Second Quarter of the Fiscal Year Ended August 31, 2021
Financial Results Presentation Materials

coconala Inc.

(TSE Mothers Code: 4176)

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01. Introduction

coconala's Vision and Business

Recognition of Issues

- Decreasing working population: decreasing birthrate and aging population, the 100-year life
- Diversification of work styles: promotions of second jobs, era of independence

coconala's Vision & Mission

- Create a world where each person lives their "own story."
- Provide a platform to empower individuals by making their knowledge, skills and experiences visible and connecting them to those who need them

Business Description

A matching platform that commercializes knowledge, skill and experience to allow you to "buy and sell like e-commerce"

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coconala's Strategic Concept : "Amazon for Services"

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

	2000~	2010~	2020~
Goods	Countless specialized sites	Comprehensive platform (amazon, ebay, Rakuten)	Expansion leveraging "big data"
Service	—	Countless specialized sites	Amazon for Services: Comprehensive platform (coconala)

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About coconala

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

Key Feature 1

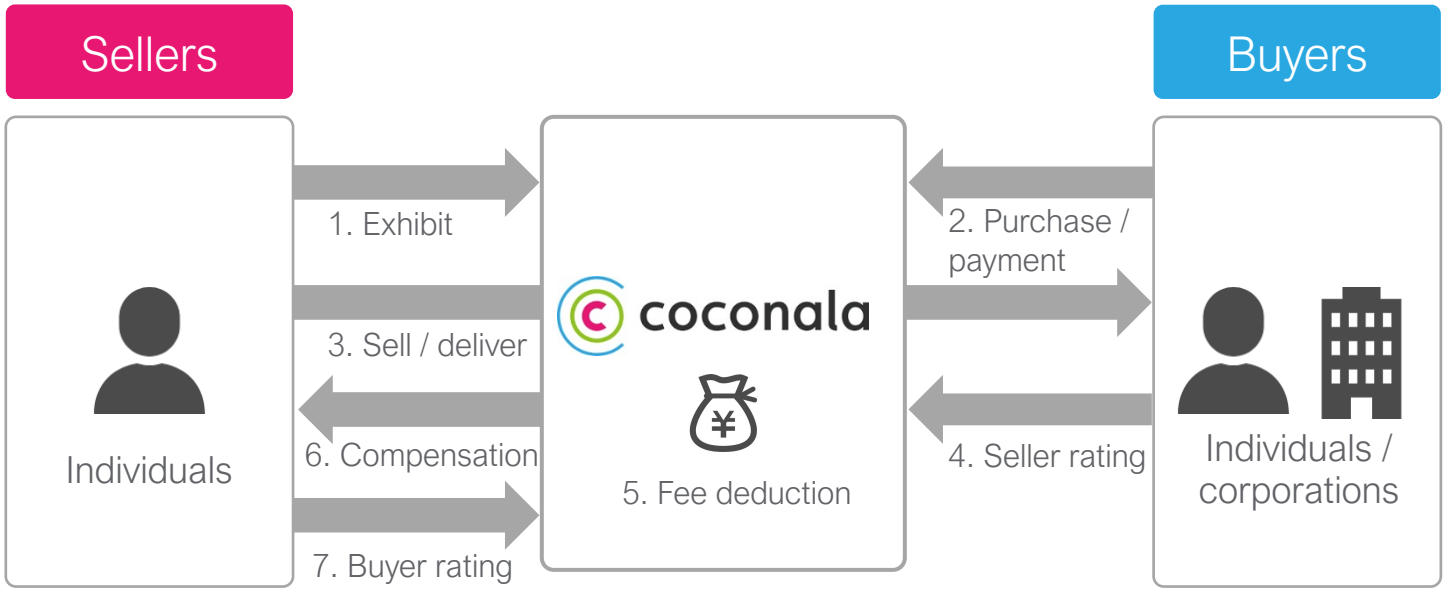
Completely “online” up to the point of delivery

Key Feature 2

Simple purchase & selling by e-commerce

Key Feature 3

Wide range of categories



* Our company does not intervene in transactions between the sellers and buyers, but provide a platform to buy and sell

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coconala's Business Strengths

Business Environment	• **Huge service market** yet to be e-commercialized • **Changes in individuals' work styles** triggered by promotions of second jobs. • **Trends in webinization of businesses** in the wake of Covid-19 pandemic
Competitive Advantage	• **Barriers to entry** by having accumulated overwhelming number of registered users*, services on sale and reviews • High **user stickiness** based on wide ranging categories and cross-device product development
Revenue Structure	• **High profitability** base due to high take rate • **High gross profit output** due to low variable costs and operating leverage

* Number of registered users : 2.1MM / has registered and not cancelled as of the end of Feb.2021

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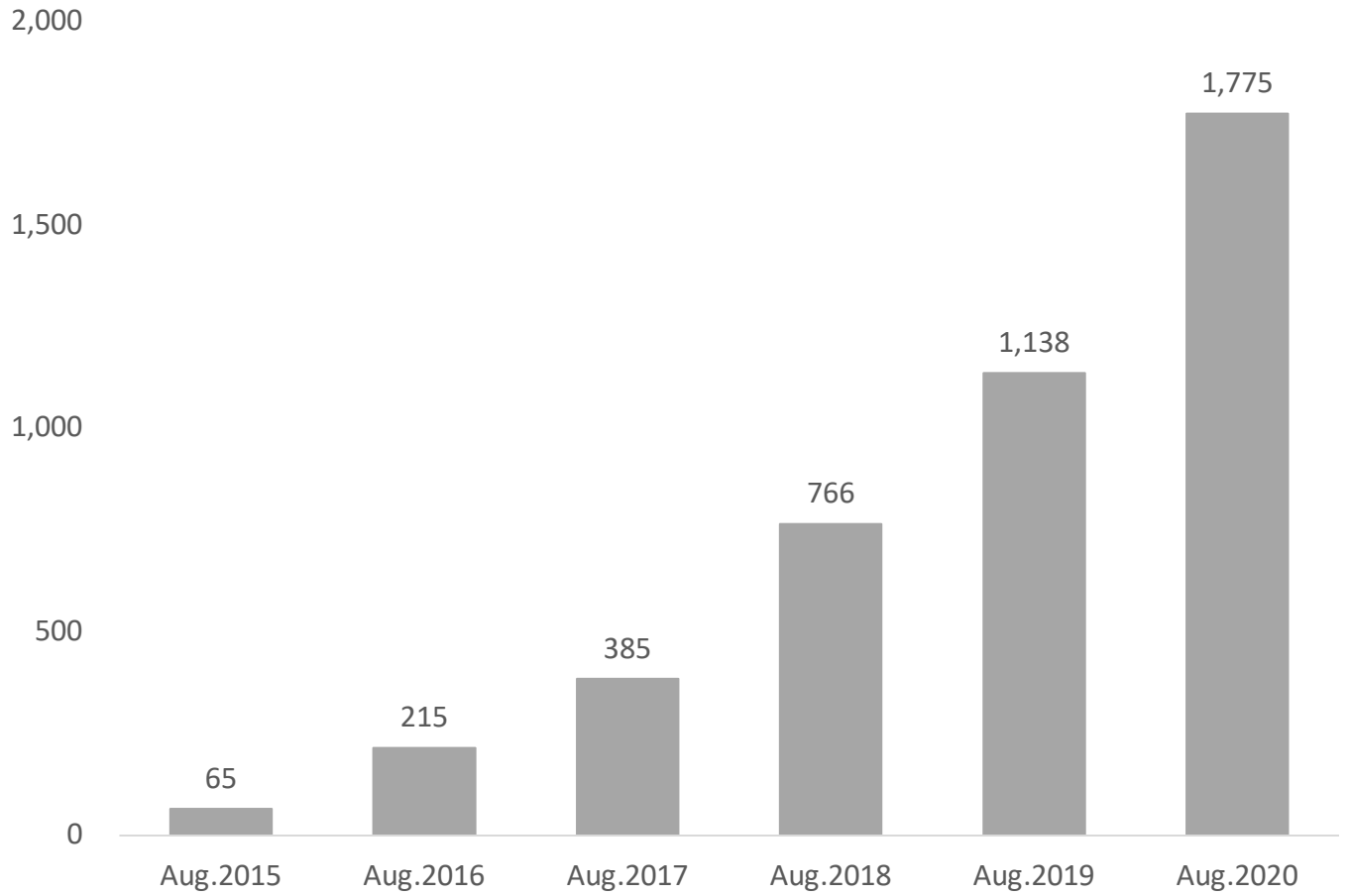
Revenue Trend

Revenue

(Unit : ¥ MM)



