

Translation

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July 12, 2024

## Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2024 (Under 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  
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 Scheduled date for commencing dividend payments: -  
 Scheduled date for filing securities report: July 12, 2024  
 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 First Nine Months Ended May 31, 2024 (from September 1, 2023 to May 31, 2024)

#### (1) Consolidated Operating Results (Cumulative)

(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	%
Nine months ended May 31, 2024	4,228	26.0	299	—	214	—	240	—
May 31, 2023	3,356	20.4	(220)	—	(262)	—	(166)	—

(Note) Comprehensive income For the nine months ended May 31, 2024: 128 million yen [- %]  
 For the nine months ended May 31, 2023: (254) million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2024	10.08	9.86
May 31, 2023	(7.03)	—

(Note) Diluted earnings per share for the first three quarters of the fiscal year ended 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 nine months ended May 31, 2024	6,038	3,780	36.4
Fiscal year ended August 31, 2023	5,232	3,125	37.2

(Reference) Total shareholders' equity: As of May 31, 2024: 2,199 million yen  
 As of August 31, 2023: 1,946 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, 2023	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending August 31, 2024	—	0.00	—		
Fiscal year ending August 31, 2024 (Forecast)				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, 2024 (from September 1, 2023 to August 31, 2024)

(Percentage figures indicate year-on-year changes)

	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	6,570	40.4	270	—	240	—	150	—	6.27

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

For the forecast of consolidated financial results for the fiscal year ending August 31, 2024, please refer to “Notice of Revision of Full-Year Consolidated Earnings Forecast” announced on May 16, 2024.

### \* Notes

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

Newly consolidated: 1 company (Mizuho coconala Inc.); 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 May 31, 2024	23,920,700 shares
As of August 31, 2023	23,839,700 shares

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

As of May 31, 2024	37,200 shares
As of August 31, 2023	4,300 shares

(iii) Average number of shares outstanding during the period

As of May 31, 2024	23,867,884 shares
As of May 31, 2023	23,720,284 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 from the forecast due to various factors.

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

### (1) Overview of Operating Results

The Company is developing services such as “coconala Skill Market,” which is an EC service marketplace, with the vision of “Building a world where each of us can live ‘our 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.

While the potential market size of inter-personal and interenterprise services targeted by the Company is extremely large at approximately 18 trillion yen, the ratio of online transactions is estimated to be around 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.

During the nine months ended May 31, 2024, the Company launched new businesses namely “coconala Pro,” “coconala Consult” and “coconala Assist,” and proceeded with the expansion of the coconala economic zone as well as established Mizuho coconala, Inc., a joint venture with Mizuho Bank, Ltd., in January 2024 and launched the service in April. In addition, with regard to “coconala Job Requests,” the Company conducted a significant update of the application and recruitment forms, etc. in February 2024 as well as released a function that allows users to request long-term work at an hourly or monthly rate in April.

As a result of the above, the Company posted gross merchandise value (GMV) of 11,672,548 thousand yen (up 7.4% year-on-year), sales of 4,228,303 thousand yen (up 26.0% year-on-year), operating profit of 299,790 thousand yen (operating loss of 220,914 thousand yen in the same period of the previous fiscal year), ordinary profit of 214,206 thousand yen (ordinary loss of 262,522 thousand yen in the same period of the previous fiscal year), and profit attributable to owners of parent of 240,484 thousand yen (loss attributable to owners of parent of 166,674 thousand yen in the same period of the previous fiscal year) for the nine months ended May 31, 2024.

Operating results by segment are as follows. From the first quarter of the current fiscal year, the names of reportable segments have been changed from “Skill Market” to “Marketplace,” from “Legal Consultation” to “Media” and from “Tech Agent” to “Agent,” respectively. Only the names were changed, and such change will have no impact on segment information.

#### (i) Marketplace

In “Marketplace,” with regard to “coconala Job Requests,” the Company conducted a significant update of the application and recruitment forms, etc. in February 2024 as well as released a function that allows users to request long-term work at an hourly or monthly rate in April. In addition, the Company launched the service of “Mizuho coconala Skill Market” in April 2024.

