July 15, 2021

To Whom It May Concern

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Notice of Revision of Full-Year Earnings Forecast

At a meeting of the Board of Directors held on July 15, 2021, in view of recent trends in earnings, the Company decided to revise its earnings forecast for the fiscal year ending August 31, 2021, which was disclosed on March 19, 2021 in the "Notice of Financial Results, etc. of the Company in Connection with Listing on TSE Mothers." Revisions were as follows:

1. Revisions to the performance forecast for the current fiscal year (September 1, 2020 to August 31, 2021)

	Operating revenue	Operating profit	Ordinary profit	Net profit	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	2,426	74	46	44	2.13
Revised forecast (B)	2,710	74	46	30	1.42
Change (B-A)	283	-	-	(14)	
Change ratio (%)	11.7	-	-	(32.4)	
Reference: results for the previous fiscal year (Fiscal year ending August 31, 2020)	1,775	(80)	(83)	(94)	(4.59)

2. Reason for the revision

Operating revenue is expected to exceed the previously announced forecast due to steady growth in the GMV of the coconala business.

With regard to operating profit and ordinary profit, although the results through the third quarter of the current fiscal year exceeded the previously announced forecasts, the Company will not revise its full-year forecasts for the current fiscal year. This is because the Company plans to post an operating loss and ordinary loss in the fourth quarter of the current fiscal year due to its large-scale investments in marketing.

With regard to net profit, the Company reviewed the possibility of recovering deferred tax assets at the end of the

current fiscal year by changing to a policy of investing in marketing after the fiscal year ending August 2022 on a scale exceeding the existing scale assumption which exceeds the assumption at the time of the previous announcement, and net profit is expected to be lower than the previously announced forecast given the decision not to record deferred tax assets.

The coconala business is in the growth phase, and its financial structure is such that the expansion of business scale tends to lead to long-term profits, cash flow and shareholder value. Consequently, in the short-to-medium term the Company will not focus on recording operating profit, ordinary profit or net profit; instead, it will operate its business with a policy of prioritizing the expansion of GMV and operating revenue, while maintaining an efficient financial structure and financial discipline. In line with this policy, the Company plans to grow its GMV, in particular, by expanding its individual user base, thus boosting the number of the paid unique users (UUs), and by improving UI/UX and expanding its business user base, thus boosting the purchase amount per buyer. To this end, in addition to the major investments planned for the fourth quarter of the current fiscal year, the Company plans to significantly expand marketing investments in the fiscal year ending August 31, 2022 and beyond, as well as to continue investments in human resources with a focus on product function development. Although the ratio of operating revenue to GMV is expected to fluctuate somewhat due to changes in the ratio of GMV each category accounts for, no particularly large fluctuations are expected, and operating revenue is expected to grow in line with the expansion of GMV.

(Note) The above forecasts are based on information available at the time of the release of this report, and actual results may differ from these forecasts due to various factors.

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