

FY2022.8 Third Quarter Financial Results

coconala Inc. (TSE Growth Market: 4176)

01

Company Overview



Business Overview of the coconala



An EC-type service (skills) marketplace. You can search and purchase from 500,000 listings and complete everything online, from order communication to delivery.



A new service focused on purchases for business purposes (released in August 2021). Offers a curation of carefully selected services, invoice payment, convenient project management features for team and department use, concierge services, and so on.



coconala Legal Consultation

A web service that connects users who are tackling legal problems with lawyers. You can browse and post legal Q&As for free, and search and inquire about 3,000 lawyers by field or region. (Advertising revenue model)



matching platform type venture capital



Our Vision and Mission

Vision

Create a world where each person lives their “own story.”

Mission

Provide a platform to empower individuals by making their knowledge, skills and experiences visible and connecting them to those who need them

Features of the coconala

Matching platform that commercializes knowledge, skills and experiences then enables users to sell and buy those like “e-commerce”

Point 1

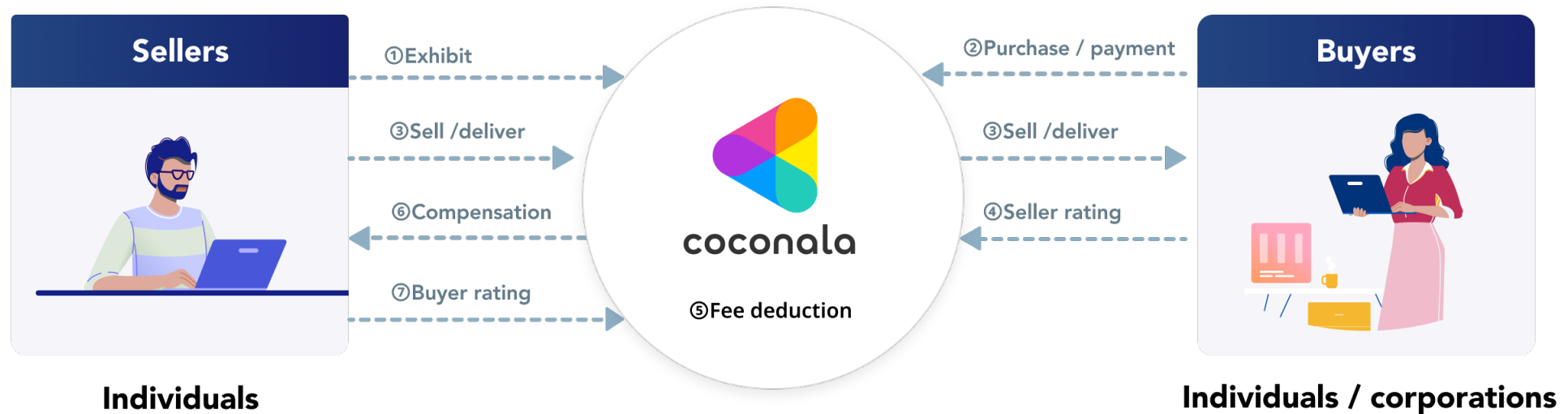
Easy purchase/selling with e-commerce model

Point 2

Complete online

Point 3

Wide range of categories





What We Want to Realize

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)

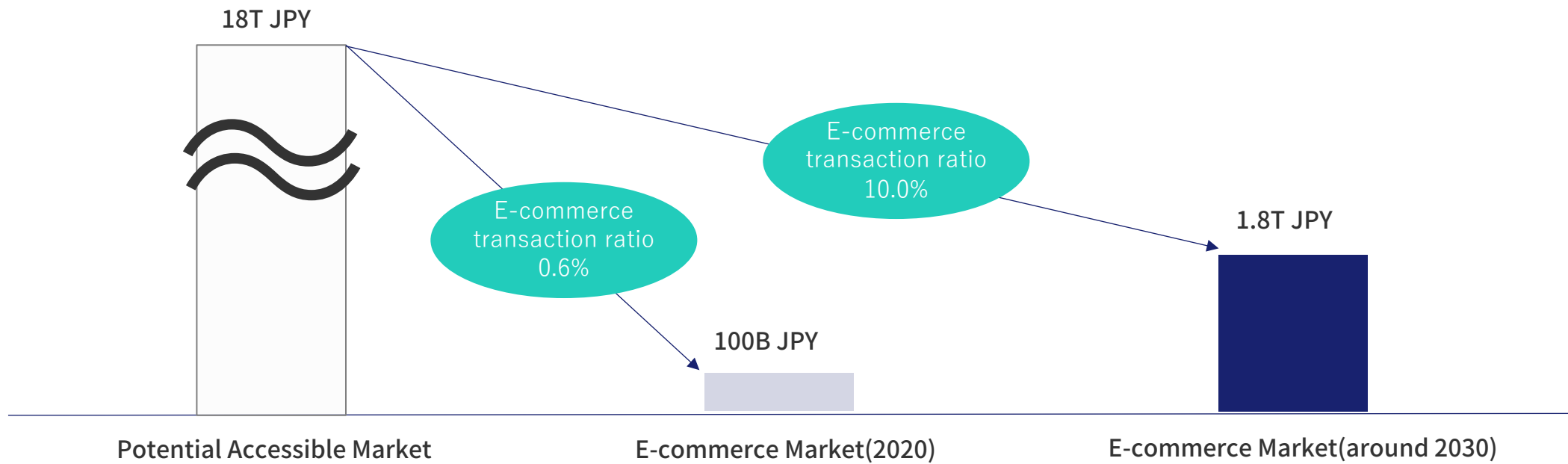
Designer for 10 years



Attractiveness of Skill Sharing Market

Online skill sharing is not just a market expansion. It is also a socially important market with the arrival of 100-year life and significant changes in lifestyles in Work Style Reform

Growth opportunities in skill sharing market^{*1}



^{*1}: Market size of non-face-to-face services transaction between individuals/SMB and individuals/SMB that could be potentially shift 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

Regardless of who the skill-provider is, such as a company, sole proprietor, or individual, assume 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

The View of the World that coconala Wants to Achieve

coconala aim 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

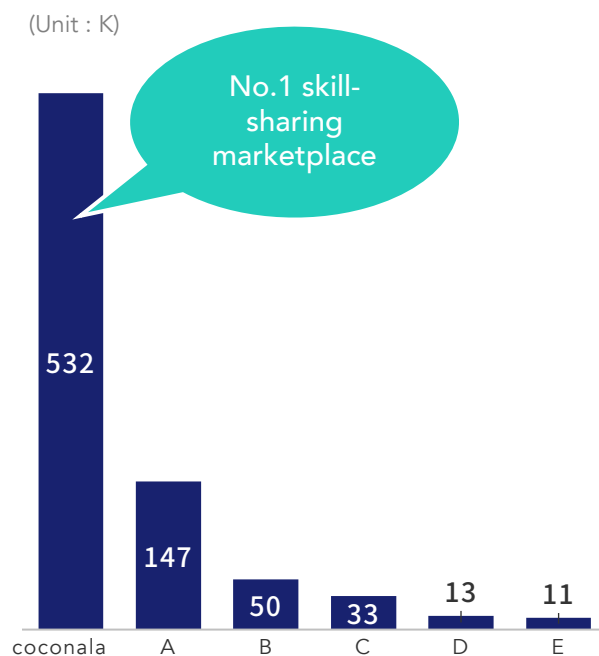


coconala's Competitive Advantage

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

No. 1 Marketplace*¹

- Offer a full range of services horizontally and a compelling platform to attract users



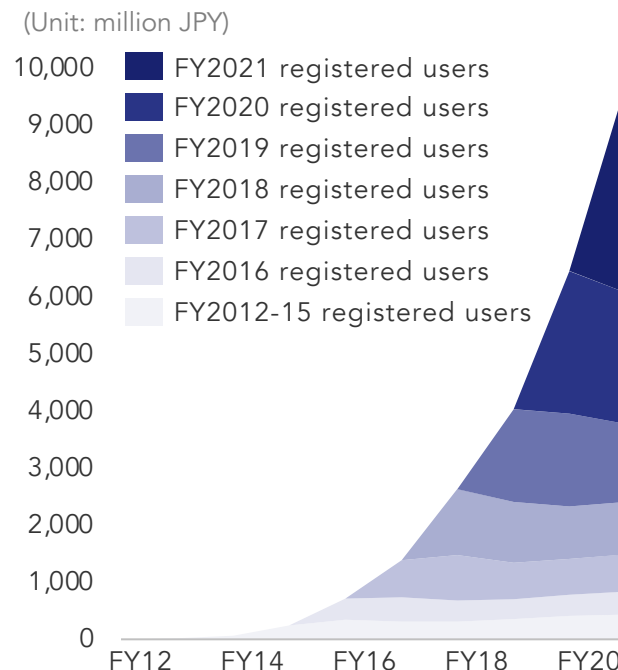
*1 Data as of September 2021.

Source: For data related to other companies, we refer to their service pages. Aggregation method (coconala) : The number of listing services on the service site. 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. Differ from the amount recognized as revenue on completion of delivery

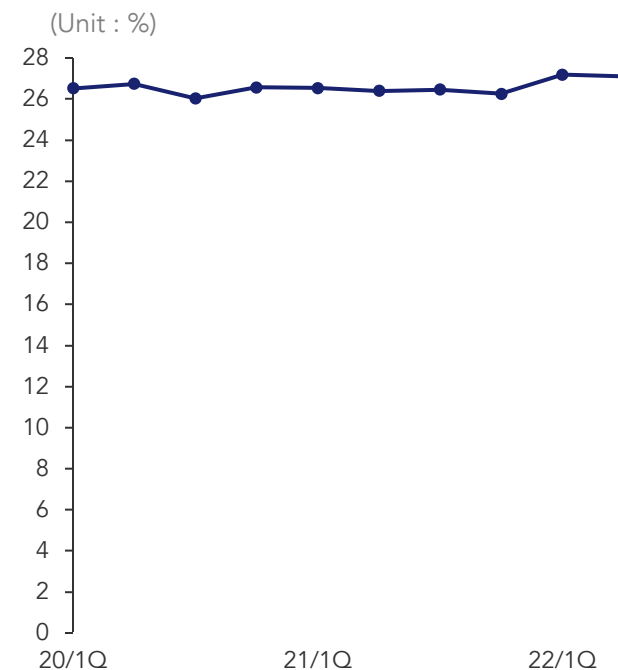
High continuation rate

- A profit structure in which GMV*² accumulates if the number of registered users increases due to continuous purchases in multiple categories



Stable take rate

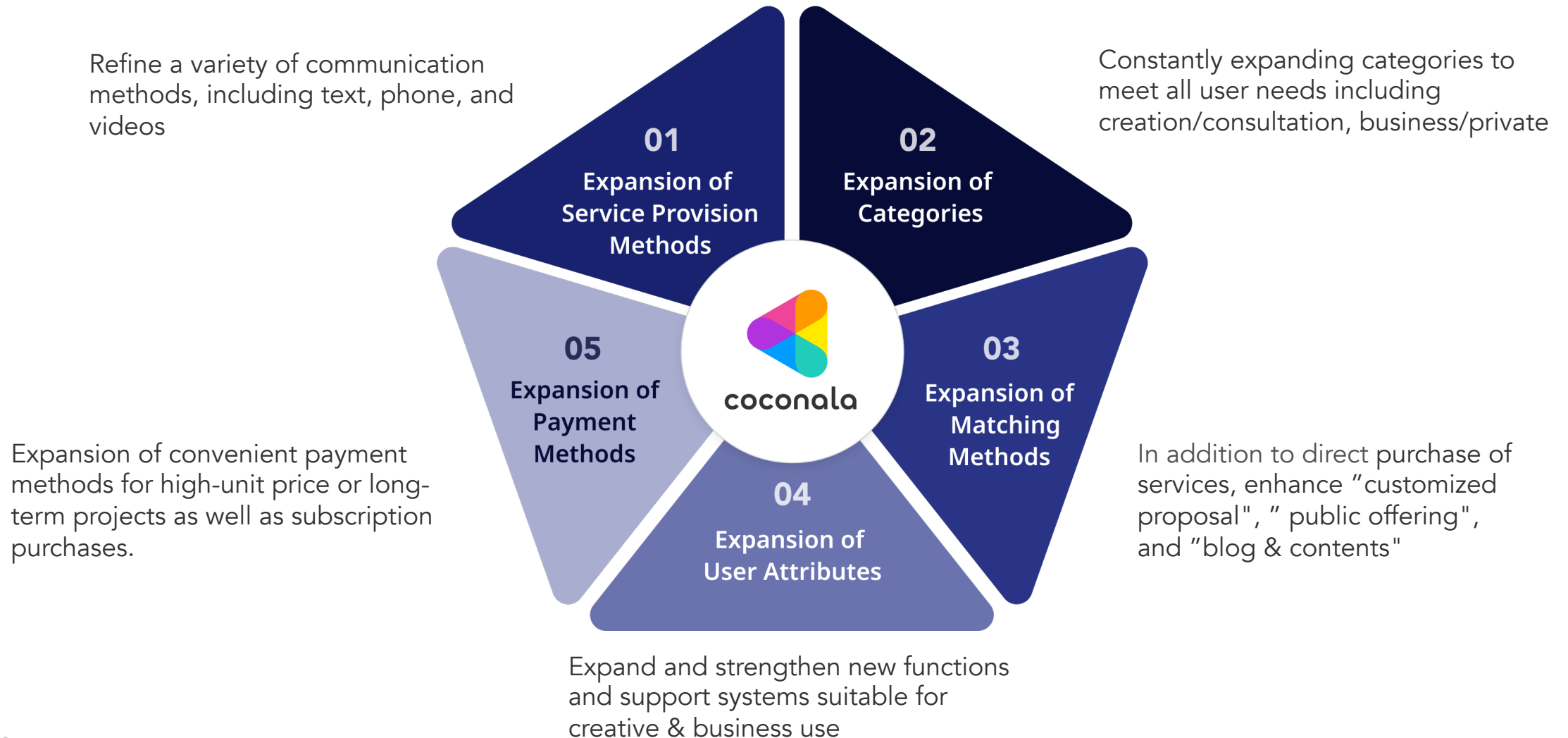
- Maintain an appropriate take rate as a result of providing an attractive marketplace





