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MEMBERSHIP

July 30, 2024

Non-consolidated Financial Results for the Nine Months Ended June 30, 2024 <under Japanese GAAP>

Company name: Makuake, Inc.
 Listing: Tokyo Stock Exchange
 Stock code: 4479
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 Scheduled date to commence dividend payments: –
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results presentation meeting: Yes

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

1. Performance for the nine months ended June 30, 2024 (from October 1, 2023 to June 30, 2024)

(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, 2024	2,731	(1.7)	(114)	–	(110)	–	(162)	–
June 30, 2023	2,779	(16.4)	(459)	–	(454)	–	(462)	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
June 30, 2024	(12.78)	–
June 30, 2023	(36.75)	–

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	6,697	4,951	73.2
September 30, 2023	7,955	5,105	63.5

Reference: Equity

As of June 30, 2024

¥4,902 million

As of September 30, 2023

¥5,051 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending September 30, 2024	–	0.00	–		
Fiscal year ending September 30, 2024 (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, 2024
(from October 1, 2023 to September 30, 2024)**

(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, 2024	3,603	(5.4)	(97)	–	(93)	–	(152)	–	(12.02)

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: 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 30, 2024	12,704,700 shares
As of September 30, 2023	12,636,700 shares

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

As of June 30, 2024	180 shares
As of September 30, 2023	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, 2024	12,687,872 shares
For the nine months ended June 30, 2023	12,585,566 shares

- * Review of the Japanese-language originals of the attached quarterly financial statements by certified public accountants or an audit firm: None

- * 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 details regarding the earnings forecasts explained above, please refer to “1. Qualitative information on quarterly financial results (3) Explanation of forward-looking information including earnings forecasts” on pages 3-4 of the attached materials.

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, 2024, the Japanese economy continued to experience a gradual recovery in personal consumption, partly due to the effects of various government policies on the employment and income environment. However, the prolonged high interest rate levels in the United States, rising raw material prices due to the international situation, supply constraints, and other factors continued to drive up commodity prices, which resulted in a slowdown in personal consumption. Moreover, the expanding interest rate gap between Japan and the United States, ongoing global inflation, and rising interest rates due to the Bank of Japan’s monetary policy slowed the pace of economic recovery, leaving the future still uncertain. In addition, close attention must be paid to the economic impact of the Noto Peninsula Earthquake in January 2024.

Regarding the market environment surrounding the Company, the reopening (restart of economic activities), which started mainly offline after various restrictions related to COVID-19 were lifted, has been observed in experiential consumption, particularly traveling, participation in events, and dining out. This trend is expected to continue in the current fiscal year.

Against this backdrop, during the nine months ended June 30, 2024, the Company pursued various initiatives for repeat owners and repeat supporters up until the first six months. From the quarter under review onward, we implemented measures primarily aimed at acquiring high-quality new and repeat owners. Our emphasis was placed on increasing the unit price per project rather than increasing the number of project publications.

For owners, in order to encourage the creation of fine-quality projects, we established constant contact with them, and enhanced support primarily for projects with high target amounts of “support” pre-orders to increase the unit prices of such projects by leveraging various ancillary services. We also concentrated our efforts on maximizing the amount of “support” pre-orders on the first day for all projects as the amount on the first day greatly affects the growth of “support” pre-order value.

For supporters, an original symbol, which marks recommended owners certified based on the Company’s established standards, and supporter evaluations of owners are displayed on the project page. We have thereby enhanced the environment where supporters can enjoy making “support” pre-order purchases with a sense of increased security. We have also continuously released new functions to enrich supporters’ experience of “support” pre-orders, such as the function of enabling supporters to receive notification about the start of publication of projects that they want to be quick to place “support” pre-orders for as well as a renewed top page and a dedicated ranking page on the Makuake website. In addition, we have facilitated repeat “support” pre-orders by implementing various CRM measures, primarily the distribution of coupons and email newsletters that meet the needs of supporters.

However, many projects by high-quality new and repeat owners, which we began acquiring from the quarter under review, experienced delays in the start period compared to our initial expectations. Additionally, the activity among regional and overseas owners was slow compared to the same period

of the previous fiscal year. As a result, the “support” pre-orders decreased by 2.2% year on year to ¥12,644,500 thousand.

We have thoroughly controlled SG&A expenses, particularly advertising expenses, based on our internal ROI standards, and have proactively scrutinized unnecessary costs, while at the same time striving to improve cost effectiveness.

As a result, for the period under review, the Company recorded net sales of ¥2,731,751 thousand (down 1.7% year on year), an operating loss of ¥114,084 thousand (operating loss of ¥459,644 thousand in the same period of the previous fiscal year), an ordinary loss of ¥110,983 thousand (ordinary loss of ¥454,328 thousand in the same period of the previous fiscal year) and a loss of ¥162,106 thousand (loss of ¥462,569 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 ¥1,258,088 thousand from the previous fiscal year-end to ¥6,697,122 thousand.

Current assets decreased by ¥1,303,999 thousand to ¥5,757,288 thousand. The main components included a decrease of ¥1,036,099 thousand in cash segregated as deposits.

Non-current assets increased by ¥47,835 thousand to ¥939,834 thousand. The main components included an increase of ¥222,785 thousand in intangible assets and a decrease of ¥174,540 thousand in investments and other assets.

