Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

January 14, 2025

Summary of Consolidated Financial Results for the Three Months Ended November 30, 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
Inquiries: Gen Tanaka, VP of Finance
Phone: +81-3-6712-7771
Scheduled date for commencing dividend payments: -
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 Three Months Ended November 30, 2024 (from September 1, 2024 to November 30, 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	%
Three months ended November 30, 2024	2,373	69.7	108	11.4	79	(20.7)	105	24.9
November 30, 2023	1,398	28.4	97	—	100	—	84	—

(Note) Comprehensive income For the three months ended November 30, 2024: 68 million yen [(9.4)%]
For the three months ended November 30, 2023: 75 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended November 30, 2024	4.40	4.31
November 30, 2023	3.53	3.46

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of November 30, 2024	8,124	3,874	28.2
As of August 31, 2024	8,254	3,786	26.7

(Reference) Total shareholders' equity: As of November 30, 2024: 2,288 million yen
As of August 31, 2024: 2,202 million yen

2. Cash Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending August 31, 2025	—				
Fiscal year ending August 31, 2025 (Forecast)		0.00	—	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, 2025 (from September 1, 2024 to August 31, 2025)

(Percentage figures indicate year-on-year changes for full year and changes from the same quarter of the previous fiscal year for quarter)

	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	9,500	44.2	160	(47.5)	180	(20.2)	130	(46.7)	5.44

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly consolidated: None
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 November 30, 2024	23,923,700 shares
As of August 31, 2024	23,921,300 shares

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

As of November 30, 2024	37,200 shares
As of August 31, 2024	37,200 shares

(iii) Average number of shares outstanding during the period

Three months ended November 30, 2024	23,884,521 shares
Three months ended November 30, 2023	23,838,885 shares

* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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.

○Contents of Attachment

1. Qualitative Information on the Financial Results for the Period under Review 2
(1) Overview of Operating Results 2
(2) Financial Position 2
(3) Explanation of Consolidated Financial Results and Other Forward-looking Statements 2
2. Consolidated Financial Statements and Significant Notes Thereto 3
(1) Consolidated Balance Sheets 3
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 5
(Quarterly Consolidated Statements of Income) 5
(Year to quarter end consolidated statement of income) 5
(Consolidated Statements of Comprehensive Income) 6
(Year to quarter end consolidated statement of income) 6
(3) Notes to Quarterly Consolidated Financial Statements 7
(Segment Information, Etc.) 8
(Notes When There Are Significant Changes in Amounts of Equity) 8
(Notes on Going Concern Assumption) 8
(Notes on Quarterly Consolidated Statement of Cash Flows) 8
(Additional Information) 8
(Significant Subsequent Events) 8

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 inter-enterprise services targeted by the Company is extremely large at approximately 37 trillion yen (value estimated by the Japan Research Institute), the ratio of online transactions is said to be extremely small compared to the United States. 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.

As a result of the above, the Company posted gross merchandise value (GMV) of 4,251,947 thousand yen (up 11.6% year-on-year), sales of 2,373,871 thousand yen (up 69.7% year-on-year), operating profit of 108,197 thousand yen (up 11.4% year-on-year), ordinary profit of 79,897 thousand yen (down 20.7% year-on-year), and profit attributable to owners of parent of 105,118 thousand yen (up 24.9% year-on-year) for the three months ended November 30, 2024.

Operating results by segment are as follows. Note that the classifications of business segments were revised and the former segment "Media" was integrated into "Marketplace" from the first quarter of the fiscal year ending August 31, 2025. Comparisons with the previous fiscal year are based on the classifications of reportable segments after change.

(i) Marketplace

In "Marketplace," the number of unique purchasers and the purchase price per person on "coconala Skill Market" and "coconala Job Requests" grew steadily compared with the same period of the previous year. In November 2024, the Company started to offer the service "coconala AI Studio," an operation support AI tool for business use.
As a result, sales amounted to 1,373,001 thousand yen (up 13.9% year-on-year), while segment profit amounted to 162,155 thousand yen (up 2.0% year-on-year).

(ii) Agent

In "Agent," the Company implemented the process of integration of coconala tech Inc., which became a subsidiary in June 2024, and promoted optimization of organization structure and further streamlining of sales operation. With this, this segment is expected to continue to significantly contribute to the Group's business performance. In addition, the businesses of "coconala Assist" and "coconala Pro," which were launched in the fiscal year ended August 31, 2024, grew steadily.
As a result, sales amounted to 1,000,869 thousand yen (up 417.7% year-on-year), while segment loss amounted to 43,439 thousand yen (segment loss of 50,357 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 November 30, 2024, decreased by 130,096 thousand yen from the end of the previous fiscal year to 8,124,674 thousand yen. This was mainly due to decreases of 63,353 thousand yen in other current assets and 53,346 thousand yen in accounts receivable – trade.