Expansion of the Product

Further update the user experience by expanding product in five directions to encourage usage





coconala's Ecosystem

Entered

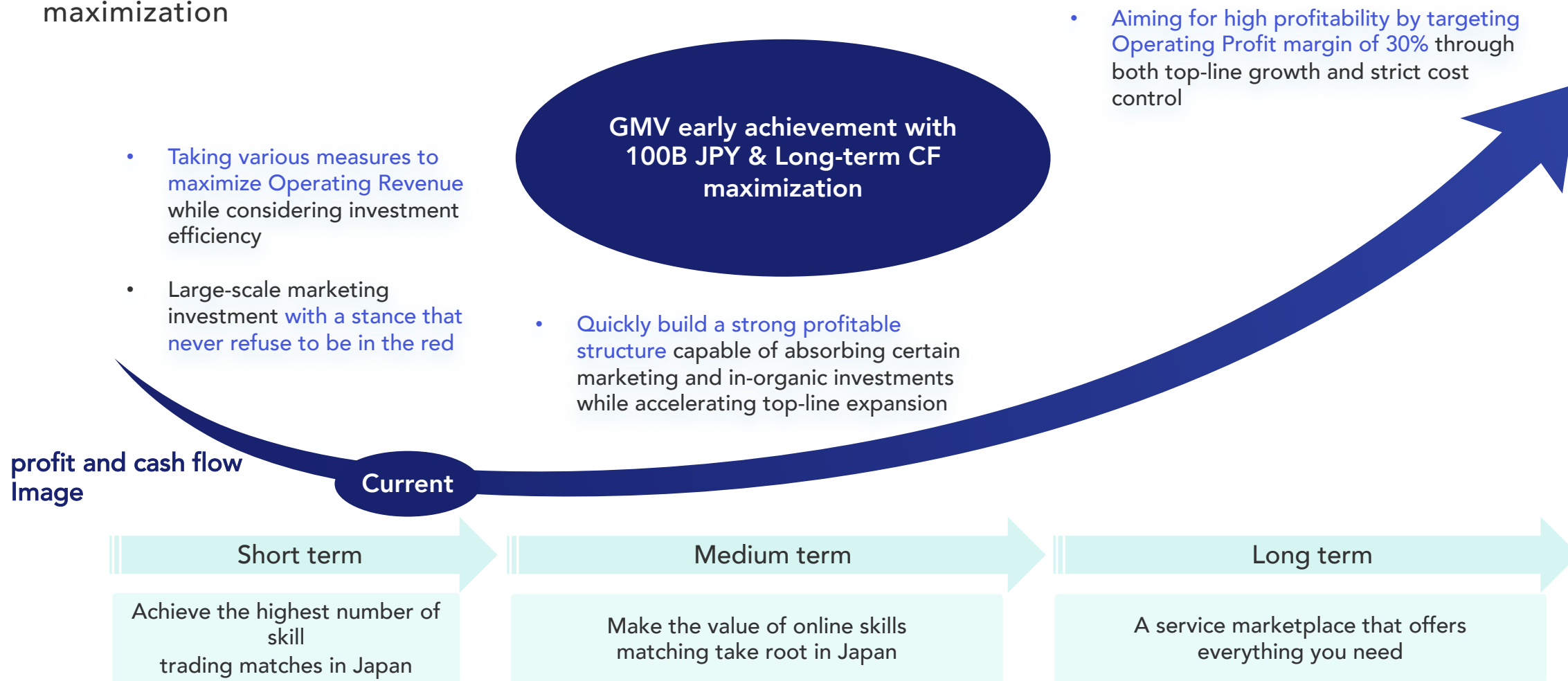
Partially
Entered

Not
Entered

		Matching business				Related area
		Service /one-shot based	Staffing /Project based	Service_ Overseas	Contents/ Goods	Management Tools
Area/Category	Creative /Business Agency	coconala	Not Entered	Not Entered	coconala (original goods, Others)	Not Entered
	Consulting /Consultation		coconala legal consulation		coconala blog	
	Learnings Know-how Fortune Telling Entertainment		coconala (telephone, video chat)			
	Support for Sellers	Service PR /Promotional functions (coupons, notifications)				
	Support for Buyers	coconala business				

Medium- and Long-Term Targets

Although the current deficit continues due to the advance of investment, appropriate measures will be implemented according to each phase toward the GMV early achievement with 100B JPY and the long-term CF maximization



02

Financials





FY2022 3rd Quarter (Mar.-May.) Financial Highlights

Consolidated	<ul style="list-style-type: none">The performance of both coconala and coconala Legal Consultation were strong. GMV(+31% YoY) and Operating Revenue (+37% YoY) maintained high growth rateOperating profit in Q3 turned profitable due to temporary suspension of TV commercials
coconala	<ul style="list-style-type: none">Although the entire online transaction slowed down due to reopening and we stopped TV commercials in Q3, the growth rate of GMV (YoY + 32%) remained at a high level.GMV for Creative & Business drove YoY +36% and overall GMVMaintained appropriate level of take rate with 27.2%
Legal Consultation	<ul style="list-style-type: none">After the segment was disclosed, operating income went into the black for the first time in Q3As the number of paid subscribing lawyers increases, Operating Revenue continues to grow at a high rate of +70% YoY.Number of paid subscribing lawyers maintained high growth (+57%), but the churn rate has increased to 1.2%
Topics	<ul style="list-style-type: none">Product improvements such as transaction management renewal, postpaid function added.Temporarily stopped TV commercials in Q3 as part of the review of marketing measures. We are considering optimizing marketing including new channels instead of focusing solely on TV commercials.The FY22 / 8 earnings forecast has been revised upward due to favorable trends in operating revenue and a reduction in the TV commercial budget.The number of registered members for coconala is 2.96 million as of the end of May 2022Established Nomination and Compensation Committee to further improve governance system



FY2022 3rd Quarter (Mar.-May.) Summary of Financial Results

(Unit: million JPY)	FY2022 Q3 Consolidated (Mar. – May.)			FY2021 Q3 Non-Consolidated (Mar. – May.)	
	Total*1 (incl. coconala Skill Partners)	coconala*2	coconala Legal Consultation	Total*3	YoY
GMV	3,315	3,315	-	2,526	+31.2%
Operating Revenue	999	900	99	727	+37.4%
Revenue / GMV	30.2%	27.2%	-	28.9%	+1.3pt
Operating Expenses	944	850	89	679	+39.0%
Operating Profit	55	49	10	47	+16.1%
Profit / Revenue	5.6%	5.5%	10.2%	6.6%	-1.0pt
Ordinary Profit	56	-	-	32	+74.9%
Net Profit	65	-	-	3	+1556.7%
(Marketing Expenses)	225	-	-	86	+161.6%

*1: The consolidated figures include the subsidiary coconala Skill Partners, Inc, so they do not match the total of coconala and coconala legal consultation.

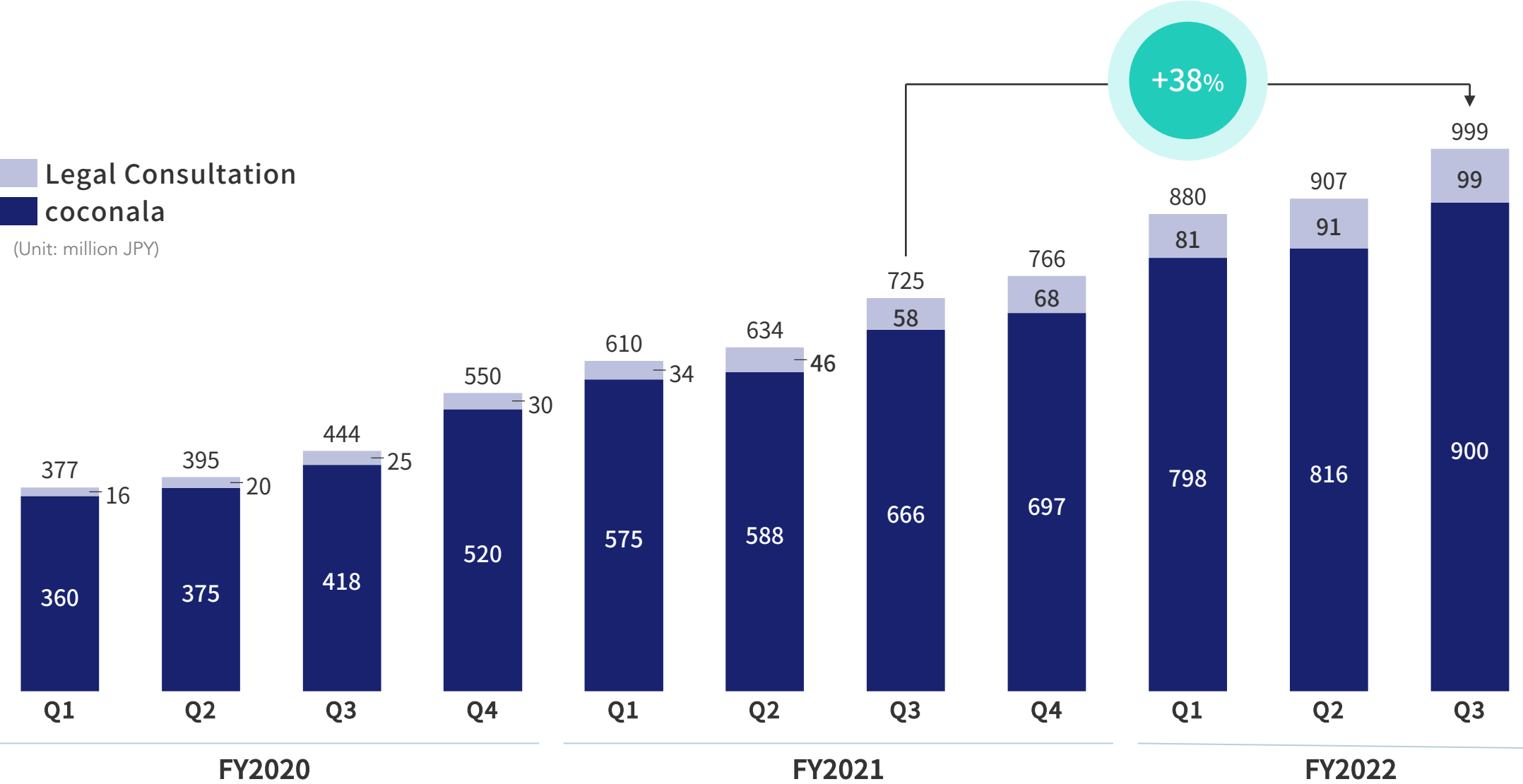
*2: Including coconala blog

*3: Including coconala blog & coconala meets



Operating Revenue

Consolidated operating revenue*1 maintains a high growth rate of YoY + 38%

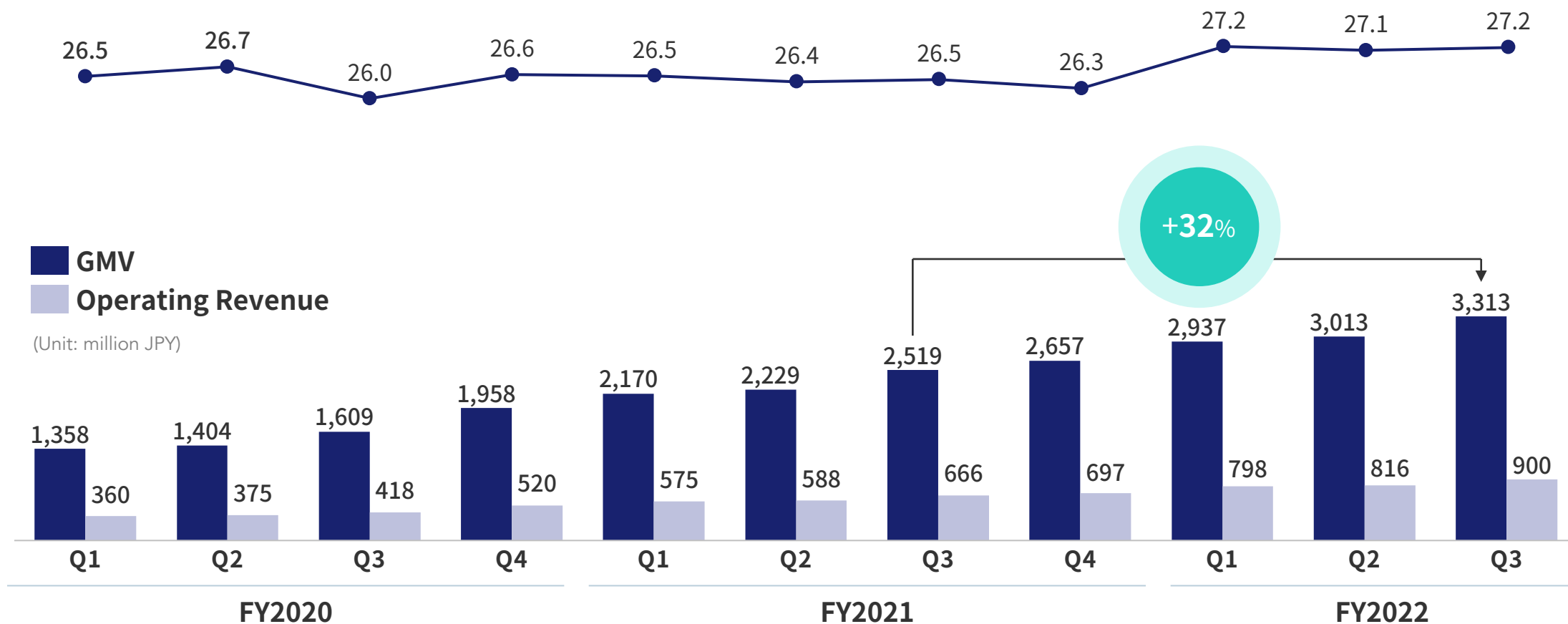




coconala: GMV, Operating Revenue and Take Rate

The take rate was 27.2%, which was almost flat compared to Q2. GMV^{*1} rose at YoY +32%, operating revenue^{*2} rose at YoY +35%, maintaining a high growth rate

Take rate(%)



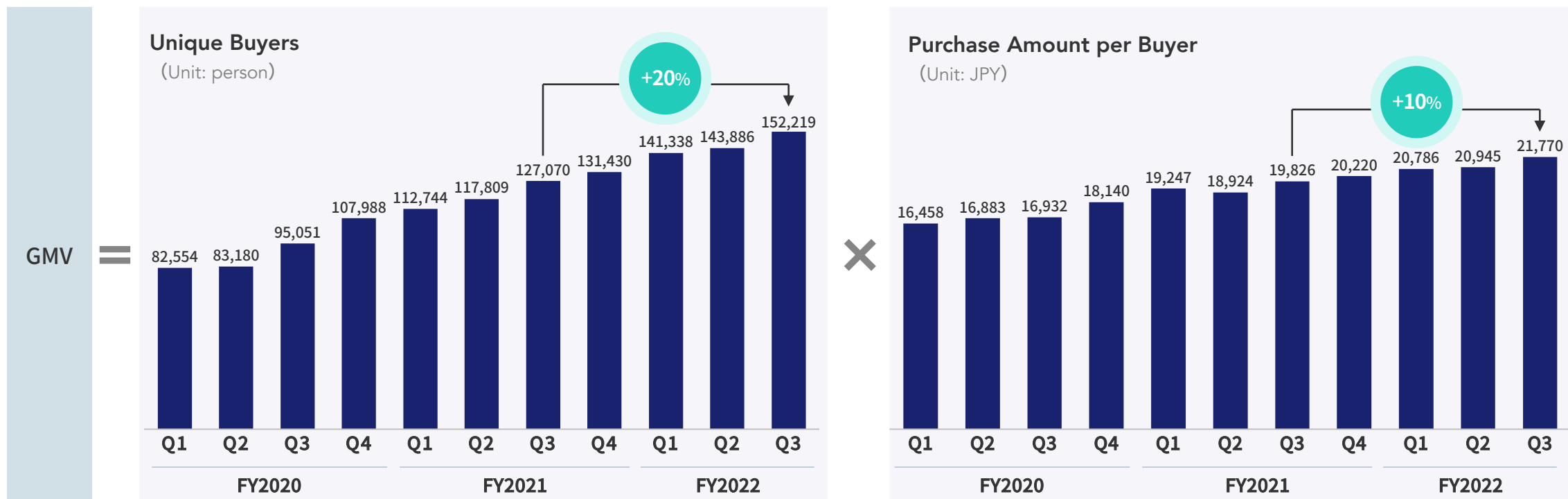
*1: Excluding coconala blog

*2: The figures in this page of the presentation reflect the new revenue recognition standard retroactively from FY2020 to FY2021 for comparison purposes, which differ from the disclosed figures in the financial reports



Major KPIs (Quarterly Buyer Side KPI)

