

Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

October 13, 2023

**Consolidated Financial Results
for the Fiscal Year Ended August 31, 2023
(Based on Japanese GAAP)**

Company name: coconala Inc.
 Listing exchange: Tokyo Stock Exchange
 Securities code: 4176
 URL: <https://coconala.co.jp/>
 Representative: Ayumu Suzuki, Chief Executive Officer
 Inquiries: Seiichiro Matsumoto, Chief Financial Officer
 Phone: +81-3-6712-7771
 Scheduled date for next general meeting of shareholders: November 29, 2023
 Scheduled date for commencing dividend payments: -
 Scheduled date for filing securities report: November 30, 2023
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results briefing session: Yes

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

**1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2023
(from September 1, 2022 to August 31, 2023)**

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended August 31, 2023	4,679	21.9	(126)	—	(168)	—	(75)	—
Fiscal year ended August 31, 2022	3,837	—	(515)	—	(511)	—	(494)	—

(Note) Comprehensive income Fiscal year ended August 31, 2023: (169) million yen [- %]
 Fiscal year ended August 31, 2022: (531) million yen [- %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating profit /sales
	Yen	Yen	%	%	%
Fiscal year ended August 31, 2023	(3.20)	—	(3.9)	(3.5)	(2.7)
Fiscal year ended August 31, 2022	(21.28)	—	(24.9)	(11.8)	(13.4)

(Reference) Equity gains (losses) of affiliated companies Fiscal year ended August 31, 2023: - million yen
 Fiscal year ended August 31, 2022: - million yen

(Note) 1. Diluted earnings per share 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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended August 31, 2023	5,232	3,125	37.2	81.65
Fiscal year ended August 31, 2022	4,327	2,437	45.9	84.40

(Reference) Total shareholders' equity: As of August 31, 2023: 1,946 million yen
 As of August 31, 2022: 1,987 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended August 31, 2023	114	(932)	761	2,993
Fiscal year ended August 31, 2022	(419)	(487)	638	3,050

2. Cash Dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Dividends / net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended August 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended August 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending August 31, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

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

	Sales		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	5,848	25.0	10	-	24	-	1	-	0.04

* Notes

(1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Newly consolidated: 1 (PORT ENGINEERING INC.); Excluded from consolidation: None

(2) 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: No

(ii) Changes in accounting policies other than those in i. above: No

(iii) Changes in accounting estimates: No

(iv) Restatement of prior period financial statement: No

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2023	23,839,700 shares
As of August 31, 2022	23,546,600 shares

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

As of August 31, 2023	4,300 shares
As of August 31, 2022	- shares

(iii) Average number of shares outstanding during the period

Fiscal year ended August 31, 2023	23,744,925 shares
Fiscal year ended August 31, 2022	23,227,600 shares

(Reference) Overview of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended August 31, 2023
(from September 1, 2022 to August 31, 2023)**

(1) Non-consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended August 31, 2023	4,555	18.7	(88)	—	(72)	—	(73)	—
Fiscal year ended August 31, 2022	3,837	39.7	(503)	—	(496)	—	(493)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended August 31, 2023	(3.12)	—
Fiscal year ended August 31, 2022	(21.26)	—

(Note) Diluted earnings per share is not indicated as the Company generated net loss for the period, although there are diluted shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended August 31, 2023	4,077	2,058	50.5	86.37
Fiscal year ended August 31, 2022	3,889	1,999	51.1	84.41

(Reference) Total shareholders' equity: As of August 31, 2023: 1,946 million yen
As of August 31, 2022: 1,987 million yen

* This summary of financial results is not subject to review procedures 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	3
(3) Cash Flows	3
(4) Future Outlook	3
2. Basic Principle on the Choice of Accounting Standards	3
3. Consolidated Financial Statements and Significant Notes Thereto	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	5
(Consolidated Statements of Income)	5
Consolidated Statements of Comprehensive Income	6
(3) Consolidated Statements of Changes in Equity	7
(4) Consolidated Statement of Cash Flows	9
(5) Notes to Consolidated Financial Statements	10
(Notes on Going Concern Assumption)	10
(Additional Information)	10
(Segment Information, Etc.)	10
(Per Share Information)	12
(Significant Subsequent Events)	12

