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MEMBERSHIP

April 26, 2022

## Non-consolidated Financial Results for the Six Months Ended March 31, 2022 <under Japanese GAAP>

Company name: Makuake, Inc.  
 Listing: Tokyo Stock Exchange  
 Stock code: 4479  
 URL: <http://www.makuake.com/>  
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 Scheduled date to file quarterly securities report: April 27, 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 six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)

#### (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	%
Six months ended								
March 31, 2022	2,243	6.8	(17)	–	4	(93.5)	61	52.3
March 31, 2021	2,100	87.2	63	(73.6)	62	(73.9)	40	(75.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
March 31, 2022	4.95	4.84
March 31, 2021	3.44	3.27

## (2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
March 31, 2022	10,222	6,979	67.9
September 30, 2021	10,331	6,873	66.2

Reference: Equity

As of March 31, 2022

¥6,937 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	—	0.00			
Fiscal year ending September 30, 2022 (Forecast)			—	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	4,700	1.7	0	(100.0)	20	(93.9)	65	(73.6)	5.19

Note: Revisions to the earnings forecasts most recently announced: Yes

**\* 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 March 31, 2022	12,568,700 shares
As of September 30, 2021	12,404,700 shares

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

As of March 31, 2022	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 six months ended March 31, 2022	12,487,381 shares
For the six months ended March 31, 2021	11,788,431 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.

For matters regarding the above earnings forecasts, please refer to “(4) Explanation of forward-looking information including earnings forecasts” in “1. Qualitative information on quarterly financial results” on page 3.

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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.

Despite the continuation of difficult conditions caused by the effects of novel coronavirus disease (COVID-19), the first six months of the fiscal year ending September 30, 2022, saw the beginnings of a recovery in business conditions in the Japanese economy, and a move towards the normalization of economic activity both in Japan and overseas. However, the outlook remains unclear due to issues such as the increase in raw material prices caused by the situation in Ukraine and other factors, and supply constraints.

The business environment for the Company is affected by 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, the six months ended March 31, 2022, saw a continuation of the rising trend 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. 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 new projects, had previously led to a decline in the conversion rate (CVR), which expresses how well the needs of owners and supporters are matched. As a result of strengthening the hiring of curators and screening staff, transitioning to a new organizational structure for both divisions, and developing new functionality centered on the app, the CVR recorded a small increase. As a result of working to create a platform that owners and supporters can use with greater confidence, training the staff we hired in the period under review, and focusing on improving operations within the new organizational structure, total “support” pre-order value grew by 5.9% year on year to ¥10,393,643 thousand.

On the other hand, as a result of moving forward to hire staff with the goal of accelerating growth in the third quarter and beyond, for the period under review, the Company recorded net sales of ¥2,243,204 thousand (up 6.8% year on year), an operating loss of ¥17,699 thousand (compared to operating profit of ¥63,362 thousand in the same period of the previous fiscal year), ordinary profit of ¥4,065 thousand (down 93.5% year on year) and profit of ¥61,813 thousand (up 52.3% year on year).

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 decreased by ¥109,037 thousand from the previous fiscal year-end to ¥10,222,509 thousand.

Current assets decreased by ¥308,449 thousand to ¥8,961,113 thousand. The main components included a decrease of ¥142,630 thousand in cash and deposits.

Non-current assets increased by ¥205,167 thousand to ¥1,246,755 thousand. The main components included an increase of ¥153,838 thousand in intangible assets.

Liabilities

At the end of the quarter under review, liabilities decreased by ¥215,123 thousand from the previous fiscal year-end to ¥3,243,090 thousand.

Current liabilities decreased by ¥224,199 thousand to ¥3,191,161 thousand. The main components included a decrease of ¥125,599 thousand in deposits received.

Non-current liabilities increased by ¥9,075 thousand to ¥51,929 thousand. The main components included an increase of ¥8,529 thousand in provision for continuous services benefits.

Net assets

At the end of the quarter under review, net assets increased by ¥106,086 thousand from the previous fiscal year-end to ¥6,979,419 thousand. The main components included an increase of ¥61,813 thousand in retained earnings due to the recording of profit.

**(3) Explanation of cash flows**

The balance of cash and cash equivalents (“cash”) at the end of the period under review, decreased by ¥270,811 thousand compared with the previous fiscal year-end, to ¥8,320,443 thousand. The respective cash flow positions and the factors contributing thereto in the period under review are as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥152,220 thousand (¥200,286 thousand was used in the same period of the previous fiscal year). This was primarily due to a decrease in deposits received of ¥125,599 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥152,374 thousand (¥293,512 thousand was used in the same period of the previous fiscal year). This was primarily due to purchase of intangible assets of ¥208,931 thousand.

Cash flows from financing activities

Net cash provided by financing activities was ¥33,784 thousand (¥3,876,335 thousand was provided in the same period of the previous fiscal year). This was due to proceeds from issuance of shares of ¥33,784 thousand.

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

The Company had previously put the highest priority on growth in total “support” pre-order value for the Makuake service, aiming to establish a position for itself as the largest marketplace for the online debut of new products and services. However, during the COVID-19 pandemic, demand for the Makuake service increased sharply, leading to extraordinarily high growth that exceeded the expectations of the Company.