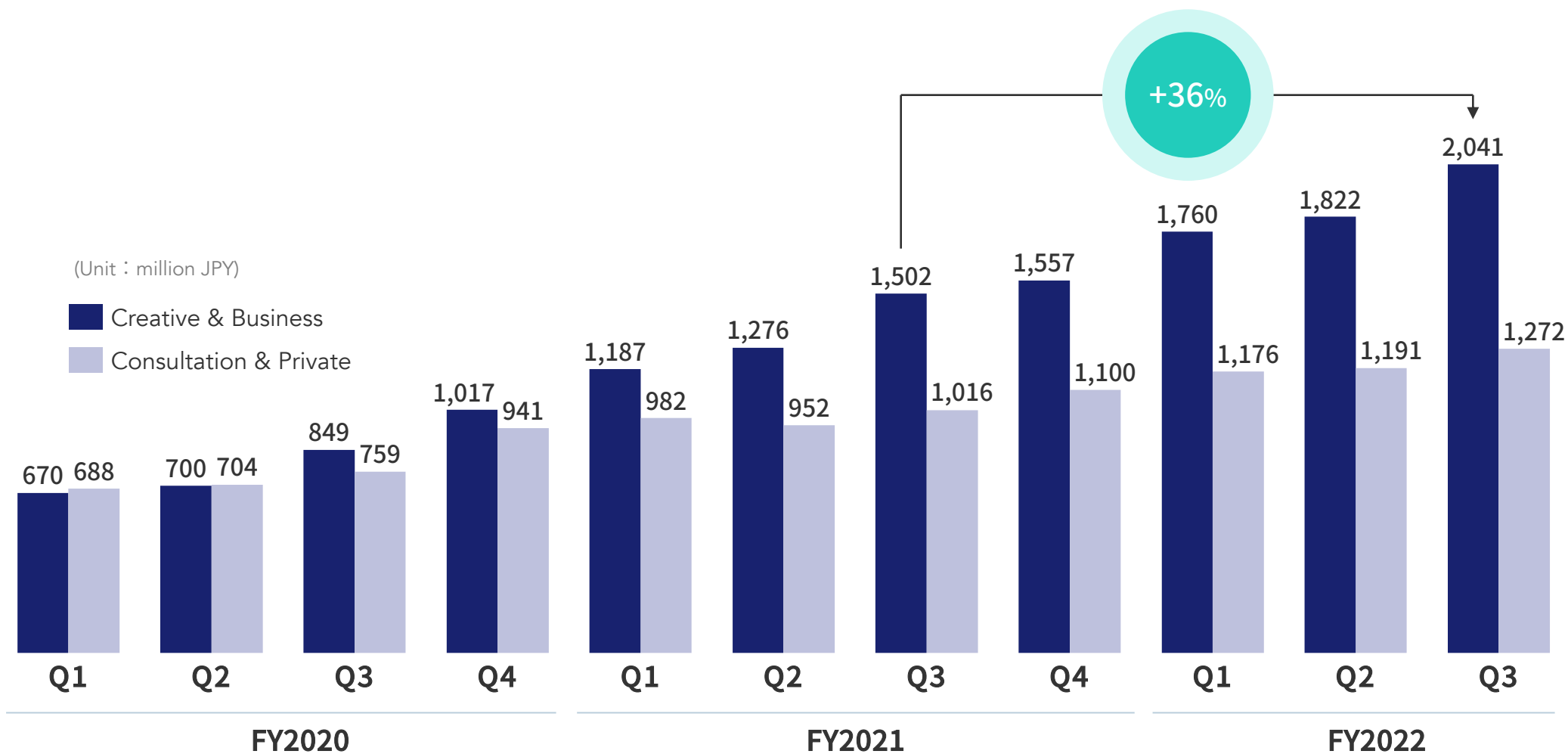
Both number of unique buyers and purchase amount per buyer shows steady growth





coconala: GMV by Category

Creative & Business category drove GMV^{*1} growth with +36% YoY. (Consultation & Private: +25% YoY)



*1: Retrospective correction due to partial category revision



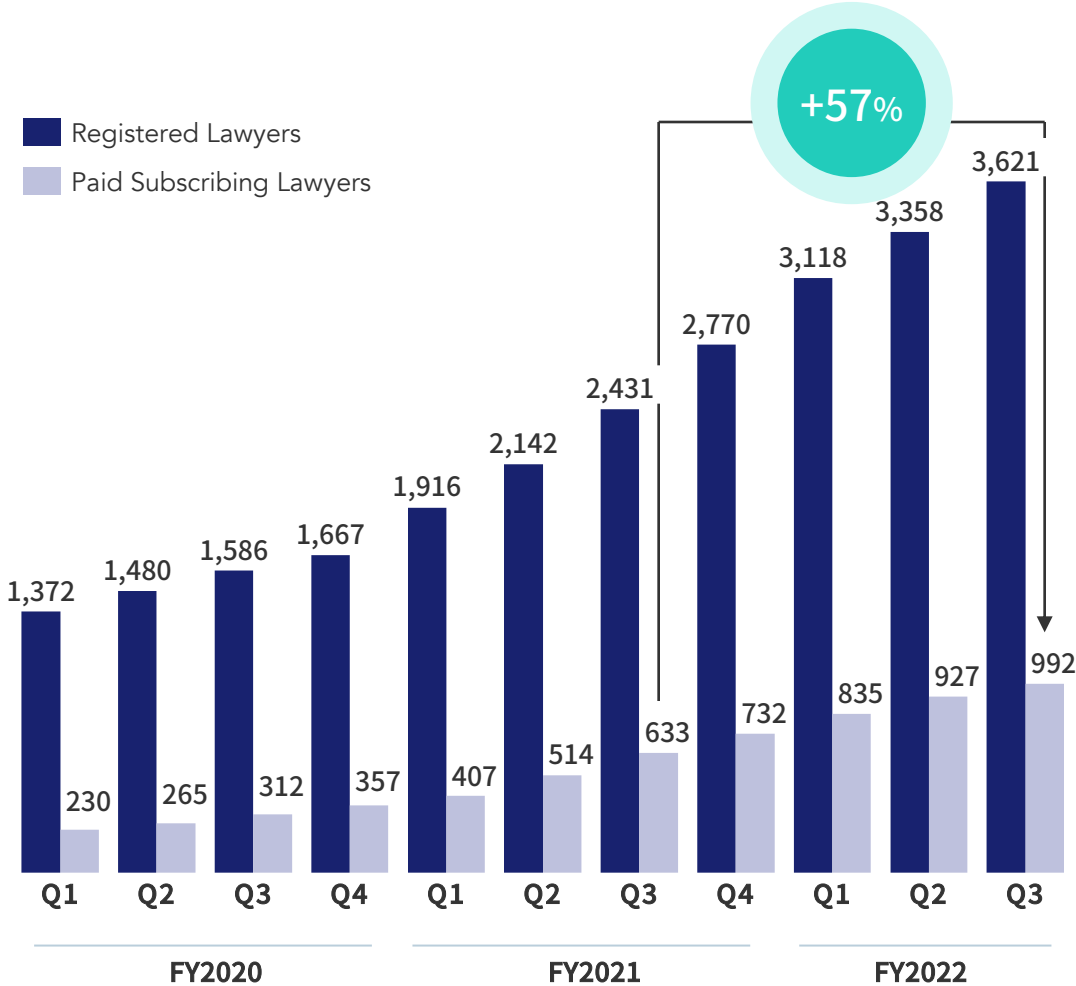
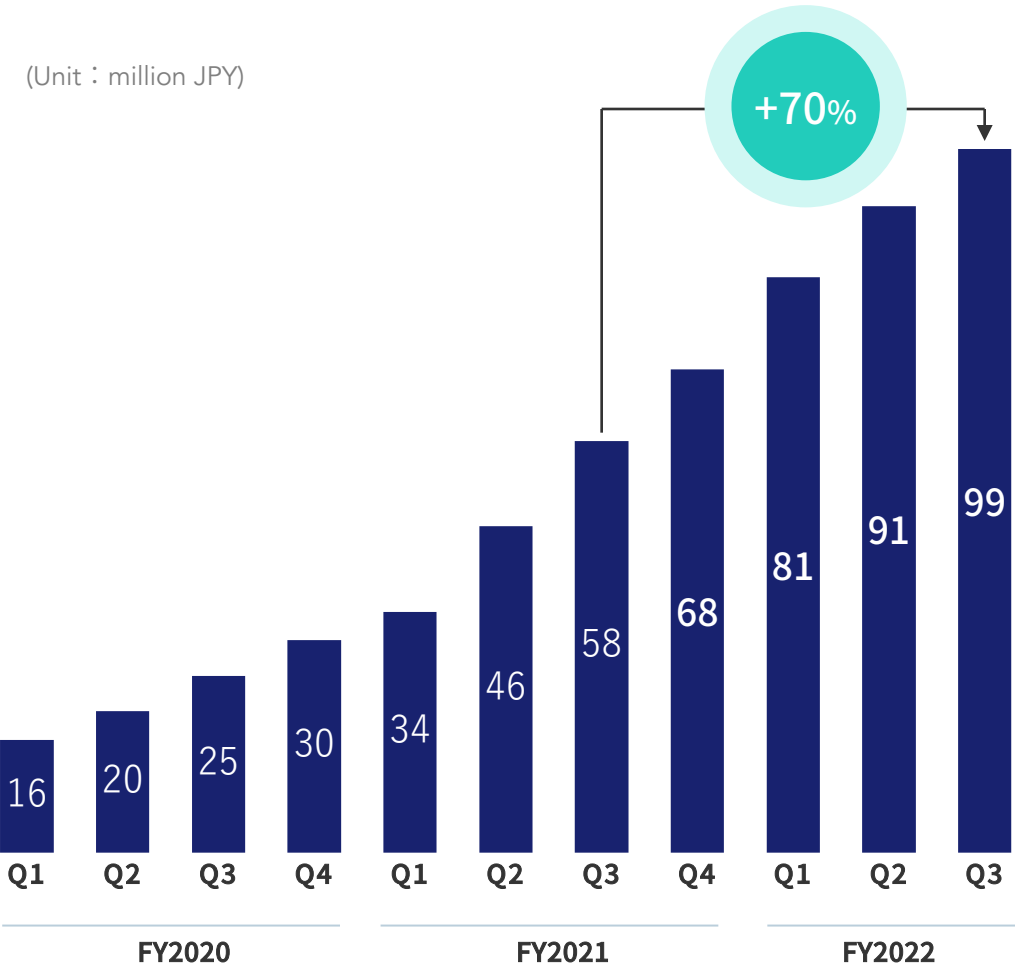
Legal Consultation: Operating Revenue • KPIs (1/2)

Due to the increase in the number of paid registered lawyers (YoY+57%), operating revenue maintains a high growth rate of YoY+70%.

Operating Revenue

Registered Lawyers

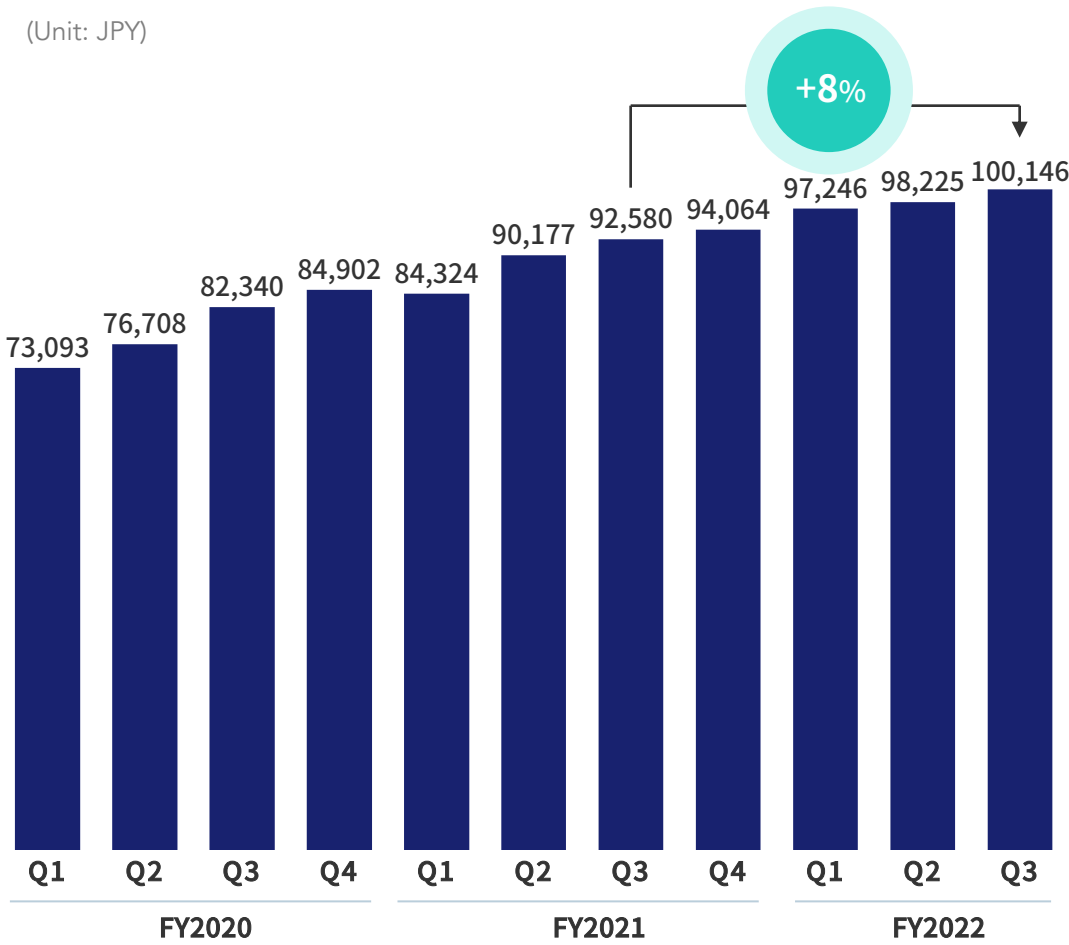
(Unit : million JPY)



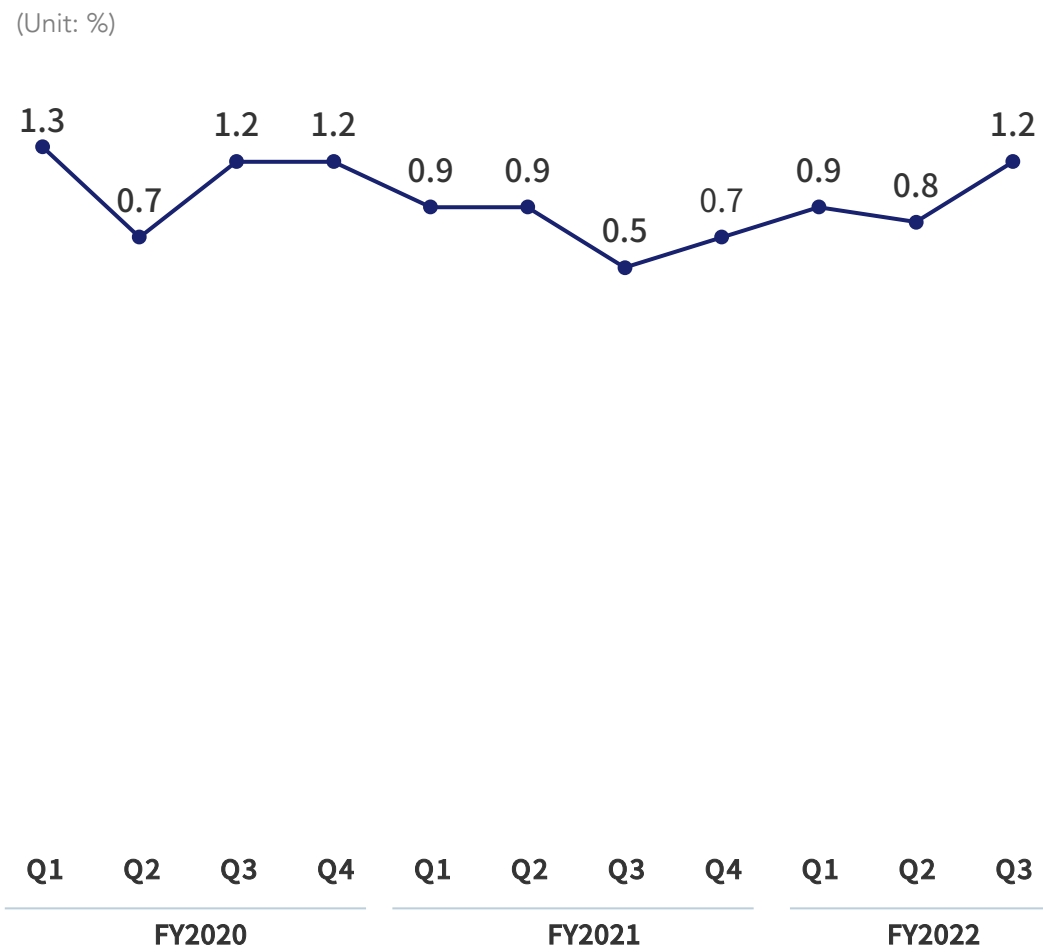
Legal Consultation: KPIs (2/2)

ARPPU*¹ increased by YoY+8%. Although the churn rate*² has risen to 1.2%, we aim to gradually reduce it in the future.

