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MEMBERSHIP

July 25, 2023

**Non-consolidated Financial Results
for the Nine Months Ended June 30, 2023
<under Japanese GAAP>**

Company name: Makuake, Inc.
 Listing: Tokyo Stock Exchange
 Stock code: 4479
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 Scheduled date to file quarterly securities report: July 26, 2023
 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 nine months ended June 30, 2023
(from October 1, 2022 to June 30, 2023)**

(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	%
Nine months ended								
June 30, 2023	2,779	(16.4)	(459)	–	(454)	–	(462)	–
June 30, 2022	3,326	(0.2)	(89)	–	(66)	–	7	(94.6)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
June 30, 2023	(36.75)	–
June 30, 2022	0.56	0.55

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	8,181	5,135	62.1
September 30, 2022	8,255	5,576	67.0

Reference: Equity

As of June 30, 2023

¥5,077 million

As of September 30, 2022

¥5,528 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, 2022	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2023	—	0.00	—		
Fiscal year ending September 30, 2023 (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, 2023
(from October 1, 2022 to September 30, 2023)**

(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, 2023	3,840	(8.7)	(880)	—	(880)	—	(890)	—	(70.81)

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: None
 - (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 June, 2023	12,626,700 shares
As of September 30, 2022	12,568,700 shares

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

As of June 30, 2023	130 shares
As of September 30, 2022	130 shares

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

For the Nine months ended June 30, 2023	12,585,566 shares
For the Nine months ended June 30, 2022	12,514,388 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or 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 project 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; and 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.

During the first nine months of the fiscal year ending September 30, 2023, while entering a new phase of co-existence with COVID-19, the Japanese economy is gradually moving toward recovery as economic activities are returning to normal, thanks to the effects of various government policies. Personal consumption, in particular, has been on a moderate recovery trend, mainly in terms of travel and dining out, backed by the government’s domestic travel subsidy program. Meanwhile, uncertainty toward the future remained, reflecting the risk of a downturn in overseas economies putting downward pressure on the Japanese economy amid ongoing global monetary tightening as well as continuing rising in prices of raw materials, a continuing rise in commodity prices due to supply constraints, and the fluctuation in the financial and capital markets.

Our business is affected by the e-commerce market for debuting new products and the e-commerce market for pre-ordering new services. During the period from 2020 to 2021, demand in these markets grew rapidly due to changes in lifestyles and working styles, which emerged as a result of the spread of COVID-19, and subsequently, with the normalization of economic activities in Japan, demand has calmed down but continues to grow in a more stable and consistent manner. Therefore, going forward, we believe that the e-commerce market for debuting new products and services has extraordinarily high growth potential.

Against this backdrop, during the nine months ended June 30, 2023, as measures to realize the basic growth policy for the current fiscal year (from October 1, 2022 to September 30, 2023) of “expanding the foundations for stable business growth generated by repeat customers through the reinforcement of measures to raise customer satisfaction while at the same time building an organization specializing in capturing repeat customers, further expanding the customer base, and actualizing the Total Addressable Market (TAM),” the Company went ahead and established systems for repeatable customer experience for owners and supporters.

For owners, we promoted operational improvement and functional development based on the owners’ needs. Also, we organized feedback from supporters to owners and provided feedback along with improvement measures to increase the satisfaction of owners and supporters.

For supporters, the Company conducted regular user interviews to improve the quality of services provided in cooperation with owners based on the real voices of supporters as well as offered events where participants could trial project products offline to increase opportunities for supporters to gain an in-depth understanding of Makuake’s “support” pre-orders. Moreover, the Company launched a coupon function to provide an opportunity for repeat “support” pre-orders by issuing various coupons aligned with supporters’ needs.

As a result of these initiatives, for the three months ended June 30, 2023, the number of new project publications from repeat owners increased 13.6% from the three months ended March 31, 2023 to 1,085, and the repeat “support” pre-order value increased 8.9% to ¥3,409,367 thousand. Moreover, the

“support” pre-order value grew 11.2% from the three months ended March 31, 2023 to ¥4,569,329 thousand. Meanwhile, the “support” pre-order value declined by 12.9% year on year, reflecting a significant decrease in “support” pre-orders from the three months ended September 2022, resulting from the acceleration of offline consumption due to the impact of economic reopening, which began in the second half of the previous fiscal year.

