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Good afternoon, everyone. I am Nakayama, President and Representative Director of Makuake. The September 2023 fiscal year has concluded, and today we will discuss our performance in Q4 and for the full year. Additionally, we will address our medium-term management plan, which covers fiscal years 2024 and 2025.

Throughout the fiscal year 2023, we faced a battle against a broad-based resurgence of real-world consumption as the strong tailwind from the pandemic reversed.

It was a challenging environment for us as online spending on goods declined, while demand for outdoor-related activities, such as travel and events, rebounded, surpassing even pre-pandemic levels. This created a markedly different operating environment than during the pandemic, exceeding our expectations. Tough as it was, we were able to start working on issues that we would have needed to address in the future in any event, such as building a framework to win repeat business, strengthening customer CRM, creating new functionalities that enhance the user experience for our next growth, and reforming our sales and cost structures.

Although some areas still experience a downdraft due to the reopening of the real economy, the majority of our business has recovered to its pre-pandemic levels and is showing signs of an upward trend once again. Consequently, we feel that various initiatives we implemented during the reopening are now contributing to this uplift.

In August of this year, Makuake's business site marked its 10th anniversary. Although the past three and a half years have been particularly challenging, we have persevered and are now poised to enter the next decade.

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Now, let's turn to the financial statements.

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First, let's summarize Q4. In terms of overall performance, GMV fell behind the Q4 plan due to increased real-world consumption in August, notably in categories such as travel, accommodation, event participation, and dining. For the full year, GMV finished 2.2% below the plan. We anticipate that consumer demand for outdoor and out-of-home activities will continue during long holidays, such as summer vacations. Consequently, we intend to incorporate this seasonality into our business plans for 2024 and beyond.

With regard to net sales, revenues from MIS and other Makuake-related services continued to contribute, as also seen in Q3. As a result, net sales outperformed GMV, coming in only 0.8% below the full-year plan.

Furthermore, we have continued to rigorously control our SG&A expenses, reducing them by a further 2.5% from the previous quarter. As a result, operating loss has been significantly reduced.

Next, concerning KPIs, the number of projects by repeat project owners increased, continuing the trend from Q3.

At the same time, the amount of repeat "support" pre-orders grew by 4.4% compared to Q3, thanks to operational improvements in the use of coupons and CRM initiatives.

On the other hand, factors such as increased time spent by consumers outside their homes in August had an impact, resulting in a 3.6% decrease in access UUs (unique users).

With regard to the progress of our medium-term management plan, various initiatives aimed at boosting the first-day project unit value—part of our strategies to increase the average monthly project unit value—have proven successful. This has resulted in a 3.3% improvement in the average monthly project unit value compared to Q3.

That said, the number of active projects during the month decreased by 0.8% from Q3 due to external factors, as many businesses—project owners—were on the Bon Festival and summer vacations.

However, by adhering to the growth scenario and prioritizing the improvement of project unit values over increasing the number of active projects, GMV increased by 2.4% compared to Q3 and also showed an upward trend compared to the same period in the previous year.

In assessing the external environment from numerous data points, we observed that spending on travel in August, in particular, surpassed that of the Golden Week (GW) period. We believe this had an impact on Makuake's GMV in August.

We are also seeing the continued weakening of the yen and high raw material prices. However, it currently appears that these factors have not significantly impacted the creation of new products by repeat project owners.

At the same time, the continued rise in the cost of living is a concern, and there is a possibility it will impact consumers. However, at this point, predicting it with certainty remains difficult.

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Next, let's dive into the details of various KPIs. This chart shows the quarterly GMV.

We believe that GMV for Q4 was impacted by a larger-than-anticipated increase in real-world spending in August, particularly in categories such as travel, event participation, and dining. However, we were able to increase Q4 GMV by 2.4% compared to the previous quarter. We sense that we may have reached the bottom after the significant change in the environment that occurred during the same period in 2022 and are now returning to a growth trajectory.

The environment itself is as follows: the real economy is now in better shape than last year, as evidenced by various statistics covering travel, event participation, and other categories, which show figures surpassing pre-pandemic levels. That said, for us, this past summer's environment was more challenging than a year ago. Nevertheless, we feel that the actions we took—initiatives to win repeat business, improvements in the quality of consulting support, and the development of our CRM system—have raised our own potential.