ARPPU



Churn Rate



*1: Average Revenue Per Paid User

*2: Churn Rate: Quarterly average of the monthly churn rate (number of cancelled lawyers in the current month / number of paid subscribing lawyers at the end of the previous month)

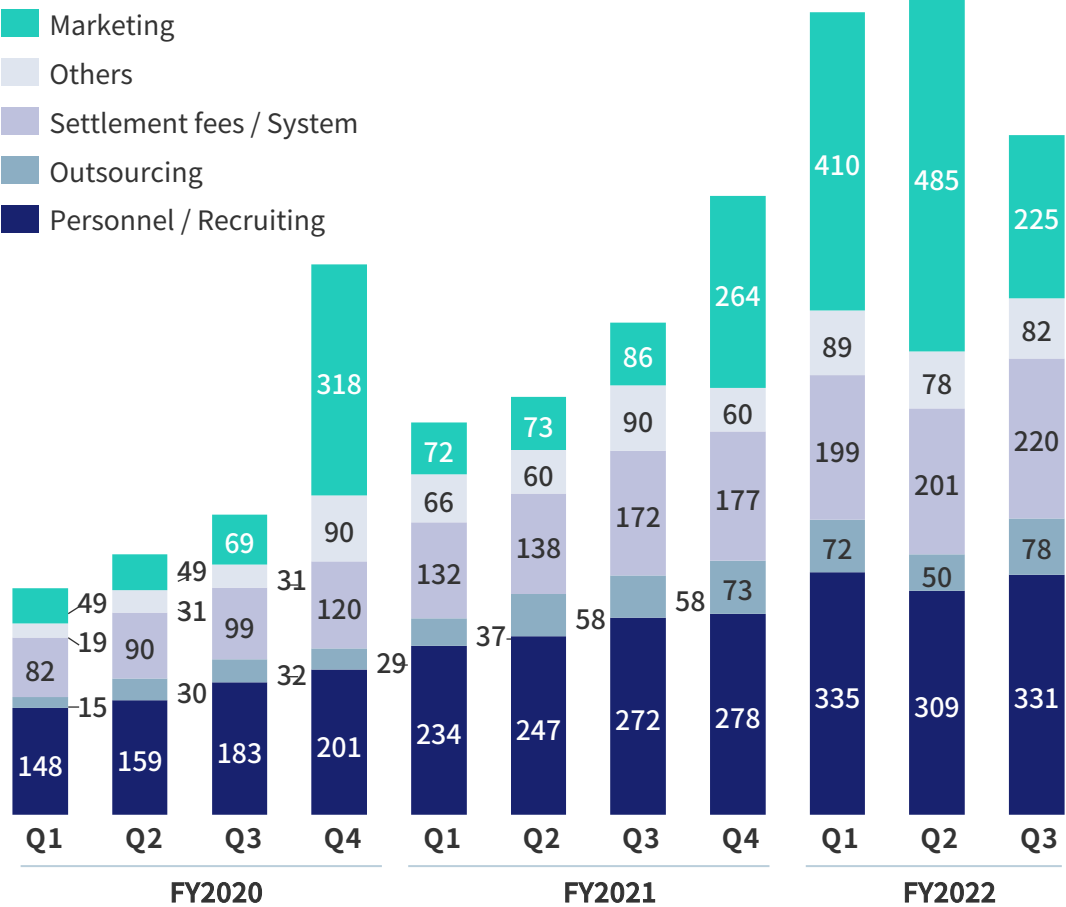


Operating Expenses

Operating expenses*1 decreased as advertising expenses decreased. Policy to continue appropriate cost control in the future

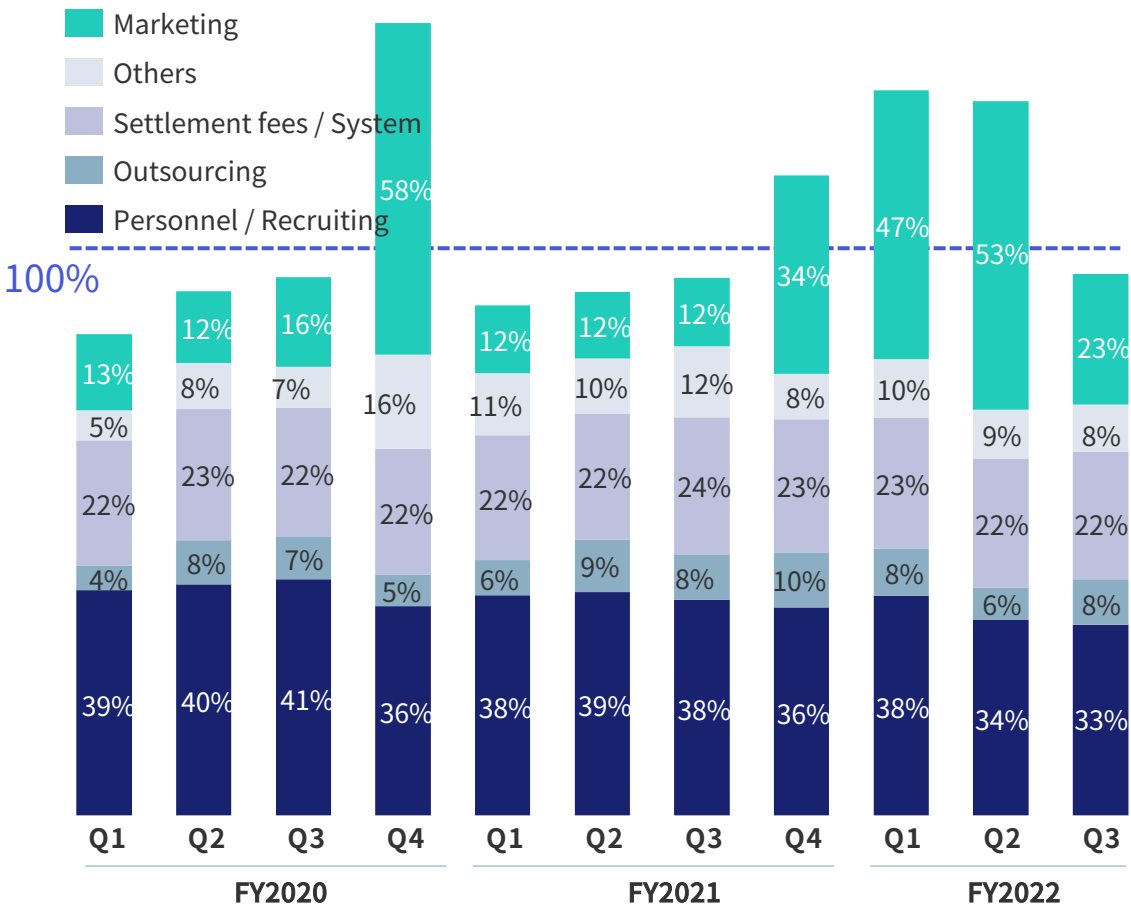
Operating Expenses

(Unit: million JPY)



Operating Expenses/Operating Revenue

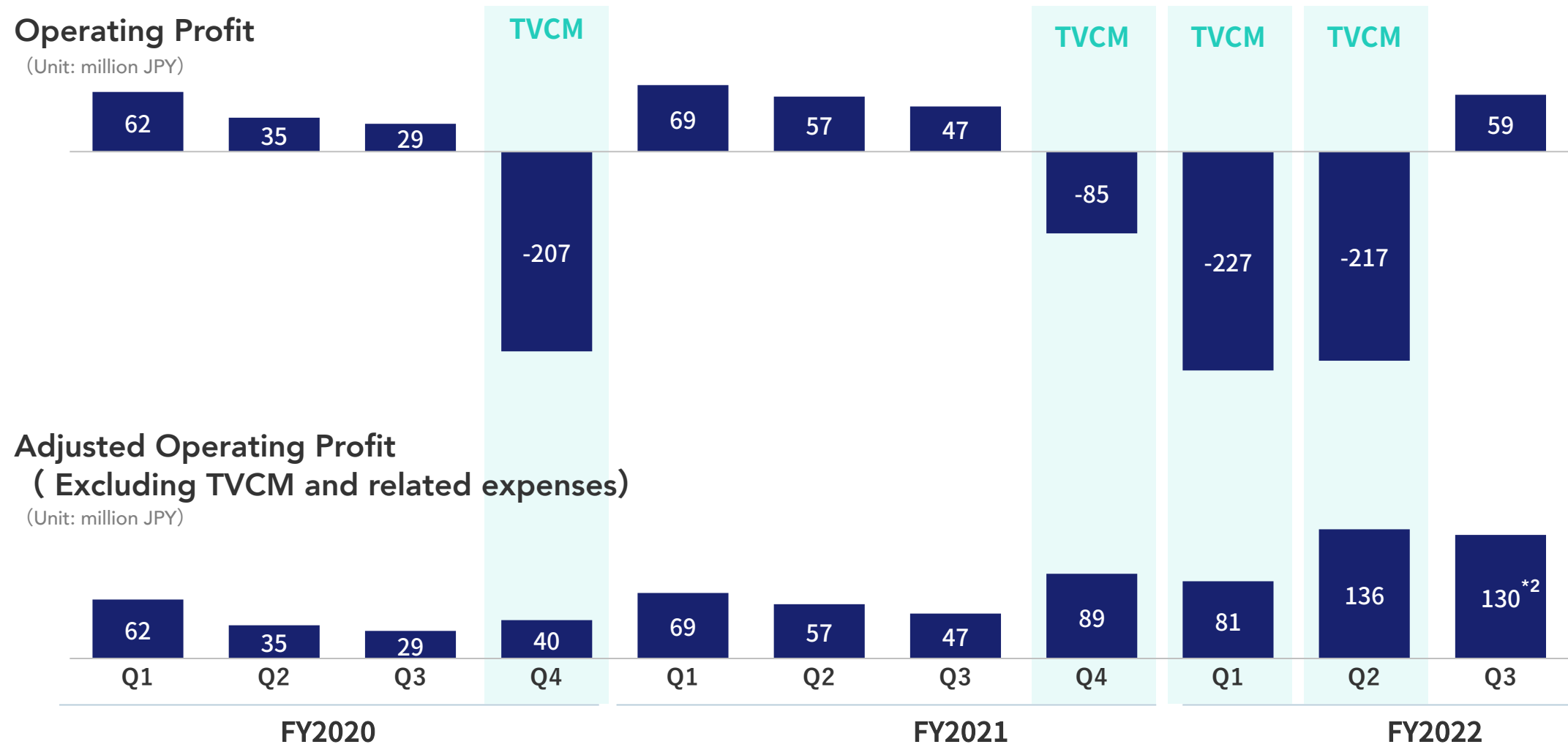
(Unit : %)



*1: : The new revenue recognition standard is not retrospectively adopted to the figures in FY2020-FY2021 (The same as the figures disclosed in the financial reports.)

Adjusted Operating Profit*1 Excluding TVCM Related Expenses

Operating profit in Q3 went into the black because TV commercials were postponed. Operating income on a deducted basis after deducting TV commercial-related expenses will continue to remain in the black



*1: The new revenue recognition standard is not retrospectively adopted to the figures in FY2020-FY2021 (The same as the figures disclosed in the financial reports.)

*2: TV commercials are not implemented in FY2022Q3, but TV commercial related expenses such as production costs and research costs are deducted.



Marketing Policy

Marketing Policy

- In FY2022, we plan to implement **marketing investment (TVCM + related promotions) on the same scale as in FY2019 (roughly 1 billion yen).**
- Operate both web ads and TV commercials **within the specified payback period, taking into account unit economics** (visualization of effectiveness and high-speed PDCA).

Background of temporary suspension of TV commercials in 3Q

- **As we are considering utilizing marketing channels that were not used in the past, and temporarily suspending the implementation of TV commercials.**
- The investment efficiency of TV commercials that have been implemented recently has achieved a level that is not inferior to the past.
- TV commercials will be resumed for 4Q

Financial Policy considering marketing

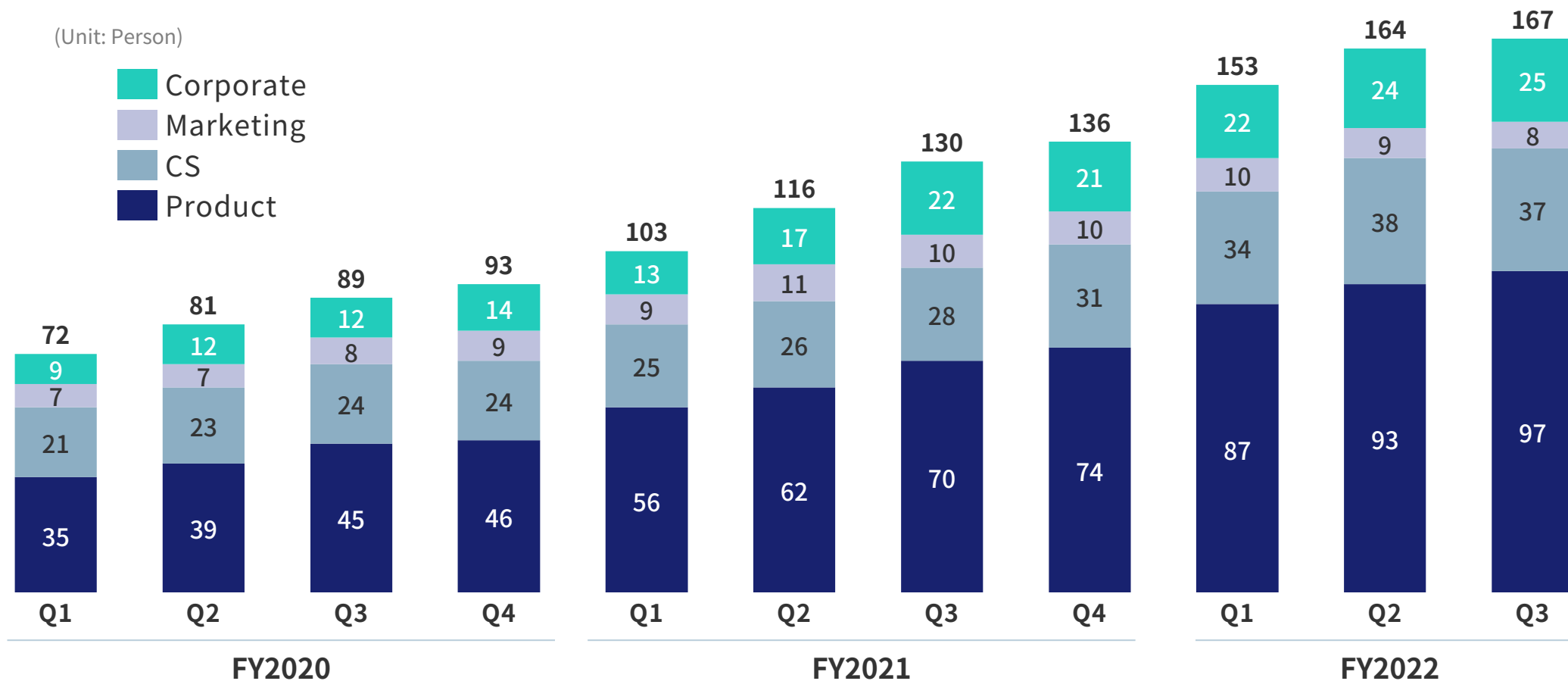
- For the full year of FY2022, operating income is expected to be in the red due to marketing investment (TVCM + related promotion) of roughly 1 billion yen, but **operating income after deducting related expenses such as TVCM will remain in the black.**
- Since we will actively invest in human resources for product development, we will not pursue growth in adjusted operating profit for the short term, and our policy will be to maintain a constant surplus.



