

Makuake

Business Plans and Matters Related to High Growth Potential

December 20, 2024

Makuake, Inc.



01 Company Overview

The World Makuake Aspires For

- Guided by our vision and mission, we are striving for society enriched through the connection of the "new" that consumers seek and the "new" that companies wish to introduce to the world

Vision

Create a world where worthy things
can come to be, grow and endure

Mission

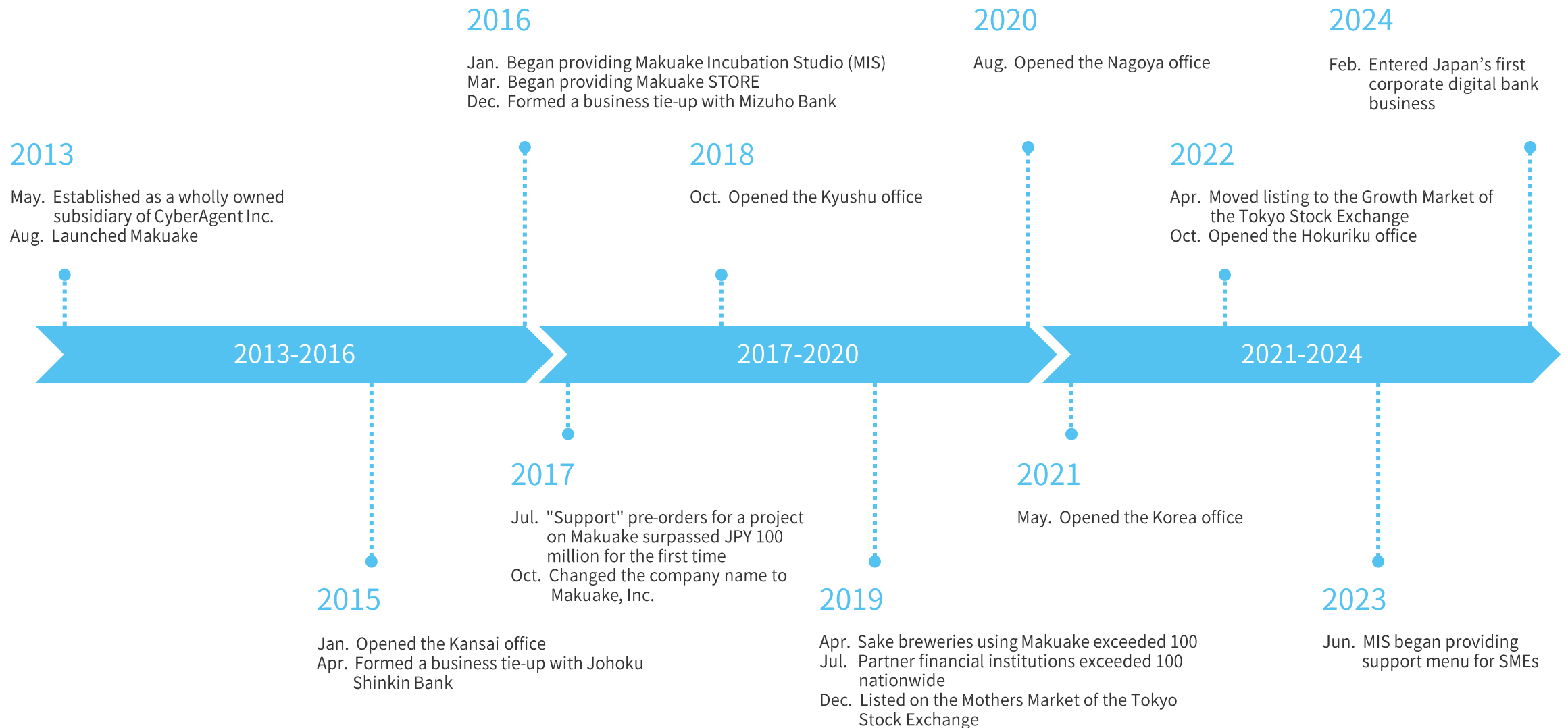
Connect the world through the
creation of the “new”

Standard

Support taking on challenges
Insist on speed
Aim for the sublime

Company Name	Makuake, Inc.
Head Office Location	2-16-1 Shibuya, Shibuya-ku, Tokyo
Listed Market	Tokyo Stock Exchange Growth Market
Date of Establishment	1 May, 2013

History



Management Team Introduction

— Non-Audit & Supervisory Committee Member Directors
— Audit & Supervisory Committee Member Directors



Ryotaro Nakayama
CEO



Humiaki Kiuchi
Representative Director



Go Nakayama
Non-executive Director



Hisashi Katsuya
Non-executive Director



Chiaki Ashida
Non-executive Director



Noriaki Kushida
Non-executive Director



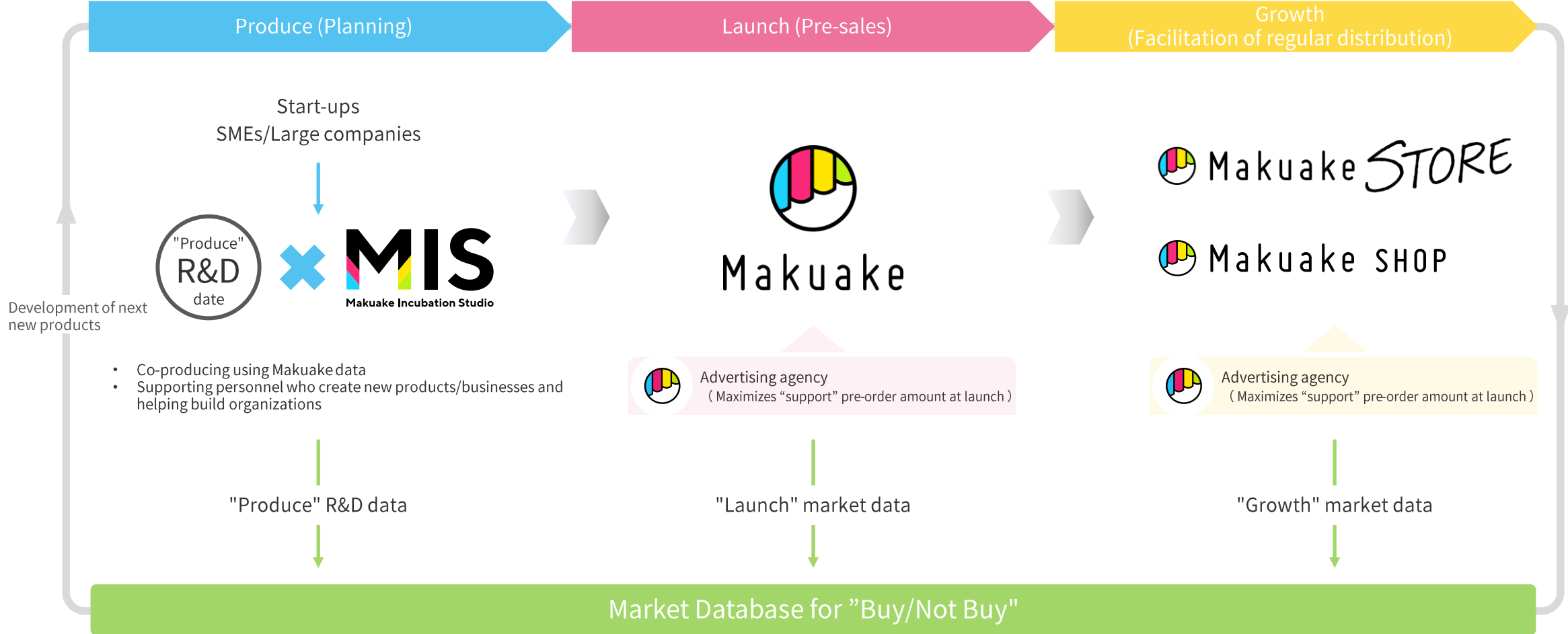
Haruki Oyama
Non-executive Director



02 Business Overview

Ecosystem of Makuake Service in the Distribution Market

- By providing wide-ranging support from new product and service planning phase to their launch and sales expansion after mass production, we accumulate various market data. Using these data, we provide businesses insights for their next new product while continuously offering consumers something new



Makuake—Venue for Launch of New Products and Services

- We are a marketplace where consumers can buy premiering new products and services faster through “support” pre-orders



Products Launched through Makuake

- In addition to goods, a range of new products, including experiences such as new store openings and tickets to entertainment works, across a broad spectrum of genres from various regions are premiered daily on Makuake

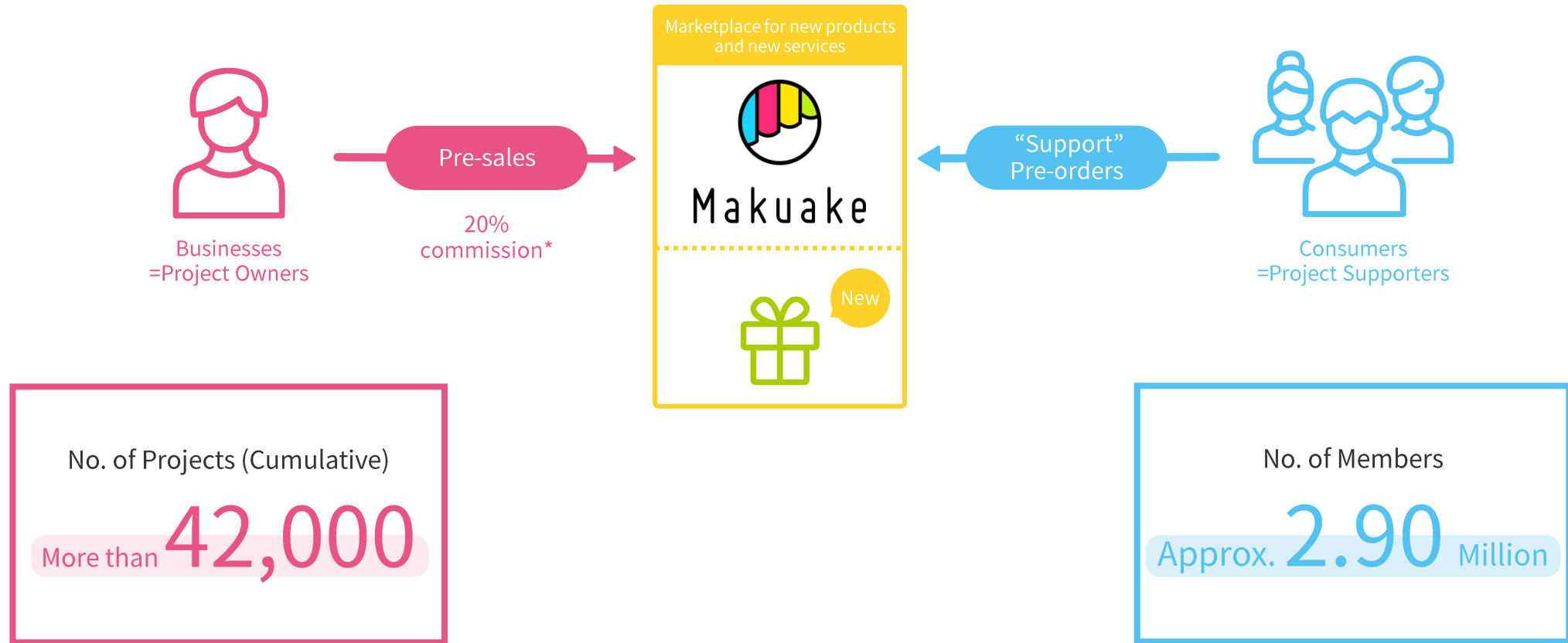
Gadgets		Alcoholic beverages		Labor-saving essentials	
Fashion	Restaurants and food		Leisure	Entertainment	

Goods

Experiences

Makuake's Business Model

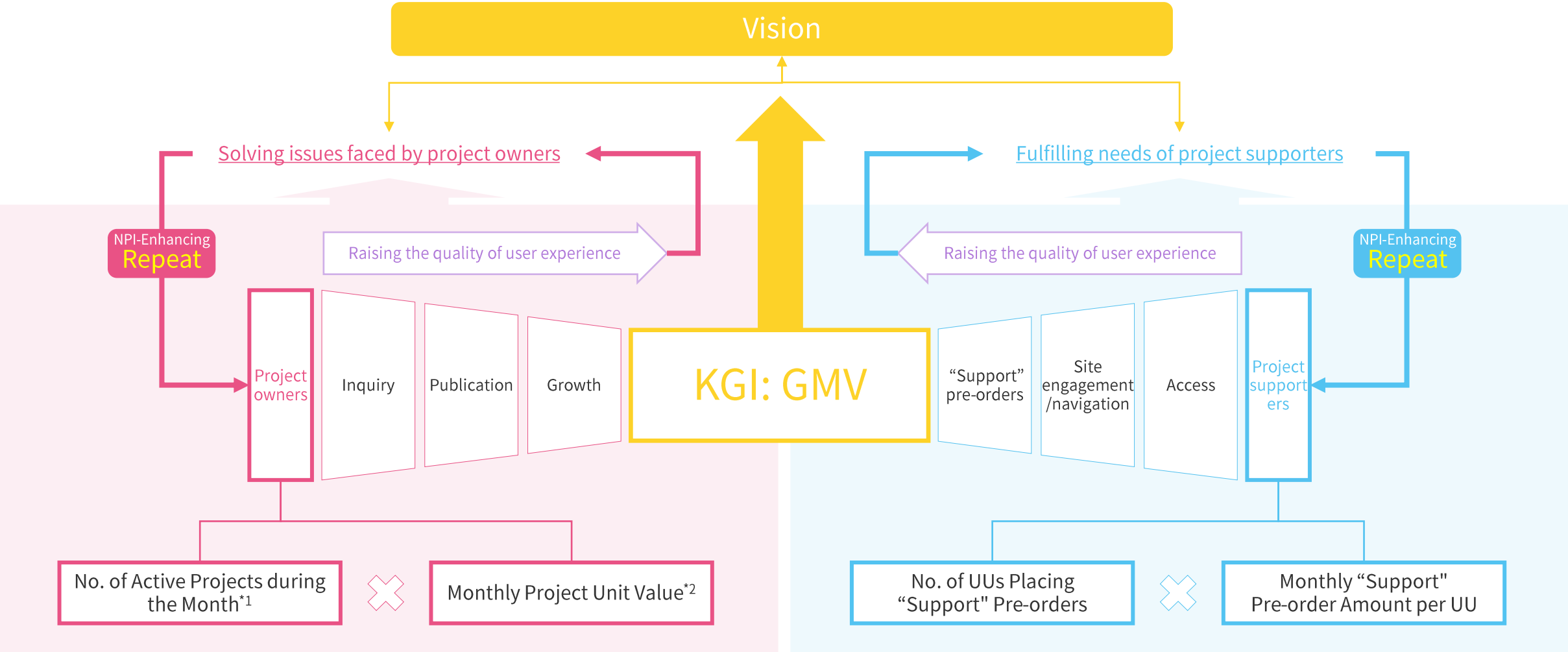
- Businesses can pre-sell their new products and services still in the planning phase on Makuake, while consumers, in the spirit of cheering on, can pre-purchase their products of interest through “support” pre-orders



* New commission of 20% excluding tax (22% including tax): Applied to projects published from October 1, 2024, onward as a consequence of inquiries received through July 21. This also applied to project publications arising from inquiries received after July 22