As a result, for the period under review, the Company recorded net sales of ¥2,779,726 thousand (down 16.4% year on year), an operating loss of ¥459,644 thousand (compared to an operating loss of ¥89,152 thousand in the same period of the previous fiscal year), an ordinary loss of ¥454,328 thousand (compared to an ordinary loss of ¥66,700 thousand in the same period of the previous fiscal year) and a loss of ¥462,569 thousand (compared to a profit of ¥7,004 thousand in the same period of the previous fiscal 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 ¥74,076 thousand from the previous fiscal year-end to ¥8,181,057 thousand.

Current assets decreased by ¥488,401 thousand to ¥7,404,126 thousand. The main components included a decrease of ¥882,895 thousand in cash and deposits.

Non-current assets increased by ¥419,816 thousand to ¥773,535 thousand. The main components included an increase of ¥421,316 thousand in intangible assets.

Liabilities

At the end of the quarter under review, liabilities increased by ¥366,908 thousand from the previous fiscal year-end to ¥3,045,693 thousand.

Current liabilities increased by ¥369,261 thousand to ¥2,985,701 thousand. The main components included an increase of ¥397,748 thousand in deposits received.

Non-current liabilities decreased by ¥2,352 thousand to ¥59,992 thousand. The main components included a decrease of ¥3,773 thousand in provision for continuous services benefits.

Net assets

At the end of the quarter under review, net assets decreased by ¥440,985 thousand from the previous fiscal year-end to ¥5,135,363 thousand. The main components included a decrease of ¥462,569 thousand in retained earnings due to the recording of loss.

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

There is no change to the earnings forecasts for the fiscal year ending September 30, 2023 from the forecasts announced on October 25, 2022.

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	5,193,507	4,310,612
Cash segregated as deposits	2,128,290	2,527,494
Accounts receivable - trade	339,328	428,552
Other	238,683	144,748
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	7,892,528	7,404,126
Non-current assets		
Property, plant and equipment	–	4,787
Intangible assets	–	421,316
Investments and other assets		
Other	361,257	354,969
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	353,719	347,432
Total non-current assets	353,719	773,535
Deferred assets	8,886	3,394
Total assets	8,255,134	8,181,057
Liabilities		
Current liabilities		
Income taxes payable	14,565	17,836
Deposits received	2,138,393	2,536,141
Other	463,481	431,723
Total current liabilities	2,616,440	2,985,701
Non-current liabilities		
Provision for retirement benefits	1,658	3,079
Provision for continuous services benefits	60,685	56,912
Total non-current liabilities	62,344	59,992
Total liabilities	2,678,784	3,045,693
Net assets		
Shareholders' equity		
Share capital	3,120,279	3,126,253
Capital surplus	3,120,279	3,126,253
Retained earnings	(711,764)	(1,174,333)
Treasury shares	(625)	(625)
Total shareholders' equity	5,528,170	5,077,548
Share acquisition rights	48,179	57,815
Total net assets	5,576,349	5,135,363
Total liabilities and net assets	8,255,134	8,181,057

(2) Quarterly statement of income

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	3,326,617	2,779,726
Cost of sales	651,204	533,804
Gross profit	2,675,412	2,245,922
Selling, general and administrative expenses	2,764,564	2,705,567
Operating profit (loss)	(89,152)	(459,644)
Non-operating income		
Interest income	2	4
Dividend income	16	31
Lecture's fee income	7,309	5,912
Subsidy income	20,744	3,656
Other	3,012	1,382
Total non-operating income	31,084	10,987
Non-operating expenses		
Amortization of share issuance costs	8,632	5,491
Other	-	180
Total non-operating expenses	8,632	5,671
Ordinary profit (loss)	(66,700)	(454,328)
Extraordinary income		
Gain on sale of investment securities	97,500	-
Total extraordinary income	97,500	-
Profit (loss) before income taxes	30,799	(454,328)
Income taxes - current	25,324	8,241
Income taxes - deferred	(1,528)	-
Total income taxes	23,795	8,241
Profit (loss)	7,004	(462,569)

(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.

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.