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MEMBERSHIP

July 26, 2022

## Non-consolidated Financial Results for the Nine Months Ended June 30, 2022 <under Japanese GAAP>

Company name: Makuake, Inc.  
 Listing: Tokyo Stock Exchange  
 Stock code: 4479  
 URL: <http://www.makuake.com/>  
 Representative: Ryotaro Nakayama, CEO  
 Inquiries: Yuki Tamura, Corporate Officer and General Manager of Business Management Division  
 TEL: +81-3-6328-4038 (from overseas)  
 Scheduled date to file quarterly securities report: July 27, 2022  
 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 nine months ended June 30, 2022 (from October 1, 2021 to June 30, 2022)

#### (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	%
Nine months ended								
June 30, 2022	3,326	(0.2)	(89)	–	(66)	–	7	(94.6)
June 30, 2021	3,332	59.3	201	(62.1)	200	(62.2)	129	(63.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
June 30, 2022	0.56	0.55
June 30, 2021	10.86	10.37

## (2) Financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	10,508	6,929	65.5
September 30, 2021	10,331	6,873	66.2

Reference: Equity

As of June 30, 2022

¥6,882 million

As of September 30, 2021

¥6,841 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2021	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2022	—	0.00	—		
Fiscal year ending September 30, 2022 (Forecast)				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, 2022 (from October 1, 2021 to September 30, 2022)

(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, 2022	4,700	1.7	0	(100.0)	20	(93.9)	65	(73.6)	5.19

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: Yes
  - (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 June 30, 2022	12,568,700 shares
As of September 30, 2021	12,404,700 shares

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

As of June 30, 2022	130 shares
As of September 30, 2021	87 shares

(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended June 30, 2022	12,514,388 shares
For the nine months ended June 30, 2021	11,960,170 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by 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 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; “Support” Pre-order Service for Buyers, which enables buyers in Japan to watch how new products that have just launched are selling and to stock them on the internet; 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.

The first nine months of the fiscal year ending September 30, 2022 saw movements toward normalization of economic activity and the beginnings of a recovery in business conditions in the Japanese economy. However, the increasing prices of raw materials caused by the situation in Ukraine and other factors, rising commodity prices due to supply constraints, and uncertainty in the financial policies of each country due to fluctuations and other developments in the financial and capital markets continued, and we are aware that the situation requires caution as it is rife with the risk of an economic downturn.

The business environment for the Company is affected by trends such as that of the e-commerce market for debuting new products and of the e-commerce market for pre-ordering new services, but due to the new lifestyles and working styles we have seen emerging as a result of the spread of COVID-19, demand in these markets is extraordinarily high and growth is continuing. Going forward, we believe that the e-commerce market for debuting new products has extraordinarily high growth potential.

Against this backdrop, the nine months ended June 30, 2022, saw a continuation of the rising trend in the number of new projects published from project owners wanting to debut new products and services, an increase in the number of unique users visiting Makuake in search of new products that fit their tastes and preferences, and a continued growth in the demand for Makuake. Meanwhile, as a result of implementing policies to accelerate growth in the next fiscal year and beyond, rather than focusing on measures with a short-term perspective that merely aims to increase revenue in the current fiscal year, and having concentrated our resources on reinforcing our internal structure, namely, working to create a platform that owners and supporters can use with greater confidence, training the staff we hired, and focusing on improving operations within the new organizational structure, growth in total “support” pre-order value slowed down, decreasing by 0.6% year on year to ¥15,639,218 thousand. Furthermore, the conversion rate (CVR), which expresses how well the needs of owners and supporters are matched, had been on a declining trend due to the increase in the workload for curators, and issues with the user experience in relation to finding new products and services caused by the rise in the number of new projects, but has increased slightly as a result of strengthening the hiring and training of curators and screening staff, and the development of new functionality. We are aiming to further improve the CVR.

As a result, for the period under review, the Company recorded net sales of ¥3,326,617 thousand (down 0.2% year on year), an operating loss of ¥89,152 thousand (compared to an operating profit of ¥201,096 thousand in the same period of the previous fiscal year), an ordinary loss of ¥66,700 thousand (compared to an ordinary profit of ¥200,403 thousand in the same period of the previous fiscal year) and profit of ¥7,004 thousand (down 94.6% year on 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 increased by ¥176,781 thousand from the previous fiscal year-end to ¥10,508,328 thousand.

