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Hello everybody. I am Representative Nakayama. Thank you for participating in our Q2 earnings results briefing.

Today, I will explain our Q2 financial results as well as our medium-term management plan that runs through September 2025.

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First, let's turn to our financial results for the second quarter.

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To give you a summary of our financial performance, we have made progress with our initiatives to promote repeat use of the platform by project owners and project supporters, and as a result, GMV, net sales and operating loss came in largely in line with our plan.

With regard to KPIs, the number of repeat published projects decreased in January and February due to seasonal factors, but saw an upswing in March. However, for the entire quarter, the number of repeat published projects decreased compared to the previous quarter.

Regarding the amount of repeat "support" pre-orders, it also contracted in January and February due to a decline in the number of published projects caused by seasonal factors. However, it steadily recovered in March thanks to a rebound in the number of published projects and the impact of initiatives to promote repeat use by project supporters. That said, for the entire quarter, the amount of repeat "support" pre-orders posted a slight decline from the previous quarter.

As for our organization, we established a framework that allows us to make prompt decisions, based on a shared understanding within the company, on the next steps by grasping issues that arose the previous month in a timely manner and understanding them quantitatively thanks to Data Lab-generated analysis. As a result, the quality of the PDCA cycle with regard to achieving monthly targets has significantly improved.

In terms of the external environment, we observed a sustained growth in the consumption of travel and hotel/lodging services during the quarter, thanks to the combined effect of continued support for nationwide domestic travel and a rebound in overseas travel.

Further, offline shopping continued to trend upwards during the period. Additionally, it seems that Chinese companies began resuming operations and factory production in earnest from around January, and new product development by companies in the Greater China region accelerated.

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Let's now take a look at the details of our financial results.

Firstly, with regard to the gross amount of "support" pre-orders, it is typical for the number of published projects to decline due to seasonal factors such as the sluggish start of business activities in the first half of January after the new year, as well as fewer business days in February. As a result, GMV declined 3.4% from the previous quarter, which was in line with our plan. However, in March, various measures to encourage repeat use of the platform had a positive effect on the number of published projects and "support" pre-orders, resulting in a brisk upswing from January and February.

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Let's now discuss net sales and take rate. Net sales were down 3.0%—a lower decline than that of GMV—as other sales, which include advertising agency sales, increased. Further, our take rate increased 0.1%.

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Next, on to gross profit. While the gross profit margin slightly decreased by 0.4 pt due to a small increase in software depreciation charges—which are being capitalized from this fiscal year—there were no significant structural changes in our business, and the gross profit margin remained within its usual range.

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Turning to SG&A expenses, personnel expenses increased as we boosted the development of new functionalities to support repeat use of the platform by project owners and project supporters. Note that we achieved our GMV plan even as our advertising expenses were down 2.5% QoQ due to strict adherence to our internal ROI standards for advertising.

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Next, on to operating loss. While operating loss increased by JPY 5.8 million QoQ due to a decline in GMV and net sales, it came within the range of our plan.

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First, let's take a look at the trend of the number of published projects by project owners. As mentioned earlier, both new and repeat published projects decreased in January and February due to seasonality, but they recovered in March.

Likewise, the amount of “support” pre-orders—shown in blue on the chart—decreased in January and February due to seasonal factors, but it recovered for both new and repeat purchases in March.

To emphasize, our measures aimed at promoting repeat business from project owners and supporters began yielding positive results in March. Moving forward, we will continue to enhance our service quality and strengthen measures to retain repeat business.

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Regarding other indicators, access UUs continued to decline as a result of ongoing increases in time and money spent on offline consumption. That said, the decline has been gradually slowing down. Moreover, we do not solely concentrate on access UUs: our current operational focus is on increasing high-quality access.

Further, the number of members is steadily increasing as we continue to acquire new members at a consistent rate.

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This is a graph showing the change in personnel over time, with the number of published projects shown as a reference point.

We increased the number of developers to build new functionalities, while in other departments, we focused mainly on inter-departmental transfers to ensure that the right people are in the right positions, and we secured the necessary personnel. We have determined that we can handle projects within the current staffing level this fiscal year and do not plan to make significant new hires in the near future.