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

(1) Overview of Operating Results

In the fiscal year ended August 31, 2023, the Japanese economy is expected to see further normalization of economic activities due to the reclassification of COVID-19 as Class 5 infectious disease under the Infectious Diseases Act. However, on the other hand, the outlook of the financial market still remains uncertain. In the inter-personal and inter-enterprise services targeted by the Company, the potential market size is extremely large at approximately 18 trillion yen while the ratio of online transactions is estimated to be about 1% (value estimated by InfoCom Research). The Company believes that the market for online service transactions is very important also for society, as significant changes in lifestyles are occurring due to the advent of the era of 100-year lifespans and work-style reform.

Under such circumstances, the Company steadily expanded its businesses by developing “coconala,” an EC service marketplace, with the vision of “Create a world where each person lives their ‘own story.’” The Company aims to realize a one-of-a-kind service EC platform by replacing all transactions that are done offline on a daily basis with online transactions that are more convenient.

In the current fiscal year, while focusing on product function development, the Company ran TV commercials nationwide from May 2023 to capture users through mass media, etc. In July 2023, the Company acquired the shares of PORT ENGINEERING INC. and made it a wholly owned subsidiary after judging that it would contribute to the business expansion of “coconala Agent,” which connects IT freelancers centering on engineers with outsourcing projects from companies, and the maximization of the Company’s corporate value.

As a result of the above, the Company posted gross merchandise value (GMV) of 14,664,312 thousand yen (up 15.3% year-on-year), sales of 4,679,023 thousand yen (up 21.9% year-on-year), operating loss of 126,388 thousand yen (operating loss of 515,279 thousand yen in the same period of the previous fiscal year), ordinary loss of 168,277 thousand yen (ordinary loss of 511,269 thousand yen in the same period of the previous fiscal year), and loss attributable to owners of parent of 75,899 thousand yen (loss attributable to owners of parent of 494,355 thousand yen in the same period of the previous fiscal year) for the current fiscal year.

Operating results by segment are as follows. The names and categories of segments have been changed from the current fiscal year. For details, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to Consolidated Financial Statements (Segment Information, Etc.) Segment Information 3. Disclosure of operating revenue, profit (loss), and other items for each reportable segment, and breakdown of revenue (Additional Information) Matters concerning changes in reportable segments, etc.”.

(i) Skill Market

In “Skill Market,” the Company is aiming to increase the number of registered buyers through active marketing investment by running TV commercials from May 2023. In August 2023, the Company also formed a business alliance for the purpose of increasing the number of registrations by purchasers, such as starting making efforts to introduce coconala to the customers of “Sakura Rental Server” of SAKURA internet Inc.

As a result, sales amounted to 4,001,374 thousand yen (up 15.8% year-on-year), while segment loss amounted to 66,086 thousand yen (segment loss of 508,726 thousand yen in the same period of the previous fiscal year).

(ii) Legal Consultation

In “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, sales amounted to 533,021 thousand yen (up 39.5% year-on-year), while segment profit amounted to 69,889 thousand yen (up 1,376.1% year-on-year).

(iii) Tech Agent

As for “Tech Agent,” the Company acquired the shares of PORT ENGINEERING INC. in July 2023, and made it a wholly owned subsidiary. Through such effort, the Company will realize the Group’s business expansion in such area at an early stage and maximize corporate value.

As a result, sales amounted to 144,655 thousand yen, while segment loss amounted to 97,962 thousand yen.

(2) Financial Position

(Assets)

Total assets at the end of the current fiscal year increased by 905,516 thousand yen from the end of the previous fiscal year to 5,232,914 thousand yen.

This was mainly due to an increase of 474,083 thousand yen in investment securities, 144,721 thousand yen in goodwill and 142,336 thousand yen in accounts receivable - trade.

(Liabilities)

Total liabilities at the end of the current fiscal year increased by 217,219 thousand yen from the end of the previous fiscal year to 2,106,951 thousand yen.