Factor Analysis of Makuake's Service Structure

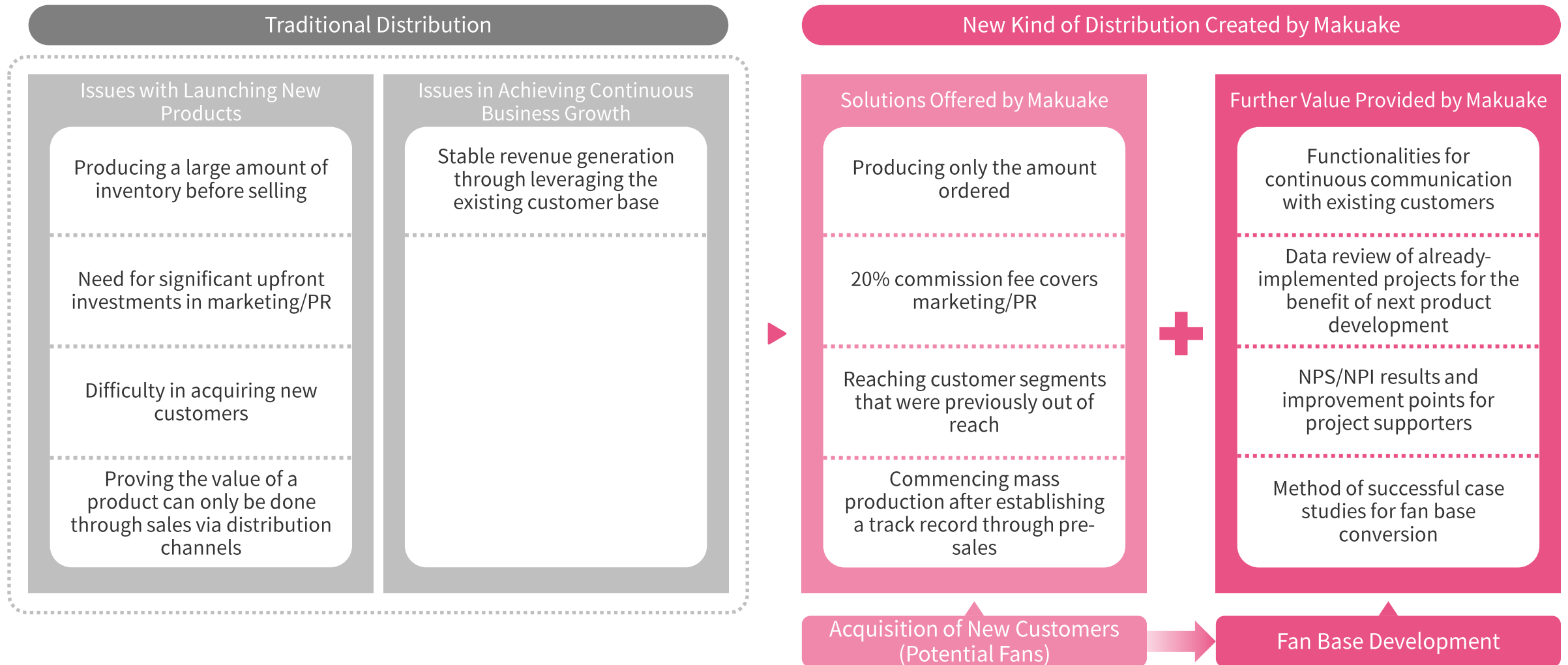
- GMV, a KGI of Makuake, can be broken down into factors relating to project owners and supporters. These factors multiply to drive accelerated growth



*1 Number of Active Projects during the Month: The total number of projects that had pre-sales during the month
 *2 Monthly Project Unit Value: The average amount of "support" pre-orders generated by active projects during the month

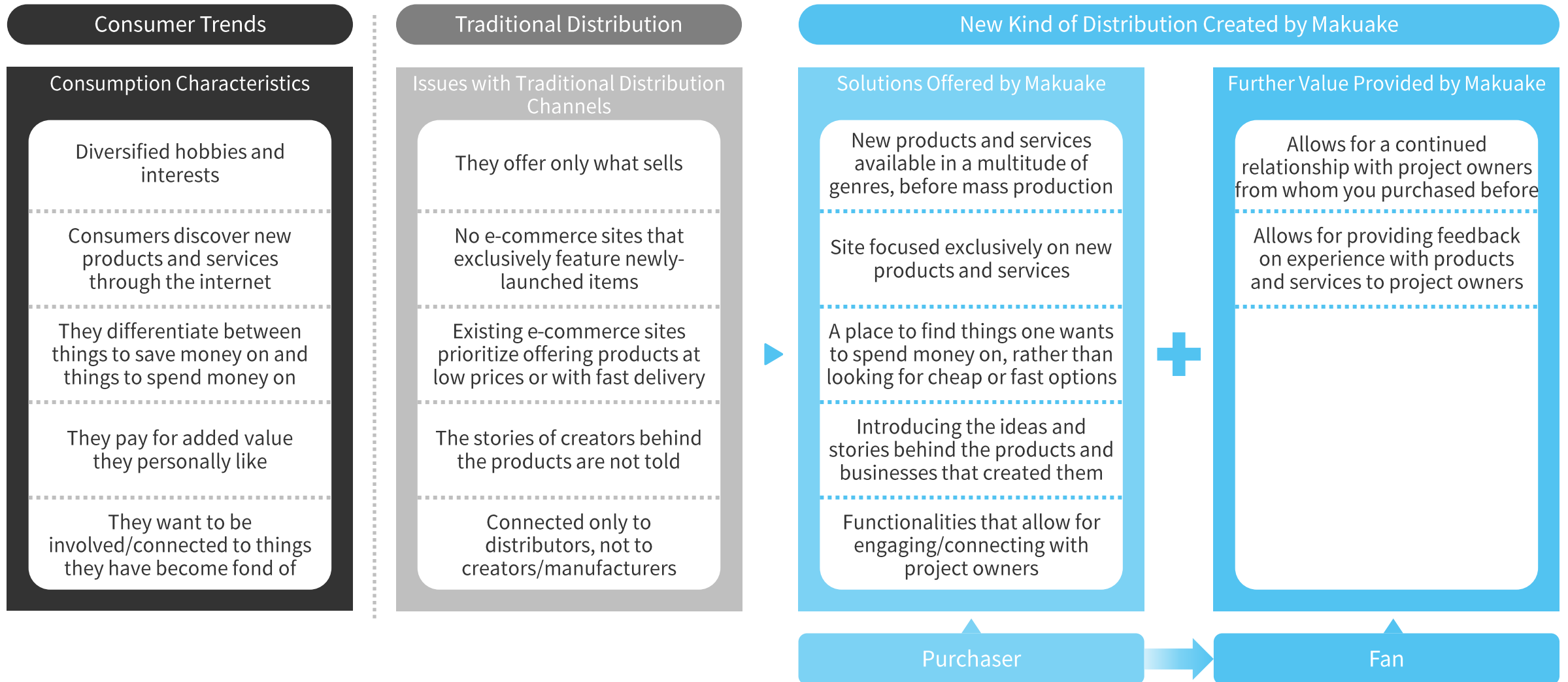
Value Provided by Makuake: Businesses

- We not only help businesses avoid the risks and burdens of distribution but also support the creation of a structure to develop new products for sustainable business growth and provide a mechanism that can turn customers of the businesses we serve into a loyal fan base



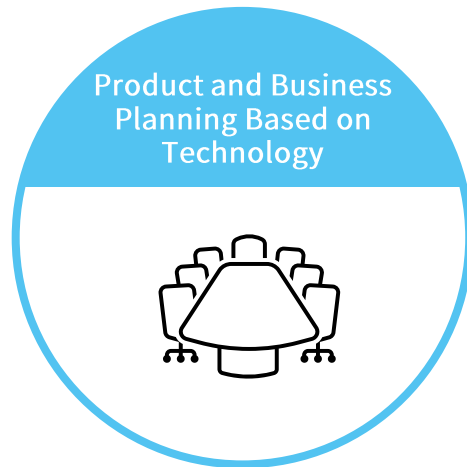
Value Provided by Makuake: Consumers

- We offer a unique purchasing experience that caters to the current needs of consumers, allowing them to go beyond being mere buyers. By connecting them with project owners and fostering mutual interaction, we help customers become fans of the project owners, and ultimately, fans of Makuake



Makuake Incubation Studio (MIS)

- We accompany businesses in accurately conveying the value of their technology and in branding it, supporting "social implementation of R&D technologies." We receive commissions based on the support we provide



Production of technology application development to commercialization

Co-produce new products and new businesses with manufacturers, from the initial planning stage all the way through to market launch



Intrapreneur production

Offering a series of programs on mechanisms of business creation and development of human resources, based on real-world experience



Sales expansion production

Support planning and execution of marketing strategies for general sales, primarily online, following project launch and presale on Makuake

Case Study of Support Provided by Makuake Incubation Studio



SHARP

Garnered a record-breaking amount of "support" pre-orders in the alcoholic beverages category at the time, generating significant buzz. The product was featured in numerous media outlets, leading to an increase in B2B inquiries from various companies

- Establishment of vision/mission
- Product planning
- Business matching
- Brand naming
- Brand logo development
- Experience value design
- Development of copy and key visuals
- Creation of Makuake page
- Promotion support



Canon

Achieved sales of JPY 100 million within four days of launch on Makuake, setting a record for the platform at the time. By the end of the project, "support" pre-orders amounted to over JPY 160 million. The product also won the Good Design Award in 2021

- Experience value design
- Development of copy and key visuals
- Creation of Makuake page
- Promotion support



MIZUNO

All 2,000 pairs were sold out within 14 days of launch on Makuake, raising over JPY 23 million in "support" pre-orders by the end of the project. Subsequently, the product became the top-selling item in the shoes category on the client's own e-commerce site

- Product planning
- Experience value design
- Copy and key visual development support
- Creation of Makuake page
- Promotion support
- Brand website creation for general sales



LIXIL

Generated over JPY 58 million in "support" pre-orders by the time the project concluded on Makuake, attracting significant attention. The product was featured in various media outlets, leading to an increase in B2B inquiries from long-term care facilities among others

- Establishment of vision/mission
- Product planning
- Brand naming
- Brand logo development
- Experience value design
- Development of copy and key visuals
- Creation of Makuake page
- Promotion support

Other Services

- We are aiming to maximize the Makuake ecosystem by offering various services related to Makuake's operations

Makuake STORE

Service selling products created in Makuake on Makuake-owned e-commerce website



Commission: 20% of sales

Makuake SHOP

Service exhibiting/selling products from project owners at Makuake-run physical storefronts



Commission:
Several percentage of sales

Advertising Delivery Agency

Online advertising agency services for projects listed on Makuake at the request of the project owner



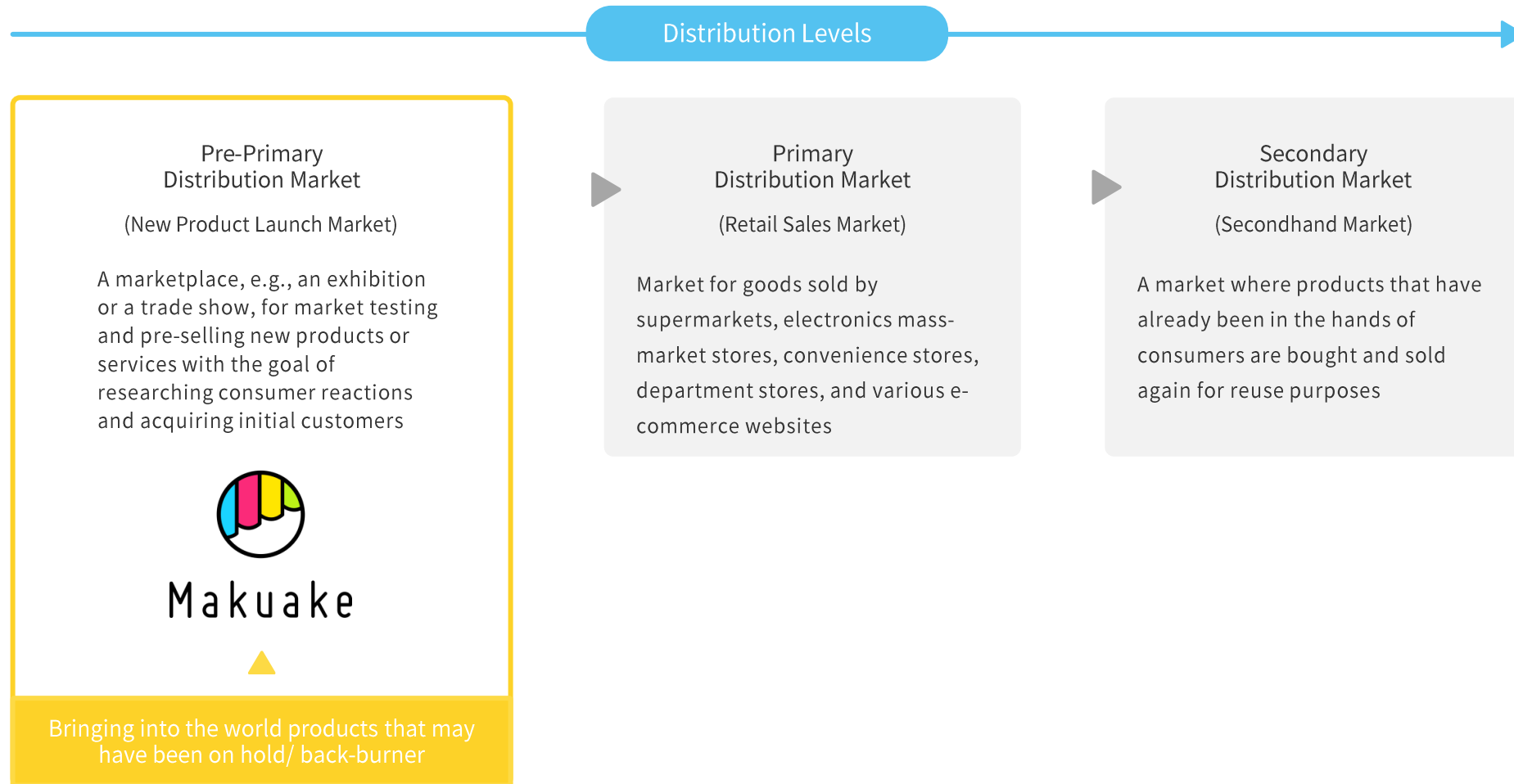
Commission:
Several percentage of ad distribution value