(Liabilities)

Total liabilities as of November 30, 2024, decreased by 218,339 thousand yen from the end of the previous fiscal year to 4,250,345 thousand yen. This was mainly due to decreases of 86,437 thousand yen in accounts payable – trade, 60,833 thousand yen in accounts payable – other, and 52,497 thousand yen in long-term borrowings.

(Net assets)

Total net assets as of November 30, 2024, increased by 88,243 thousand yen from the end of the previous fiscal year to 3,874,328 thousand yen. This was mainly due to an increase of 86,436 thousand yen in retained earnings.

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

There are no changes to the forecasts of full-year financial results announced in the "Consolidated Financial Results for the Fiscal Year Ended August 31, 2024" dated October 11, 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, 2024)	Three months ended November 30, 2024 (As of November 30, 2024)
Assets		
Current assets		
Cash and deposits	3,905,323	3,883,736
Accounts receivable - trade	930,733	877,387
Prepaid expenses	114,664	197,967
Income taxes refund receivable	1,014	174
Other	288,377	225,023
Total current assets	5,240,113	5,184,289
Non-current assets		
Property, plant and equipment		
Buildings	266,483	266,483
Tools, furniture and fixtures	102,423	102,975
Accumulated depreciation	(136,080)	(146,992)
Total property, plant and equipment	232,826	222,467
Intangible assets		
Software	17,799	18,982
Goodwill	1,007,674	985,689
Customer-related assets	378,307	363,064
Total intangible assets	1,403,780	1,367,736
Investments and other assets		
Investment securities	1,063,721	1,036,458
Shares of subsidiaries and associates	6,551	6,312
Long-term prepaid expenses	3,266	2,704
Guarantee deposits	268,603	263,694
Deferred tax assets	15,424	19,254
Other	14,429	16,692
Total investments and other assets	1,371,997	1,345,117
Total non-current assets	3,008,603	2,935,320
Deferred assets		
Share issuance costs	4,109	3,228
Bond issuance costs	1,943	1,835
Total deferred assets	6,053	5,064
Total assets	8,254,770	8,124,674

(Thousands of yen)

	Previous fiscal year (As of August 31, 2024)	Three months ended November 30, 2024 (As of November 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	375,514	289,077
Accounts payable - other	451,070	390,237
Accrued expenses	99,604	93,074
Income taxes payable	95,948	44,367
Advances received	638,561	682,099
Deposits received	1,061,346	1,064,678
Short-term borrowings	—	55,000
Current portion of long-term borrowings	215,786	213,284
Current portion of bonds payable	20,000	20,000
Provision for point card certificates	1,918	2,255
Provision for coupons	5,988	5,708
Other	139,390	93,277
Total current liabilities	3,105,130	2,953,061
Non-current liabilities		
Bonds payable	80,000	70,000
Long-term borrowings	1,144,189	1,091,692
Deferred tax liabilities	102,456	98,662
Asset retirement obligations	36,908	36,930
Total non-current liabilities	1,363,554	1,297,284
Total liabilities	4,468,684	4,250,345
Net assets		
Shareholders' equity		
Share capital	1,244,957	1,245,040
Capital surplus	2,390,553	2,390,635
Retained earnings	(1,433,410)	(1,346,974)
Total shareholders' equity	2,202,100	2,288,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	107	124
Total accumulated other comprehensive income	107	124
Share acquisition rights	243,423	281,763
Non-controlling interests	1,340,454	1,303,739
Total net assets	3,786,085	3,874,328
Total liabilities and net assets	8,254,770	8,124,674

(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)

	Three months ended November 30, 2023 (September 1, 2023 - November 30, 2023)	Three months ended November 30, 2024 (September 1, 2024 - November 30, 2024)
Sales	1,398,684	2,373,871
Cost of sales	220,383	860,421
Gross profit	1,178,301	1,513,449
Selling, general and administrative expenses	1,081,198	1,405,252
Operating profit	97,102	108,197
Non-operating income		
Interest income	1	108
Income from refund	5,124	642
Gain on reversal of amortization of security deposits	—	1,040
Consulting fee income	—	4,017
Other	220	465
Total non-operating income	5,346	6,274
Non-operating expenses		
Interest expenses	49	3,466
Loss on valuation of investment securities	—	30,000
Loss on amortization of stock compensation	1,595	—
Share of loss of entities accounted for using equity method	—	119
Other	—	988
Total non-operating expenses	1,645	34,574
Ordinary profit	100,803	79,897
Profit before income taxes	100,803	79,897
Income taxes - current	24,951	35,162
Income taxes - deferred	—	(20,948)
Total income taxes	24,951	14,214
Profit	75,851	65,682
Profit (loss) attributable to non-controlling interests	(8,325)	(39,435)
Profit attributable to owners of parent	84,177	105,118

