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MEMBERSHIP

January 26, 2021

Non-consolidated Financial Results for the Three Months Ended December 31, 2020 <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 27, 2021
 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, 2020 (from October 1, 2020 to December 31, 2020)

(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, 2020	992	91.1	152	47.7	152	47.1	105	46.7
December 31, 2019	519	–	102	–	103	–	72	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
December 31, 2020	9.07	8.60
December 31, 2019	7.06	6.49

- Notes: 1. As the Company has not prepared quarterly financial statements for the three months ended December 31, 2018, the percentage indicating year-on-year changes is not shown for the three months ended December 31, 2019.
2. For the diluted earnings per share for the three months ended December 31, 2019, because the Company's shares were listed on the Mothers section of the Tokyo Stock Exchange on December 11, 2019, the figure is calculated using the average share price from the date the shares were newly listed to the end of the quarter under review as the average share price for the period.

(2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2020	5,495	2,785	50.4
September 30, 2020	6,173	2,673	43.1

Reference: Equity

As of December 31, 2020

¥2,769 million

As of September 30, 2020

¥2,662 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, 2020	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2021	—				
Fiscal year ending September 30, 2021 (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, 2021 (from October 1, 2020 to September 30, 2021)

(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, 2021	5,172	60.4	620	21.5	617	20.6	450	21.8	38.61

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, 2020	11,673,700 shares
As of September 30, 2020	11,667,700 shares

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

As of December 31, 2020	24 shares
As of September 30, 2020	24 shares

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

For the three months ended December 31, 2020	11,672,502 shares
For the three months ended December 31, 2019	10,220,348 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.

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 all the good things are born, spread, and continue to exist,” the mission of Makuake, Inc. (the “Company”) is to “Connect the world through the creation of new things.” We operate the “Makuake” platform to provide a place to discover and acquire something new to the world.

In the three months of the fiscal year ending September 30, 2021, despite continuing difficult conditions caused by the global spread of the novel coronavirus disease (COVID-19), the Japanese economy is expected to follow a path of recovery, as measures to prevent the spread of COVID-19 are being taken in Japan and overseas. However, we must pay close attention to the risk of global economic decline caused by future changes in the spread of infection, and the future remains uncertain.

The business environment for the Company is affected by multiple markets, including the new product offline debut market, the e-commerce market for debuting new products, and the e-commerce market for pre-ordering new services. We believe that the e-commerce market for debuting new products and services has extraordinarily high growth potential.

Amid these conditions, business operators (project owners) are continuing to shift from exhibitions, trade fairs, and offline physical stores to online as their venue to debut new products and services. Additionally, demand is increasing among consumers (project supporters) for new approaches to consumption in the form of enjoying, searching for, and support purchasing new products online that fit their tastes and preferences, rather than new goods and services selected, displayed and sold by distributors in offline physical stores.

Following the rapid business growth in the fiscal year ended September 30, 2020, in the period under review, we enhanced our quality assurance system for pre-sales and prepared for further growth from the second quarter onward. Specifically, in the curator division, which supports maximizing the appeal of projects posted, we enhanced our hiring and development system, our system to share knowhow, and our consulting capabilities. At the same time, at the inspection and legal division which screens project suitability and feasibility, we enhanced our hiring and development system, reexamined the screening items by category, and streamlined our screening flow. Additionally, at the monitoring division that monitors project progress and responds to trouble, we automated our monitoring system and enhanced operations to prevent trouble. Furthermore, at the development division, we built and streamlined our operations system and enhanced our access platform.

Against this backdrop, as the number of projects posted by project owners continuously increases, to focus on enhancing our quality assurance system, we reduced promotions for project supporters, resulting in a declining trend of inflow of project supporters to the site. Total support purchase value rose by 106.7% year on year to ¥4,512,189 thousand, as we steadily continue to expand the scale of business.

As a result, for the period under review, the Company recorded net sales of ¥992,732 thousand (up 91.1% year on year), operating profit of ¥152,009 thousand (up 47.7% YoY), ordinary profit of ¥152,232 thousand (up 47.1% YoY) and profit of ¥105,813 thousand (up 46.7% YoY).

As the Company consists of a single business segment, the Makuake service, a platform for people to make support purchases 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 ¥678,231 thousand from the previous fiscal year-end to ¥5,495,215 thousand.

Current assets decreased by ¥838,762 thousand to ¥4,809,076 thousand. The main components included a decrease of ¥691,370 thousand in cash and deposits.

Non-current assets increased by ¥161,938 thousand to ¥675,206 thousand. The main components included an increase of ¥113,732 thousand in investments and other assets.

Liabilities

At the end of the quarter under review, liabilities decreased by ¥790,524 thousand from the previous fiscal year-end to ¥2,709,904 thousand.

Current liabilities decreased by ¥793,764 thousand to ¥2,678,328 thousand. The main components included decreases of ¥425,677 thousand in accounts payable - other and ¥203,585 thousand in deposits received.

Non-current liabilities increased by ¥3,240 thousand to ¥31,576 thousand. The main components included an increase of ¥3,240 thousand in provision for continuous services benefits.

Net assets

At the end of the quarter under review, net assets increased by ¥112,293 thousand from the previous fiscal year-end to ¥2,785,310 thousand. The main components included an increase of ¥105,813 thousand in retained earnings due to recording of profit.

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

There is no change to the earnings forecasts for the fiscal year ending September 30, 2021 from the forecasts announced on October 27, 2020.

2. Quarterly financial statements and significant notes thereto

(1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	5,109,351	4,417,981
Accounts receivable - trade	530,318	365,639
Other	15,164	32,451
Allowance for doubtful accounts	(6,996)	(6,996)
Total current assets	5,647,838	4,809,076
Non-current assets		
Property, plant and equipment	46,969	49,116
Intangible assets	356,458	402,518
Investments and other assets		
Other	117,376	231,108
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	109,839	223,571
Total non-current assets	513,267	675,206
Deferred assets	12,340	10,933
Total assets	6,173,446	5,495,215
Liabilities		
Current liabilities		
Income taxes payable	155,480	49,492
Deposits received	2,345,603	2,142,018
Other	971,008	486,817
Total current liabilities	3,472,093	2,678,328
Non-current liabilities		
Provision for continuous services benefits	28,336	31,576
Total non-current liabilities	28,336	31,576
Total liabilities	3,500,429	2,709,904
Net assets		
Shareholders' equity		
Share capital	1,136,847	1,137,465
Capital surplus	1,136,847	1,137,465
Retained earnings	388,949	494,762
Treasury shares	(115)	(115)
Total shareholders' equity	2,662,529	2,769,578
Share acquisition rights	10,488	15,732
Total net assets	2,673,017	2,785,310
Total liabilities and net assets	6,173,446	5,495,215

(2) Quarterly statement of income

(Thousands of yen)

	Three months ended December 31, 2019	Three months ended December 31, 2020
Net sales	519,503	992,732
Cost of sales	101,211	187,270
Gross profit	418,292	805,461
Selling, general and administrative expenses	315,399	653,451
Operating profit	102,893	152,009
Non-operating income		
Lecture fees and other income	833	1,611
Other	205	19
Total non-operating income	1,039	1,630
Non-operating expenses		
Interest expenses	85	–
Amortization of share issuance costs	376	1,407
Total non-operating expenses	461	1,407
Ordinary profit	103,471	152,232
Profit before income taxes	103,471	152,232
Income taxes - current	30,819	43,023
Income taxes - deferred	507	3,396
Total income taxes	31,327	46,419
Profit	72,144	105,813

(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 make support purchases of new things and experiences, this information is omitted.