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Now, let's turn our attention to net sales, which posted a 4.0% increase from the previous quarter. This growth was driven not only by the expansion in GMV but also by the robust revenue performance from MIS and other Makuake-related services. As a result, our take rate has improved to 24.2%.

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Regarding gross profit, it has grown proportionally with the increase in net sales. As for the gross profit margin, it has remained steady at 79%, despite the growth of other revenue sources such as advertising sales and MIS exerting a slight downward pressure on it.

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Concerning SG&A expenses, we have improved the optimal placement of personnel by transitioning to a system that ensures the right people are in the right positions. As a result, we have successfully reduced SG&A expenses, primarily personnel-related, and minimized commissions on new hiring, all while maintaining the appropriate headcount within our departments.

Additionally, we were successful in controlling advertising and promotional expenses by focusing on operational efficiency, while expanding GMV. Overall, our cost optimization efforts are progressing well.

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As a result of cost efficiencies, operating loss further decreased by JPY 51 million from Q3, coming in at JPY 29 million.

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Next, this chart displays these important KPIs: the number of published projects by repeat project owners and the amount of repeat “support” pre-orders. On the project owner side, we have enhanced the support content tailored to the segments in which project owners operate, resulting in a slight increase in the number of projects published by repeat project owners. In particular, by strengthening our support for project owners who have delivered outstanding performance multiple times, we are advancing our efforts to encourage their repeat use of our platform.

On the project supporter side, improvements in the operational effectiveness of coupons and CRM have led to an increased amount of repeat “support” pre-orders by project supporters. At the same time, with the growing number of top-performing repeat project owners, a positive cycle has begun to emerge, where project supporter fans of these project owners are placing repeat “support” pre-orders.

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Next, let’s turn to other indicators. Access UUs declined by 3.6% from the previous quarter due to factors such as increased time spent by consumers on activities outside their homes in August. However, our conversion rate (CVR) increased, which translated into GMV growth, as the decline was in less impactful access UUs.

On the other hand, our membership count has been steadily increasing, at an average of around 84,000 members per quarter, despite the decline in access UUs. The network effect continues to naturally attract new members to the platform as we strengthen our efforts to win repeat business.

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Regarding personnel, the count of curators and screening/monitoring/legal staff directly engaged in project creation has remained nearly unchanged, even with a 1.7% increase in the number of published projects from Q3. This outcome reflects improved efficiencies in our operational structure, making it capable of accommodating growth.

Furthermore, we are making progress in optimizing resource allocation, specifically by rearranging development priorities, reviewing the development process, and reassessing task priorities. This has allowed us to increase productivity even as our workforce underwent some changes.

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Here are some statistics on our human capital. The defining characteristic is our consistently high ratio of female employees in management positions. We are fostering a work environment that prioritizes the comfort of each employee while respecting the diversity of our workforce. Additionally, we are actively working to cultivate a corporate culture free from bias as we establish the foundation for human capital management.

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Let's now move on to Topics. For new features, we have introduced a functionality in the project owner management console that enables project owners to view reviews from project supporters. This feature allows project supporters to ask questions to

project owners to whom they placed "support" pre-orders, discuss the quality of the product or service received, express their intention to make repeat purchases, as well as provide any other comments they see fit.

Such feedback from project supporters serves as a valuable resource for project owners, offering insights to enhance product quality, drive additional product development, and improve customer service quality. This functionality also facilitates a better understanding of the project owner's company, its products and services, and aids in cultivating a dedicated fan base.

Another key functionality we introduced is "Coming Soon," which allows project supporters to preview information about projects that will be commencing soon. Projects using this feature will be listed in the "Coming Soon" section on Makuake, and supporters can subscribe to receive notifications once the project starts. This functionality addresses the needs of those who do not want to miss out on early-bird offers and prevents situations where project supporters miss the projects they would otherwise be interested in simply because they were not aware of them.

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Makuake has initiatives in place that focus on regional and social issues. We collaborated with local governments to create special site pages dedicated to revitalizing regional industries in Okinawa, Nagano, and Niigata.

Furthermore, as a part of our collaboration with Expo 2025 Osaka, Kansai, Japan, we initiated a project called TEAM EXPO, which aims to address social issues. We have launched a special page for this on Makuake, showcasing projects that have emerged as a result.