(Consolidated Statements of Comprehensive Income)

(Year to quarter end consolidated statement of income)

(Thousands of yen)

	Three months ended November 30, 2023 (September 1, 2023 - November 30, 2023)	Three months ended November 30, 2024 (September 1, 2024 - November 30, 2024)
Profit	75,851	65,682
Other comprehensive income		
Valuation difference on available-for-sale securities	(352)	2,737
Total other comprehensive income	(352)	2,737
Comprehensive income	75,499	68,419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	84,175	105,135
Comprehensive income attributable to non-controlling interests	(8,675)	(36,715)

(3) Notes to Quarterly Consolidated Financial Statements

(Segment Information, Etc.)

[Segment information]

1) For the three months ended November 30, 2023 (September 1, 2023 - November 30, 2023)

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

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total (Note 2)
	Marketplace	Agent	Total		
Sales					
Goods transferred at a point in time	1,051,462	—	1,051,462	—	1,051,462
Goods transferred over a certain period	153,904	193,317	347,221	—	347,221
Revenue from contracts with customers	1,205,367	193,317	1,398,684	—	1,398,684
Other revenue	—	—	—	—	—
Revenues from external customers	1,205,367	193,317	1,398,684	—	1,398,684
Intersegment operating revenue or transfers	—	—	—	—	—
Total	1,205,367	193,317	1,398,684	—	1,398,684
Segment profit (loss)	159,010	(50,357)	108,652	(11,549)	97,102

(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) For the three months ended November 30, 2024 (September 1, 2024 - November 30, 2024)

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

(Thousands of yen)

	Reportable segments			Other (Note 1)	Total (Note 2)
	Marketplace	Agent	Total		
Sales					
Goods transferred at a point in time	1,197,506	—	1,197,506	—	1,197,506
Goods transferred over a certain period	175,495	1,000,869	1,176,364	—	1,176,364
Revenue from contracts with customers	1,373,001	1,000,869	2,373,871	—	2,373,871
Other revenue	—	—	—	—	—
Revenues from external customers	1,373,001	1,000,869	2,373,871	—	2,373,871
Intersegment operating revenue or transfers	—	—	—	—	—
Total	1,373,001	1,000,869	2,373,871	—	2,373,871
Segment profit (loss)	162,155	(43,439)	118,715	(10,518)	108,197

(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.

(Changes in Reportable Segments)

The classifications of reportable segments were revised and the former segment “Media” was integrated into “Marketplace” from the first quarter of the fiscal year ending August 31, 2025. This decision was based on the similarity of business content, the proportional significance of each segment, and a reassessment of our group's management practices, to provide more accurate disclosures regarding the actual state of management. The classifications after change also apply to the segment information for the three months ended November 30, 2023.

(Notes When There Are Significant Changes in Amounts of Equity)
Not applicable.

(Notes on Going Concern Assumption)
Not applicable.

(Notes on Quarterly Consolidated Statement of Cash Flows)
The Company has not prepared a quarterly consolidated statement of cash flows for the three months ended November 30, 2024. Depreciation (including amortization of intangible assets excluding goodwill and customer-related assets) and amortization of goodwill and customer-related assets for the three months ended November 30, 2024 are as follows.

(Thousands of yen)

	Three months ended November 30, 2023 (September 1, 2023 - November 30, 2023)	Three months ended November 30, 2024 (September 1, 2024 - November 30, 2024)
Depreciation	7,293	12,787
Amortization of goodwill	3,339	21,984
Amortization of customer-related assets	2,850	15,242

(Additional Information)
Not applicable.

(Significant Subsequent Events)
(Acquisition of Treasury Shares)
At a meeting of the Board of Directors held on January 14, 2025, the Company decided matters pertaining to acquisition of treasury shares as described below in accordance with the provisions of Article 156 of the Companies Act, which is applied by replacing terms pursuant to the provisions of Article 165, paragraph (3) of that Act.

1. Reason for acquisition of treasury shares
The Company acquires treasury shares in order to increase shareholders' interests through flexible implementation of capital measures in response to changes in the business environment and improvement of capital efficiency.

2. Board of Directors' resolution on acquisition of treasury shares

(1) Class of shares to be acquired	Company's common shares
(2) Total number of shares to be acquired	500,000 shares (upper limit)
(3) Total acquisition price of shares	150,000,000 yen (upper limit)
(4) Acquisition period	January 15, 2025 to March 31, 2025
(5) Acquisition method	Market purchase at the Tokyo Stock Exchange