This was mainly due to an increase of 78,438 thousand yen in deposits received, 62,974 thousand yen in accounts payable - trade and 54,142 thousand yen in advances received.

(Net assets)

Total net assets at the end of the current fiscal year increased by 688,296 thousand yen from the end of the previous fiscal year to 3,125,963 thousand yen.

This was mainly due to an increase of 630,974 thousand yen in non-controlling interests.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year amounted to 2,993,732 thousand yen. The status of cash flows in the current fiscal year and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 114,229 thousand yen (419,817 thousand yen used in the same quarter of the previous fiscal year). This is mainly attributable to 117,191 thousand yen of share-based payment expenses, an increase of 74,717 thousand yen in deposits received and an increase of 54,142 thousand yen in advances received.

(Cash flows from investing activities)

Net cash used in investing activities was 932,664 thousand yen (487,044 thousand yen used in the same quarter of the previous fiscal year). This is mainly attributable to 520,571 thousand yen for purchase of investment securities and 245,079 thousand yen for purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash provided by financing activities was 761,221 thousand yen (638,906 thousand yen provided in the same quarter of the previous fiscal year). This is mainly due to 725,000 thousand yen of proceeds from share issuance to non-controlling shareholders.

(4) Future Outlook

Going forward, the Japanese economy is expected to see further normalization of economic activities due to the reclassification of COVID-19 as Class 5 infectious disease under the Infectious Diseases Act. However, on the other hand, the outlook of the financial market still remains uncertain due to the rise in resource prices as well as high prices. In such environment, the Company will continue to conduct product development and marketing investment to achieve high growth rates from a medium- to long-term perspective rather than short-term top-line growth. In addition, the Company will also start new businesses on a full scale towards the realization of coconala's Ecosystem.

In light of the above, for the fiscal year ending August 31, 2024, the Company's consolidated full-year earnings forecast is as follows: operating revenue of 5,848,000 thousand yen (up 25.0% year on year), operating profit of 10,000 thousand yen (operating loss of 126,388 thousand yen in the previous fiscal year), ordinary profit of 24,000 thousand yen (ordinary loss of 168,277 thousand yen in the previous fiscal year), and profit attributable to owners of parent of 1,000 thousand yen (loss attributable to owners of parent of 75,899 thousand yen in the previous fiscal year).

2. Basic Principle on the Choice of Accounting Standards

For the time being, the Group makes it a policy to prepare its consolidated financial statements based on Japanese GAAP, in view of the comparability for the period covered by the consolidated financial statements and inter-company comparability.

With regard to the application of the International Financial Reporting Standards (IFRS), the Company intends to respond to the application in an appropriate manner, taking into account the situations of various factors both in and outside Japan.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of August 31, 2022)	Current fiscal year (As of August 31, 2023)
Assets		
Current assets		
Cash and deposits	3,050,945	2,993,732
Accounts receivable - trade	333,364	475,700
Prepaid expenses	105,655	116,686
Other	88,408	104,545
Total current assets	3,578,372	3,690,665
Non-current assets		
Property, plant and equipment		
Buildings	102,682	171,161
Tools, furniture and fixtures	82,865	98,034
Accumulated depreciation	(70,924)	(84,575)
Total property, plant and equipment	114,623	184,620
Intangible assets		
Software	10,674	8,466
Total intangible assets	10,674	8,466
Investments and other assets		
Investment securities	419,090	893,174
Long-term prepaid expenses	20,936	10,515
Guarantee deposits	179,876	241,507
Goodwill	—	144,721
Customer-related assets	—	55,100
Other	3,823	4,143
Total investments and other assets	623,727	1,349,162
Total non-current assets	749,025	1,542,249
Total assets	4,327,398	5,232,914
Liabilities		
Current liabilities		
Accounts payable - trade	—	62,974
Accounts payable - other	443,471	287,635
Accrued expenses	23,454	49,009
Income taxes payable	2,287	38,927
Advances received	487,936	542,078
Deposits received	922,567	1,001,005
Provision for point card certificates	3,502	3,127
Provision for coupons	6,513	7,567
Other	—	97,172
Total current liabilities	1,889,731	2,089,497
Non-current liabilities		
Deferred tax liabilities	—	17,453
Total non-current liabilities	—	17,453
Total liabilities	1,889,731	2,106,951
Net assets		
Shareholders' equity		
Share capital	1,221,560	1,238,686
Capital surplus	2,366,763	2,384,341
Retained earnings	(1,601,139)	(1,677,039)
Total shareholders' equity	1,987,184	1,945,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	112
Total accumulated other comprehensive income	94	112
Share acquisition rights	12,500	110,999
Non-controlling interests	437,888	1,068,862
Total net assets	2,437,666	3,125,963
Total liabilities and net assets	4,327,398	5,232,914

