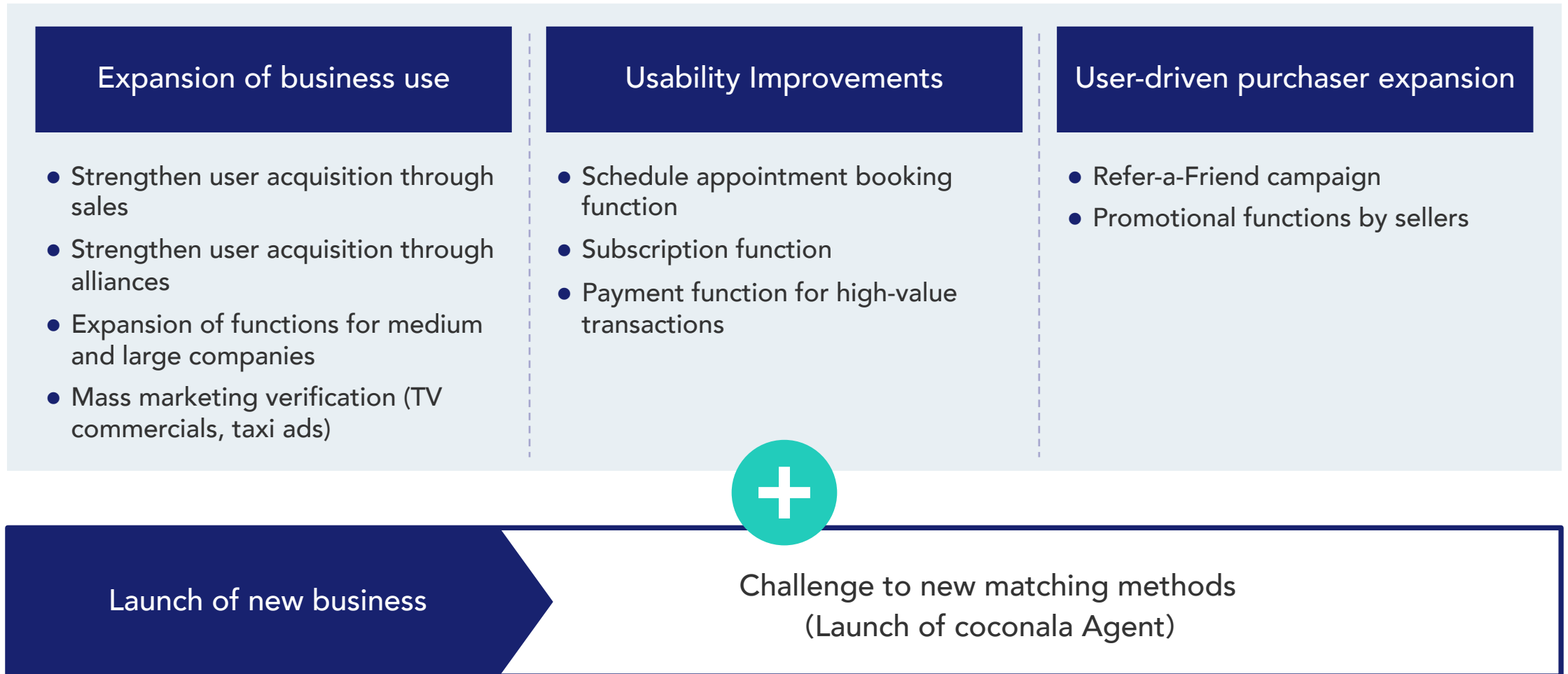
Further updating the user experience by expanding products in five directions to encourage use.





coconala's Business Policies for FY2023








- We plan to release product updates that will improve UI/UX and implement various marketing measures.



Existing

Partially supported

New

Area/Category	Matching			Others
	Services (One-Time)	People (Projects)	Content/Items	Overseas
	Creative/business agency	 coconala  coconala Business	 coconala Agent	 coconala business agency creating original goods and various items
Consultation	 coconala 法律相談 Legal Consultation		 coconala blog	
Learning, fortune-telling, and entertainment	 coconala phone, video chats			
Adjacent	Not supported			

Launch of coconala Agent

Overview

A business outsourcing agent type service that matches IT freelancers with companies

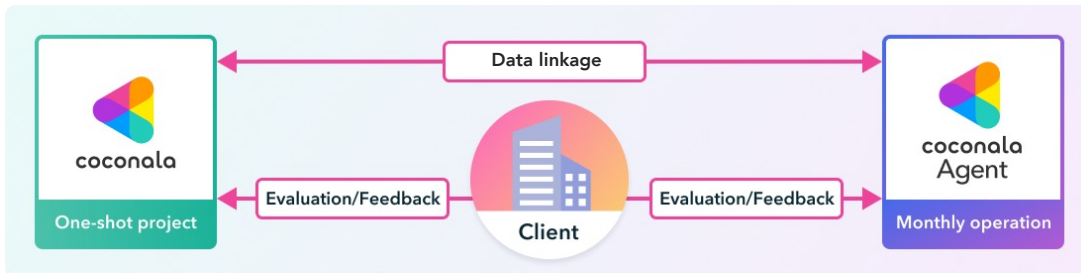
November 2022 :Started advance registration
January 2023 :Started business



- Specializing in jobs with high demand for freelance work centering on IT engineers and designers



- Scheduled to link and utilize the evaluation from the companies in coconala Agent



Features

	coconala	coconala Agent
Matching form	Services/one-time (spot type)	People/projects (monthly operation type)
Targeted businesses	A wide range of services related to production and consultation that are in demand by companies and individuals	Centering on IT-related jobs with high needs for continuous operation within companies
Form of provision of skills	Completed online	Remote operation and operation within offices
Attributes and needs of purchasers	A wide range of individuals and corporations	Growing companies and large companies mainly in the IT industry