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Next, let's talk about major projects published in Q2. As opportunities to go out increased, we saw a significant amount of "support" pre-orders for accommodation vouchers, restaurant memberships, and fashion items. On the other hand, demand for items that enrich time spent at home has continued due to changes in lifestyle that occurred during the pandemic.

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Large companies tend to repeatedly use Makuake once they try it--this trend was particularly noticeable in Q2, with many repeat users.

Furthermore, we continue to promote the use of our platform for launching new items in completely new fields that are difficult to sell through existing sales channels.

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We had many projects directly related to SDGs, with prominent product projects incorporating "upcycling" ideas and projects focused on addressing waste issues.

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Let me introduce several topics about our continuing initiatives with prominent large companies during this quarter.

We have initiated an effort with Shop Channel, where we create special programs featuring products launched on Makuake—after the end of their publication on our platform—and sell them through Shop Channel. We have also started a mutual collaboration where companies doing business with Shop Channel are encouraged to use our platform when they wish to launch new products. Both initiatives have had a successful start.

Our collaboration with JOURNAL STANDARD FURNITURE involves taking items launched on Makuake and combining them with JOURNAL STANDARD brand to create new collaborative products. We are conducting pre-sales of these products on Makuake, while also showcasing them at JOURNAL STANDARD FURNITURE's real stores and having our partner announce them to its online members. This collaboration has now started in earnest.

We collaborated with MUJI at their Grand Front Osaka store by setting up a special display section featuring items created by project managers based in the Kansai region. This was another collaboration that utilized real storefronts.

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In other news, we held an event called "Makuake Global Meetup" in Shenzhen, China, where we mainly gathered Chinese makers of innovative gadgets to discuss the subject of using Makuake to help them expand into the Japanese market. It was a very successful event and its timing was good as it coincided with the resumption of operations at Chinese factories.

Also, we were able to develop and launch coupon functionality, which we utilized for our first New Year's gift campaign. This was a good starting point for implementing appropriate coupon initiatives in the future.

Moving forward, we will continue to use PDCA techniques and use effective strategies, including coupons, to increase retention of repeat business.

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Next, I would like to turn to our medium-term management plan which has targets running through September 2025. In my explanation, I will cover topics such as current trends, our position within the market and how we will build up our strengths, important KPIs and their growth scenarios, and finally, ways to promote growth from a human capital perspective.

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First of all, we will continue to move forward, step by step, guided by our vision—to create a world where worthy things can come to be, grow and endure—and steadily accumulate our contributions to enrich society by connecting the “new” that consumers seek and the “new” that companies wish to introduce to the world.

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For the next three years, we will continue to accumulate our customer and human capital assets around our flagship service "Makuake" and develop them as strengths for long-term corporate growth.

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Our site's business model will continue to focus on matching new products and services created by project owners with project supporters who are consumers, prior to their official launch. Accumulating customer assets means building up a large pool of active project owners who create new products and services, as well as a large pool of project supporters who are emotionally invested in actively discovering, engaging with, and obtaining new products and services. We plan to leverage these customer assets as strengths to expand into various business opportunities in the future.

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Let me now explain the value we provide as we accumulate both project owners and project supporters as retained customer assets.

For both sides, we will offer services that align with the new trends of the times and are difficult to provide through traditional distribution structures.

First, on the project owner side, launching a new product through traditional distribution structures could not be done without producing a large amount of inventory and storing it on shelves or in warehouses.

Moreover, significant upfront investment in marketing and PR was necessary, resulting in a dilemma: on the one hand, a newly launched product may struggle to attract new customers, while on the other hand, the only way to demonstrate the value of that new product was to sell it through existing distribution channels, thus assuming the risk.

Furthermore, in an age of information and social media society, co-creating products and brands with customers is becoming increasingly important. However, there is a structural challenge where companies, as producers, and consumers, as users, have found it difficult



to connect directly, thus hindering companies' ability to leverage their customer base for business growth.