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Previous fiscal year (September 1, 2021 - August 31, 2022)	Current fiscal year (September 1, 2022 - August 31, 2023)
Sales	3,837,213	4,679,023
Cost of sales	—	121,660
Gross profit	3,837,213	4,557,363
Operating expenses	4,352,493	4,683,752
Operating profit (loss)	(515,279)	(126,388)
Non-operating income		
Interest income	27	27
Income from refund	3,975	9,240
Other	236	451
Total non-operating income	4,239	9,719
Non-operating expenses		
Interest expenses	229	199
Loss on valuation of investment securities	—	49,500
Miscellaneous loss	—	1,908
Total non-operating expenses	229	51,608
Ordinary (profit) loss	(511,269)	(168,277)
Extraordinary income		
Gain on reversal of share acquisition rights	4,500	12,500
Total extraordinary income	4,500	12,500
Extraordinary losses		
Loss on valuation of investment securities	30,000	—
Total extraordinary losses	30,000	—
Profit (loss) before income taxes	(536,769)	(155,777)
Income taxes - current	2,395	16,689
Profit (loss)	(539,164)	(172,466)
Profit (loss) attributable to non-controlling interests	(44,809)	(96,567)
Profit (loss) attributable to owners of parent	(494,355)	(75,899)

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Previous fiscal year (September 1, 2021 - August 31, 2022)	Current fiscal year (September 1, 2022 - August 31, 2023)
Profit (loss)	(539,164)	(172,466)
Other comprehensive income		
Valuation difference on available-for-sale securities	8,024	3,012
Total other comprehensive income	8,024	3,012
Comprehensive income	(531,140)	(169,454)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(494,096)	(75,881)
Comprehensive income attributable to non-controlling interests	(37,044)	(93,573)

(3) Consolidated Statements of Changes in Equity
Fiscal Year Ended August 31, 2022 (September 1, 2021 to August 31, 2022)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	1,148,107	2,293,077	(1,112,379)	2,328,805
Cumulative effects of changes in accounting policies			5,595	5,595
Restated balance	1,148,107	2,293,077	(1,106,784)	2,334,400
Changes during period				
Issuance of new shares (Exercise of share acquisition rights)	56,348	56,348		112,697
Issuance of new shares (Restricted stock compensation)	17,104	17,104		34,208
Profit (loss) attributable to owners of parent			(494,355)	(494,355)
Capital increase of consolidated subsidiaries		232		232
Net changes in items other than shareholders' equity				
Total changes during period	73,453	73,685	(494,355)	(347,216)
Balance at end of period	1,221,560	2,366,763	(1,601,139)	1,987,184

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	—	—	—	—	2,328,805
Cumulative effects of changes in accounting policies					5,595
Restated balance	—	—	—	—	2,334,400
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)					112,697
Issuance of new shares (Restricted stock compensation)					34,208
Profit (loss) attributable to owners of parent					(494,355)
Capital increase of consolidated subsidiaries					232
Net changes in items other than shareholders' equity	94	94	12,500	437,888	450,482
Total changes during period	94	94	12,500	437,888	103,266
Balance at end of period	94	94	12,500	437,888	2,437,666

Fiscal Year Ended August 31, 2023 (September 1, 2022 to August 31, 2023)