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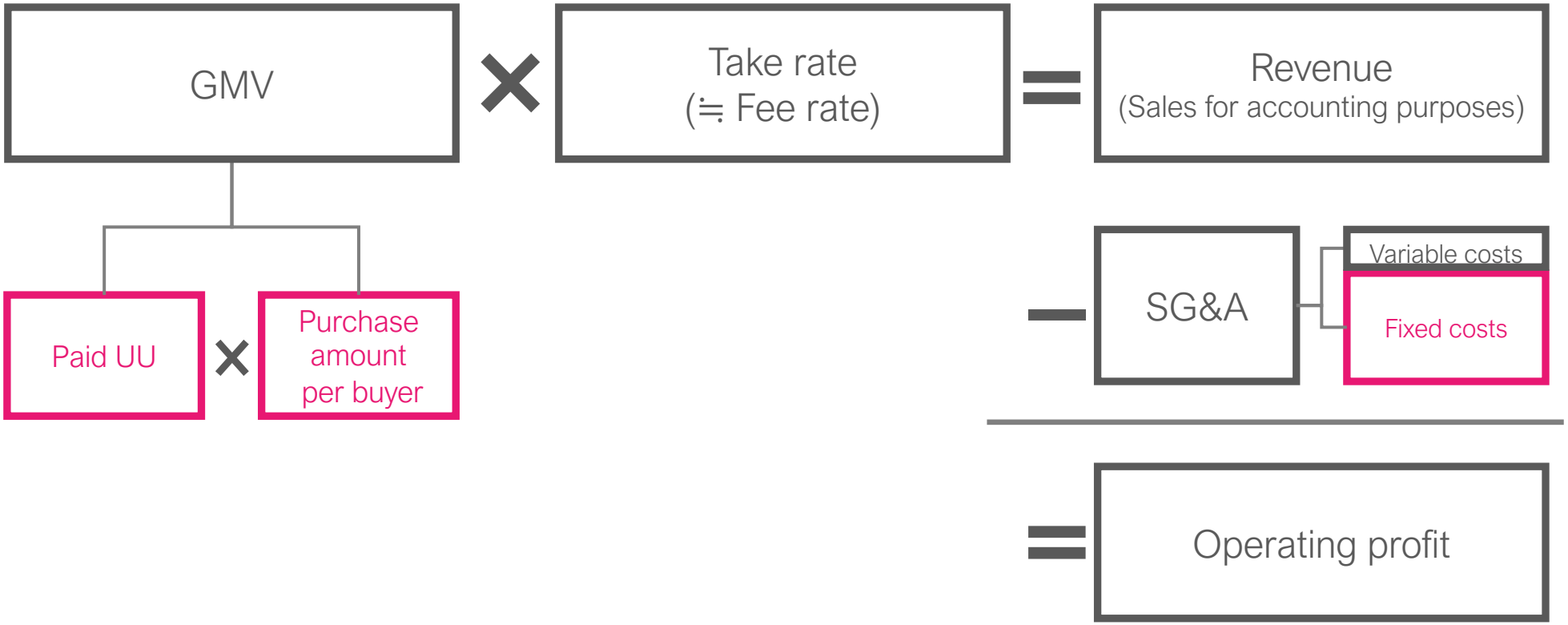
coconala's Revenue Structure

Key KPIs are "paid UU*1" and "purchase amount per buyer*2", which make up the GMV.

Based on a fixed cost model (high operating leverage), aim to achieve future profitability through maximizing operating revenues.



*1 Paid UU: Number of unique users who purchased services within each period
*2 Purchase amount per person: Purchase amount per paid UU within each period

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Financial Policies on Future PL

The Most Important Indicator Is Operating Revenue	• The commission income makes up the operating revenue, which is our sales for accounting purpose. • As the revenue structure has operating leverage, maximizing operating revenue will directly maximize future gross profit.
Future Investment Areas	• The effectiveness of marketing investments (online ads, TV commercial) has been confirmed in the past and will continue to be actively implemented to increase GMV. • We will also actively invest in human resources, particularly in product development talent for the foreseeable future.
Maintaining Positive Adjusted Operating Profit	• Since marketing investment can be stopped any time and profits controlled, we will operate on a policy of maintaining positive adjusted operating profit after deduction of specific costs such as for TV commercial (without deducting routine marketing costs). • For the time being, 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.

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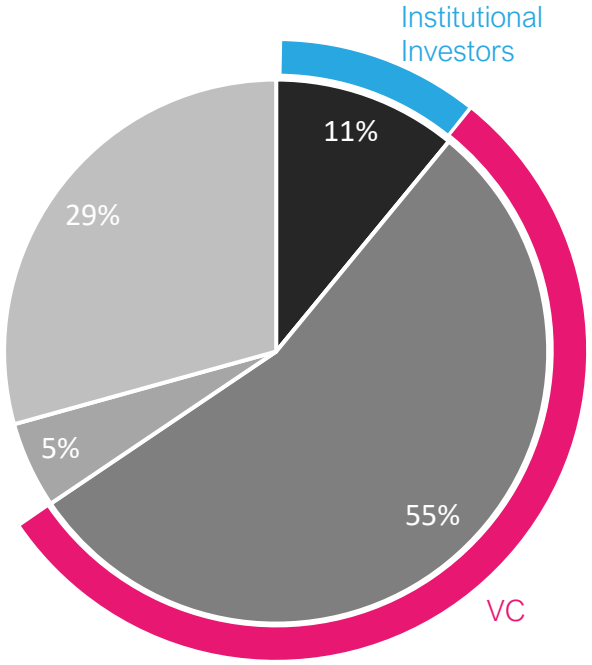
Changes in Shareholder Composition as a Result of IPO

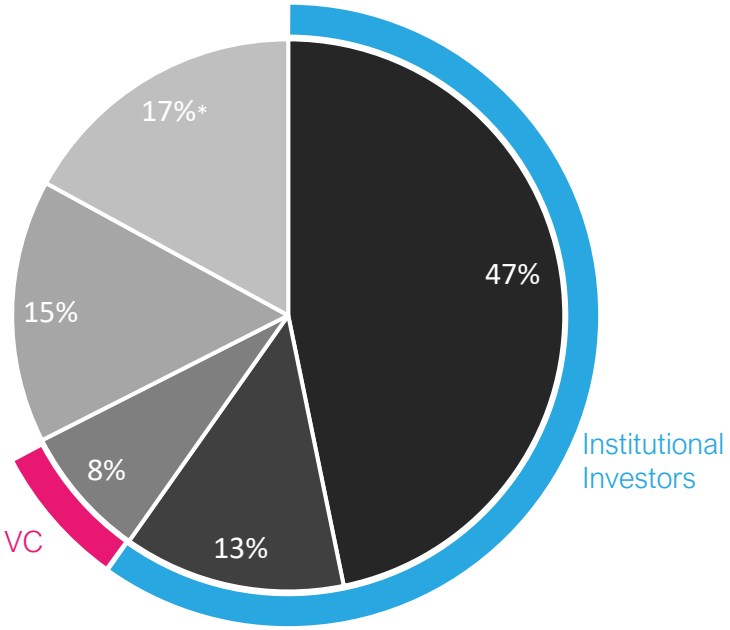
VC ratio dropped from 55% to 8% due to IPO offering.

Ratio of institutional investors rose from 11% to 60%. (Foreign: 47%, Domestic: 13%)

Before IPO
(As of March 18, 2021)



After IPO
(As of March 19, 2021)



Foreign Institutional Investors

Domestic Institutional Investors

VC

Individuals & Corporations in Japan

Our Company Executives and Staff

* Voting rights of Chairman Minami and Director Shimmyo, exclude over-allotment portion.

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02. Financials and KPIs

Income Statement

Q2 cumulative operating revenue maintained the growth rate of the previous fiscal year at +61% YoY

[Unit : ¥ MM]	Q2 in fiscal year ending August 2021 (December 2020-February 2021)			First six months in fiscal year ending August 2021 (September 2020-February 2021)		
	Actual performance	Same quarter in previous fiscal year		**Actual performance**	Same six-month period in previous fiscal year	
		Actual performance	YoY		Actual performance	YoY
GMV	**2,188**	1,377	+59.0%	**4,318**	2,707	+59.5%
Revenue	**637**	397	+60.5%	**1,250**	776	+61.1%
GMV / Revenue	**29.1%**	28.8%	+0.3pt	**28.9%**	28.7%	+0.3pt
SG&A	**579**	361	+60.3%	**1,122**	678	+65.5%
Operating profit	**57**	35	+62.4%	**127**	97	+30.2%
SG&A / Revenue	**9.1%**	9.0%	+0.1pt	**10.2%**	12.6%	-2.4pt
Ordinary profit	**47**	35	+34.3%	**113**	99	+14.7%
Net profit	**47**	34	+34.9%	**112**	89	+25.0%
（advertising expenses）	**73**	49	+49.5%	**146**	99	+47.3%

