

P1

Good afternoon, everyone. I am Nakayama, President of Makuake. Thank you for attending our earnings results briefing on financial results for the first quarter of FY2024/9.

P2

Let's now begin our briefing.

P3

First, to summarize our Q1 financial results, both the gross amount of “support” pre-orders (GMV) and net sales came in line with the plan.

Moving on to the next point, there was a temporary decline in the gross profit margin due to a lesser effectiveness of web advertising towards year-end, which was impacted by Black Friday campaigns run by various e-commerce companies. Additionally, we incurred higher costs in related services. Nevertheless, there were no changes in our business structure.

With regard to SG&A expenses, we continued to control them effectively, bringing about a further reduction in operating loss.

In terms of KPIs, in Q1, we aimed at improving the quality of each project and focused on increasing the monthly unit value rather than the number of active projects during

the month. As a result, the monthly project unit value continued to rise, driving the creation of GMV and the improvement in our profitability.

However, the decline in the number of published projects led to decreases in the number of projects published by repeat project owners and the number of active projects during the month.

That said, the amount of repeat “support” pre-orders has continued to grow as we made progress in, among other things, improving the project supporter experience where it had issues.

Let's delve into the progress of our medium-term management plan. In the context of eliminating negative experiences in Phase 1, we enhanced the environment for project supporters to enjoy placing “support” pre-orders with greater confidence. This was achieved by granting a distinctive mark to recommended project owners, certified as such based on our criteria, and making it visible on our site.

These initiatives, large or small, to eliminate negative experiences have resulted in a 2.2-point increase in NPI.

We are currently in the preparation stage to develop new functionalities that will strengthen our differentiation advantages for both project owners and project supporters as we progress to Phase 2.

To conclude my summary, I will touch upon the external environment in Q1. As I see it, the trend of experience-centric offline consumption persisted through the year-end.

Additionally, it seems that various e-commerce companies extended the Black Friday sales period for longer than in a typical year.

Furthermore, with the continued higher raw material costs and sharp increases in shipping costs due to the weaker yen, I wouldn't describe the environment for domestic businesses we target as favorable compared to the pre-pandemic conditions.

P4

Let's now take a look at the numbers.

First, regarding the overall GMV: As noted earlier, the trend of experience-centric offline consumption continued, with its strength exceeding that of last year. This was coupled with various e-commerce companies extending their Black Friday sales period for longer than in a typical year. Despite this, our focus on initiatives for repeat project owners and repeat project supporters led to an 8.0% increase in GMV compared to the same period last year, clearly indicating that the underlying strength of our service is improving.

P5

Next, let's discuss net sales and take rate. Net sales, driven primarily by Makuake, our advertising distribution agency services, and MIS (Makuake Incubation Studio), rose by 13.4% YoY. With the increase in sales of related services, our take rate vs GMV also improved by 1.2 percentage points YoY.

P6

Now, let's turn our attention to gross profit. While gross profit increased by 4.2% YoY, the effectiveness of web advertising declined somewhat due to the year-end external environment. Additionally, costs in related services rose, leading to a 6.6 percentage point decrease in the gross profit margin compared to the same period last year. Nevertheless, there were no changes in our business structure.

P7

Next up, it's SG&A expenses. While maintaining their contribution to GMV growth, we downsized advertising expenses and, at the same time, were also able to significantly reduce personnel costs. Although there was a slight increase in other expenses, such as those for a general meeting of shareholders, we achieved a significant 14.8% decrease in the overall SG&A expenses compared to the same period last year without weakening our strategies.

P8

With regard to operating loss, it decreased to JPY 16 million, showing a consistent improvement thanks to increased net sales and reduced SG&A expenses.

P9

Let's now turn our attention to the progress of key KPIs toward this fiscal year's targets. We aimed at enhancing the quality of each project and focused on increasing the monthly project unit value rather than the number of active projects during the

month. As a result, the monthly project unit value continued to rise, driving the growth of the monthly GMV.

P10

With regard to other KPIs, the overall number of published projects and the number of published projects by repeat project owners declined as we focused on increasing the monthly project unit value and because of external environmental factors, such as the weaker yen. On the other hand, the amount of repeat "support" pre-orders has continued to increase thanks to improvements in the user experience.

P11

Next up is access numbers. Access UUs (unique users) continued to decline, impacted by the ongoing trend of experience-centric offline consumption, as well as the Black Friday period extending for longer than in a typical year for various e-commerce businesses. Consequently, while our membership count increased, its growth rate has moderated.

That said, we now have clearer visibility into the attributes of users who are easier to retain, and we plan to enhance our marketing to them.

P12

This slide shows our employee count. There were no significant changes in the number of curators and personnel in screening, monitoring, and legal roles, and we

maintain a structure capable of accommodating a future increase in the number of published projects.

Additionally, with our focus on increasing the monthly project unit value, we currently do not anticipate significant personnel increases during this fiscal year.

P13

Moving on to Topics for Q1, we have launched the “Makuake-Recommended Project Owner” program.

Following our own criteria, we award the "Makuake-Recommended Project Owner" certification every six months to project owners based on their performance in the preceding year. We grant them a distinctive mark and make it visible on the Makuake site.

We have also set up a new page that allows confirmation of recommended project owners and enables viewing of their projects in list format. Our goal is to enhance our site's operation, allowing project supporters to confidently place "support" pre-orders, thanks to the visibility of project owners who meet specific standards.

One more topic is that we announced the winning projects and companies for the “Makuake Award 2023.” The "Makuake Award" is a well-established annual accolade that includes the "Makuake of the Year," which honors the best projects selected from those conducted on Makuake in the past year, as well as awards for partner companies that collaborate with us.