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	1,221,560	2,366,763	(1,601,139)	1,987,184
Changes during period				
Issuance of new shares (Exercise of share acquisition rights)	14,610	14,610		29,221
Issuance of new shares (Restricted stock compensation)	2,515	2,515		5,030
Profit (loss) attributable to owners of parent			(75,899)	(75,899)
Capital increase of consolidated subsidiaries		452		452
Net changes in items other than shareholders' equity				
Total changes during period	17,125	17,578	(75,899)	(41,195)
Balance at end of period	1,238,686	2,384,341	(1,677,039)	1,945,989

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	94	94	12,500	437,888	2,437,666
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)					29,221
Issuance of new shares (Restricted stock compensation)					5,030
Profit (loss) attributable to owners of parent					(75,899)
Capital increase of consolidated subsidiaries					452
Net changes in items other than shareholders' equity	18	18	98,499	630,974	729,492
Total changes during period	18	18	98,499	630,974	688,296
Balance at end of period	112	112	110,999	1,068,862	3,125,963

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous fiscal year (September 1, 2021 - August 31, 2022)	Current fiscal year (September 1, 2022 - August 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(536,769)	(155,777)
Depreciation	28,390	29,314
Amortization of goodwill	-	2,226
Amortization expense of customer-related assets	-	1,900
Amortization of guarantee deposits	5,963	7,689
Loss (gain) on valuation of investment securities	30,000	49,500
Gain on reversal of share acquisition rights	(4,500)	(12,500)
Share-based payment expenses	2,012	117,191
Interest income	(27)	(27)
Interest expenses	229	199
Decrease (increase) in trade receivables	(64,278)	(13,571)
Decrease (increase) in prepaid expenses	(59,272)	(21,418)
Decrease (increase) in long-term prepaid expenses	(19,980)	12,706
Increase (decrease) in notes and accounts payable - trade	-	(2,301)
Increase (decrease) in accounts payable - other	(22,231)	(158,890)
Increase (decrease) in accrued expenses	2,720	25,555
Increase (decrease) in income taxes payable - factor based tax	(17,283)	12,016
Increase (decrease) in advances received	133,977	54,142
Increase (decrease) in deposits received	175,055	74,717
Increase (decrease) in provision for point card certificates	908	(374)
Increase (decrease) in provision for coupons	877	1,053
Decrease (increase) in other current assets	34,610	(12,806)
Increase (decrease) in other current liabilities	(81,732)	96,527
Other	-	287
Subtotal	(391,330)	107,360
Interest received	27	27
Interest paid	(199)	(199)
Income taxes refund	-	8,295
Income taxes paid	(28,314)	(1,254)
Net cash provided by (used in) operating activities	(419,817)	114,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,934)	(98,575)
Purchase of intangible assets	(11,042)	-
Purchase of investment securities	(441,066)	(520,571)
Payments of guarantee deposits	-	(69,120)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(245,079)
Other	-	682
Net cash provided by (used in) investing activities	(487,044)	(932,664)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	146,906	29,221
Proceeds from issuance of share acquisition rights	17,000	7,000
Proceeds from share issuance to non-controlling shareholders	475,000	725,000
Net cash provided by (used in) financing activities	638,906	761,221
Net increase (decrease) in cash and cash equivalents	(267,954)	(57,213)
Cash and cash equivalents at beginning of period	3,318,899	3,050,945
Cash and cash equivalents at end of period	3,050,945	2,993,732

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Additional Information)
Not applicable.

(Segment Information, Etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are its components for which separate financial information is available and which are subject to periodic reviews by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Company has established business divisions for each service, and formulates comprehensive strategies for the services of each business division as well as develops business activities.

Accordingly, the Company consists of segments for each service based on business divisions, and positions "Skill Market," "Legal Consultation" and "Tech Agent" as its reportable segments.

"Skill Market" operates "coconala," a marketplace of skills to sell and purchase services based on individual knowledge, skills and experience.

"Legal Consultation" operates "coconala Legal Consultation," a search media that can find lawyers suitable for each individual.

"Tech Agent" operates "Futurizm," a matching platform for freelance engineers, and "coconala Agent," which connects IT freelancers with outsourcing projects from companies.

2. Explanation of measurements of operating revenue, profit (loss), and other items for each reportable segment

The accounting treatments for the reportable segments are in accordance with the accounting policies adopted in the preparation of consolidated financial statements.

