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Good afternoon, everybody. I am Representative Nakayama of Makuake.

Once again, I will be presenting our financial results for Q3 FY 2023.

First, I would like to start with an explanation of our Q3 results and, in the second half of the presentation, provide an update and additional details on the progress of our medium-term management plan announced three months ago.

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Let's now start with our Q3 results.

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As an overview of our financial results, GMV and net sales came in largely in line with the plan as the creation of a framework for a repeatable customer experience started to yield results.

The gross profit margin finished at 79% on higher software depreciation charges. However, it is worth noting that there were no structural changes in our business.

The operating loss decreased compared to the plan due to SG&A cost controls.

With regard to main KPIs, the number of published projects by repeat project owners increased by 13.6% QoQ due to the rollout of additional support for project owners with high potential for repeat project publication.

Furthermore, the amount of repeat “support” pre-orders was up by 8.9% QoQ thanks to various CRM initiatives, including campaigns and coupons.

In addition, access UUs (unique users) posted only a marginal decline of 0.2% QoQ due to the diminishing impact of economic reopening.

Turning to our organization, we have a sufficient number of curators and screening/monitoring personnel for the number of published projects. We are proceeding with hiring an appropriate number of staff for development and other administrative departments.

We are reinforcing the framework to boost 1st-day GMV, especially for projects with high target amounts and focusing on increasing the unit value per project. At the same time, we are utilizing our own curator skill maps to accurately assess the required skills of all individuals and conduct individualized training accordingly.

Regarding the external environment we are dealing with, one thing to note is that we are once again seeing stepped-up development activity by gadget makers that use China as their production base.

In addition, domestic consumption and inbound consumption of food and beverage are becoming more active, indicating changes from the consumption environment we had under the pandemic.

On top of that, there are data indicating that the amount spent on domestic travel during the Golden Week holidays this fiscal year has exceeded 2019 figures. With overseas travel spending and demand also gradually recovering, we think there might still be a further slight rebound in offline travel consumption.

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This chart shows the progression of GMV for “support” pre-orders.

While we experienced a downward pressure on GMV due to travel demand during Golden Week, GMV for the quarter overall increased by 11.2% QoQ as a result of increased repeat use by project owners and project supporters thanks to the establishment of a framework for retention of project owners and project supporters and our focus on initiatives to encourage repeat use.

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Let’s now move on to net sales and take rate. In Q3, net sales finished up 12.5% QoQ, driven by the increase in Makuake’s net sales on higher GMV as well as the rise in sales of advertising agency and MIS services.

Furthermore, as mentioned earlier, the increase in sales from related services outside of Makuake, where we used upselling opportunities for service options, directly contributed to an improvement in the take rate.

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Regarding gross profit and the gross profit margin, gross profit increased by 9.0% QoQ, while the gross profit margin finished at 79.9%, down 2.5 pts. This was due to higher software depreciation charges; there were no fundamental structural changes in our business.

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Next, it's SG&A expenses.

By strictly adhering to our internal ROI criteria in managing all of our SG&A expenses (with the exception of payment (transaction) fees, which are directly linked to GMV), we were able to increase GMV while keeping our SG&A expenses below the planned amount.

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As for operating loss, it shrank by JPY 110 million from the previous quarter as we succeeded in containing S&As below the planned amount.

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This chart shows our most important indicators: the number of published projects by repeat project owners and the amount of repeat "support" pre-orders.

In terms of projects, the number of published projects by repeat project owners increased by 13.6% QoQ thanks to the establishment and rollout of a support program based on project owners' repeat potential.

Furthermore, various CRM initiatives, including newly introduced coupons, resulted in an 8.9% QoQ increase in the amount of repeat "support" pre-orders.

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With regard to other indicators, access UUs (unique users) showed only a marginal decline QoQ as the impact of the shift of consumer spending to offline due to economic reopening has gradually subsided. Furthermore, an increase in attractive projects and various CRM initiatives resulted in a continued rise in CVR.

In addition, we have surpassed 2.5 million registered members.

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This chart shows the evolution of our personnel count, with the number of published projects added for your reference.

