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MEMBERSHIP

January 25, 2022

## Non-consolidated Financial Results for the Three Months Ended December 31, 2021 <under Japanese GAAP>

Company name: Makuake, Inc.  
 Listing: Tokyo Stock Exchange  
 Stock code: 4479  
 URL: <http://www.makuake.com/>  
 Representative: Ryotaro Nakayama, CEO  
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 Scheduled date to file quarterly securities report: January 26, 2022  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Performance for the three months ended December 31, 2021 (from October 1, 2021 to December 31, 2021)

#### (1) Operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended December 31, 2021	1,152	16.1	38	(74.6)	38	(74.6)	90	(14.4)
December 31, 2020	992	91.1	152	47.7	152	47.1	105	46.7

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2021	7.29	7.08
December 31, 2020	9.07	8.60

## (2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	10,395	6,975	66.7
September 30, 2021	10,331	6,873	66.2

Reference: Equity

As of December 31, 2021

¥6,939 million

As of September 30, 2021

¥6,841 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2022	—				
Fiscal year ending September 30, 2022 (Forecast)		0.00	—	0.00	0.00

Note: Revisions to the cash dividend forecasts most recently announced: None

## 3. Earnings forecasts for the fiscal year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending September 30, 2022	6,200	34.2	465	41.3	460	41.1	350	41.9	28.22

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

- (1) Application of special accounting treatments for the preparation of quarterly financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	12,436,700 shares
As of September 30, 2021	12,404,700 shares

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

As of December 31, 2021	87 shares
As of September 30, 2021	87 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended December 31, 2021	12,430,787 shares
For the three months ended December 31, 2020	11,672,502 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by an audit corporation.

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors.

**Attached materials**

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## 1. Qualitative information on quarterly financial results

### (1) Information on operating results

The forward-looking statements in this report were prepared based on information available as of the end of the quarter under review.

Based on its vision of “Create a world where worthy things can come to be, grow and endure,” the mission of Makuake, Inc. (the Company) is to “Connect the world through the creation of the ‘new.’ ” We operate the Makuake service, a “support” pre-order platform to connect project owners (Businesses) who are providing something new to the world with supporters (Consumers) who purchase new items and experiences based on their knowledge of the background and the ideas of the project owners.

As ancillary services, we also provide Makuake Incubation Studio, which supports the generation of new businesses that leverage research and development technology owned by companies; agency operations for the distribution of advertisements to facilitate the growth of “support” pre-order value at Makuake; Makuake STORE, which enables continued sales on e-commerce sites even after projects have ended; Makuake Global, which accepts “support” pre-orders from overseas; “Support” Pre-order Service for Buyers, which enables buyers in Japan to watch how new products that have just launched are selling and to stock them on the internet; Makuake SHOP, which works with partner companies in a variety of formats nationwide to enable products launched on Makuake to be displayed and sold in real-world stores.

Although in the first three months of the fiscal year ending September 30, 2022, the Japanese economy saw a continuation of the difficult conditions caused by the effects of the novel coronavirus disease (COVID-19), vaccinations made progress globally and the infection rate fell in Japan, while states of emergency and measures to prevent proliferation were lifted across the board, in addition to which we have seen a recovery in personal consumption, driven partly by improvements in the world economy. On the other hand, the emergence of new variants of the virus has caused border controls to be devised by countries around the world, and the impact of an increase in infections on the economy, both in Japan and overseas, remains unclear.

The business environment for the Company is affected by market trends such as that of the e-commerce market for debuting new products and of the e-commerce market for pre-ordering new services, but due to the new lifestyles and working styles we have seen emerging as a result of the spread of COVID-19, demand in these markets is extraordinarily high and growth is continuing. Going forward, we believe that the e-commerce market for debuting new products has extraordinarily high growth potential.

Against this backdrop, and in a continuation of the trend seen in the fiscal year ended September 30, 2021, the first three months of the fiscal year ending September 30, 2022, were characterized by an increase in the number of new projects published from project owners wanting to debut new products and services, and an increase in the number of unique users visiting Makuake in search of new products that fit their tastes and preferences. Conversely, the increase in the workload for curators, and issues with the user experience in relation to finding new products and services caused by the rise in the number of projects, led to a decline in the conversion rate (CVR), which expresses how well the needs of owners and supporters are matched. In order to improve this, we strengthened the hiring of curators and screening staff, as well as began transitioning to a new organizational structure for both divisions. Furthermore, in order to improve the user experience, we continued to develop new functions centered on apps.