The profit of each reportable segment indicates the figure based on operating profit or operating loss.

3. Disclosure of operating revenue, profit (loss), and other items for each reportable segment, and breakdown of revenue
Previous fiscal year (from September 1, 2021 to August 31, 2022)

(Thousands of yen)

	Reportable segments				Other (Note 1)	Total (Note 2)
	Skill Market	Legal Consultation	Tech Agent	Total		
Sales						
Goods transferred at a point in time	3,455,074	—	—	3,455,074	—	3,455,074
Goods transferred over a certain period	—	382,139	—	382,139	—	382,139
Revenue from contracts with customers	3,455,074	382,139	—	3,837,213	—	3,837,213
Other revenue	—	—	—	—	—	—
Sales to external customers	3,455,074	382,139	—	3,837,213	—	3,837,213
Intersegment internal sales or transfers	—	—	—	—	—	—
Total	3,455,074	382,139	—	3,837,213	—	3,837,213
Segment profit (loss)	(508,726)	4,734	—	(503,991)	(11,287)	(515,279)
Other items						
Depreciation	24,202	4,188	—	28,390	—	28,390

(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 loss corresponds to operating loss described in the consolidated statement of income.

3. The amounts of segment assets and liabilities are not indicated as they are not regularly provided to the Company's highest decision-making body and are not subject to review in the determination of allocation of management resources and evaluation of performances.

Current fiscal year (from September 1, 2022 to August 31, 2023)

(Thousands of yen)

	Reportable segments				Other (Note 1)	Total (Note 2)
	Skill Market	Legal Consultation	Tech Agent	Total		
Sales						
Goods transferred at a point in time	4,001,347	—	—	4,002,347	—	4,002,347
Goods transferred over a certain period	—	533,021	144,655	677,676	—	677,676
Sales from contracts with customers	4,001,347	533,021	144,655	4,679,023	—	4,679,023
Other revenue	—	—	—	—	—	—
Sales to external customers	4,001,347	533,021	144,655	4,679,023	—	4,679,023
Intersegment internal sales or transfers	—	—	—	—	—	—
Total	4,001,347	533,021	144,655	4,679,023	—	4,679,023
Segment profit (loss)	(66,086)	69,889	(97,962)	(94,159)	(32,228)	(126,388)
Other items						
Depreciation	19,564	5,087	4,662	29,314	—	29,314
Amortization of goodwill	—	—	2,226	2,226	—	2,226
Amortization expense of customer-related assets	—	—	1,900	1,900	—	1,900

(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 loss corresponds to operating loss described in the consolidated statement of income.
3. The amounts of segment assets and liabilities are not indicated as they are not regularly provided to the Company’s highest decision-making body and are not subject to review in the determination of allocation of management resources and evaluation of performances.

(Additional Information)

Matters concerning changes in reportable segments, etc.

Until the previous fiscal year, the Company’s reportable segments were divided into two categories namely “coconala” and “coconala Legal Consultation,” but due to the organizational restructuring, the names of business segments were changed from “coconala” to “Skill Market” and from “coconala Legal Consultation” to “Legal Consultation.” In addition, as the importance of agent business increased due to the acquisition of PORT ENGINEERING INC., which develops agent business for IT freelance engineers, in the current fiscal year, the Company changed its reportable segments to the three segments of “Skill Market,” “Legal Consultation,” and “Tech Agent.”

4. Description of nature of differences between amounts of reportable segments total and consolidated financial statements
Not applicable.

(Per Share Information)

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Current fiscal year (from September 1, 2022 to August 31, 2023)
Net assets per share	84.40	81.65
Basic earnings (loss) per share	(21.28)	(3.20)
Diluted earnings per share	—	—

(Note) 1. Diluted earnings per share has not been stated despite the existence of dilutive shares because the Company incurred basic loss per share.