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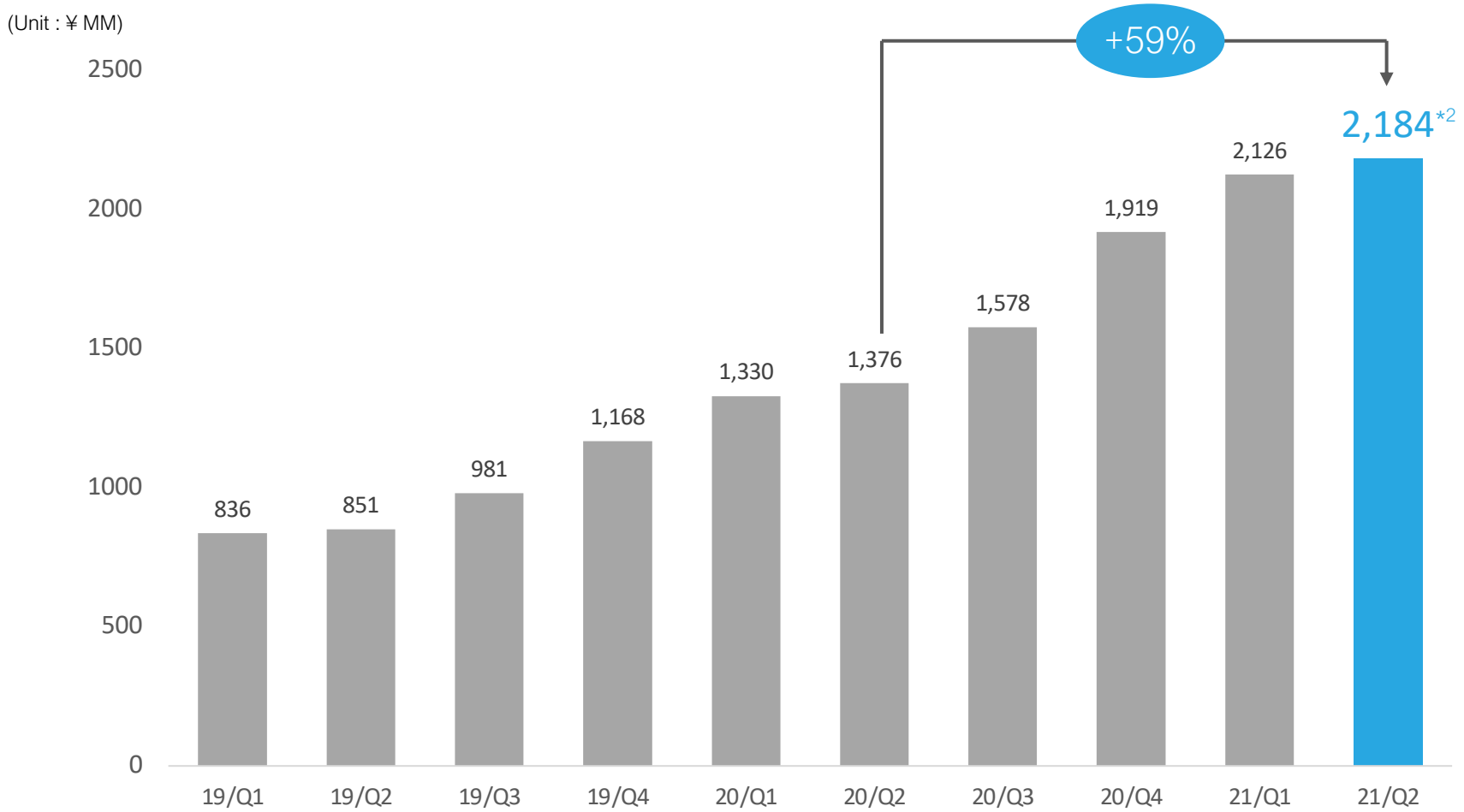
Quarterly Trends in GMV

Continuous high growth*2 from the first quarter, +59% year-on-year

GMV*1



*1 GMV of “coconala” service: The total amount of services that have been delivered in each FY, excluding promotional expenses.(Not including ”coconala Blog”)

*2 In Q2 (December-February), growth appears to be smaller than the previous quarter due to the impact of the year-end and New Year holidays and the smaller number of days in February (28 days).

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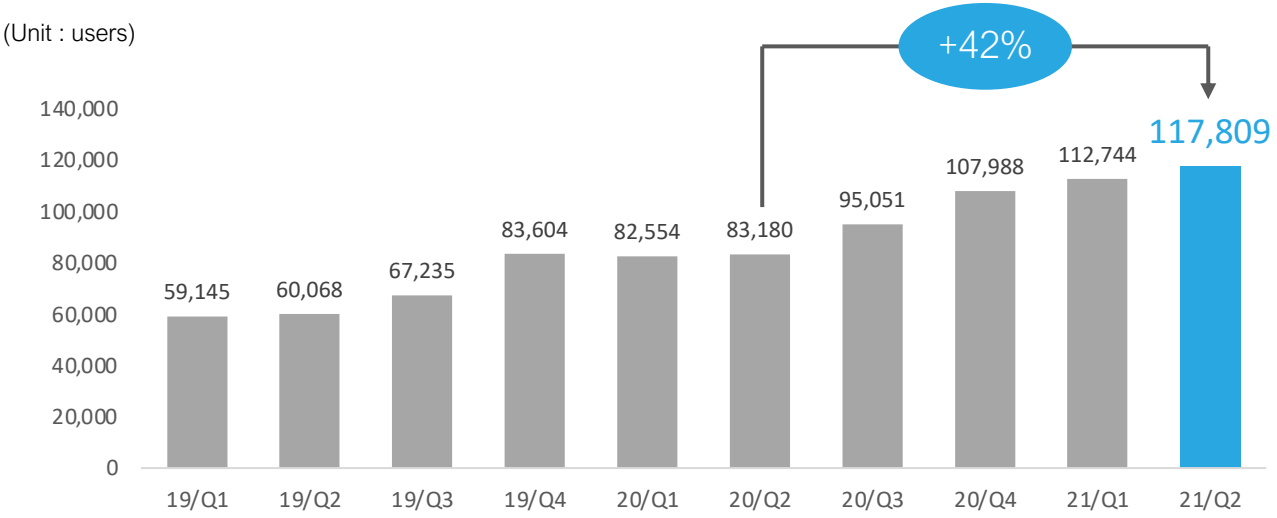
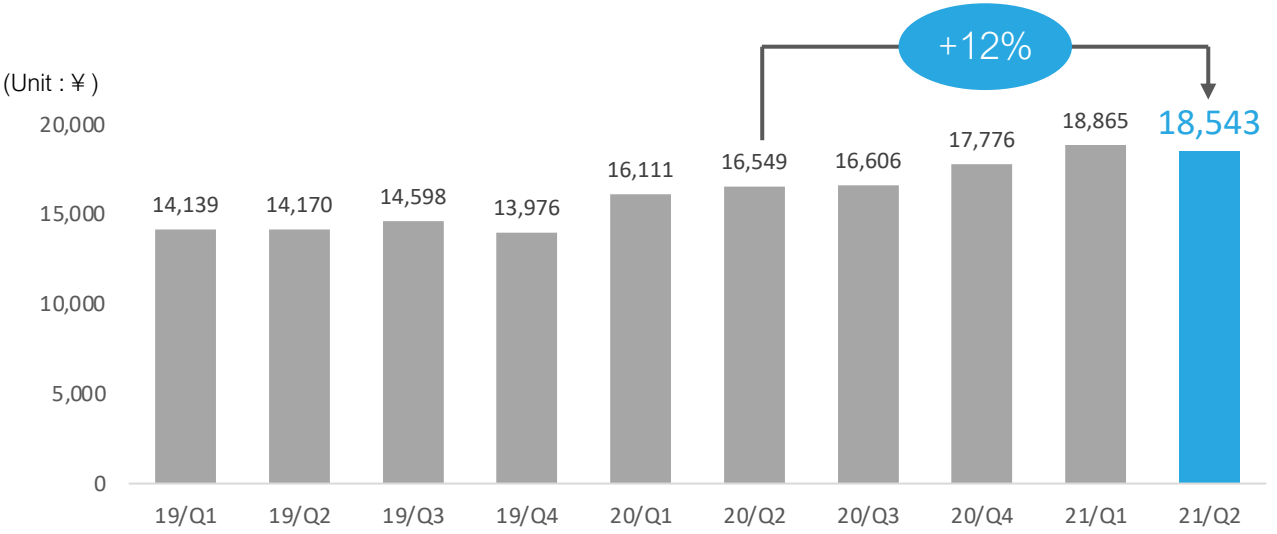
GMV Growth Factors