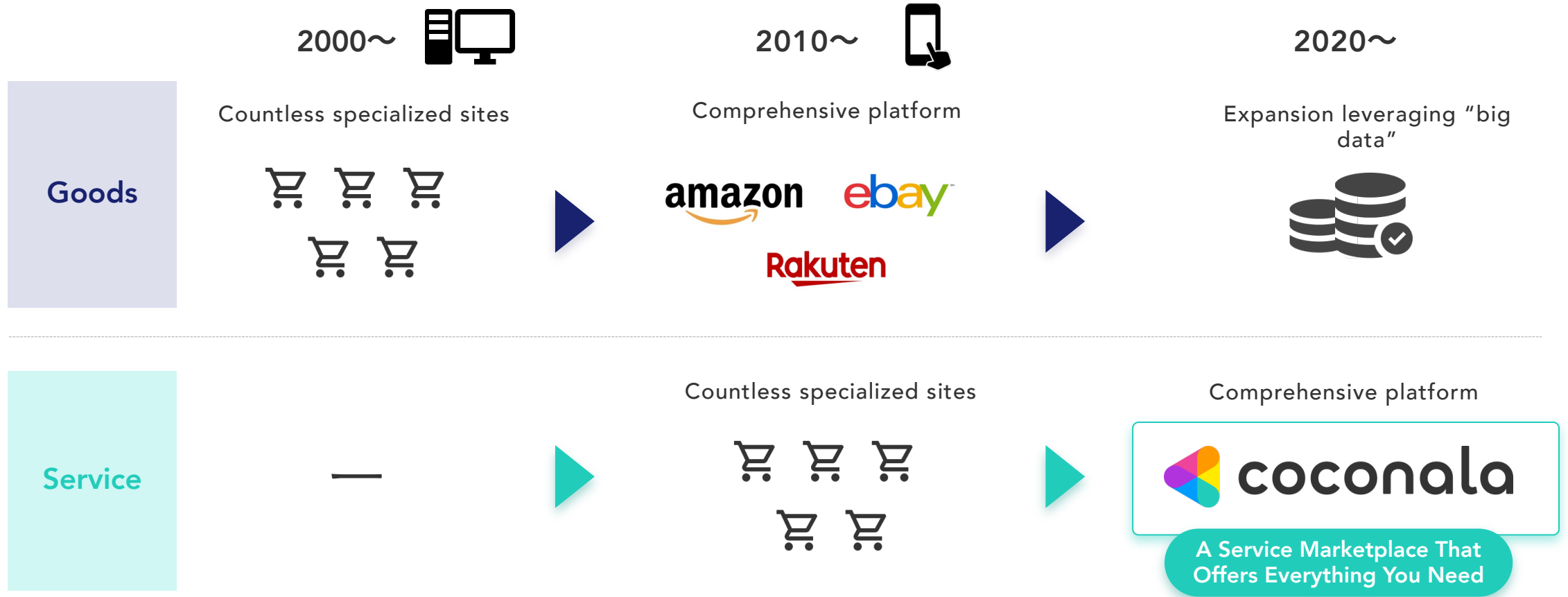
04

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.



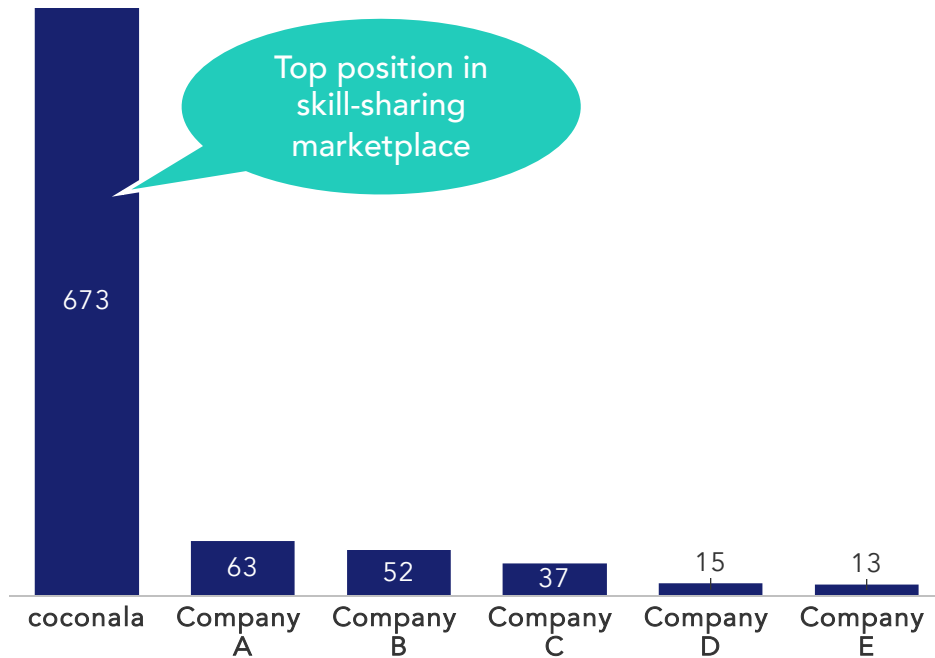


Large Number of Services on Offer and Reviews

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

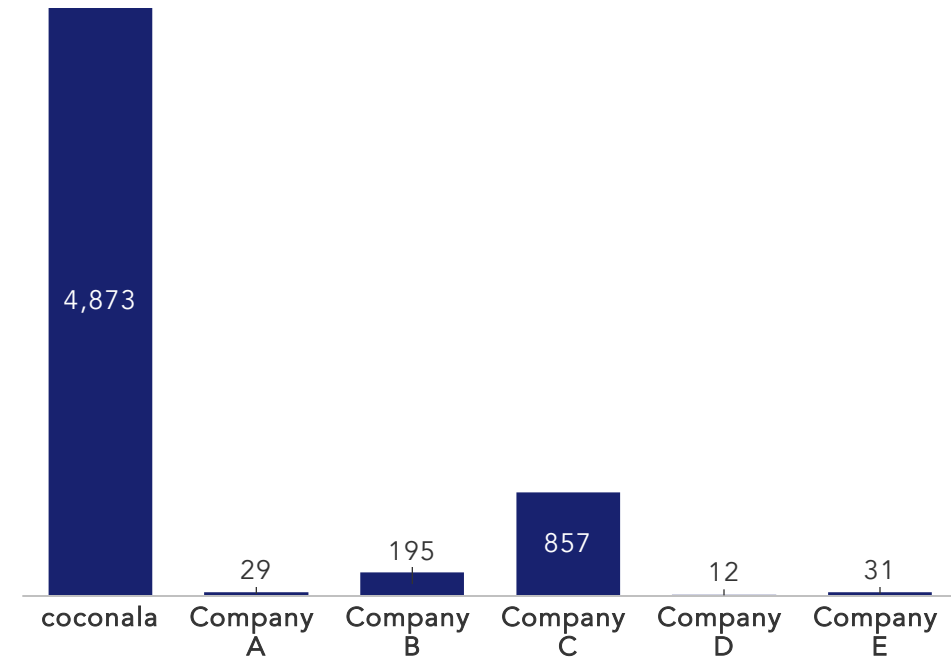
Number of Services on Offer*1

(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.