Number of Employees by Job Category (Regular and Contract Employees)

Since we do not have sales staff, only CS personnel will increase in proportion to sales. However, we will continue to invest in personnel for product development and to strengthen the company's foundation

(Unit: Person)





Financial Base

Maintain a sound financial base in terms of cash and shareholder's equity.

Aug. 2021 (Non-consolidated)

(Unit : million JPY)

Cash and Deposits 3,318	Advances Received 331
	Deposit Received 747
	Other Liabilities 651
	Shareholders' Equity 2,328
Other Assets 740	

May. 2022 (Consolidated)

(Unit : million JPY)

Cash and Deposits 2,851	Advances Received 442
	Deposit Received 873
	Other Liabilities 246
	Other Net Assets 378
Other Assets 1,151	Shareholders' Equity 2,061

Revision of full-year earnings forecast for August 2022

The full-year earnings forecast has been revised upward based on the steady progress of operating revenue and the reduction of the TV commercial budget.

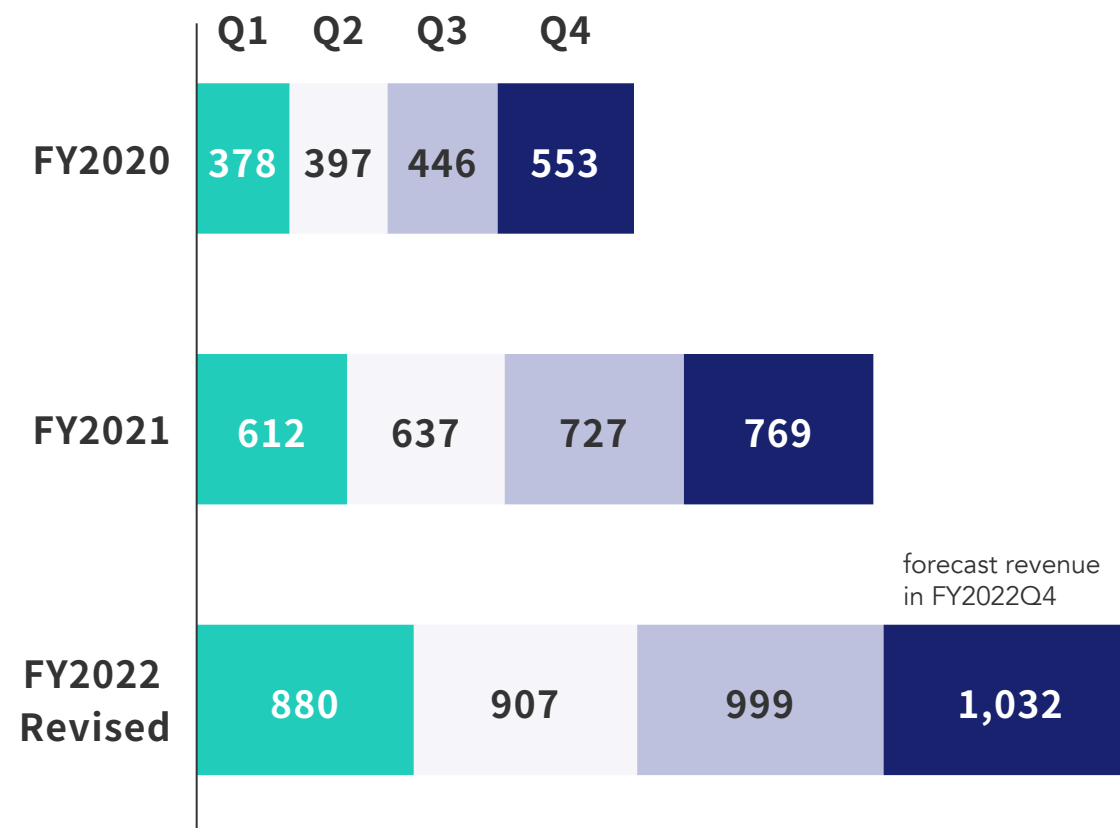
Revised full-year earnings forecast

(Unit : million JPY)

	FY2022/8 initial outlook	FY2022/8 Revised outlook	Revised ratio	Revised
Operating Revenue	3,650 ~	3,820	+4.7%	+170
Operating Profit	-1,290	-580	-	+710
Ordinary Profit	-1,290	-575	-	+715
Net Profit	-1,292	-560	-	+732

Progress on the full-year outlook for operating revenue*1

(Unit : million JPY)



*1: Due to rounding, the revised forecast value of FY22 and the quarterly total value do not match.

03

Topics





coconala : Product Update

Pursuing ease of use while continuously listening to users' feedback

[Renewal]

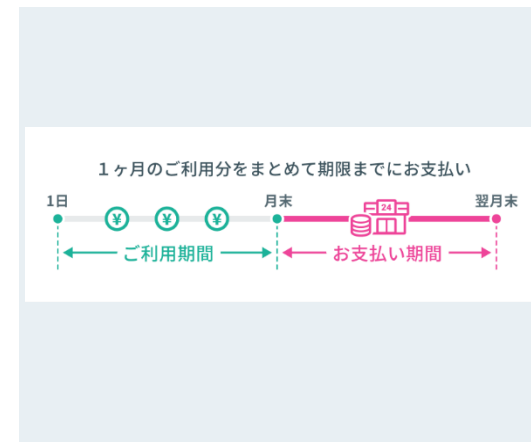
Transaction management

The transaction management screen has been renewed. New functions that are easier to see and more convenient have been added while maintaining the existing functions. Quotations and transactions that are close to the deadline are displayed as "Need to respond"



[New Function]

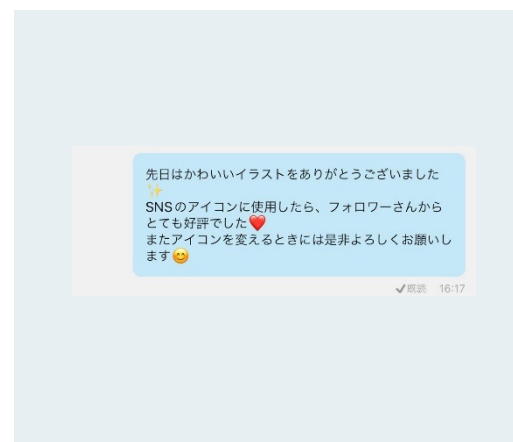
Postpaid function



[New Function]

Emoji function

You can now use "emoji" in the talk room and message function.



[Renewal]

Maximum amount increased to 5 million yen

The maximum amount of quotation / publication request for production / business category has been increased to 5 million yen.



Recognition of changes in the current macro environment

For the time being, we will pay close attention to the possibility that the speed of transition to online transactions will slow down because of the reopening.

Impact of reopening

- Since October 2021, reopening has slowed the overall growth rate of online transactions for services.
- Even in 3Q, during the Golden Week period from the end of April to the beginning of May 2022, it is a timing when business-oriented products will stagnate, but due to the influence of reopening, the growth rate of GMV in 3Q has slowed down from the level of 1Q-2Q.

Impact of recession

- Although there are growing concerns about monetary tightening against inflation and the resulting recession, we understand that coconala's services are a business that is resilient to the recession.
- As cost reduction pressure increases during a recession, it is highly likely that coconala, which offers services at a reasonable price compared to offline transactions, will have more opportunities to be selected while companies are reviewing their suppliers.

Impact of government promotion of side job

- The Ministry of Health, Labor and Welfare is reviewing the guidelines for promoting side businesses, and it is expected that the number of coconala registrations from sellers will increase more than ever. Impact on short-term business performance is minor.
- From a long-term perspective, it is more likely that companies will become a natural world to utilize external human resources instead of self-reliance on resources, which will likely lead to promotion of the use of coconala by previously unused business users.



Environmental Recognition toward FY2023

The GMV growth rate up to FY2022 was raised due to the tailwind of COVID-19, but the reaction to reopening may slow down the growth rate of GMV and operating revenue in FY2023.

We are planning to start a new business toward the realization of the coconala's ecosystem, and it is expected that the deficit will continue in FY2023 due to the initial investment.

We implement a strategy aiming for overwhelming growth rate from a medium- to long-term perspective, not short-term top-line growth

	FY23/8(Next Year)	FY24/8~(The Year After Next~)
GMV and Operating Revenue image (YoY)	+25%~ (upper limit +30%)	Accelerate growth rate
Operating Profit image*1	Deficit at the same level as FY22 / 8 (This Year)	Aim to reduce the deficit and return to the black at an early stage

*1: Excluding stock-based compensation costs and initial costs for new businesses



Measures under consideration for FY2023

Plan to optimize marketing channels and promote new businesses

Measures to acquire users

- The current creative of TV commercials is not only for business but also for private purposes, but as the center of distribution is shifting to the creative / business, we plan to reconsider the content of the creative of TV commercials.
- Conventional TV commercials have been operated based on short-term ROI, but in the future, medium- to long-term brand awareness will also be considered.
- Considering various marketing channels other than TV commercials. Specifically, we are exploring operations for taxi advertisements, user invitation functions, inside sales, WEB advertisements for potential customers, etc.

New Business

- We plan to prioritize and launch new businesses toward the realization of coconala economic zone.
- Since initial investment is required in FY 2023, full-scale profit contribution is expected to be after FY2024.

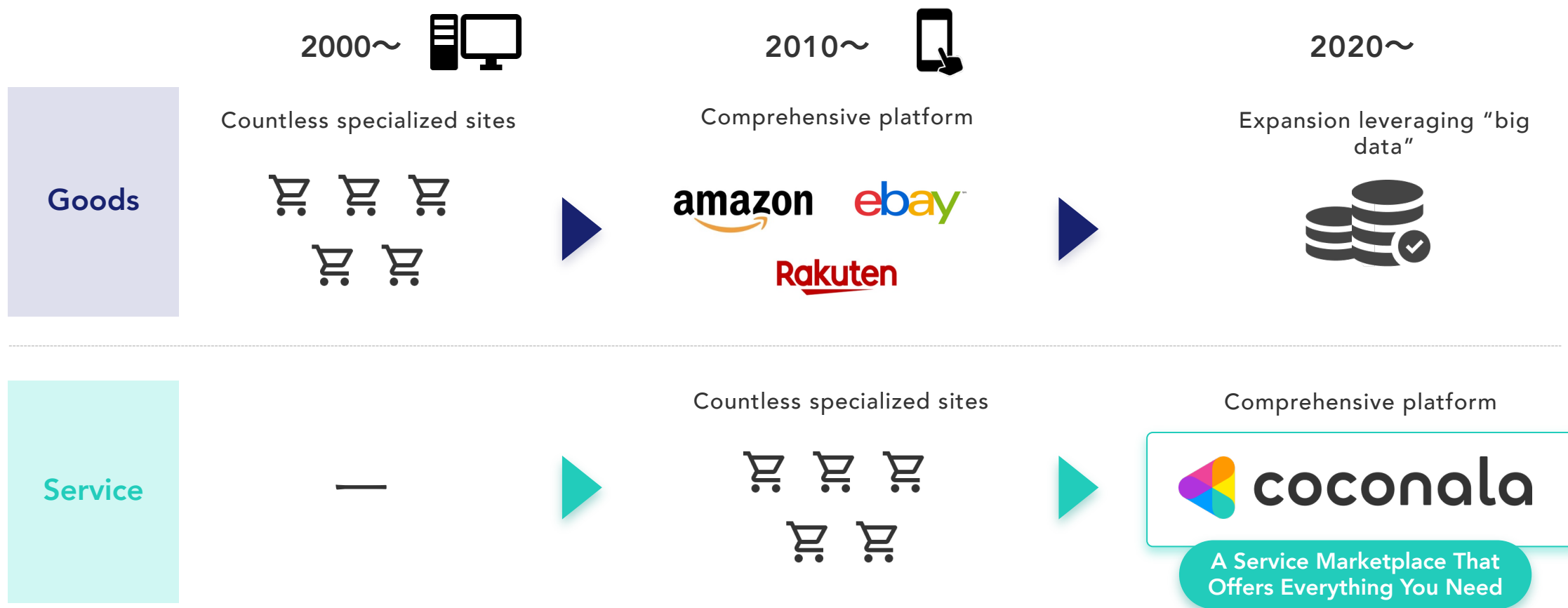
04

Appendix



Our Strategic Concept : A Service Marketplace That Offers Everything You Need

Service e-commerce industry is 10-20 years behind the goods e-commerce industry. coconala aims to be a comprehensive "service e-commerce" platform



Potential for Expansion of the Skill-Sharing Market (in 2030)

Current serviceable market size is about

100 B JPY

Potential serviceable market size in 2030 is about

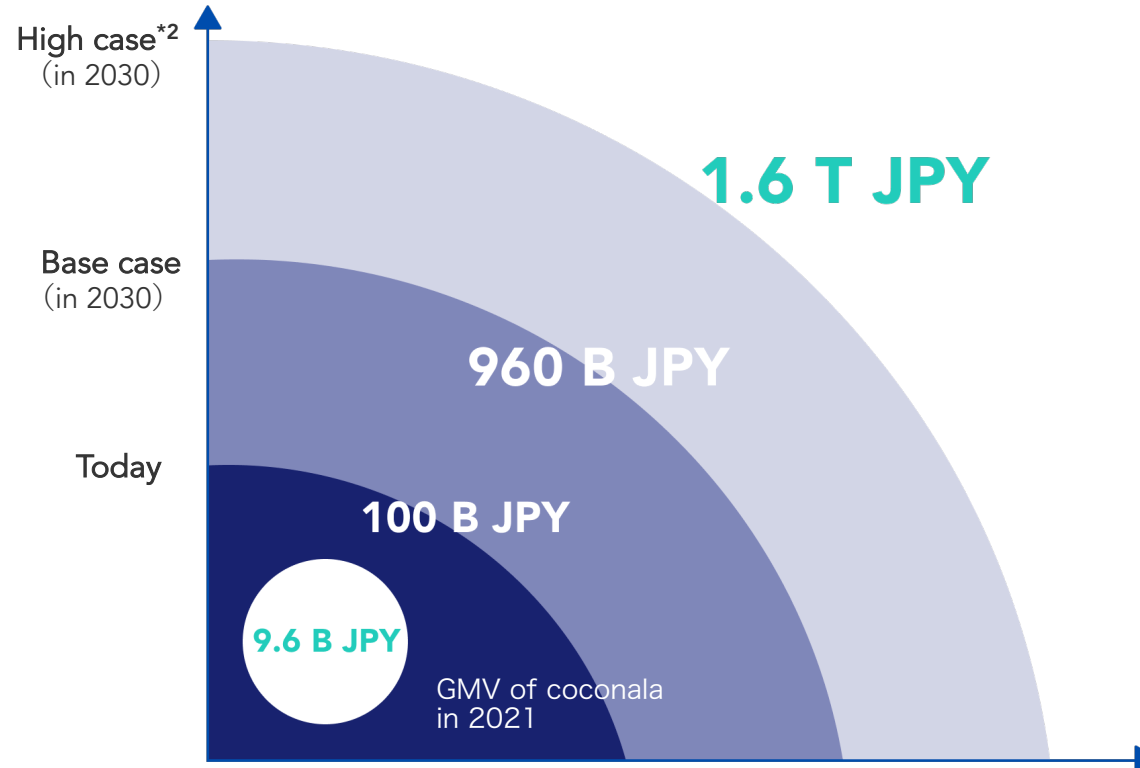
960 B ~ 1.6 T JPY

Potential Accessible Market*¹

18 T JPY

Potential Serviceable Market (Service e-commerce Market)