We will continue to seek business participation until Expo 2025 Osaka, Kansai, Japan, opens, featuring the relevant projects on their dedicated pages. Ultimately, we will consider unveiling them in the Expo's exhibition area.

One notable project is conducted by the Kita-Sanriku Factory, which oversees a sustainable aquaculture initiative in the Kita-Sanriku region. Through collaborations with various partners, this project significantly contributes to the enrichment of the ocean. We are starting to witness positive results like this emerging.

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Next, on to our initiatives to expand sales channels for project owners and collaborate with real storefronts. Our collaboration with Yodobashi Camera, where we have partnered for two stores, will expand to an additional eight stores, and ultimately to a total of ten stores nationwide.

In May of this year, we opened a special corner called “Makuake SHP” at Akiba and Umeda stores on Yodobashi Camera's EC website. It was well-received by Yodobashi Camera customers, and we have received numerous requests from visitors to expand the product lineup and also to open in more areas. Consequently, we will be opening Makuake's special corners at Yodobashi Camera's Shinjuku Nishiguchi Main Store, Kichijoji, Sendai, Yokohama, Kyoto, Sapporo, Hakata, and Nagoya stores.

Further, we initiated a collaboration with the operators of experiential stores called “b8ta.” We started offering Makuake project owners the option to showcase their product samples at “b8ta” stores, thus initiating a new test marketing experiment that blends both online and offline.

These initiatives aim to provide an enjoyable “support” pre-order experience, even at physical storefronts, for project supporters. For project owners, they serve as a means to attract project supporters while their projects are active.

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In August, as mentioned earlier, we celebrated the 10th anniversary of the Makuake site. To mark this milestone, we launched a special 10th-anniversary website and also held a real shopping event called “Makuake Mirai Marche.”

Project owners set up real physical stores to sell products that had initially launched on Makuake. The available store space was almost sold out, and the total amount of purchases made by visitors was double that of the previous year. This successful result exceeded our expectations and created positive customer experiences.

As we continue to develop functionalities to enhance the project supporter experience, it was a valuable time to see firsthand how project supporters enjoy their online experience as opposed to offline. It was a great opportunity for us to learn more.

This very event provided our team members with an opportunity to see the tangible results of their work and experience the job satisfaction it brings. It has also become a crucial factor in our motivational strategy as part of our human capital strategy.

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Here, we present a list of key projects published in Q4. Many popular projects were launched by repeat project owners who consistently used Makuake to introduce new products and services. This illustrates that we are gradually moving forward towards our goals to promote repeat use of the platform and that the economic rationale for companies in the pre-primary distribution market to utilize Makuake is getting acceptance.

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Similarly, numerous companies, including well-known and large enterprises, have started to repeatedly utilize Makuake. Regardless of the company's size, we have established a track record as an effective platform that facilitates the easy undertaking of new challenges.

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Furthermore, there is continued growth in “upcycled” products that are addressing the waste issue. At the same time, we are also witnessing the emergence of projects led by project owners who are committed to sourcing sustainable raw materials and engaging in education related to SDGs.

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To summarize our financial results for the September 2023 fiscal year, GMV came in at JPY 17.6 billion, with net sales falling slightly short of the plan by 0.8%. On the other

hand, operating loss declined to JPY 489 million, showing a significant improvement, particularly in Q4. For the full year, it came in JPY 390 million smaller than projected.

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In a year-over-year comparison, GMV declined by 11% for the full fiscal year. However, the most recent Q4 saw an upswing in GMV YoY as the environment significantly changed during the second half of the previous fiscal year, particularly in Q4. We are now entering a phase of resumed growth in the post-reopening environment.

With regard to operating loss, it declined from the prior year. As previously explained, this was due to our efforts to review the business structure in fiscal year 2023, which resulted in a substantial improvement in the most recent Q4.

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Next, let's turn to our plan for the September 2024 fiscal year.

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The plan for the September 2024 fiscal year sets a GMV target of 18.8 billion yen. We aim to increase net sales by 3.0% compared to the September 2023 fiscal year, achieve a profit at the operating level, and rebuild the balance between business growth, investment, and costs.

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At first glance, our forecasted growth rate may seem modest. However, we have factored in that the seasonal rebound in demand from the pandemic during long consecutive holidays, when travel demand surges, will persist into the fiscal year 2024. We have also taken into account the uncertainty in the external environment due to the international situation.

