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April 25, 2023

## Non-consolidated Financial Results for the Six Months Ended March 31, 2023 <under Japanese GAAP>

Company name:	Makuake, Inc.
Listing:	Tokyo Stock Exchange
Stock code:	4479
URL:	<a href="http://www.makuake.com/">http://www.makuake.com/</a>
Representative:	Ryotaro Nakayama, CEO
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Scheduled date to file quarterly securities report:	April 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 six months ended March 31, 2023 (from October 1, 2022 to March 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	%
Six months ended								
March 31, 2023	1,789	(20.2)	(378)	—	(374)	—	(379)	—
March 31, 2022	2,243	6.8	(17)	—	4	(93.5)	61	52.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
March 31, 2023	(30.20)	—
March 31, 2022	4.95	4.84

**(2) Financial position**

	Total assets	Net assets	Equity ratio
As of March 31, 2023	Millions of yen 7,756	Millions of yen 5,206	% 66.4
September 30, 2022	8,255	5,576	67.0

Reference: Equity

As of March 31, 2023	¥5,148 million
As of September 30, 2022	¥5,528 million

**2. Cash dividends**

	Annual dividends					Total
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end		
Fiscal year ended September 30, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Yen 0.00
Fiscal year ending September 30, 2023	—	0.00	—	—	—	—
Fiscal year ending September 30, 2023 (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, 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 March 31, 2023	12,568,700 shares
As of September 30, 2022	12,568,700 shares

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

As of March 31, 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 six months ended March 31, 2023	12,568,570 shares
For the six months ended March 31, 2022	12,487,294 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 six months of the fiscal year ending September 30, 2023, while entering a new phase of co-existence with COVID-19, the Japanese economy witnessed increasing normalization of economic activities, thanks to the effects of various government policies, and expectations have been high for an economic recovery. 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 a continuing rise in prices of raw materials, a continuing rise in commodity prices due to supply constraints, and fluctuations 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 six months ended March 31, 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.

Specifically, we developed a framework of customer satisfaction survey for all owners to more accurately monitor the needs of owners; established a system that enables operational improvements based on the opinions of owners by utilizing systems to visualize the results of the survey; and improved operations and developed functions to lessen, as much as possible, the burden on owners until the projects are published. We also developed new tools that provide information on how owners can accumulate fan supporters through Makuake and how to build a system for the business to grow based on these fan supporters. Moreover, based on supporters’ opinions about owners collected through a survey, the Company informed owners of areas for improvement and improvement methods to increase supporter satisfaction.

For supporters, the Company held regular supporter interviews and surveys, etc. after “support” pre-orders were placed in order to improve the quality of services provided with the cooperation of owners based on the real voices of supporters and regularly offered “advance trial sessions” where participants could trial project products in advance offline, thus providing special experiences for supporters to

voice their opinions regarding direct connections with owners and the development process, as well as increasing opportunities for supporters to gain an in-depth understanding of Makuake's "support" pre-orders as being more than mere "ordering." Moreover, the Company launched a coupon function to provide an opportunity for repeat "support" pre-orders by issuing various coupons aligned with supporters' needs.

Meanwhile, for the three months ended March 31, 2023, the number of new project publications from repeat owners was 955, down 161 from the three months ended December 31, 2022, while the amount of repeat "support" pre-orders was ¥3,130,742 thousand, down ¥94,000 thousand. The number of new project publications from repeat owners and the repeat "support" pre-order value are indicators of the results of the abovementioned measures. The declines are attributable to seasonal trends such as fewer business days in January and February causing the number of new project publications to decline. Furthermore, the effects of economic reopening, which began in the second half of the previous fiscal year, continued to be felt during the six months ended March 31, 2023, with the "support" pre-order value declining by 19.6% year on year to ¥8,360,004 thousand.

As a result, for the period under review, the Company recorded net sales of ¥1,789,246 thousand (down 20.2% year on year), an operating loss of ¥378,399 thousand (compared to an operating loss of ¥17,699 thousand in the same period of the previous fiscal year), an ordinary loss of ¥374,151 thousand (compared to an ordinary profit of ¥4,065 thousand in the same period of the previous fiscal year) and a loss of ¥379,577 thousand (compared to a profit of ¥61,813 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 ¥498,662 thousand from the previous fiscal year-end to ¥7,756,471 thousand.

Current assets decreased by ¥777,405 thousand to ¥7,115,122 thousand. The main components included a decrease of ¥684,308 thousand in cash and deposits.

Non-current assets increased by ¥282,764 thousand to ¥636,484 thousand. The main components included an increase of ¥282,637 thousand in intangible assets.

### Liabilities

At the end of the quarter under review, liabilities decreased by ¥128,720 thousand from the previous fiscal year-end to ¥2,550,063 thousand.

Current liabilities decreased by ¥126,671 thousand to ¥2,489,768 thousand. The main components included a decrease of ¥108,062 thousand in deposits received.

Non-current liabilities decreased by ¥2,049 thousand to ¥60,295 thousand. The main components included a decrease of ¥2,893 thousand in provision for continuous services benefits.

### Net assets

At the end of the quarter under review, net assets decreased by ¥369,941 thousand from the previous fiscal year-end to ¥5,206,407 thousand. The main components included a decrease of ¥379,577 thousand in retained earnings due to the recording of loss.