Liabilities

At the end of the quarter under review, liabilities decreased by ¥1,103,755 thousand from the previous fiscal year-end to ¥1,745,638 thousand.

Current liabilities decreased by ¥1,094,907 thousand to ¥1,695,926 thousand. The main components included a decrease of ¥1,067,681 thousand in deposits received.

Non-current liabilities decreased by ¥8,848 thousand to ¥49,711 thousand. The main components included a decrease of ¥9,260 thousand in provision for continuous services benefits.

Net assets

At the end of the quarter under review, net assets decreased by ¥154,332 thousand from the previous fiscal year-end to ¥4,951,484 thousand. The main components included a decrease of ¥162,106 thousand in retained earnings due to the recording of a loss.

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

The Company has been actively implementing measures targeting repeat owners and repeat supporters to provide a better experience for both owners and supporters, especially through the Makuake service, and thereby encourage their repeat use of our site.

However, due to the ongoing high prices of raw materials and inflation, we have observed some changes in the project publications by owners and the “support” pre-orders by supporters. Additionally, many of the high-quality new and repeat owners’ projects, which we began acquiring from the quarter under review, have experienced delays in the start period compared to our initial expectations. As a result, the performance for the nine months ended June 30, 2024, fell below our planned levels.

Given that the external environment is expected to remain similar in the future, and considering that the period of high-quality project publications may continue to fluctuate due to owners’ circumstances, we have revised our financial forecasts disclosed on October 24, 2023. The revised figures are as follows: net sales of ¥3,603 million (down 5.4% year on year), operating loss of ¥97 million (operating loss of ¥489 million in the same period of the previous fiscal year), and ordinary loss of ¥93 million (ordinary

loss of ¥482 million in the same period of the previous fiscal year). Furthermore, due to the booking of a loss on valuation of investment securities as an extraordinary loss, loss has been revised to ¥152 million (loss of ¥491 million in the same period of the previous fiscal year).

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,148,698	4,040,677
Cash segregated as deposits	2,265,771	1,229,671
Accounts receivable - trade	483,759	363,457
Other	170,340	130,764
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	7,061,287	5,757,288
Non-current assets		
Property, plant and equipment	4,664	4,255
Intangible assets	541,620	764,405
Investments and other assets		
Other	353,250	178,710
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	345,713	171,173
Total non-current assets	891,998	939,834
Deferred assets	1,924	–
Total assets	7,955,211	6,697,122
Liabilities		
Current liabilities		
Income taxes payable	28,866	20,799
Deposits received	2,301,067	1,233,386
Other	460,900	441,741
Total current liabilities	2,790,834	1,695,926
Non-current liabilities		
Provision for retirement benefits	2,435	3,839
Provision for continuous services benefits	55,132	45,872
Other	992	–
Total non-current liabilities	58,560	49,711
Total liabilities	2,849,394	1,745,638
Net assets		
Shareholders' equity		
Share capital	3,127,283	3,134,287
Capital surplus	3,127,283	3,134,287
Retained earnings	(1,202,840)	(1,364,947)
Treasury shares	(625)	(659)
Total shareholders' equity	5,051,101	4,902,969
Share acquisition rights	54,715	48,515
Total net assets	5,105,816	4,951,484
Total liabilities and net assets	7,955,211	6,697,122

(2) Quarterly statement of income

(Thousands of yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Net sales	2,779,726	2,731,751
Cost of sales	533,804	639,302
Gross profit	2,245,922	2,092,448
Selling, general and administrative expenses	2,705,567	2,206,533
Operating loss	(459,644)	(114,084)
Non-operating income		
Interest income	4	6
Dividend income	31	22
Lecture's fee income	5,912	3,855
Subsidy income	3,656	340
Other	1,382	823
Total non-operating income	10,987	5,046
Non-operating expenses		
Amortization of share issuance costs	5,491	1,924
Other	180	20
Total non-operating expenses	5,671	1,945
Ordinary loss	(454,328)	(110,983)
Extraordinary income		
Gain on sale of non-current assets	-	111
Gain on reversal of share acquisition rights	-	6,200
Total extraordinary income	-	6,311
Extraordinary losses		
Loss on valuation of investment securities	-	78,240
Total extraordinary losses	-	78,240
Loss before income taxes	(454,328)	(182,912)
Income taxes - current	8,241	8,287
Income taxes - deferred	-	(29,093)
Total income taxes	8,241	(20,806)
Loss	(462,569)	(162,106)

(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.

Additional information

In the three months ended March 31, 2024, the Company has shortened the remittance schedule for project owners in the Makuake service, a “support” pre-order platform. Previously, the remittance date was the third business day of the second month following the month in which projects had ended; however, it has been changed to the 25th of the month following the month in which projects end. This is expected to further enrich supporters' experience of “support” pre-orders by helping project owners improve their cash flows and facilitating the smooth provision of products and services for which “support” pre-orders are placed.

As a result, cash segregated as deposits and deposits received in the quarterly balance sheet decreased by ¥1,095,418 thousand, respectively.

Segment informationSegment 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.

Notes to statement of cash flows

The Company has not prepared the quarterly statement of cash flows for the nine months ended June 30, 2024. Depreciation (including amortization of intangible assets) for the nine months ended June 30, 2024 is as follows.

	(Thousands of yen)	
	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Depreciation	12,854	82,849