Steady growth in paid UU and purchase amount per person which make up the GMV

Paid UU



Purchase Amount per Buyer



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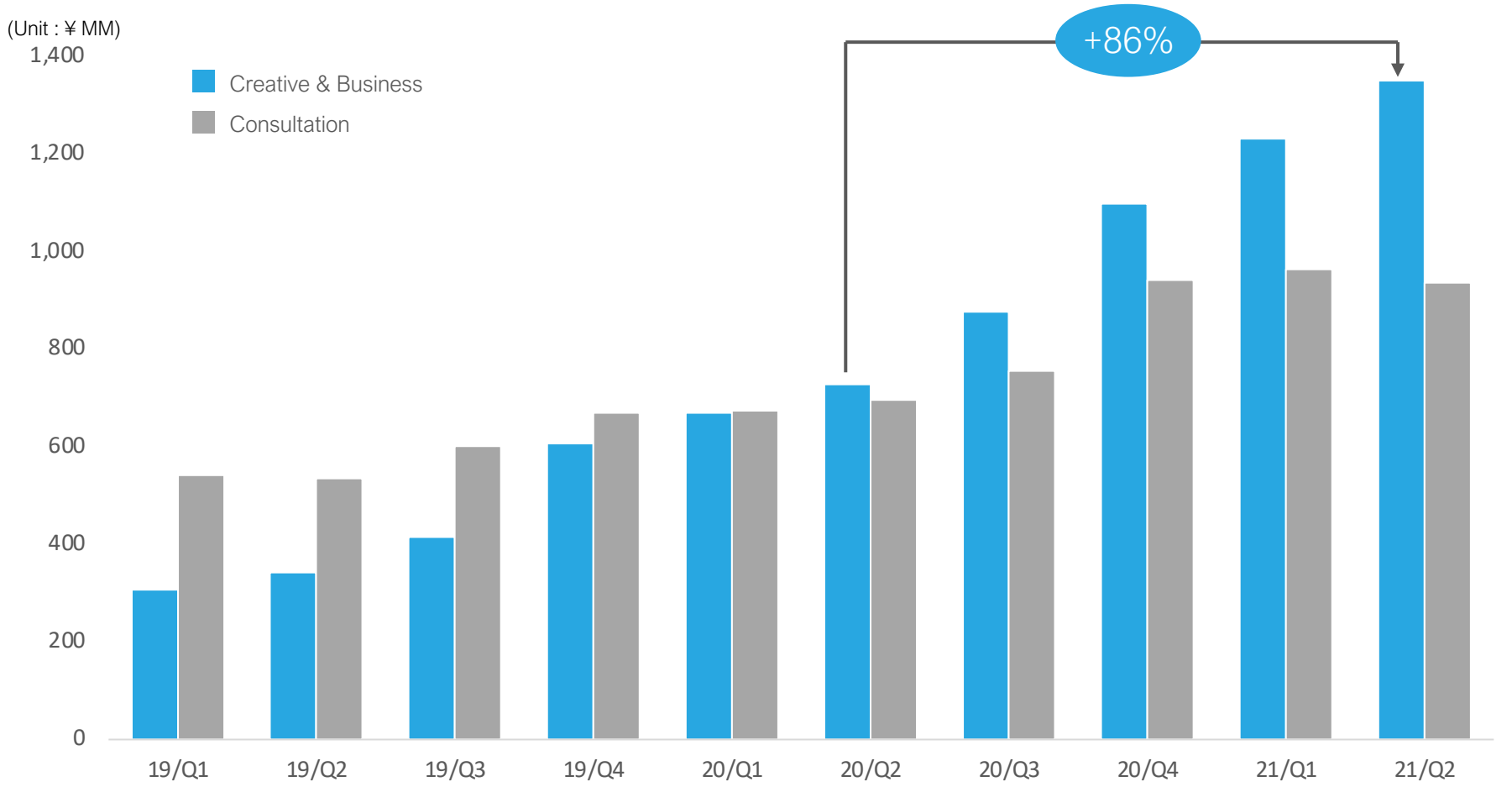
GMV by Category

“Creative & Business” category drove GMV growth (+86% year-on-year)

GMV Trend by Category (Contract Basis*)



* Contract-basis GMV: Total amount to be booked when service purchase contracts are made within the fiscal year, which is different from the delivery basis adopted for the company's accounting purpose

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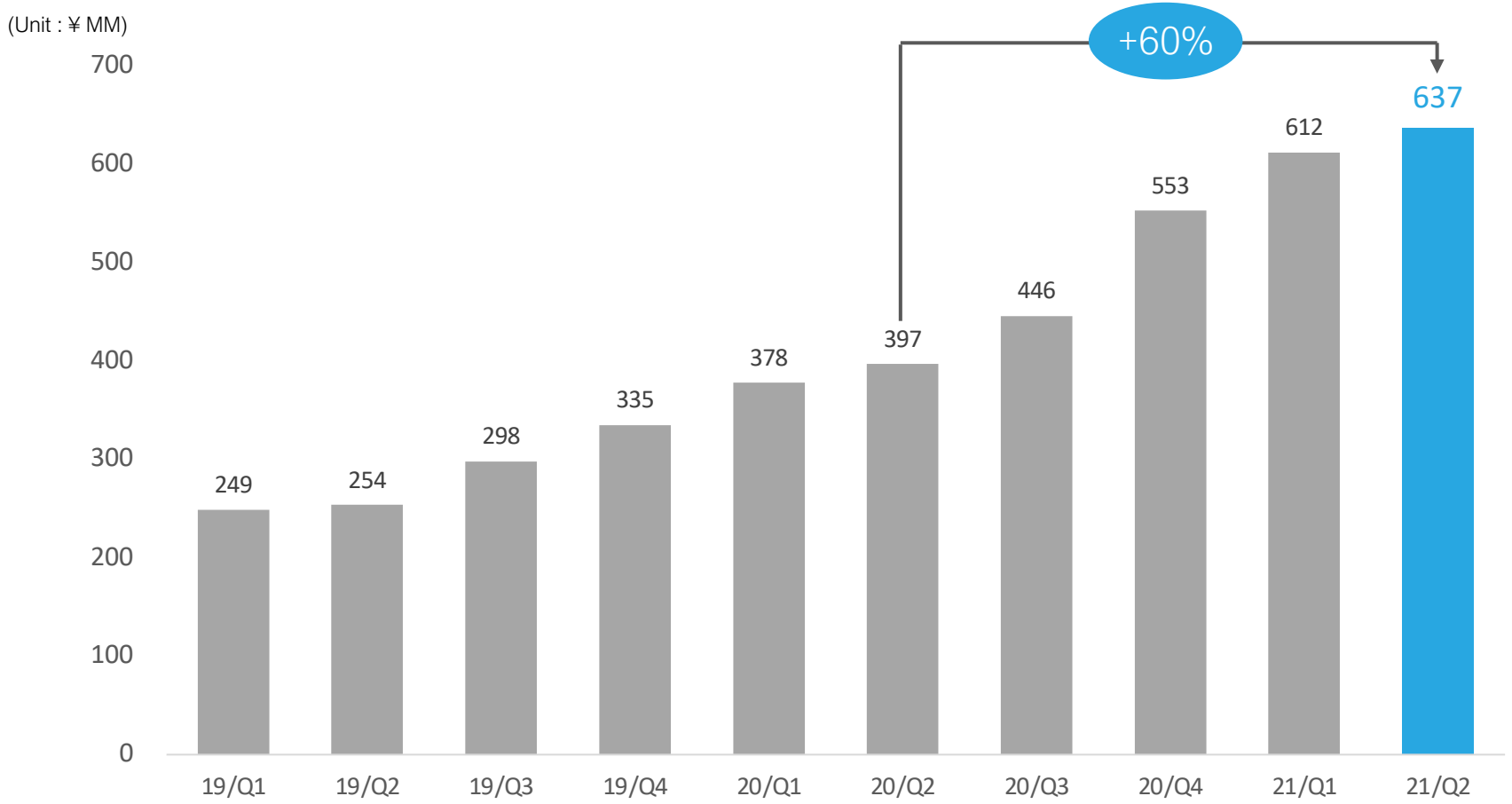
Revenue