03 Target Markets and Market Environment

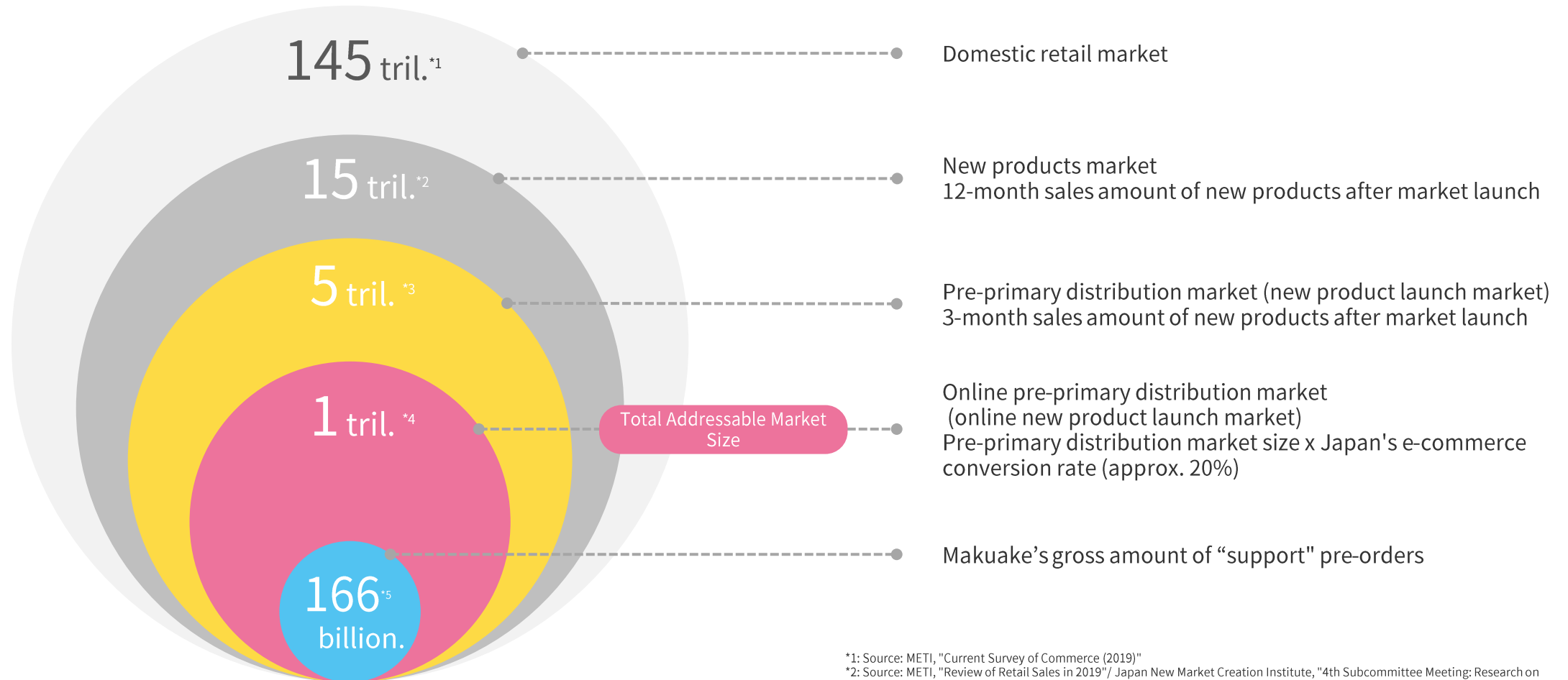
Target Market

- By developing and fostering a new market--the "Pre-Primary Distribution Market", which no one was able to move online due to technological barriers and operational complexity, Makuake continues to strive to create an environment that makes it easier for new products and services to come into being



Target Market Size: Maximum Potential Market Size for New Products (Goods)

- We recognize that the JPY 1 trillion online pre-primary distribution market, which is a subset of the pre-primary distribution market (the new product launch market), is the total addressable market for Makuake



*1: Source: METI, "Current Survey of Commerce (2019)"

*2: Source: METI, "Review of Retail Sales in 2019"/ Japan New Market Creation Institute, "4th Subcommittee Meeting: Research on New Product Success Using Big Data Analytics"; size of the retail industry x ratio of new product sales to retail sales

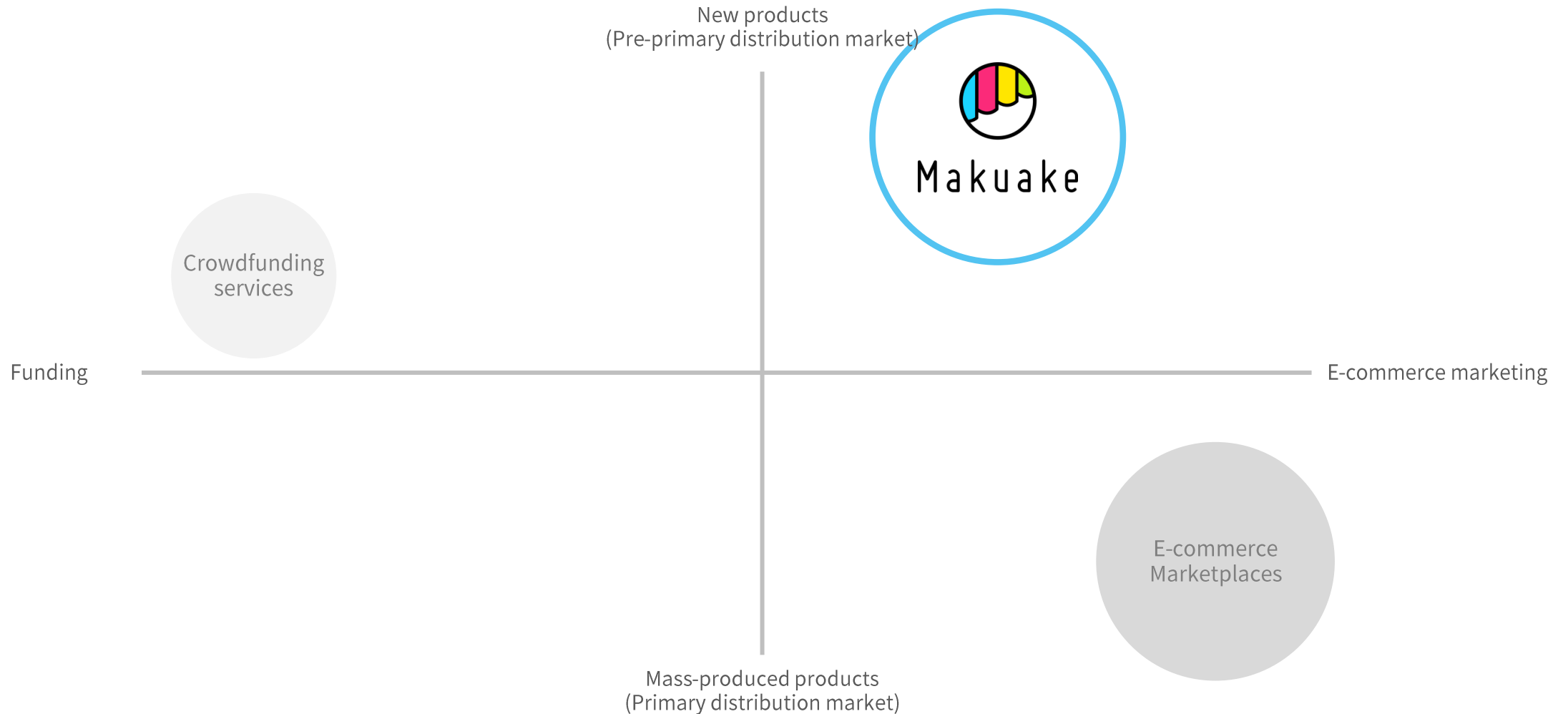
*3: Market size three months post-launch, when new product sales peak (Company estimate)

*4: Size of the e-commerce market within the new products market (Company estimate)/ Company estimate based on the growth rate of the B2C e-commerce market from NRI's "IT Navigator 2019 Edition"

*5: Total amount of "support" pre-orders for FY2024/9 at the Company

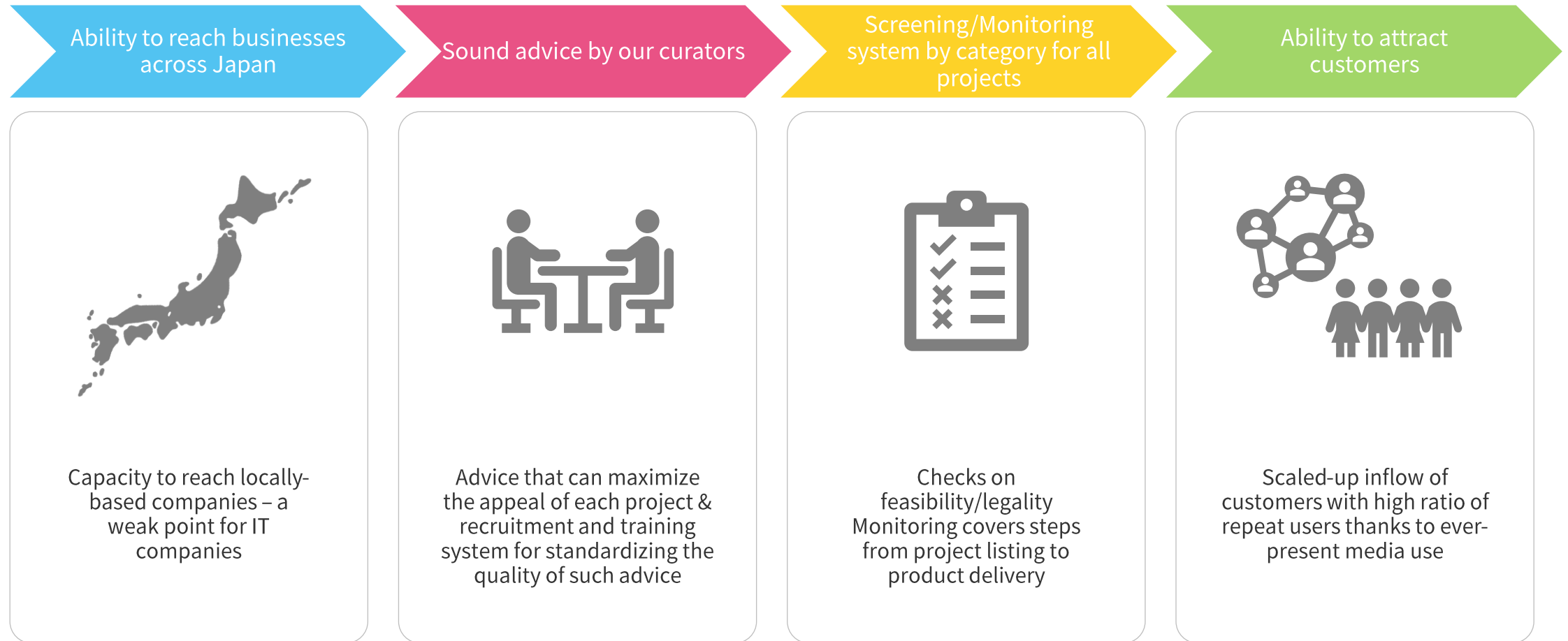
Makuake's Competitive Environment

- By establishing a pre-sales model that specializes in new products and services before their general distribution, we have established a unique position differentiated from conventional e-commerce marketplaces and crowdfunding sites--we are thus operating our business as a standalone player



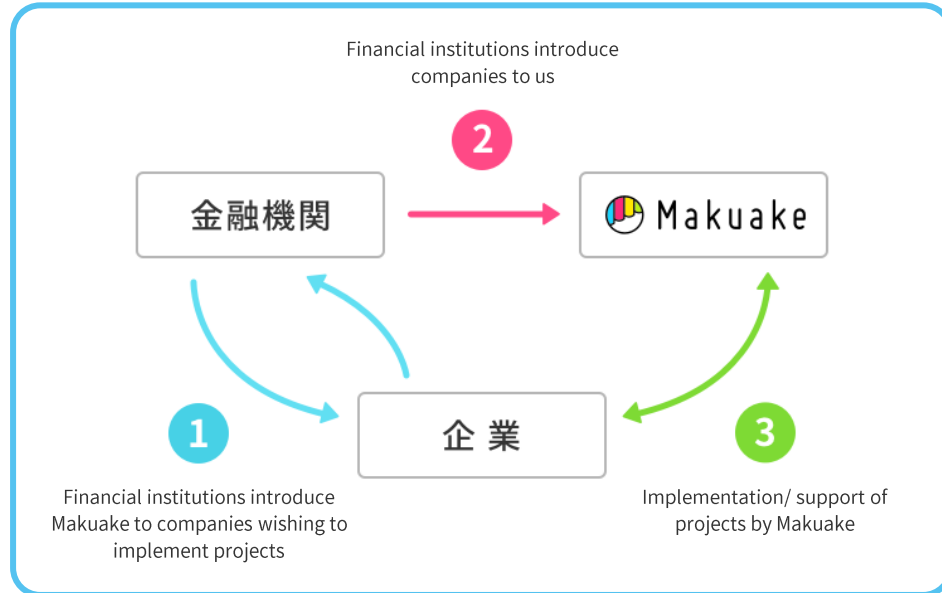
Competitive Advantage

- By combining our strengths, we are able to offer a service – continuous introduction of new products ahead of the primary distribution market – that was not possible before



Competitive Advantage (1) Ability to Reach Businesses Across Japan

- We have established a system for securing quality projects through tie-ups with over 100 financial institutions nationwide and Makuake Incubation Studio



Approximately 100 financial institutions in Japan with cooperation arrangements

Simultaneously raises local awareness of Makuake's name and provides for project listings from local companies



Leading Companies in their Respective Industries

MIS proactively collaborates with large companies to create groundbreaking products that attract significant attention

Competitive Advantage (2) Curator Consulting Maximizes Project Appeal

- For all projects, the curator in charge supports maximizing appeal of the product's project page and the amount of “advocacy” buying it generates

Maximization of Project Page Appeal



今回、Makuakeでも多くの実績を持つAFUSTが日本の正規輸入販売代理店として立ち、新しい電動アシスト自転車「naicsports power 2.0」のプロジェクトを立ち上げました。本プロジェクトで製品の魅力を伝え、自転車通者のパートナーにしたいだけだと思います。

「naicsports power 2.0」6つのポイント

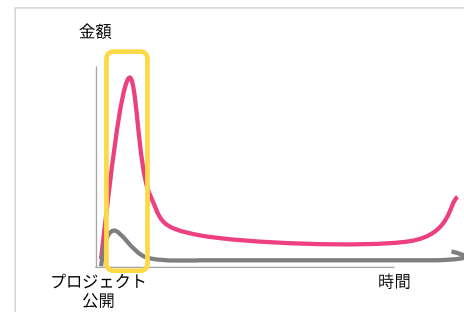
- 2つのバッテリーで最大100km走行可能。さらに自由に。
- 5段階のハイパワー電動アシストでどんな坂道も楽々走行。
- 7段変速ギアで走りさらに快適に。
- スッキリとした美しいデザイン。
- 街乗りに最適化したセッティング。
- 折り畳み楽々で持ち運び自由自在。



- | | | |
|---|--|---|
| 
ダブルバッテリー
100kmまで長距離対応 | 
5段階電動アシスト
軽快な走行を実感 | 
外装7段変速
信頼の高いシマノ製 |
| 
18kgで持ち運び楽々
簡単に折りたためる | 
20inchタイヤ
衝撃吸収＆安定性 | 
6カラー展開
スタイリッシュな走り |

- Advise on product and service concept management
- Advise on managing the target customer base for each project
- Advise on project posting details, stories, and page contents
- Refer design firms for webpage creation

Maximization of the Amount of “Advocacy” Buying



- Advise on promotion strategies
- Support PR on news media
- Support notifications through mail magazines, push notifications, and SNS
- Support customer acquisition through advertising
- Support product displays at brick-and-mortar stores