As a result, sales amounted to 3,230,711 thousand yen (up 9.0% year-on-year), while segment profit amounted to 342,039 thousand yen (segment loss of 185,244 thousand yen in the same period of the previous fiscal year).

#### (ii) Media

In “Media,” 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 479,431 thousand yen (up 24.3% year-on-year), while segment profit amounted to 115,261 thousand yen (up 217.3% year-on-year).

#### (iii) Agent

In “Agent,” the Company launched a new business called “coconala Assist,” a monthly service in which talented assistants support businesses, in October 2023, and expanded the coconala economic zone.

As a result, sales amounted to 518,160 thousand yen (up 8,117.6% year-on-year), while segment loss amounted to 128,286 thousand yen (segment loss of 48,779 thousand yen in the same period of the previous fiscal year).

(2) Financial Position

(i) Status of assets, liabilities and net assets

(Assets)

Total assets as of May 31, 2024, increased by 805,918 thousand yen from the end of the previous fiscal year to 6,038,833 thousand yen.

This was mainly due to an increase of 597,192 thousand yen in cash and deposits and 176,066 thousand yen in investment securities.

(Liabilities)

Total liabilities as of May 31, 2024, increased by 151,062 thousand yen from the end of the previous fiscal year to 2,258,013 thousand yen.

This was mainly due to an increase of 76,947 thousand yen in advances received and 51,346 thousand yen in income taxes payable.

(Net assets)

Total net assets as of May 31, 2024, increased by 654,856 thousand yen from the end of the previous fiscal year to 3,780,820 thousand yen.

This was mainly due to an increase of 303,175 thousand yen in non-controlling interests and 240,563 thousand yen in retained earnings.

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

For the forecasts of financial results, please refer to “Notice of Revision of Full-Year Consolidated Earnings Forecast” announced on May 16, 2024.

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. Consolidated Financial Statements and Significant Notes Thereto

### (1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of August 31, 2023)	Nine months ended May 31, 2024 (As of May 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	2,993,732	3,590,924
Accounts receivable - trade	475,700	451,735
Prepaid expenses	116,686	131,763
Other	104,545	106,191
<b>Total current assets</b>	<b>3,690,665</b>	<b>4,280,615</b>
Non-current assets		
Property, plant and equipment		
Buildings	171,161	171,161
Tools, furniture and fixtures	98,034	98,875
Accumulated depreciation	(84,575)	(104,957)
<b>Total property, plant and equipment</b>	<b>184,620</b>	<b>165,079</b>
Intangible assets		
Software	8,466	6,809
Goodwill	144,721	134,702
Customer-related assets	55,100	46,550
<b>Total intangible assets</b>	<b>208,287</b>	<b>188,062</b>
Investments and other assets		
Investment securities	893,174	1,069,241
Long-term prepaid expenses	10,515	3,841
Guarantee deposits	241,507	321,049
Other	4,143	10,943
<b>Total investments and other assets</b>	<b>1,149,341</b>	<b>1,405,076</b>
<b>Total non-current assets</b>	<b>1,542,249</b>	<b>1,758,217</b>
<b>Total assets</b>	<b>5,232,914</b>	<b>6,038,833</b>

(Thousands of yen)

	Previous fiscal year (As of August 31, 2023)	Nine months ended May 31, 2024 (As of May 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	62,974	49,879
Accounts payable - other	287,635	326,384
Accrued expenses	49,009	41,487
Income taxes payable	38,927	90,274
Advances received	542,078	619,025
Deposits received	1,001,005	1,027,785
Provision for point card certificates	3,127	2,895
Provision for coupons	7,567	5,802
Other	97,172	80,224
Total current liabilities	2,089,497	2,243,759
Non-current liabilities		
Deferred tax liabilities	17,453	14,253
Total non-current liabilities	17,453	14,253
Total liabilities	2,106,951	2,258,013
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,238,686	1,244,936
Capital surplus	2,384,341	2,390,532
Retained earnings	(1,677,039)	(1,436,475)
Total shareholders' equity	1,945,989	2,198,993
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	112	141
Total accumulated other comprehensive income	112	141
Share acquisition rights	110,999	209,647
Non-controlling interests	1,068,862	1,372,038
Total net assets	3,125,963	3,780,820
Total liabilities and net assets	5,232,914	6,038,833