We have taken a dispassionate look at these factors and conducted our calculations and planning using GMV from the most recent Q4 as the baseline of our own potential. We anticipate a certain inflow of new customers to continue, and as an upside, expect the accumulation of repeat business from both new and existing customers to be a factor that may contribute to beating the forecasts.

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Our approach to growing the Makuake business will remain simple: we will promote the creation of high-quality projects by repeat project owners, boost the number of active projects, accumulate fan project supporters for repeat project owners, and increase project supporter retention on the Makuake site through CRM initiatives. This, in turn, will allow us to pursue higher project unit values, leading to increased profit margins.

To emphasize, since the growth rate and profitability are greatly influenced by how well project supporters are retained, our development plan for the fiscal year 2024 involves implementing numerous actions aimed at enhancing retention on the project supporter side.

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Finally, let me now explain the revisions we have made to our medium-term management plan.

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The market we are targeting remains unchanged. We believe that by further enhancing the enjoyment and convenience for consumers in this market—one step and two steps further from their perspective—we can expand the potential market scope that can be captured by both businesses and consumers.

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The structure of the Makuake business remains unchanged as we continue to build the structure to promote repeat business and accelerate the speed of accumulating the natural inflow of new customers through network effects.

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We have made revisions to the plan for individual main KPIs for Q4 of the September 2025 fiscal year. We adjusted the average number of active projects during the month to 1,643 and the average monthly project unit value to JPY 1.15 million. With these adjustments, we will proceed to execute the plan, aiming for a minimum of JPY 21.5 billion in GMV.

While our business operates as a B2B business for our project owners, it is ultimately a business sustained by consumer payments. This creates, essentially, a B2C structure where the quality of what is provided to consumers, as well as the business environment, significantly impact the range of outcomes. This makes planning significantly more challenging compared to a pure B2B business. Additionally, factors such as the success in development of strategic functionalities for user retention and the market environment can significantly affect performance, making it difficult to provide specific numbers for upper-limit targets. We would appreciate your understanding in this regard.

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There is no change in the outlook for operating profit margin. We anticipate a significant improvement in our profit structure through a combination of user retention, higher unit values per project, and an increased number of active projects with the aforementioned higher project unit values.

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We have planned Phase 1 and Phase 2 to build our user retention structure. We are currently in the latter half of Phase 1, where the focus is on eliminating negative user experiences as much as possible. In Phase 2, we will develop and deploy functionalities that are enjoyable, convenient, and engaging.

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We plan to introduce new and enjoyable experiences for communication between project owners and project supporters, as well as features such as a loyalty program that make the Makuake platform more welcoming and rewarding with increased usage.

As mentioned earlier, our business revolves around consumers, as they are the ones paying for our services. The quality of the services we provide plays a vital role in shaping user experiences, and the extent to which project supporters stay with us depends on our ability to exceed their expectations. Consequently, we plan to invest, including in enhancing project supporter experiences, to boost the trajectory of GMV growth.

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To elaborate further on the progress towards our medium-term KPI targets, various measures to boost the first-day project unit value—one of our strategies to increase the average monthly project unit value—have proven successful. The average monthly project unit value increased by 3.3% from the previous quarter, resulting in a 2.4% growth in the average monthly GMV. Moving forward, we will intensify our efforts to increase project unit values by enhancing our consulting support capabilities and reinforcing our framework for the retention of project supporters. We will strive for quality growth by improving our revenue structure and growing the overall top line while maintaining a balance with the increase in active projects.

Indeed, the recent three and a half years within this ten-year span have been a time of intense turbulence, as if the challenges in both external and internal environments



over the past decade were concentrated in this timeframe. This turbulence prompted us to recognize the need for continuous improvement in the quality of everything we do, including opening untapped markets, understanding the granularity of customer needs, enhancing our organizational structure, development capabilities, operational excellence, and management skills. Moving forward, our goal is to maintain Makuake on a solid growth trajectory, leveraging the accumulated customer assets. We plan to embark on the next decade with new initiatives, including creating new businesses that can provide further support for the endeavors of project owners and businesses.

There are still countless instances where valuable new businesses, products, services, and technologies have yet to spread their wings and flourish but linger on the sidelines instead.

We are now taking on the challenges of the next phase—to give a powerful nudge to these endeavors.

We kindly ask for your continued support as we embark on the new decade ahead.

Thank you.