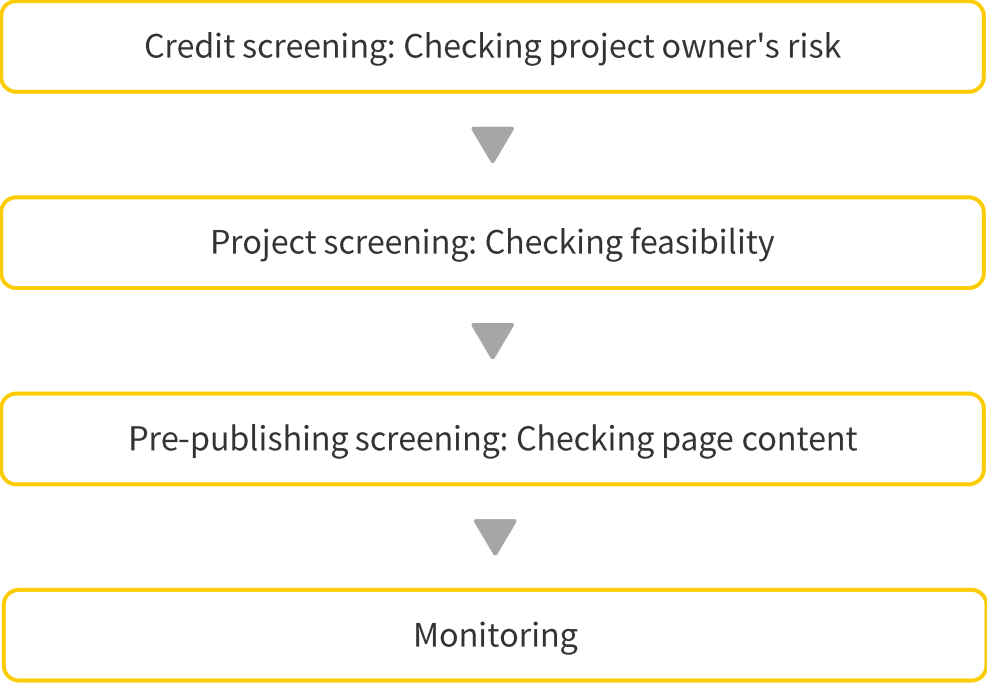


Competitive Advantage (3) Screening/Monitoring System by Category for all Projects

- In addition to inspecting all projects at three stages based on per-category screening items, we monitor execution from project listing to product delivery with the aim of building a safe and worry-free site, while continuously working on improving our operational efficiency

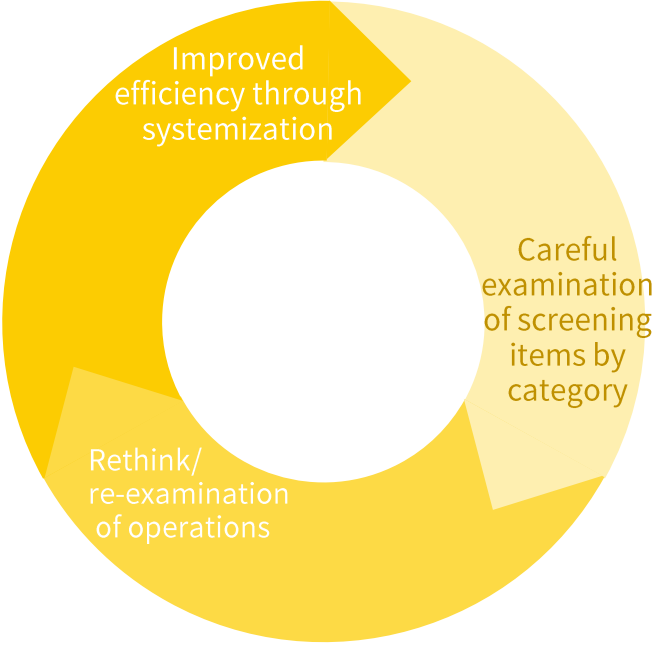
Screening/Monitoring System per Category

Screening/monitoring flow



Operations and Systems in Pursuit of Efficiency

Accumulated expertise on screening operations for over 10 years
Streamlined operations through systematization

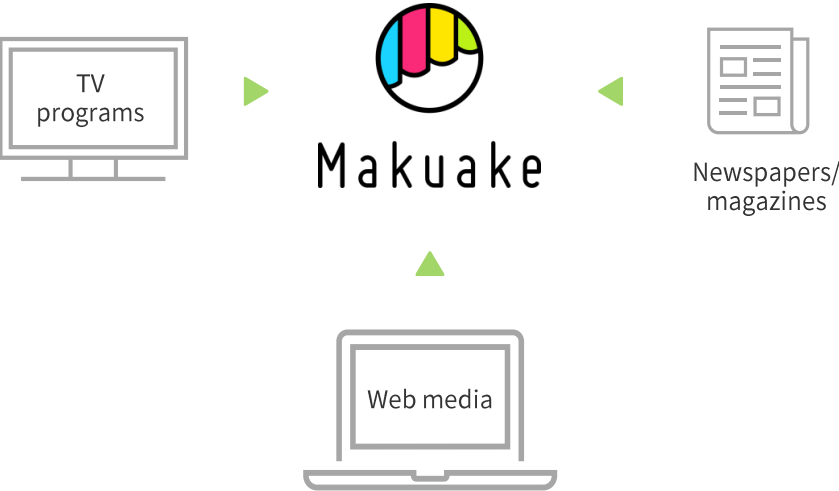


Competitive Advantage (4) Ability to Attract Customers

- In addition to an average of over 9,000 articles appearing every month in the news media about Makuake’s projects, our initiatives to attract customers have created a feedback effect where an increase in the number of projects leads to an increase in our ability to attract customers

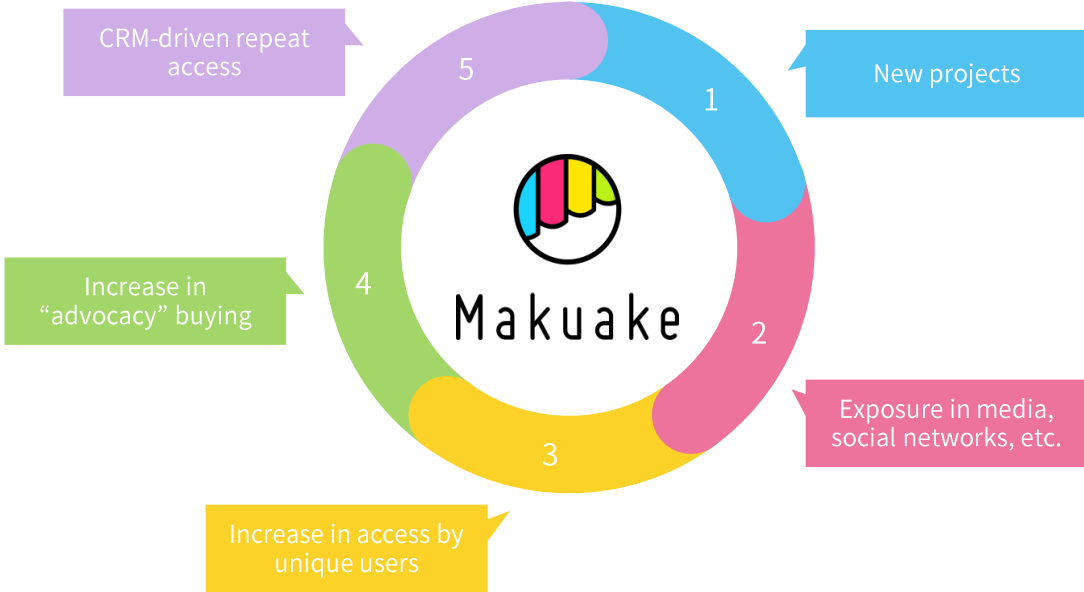
Average Monthly Media Coverage **9,000** articles

Makuake is recognized by the media as a marketplace where dozens of new products are launched every day, with an average of more than 9,000 Makuake-related articles written monthly



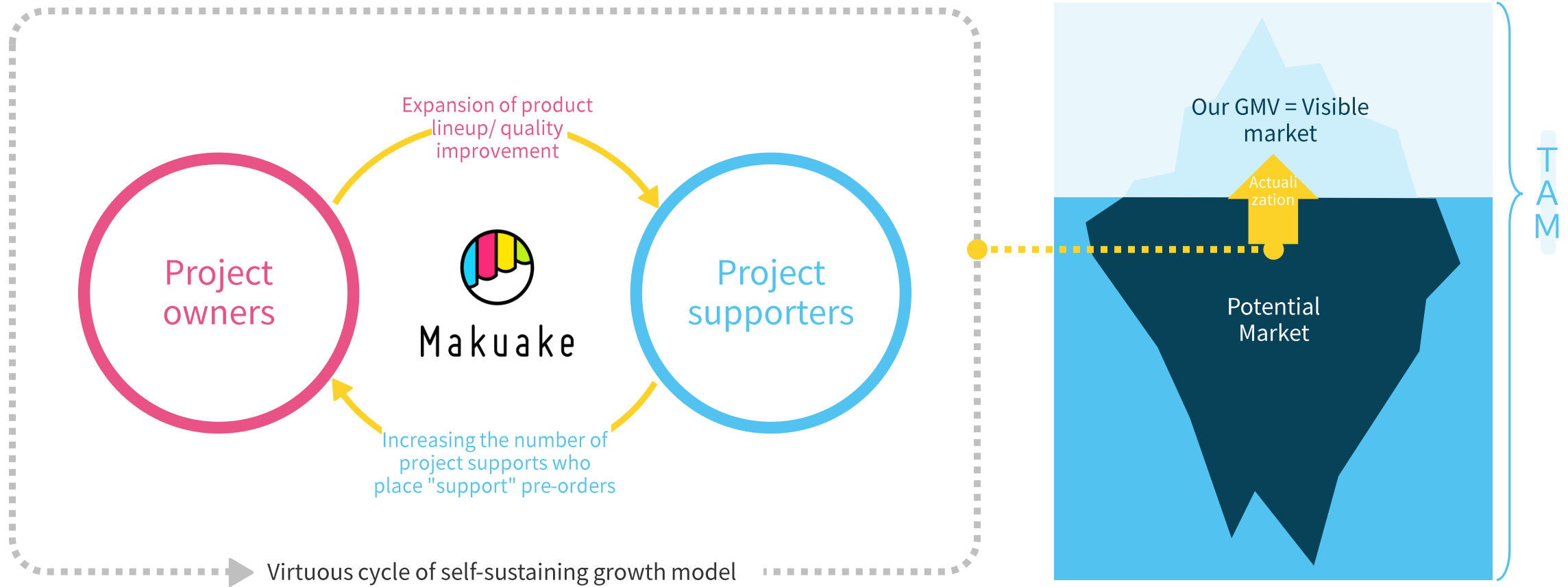
Access by Unique Users **900** Mil.+

Makuake is used as a medium for new products, a marketplace to encounter new products suiting users' own hobbies and tastes



Competitive Advantage (5) self-sustaining growth model

- Makuake operates on a self-sustaining growth model that enables both project owners and supporters to thrive, thus accelerating overall growth. We believe that the virtuous cycle of self-sustaining growth leads to GMV growth, which in turn actualizes our TAM





04 Financial Results for FY2024/9

Differences Between Financial Forecasts and Results for FY2024/9

- Both net sales and profits exceeded the full-year financial forecast announced on July 30, as in Q4, there was a partial change in the revenue structure following a revision of Makuake commissions received from project owners and the introduction of a system for receiving secure system usage fees from project supporters

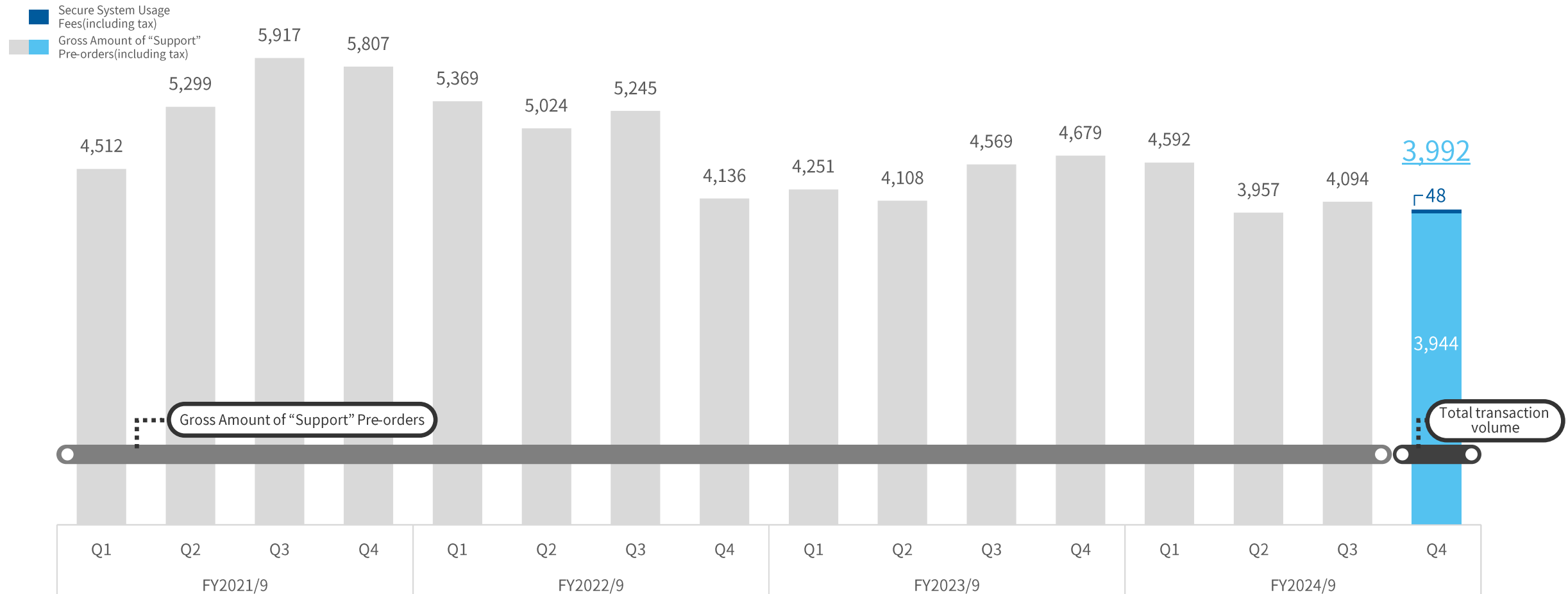
(Unit: JPY million)	FY2024/9 (Forecast announced on July 30)	FY2024/9 Results	Change	Percent Change
Total transaction volume* Sum of "support" pre-orders and secure system usage fees (including tax)	16,508	16,637	-	-
Net Sales	3,603	3,652	+48	+1.4
Operating Profit (Loss)	(97)	(62)	+34	-
Ordinary Profit (Loss)	(93)	(60)	+33	-
Net Income (Loss)	(152)	(103)	+48	-

* From Q4 FY2024/9, defined as a sum of "support" pre-orders and secure system usage fees

Total transaction volume*

- From Q4, we began applying a secure system usage fee to all projects appeared after August 2024, in line with which the total amount handled across all of our services came to JPY 3,992 million

(Unit: JPY million)