The measures taken to improve the CVR during the period under review, were intended to further strengthen the foundations of the business in preparation for an acceleration of growth in the third quarter and beyond, and did not result in an improvement in the CVR during the period in question. Nevertheless, total “support” pre-order value rose by 19.0% year on year to ¥5,369,538 thousand, showing a steady growth.

As a result, for the period under review, the Company recorded net sales of ¥1,152,566 thousand (up 16.1% year on year), operating profit of ¥38,560 thousand (down 74.6% YoY), ordinary profit of ¥38,650 thousand (down 74.6% YoY) and profit of ¥90,561 thousand (down 14.4% YoY).

As the Company consists of a single business segment, the Makuake service, a platform for people to place “support” pre-orders of new things and experiences, information by segment is omitted.

## **(2) Information on financial position**

### Assets

At the end of the quarter under review, total assets increased by ¥64,296 thousand from the previous fiscal year-end to ¥10,395,843 thousand.

Current assets increased by ¥2,765 thousand to ¥9,272,328 thousand. The main components included an increase of ¥47,553 thousand in segregated deposits.

Non-current assets increased by ¥64,408 thousand to ¥1,105,995 thousand. The main components included an increase of ¥73,580 thousand in intangible assets.

### Liabilities

At the end of the quarter under review, liabilities decreased by ¥38,101 thousand from the previous fiscal year-end to ¥3,420,112 thousand.

Current liabilities decreased by ¥43,097 thousand to ¥3,372,262 thousand. This was due mainly to accounts payable - other included in other decreasing by ¥76,580 thousand.

Non-current liabilities increased by ¥4,996 thousand to ¥47,849 thousand. The main components included an increase of ¥4,740 thousand in provision for continuous services benefits.

### Net assets

At the end of the quarter under review, net assets increased by ¥102,398 thousand from the previous fiscal year-end to ¥6,975,730 thousand. The main components included an increase of ¥90,561 thousand in retained earnings due to the recording of profit.

## **(3) Explanation of forward-looking information including earnings forecasts**

There is no change to the earnings forecasts for the fiscal year ending September 30, 2022 from the forecasts announced on October 26, 2021.

## 2. Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	5,949,943	5,977,153
Segregated deposits	2,641,311	2,688,865
Accounts receivable - trade	551,330	466,812
Other	134,259	146,779
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	9,269,563	9,272,328
Non-current assets		
Property, plant and equipment	43,119	42,765
Intangible assets	593,873	667,454
Investments and other assets		
Other	412,131	403,313
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	404,594	395,776
Total non-current assets	1,041,587	1,105,995
Deferred assets	20,396	17,518
Total assets	10,331,547	10,395,843
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	72,286	53,243
Deposits received	2,652,462	2,711,740
Other	690,611	607,278
Total current liabilities	3,415,360	3,372,262
Non-current liabilities		
Provision for retirement benefits	337	593
Provision for continuous services benefits	42,516	47,256
Total non-current liabilities	42,853	47,849
Total liabilities	3,458,214	3,420,112
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,103,387	3,106,683
Capital surplus	3,103,387	3,106,683
Retained earnings	635,591	726,153
Treasury shares	(499)	(499)
Total shareholders' equity	6,841,867	6,939,021
Share acquisition rights	31,464	36,709
Total net assets	6,873,332	6,975,730
Total liabilities and net assets	10,331,547	10,395,843

**(2) Quarterly statement of income**

(Thousands of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net sales	992,732	1,152,566
Cost of sales	187,270	229,372
Gross profit	805,461	923,193
Selling, general and administrative expenses	653,451	884,633
Operating profit	152,009	38,560
Non-operating income		
Lecture fees and other income	1,611	2,749
Other	19	310
Total non-operating income	1,630	3,059
Non-operating expenses		
Amortization of share issuance costs	1,407	2,877
Other	–	91
Total non-operating expenses	1,407	2,969
Ordinary profit	152,232	38,650
Extraordinary income		
Gain on sale of investment securities	–	97,500
Total extraordinary income	–	97,500
Profit before income taxes	152,232	136,150
Income taxes - current	43,023	40,553
Income taxes - deferred	3,396	5,035
Total income taxes	46,419	45,588
Profit	105,813	90,561



**(3) Notes to quarterly financial statements**

**Notes on premise of going concern**

No applicable items.

**Notes on significant changes in the amount of shareholders' equity**

No applicable items.

**Changes in accounting policies**

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

There is no effect on the profit or loss for the first three months of the current fiscal year or the opening balance of retained earnings of the current fiscal year.

Furthermore, the information on disaggregation of revenue from contracts with customers during the first three months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

There is no effect on the quarterly financial statements.

**Segment information**

Segment information

As the Company consists of a single business segment, the Makuake service, a platform for people to place "support" pre-orders of new things and experiences, this information is omitted.