Amidst various structural issues in existing distribution, Makuake will continue to refine its value proposition. We make it possible to sell products and services without inventory or prior track record, and to produce only what is ordered. Additionally, we execute marketing and PR by charging a performance-based commission of only 20%, making a significant upfront investment by businesses in marketing unnecessary. This allows them to reach new customers that could not be reached before, create a track record prior to accessing distribution channels, and then proceed to mass production and distribution.

Additionally, you may have noticed an increasing use of terms such as "fan base" and "fandom" in corporate marketing recently. This is because the rules of marketing are changing with regards to the launch of new products and services. Turning customers into fans and using them as a driving force for growth is becoming a key element for successful companies. In addition to refining our existing value proposition, we aim to enhance functionalities that facilitate ongoing communication with acquired project customers, provide data for future product development, and receive feedback from project supporters. By further strengthening the provision of know-how to transform customers into a fan base and providing convenient features for that purpose, we will offer a seamless value proposition for businesses that enables them to acquire new customers, turn them into fans, and leverage those fans in the launch of new products and services. We intend to lead the way in driving these changes in distribution and marketing rules.

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In terms of value provided on the project supporter side, general characteristics of consumers have been changing. First of all, hobbies and interests have become more diverse, and the discovery of new products and services is now done not offline but

through the internet. In addition, there is an increasing differentiation between things to save money on and things to spend money on, with consumers willing to pay more for added value that they like. At the same time, the need to engage with and connect to things they like has been increasing more than before.

Given these circumstances, there is yet another dilemma under the traditional distribution structure: only products with a proven sales track record are sold and, for that reason, there are no e-commerce distribution sites that list only newly launched products. If anything, the focus is on offering a value proposition of cheaper prices and fast delivery. Moreover, the story behind a product is not told, making it difficult to connect with the creator of the product.

In this context, Makuake offers a diverse lineup of products, regardless of their sales potential, because our service enables low-risk product launches. As we deal mainly with goods and services that have not yet been mass-produced or distributed, our lineup consists of new items that deeply resonate with customer needs. Makuake is a place where customers can find products that are worth spending money on, rather than just being cheap and fast to deliver. Moreover, it is also a place where they can learn about the ideas and intentions behind the products and businesses that created them. Makuake provides functionality that allows customers to engage with and directly connect with products and businesses, thus offering value above expectations. We will continue to enhance our capabilities in this regard in the future.

Furthermore, going forward, we will be enhancing the functionality that allows supporters who have pre-ordered products from us to maintain a positive relationship with our project owners, while also strengthening the framework to make it easier for them to participate in the planning of future product releases by project owners. By bolstering these creative functions, we aim to provide an experience that naturally fosters a sense of attachment to our well-loved products and project owners, positioning our customers as

fans in the broadest sense of the word. Our ultimate goal is to create a service that evokes the joy of a new shopping experience, resonating with our customers even on a subconscious level and thereby building a strong affinity to our service.

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Our target market, as we define it, is the pre-primary distribution market across various fields. Our initial focus is on the pre-primary distribution market for physical goods, with subsequent expansion into the service sector, digital items, and targeting overseas consumers.

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Against this backdrop, when we reflect on the past five years, we have seen a growth of 5.3 times in our GMV. During this period, we experienced a temporary surge in GMV due to the increased demand for e-commerce caused by the pandemic and the shift to online. Looking ahead, we believe that the market has now hit bottom and continues to hold great potential for growth in the future.

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However, we have also come to see the challenges we need to overcome in our next stage of growth, given that we experienced extreme rapid growth during the pandemic. These challenges are:

1. Establishing a business structure not greatly influenced by the external environment.
2. Continuing GMV growth and enhancing capacity to achieve GMV targets.
3. Improving productivity.

4. Actualizing a large-scale TAM(Total Addressable Market).

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Regarding the first challenge of establishing a business structure that is not greatly influenced by the external environment, we will enhance our ability to respond to changes by developing scenarios that enable us to cope with any potential issues.

Firstly, let's address the online and offline aspects. As e-commerce is expected to continue to grow irreversibly in the consumer market, we will continue to focus on business development centered around Makuake and primarily expand our sales online. However, we also plan to utilize physical storefronts to create unique consumer experiences, and simultaneously execute initiatives such as trade shows and events to increase brand recognition and expansion.