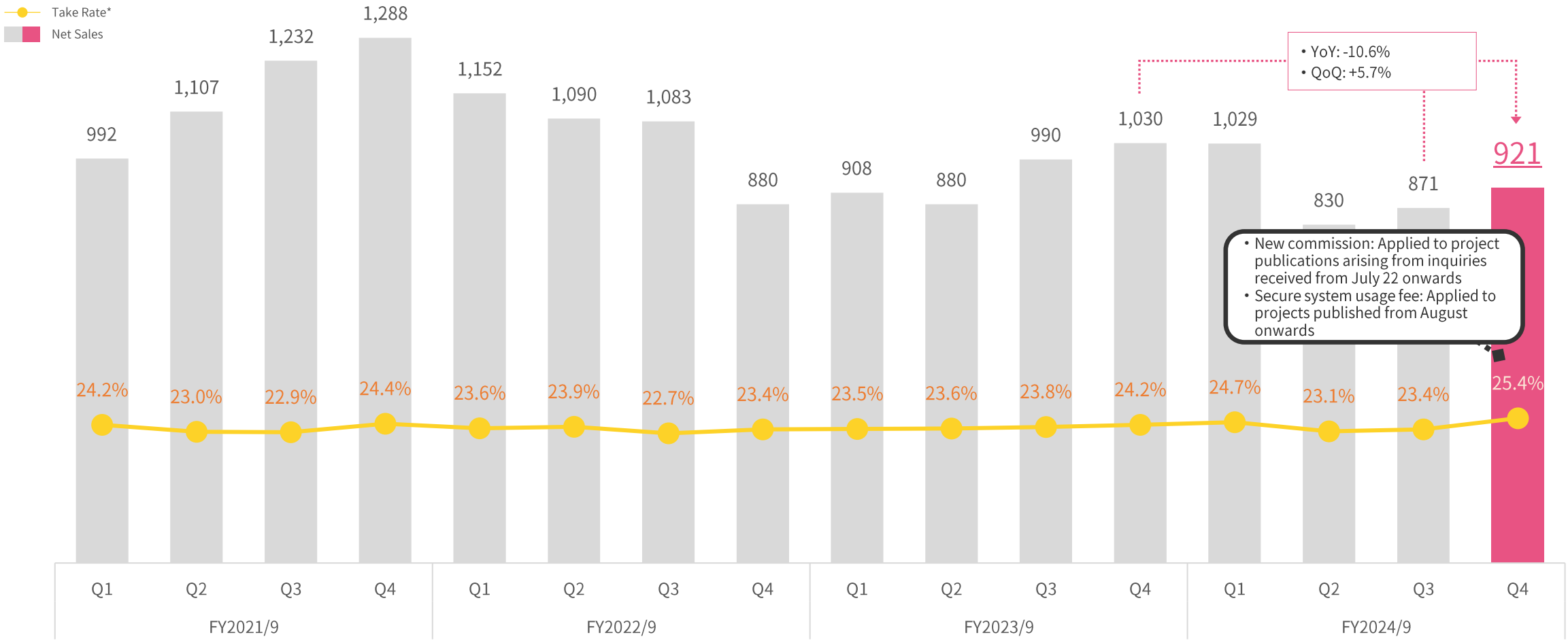


* Sum of "support" pre-orders and secure system usage fees (including tax)

Net Sales and Take Rate

- Net sales increased 5.7% QoQ due to the booking of secure system usage fees. The take rate increased 2.0pt QoQ due to the booking of secure system usage fees as well as some impact from an upward revision to Makuake commissions (to 20% excluding tax)

(Unit: JPY million)



• YoY: -10.6%
• QoQ: +5.7%

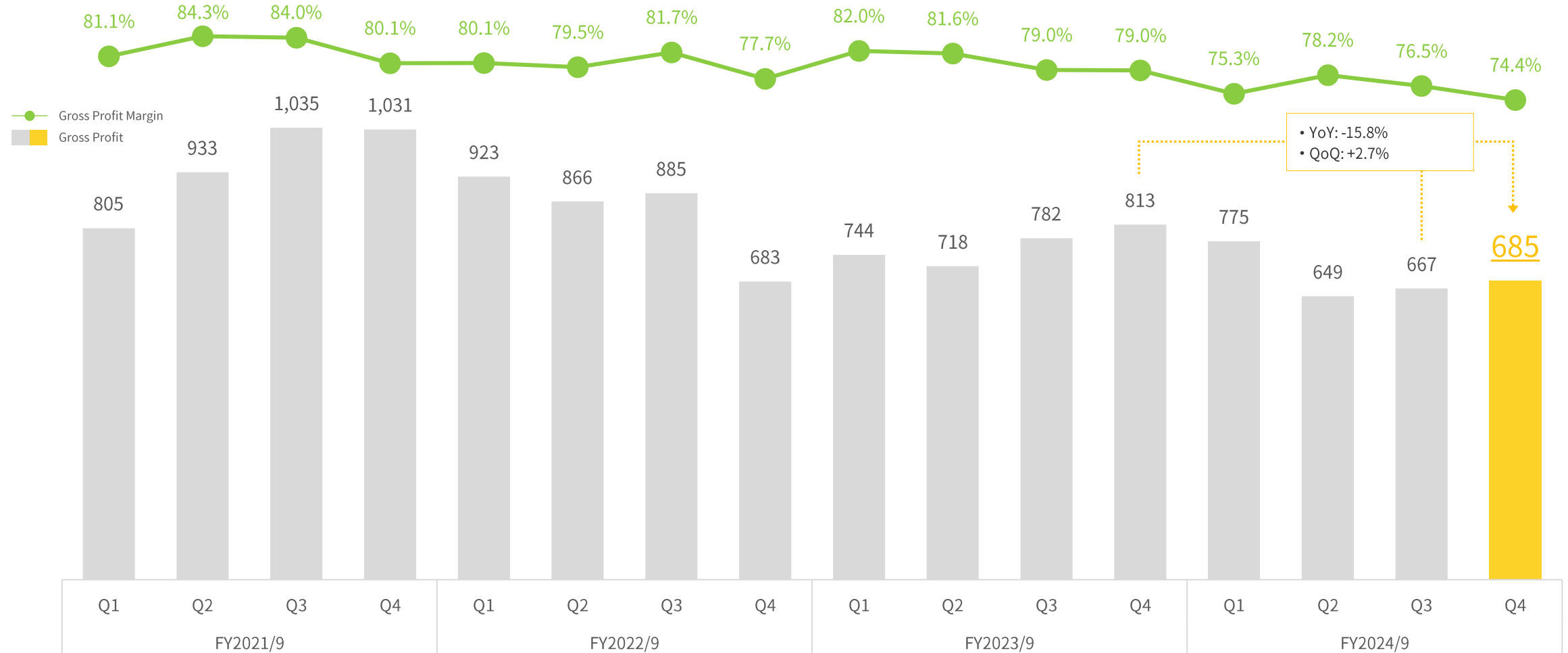
• New commission: Applied to project publications arising from inquiries received from July 22 onwards
• Secure system usage fee: Applied to projects published from August onwards

* Take rate up to Q3 FY2024/9 = Net sales ÷ ("support" pre-orders ÷ 1.1 [excluding tax]) / Take rate from Q4 FY2024/9 = Net sales ÷ (total transaction volume ÷ 1.1 [excluding tax])

Gross Profit and Gross Profit Margin

- Gross profit increased 2.7% QoQ, but the gross profit margin declined by 2.2pt QoQ as growth in “support” pre-orders through advertising agency services was weak, and the ratio of purchases to “support” pre-orders (= advertising agency sales cost) increased

(Unit: JPY million)

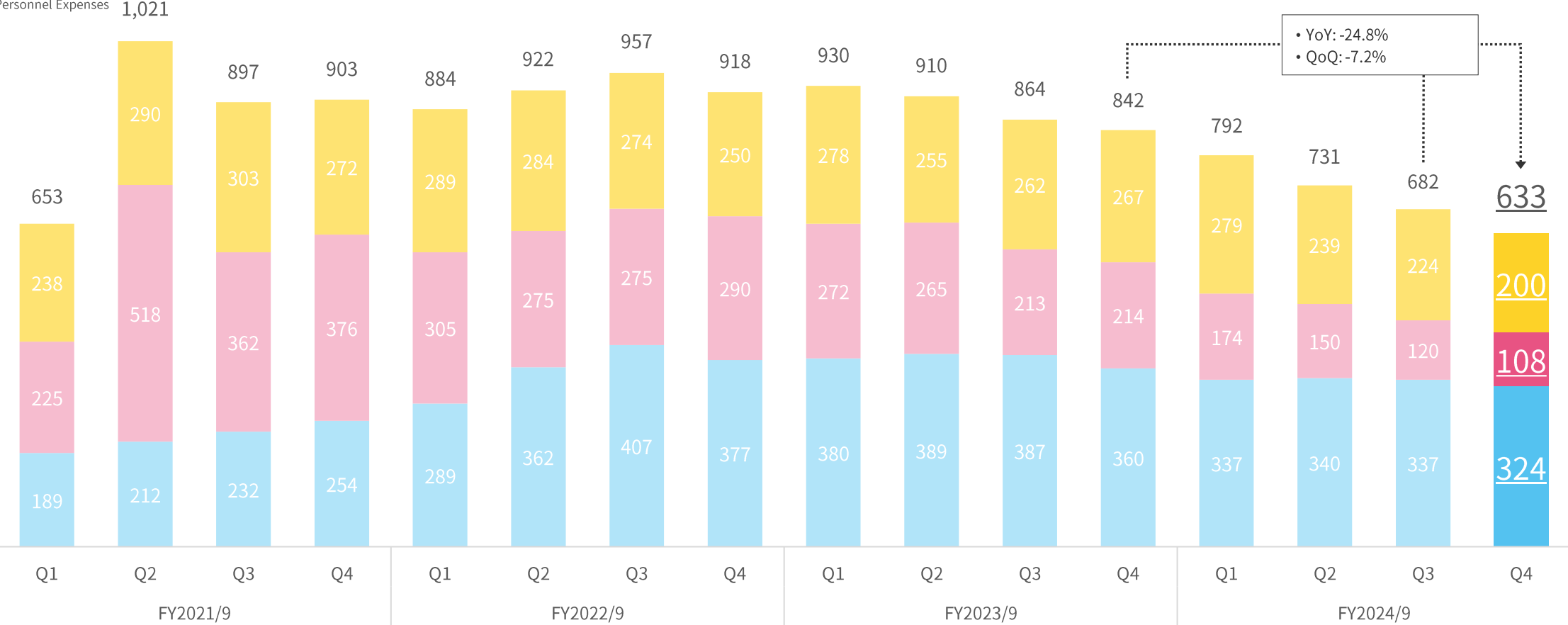
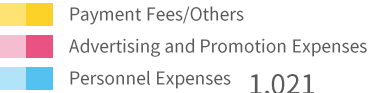


• YoY: -15.8%
 • QoQ: +2.7%

Selling, General, and Administrative Expenses

- We have greatly improved our cost structure through rigorous management of SG&A expenses, which were down 24.8% YoY and 7.2% QoQ in Q4

(Unit: JPY million)



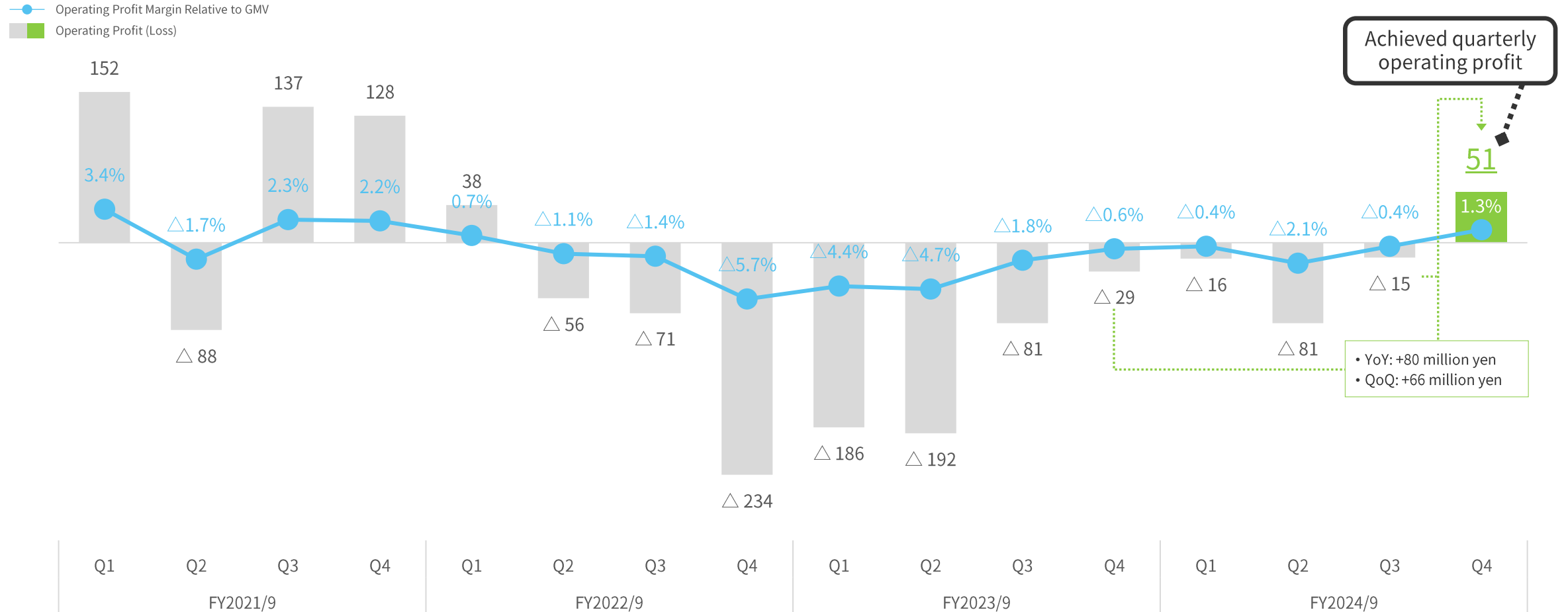
• YoY: -24.8%
• QoQ: -7.2%

Note: Some account titles aggregated into personnel expenses were revised as of Q2 FY2022/9

Operating Profit (Loss) and Operating Profit Margin Relative to GMV

- We achieved a quarterly operating profit of JPY 51 million in Q4 thanks to the booking of secure system usage fees and reduction in SG&A expenses, especially advertising and promotion expenses

(Unit: JPY million)