E-commerce shift



*1: Market size of non-face-to-face services transaction between individuals/SMB and individuals/SMB that could be potentially shift 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

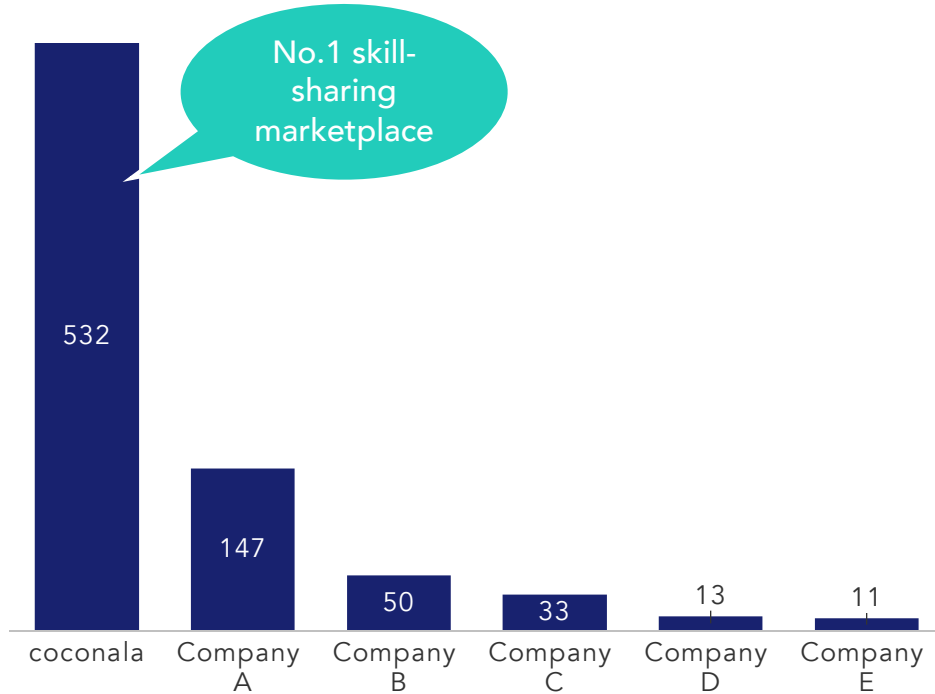
*2: Regardless of who the skill-provider is, such as a company, sole proprietor, or individual, assume that the content and quality of the service can now be determined by looking at reviews on a single website or smartphone application, or that issues such as lack of recognition and concerns about safety regarding services provided by individuals have been resolved

Large Number of Services on Sale and Reviews

Market-leading platform providing an abundance of inventories and reviews

Number of Services on Sale*¹

(Unit : K)



*1: Data as of Sep. 2021

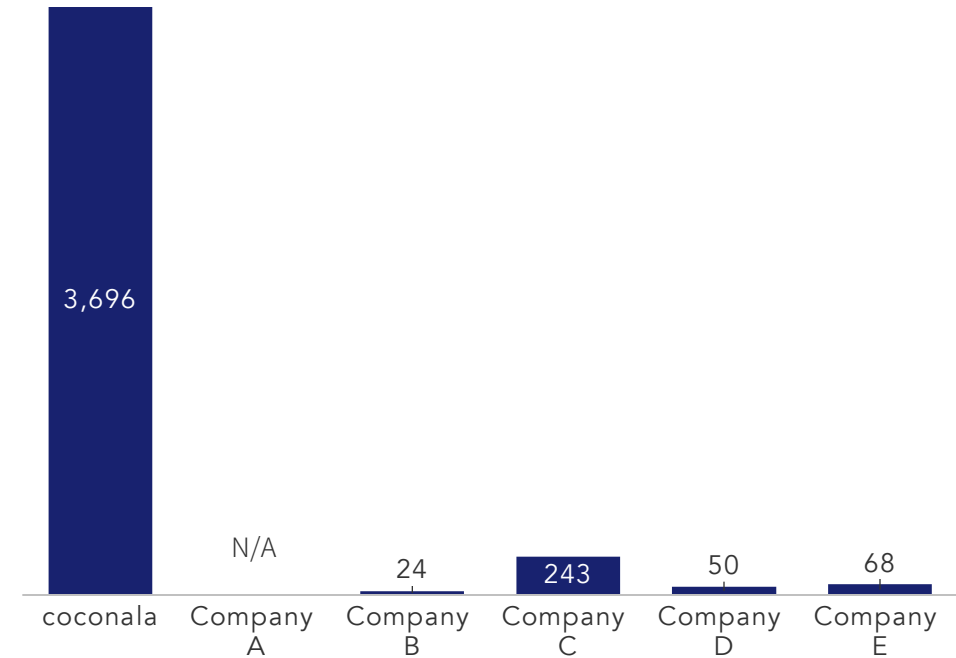
Source: For data related to other companies, we refer to their service pages.

Counting method (our company): Count the number of services on sale that are publicly available on the service website. Our company's number of services on sale does not include public requests from buyers to sellers or seller's proposal to private requests (because it is not an e-commerce-like service that lists items on sale in advance, unlike the services offered by other companies.)

Counting method (other companies): Count the number of services that are shown on the service search in their respective service websites.

Number of Reviews*²

(Unit : K)



*2: Data as of Sep. 2021

Source: For data related to other companies, we refer to their service pages.

Counting method (our company): Count the number of reviews of the services on sale that are publicly available on the service website.

Counting method (other companies): Count the number of reviews of services/sellers that are shown on the service/seller search in their respective service websites. The company A does not show the number of reviews since it is not part of the website designing. Buyers' review systems differ by companies as each company has its own review system.

Category List

coconala can cover all kinds of issues and concerns of users with 15 main categories and more than 450 subcategories

 Creative & Business

 Consultation & Private



Designing

Logo creation, Flyer creation / Designing, Brochure / catalog designing, etc



Movie / Animation / Photography

Movie Editing, Movie shooting, Animation creation, Photo processing / Correction, etc.



Web marketing / Customer acquisition

SNS marketing, SEO measures, EC marketing, Website analysis, etc.



Housing / Beauty / Lifestyle / Entertainment

Housing, lifestyle, beauty and fashion consultation, contents sales, hobbies, game etc.



Illustration / Cartoon

Illustration creation, Portrait creation, Cartoon / Comic production, Character creation, Character modeling, etc.



Business Agency / Consultation / Professional consultation

Creation / Support of documents and proposals, EC consulting / Operation agency, Preparation of contracts / various documents, legal consultation, etc.



Fortune telling

Romance fortune-telling, Marriage fortune-telling, Life / spiritual, Fortune-telling method / advice, etc.



Online Lessons / Advice

Language lessons / advice, music / instrument lessons / advice, exercise lessons, etc.



Website creation / Web designing

Website creation, EC site creation, LP creation, Application designing etc.



IT / Programming / Development

Programming, Excel / VBA creation, Web system development / Site construction, IT support / consultation, etc.



Trouble consultation / Love counseling / Conversation partner

Conversation partner, Listening complaints, Love counseling / advice, family and nursing care counseling, etc.



Money / Side job / Affiliate ad

Consultation on FX, Consultation on stocks / various investments, Method of side job / Earning, etc.



Music / Narration

Composition / Arrangement, Narration / Reading, Demo / Session singing, Mix / Mastering, etc.



Writing / Translation

Article / Web contents creation, Novel creation, Proofreading, Catchphrase creation, Translation, etc.



Career / Job hunting / Qualification / Study

Learning method consultation, Job change / Career / Study abroad consultation, Qualification consultation, etc.



Examples of Major Services by User



Management Team

From Nov. 2021, co-founder Shimmyo will become a fellow and retire from the board. Sato was newly appointed as an Outside Director to strengthen governance.



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.



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.



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.



Yuki Sato / Outside Director

A partner of So & Sato Law Offices from Jan. 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.



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.



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.



Kazuki Ishihara / Auditor

Lawyer/Patent Attorney. Engaged in all aspects of corporate legal affairs at Yahoo Japan Corporation. After working at a law firm, he established Seven Rich Law Office, which specializes in the field of IT ventures, and became its representative attorney. Auditor of our company since June 2017.



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, having created a system to detect communications that show an intention to cut out the intermediary
- If detected, send a warning to the relevant individuals. Have organized a special team who will suspend the accounts of repeat offenders.



Thoughts Behind Barrier to Entry

Japanese Major Companies

- With a track record of over 9 years, we have an overwhelming number of services and reviews compared to 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 only a few Japanese 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 from 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 the ROI from the 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 for web ad alone (excl. organic) is about one year.
- TVCM can also be paid back in a few years (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).

FY2022 Target

Aim to maximize Operating Revenue by increasing purchase UU, purchase amount per buyer and maintaining a high take rate

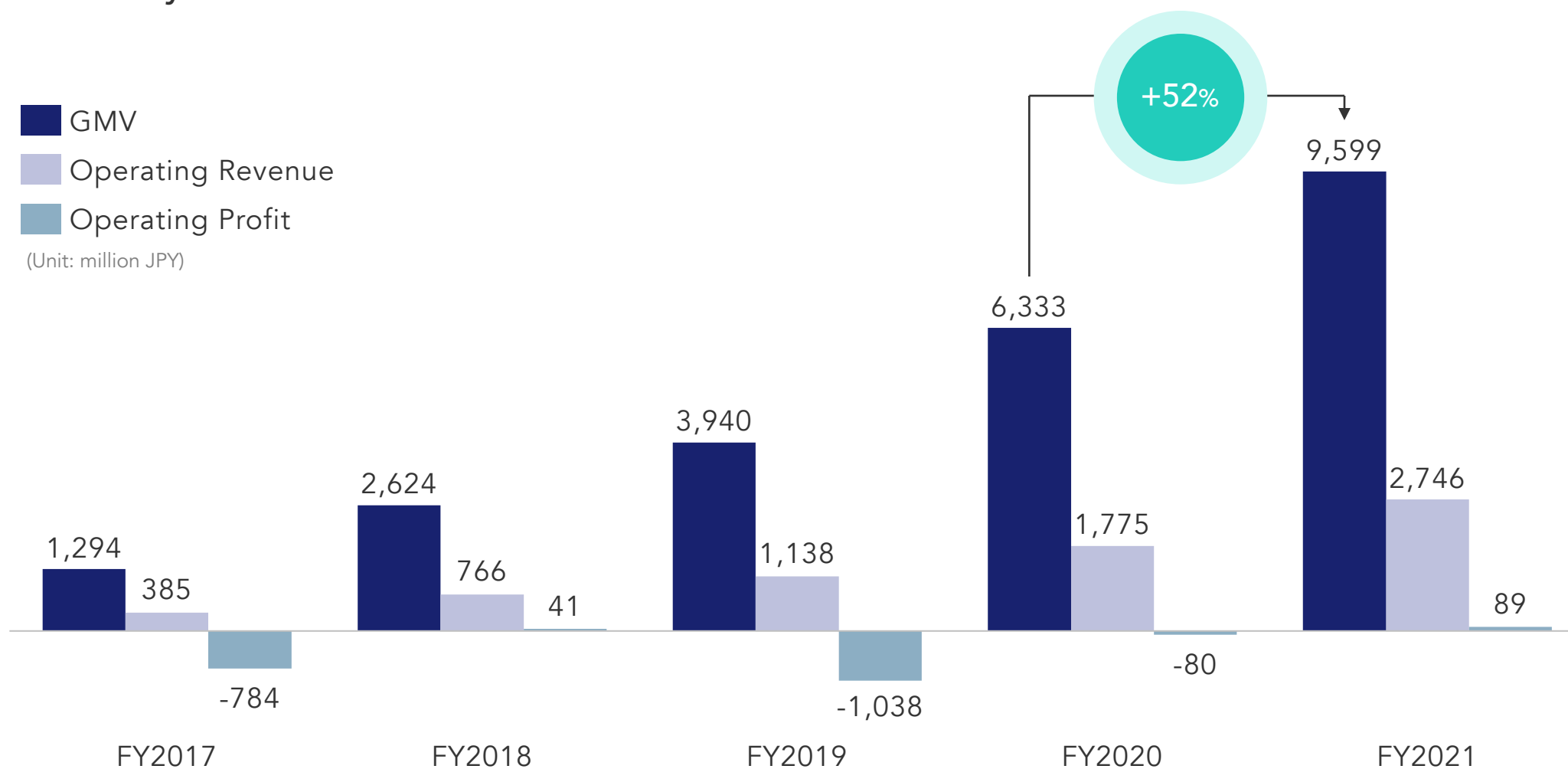
Our Goal	Measures	Recent Performance		FY2022 Target
		FY2020	FY2021	FY2022
Maximization of Operating Revenue	<u>Increase of Purchase UU (buyer)</u>	243,077	320,036	GMV 12,256 MM JPY
	×			
	<u>Increase of Purchase Amount per Buyer</u>	26,047 JPY	29,922 JPY	
	×			
	Maintain a High Operating Revenue Ratio ^{*1}	28.0%	28.6%	29~30%

The operating revenue ratio is expected to maintain a balance between the effects of a gradual decline over the long term due to a decrease in the share of telephone transactions, and the effects of a gradual increase due to growth in the coconala Legal Consultation business.

^{*1}: Operating Revenue Ratio: Operating revenue as a ratio of GMV.