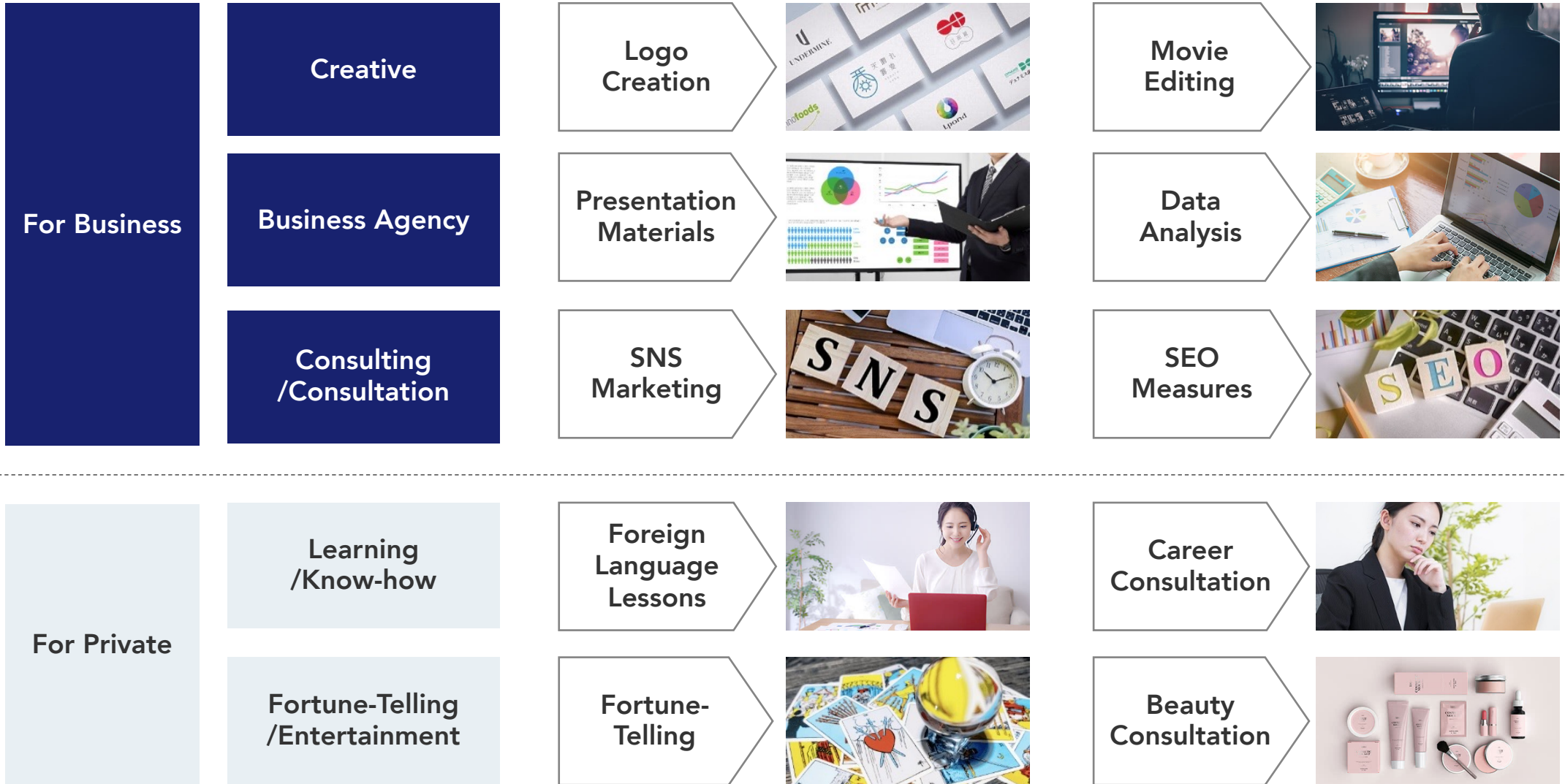


Career / Job Hunting / Qualifications / Studying

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



Examples of Major Services by User





Management Team



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.



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.



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.



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.



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.