Continuous high growth from the first quarter, +60% year-on-year

Revenue



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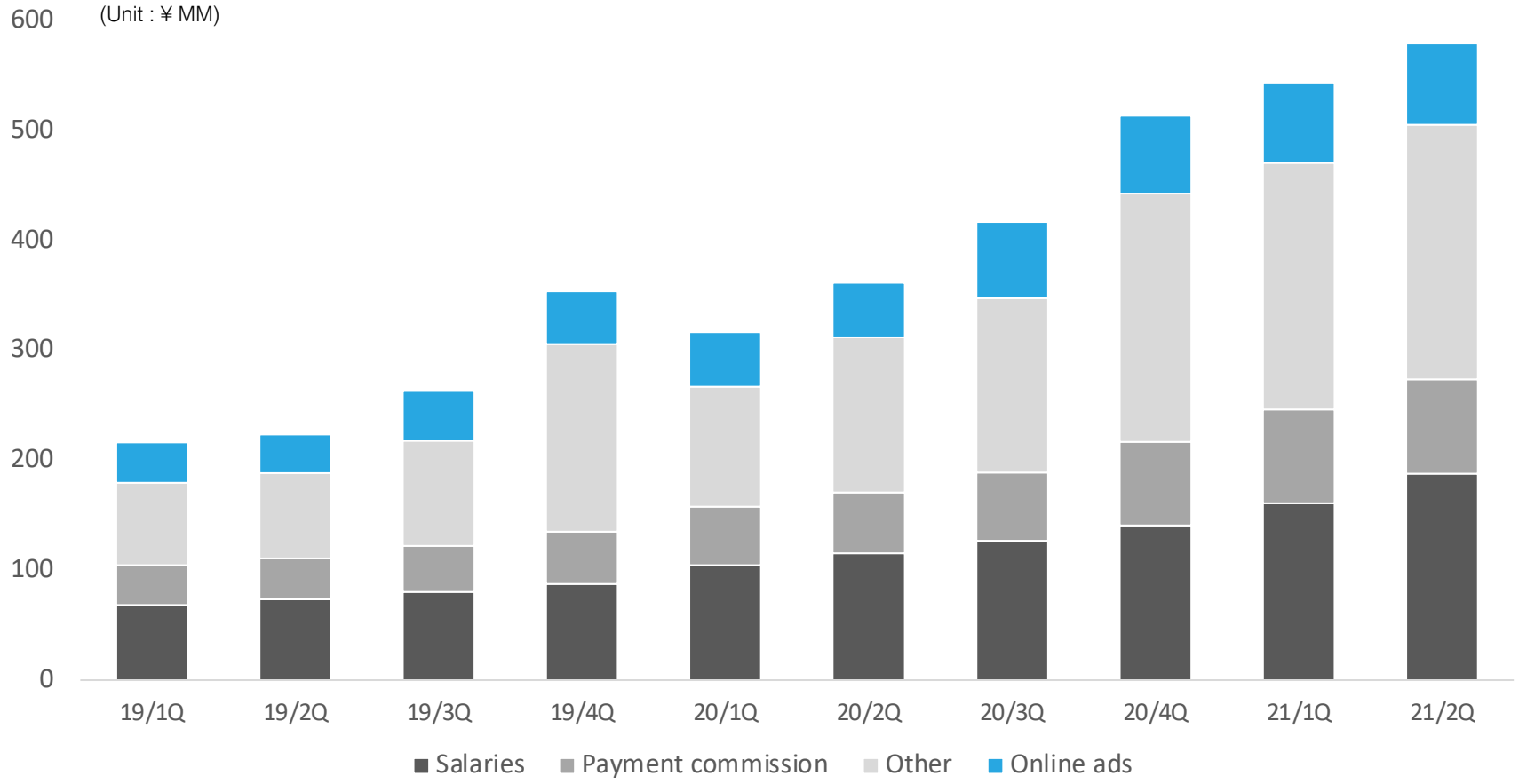
Trends in SG&A (excluding TV ad expenses)

Excluding one-time TV ad expenses*, SG&A increased gradually. Excluding payment commissions, most of these are expenditures on fixed costs, but for the foreseeable future, we will continue to actively invest, mainly in personnel expenses.



* TV ad expenses include temporary campaign costs associated with TV commercial (such as increased online ad expenses).
Deduction of TV ad expenses： 1,119(¥ MM) in Q4/FY2019 and 247(¥ MM) in Q4/FY2020.

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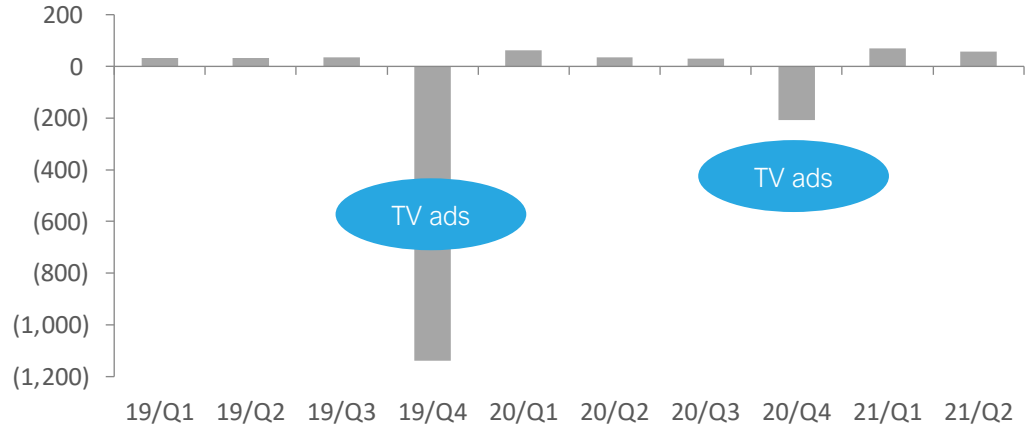
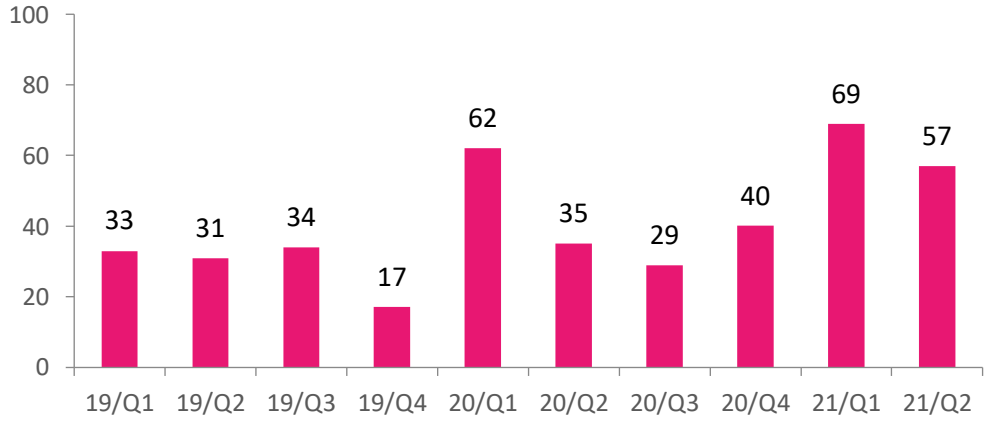
Operating Profit and Adjusted Operating Profit

Continuously operating profitably if temporary marketing costs (such as for TV commercial*) are deducted

Operating Profit (Unit : ¥ MM)



Adjusted Operating Profit (After Deduction of TV ad expenses*) (Unit : ¥ MM)



* TV ad expenses include temporary campaign costs associated with TV commercial (such as increased online ad expenses).

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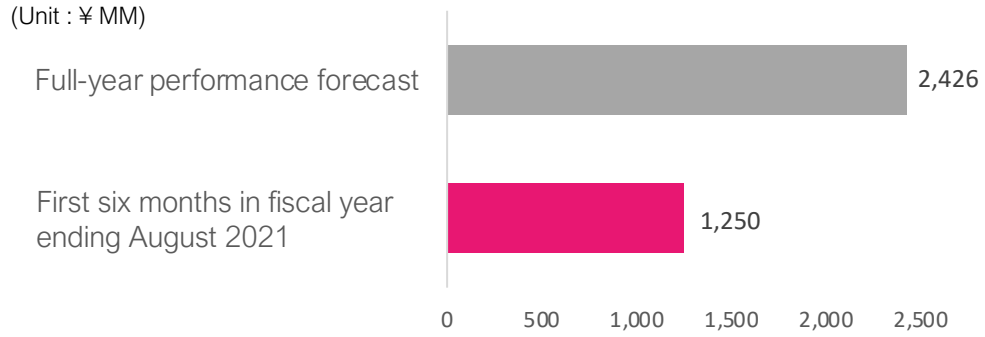
Progress Rate against Full-year Performance Forecast

Steady trends in progress rate with operating revenue at 52% and operating profit at 172%.

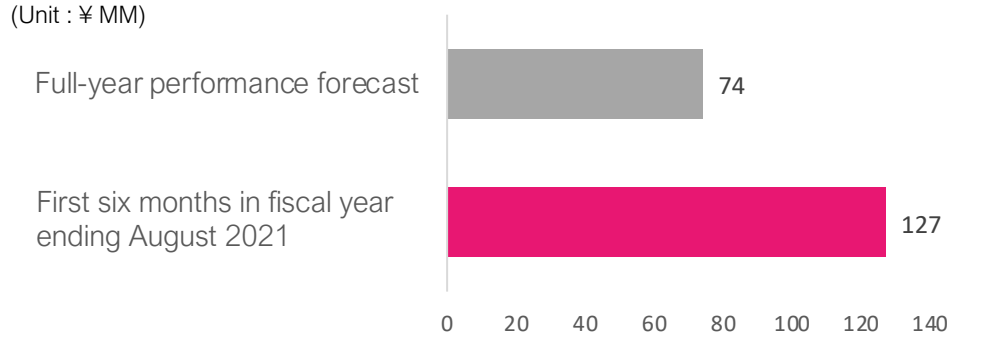
We plan to invest in marketing with funds from profits exceeding full-year performance forecast.