FY2021 Full Year (Sep. – Aug.) Financial Highlights

GMV grew +52% YoY, operating revenue grew +55% YoY, then became profitable for the first time in the three fiscal years





Major KPIs (Buyer Side KPI、Seller Side KPI)

Continuous increase in both buyer side and seller side KPIs

Buyer
Side
GMV

=

Unique Buyers

(Unit : person)

175,899

FY2019

243,077

FY2020

320,036

FY2021

+32%

×

Purchase Amount per Buyer

(Unit : JPY)

22,285

FY2019

26,047

FY2020

29,922

FY2021

+15%

Seller
Side
GMV

=

Unique Sellers

(Unit : person)

30,485

FY2019

45,328

FY2020

56,435

FY2021

+25%

×

Sales Amount per Seller

(Unit : JPY)

128,584

FY2019

139,678

FY2020

169,685

FY2021

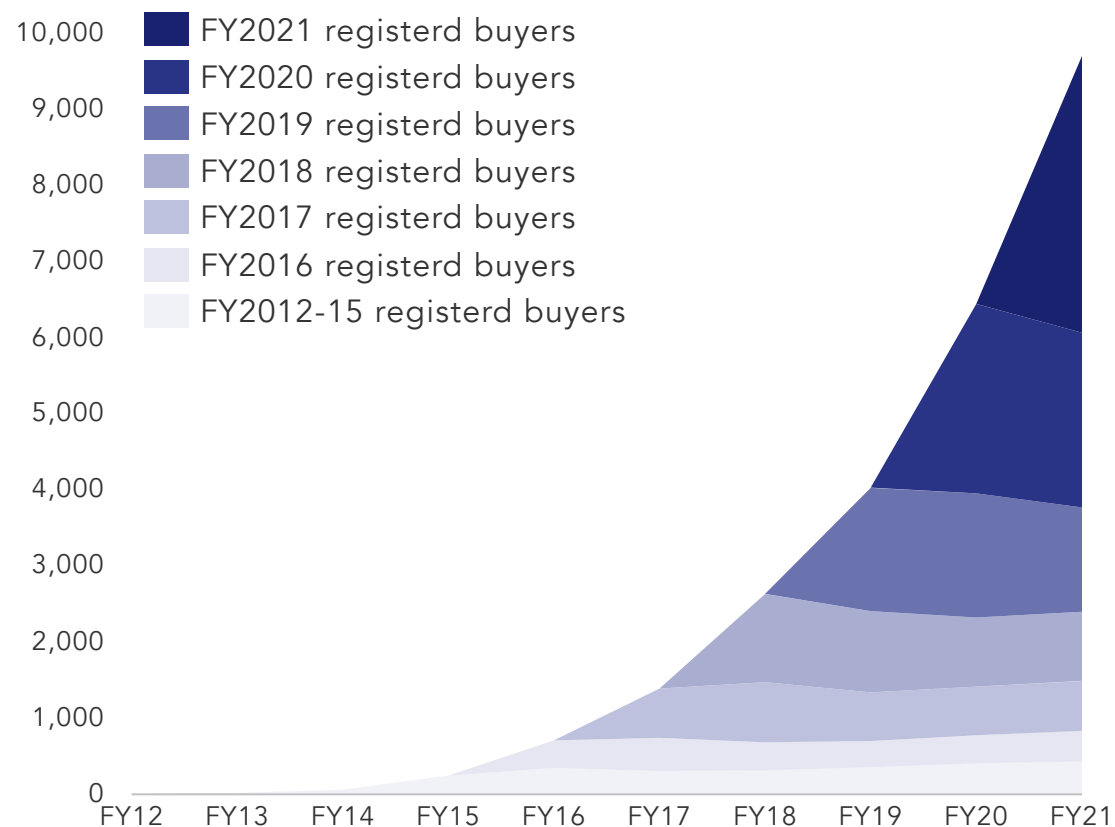
+21%

Recurring Business Model

Recurring business model where GMV grows along with increase in registered users

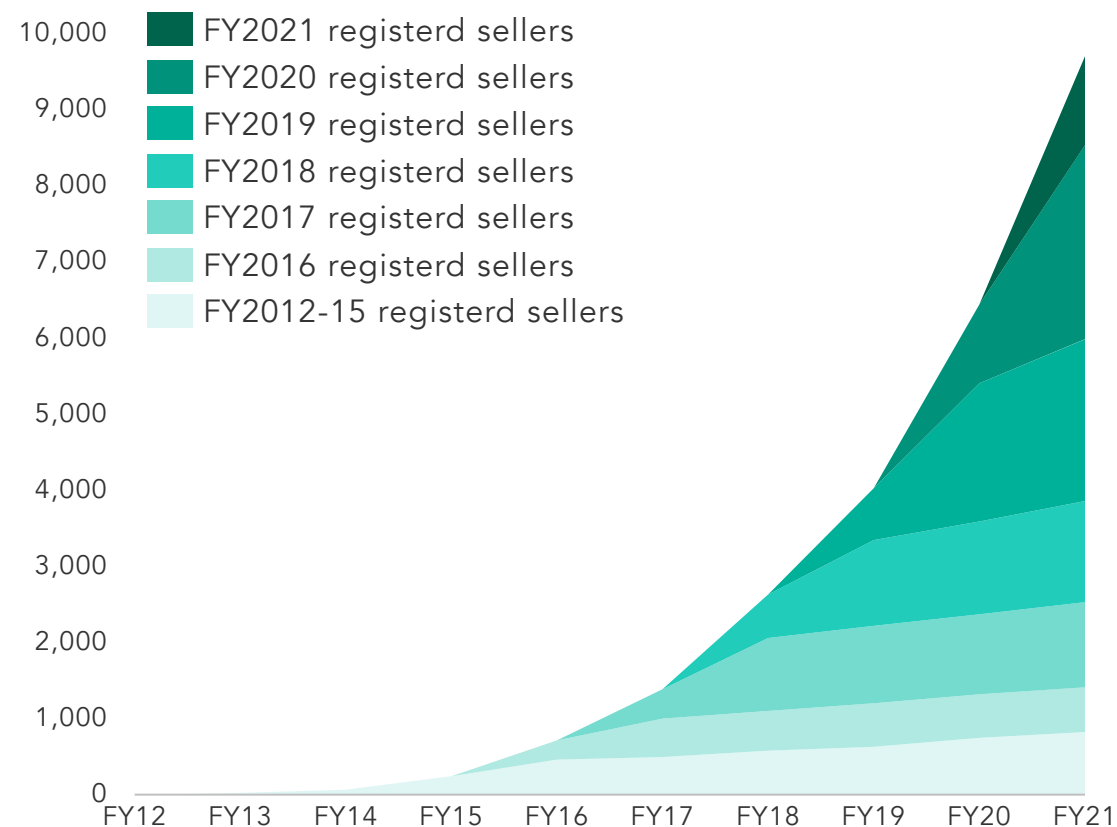
GMV by Buyers FY Cohort*¹

(Unit: million JPY)



GMV by Sellers FY Cohort*¹

(Unit: million JPY)



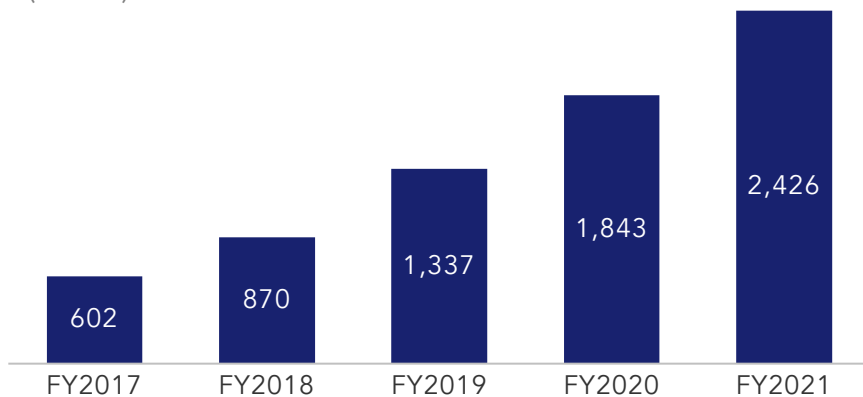


Major KPIs (Registered Users, Number of Sellers and Buyers, Services on Sale)

All KPIs show steady growth

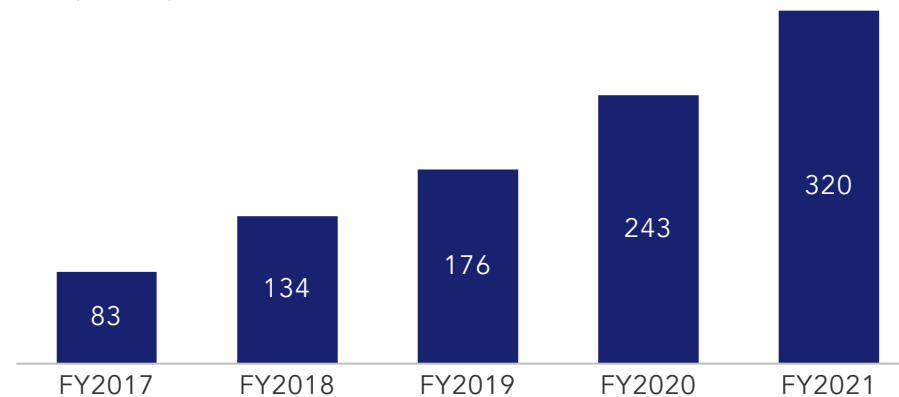
Registered Users (as of end of each FY)

(Unit : K)



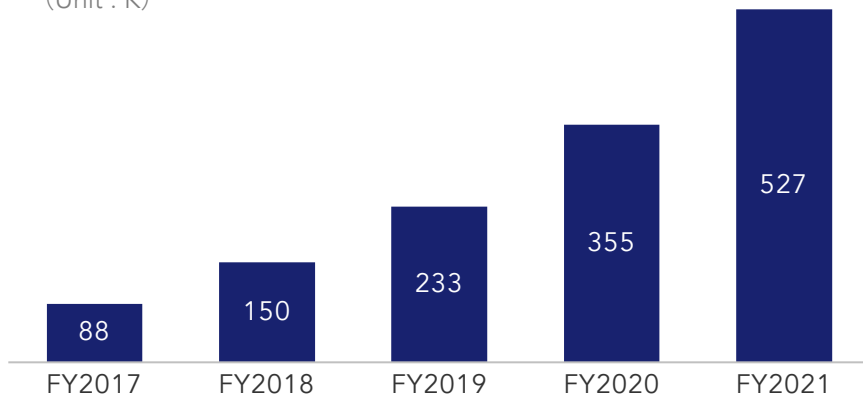
Annual Unique Buyers

(Unit : K)



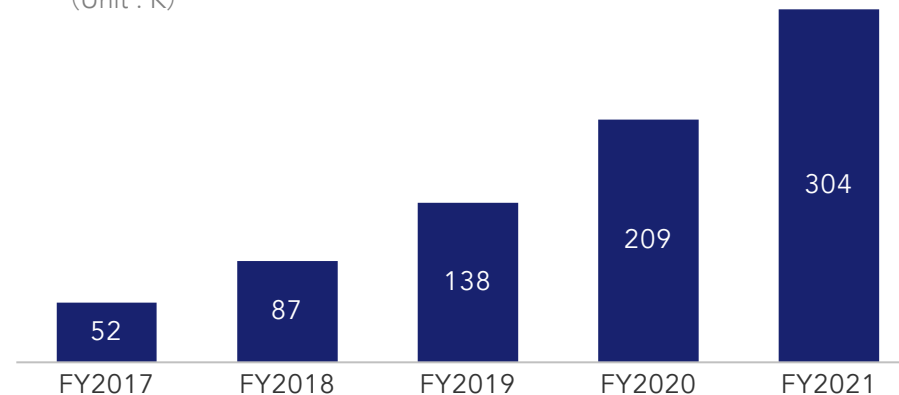
Number of Services on Sale (as of end of each FY)

(Unit : K)



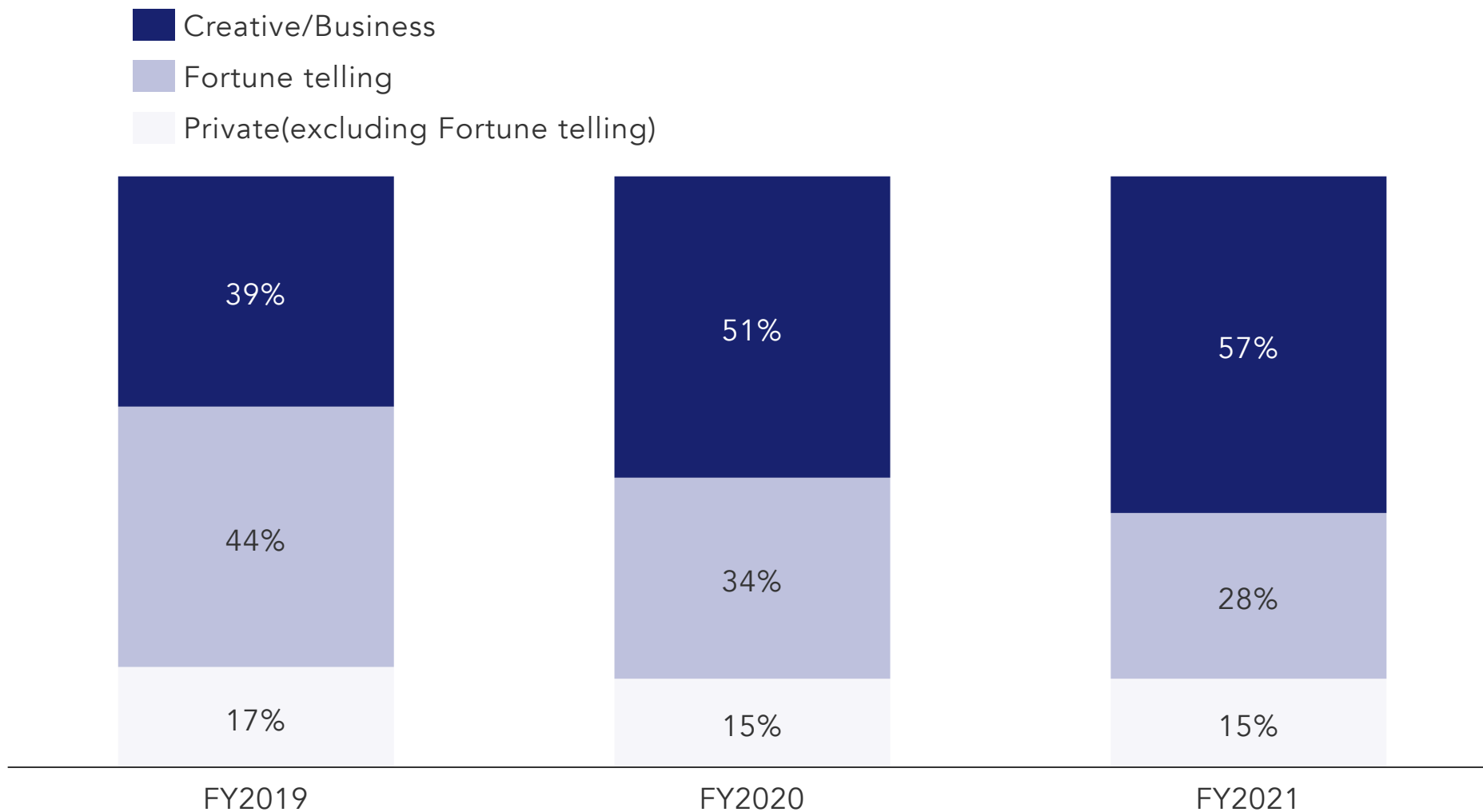
Number of Sellers (as of end of each FY)

(Unit : K)



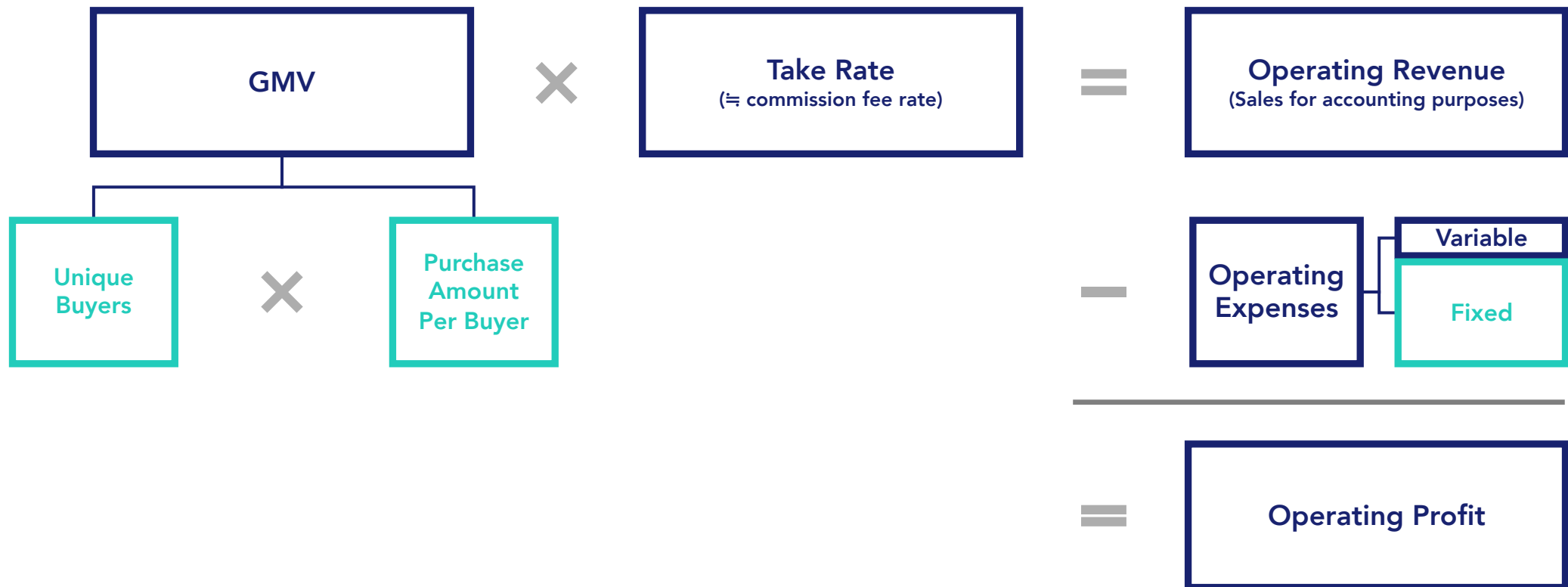
Changes in GMV composition

The composition of “Creative/Business” has increased significantly, and as a result, the composition ratio of “Fortune telling” has decreased.