Our staffing levels were unchanged despite the increase in the number of published projects, as we believe that we have secured a sufficient number of curators and screening/monitoring personnel to handle the projects. On the other hand, we are planning to hire an appropriate number of staff for development and other administrative departments in Q4.

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This chart shows, for your reference, our organizational structure that addresses various factors involved in generating GMV.

We have Curator and Screening/Monitoring departments responsible for KPI targets on the project owners' side of our business, namely the number of active projects and the monthly project unit value.

Similarly, the organization has Marketing and CS (customer success) departments responsible for KPI targets on the project supporters' side, specifically for the growth in the number of UUs (unique users) who place "support" pre-orders and the monthly "support" pre-order amount.

Furthermore, to boost these KPIs, we have departments responsible for development, PR, alliances, and Data Lab, with each playing a supportive role.

In addition, we have established a structure where cross-functional teams implement actions to improve NPI (next purchase intention), an indicator of satisfaction, in order to build a framework for repeat business by project owners and project supporters. This three-dimensional approach of integrating individual departments and cross-functional teams provides the framework to drive business growth forward.

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This slide shows some of the major projects launched in Q3 FY2023/9.

As mentioned in the discussion of the external environment, the number of gadget-related projects that use China as a production base increased, with numerous projects generating sales in excess of JPY 10 million.

Additionally, we saw an increase in the number of projects that provide experiences, primarily in the food and beverage genre, which may be attributed to changes in the environment.

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As for large companies, their use of Makuake continued in Q3, with major companies venturing into new areas utilizing their R&D and technologies. Makuake, as a platform, has been proven effective for test marketing and acquiring initial customers, and our popularity appears to be spreading within the client companies, reaching different divisions and products as well.

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Once again, numerous upcycled products were created by processing previously discarded materials with special techniques, transforming them into completely new items.

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Let me share several topics from our recent activities. Firstly, we have entered into a partnership with Yodobashi Camera.

We have established dedicated sections at Yodobashi Camera's Akihabara and Umeda stores, as well as on their e-commerce site, to sell popular products launched on Makuake. By displaying and selling these products at Yodobashi Camera—a place frequented by many consumers seeking a diverse range of electronics—we provide opportunities for a broader audience of consumers to physically interact with the products and learn about the creators' vision embodied in them.

Next, and I believe we may have some fans in the audience, we have initiated a collaboration featuring MARVEL characters. Leading domestic craftsmen project owners with a proven track record on Makuake are utilizing their unique skills to create limited edition items inspired by the themes of "Spider-Man" and "Captain America." We are assisting in producing these items as a matching arranger.

Here we have an interesting project where items to be produced are determined through a user-voting campaign, and users themselves can participate in the item creation process by voting for specific aspects of its creation. In the future, we plan to launch the top-voted items as projects for “support” pre-orders on the Makuake site, and I am personally excited about it.

Additionally, we already have project proposals underway that feature collaborations involving such major characters as Disney's Mickey Mouse and others. In the future, we aim to actively pursue initiatives that contribute to industrial revitalization by connecting the value of Japanese craftsmanship with popular intellectual properties through collaborations.

Furthermore, our collaboration with TV shopping channels is proving to be successful as well, as seen in the special program broadcast on SHOP CHANNEL. With featured products completely sold out and viewer response positive, we decided to continue the show in a 2-hour broadcast format every 3 months. In addition, further product collaborations and a tie-up with SHOP CHANNEL's EC site are in the works.

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With overseas business trips becoming more feasible, we celebrated the 2nd anniversary of our Korean branch by holding a “Makuake makers networking day” event. I also traveled to the location on this occasion.

This provided an opportunity to further deepen our relationships with Korean project owners who have launched projects with us thus far, as well as businesses that are considering using Makuake. We hope this will lead to an increase in projects originated in Korea that will expand into Japan in the future.

Moreover, we have also released an interesting functionality for project supporters that we call "Diagnosis of Shopping Values." The new functionality uses answers to 10 questions to analyze what respondents consider to be important when shopping and, based on the results, provides recommendations for in-site content and ways to use various functionalities. Our aim is to create opportunities for project supporters to encounter projects that truly resonate with them.