Revenue



Progress rate **52%**

Operating Profit



Progress rate **172%**

We plan to invest in marketing within a range that does not fall short of the full-year performance forecast.

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03. Appendix

Representative Directors - Profile

Founder/ Chairperson

Akiyuki Minami



(Education)

1999	Keio University, Bachelor of Economics
2009	Oxford Univ. Saïd Business School

(Career)

1999	Sumitomo Bank (current Sumitomo Mitsui Banking Corporation)
2004	Advantage Partners Inc.
2012	Founded WelSelf Inc.(current coconala Inc.) CEO
2020	coconala Inc. Chairperson

(NPO)

2010	NPO Nimaime-no-Meishi, Director
2011	NPO Blastbeat, Director

In addition to his vision, experience, and contacts that have driven the business / organization since its inception in 2012, he will further utilize his expertise in finance and M&As cultivated in previous business experience.

CEO

Ayumu Suzuki



(Education)

2006	Waseda University, Bachelor of Law

(Career)

2006	Recruit Co., Ltd.
2012	Recruit Marketing Partners Co., Ltd.
2015	Recruit Holdings Co., Ltd.
2016	coconala Inc. Director/COO
2020	coconala Inc. CEO

Since joining the company in 2016, he has overseen all aspects of business operations, from medium- to long-term strategy formulations to product development and marketing. He will continue to drive business growth into the future.

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Management Team



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.



Satoshi Shimmyo / Director

Graduated from Keio University. Gained experience in building mission-critical manufacturing and distribution systems at a major foreign-affiliated IT vendor. After co-founding an independent IT consulting company, became a founding member of WelSelf Inc. (current coconala Inc.) in January 2012.



Atsushi Akaike / Outside Director

A partner of CVC, one of the world's largest private equity investment firms with 26 offices around the world, and CEO of CVC Asia Pacific Japan K.K. Director of our company since August 2018.



Kentaro Yadomi / Full-time Auditor

Certified Public Accountant. After joining KPMG AZSA (now KPMG AZSA LLC), he was engaged in accounting audits based on Japanese GAAP, U.S. GAAP, and IFRS, as well as financial due diligence work related to domestic and international M&A and business restructuring support. Auditor of our company since March 2017.



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.

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Category List

coconala

Creative & business　Consultation & private

Designing
Logo creation, Flyer creation / Designing, Business card creation, Brochure creation / Designing, etc.

IT / Programming
Programming, Excel macro creation, Web system development, Infrastructure construction, Application development, etc.

Trouble consultation / Counseling
Mind counseling, Consultation on problems Related to human relationships, Consultation on depression, Consultation on family / Care issues, etc.

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

Business support / Agency
Creation of documents and proposals, Data entry, aggregation, Data analysis, Research, etc.

Relationship / Marriage
Consultation about troubles of relationships, Advice of men's / women's mind, Broken heart consultation, How to get popular with men / women, etc.

Website creation / Web designing
Homepage creation, WordPress production, Banner creation, e-commerce site construction, Product registration photography etc.

Business consultation / Advisory
Marketing consultation, Independence / Entrepreneurship consultation, Business consultation, Consultation of management, etc.

Beauty / Fashion / Health care
Dieting support, Fashion consultation, Makeup consultation, Hair care consultation, Health care consultation, etc.

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

Customer acquisition / Web marketing
Customer acquisition / SNS marketing, SEO measures, Advertisement operation, Access analysis, Email newsletter creation, etc.

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

Movie / Photograph / Image
Movie production / Editing /Processing, Movie shooting, Animation creation, Photo processing / Correction, etc.

Translation / Language
English translation, Chinese translation, Korean translation, French translation, Spanish translation, German translation, etc.

Lifestyle
Housing / Parenting / Education / Travel / Taxes / Loans / Insurance consultation, etc.

Writing / Naming
Sentence / Article creation, Novel / Scenario creation, Proofreading / Editing / Rewriting, Catch phrase, etc.

Fortune telling
Tarot fortune-telling, Card reading, Palmistry, Four pillars of destiny, etc.

Hobby / Entertainment
Consultation of musical instrument performance, Sports / Game advice, Idols and talent artists, Original goods, etc.

Professional consultation
Contract preparation, Tax and final tax return, Labor / Social insurance, Finance, Treasury, Accounting, etc.

Money / Side job / Affiliate ad
Consultation on FX, Consultation on stocks, Method of side job / Earning, etc.

Others
Mystery shopping, Ancestor / Roots survey, Merchandise review, Insurance claim support, Menu creation, etc.

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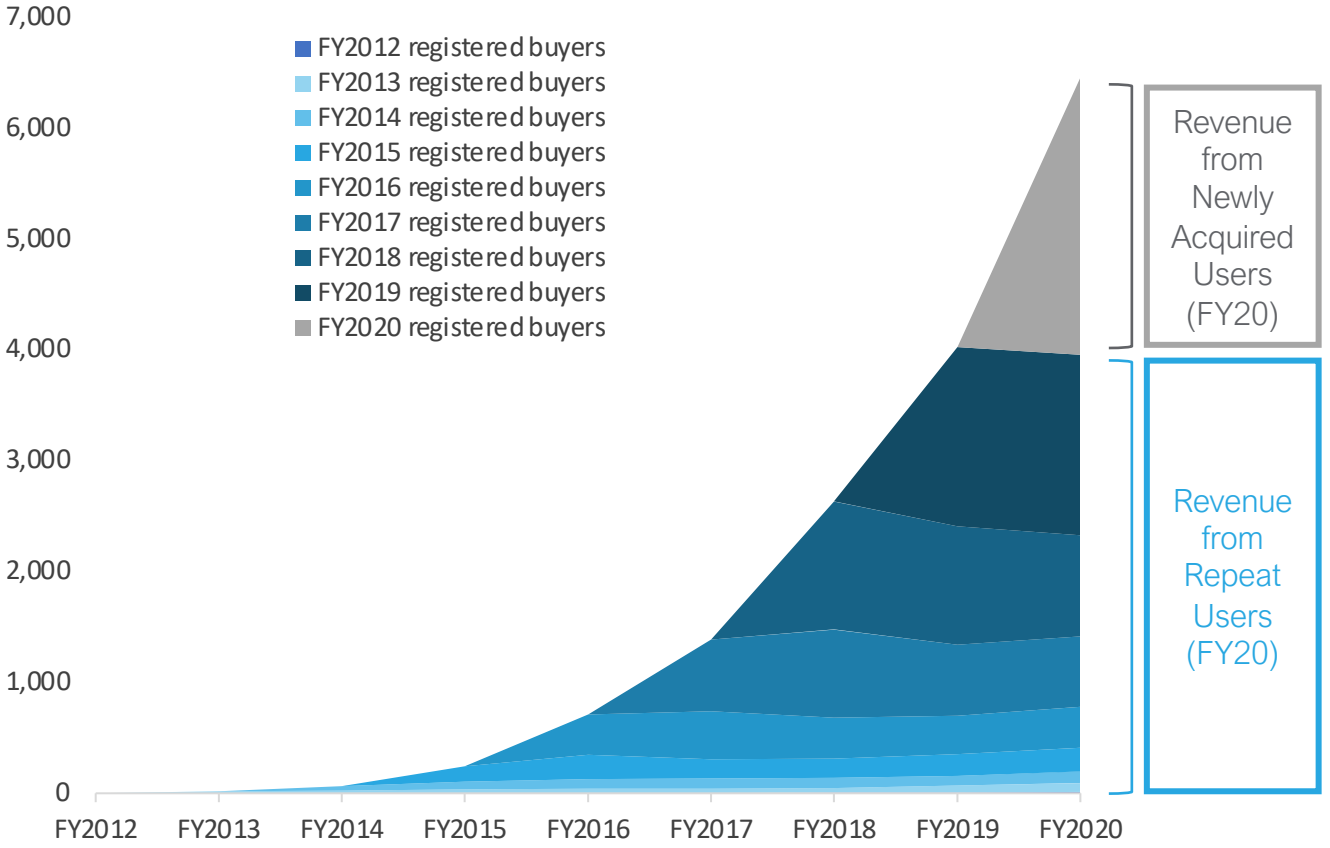
Recurring Business Model

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

GMV by Buyers' Cohort Analysis (Contract Basis*)

Unit: ¥ MM

Image is for illustration purposes



* Contract-basis GMV: To be booked when service purchase contracts are made, which is different from the company's accounting basis, which is delivery basis