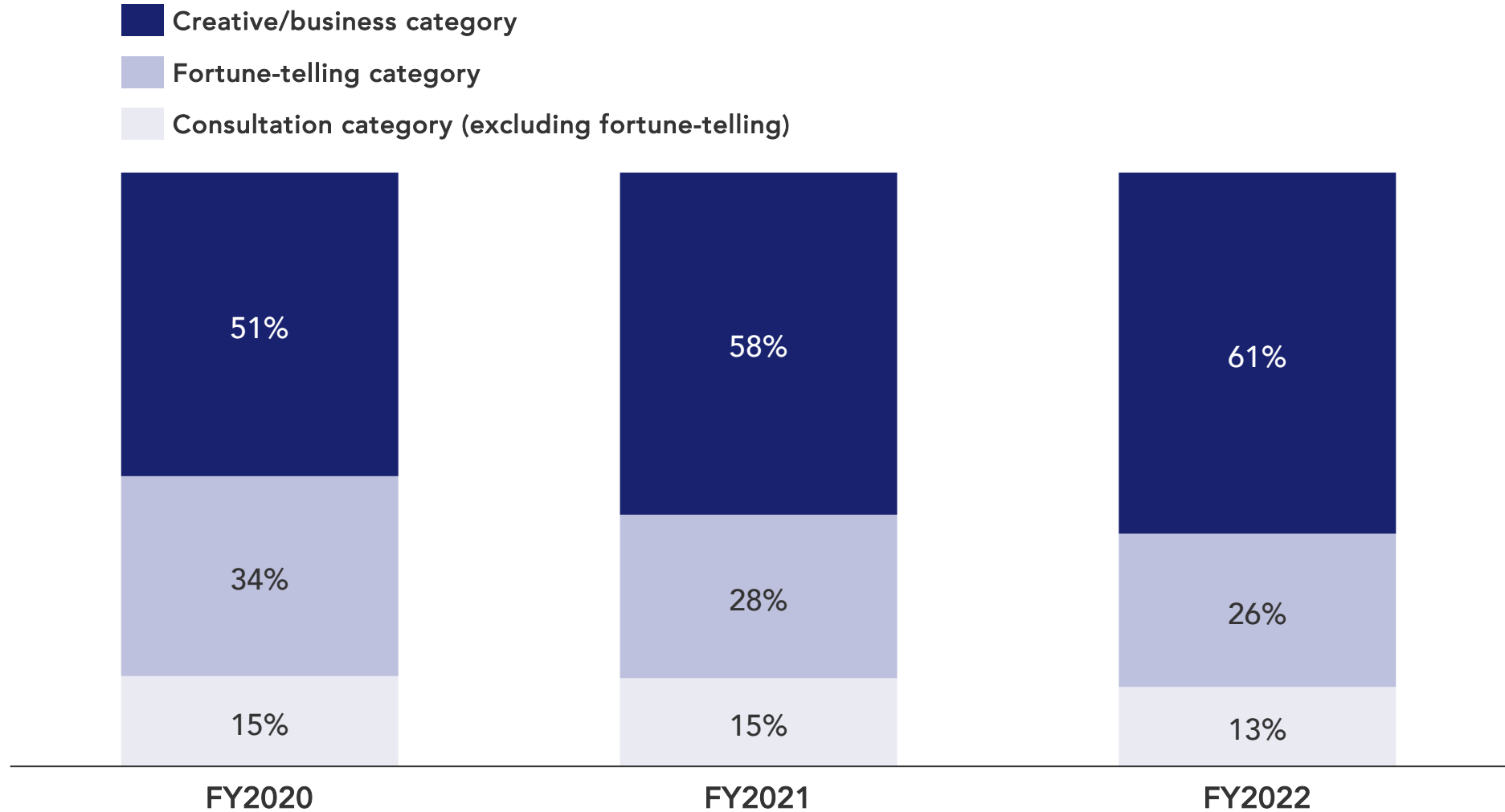


Yuka Hattori / Auditor

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.

Changes in GMV Composition

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





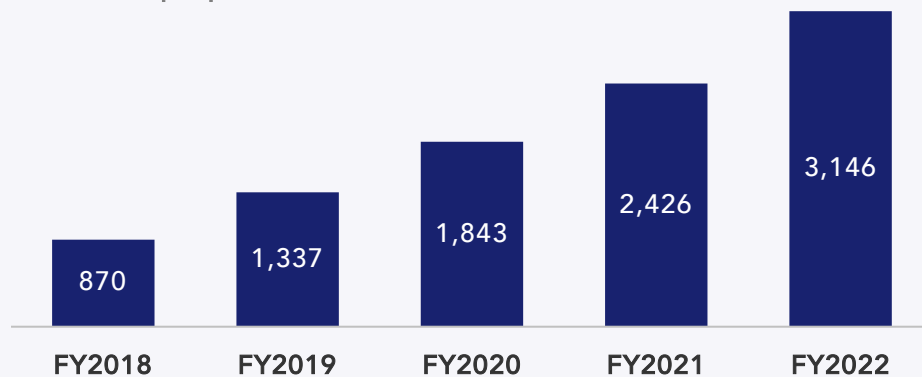
coconala: Major KPIs

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

There was steady growth in each KPI.

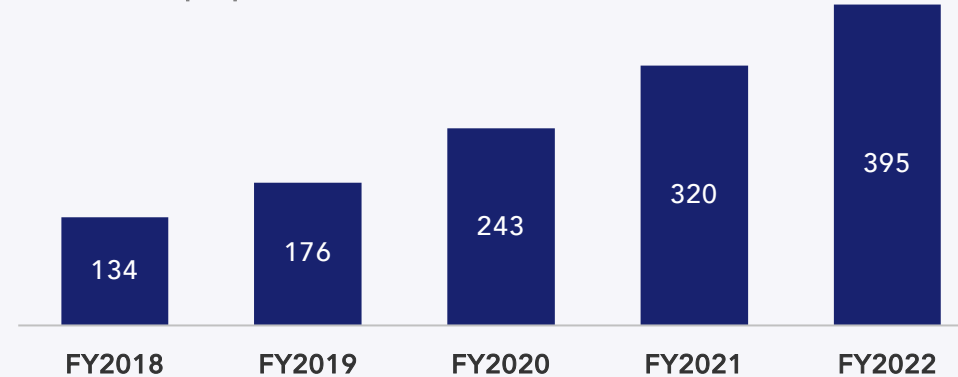
Registered Users (End of Each Fiscal Year)

(Unit: Thousand people)



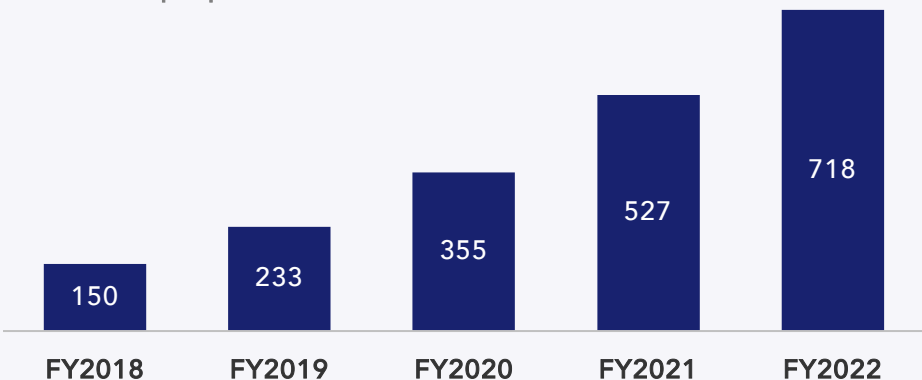
Annual Unique Buyers

(Unit: Thousand people)



