



November 15, 2023

To Whom It May Concern

Company name: coconala Inc.
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Notice of Absorption-Type Merger of Consolidated Subsidiary (coconala Agent Inc.) and Posting of Extraordinary Loss (Loss on Extinguishment of Tie-in Shares)

As announced in the "Notice of Absorption-type Merger (Simplified Merger/Short Form Merger) of Consolidated Subsidiary" dated October 13, 2023, the Company had been proceeding with the simplified absorption-type merger with December 1, 2023 as the effective date, whereby the Company will be the surviving company and its consolidated subsidiaries coconala Legal Connect Inc. and coconala Agent Inc.

However, we have examined the accounting treatment of the absorption-type merger (hereinafter referred to as "the Merger"), in which the Company will be the surviving company and coconala Agent Inc. As a result of the Merger, an extraordinary loss (loss on extinguishment of tie-in shares) is expected to be recorded in the Company's non-consolidated financial statements. Therefore, it was found that does not meet the statutory requirements for a simplified merger under the proviso of Article 796, Paragraph 2 and Article 795, Paragraph 2, Item 1 of the Companies Act. The Company has decided that the statutory requirements for a simplified merger are not met pursuant to the proviso of Article 796, paragraph 2 and Article 795, paragraph 2, item 1 of the Companies Act. Therefore, at its November 15, 2023 meeting, the Board of Directors decided to cancel the merger as a simplified absorption-type merger with an effective date of December 1, 2023, and to implement the merger as of February 1, 2024, subject to approval at an extraordinary shareholders' meeting to be held in January 2024.

As announced in the "Notice of Absorption-type Merger (Simplified Merger/Short Form Merger) of Consolidated Subsidiary" dated October 13, 2023, the simplified absorption-type merger, in which the Company will be the surviving company and its consolidated subsidiary coconala Legal Connect Inc. will be the absorbed company, is scheduled to take place on December 1, 2023, as previously planned.

1. Purpose of the Merger

As announced in the "

Notice of Company Split (Simplified Absorption-type Company Split) with Our Consolidated Subsidiary and Change of Trade Name of Our Consolidated Subsidiary" dated July 20, 2023, the Company is currently operating the coconala Tech Agent business as a spun-off company. However, as a result of a comprehensive review of future management strategies, streamlining of management resources, and efficient business operations, we have decided to reorganize the group based on the judgment that each product should be provided to users as a single unit. As a result of a comprehensive review of future management strategies, efficiency of management resources, and efficient business operations, the Company has decided that it is best to reorganize the group and merge coconala Agent Inc.

2. Summary of the Merger

(1) Merger Schedule

Board of Directors' meeting to resolve the Merger: November 15, 2023

Execution of merger agreement: November 15, 2023

Record date of the Extraordinary General Meeting of Shareholders: To be disclosed as soon as it is fixed, as it is undetermined

at this time.

Scheduled date of resolution for approval at the extraordinary general meeting of shareholders: January 2024 (scheduled)

Effective date of the merger: February 1, 2024 (scheduled)

(2) Method of merger

The merger will be an absorption-type merger with the Company as the surviving company and coconala Agent, the company dissolved in the absorption-type merger, will be dissolved.

(3) Allotment of shares related to the merger

There will be no issuance of new shares or payment of merger consideration due to the merger.

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

coconala Agent, Inc. has not issued any stock acquisition rights or bonds with stock acquisition rights.

3. Overview of the Parties to the Merger

| | Surviving company in absorption-type merger | Company dissolved in absorption-type merger |
|---|---|---|
| name | coconala Inc. | coconala Agent Inc. |
| Location | 20-1 Sakuragaoka-cho, Shibuya-ku, Tokyo | 12-10 Sakuragaoka-cho, Shibuya-ku, Tokyo |
| Title and name of representative | Ayumu Suzuki, Chief Executive Officer | Ayumu Suzuki, Chief Executive Officer |
| Business | Operation and development of the skills market "coconala Operation and development of the corporate skill market "coconala Business | Operation and development of outsourcing introduction business "coconala Tech Agent |
| capital stock | 1,234 million yen | 20 million yen |
| Date of Establishment | January 4, 2012 | April 3, 2023 |
| Number of shares issued and outstanding | 23,839,700 shares | 3,000 shares |
| accounting period | August 31 | August 31 |
| Major Shareholders and Shareholding Ratio | Akiyuki Minami 9.19% Satoshi Shinmyo 8.96%. BBH (LUX) FOR FIDELITY FUNDS - PACIFIC FUND 6.21%. SBI Securities, Inc. 4.75% Nomura Trust & Banking Co. (Investment trust account) 4.63% | coconala Inc. 100.00% |

Financial position and operating results for the immediately preceding fiscal year

| | coconala Inc. | coconala Agent Inc. |
|---|-------------------|---------------------|
| Accounting period | August 31, 2023 | August 31, 2023 |
| Net assets | 2,058 million yen | 67 million yen |
| Total assets | 4,068 million yen | 264 million yen |
| Net sales | 4,555 million yen | 306 million yen |
| Operating loss | (88) million yen | 8 million yen |
| Ordinary loss | (72) million yen | 8 million yen |
| Net loss attributable to owners of the parent | (73) million yen | 5 million yen |
| Net loss per share | △3.12 yen | 1,742.42 yen |
| Net assets per share | 86.73 yen | 686.24 yen |

(Note) Coconara Agent Inc.'s financial statements cover the period from April 2023 to August 2023.

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. Extraordinary loss (loss on extinguishment of tie-in shares)

We expect to record an extraordinary loss (loss on extinguishment of tie-in shares) in our non-consolidated financial statements as a result of this merger. The amount is currently under scrutiny. The amount will be disclosed separately as soon as it is determined.

6. Future outlook

The impact of this merger on the Company's consolidated financial results is negligible.

End