We have made strides in our MIS business as well. In addition to serving large companies, we have now begun offering consulting service options for new product development to small and medium-sized businesses. The response has been very positive right from the start, and we are eager to help bring out the full potential of manufacturing/monozukuri technologies.

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Additionally, we have decided to hold our offline real event “Makuake Mirai Marche” this year as well.

The event will be held over two days—September 23rd and 24th—in Ebisu. Attendees can experience and purchase unique products launched on Makuake while listening to stories directly from their creators. Last year's inaugural event was a resounding success, with constant full-house attendance, and this year, we are already seeing a rapid surge—significantly larger than last year—in project owners applying for exhibition booths and stands, and project supporters requesting tickets.

We hope that all investors, by all means, will come and join us, and enjoy the gathering. This real-life event allows you to see the enthusiasm with your own eyes—something that is usually hard to perceive on Makuake's online platform—and get a clear impression.

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Next, I will talk about our mid-term business plan and provide some additional information to complement what was announced three months ago.

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We will continue to further develop the economic value of the online pre-primary distribution market and bring about its actualization.

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GMV, Makuake's KGI (key goal indicator), consists of two components related to project owners and project supporters. Because these components can grow in an accelerated manner through our initiatives to win repeat business, strengthening

repeat business leads not only to enhanced GMV growth but also to the realization of our vision. For that reason, we consider increasing NPI (next purchase intention) for each of the components to be an important metric as well.

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Once again, our medium-term KPI targets call for achieving a GMV of JPY 30 billion (mid-range target) by increasing the number of active projects to 2,200 per month and raising the project unit value to JPY 1.46 million by September of FY2025/9.

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As to the profit projection, we envision an operating profit margin of approximately 7.5% to 13.5% for FY2025/9, assuming a balance between sales growth and cost management.

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This chart outlines the broad implementation phases for key initiatives to achieve medium-term KPI and operating profit margin targets.

We will proceed with Phase 1 to eliminate negative experiences of project supporters and establish a system for their retention by the first half of FY2024/9. From the second half of FY2024/9, we will focus on Phase 2 and strategically invest in mechanisms to turn the retained project supporters into fans.

We will keep our specific development plans undisclosed for now. However, our intention is to design functionalities in such a way that the more they are used, the better the benefits to the user and the overall user experience become.

The core concept here is to create functionalities to enable project owners to expand their fan base and foster smoother communication. At the same time, project supporters will have a vastly improved experience with the products and services they bought through "support" pre-orders, thus leading to a better relationship with project owners. With this in mind, we intend to continue investing in the development of these functionalities.

Phase 2 will see the release of specific and highly effective development items. Furthermore, given the compound impact of the experience improvement implemented in Phase 1, we anticipate that Phase 2 will have a larger impact on our growth.

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For this fiscal year, we will continue to work on completing the initiatives to achieve growth in our key KPIs.

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As for the progress in key KPIs, the average number of active projects per month in Q3 showed steady growth, reaching 1,442, while the average monthly project unit value increased to JPY 1.05 million. We attribute these outcomes to the results of our various initiatives.

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Next, about our full-year financial forecasts.

Net sales and operating loss, as well as the gross amount of "support" pre-orders, came in largely in line with the plan through Q3 of this fiscal year. As of now, there are no changes to our full-year financial forecasts.

In conclusion, we have seen a significant rebound in offline consumption, with travel leading the way. We are closely monitoring whether this is a reaction that takes us back to pre-pandemic times or whether consumers have embraced a lifestyle that involves more travel than before the-pandemic. Nevertheless, it appears that the pace of this shift towards offline consumption has largely leveled off.

While there are still uncertainties, such as what happens during the Obon summer holidays in August and the demand for overseas travel, our aim is to further accelerate the pace of business improvement and market development, and continue to grow.

Although the journey to achieving our goals is still long, we aspire to be an essential part of the new world's environment. We sincerely appreciate your ongoing support. Thank you.