(2) 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)

	Nine months ended May 31, 2023 (September 1, 2022 - May 31, 2023)	Nine months ended May 31, 2024 (September 1, 2023 - May 31, 2024)
Sales	3,356,906	4,228,303
Cost of sales	158,423	603,705
Gross profit	3,198,482	3,624,597
Selling, general and administrative expenses	3,419,397	3,324,807
Operating profit (loss)	(220,914)	299,790
Non-operating income		
Interest income	14	15
Income from refund	7,681	8,847
Gain on sale of investment securities	—	4,500
Other	426	985
Total non-operating income	8,121	14,348
Non-operating expenses		
Interest expenses	149	150
Loss on valuation of investment securities	49,500	90,000
Loss on amortization of stock compensation	—	9,556
Other	80	225
Total non-operating expenses	49,729	99,932
Ordinary profit (loss)	(262,522)	214,206
Extraordinary income		
Gain on reversal of share acquisition rights	12,500	—
Total extraordinary income	12,500	—
Profit (loss) before income taxes	(250,022)	214,206
Income taxes - current	4,896	93,071
Income taxes - deferred	—	(3,199)
Total income taxes	4,896	89,871
Profit (loss)	(254,919)	124,334
Profit (loss) attributable to non-controlling interests	(88,244)	(116,150)
Profit (loss) attributable to owners of parent	(166,674)	240,484

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

(Thousands of yen)

	Nine months ended May 31, 2023 (September 1, 2022 - May 31, 2023)	Nine months ended May 31, 2024 (September 1, 2023 - May 31, 2024)
Profit (loss)	(254,919)	124,334
Other comprehensive income		
Valuation difference on available-for-sale securities	440	4,654
Total other comprehensive income	440	4,654
Comprehensive income	(254,479)	128,989
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(166,671)	240,513
Comprehensive income attributable to non-controlling interests	(87,807)	(111,524)

(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]

I. For the nine months ended May 31, 2023 (September 1, 2022 - May 31, 2023)

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

(Thousands of yen)

	Reportable segments				Other (Note 1)	Total (Note 2)
	Marketplace	Media	Agent	Total		
Sales						
Goods transferred at a point in time	2,965,039	—	—	2,965,039	—	2,965,039
Goods transferred over a certain period	—	385,561	6,305	391,867	—	391,867
Revenue from contracts with customers	2,965,039	385,561	6,305	3,356,906	—	3,356,906
Other revenue	—	—	—	—	—	—
Revenues from external customers	2,965,039	385,561	6,305	3,356,906	—	3,356,906
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	2,965,039	385,561	6,305	3,356,906	—	3,356,906
Segment profit (loss)	(185,244)	36,327	(48,779)	(197,695)	(23,218)	(220,914)

(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.

II. For the nine months ended May 31, 2024 (September 1, 2023 - May 31, 2024)

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

(Thousands of yen)

	Reportable segments				Other (Note 1)	Total (Note 2)
	Marketplace	Media	Agent	Total		
Sales						
Goods transferred at a point in time	3,230,711	—	—	3,230,711	—	3,230,711
Goods transferred over a certain period	—	479,431	518,160	997,592	—	997,592
Revenue from contracts with customers	3,230,711	479,431	518,160	4,228,303	—	4,228,303
Other revenue	—	—	—	—	—	—
Revenues from external customers	3,230,711	479,431	518,160	4,228,303	—	4,228,303
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	3,230,711	479,431	518,160	4,228,303	—	4,228,303
Segment profit (loss)	342,039	115,261	(128,286)	329,015	(29,224)	299,790

(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 profit described in the quarterly consolidated statement of income.