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, aim to achieve future profitability through maximizing operating revenues



*1 Unique Buyers : Number of unique users who purchased services within each period

*2 Purchase amount per person: Purchase amount per paid UU within each period

Measures Taken for Safety and Reliability of Marketplace

KYC of Sellers



Identification of sellers to increase credibility by buyers

Monitoring System



Monitoring all services and corresponding inquiries 365 days by full-time staff

Publicizing prohibited services and conducts defined in the guideline

Escrow Settlement



Purchase payments to be escrowed until deliveries of services

User Mutual Review System



Mutual review systems of sellers and buyers, which is reviewed and scored by each other and opened to public

Sharing Economy Trust Mark



Obtained certified mark by fulfilling compliance standard defined by Cabinet Secretariat IT General Strategy Office

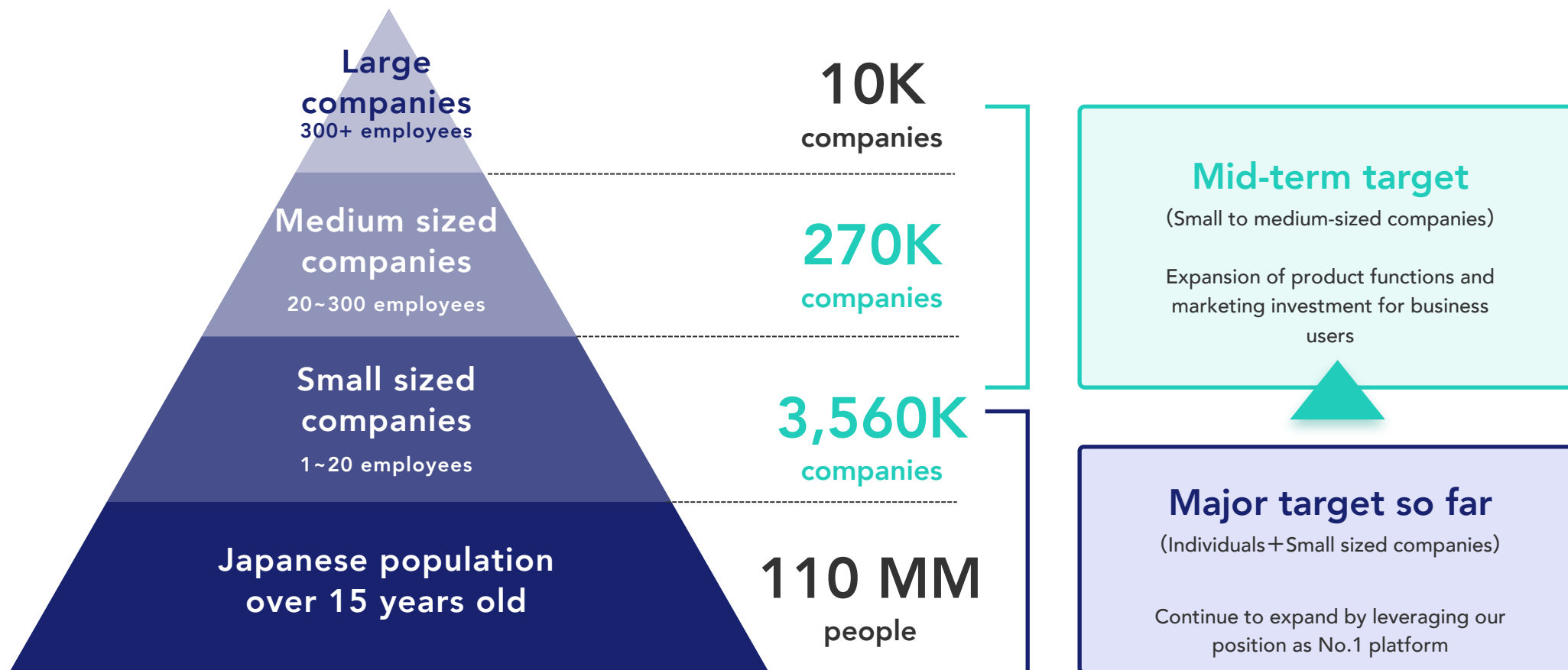
Enhanced IT System



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 by “coconala Business”



Overview of coconala Business

Site focused on business purchases



- Display 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.

Usage by companies of various sizes and industries



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 1B to 1.5B JPY
 - ✓ Estimated Investment amount of 10M to 50M JPY per case
- **Mentoring by Skill Partners**
 - ✓ A design with highly skilled professionals in various areas as skill partners and allows invested companies to add the 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 VCs but co-invests with all VCs
 - ✓ **coconala does not invest in LPs and assumes all LPs are external parties**





CSP: Why coconala Does VC Business

Matching the 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 challenging new businesses.

Social significance of expanding the pie of the entire economy

- CSP can help **expand the pie of the economy** by providing support for 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 from our investment partners, we will **propose solutions to them using coconala.**

Presenting new ways of working style

- Skill holders are not satisfied with being no more than salaried workers
- This reward mechanism, which provides **upward revision, has a dream in the career of the skill holders, opening up their 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 name of "coconala," **contributing to increasing the impression that coconala has high-level human resources.**

Tips for M&A and new businesses

- Grasping startup trends helps us to create hints 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

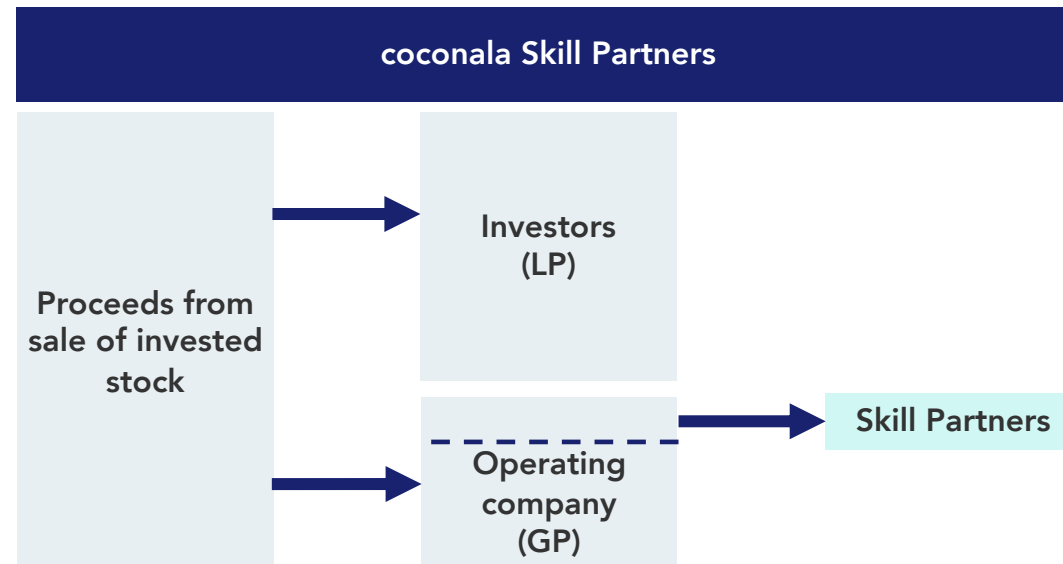
- Start-up companies facing a shortage of specialized skills for their growth had difficulty in hiring highly skilled professionals due to the lack of appropriate compensation schemes

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 valuationSignificant burden for startups
Advisory contracts with VCs	<ul style="list-style-type: none">Difficulty in adjusting the appropriate percentage of involvementRewards without upward revision



coconala's unique solution

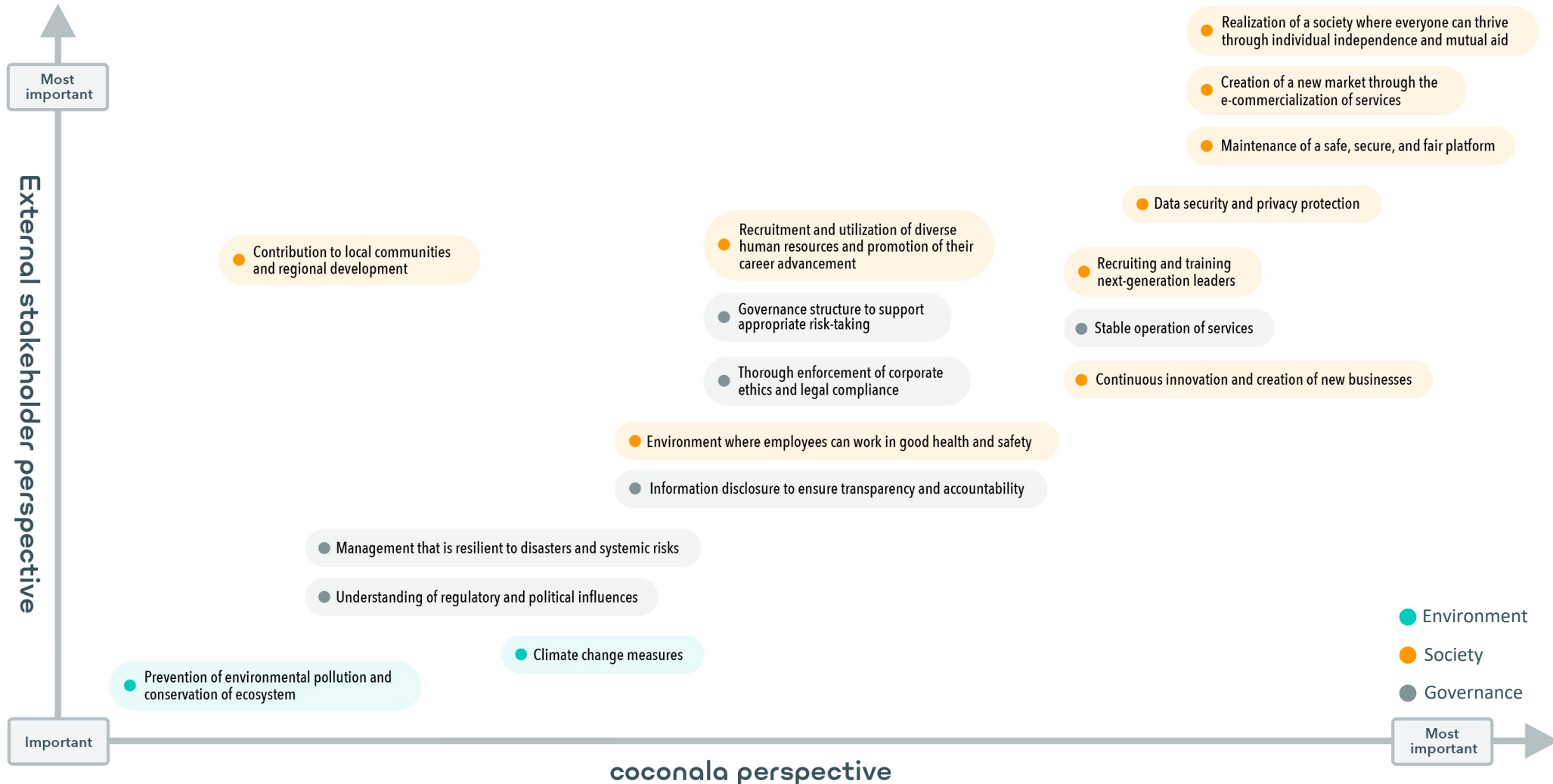
- Skill Partners acquires "pseudo investment interests" based on the period of activity, support content, evaluation from investment companies etc. In addition, the investment profit will be distributed according to the investment performance of the fund.





ESG Materiality Map

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

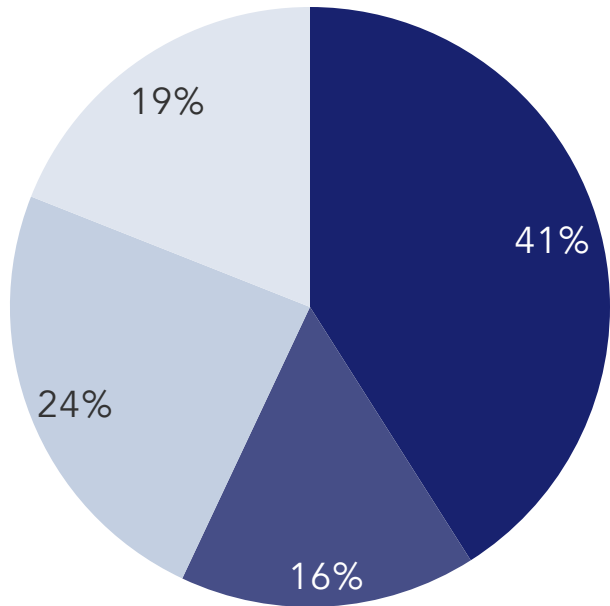




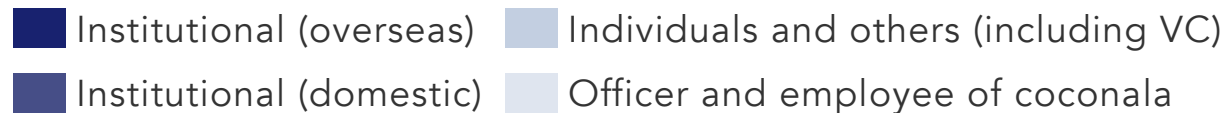
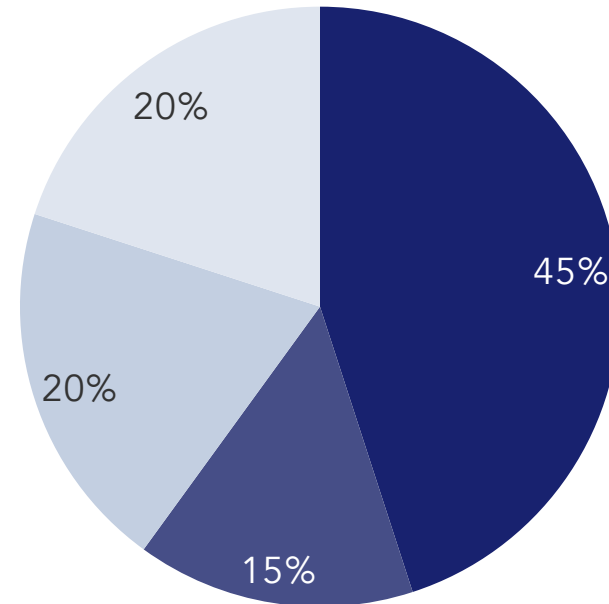
Changes in Shareholder Structure

The ratio of overseas institutional investors increased from 41% to 45%. VC has almost sold and overhang concern is limited

As of Aug. 2021



As of Feb. 2022



Note: Institutional(domestic)=Financial institutions, financial instruments business operators
Institutional(overseas)=Foreign corporations excluding individuals



一人ひとりが「自分のストーリー」を生きていく世の中をつくる