Regarding our product categories, we focus on two areas: goods and experiences. We will continue to prioritize our strength in goods while also promoting the use of experiences such as hotel/lodging, travel, food and beverage, saunas, and entertainment, as there are many genres where we can already deliver value.

Next, let's talk about economic conditions, good or bad. We will continue to refine our service lineup to cater to customers who are willing to spend on premium products in times of economic growth. On the other hand, to prepare for an economic downturn, we will strengthen our focus on the relatively affluent who are more likely to continue to spend during tough times. We believe this will help us build a strong base of customer assets.

Furthermore, as the external environment evolves, there is a high possibility that other companies will enter the market to compete with us. To prepare for this, we aim to enhance our unique strengths—as previously mentioned in Makuake's value proposition—

by refining our ability to seamlessly acquire new customers, turn them into loyal fans, and leverage their potential. By doing so, we will be able to build high barriers to entry.

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Next, we will discuss how to continue GMV growth and enhance our capacity to achieve GMV targets. With regard to the "strength in supporting new customer acquisition" for project owners and "publication of trend-catching projects," we will continue to strengthen these areas while also digging deeper into untapped potential markets. To achieve this and retain high-quality project owners, we will provide functionalities and know-how to project owners so they can turn project supporters into fans and create new products using their fan base.

As for project supporters, we will provide project owners with tools to facilitate a natural conversion of supporters into fans, offer special benefits to our loyal members, and thus generate a stronger affinity between supporters and projects.

By doing so, we will build a structure for repeat business by both project owners and supporters, which will in turn raise our GMV.

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Firstly, we will focus on improving productivity by expanding support options available to project owners. This will be achieved by providing special options—with a higher take rate—for project owners seeking higher value-added support, which will result in increased sales productivity.

Secondly, as a measure to improve productivity per person, we will establish new programs to enhance the skills of each employee, including team assignment based on the

professional skill level of the curator, management development, continuation of existing reskilling programs, and provision of reskilling programs tailored to employee grades.

Thirdly, to strengthen our cost management system, we will enhance the monitoring of productivity in our development efforts, reorganize our office environment to better align with new work styles, and ensure the right people are in the right places through the use of our personnel portfolio data. We will also improve the management and reskilling of our existing team members to restrain headcount growth and associated hiring costs.

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Next, regarding the fourth challenge—actualizing a large-scale TAM—we believe that as the number of both project owners and project supporters grows, we will expand and penetrate into a wider range of business and consumer segments.

For consumers, expanding the lineup of offerings to include products tailored to their preferences is crucial. For businesses, having a supportive customer base that is likely to appreciate and purchase new products and services is key. As the mass and layers of the two meet together, here is where actualization happens, leading to a continuous strengthening of our self-sustaining growth and actualization of our TAM.

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This diagram provides a factorized view of Makuake service structure. GMV, Makuake's key goal indicator (KGI), can be factored into two components: project owners and project supporters. The growth of these two components will be accelerated through repeat business and improved service quality, leading to the accumulation of GMV. This, in turn, becomes a strength for our long-term vision as retained customer assets. Therefore, the accumulation of these factors is a crucial element in realizing our vision.

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Our medium-term plan is to achieve GMV of ¥30 billion in FY2025. Our KPIs for this goal include increasing the number of active projects in publication from the current 1,392 to 2,200 and growing the monthly per-project unit value from ¥1.1 million to ¥1.46 million as of September 2025.

Of course, there is a possibility of fluctuation depending on the environment and the progress of our strategy, but we are aiming to achieve GMV in the range of ¥28 to ¥32 billion.

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Further, assuming a balance between sales growth and costs, we aim to achieve an operating profit margin of approximately 7.5% to 13.5% in FY2025/9.

Given that the cost of supporting a project does not vary significantly from one project to another, it is how much we can raise the unit value of a project that matters most in terms of our operating profit margin and productivity. In this respect, it is extremely important to strengthen repeat business from project supporters, as well as repeat business from project owners, given the higher relative project unit value of repeat project owners.