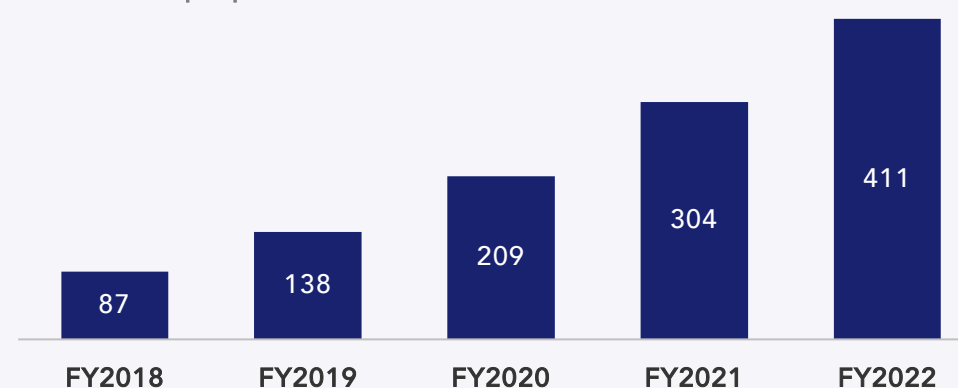
Number of Services on Sale (End of Each Fiscal Year)

(Unit: Thousand people)



Number of Sellers (End of Each Fiscal Year)

(Unit: Thousand people)