2. The basis of calculating basic earnings (loss) per share is as follows.

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Current fiscal year (from September 1, 2022 to August 31, 2023)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	(494,355)	(75,899)
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit (loss) attributable to owners of parent for common shares (Thousands of yen)	(494,355)	(75,899)
Average number of common shares during the period (Shares)	23,227,660	23,744,925
Overview of shares not included in the calculation of diluted earnings per share as they have no dilutive effect	Two types of share acquisition rights (number of share acquisition rights: 3,993 (399,300 common shares))	

(Significant Subsequent Events)

[Absorption-type Merger of Consolidated Subsidiary]

At a meeting of the Board of Directors held on October 13, 2023, the Company resolved to implement an absorption-type merger of consolidated subsidiary Coconala Legal Connect, Inc. and Coconala Agent, Inc. with an effective date of December 1, 2023.

1. Purpose of the Merger

As a result of a comprehensive review of future management strategies, streamlining of management resources, and efficient business operations, etc., we have decided that each product should be provided to users in an integrated manner, and have decided to reorganize the businesses within the group. Based on a comprehensive review of future management strategies, efficiency of management resources, and efficient business operations, we have decided that the best course of action is to reorganize the group and merge coconala Legal Connect Inc. and coconala Agent Inc. in an absorption-type merger.

2. Summary of the Merger

(1) Merger Schedule

Board of Directors' meeting to resolve the merger: October 13, 2023

Execution of merger agreement: October 13, 2023

Effective date of the merger: December 1, 2023 (scheduled)

*Each merger meets the requirements for a simplified absorption-type merger, and thus will be carried out without a resolution of the Company's general meeting of shareholders.

(2) Method of merger

Each merger will be an absorption-type merger with Minebea as the surviving company, and each of the subject companies will be dissolved.

(3) Allotment of shares related to the merger

There will be no issuance of new shares or payment of merger consideration as a result of each merger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights of the absorbed company

Each of the subject companies has not issued any stock acquisition rights or bonds with stock acquisition rights.

3. Overview of the Parties to the Merger

(Note) Major shareholders and shareholding ratios of Coconala Inc. as of February 28, 2023

	Surviving company in absorption-type merger	Company dissolved in absorption-type merger	Company dissolved in absorption-type merger
name	coconala Inc.	coconala Legal Connect Inc.	coconala Agent Inc.
Location	20-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	12-10 Sakuragaoka-cho, Shibuya-ku, Tokyo	12-10 Sakuragaoka-cho, Shibuya-ku, Tokyo
Title and name of representative	Ayumu Suzuki, President and CEO	Moto Hirano, President and Representative Director	Ayumu Suzuki, President and CEO
Business	Operation and development of the skills market "coconala Operation and development of the corporate skill market "coconala Business	Operation and development of the lawyer consultation site "coconala Legal Consultation	Operation and development of outsourcing introduction business "coconala Tech Agent
capital stock	1,234 million yen	20 million yen	20 million yen
Date of Establishment	January 4, 2012	September 1, 2023	April 3, 2023
Number of shares outstanding	23,839,700 shares	3,000 shares	3,000 shares
accounting period	August 31	August 31	August 31
Major Shareholders and Shareholding Ratio	Akiyuki Minami 9.20% Satoshi Shimmyo 9.00%. PERSHING-DIV. OF DLJ SECS. CORP. 6.62%. Nomura Trust and Banking Co. BBH (LUX) FOR FIDELITY FUNDS - PACIFIC FUND 6.22%	coconala Inc. 100.00	coconala Inc. 100.00

Financial position and operating results for the immediately preceding fiscal year

	coconala Inc.	coconala Legal Connect Inc.	coconala Agent Inc.
accounting period	August 31, 2023	-	-
net assets	3,125 million yen	-	-
total assets	5,232 million yen	-	-
Net sales	4,679 million yen	-	-
Operating loss	(126) million yen	-	-

Ordinary loss	(168) million yen	-	-
Net loss attributable to owners of the parent	(75) million yen	-	-
Net loss per share	(3.2) yen	-	-
Net assets per share	81.65 yen	-	-

(Note) Operating results and financial position of coconala Legal Connect Inc. and coconala Agent Inc. are not shown since they were established on September 1, 2023, and April 2023, respectively.

4. post-merger status

There will be no change in the Company's name, location, representative, business, capital and fiscal year after the Merger.

5. future outlook

The impact of this merger on the Company's business performance is negligible.