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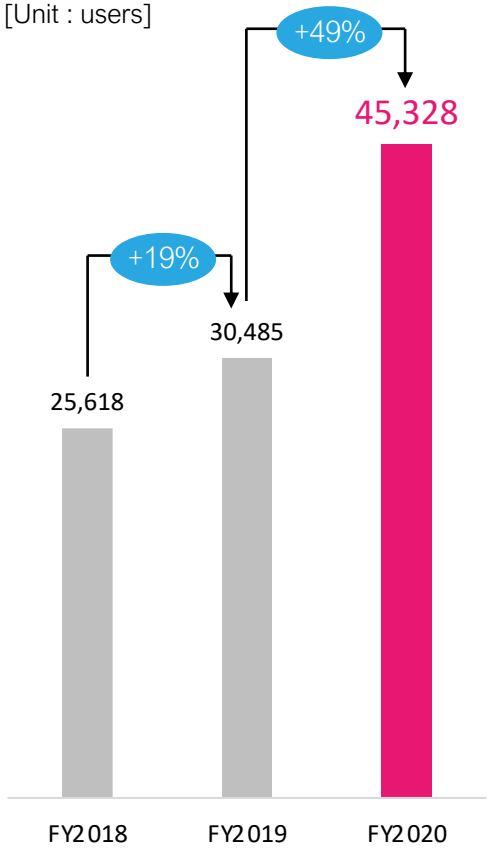
GMV Growth Factors (Sellers Aspect)

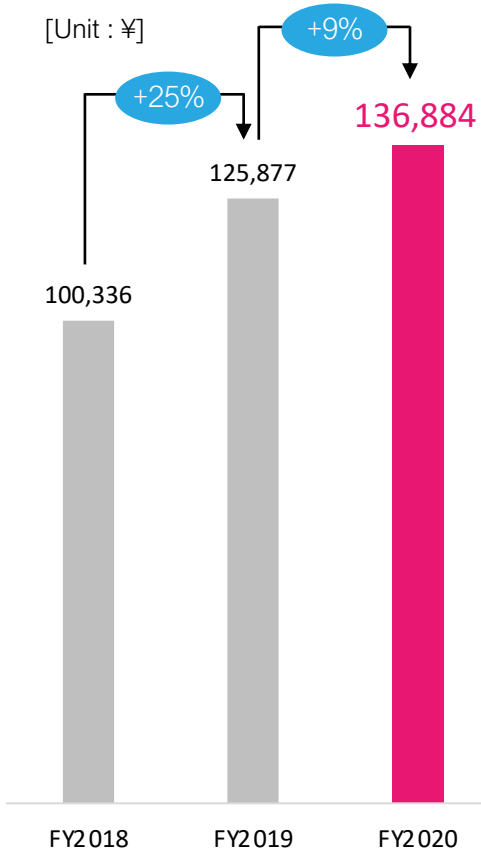
Continuous increase in sales amount per person and high retention rate of sellers

GMV = Unique sellers*1 × Sales amount per seller*2

[Unit : users]



[Unit : ¥]



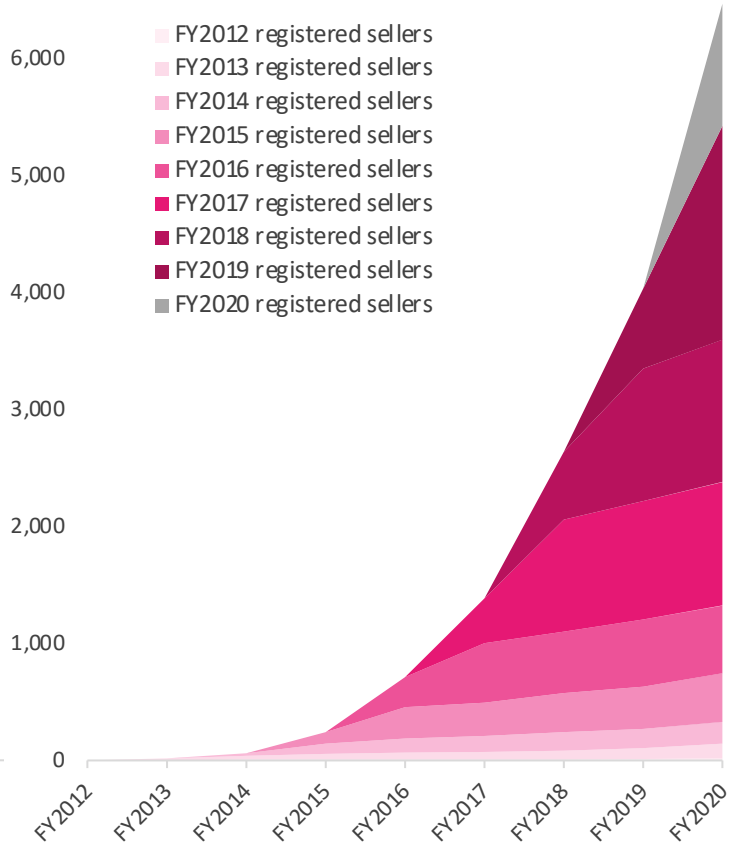
*1 Unique sellers: Number of unique users who sold services in each FY

*2 Sales amount per person: Sales amount per sold UU within each period

GMV by Sellers' Cohort Analysis (Contract Basis*3)

Image is for illustration purposes

[Unit : ¥ MM]



*3 Contract-basis GMV: To be booked when service purchase contracts are made, which is different from the company's accounting basis, which is delivery basis

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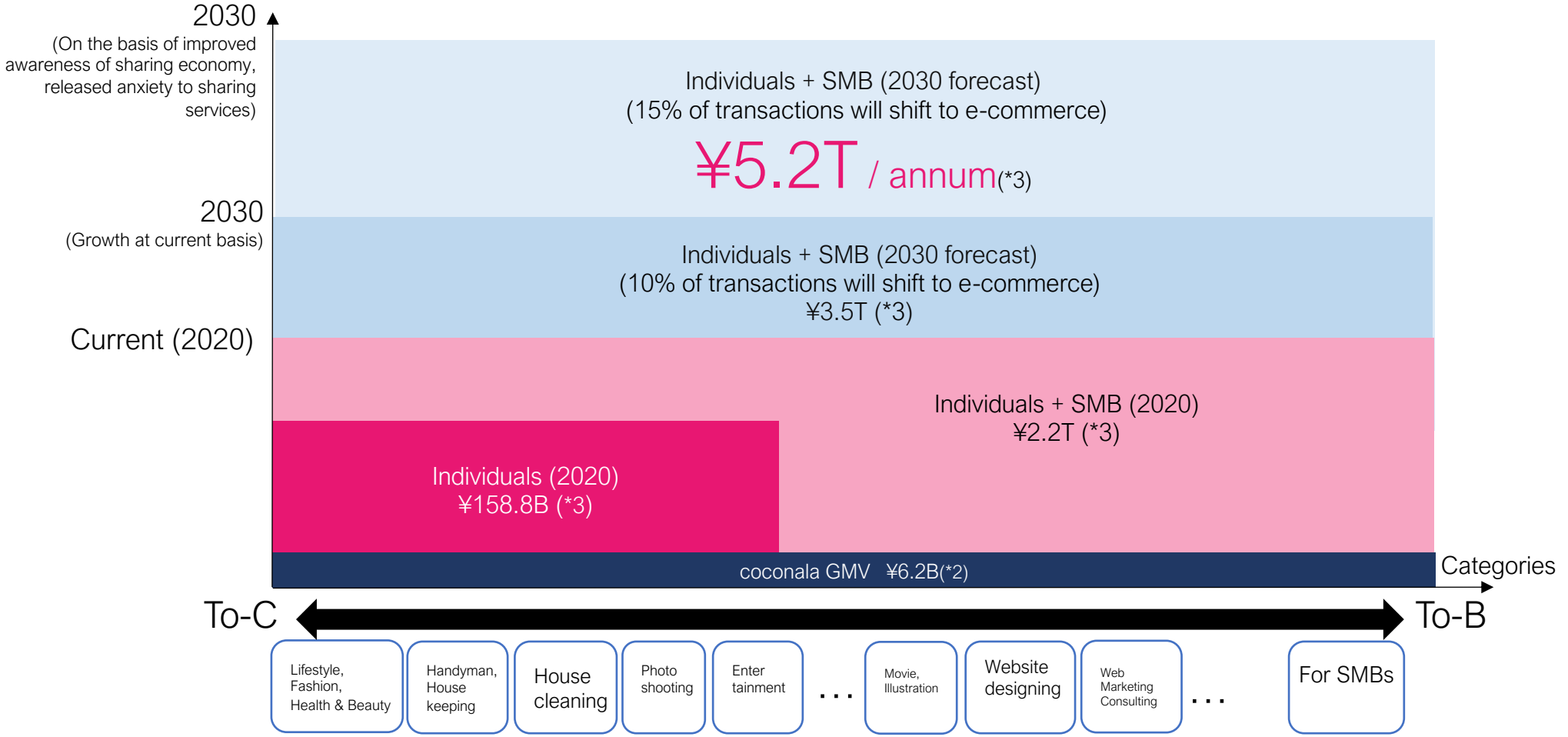
Potential for Expansion of the Skill-sharing Market

Current SAM*1 is 158.8 billion yen for C-to-C alone, and 2.2 trillion yen if SMB*4 is added
Potential market size of skill sharing (consumer & SMB, online & offline) = ¥5.2 trillion



*1 Serviceable Available Market (Market size of area targeted in TAM)
*2 GMV for FY ended August 31, 2020: The total amount of services that have been delivered during FY2020, excluding promotional expenses.
*3 Source: Forecast of e-commerce market size for face-to-face and non-face-to-face skill-sharing services surveyed and created by InfoCom Research Inc. “Research Report about Skill-Sharing Market Size,” October 2019.
*4 Small and medium business

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Certainty of coconala Being Widely Adopted in Society

Coconala can replace daily offline transactions on the web and make them more convenient. Over time, 15%* of transactions will shift to e-commerce, and the skill-share market is predicted to grow to be worth 5 trillion yen*. Coconala will aim to become a one-of-a-kind platform within it.