2. Matters concerning changes in reportable segments, etc.

(Change in Names of Reportable Segments)

From the first quarter of the current fiscal year, the names of reportable segments have been changed from “Skill Market” to “Marketplace,” from “Legal Consultation” to “Media” and from “Tech Agent” to “Agent,” respectively. Only the names were changed, and such change will have no impact on segment information.

The names after the change are presented also in the segment information for the nine months ended May 31, 2023.

(Significant Subsequent Events)

(Business Combination Through Acquisition of Shares and Interests)

The Company resolved at the board of directors’ meeting held on May 16, 2024, to acquire shares of an consulting Inc. and interest in EK Partners LLC and make them wholly owned subsidiaries, and concluded a share transfer agreement on May 16, 2024. It made an consulting Inc. a subsidiary after acquiring its shares on June 3, 2024.

1. Overview of business combination

(1) Name and business description of acquired company

(i) Name of acquired company: an consulting Inc.

Business description: Freelance support business

(ii) Name of acquired company: EK Partners LLC

Business description: Fund management

(2) Main reason for business combination

The Company has determined that an consulting Inc. will realize business expansion of its group in this area at an earlier stage and maximize the Company’s corporate value. The Company aims to expand its network of IT freelance engineers more quickly and productively through the utilization of the Company’s marketing know-how and human resource database and the establishment of a cooperative relationship utilizing both companies' customer bases.

EK Partners LLC is an asset management company that owns shares of an consulting Inc. and the Company acquired interest in EK Partners LLC to make an consulting Inc. a wholly owned subsidiary as soon as possible. EK Partners LLC is considering a reorganization to maximize its own corporate value.

(3) Date of business combination

June 3, 2024

(4) Legal form of business combination

(i) an consulting Inc. Share acquisition with cash as consideration

(ii) EK Partners LLC Acquisition of interests with cash as consideration

(5) Company name after the combination

No change.

(6) Percentage of voting rights acquired

(i) an consulting Inc. 100% (indirect ownership: 46.93%)

(ii) EK Partners LLC 100%

(7) Main basis for determining the acquiring company

As the Company acquired 100% voting rights through the acquisition of shares and interest with cash as consideration

2. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	1,261million yen
Consideration for acquisition		1,261million yen

3. Description and amount of major acquisition-related expenses

Advisory expenses, etc. (estimate) 7 million yen

4. Amount of goodwill incurred, cause of occurrence, and method and period of amortization

Not determined as of now.

5. Amount and major breakdown of assets received and liabilities assumed on the date of business combination

Not determined as of now.

(Borrowing of funds)

The Company resolved to borrow the necessary funds from a financial institution for the purpose of acquiring shares of an consulting Inc. and interest in EK Partners LLC.

(1) Use of funds Acquisition of shares of an consulting Inc. and interest in EK Partners LLC

(2) Lender Sumitomo Mitsui Banking Corporation

(3) Total loan amount 1,260 million yen

(4) Interest rate Base rate + Spread

(5) Drawdown date June 3, 2024

(6) Repayment date June 3, 2031

(7) Repayment method Equal principal repayment

(8) Security and guarantee Unsecured and unguaranteed

- (9) Financial covenants            The main financial covenants of the Company are as follows.  
With respect to the figures in the annual financial reports as of the last day of each fiscal period in and after the fiscal year ending August 31, 2024,
- (i) Consolidated ordinary income after adjustment shall not be a loss for two consecutive fiscal years. (Adjusted consolidated ordinary income: ordinary income - net income attributable to noncontrolling interests + net loss attributable to noncontrolling interests)
  - (ii) Maintain total net assets in the consolidated balance sheets at 75% or more of the total net assets in the consolidated balance sheets as of the end of the fiscal year ending August 31, 2023 and the end of the immediately preceding fiscal year.