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Regarding our near-term and second-half-of-the-year strategy, growth in each KPI, the increase in the number of active projects and the acquisition of new ones, I would like to highlight that offline exhibitions and real events have regained momentum and we will reinforce our marketing through these channels. Additionally, to prevent missed opportunities for publication due to insufficient support, we will implement an efficient

negotiating approach that utilizes data on publication intent. Further, as Chinese gadget manufacturers have started to become more active, we will strengthen our support to them to boost the acquisition of new projects.

We will work to raise the number of repeat projects by focusing on project owners with high growth potential—based on their previous results with us—and use our data for review and analysis that can potentially lead to new products as we provide after-sales support for them.

With regard to the project unit value, we will drive GMV by focusing on KPIs propelling GMV on the 1st day and from the 2nd day of the project's publication. For the 1st day, the quality of preparation is critical and so it is the quality, functions and efficiency of our preparation that we are working on. From the 2nd day of the project's publication, the focus shifts to marketing support: support through ads, efficient outreach to Makuake membership through our CRM, use of external alliances to send visitors to us, and actions that raise the inflow of traffic to the project's page.

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We expect to reach our target GMV of 18 billion yen through the actions detailed above. As GMV for the 1st half of the year came in line with our plan, there are no revisions to our forecasts at this time.

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Finally, as we proceed with our medium-term management plan, please allow me to explain our management plan regarding our human capital.



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We regularly conduct engagement surveys for our employees, and based on the results, we have identified the following three strengths of our company.

Our people share the vision and take pride in the services we provide.

Opportunities for challenging work are provided and evaluated appropriately.

We have a corporate/organizational culture with a high level of psychological safety.

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As a background to our strength where our people share the vision and take pride in the services we provide, we will continue to hold events that show respect for project owners and allow all to experience the value of their work, as well as those events that recognize achievements that connect project owners with project supporters. These cultural initiatives will serve to uplift motivation of each individual.

Furthermore, with many projects concurrently running, our people have ample opportunities to take on challenges, regardless of the project size, which ultimately contributes to their individual growth.

Moreover, we achieve a high level of psychological safety through such means as 1-on-1 interactions, inter-departmental exchange through in-house events and club activities, and a communication culture that fosters diversity with a significant number of women in executive positions.

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Securing time for creative thinking.

Building an organization that can flexibly respond to changes in the workforce brought on by generational imbalances.

Strengthening internal knowledge sharing and reskilling framework, and

Development of managerial talent.

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Having experienced sales ups and downs during the pandemic, we have come to recognize the importance of addressing human capital challenges in order to effectively tackle management issues. By prioritizing the strengthening of our human capital, we aim to achieve our medium-term-term business plan and overcome the management challenges we face.

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We plan to increase the completeness of our human capital portfolio and skill mapping data to enable swift execution of changes in our human capital investment plan and organization in response to internal workforce changes. This will allow us to be more flexible in responding to shifts in the external environment.

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We will enhance the current system where employees proactively seek opportunities for skills improvement, and implement development programs tailored to each skill grade and the timing after their employment to facilitate individual skill improvement. Through these efforts, we aim to achieve continuous growth in GMV.

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We aim to increase the use of common professional language within our company to reduce communication overhead and the time required for decision-making. At the same time, we will fully utilize our systems and ensure optimal personnel placement to secure time for creative thinking, ultimately enhancing productivity.

To conclude, I have provided an overview of our medium-term management plan that runs through September 2025. While it is imperative, as mentioned earlier, to address the challenges brought about by pandemic to actualize our TAM, we do also sense another tide of change in the relationship between companies and consumers.

At this moment when the rules of marketing are changing once again, we believe that our company's accumulated strengths put us in an advantageous position to help companies—our project owners—acquire new customers, turn them into fans, and leverage their fan base. By making this process seamless, we aim to expand the scope of our reachable TAM while accumulating our customer assets—project owners and project supporters—as well as our human capital, thus creating a dynamic scenario for us in the medium term and beyond.

Once again, we will make every effort to become a company you can wholeheartedly support in the medium and long term. Thank you for your continued support.