This year, we hosted the award ceremony with the aim of fostering interactions among award recipients and creating opportunities for new endeavors. By the way, the Gold Award, the top prize of the ceremony, was won by a knife made by a cutlery manufacturer in Gifu Prefecture with a history of over 100 years.

P14

This slide shows major projects of small and medium-sized enterprises launched in Q1. Projects featuring gadgets that enhance quality of life and those addressing areas where users have strong preferences were highly popular.

P15

Next up, it's projects by large companies. We witnessed continued publication of projects that struck a good balance between new products leveraging the brand power of large companies and new products aspiring to enter new genres by utilizing technology from in-house research and development.

P16

Among distinctive projects focused on SDGs, "upcycled" products utilizing raw materials that would otherwise be discarded remained prevalent. Additionally, we also saw introduction of products ingeniously designed to avoid harming nature and experience-centric projects.

Our unique feature of offering an opportunity to sell without first producing inventory has provided a platform for exploring environmentally conscious projects like these.

P17

Next, let's discuss the plans and progress for the fiscal year ending September 2024.

P18

For FY2024/9, we will proceed with our plans to increase net sales by 3.0% from FY2023/9 and return to profitability, targeting operating profit of JPY 16 million.

P19

With regard to our growth strategy for this fiscal year, we plan to boost the project unit value by promoting the creation of high-quality projects by repeat project owners and growing the number of active projects. To this end, we also aim to improve project supporter retention through the accumulation of project supporter fans by project owners and CRM initiatives.

P20

As for the progress toward FY2024/9 financial forecasts, GMV and net sales came in line with the quarterly plan, achieving rates of 24.4% and 26.2%, respectively, against the full-year plan.

P21

Now, regarding specific initiatives implemented in Q1 FY2024/9. During the quarter, we increased the monthly project unit value by strengthening support for project



owners to maximize GMV on the first day of project publication. Simultaneously, we implemented CRM initiatives, such as distributing coupons tailored to project supporter needs, and improved the user experience with notification functionality.

As part of our efforts to increase the number active projects, we established a business account framework to provide individual project owner-level support for repeat project owners. Additionally, we implemented sales initiatives targeting major businesses with the potential for high-quality project publications.

Furthermore, we strengthened our marketing efforts for businesses utilizing EC platforms, as these demonstrate a high tendency for repeat usage of Makuake.

As for our actions to increase the monthly project unit value, as mentioned earlier, we strengthened support to maximize GMV on the first day of project publication.

Additionally, we are also enhancing our support to grow GMV beyond the initial boost—that is, after two days of project publication, with a focus on advertising distribution agency services.

Moreover, we further encouraged project owners to make use of the “Coming Soon” feature released in Q4, thereby promoting the placement of “support” pre-orders from project supporters.

In addition, we continue to fine-tune various CRM initiatives, including coupon distribution tailored to supporter needs, by continuously implementing the PDCA cycle for improvement.

As for new feature development, we created a functionality to assign a distinctive mark to Makuake-recommended project owners and make it visible on our site. Furthermore, we continue to improve the user experience of discovering preferred projects.

We have also begun preparing for the development of new features for Phase 2. Moving forward, we will create functionalities that not only reduce negative but also provide positive experiences to strengthen our competitive edge through differentiation.

P22

Next, it's our medium-term management plan. There are no significant changes here.

P23

We will continue to focus on the online pre-primary distribution market for goods, which is expected to grow to JPY 1 trillion by 2025. Additionally, we will work toward developing the online pre-primary distribution market for services.

P24

GMV, Makuake's key goal indicator (KGI), can be factored into two main components: project owners and project supporters. These can grow in an accelerated manner through our efforts to win repeat business, and for that reason, we are investing in improving the level of service we provide. By raising the level of our service, we aim to both retain new customers and improve our customer acquisition rate. Furthermore, as we gain visibility into user segments with high retention rates, we can implement better-targeted marketing and improve our ability to retain customers through better service quality, thereby achieving a virtuous cycle of growth.

P25

Next, regarding our continued medium-term KPI objectives: For Q4 FY2025/9, we aim to reach 1,643 active projects during the month, a monthly project unit value of JPY 1.15 million, and a GMV of JPY 21.5 billion (minimum target).

P26

There are no changes regarding our medium-term operating profit margin target: We continue to aim for a range of approximately 7.5% to 13.5% for FY2025/9, assuming a balance between sales growth and cost management.

P27

Next, it's our vision for the implementation phases to achieve medium-term KPI and operating profit margin targets. In Phase 1, we will proceed 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 this fiscal year, we will focus on Phase 2, where we will strategically invest in features and functionalities that differentiate us, such as those that make it more likely for project supporters to become fans of project owners through their purchases and functionalities that make it easier for project owners to leverage project supporter resources for business expansion.

P28

This slide presents our vision for GMV growth: We aim to increase GMV by capturing potential markets and bolstering our capability to retain users. We will achieve this by

commencing preparations for new functionalities from the second half of FY2024/9 and, as previously mentioned, releasing Phase 2 functionalities in FY2025/9.

In conclusion, we are feeling a definite improvement in service quality, but we are aware that there are still challenges and uncertainties ahead, such as dealing with the offline economy and the impact of the Noto earthquake that occurred at the beginning of the year.

Considering the significant trend in the distribution channels for launching new products and services online, as well as the increasing desire among consumers for engaging and fulfilling consumer experiences, we believe there is still immense room for growth. Therefore, we intend to strengthen our advantages in this large market by enhancing the level of service we provide to both sides—project owners and project supporters.

We appreciate your continued support going forward.