Current assets decreased by ¥151,456 thousand to ¥9,118,106 thousand. The main components included a decrease of ¥288,331 thousand in cash and deposits.

Non-current assets increased by ¥336,870 thousand to ¥1,378,457 thousand. The main components included an increase of ¥250,505 thousand in intangible assets.

### Liabilities

At the end of the quarter under review, liabilities increased by ¥120,386 thousand from the previous fiscal year-end to ¥3,578,600 thousand.

Current liabilities increased by ¥104,913 thousand to ¥3,520,273 thousand. The main components included an increase of ¥253,796 thousand in deposits received.

Non-current liabilities increased by ¥15,473 thousand to ¥58,326 thousand. The main components included an increase of ¥14,489 thousand in provision for continuous services benefits.

### Net assets

At the end of the quarter under review, net assets increased by ¥56,394 thousand from the previous fiscal year-end to ¥6,929,727 thousand. The main components included increases of ¥16,892 thousand each in share capital and capital surplus, due to the exercise of share acquisition rights.

## **(3) Explanation of forward-looking information including earnings forecasts**

There is no change to the earnings forecasts for the fiscal year ending September 30, 2022, from the forecasts announced in the “Notice of Revisions to Full-Year Financial Forecasts” released on April 26, 2022.

## Quarterly financial statements and significant notes thereto

### (1) Quarterly balance sheet

(Thousands of yen)

	As of September 30, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,949,943	5,661,611
Cash segregated as deposits	2,641,311	2,893,922
Accounts receivable - trade	551,330	417,560
Other	134,259	152,293
Allowance for doubtful accounts	(7,282)	(7,282)
Total current assets	9,269,563	9,118,106
Non-current assets		
Property, plant and equipment	43,119	53,735
Intangible assets	593,873	844,379
Investments and other assets		
Other	412,131	487,880
Allowance for doubtful accounts	(7,537)	(7,537)
Total investments and other assets	404,594	480,342
Total non-current assets	1,041,587	1,378,457
Deferred assets	20,396	11,763
Total assets	10,331,547	10,508,328
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	72,286	6,064
Deposits received	2,652,462	2,906,259
Other	690,611	607,949
Total current liabilities	3,415,360	3,520,273
Non-current liabilities		
Provision for retirement benefits	337	1,320
Provision for continuous services benefits	42,516	57,005
Total non-current liabilities	42,853	58,326
Total liabilities	3,458,214	3,578,600
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,103,387	3,120,279
Capital surplus	3,103,387	3,120,279
Retained earnings	635,591	642,596
Treasury shares	(499)	(625)
Total shareholders' equity	6,841,867	6,882,530
Share acquisition rights	31,464	47,197
Total net assets	6,873,332	6,929,727
Total liabilities and net assets	10,331,547	10,508,328

**(2) Quarterly statement of income**

(Thousands of yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
Net sales	3,332,990	3,326,617
Cost of sales	558,716	651,204
Gross profit	2,774,273	2,675,412
Selling, general and administrative expenses	2,573,177	2,764,564
Operating profit (loss)	201,096	(89,152)
Non-operating income		
Interest income	-	2
Dividend income	-	16
Lecture fees and other income	5,325	7,309
Subsidy income	-	20,744
Other	654	3,012
Total non-operating income	5,980	31,084
Non-operating expenses		
Amortization of share issuance costs	6,672	8,632
Total non-operating expenses	6,672	8,632
Ordinary profit (loss)	200,403	(66,700)
Extraordinary income		
Gain on sale of investment securities	-	97,500
Total extraordinary income	-	97,500
Profit before income taxes	200,403	30,799
Income taxes - current	74,115	25,324
Income taxes - deferred	(3,629)	(1,528)
Total income taxes	70,485	23,795
Profit	129,918	7,004



**(3) 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.

**Changes in accounting policies**

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

There is no effect on the profit or loss for the first nine months of the current fiscal year or the opening balance of retained earnings of the current fiscal year.

Furthermore, the information on disaggregation of revenue from contracts with customers during the first nine months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

There is no effect on the quarterly financial statements.

**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.