	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
Demand	Until now, you couldn't even imagine outsourcing such niche demands	Over 200 categories (growing to adapt to user demands)	Spontaneously expands based on actual demand, from mainstream services to new things like VTubers and illustration modelling

* Assuming that 15% of transactions shift to e-commerce, the latent skill-share market for individuals and SMEs is predicted to grow to the scale of 5.2 trillion yen by 2030.
Source: Forecast of e-commerce market size for face-to-face and non-face-to-face skill-sharing services surveyed and created by InfoCom Research Inc. "Research Report about Skill-Sharing Market Size," October 2019.

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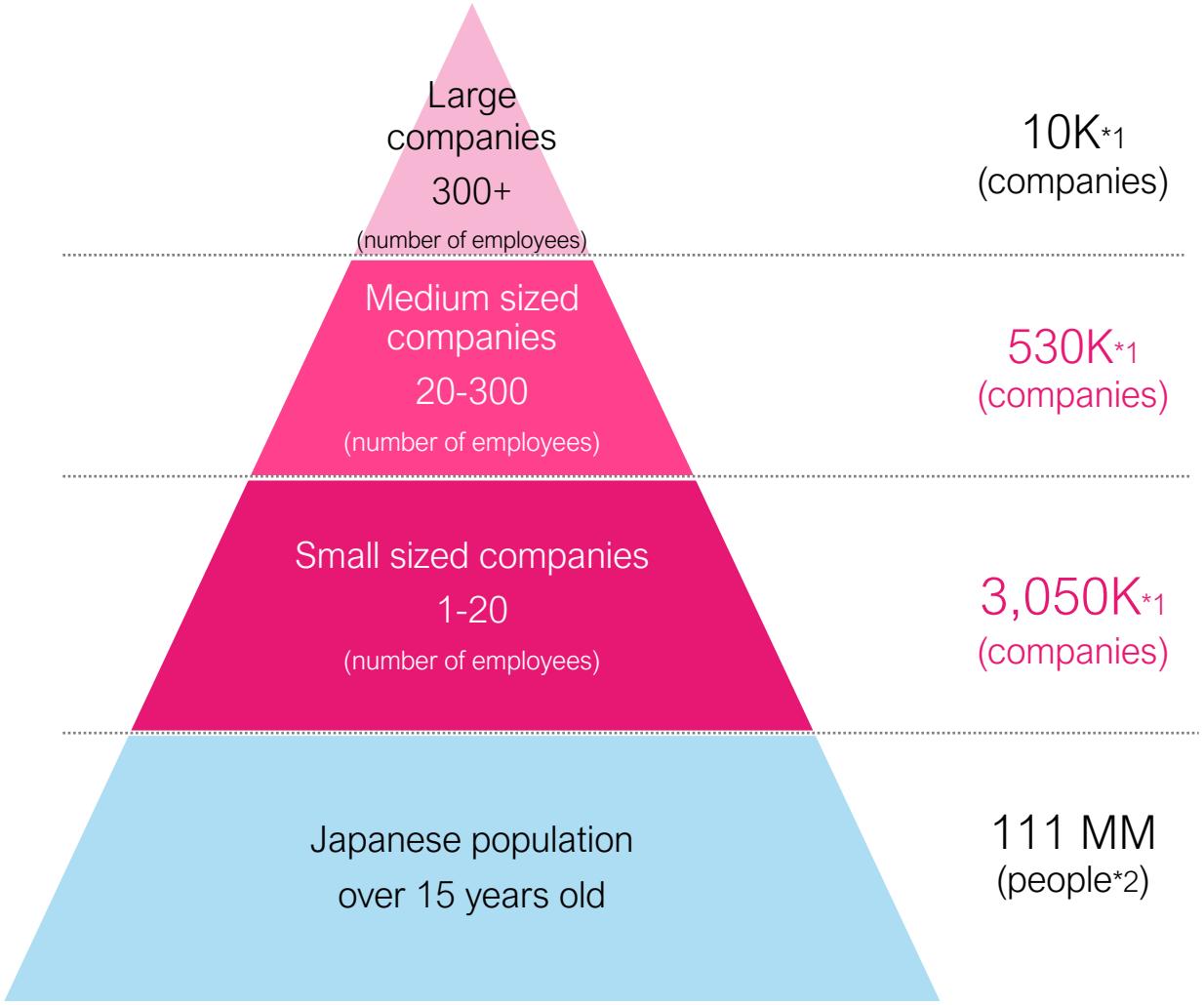
User Expansion Strategy (Business Users)

As a short-term priority strategy, we will focus on developing functions with the aim of gaining market share in the to-business domain (SMB), where there is significant room for development.



Medium-term Focus Targets
(mainly SMB companies)

Significantly expand functions for business users and invest in marketing

Previous Targets
(individuals + self-employed and small business owners)

Continue to expand by leveraging our position as the No. 1 platform

Source: *1 Ministry of Economy, Trade and Industry "2016 Economic Census" *2 Statistic Bureau, Ministry of Internal Affairs and Communications "Population Estimates – October 2020"

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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

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“coconala Legal Consultation” and “coconala Meets”

(coconala Legal Consultation)

ココナラ 法律相談



Service site offering free legal consultations and attorney search (Billing model for advertising)

(coconala Meets)

coconala ミーツ



Matching platform with face-to-face services

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Balance Sheet (as of February 28th 2021)

[Unit : ¥ MM]

Assets	Amount
Cash and deposits	1,454
Accounts receivable	338
Others	74
Total current assets	1,867
Total non-current assets	297
Total assets	2,164

Liabilities & Net assets	Amount
Accounts payable	145
Advances received	250
Deposits received	561
Short-term borrowings	800
Others	122
Total current liabilities	1,880
Total liabilities	1,880
Share capital and legal capital surplus	1,324
Retained earnings	(1,040)
Total net assets	283
Total liabilities and net assets	2,164

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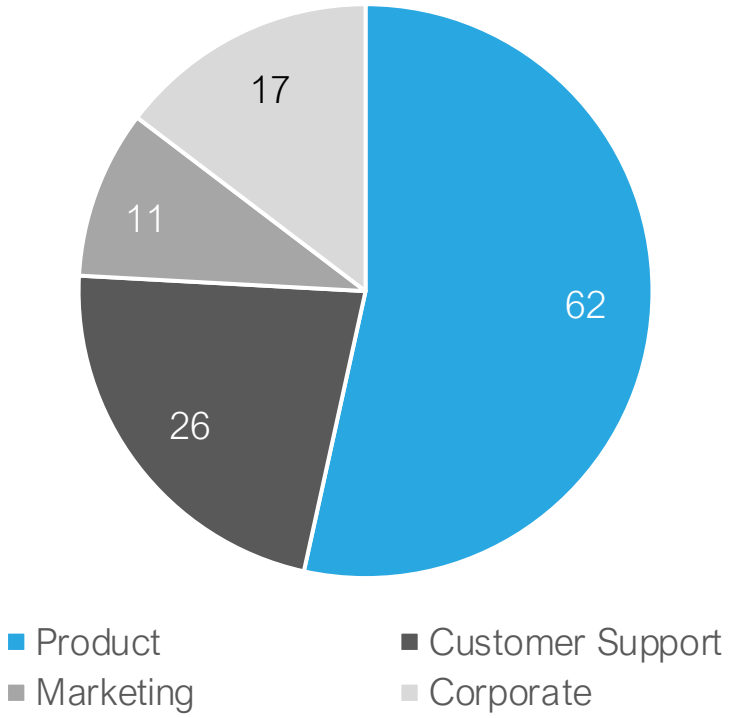
Number of Employees by Job Category

Engineers are the most in number

Since we do not have any sales staff, the number of staff does not increase in proportion to sales

Number of Employees
(as of the End of February 2021)

Product	62
Customer Support	26
Marketing	11
Corporate	17
Total	116



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Handling of this document

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Factors that may affect the above actual results include, but are not limited to, domestic and international economic conditions and trends in industries related to our company.

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