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

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

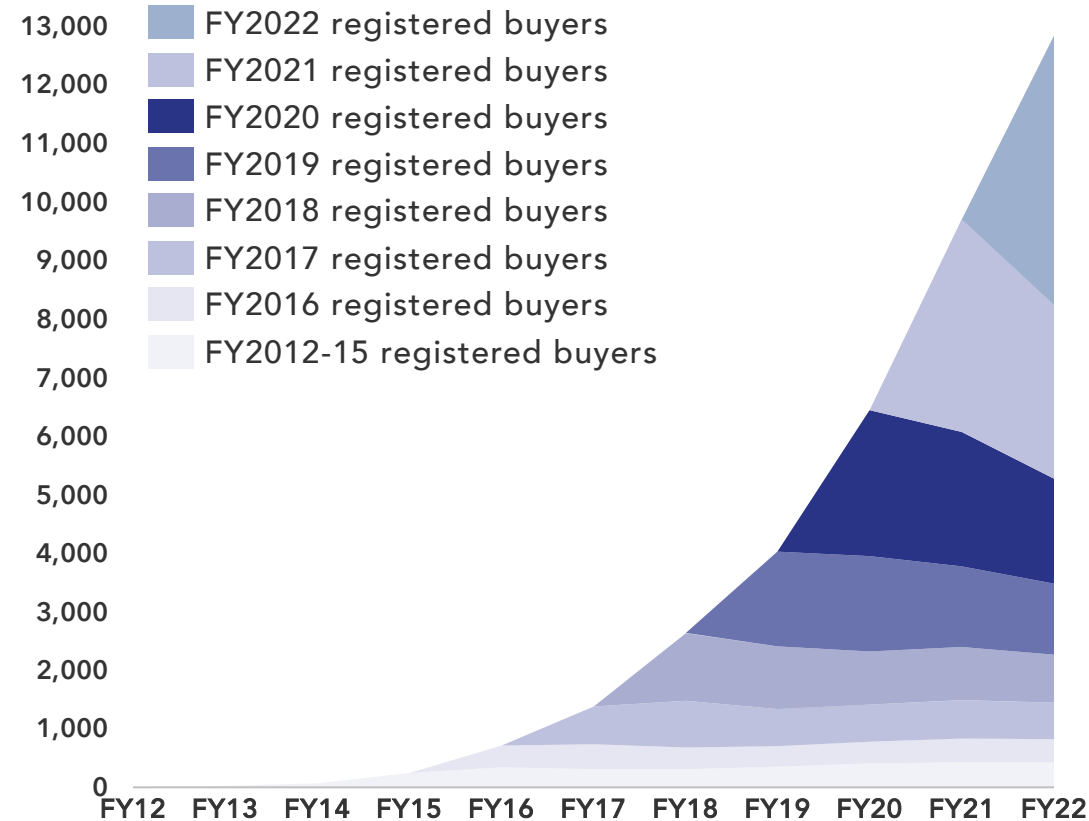


Recurring Revenue Model

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

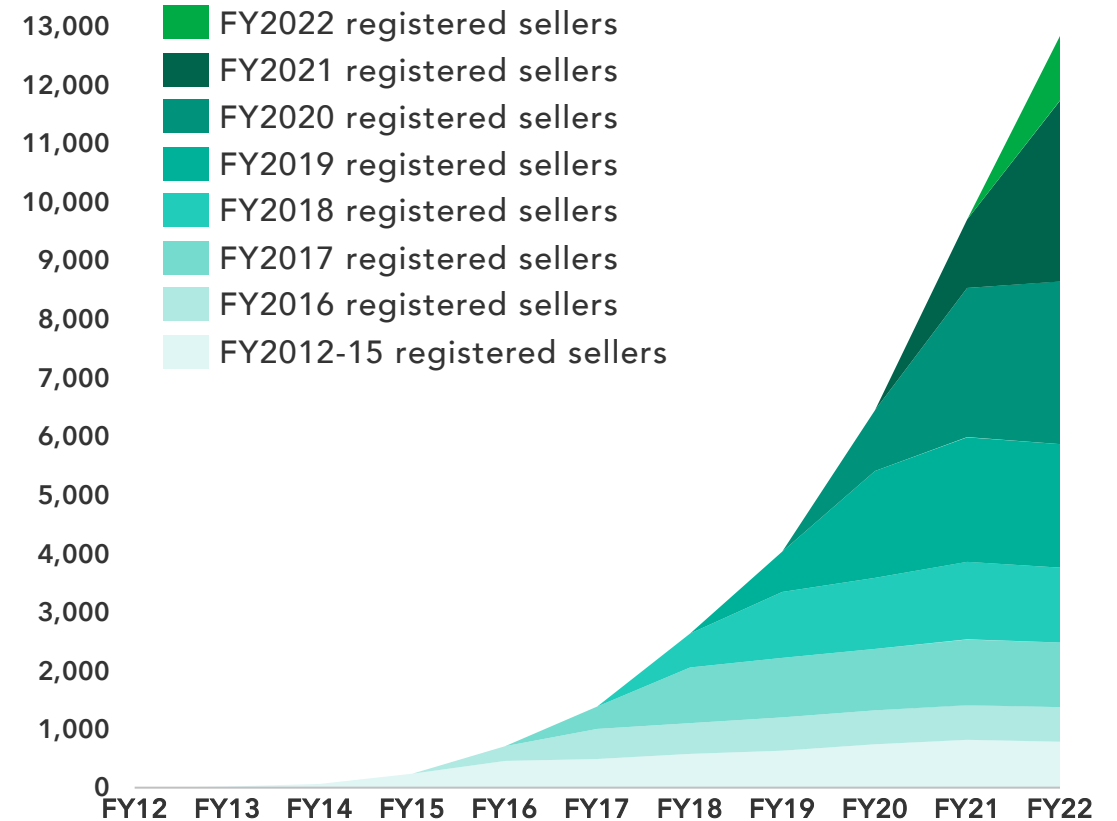
Buyer GMV (by Registration Year)*1

(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 resumption of activities.

Impact of resumption of activities

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

Impact of economic downturn

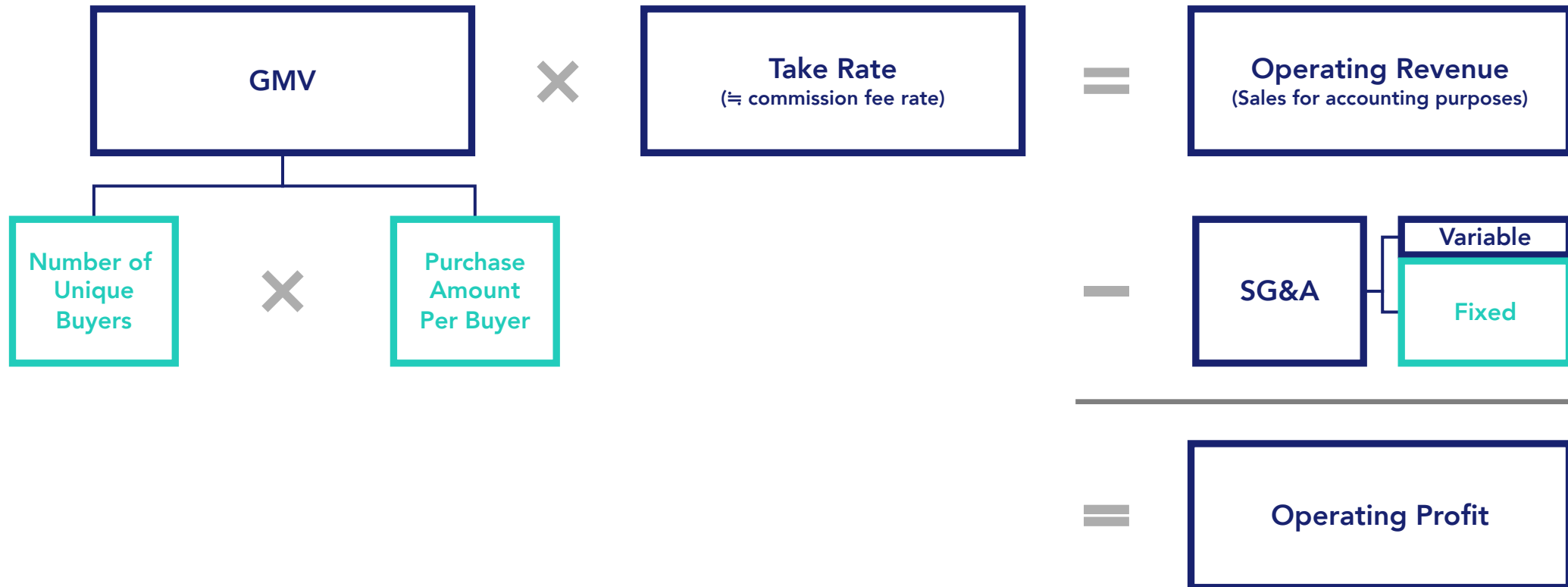
- We understand that there is growing concern over monetary tightening in response to inflation, primarily overseas, and the accompanying economic downturn, but coconala's services are resilient to recession.
- Pressure to reduce costs increases during an economic downturn, but there is a high probability 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 side business/concurrent business

- Following the Ministry of Health, Labour and Welfare's revisions to the guidelines for promoting side business/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