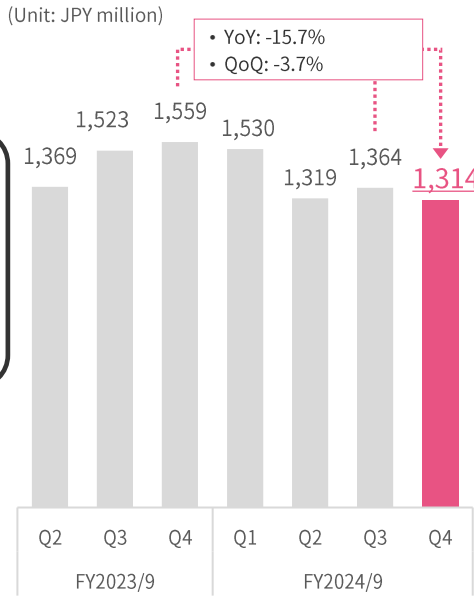
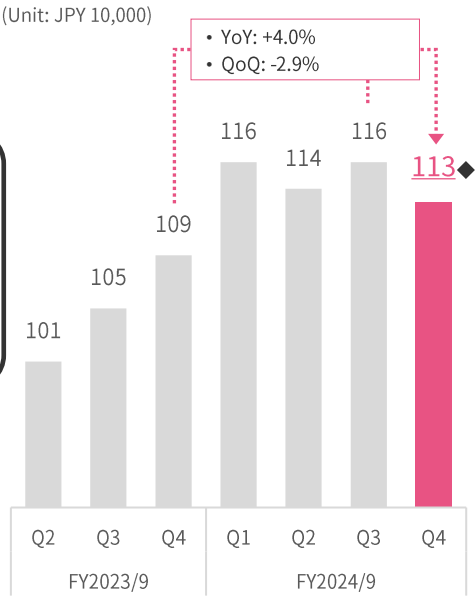
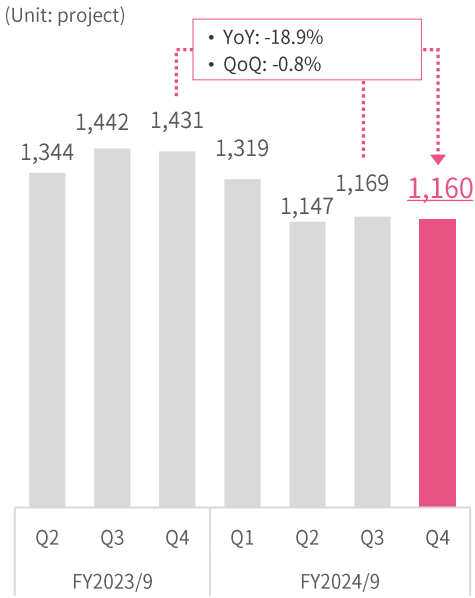
Key KPIs

- The number of active projects during the month fell slightly QoQ in Q4 as did the monthly project unit value, also resulting in a marginal QoQ decline in monthly "support" pre-orders. Lackluster growth in the number of active projects remains a hindrance to earnings growth

For the quarter:



Results



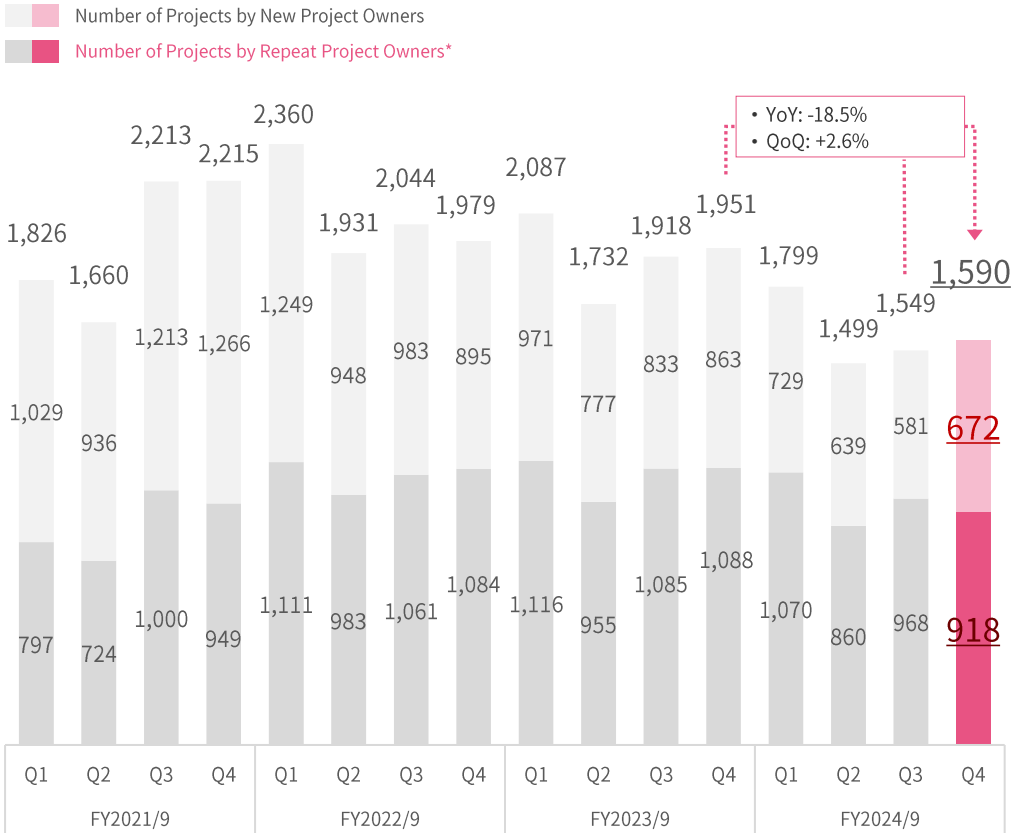
*1 Number of Active Projects during the Month: The total number of projects that had pre-sales during the month
 *2 Monthly Project Unit Value: The average amount of "support" pre-orders generated by active projects during the month

Other KPI (1)

- The number of project publications increased 2.6% QoQ, mainly due to growth in publications for new project owners. The value of “support” pre-orders decreased slightly for both new and repeat owners, and at 77.7%, the weighting of repeat “support” pre-orders remained largely unchanged QoQ

(Unit: project)

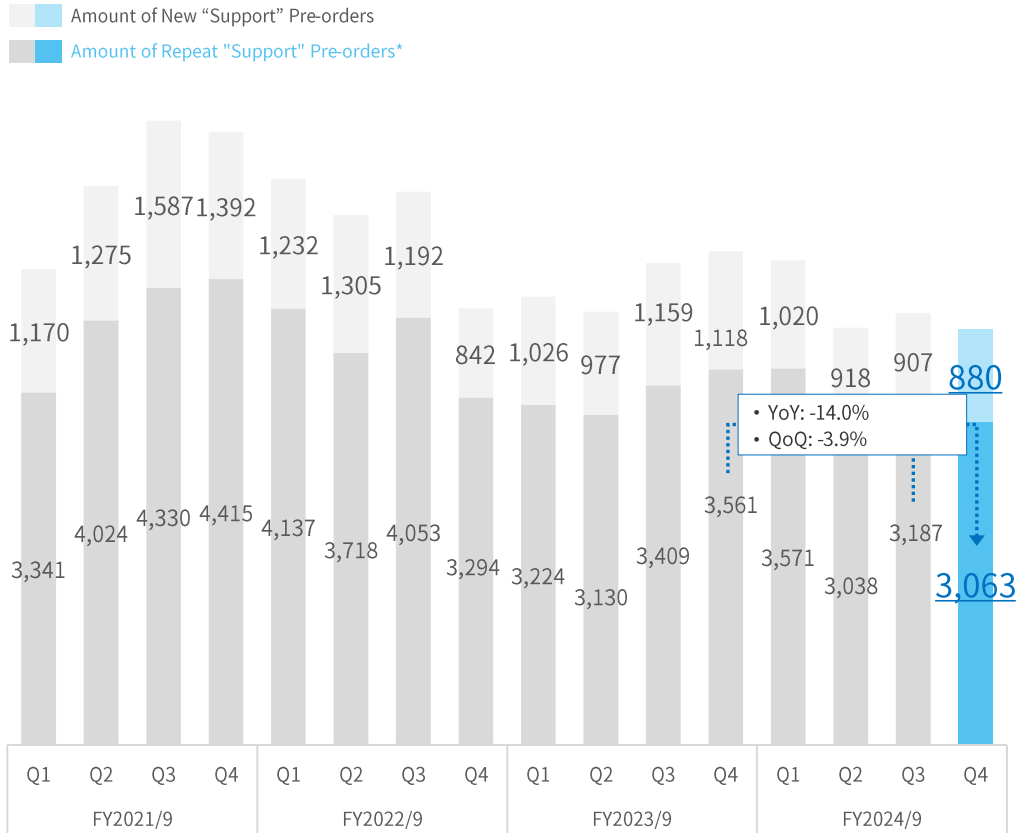
Number of New/Repeat Published Projects



*The number of projects published during the period by project owners who have had a previous project with us within the past year in the total number of projects

(Unit: JPY million)

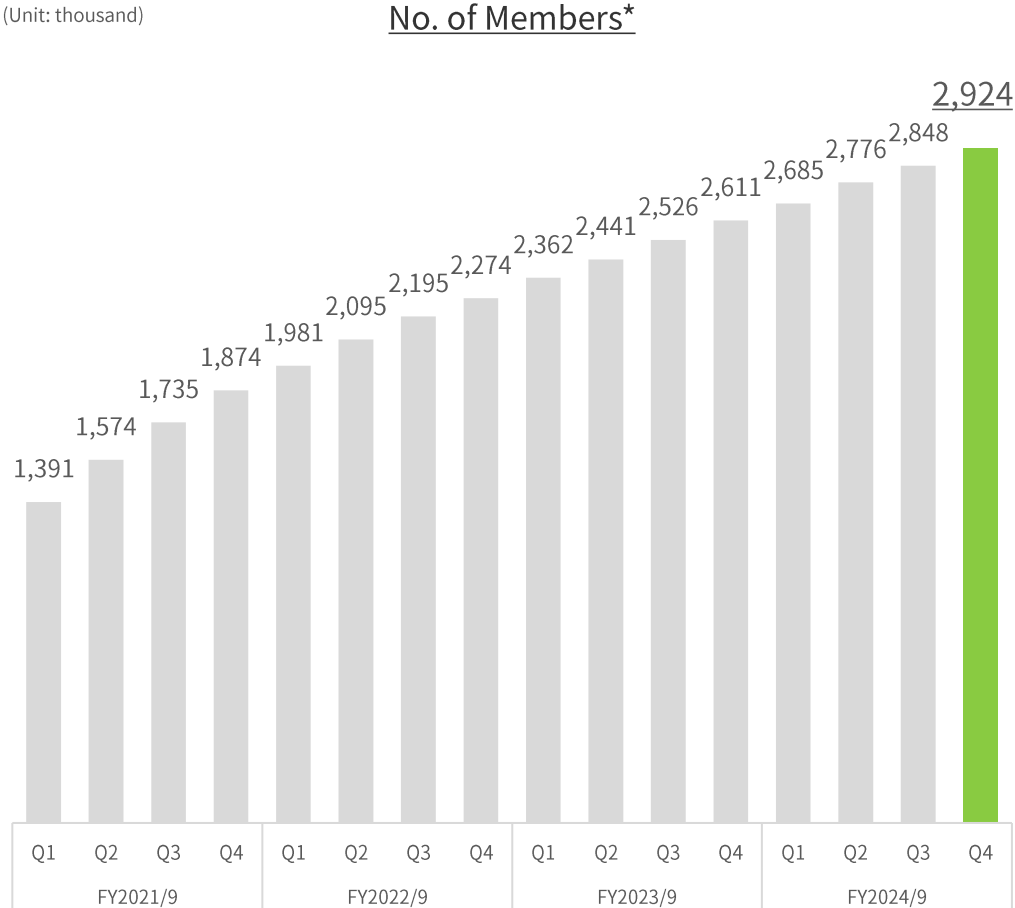
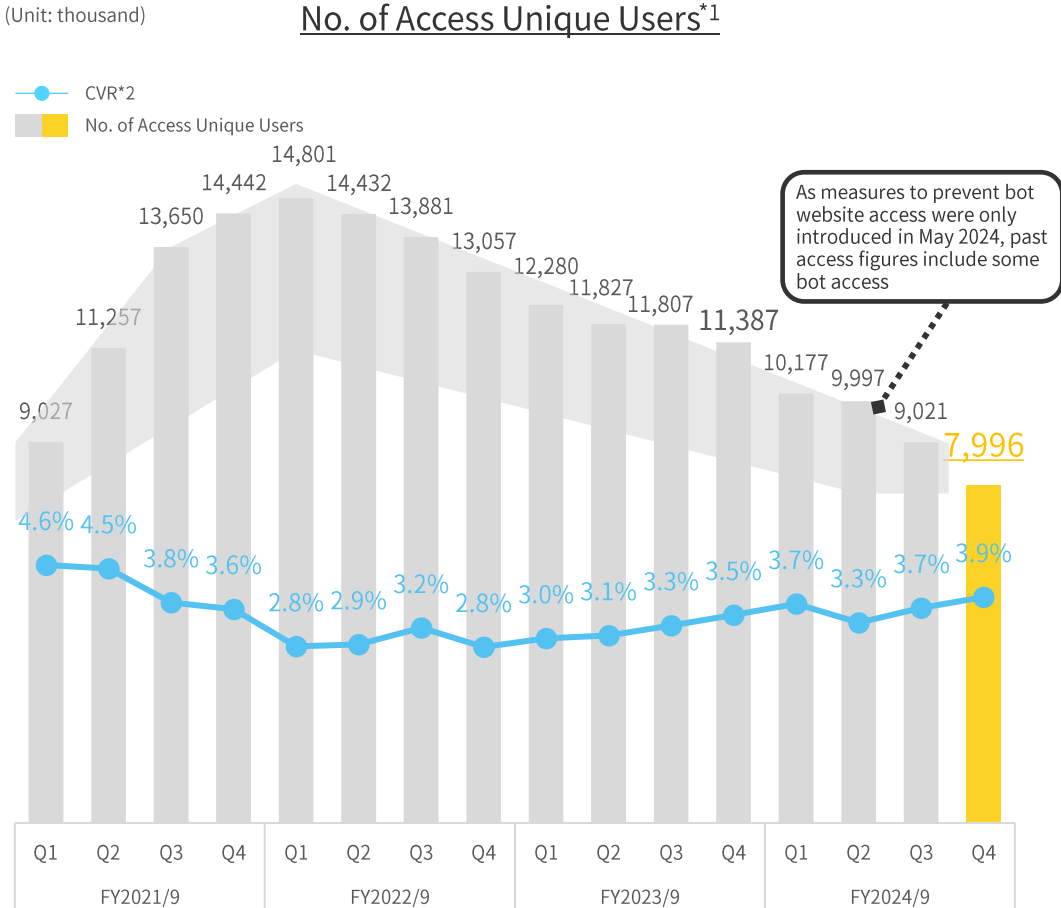
Amount of New/Repeat "Support" Pre-orders



*The amount of "support" pre-orders placed during the period by project supporters who have had a previous "support" pre-order within the past year in the total gross amount of "support" pre-orders on the Makuake service

Other KPI (2)

- Although access UU numbers are down compared to the previous quarter, the primary reason is a change in tabulation standards and there is no substantial decline. Meanwhile, internal analysis indicates that the decline in the number of active projects partially contributed to the decrease in access UUs