## (3) Explanation of cash flows

The balance of cash and cash equivalents ("cash") at the end of the period under review amounted to ¥6,530,613 thousand, down ¥791,185 thousand compared with the previous fiscal year-end. The respective cash flow positions and the factors thereof in the period under review are as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥495,843 thousand (¥152,220 thousand was used in the same period of the previous fiscal year.) This was primarily due to loss before income taxes of ¥374,151 thousand and a decrease in deposits received of ¥108,062 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥295,341 thousand (¥152,374 thousand was used in the same period of the previous fiscal year.) This was primarily due to purchase of intangible assets of ¥291,177 thousand.

Cash flows from financing activities

There were no cash flows from financing activities (¥33,784 thousand was provided in the same period of the previous fiscal year.)

**(4) 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.

**Quarterly financial statements and significant notes thereto****(1) Quarterly balance sheet**

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,193,507	4,509,199
Cash segregated as deposits	2,128,290	2,021,413
Accounts receivable - trade	339,328	418,646
Other	238,683	173,144
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	7,892,528	7,115,122
<b>Non-current assets</b>		
Property, plant and equipment	—	4,710
Intangible assets	—	282,637
Investments and other assets		
Other	361,257	356,674
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	353,719	349,136
Total non-current assets	353,719	636,484
<b>Deferred assets</b>	8,886	4,865
<b>Total assets</b>	8,255,134	7,756,471
<b>Liabilities</b>		
<b>Current liabilities</b>		
Income taxes payable	14,565	24,436
Deposits received	2,138,393	2,030,331
Other	463,481	435,001
Total current liabilities	2,616,440	2,489,768
<b>Non-current liabilities</b>		
Provision for retirement benefits	1,658	2,502
Provision for continuous services benefits	60,685	57,792
Total non-current liabilities	62,344	60,295
<b>Total liabilities</b>	2,678,784	2,550,063
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,120,279	3,120,279
Capital surplus	3,120,279	3,120,279
Retained earnings	(711,764)	(1,091,341)
Treasury shares	(625)	(625)
Total shareholders' equity	5,528,170	5,148,592
<b>Share acquisition rights</b>	48,179	57,814
<b>Total net assets</b>	5,576,349	5,206,407
<b>Total liabilities and net assets</b>	8,255,134	7,756,471

## (2) Quarterly statement of income

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	2,243,204	1,789,246
Cost of sales	453,463	326,193
Gross profit	1,789,740	1,463,052
Selling, general and administrative expenses	1,807,439	1,841,452
Operating loss	(17,699)	(378,399)
Non-operating income		
Interest income	1	1
Dividend income	8	24
Lecture's fee income	5,415	5,215
Subsidy income	20,744	3,326
Other	1,553	367
Total non-operating income	27,722	8,936
Non-operating expenses		
Amortization of share issuance costs	5,755	4,021
Other	201	666
Total non-operating expenses	5,956	4,687
Ordinary profit (loss)	4,065	(374,151)
Extraordinary income		
Gain on sale of investment securities	97,500	–
Total extraordinary income	97,500	–
Profit (loss) before income taxes	101,565	(374,151)
Income taxes - current	43,604	5,426
Income taxes - deferred	(3,852)	–
Total income taxes	39,752	5,426
Profit (loss)	61,813	(379,577)

## (3) Quarterly statement of cash flows

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	101,565	(374,151)
Depreciation	71,125	2,712
Amortization of goodwill	1,999	–
Loss (gain) on sale of investment securities	(97,500)	–
Increase (decrease) in provision for retirement benefits	546	844
Increase (decrease) provision for continuous services benefits	8,529	(2,893)
Interest and dividend income	(9)	(26)
Amortization of share issuance costs	5,755	4,021
Decrease (increase) in trade receivables	52,692	(79,318)
Increase (decrease) in advances received	–	5,773
Increase (decrease) in accounts payable - other	(93,441)	(30,583)
Increase (decrease) in accrued expenses	14,524	2,740
Increase (decrease) in deposits received	(125,599)	(108,062)
Increase (decrease) in accrued consumption taxes or consumption taxes refund receivable	(28,207)	1,697
Other, net	(26,159)	32,237
<b>Subtotal</b>	<b>(114,177)</b>	<b>(545,008)</b>
Interest and dividends received	1	27
Income taxes paid	(38,083)	(2,588)
Income taxes refund	38	51,725
<b>Net cash provided by (used in) operating activities</b>	<b>(152,220)</b>	<b>(495,843)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(17,840)	(5,294)
Purchase of intangible assets	(208,931)	(291,177)
Purchase of investment securities	(40,020)	–
Proceeds from sale of investment securities	112,500	–
Payments of leasehold and guarantee deposits	(2,660)	–
Proceeds from refund of leasehold and guarantee deposits	4,907	1,130
Payments for investments in capital	(330)	–
<b>Net cash provided by (used in) investing activities</b>	<b>(152,374)</b>	<b>(295,341)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	33,784	–
Net cash provided by (used in) financing activities	33,784	–
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(270,811)</b>	<b>(791,185)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,591,254</b>	<b>7,321,798</b>
<b>Cash and cash equivalents at end of period</b>	<b>8,320,443</b>	<b>6,530,613</b>

**(4) 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.