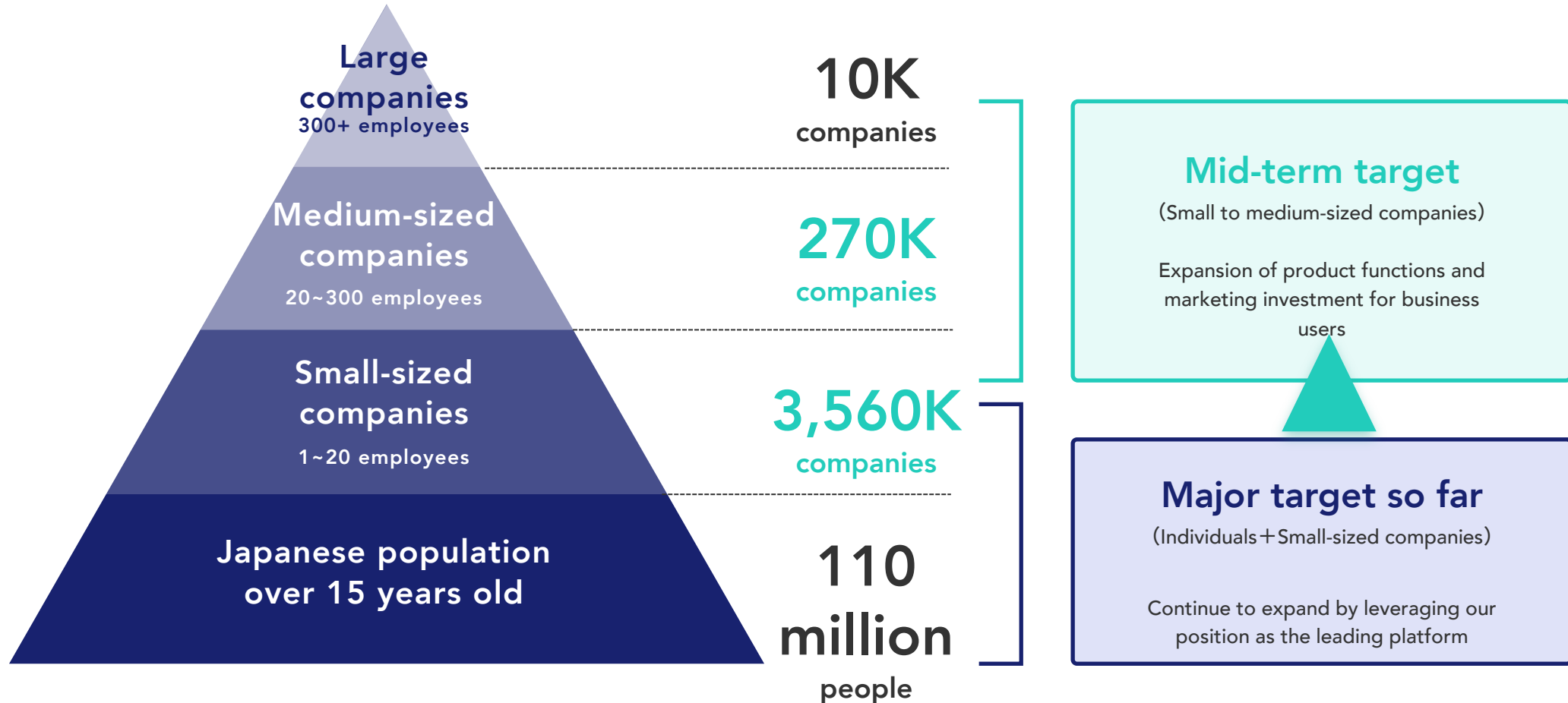
Enhanced IT System



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

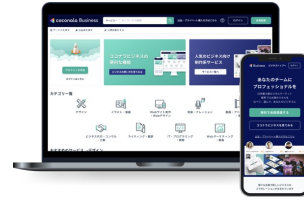
coconala Business: Focusing on Small and Medium-sized Companies

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

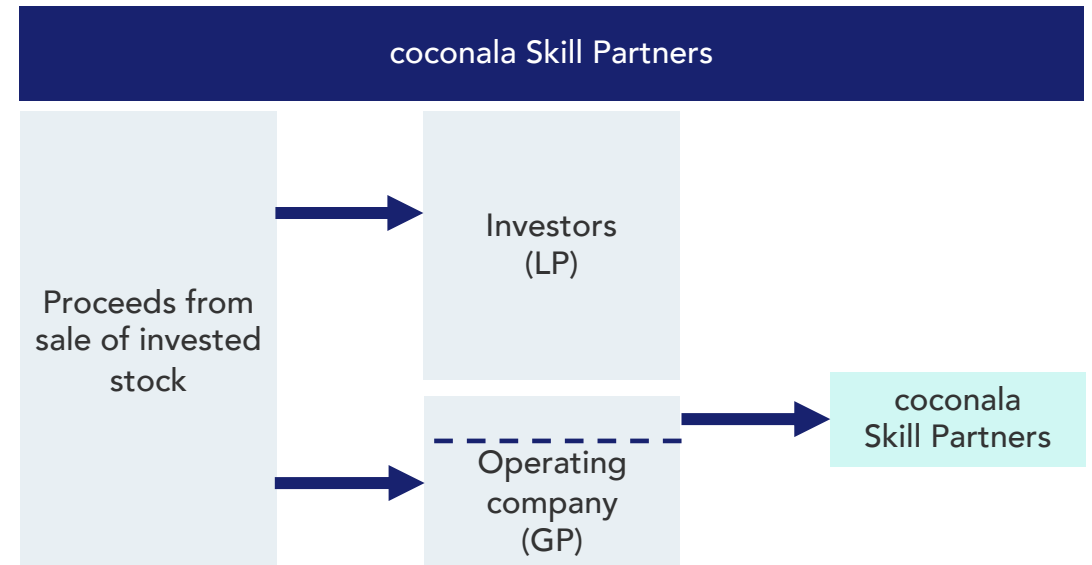
- Start-up companies facing a shortage of specialized skills for their growth had difficulty in hiring highly skilled professionals due to the lack of appropriate compensation schemes.

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.





coconala Agent: Why coconala is Engaged in the Agent Business

Expansion of coconala's ecosystem

- Capable of responding to various needs of users through people/projects type matching
- Accelerate the attraction of business users that has been difficult with coconala's existing services through matching in the form of business outsourcing which is often seen in Japan