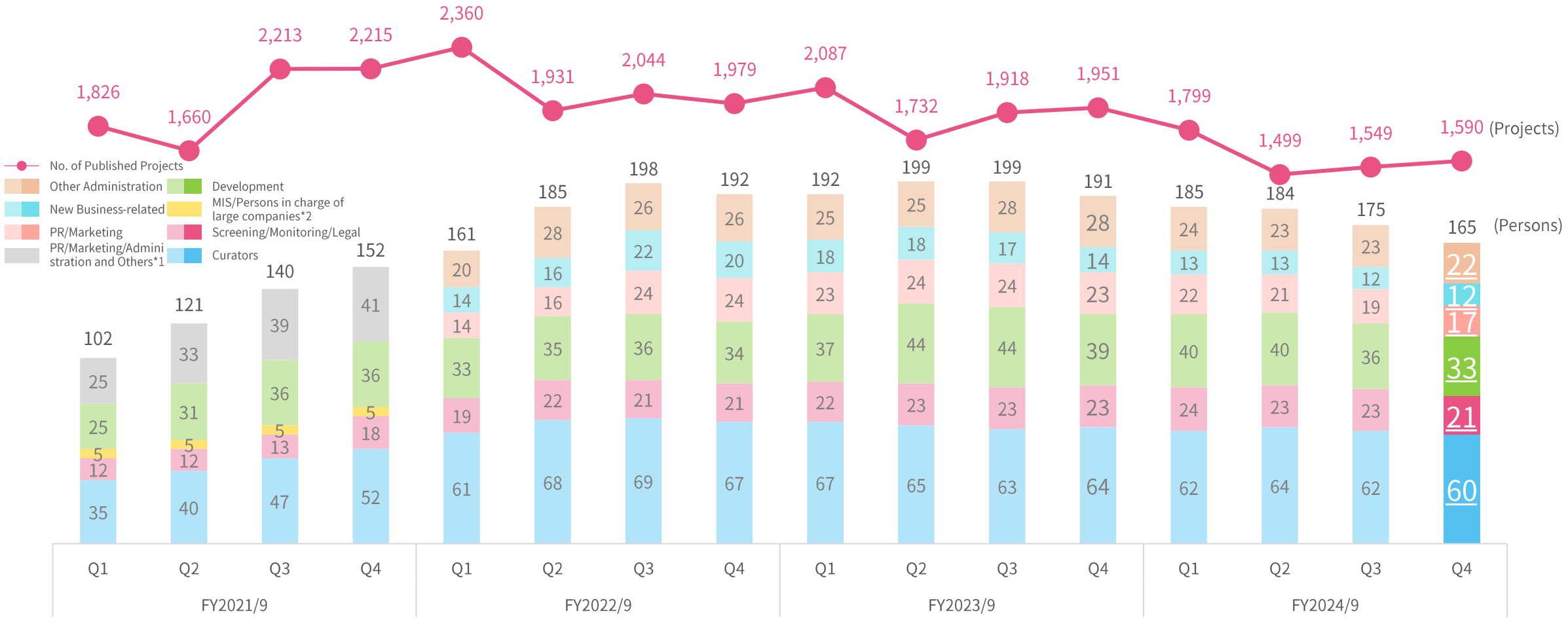


*1 Number of persons who visited Makuake during the period. Access UUs tabulated according to Google Analytics standards
 *2 CVR (Conversion Rate): The ratio of access UUs on Makuake who placed a "support" pre-order to total access UUs. Please refer to the Appendix for the number of "support" pre-orders

*Cumulative number of registered members ≈ cumulative number of persons who placed at least one "support" pre-order

Employee Count (Reference Values: Number of Published Projects)

We expect ongoing changes in employee numbers in line with management phase changes as we focus on improving our profit structure. At the same time, we will continue striving to increase productivity per employee by placing the right people in the right positions, streamlining operations, and utilizing various external services



*1 From Q1 FY2022/9, we are breaking down the personnel numbers of "PR/Marketing/Administration and others" into "PR/Marketing," "New business-related" and "Other administration"
 *2 Given that MIS/Persons in charge of large companies have been increasingly co-performing curator duties, we are including their numbers in the headcount of the curator organization from Q1 FY2022/9

Financial Results Summary: YoY (Full-Year)

- While experiential consumption continued to increase, the number of active projects failed to grow amid the ongoing challenging environment for owners due to the weak yen and high raw material prices, resulting in a decline in total transaction volume and net sales. Meanwhile, thorough control of SG&A expenses worked to reduce operating losses

(Unit: JPY million)	FY2023/9	FY2024/9	Change YoY	Percent Change YoY
Total transaction volume* Sum of "support" pre-orders and secure system usage fees (including tax)	17,609	16,637	-	-
Net Sales	3,810	3,652	(157)	(4.1)
Gross Profit	3,059	2,777	(282)	(9.2)
Operating Profit (Loss)	(489)	(62)	+426	-
Ordinary Profit (Loss)	(482)	(60)	+422	-
Net Income (Loss)	(491)	(103)	+387	-

* From Q4 FY2024/9, defined as a sum of "support" pre-orders and secure system usage fees



05 FY2025/9 Financial Forecasts

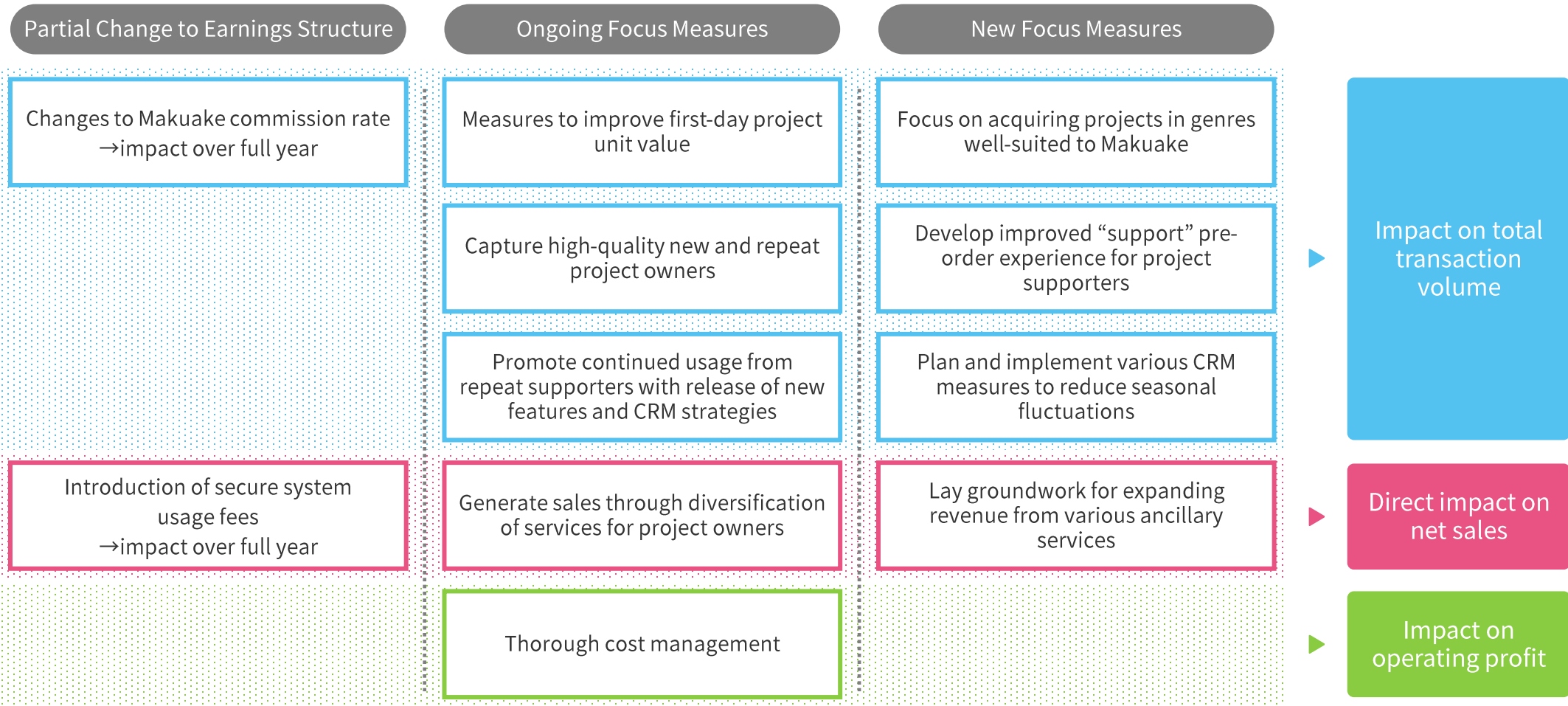
FY2025/9 Financial Forecasts

- We aim to grow net sales and profits and achieve profitability for the full fiscal year by maintaining the same level of revenue YoY from the Makuake business while laying the groundwork for expanding revenue from our various ancillary services

(Unit: JPY million)	FY2024/9 Results	FY2025/9 Forecasts	Change	Percent Change
Total transaction volume* Sum of "support" pre-orders and secure system usage fees (including tax)	16,637	15,460	(1,177)	(7.1)
Net Sales	3,652	3,800	+147	+4.0
Operating Profit (Loss)	(62)	120	+182	-
Ordinary Profit (Loss)	(60)	120	+180	-
Net Income (Loss)	(103)	70	+173	-

Growth Strategy for FY2025/9

- In the Makuake business, we seek to improve operational stability by acquiring projects from quality project owners and reducing seasonal fluctuations, while also working to solidify our revenue base and build a track record so that we can further expand revenue from ancillary services from next fiscal year onward



New Management Structure for FY2025/9

- At the Board of Directors meeting held today, we resolved to change our management structure subject to approval at the 12th Ordinary General Meeting of Shareholders to be held on December 12, 2024

Details of Changes

- Number of full-time directors reduced from four to two
- Director Fumiaki Kiuchi newly appointed as co-representative director
- Resignation of directors Kana Bogaki and Yohei Ikunai

Reason for Changes

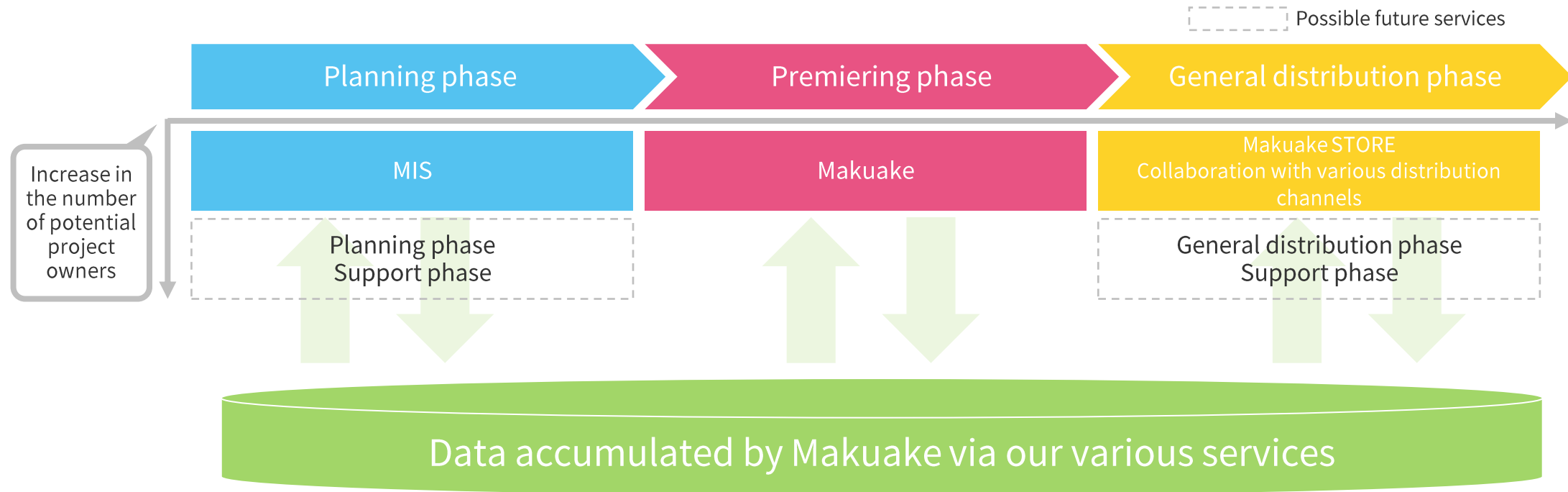
- To streamline and strengthen the management structure to enable quick decision-making and strengthen corporate management capabilities
- To transfer authority to executive directors to strengthen business management capabilities



06 Growth Strategy

For Project Owners: Provide End-to-End Support Backed by Data, Our Competitive Strength, for Businesses to Expand and Thrive

- By leveraging the data accumulated via our various services and providing seamless support for business development, we aim to increase the transaction amount per project owner and extend the transaction period

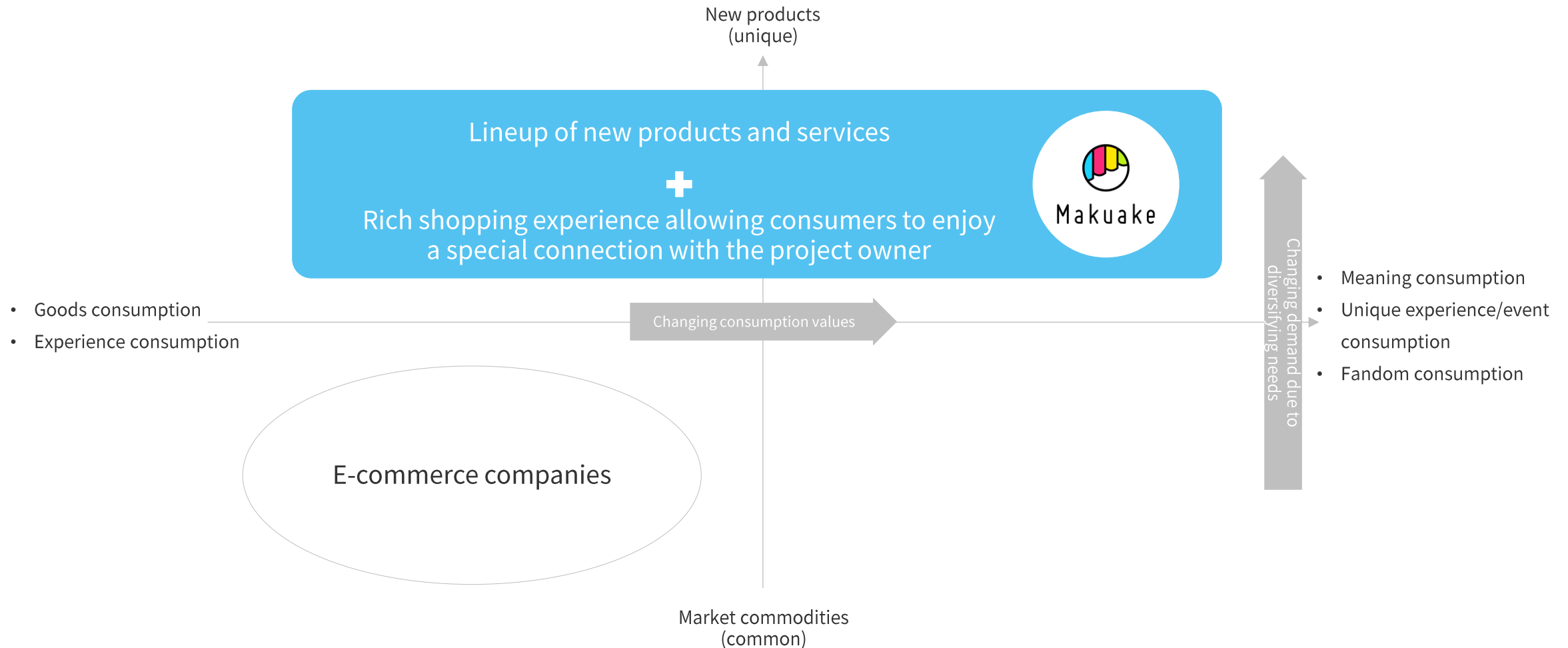


Expansion of service offerings/ Increase in the number of target client companies/ Comprehensive account consulting services

Increase in transaction value and project duration per project owner = Enhanced customer lifetime value (LTV)

