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MEMBERSHIP

January 30, 2024

Non-consolidated Financial Results for the Three Months Ended December 31, 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: January 31, 2024
 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, 2023 (from October 1, 2023 to December 31, 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	%
Three months ended December 31, 2023	1,029	13.4	(16)	–	(15)	–	(6)	–
December 31, 2022	908	(21.2)	(186)	–	(183)	–	(185)	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2023	(0.48)	–
December 31, 2022	(14.79)	–

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	8,211	5,105	61.5
September 30, 2023	7,955	5,105	63.5

Reference: Equity

As of December 31, 2023

¥5,051 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	—				
Fiscal year ending September 30, 2024 (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, 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	3,925	3.0	16	—	21	—	5	—	0.40

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 December 31, 2023	12,666,700 shares
As of September 30, 2023	12,636,700 shares

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

As of December 31, 2023	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 three months ended December 31, 2023	12,663,612 shares
For the three months ended December 31, 2022	12,568,570 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.

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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 three months of the fiscal year ending September 30, 2024, after the legal status of COVID-19 being downgraded to Class 5, the Japanese economy was on a moderate recovery trend, mainly in terms of personal consumption and inbound demand. Meanwhile, uncertainty toward the future remained amid a continuing rise in prices of raw materials due to global monetary tightening, the international situation, and other factors, as well as a continuing rise in commodity prices mainly due to supply constraints.

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 three months ended December 31, 2023, the Company concentrated its efforts on increasing the unit price per project rather than increasing the number of project publications, and at the same time, pursued various initiatives mainly for repeat owners and repeat supporters. For owners, in order to encourage repeat owners to create fine-quality projects, we supported them through constant contact, 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, recommended owners that the Company certified based on its established standards have been marked with an original symbol to visualize them on the website. We have thereby enhanced the environment where supporters can enjoy making “support” pre-order purchases with a sense of increased security. We also offer various 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. In addition, we have facilitated repeat “support” pre-orders by implementing various CRM measures, primarily the distribution of various coupons that meet the needs of supporters.

As a result of these initiatives, the “support” pre-orders grew by 8.0% year on year to ¥4,592,270 thousand.

As a result, for the period under review, the Company recorded net sales of ¥1,029,895 thousand (up 13.4% year on year), an operating loss of ¥16,900 thousand (operating loss of ¥186,298 thousand in the same period of the previous fiscal year), an ordinary loss of ¥15,619 thousand (ordinary loss of ¥183,237 thousand in the same period of the previous fiscal year) and a loss of ¥6,060 thousand (loss of ¥185,900 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 increased by ¥256,416 thousand from the previous fiscal year-end to ¥8,211,627 thousand.

Current assets increased by ¥159,100 thousand to ¥7,220,388 thousand. The main components included an increase of ¥289,702 thousand in cash segregated as deposits.

Non-current assets increased by ¥98,759 thousand to ¥990,758 thousand. The main components included an increase of ¥87,813 thousand in intangible assets.

Liabilities

At the end of the quarter under review, liabilities increased by ¥256,331 thousand from the previous fiscal year-end to ¥3,105,725 thousand.

Current liabilities increased by ¥259,720 thousand to ¥3,050,554 thousand. The main components included an increase of ¥255,687 thousand in deposits received.

Non-current liabilities decreased by ¥3,389 thousand to ¥55,171 thousand. The main components included a decrease of ¥2,700 thousand in provision for continuous services benefits.

Net assets

At the end of the quarter under review, net assets increased by ¥85 thousand from the previous fiscal year-end to ¥5,105,902 thousand. The main components included increases of ¥3,090 thousand in share capital and capital surplus, respectively, due to the exercise of share acquisition rights.

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

There is no change to the earnings forecasts for the fiscal year ending September 30, 2024 from the forecasts announced on October 24, 2023.

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	4,148,698	4,056,047
Cash segregated as deposits	2,265,771	2,555,474
Accounts receivable - trade	483,759	440,562
Other	170,340	175,587
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	7,061,287	7,220,388
Non-current assets		
Property, plant and equipment	4,664	5,048
Intangible assets	541,620	629,433
Investments and other assets		
Other	353,250	363,813
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	345,713	356,276
Total non-current assets	891,998	990,758
Deferred assets	1,924	481
Total assets	7,955,211	8,211,627
Liabilities		
Current liabilities		
Income taxes payable	28,866	14,616
Deposits received	2,301,067	2,556,755
Other	460,900	479,182
Total current liabilities	2,790,834	3,050,554
Non-current liabilities		
Provision for retirement benefits	2,435	2,738
Provision for continuous services benefits	55,132	52,432
Other	992	–
Total non-current liabilities	58,560	55,171
Total liabilities	2,849,394	3,105,725
Net assets		
Shareholders' equity		
Share capital	3,127,283	3,130,373
Capital surplus	3,127,283	3,130,373
Retained earnings	(1,202,840)	(1,208,901)
Treasury shares	(625)	(659)
Total shareholders' equity	5,051,101	5,051,187
Share acquisition rights	54,715	54,715
Total net assets	5,105,816	5,105,902
Total liabilities and net assets	7,955,211	8,211,627

(2) Quarterly statement of income

(Thousands of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net sales	908,438	1,029,895
Cost of sales	163,780	254,044
Gross profit	744,657	775,851
Selling, general and administrative expenses	930,956	792,751
Operating loss	(186,298)	(16,900)
Non-operating income		
Interest income	0	1
Dividend income	13	–
Lecture's fee income	2,844	1,968
Subsidy income	2,810	340
Other	29	586
Total non-operating income	5,699	2,897
Non-operating expenses		
Foreign exchange losses	169	172
Amortization of share issuance costs	2,468	1,443
Total non-operating expenses	2,637	1,616
Ordinary loss	(183,237)	(15,619)
Loss before income taxes	(183,237)	(15,619)
Income taxes - current	2,662	2,759
Income taxes - deferred	–	(12,318)
Total income taxes	2,662	(9,558)
Loss	(185,900)	(6,060)

(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.