High growth potential of the market

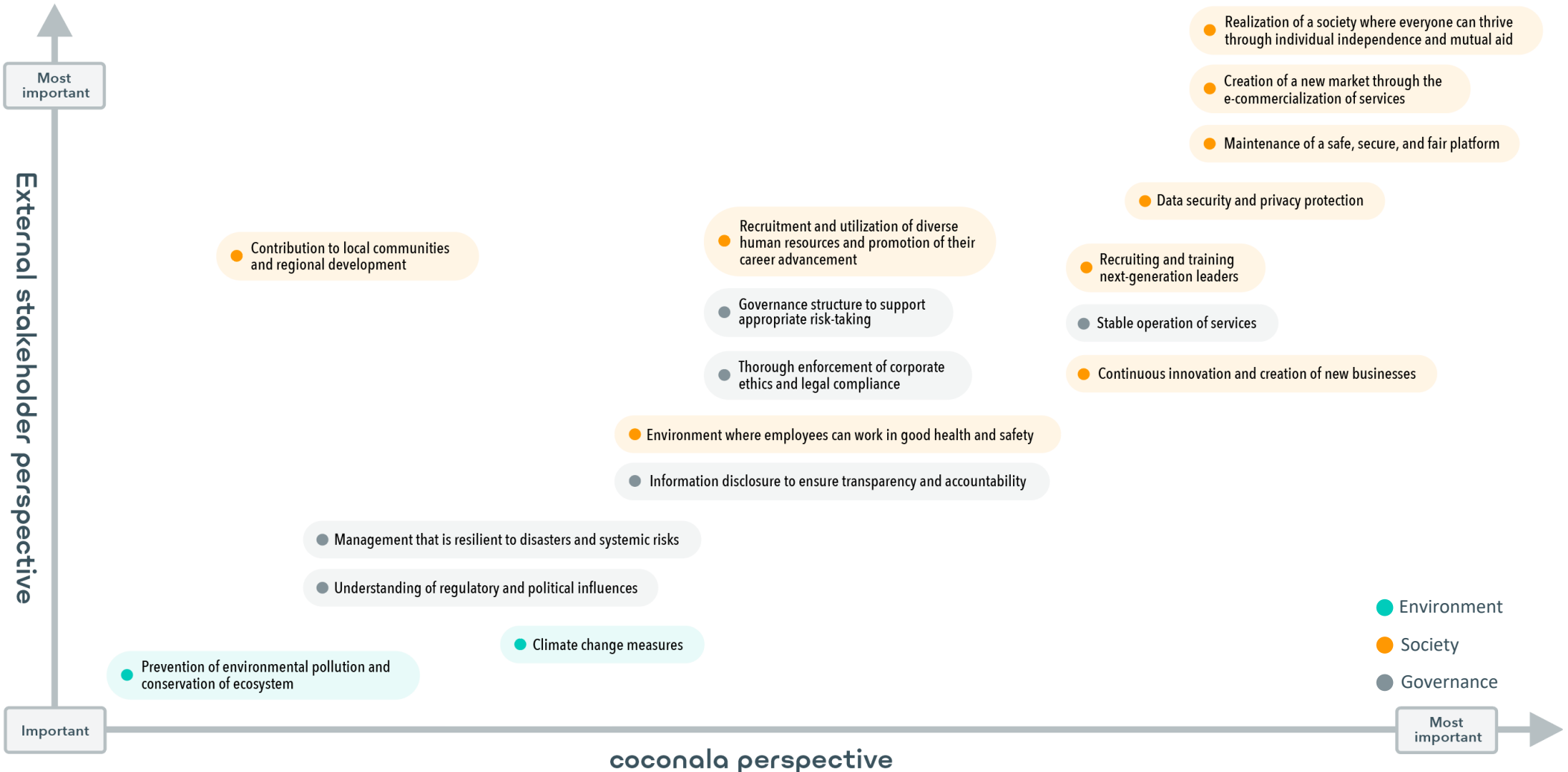
- While it is difficult to secure full-time IT personnel, the securement of engineers and designers in the form of business outsourcing is becoming common mainly at IT startups
- While various and new lifestyles are spreading also among IT personnel amid the COVID-19 pandemic, more workers, especially engineers, choose to work as freelancers

Acquisition of freelancers by using position as top skill-sharing marketplace

- Currently, more than 400,000 sellers are registered with coconala, and coconala has the potential as a place to match these personnel with the business outsourcing projects of companies
- By linking the evaluation at "coconala Agent" to "coconala," the evaluation of the performance for projects of companies will be accumulated at coconala, and the promotion of sales at coconala can be expected

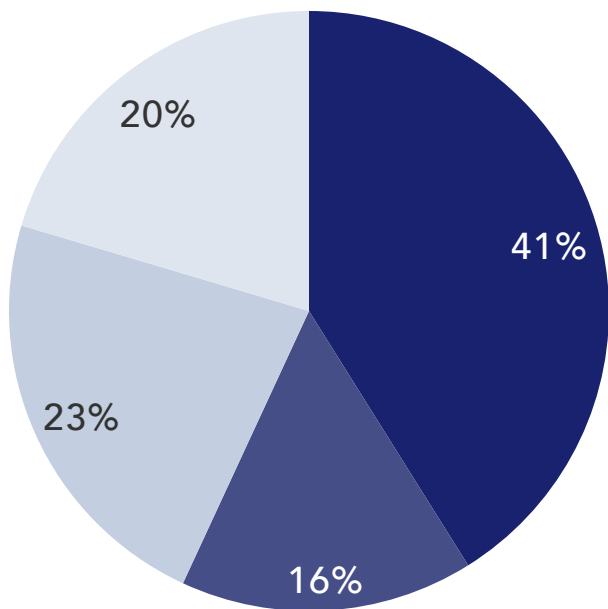
ESG Materiality Map

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

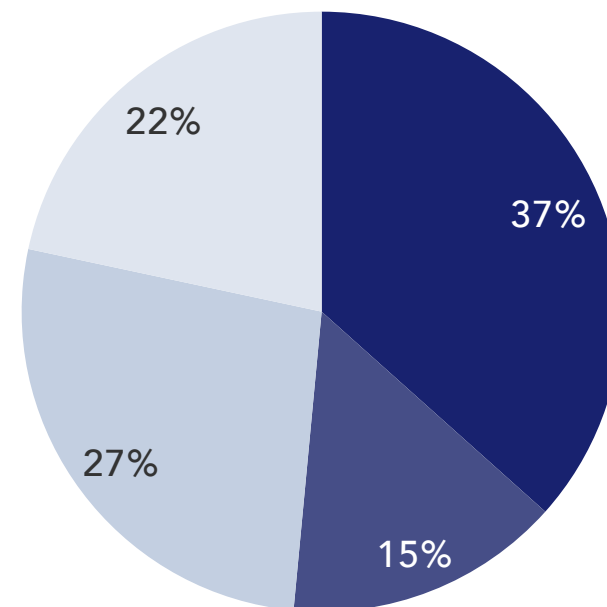


Changes in Shareholder Composition

End of August 2021



End of August 2022



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

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



Disclaimer

This material includes forward-looking statements.

Such statements do not guarantee the realization of such outlook and includes risks and uncertainties.

Please note that the actual performance may differ from the future outlook due to environmental changes, etc.

In addition, the information on companies other than coconala in this material are cited from the disclosed information, etc., and coconala does not verify nor guarantee the accuracy and adequacy of such information.



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