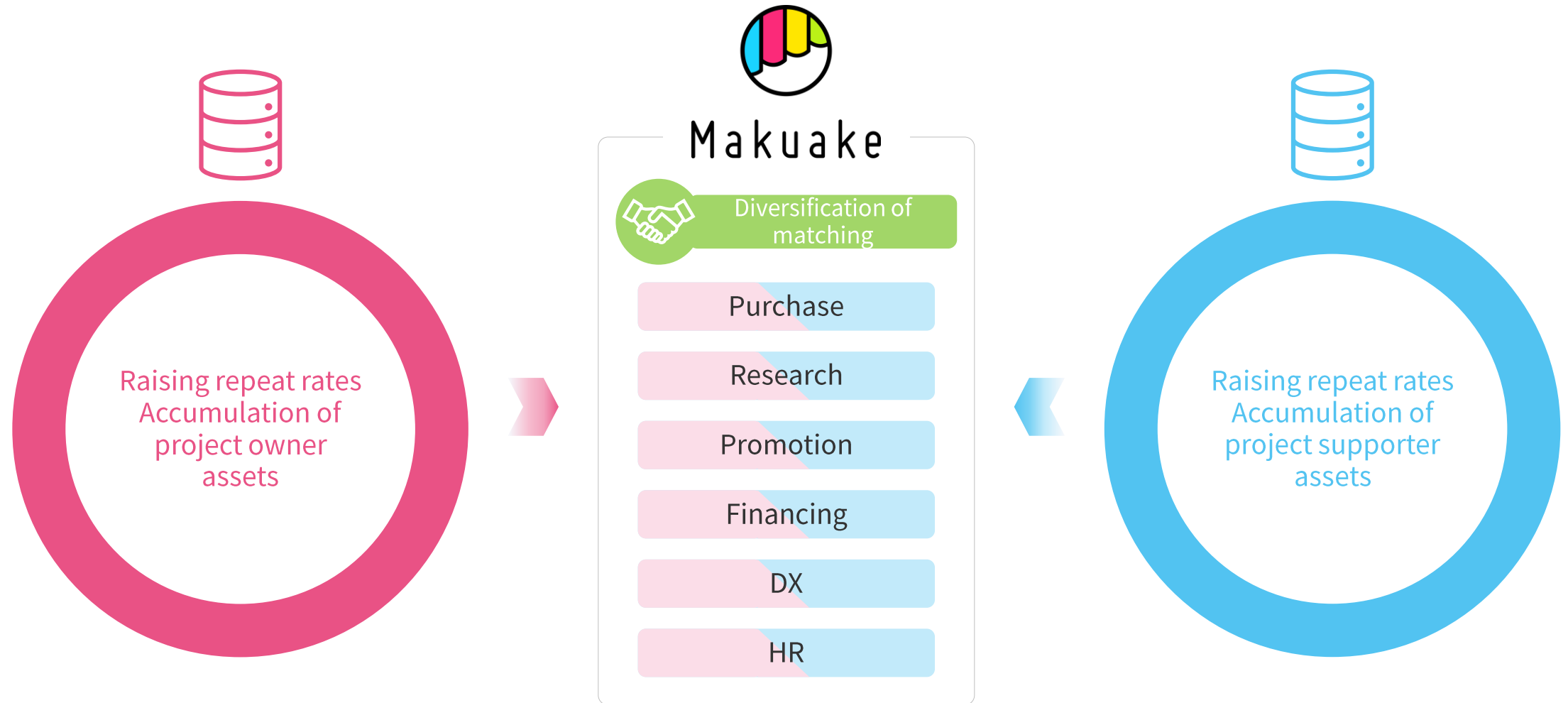
For Supporters: Enhance the Unique Purchasing Experience We Offer, Further Bolstering Our Competitive Advantage

- As consumer needs diversify, the value of consumption is shifting from goods and experiences to meaning (purpose, social contribution), unique experiences (participation in unique events), and people (fandom). We intend to further enhance the unique purchasing experience we provide to consumers through Makuake, with the aim of solidifying our competitive strength



Medium- to Long-term Management Policy

- We are aiming to growth GMV and improve profitability by accumulating project owner and project supporter assets and diversifying our matching service that aligns the needs of both





07 Risk Factors and Countermeasures

Seasonality for Makuake

- In Q2 (January–March), the number of projects published tends to be low compared with other quarters due to seasonal factors, including the quarter having fewer business days and an extremely slow start for businesses at the beginning of the year. As a result, the total amount of "support" pre-orders also tends to be low during this quarter

(Unit: project)

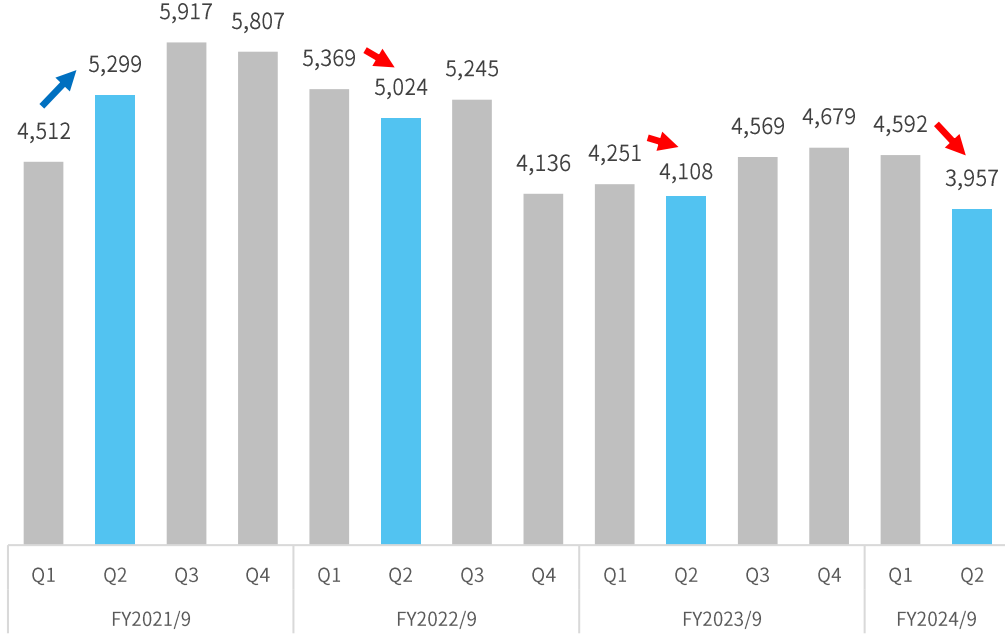
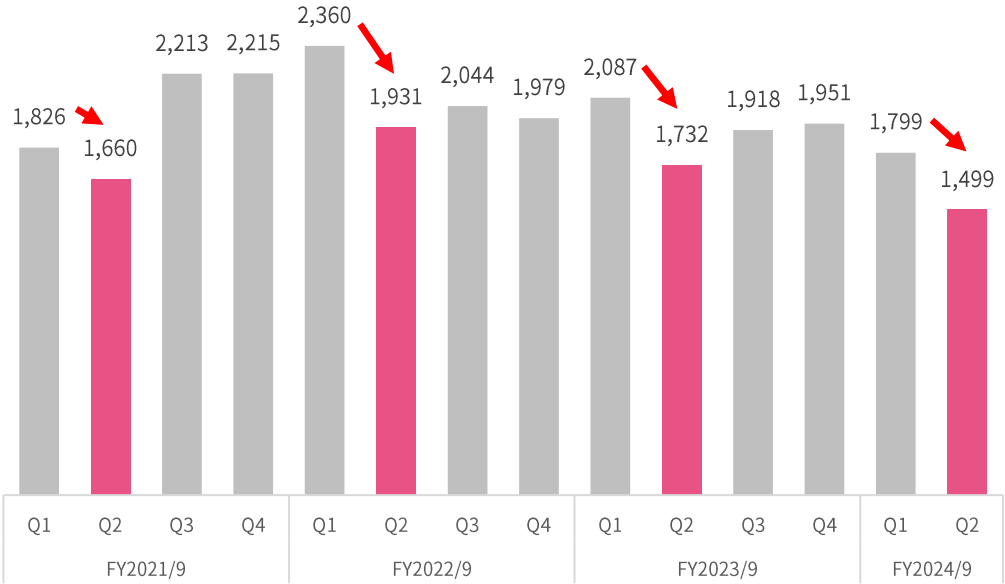
Number of Projects Published

(Unit: JPY million)

Amount of "Support" Pre-orders

The number of projects published tends to decrease in Q2 due to seasonal factors

GMV tends to decline during this period as well



Countermeasures

Minimize the decline in the number of projects published per business day while working to increase the quarterly average number of projects published over the full year

Risk Factors and Countermeasures

- We will grasp, analyze, and evaluate risks that may emerge as we execute our medium-term growth plan, and implement countermeasures to control these risks

Possible risks	Impact on Business	Details of Impact	Measures against risks
<p>1 Leakage of personal information through hacking, etc.</p>	<p>High</p>	<p>Potential impact on our operations and business results due to loss of social credibility</p>	<ul style="list-style-type: none"> Carrying out of security audits
<p>2 Issues with projects, such as delivery delays</p>	<p>Medium</p>	<p>May Be held accountable as platform operator</p>	<ul style="list-style-type: none"> Continuous operation and improvement of screening and monitoring systems
<p>3 Considerable shrinkage of the Internet ad market due to the regulations on Internet ads</p>	<p>Medium</p>	<p>Potential impact on our operating results and financial condition due to a decline in our ability to attract customers</p>	<ul style="list-style-type: none"> Sharing of information with online ad media and agencies Speedy proactive measures
<p>4 Risks related to the securing and loss of personnel</p>	<p>Medium</p>	<p>Potential impact on operating results and financial condition due to repercussions on our business growth if we are unable to secure planned-for personnel in a timely manner, and/or personnel training does not progress as planned, and/or there is an outflow of our employees to other companies</p>	<ul style="list-style-type: none"> Improvements in flexibility of our arrangements to accommodate remote work and diverse workstyles Maintenance of an appropriate pay system supported by sound financial standing Securing a variety of career options by creating new businesses, business bases, etc.

* For other risks, please see "Business and Other Risks" in our "Annual Securities Report"



08 Dividend Policy

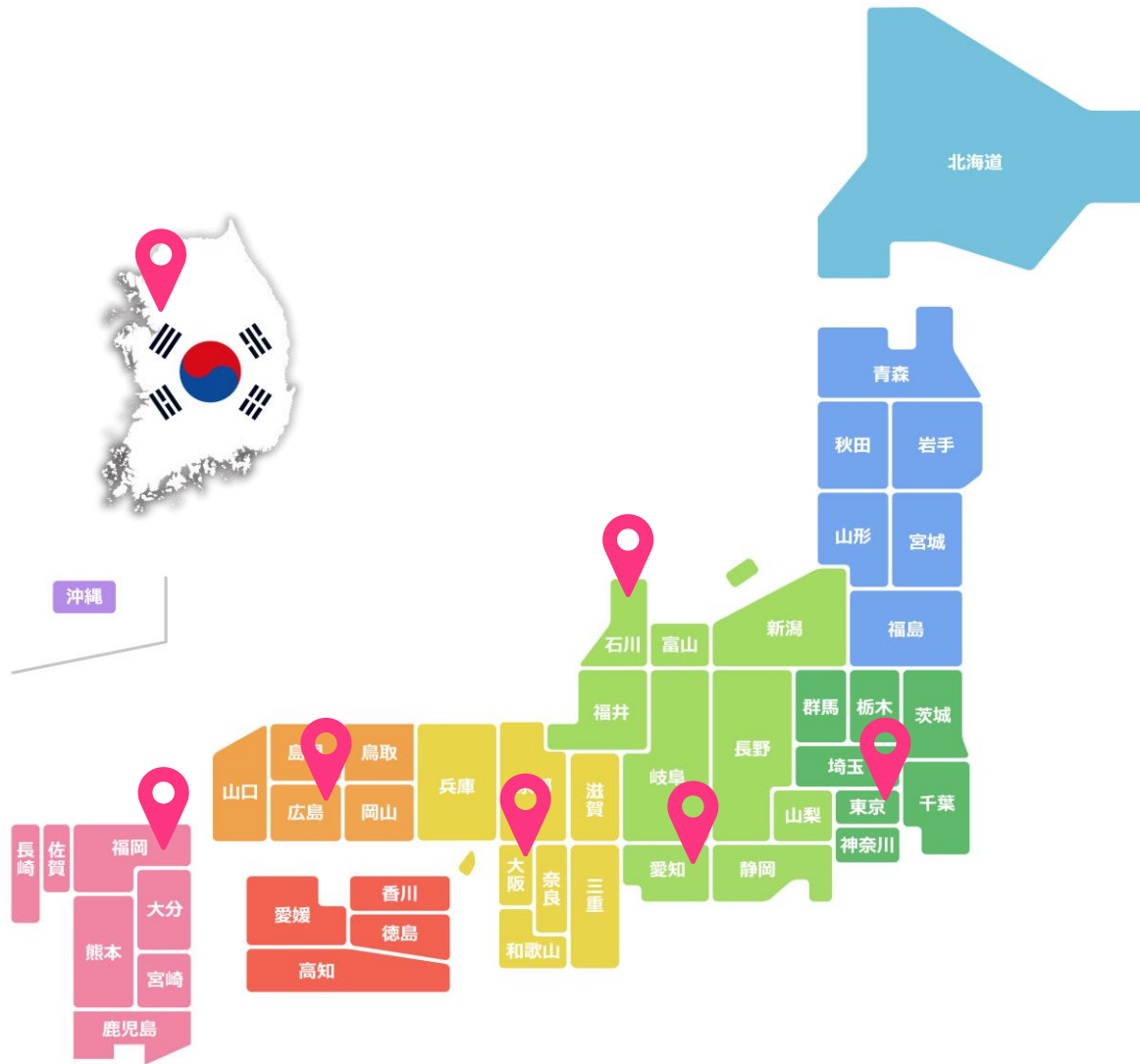
As the company is currently in a state of growth, we believe that by retaining profits and prioritizing investment in expanding business size and improving earning power will lead to maximization of our corporate value and a continuous stream of profit return to shareholders.

As to future distribution of dividends out of surplus, our basic policy is to do so with consideration of balance versus retaining profits. For the time being, we have elected for policy prioritizing retaining profits, and no determination has been made as to the timing for issuing dividends.



09 Appendix

Business Locations



- Head Office Tokyo
- Kansai Office Osaka
- Nagoya Office Aichi
- Chugoku and Shikoku Office Hiroshima
- Kyusyu Office Fukuoka
- Hokuriku Office Ishikawa
- Korea Office Seoul Special City

Disclaimer and Cautions Regarding Future Outlook

- While the content of this document has been prepared based on generally recognized economic and social conditions as of December 20, 2024 and certain assumptions deemed reasonable by Makuake, Inc., it may change due to shifts in business environment and other factors.
- When investing, please be sure to read our financial reports and other documents released by us before making any decision, at your own judgement, as an investor.
- Risk and uncertainty include general domestic and international economic conditions such as general industry and market conditions, and fluctuations in interest and currency exchange rates.
- Please note that Makuake, Inc., may, based on certain assumptions deemed reasonable by Makuake, Inc., update or revise “outlook information” provided in this document if new information comes to light or material future events occur.
- The next “Business Plans and Matters Related to High Growth Potential” is scheduled to be disclosed at the end of December 2025.



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Makuake