Accordingly, although total “support” pre-order value increased significantly, issues emerged in such areas as the number of staff, the operational structure, and the development of new functions matched to the scale of the platform, which impaired the user’s experience of the Makuake service. In response

to this, in the first six months of the fiscal year ending September 30, 2022, we focused on actively strengthening our hiring, improving the operational structure and developing new functions. Nevertheless, securing staff at the same time as building and optimizing the new operational structure, as well as developing new functions, took more time than we had expected, and progress in results in the period under review fell short of forecasts.

This fiscal year the Company will continue to resolutely confront these internal issues by making improvements to the operational structure and developing new functions in order to create a robust platform for growth from the next fiscal year onwards. At the same time, we will focus on the soundness of the Makuake service, which is a prerequisite for its use by members, as well as concentrating on encouraging repeat use by owners and supporters by strengthening the screening framework, on laying the groundwork for a better user experience, and on accumulating customer assets. Having taken these factors into account and reviewed our earnings forecasts for the fiscal year ending September 30, 2022, it appears likely that results will undershoot the forecasts announced on October 26, 2021, and we have therefore revised them as follows. Net sales of ¥4,700 million (up 1.7% year on year), operating profit of ¥0 million (down 100%), ordinary profit of ¥20 million (down 93.9%), and profit of ¥65 million (down 73.6%).

## 2. Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,949,943	5,807,312
Segregated deposits	2,641,311	2,513,130
Accounts receivable - trade	551,330	498,637
Other	134,259	149,314
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	9,269,563	8,961,113
Non-current assets		
Property, plant and equipment	43,119	55,818
Intangible assets	593,873	747,712
Investments and other assets		
Other	412,131	450,761
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	404,594	443,224
Total non-current assets	1,041,587	1,246,755
Deferred assets	20,396	14,641
Total assets	10,331,547	10,222,509
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	72,286	67,919
Deposits received	2,652,462	2,526,863
Other	690,611	596,378
Total current liabilities	3,415,360	3,191,161
Non-current liabilities		
Provision for retirement benefits	337	883
Provision for continuous services benefits	42,516	51,045
Total non-current liabilities	42,853	51,929
Total liabilities	3,458,214	3,243,090
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,103,387	3,120,279
Capital surplus	3,103,387	3,120,279
Retained earnings	635,591	697,405
Treasury shares	(499)	(499)
Total shareholders' equity	6,841,867	6,937,465
Share acquisition rights	31,464	41,953
Total net assets	6,873,332	6,979,419
Total liabilities and net assets	10,331,547	10,222,509

**(2) Quarterly statement of income**

(Thousands of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Net sales	2,100,387	2,243,204
Cost of sales	361,654	453,463
Gross profit	1,738,733	1,789,740
Selling, general and administrative expenses	1,675,370	1,807,439
Operating profit (loss)	63,362	(17,699)
Non-operating income		
Interest income	0	1
Dividend income	–	8
Lecture fees and other income	3,344	5,415
Subsidy income	–	20,744
Other	19	1,553
Total non-operating income	3,364	27,722
Non-operating expenses		
Amortization of share issuance costs	3,815	5,755
Other	–	201
Total non-operating expenses	3,815	5,956
Ordinary profit	62,911	4,065
Extraordinary income		
Gain on sale of investment securities	–	97,500
Total extraordinary income	–	97,500
Profit before income taxes	62,911	101,565
Income taxes - current	25,206	43,604
Income taxes - deferred	(2,891)	(3,852)
Total income taxes	22,314	39,752
Profit	40,597	61,813

**(3) Quarterly statement of cash flows**

(Thousands of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	62,911	101,565
Depreciation	43,671	71,125
Amortization of goodwill	666	1,999
Loss (gain) on sale of investment securities	–	(97,500)
Increase (decrease) in provision for retirement benefits	–	546
Increase (decrease) provision for continuous services benefits	6,680	8,529
Interest and dividend income	(0)	(9)
Amortization of share issuance costs	3,815	5,755
Decrease (increase) in trade receivables	87,812	52,692
Increase (decrease) in accounts payable - other	(314,125)	(93,441)
Increase (decrease) in accrued expenses	(25,552)	14,524
Increase (decrease) in deposits received	236,213	(125,599)
Increase (decrease) in accrued consumption taxes	(79,192)	(28,207)
Other, net	(86,928)	(26,159)
Subtotal	(64,029)	(114,177)
Interest and dividends received	0	1
Income taxes paid	(136,405)	(38,083)
Income taxes refund	148	38
Net cash provided by (used in) operating activities	(200,286)	(152,220)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,678)	(17,840)
Purchase of intangible assets	(140,121)	(208,931)
Purchase of investment securities	(83,176)	(40,020)
Proceeds from sale of investment securities	–	112,500
Payments of leasehold and guarantee deposits	(62,536)	(2,660)
Proceeds from refund of leasehold and guarantee deposits	–	4,907
Payments for investments in capital	–	(330)
Net cash provided by (used in) investing activities	(293,512)	(152,374)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	3,876,335	33,784
Net cash provided by (used in) financing activities	3,876,335	33,784
Net increase (decrease) in cash and cash equivalents	3,382,537	(270,811)
Cash and cash equivalents at beginning of period	5,109,351	8,591,254
Increase in cash and cash equivalents resulting from merger	1,810	–
Cash and cash equivalents at end of period	8,493,699	8,320,443

**(4) 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 six 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 six 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.