



FY 8/2023 3rd Quarter Results

July 12, 2023

Business Highlights

Q3 FY8/2023 KPI Progress

- Rebound from last year's campaigns and the shift in macro environment led to the following KPI results:
 - GMV¹ : JPY 50.6 billion YoY 93%
 - Orders: 18.88 million YoY 89%
 - Active Users²: 7.12 million YoY 81%

Strategy Review

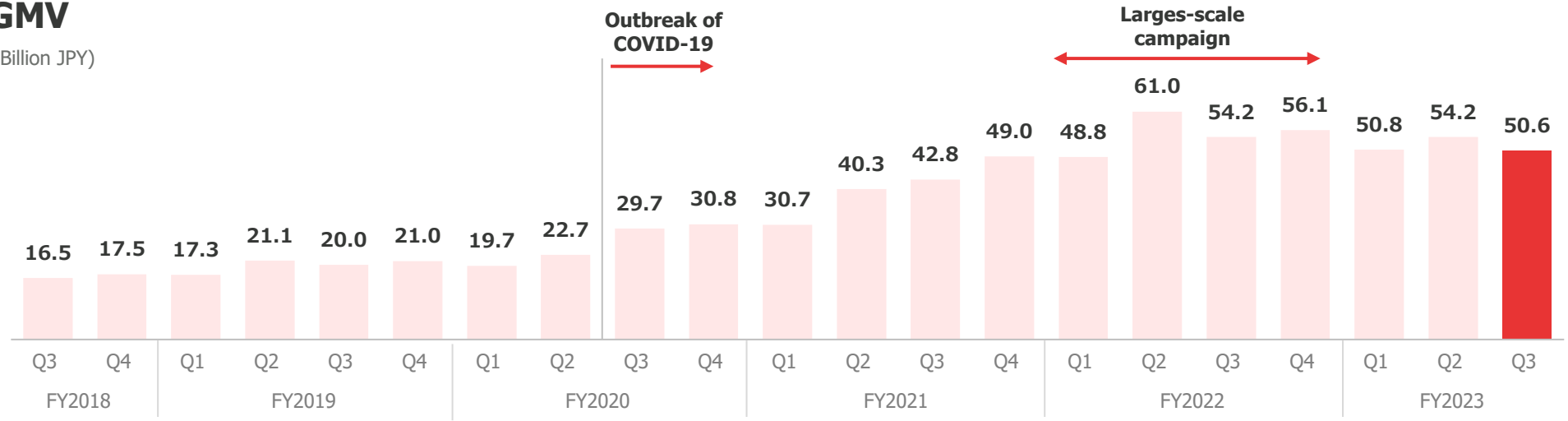
- **Core user base steadily expanding**
- **Operating expenses significantly reduced (YoY 78%)** due to lower cost of sales and SG&A expenses.

1. GMV (Gross Merchandise Value): item price + delivery fee before discount + other user fees
2. Active Users: users who placed more than one order within the last twelve months (unique users); as of the end of the quarter

Major KPIs

GMV

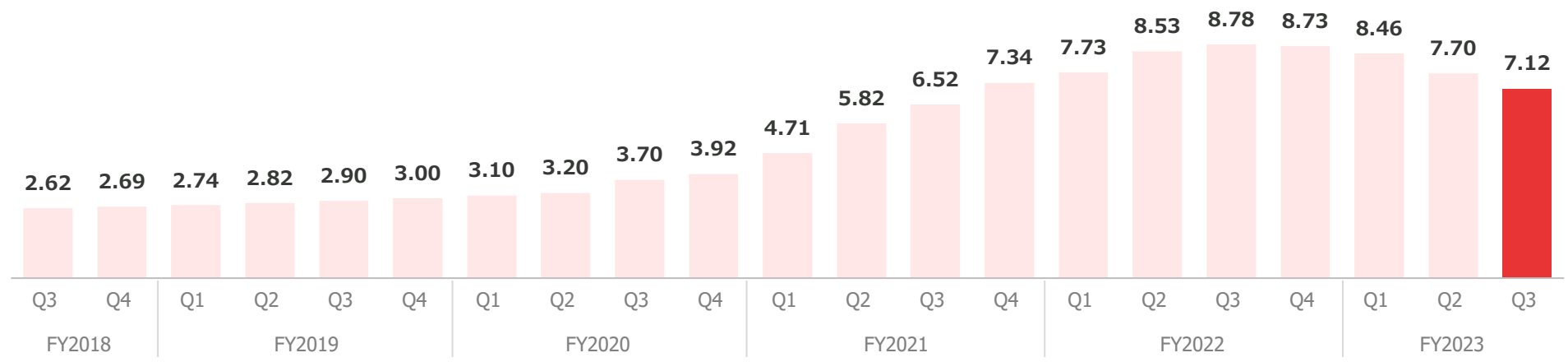
(Billion JPY)



Pre-covid
4yr CAGR
+26%

Active Users

(Million)



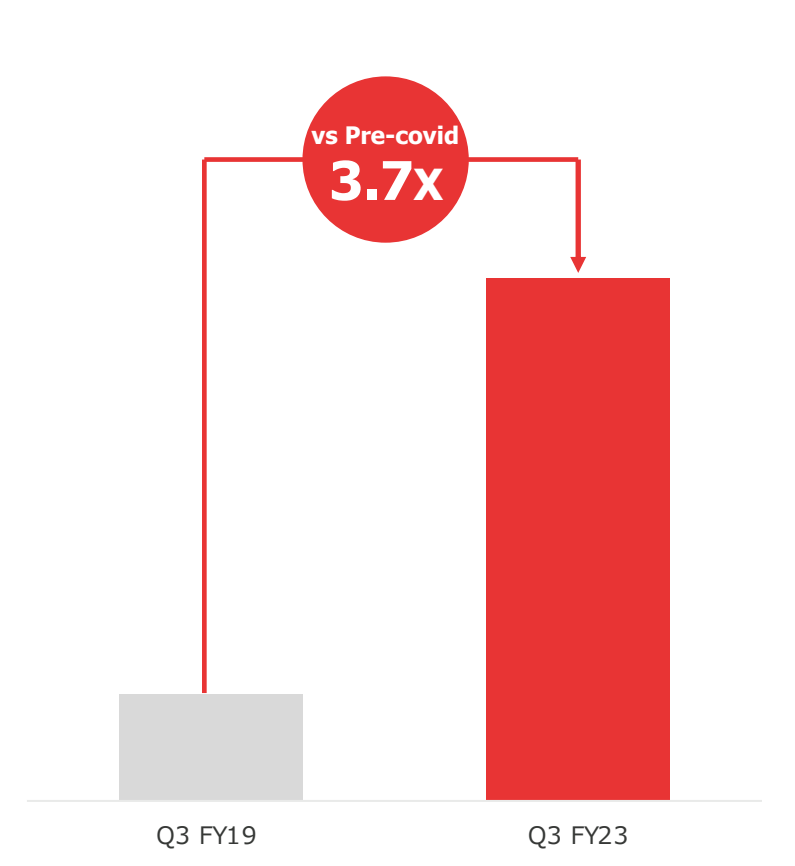
Pre-covid
4yr CAGR
+25%

GMV (Gross Merchandise Value): item price + delivery fee before discount + other user fees
Active Users: users who placed more than one order within the last twelve months (unique users); as of the end of the quarter

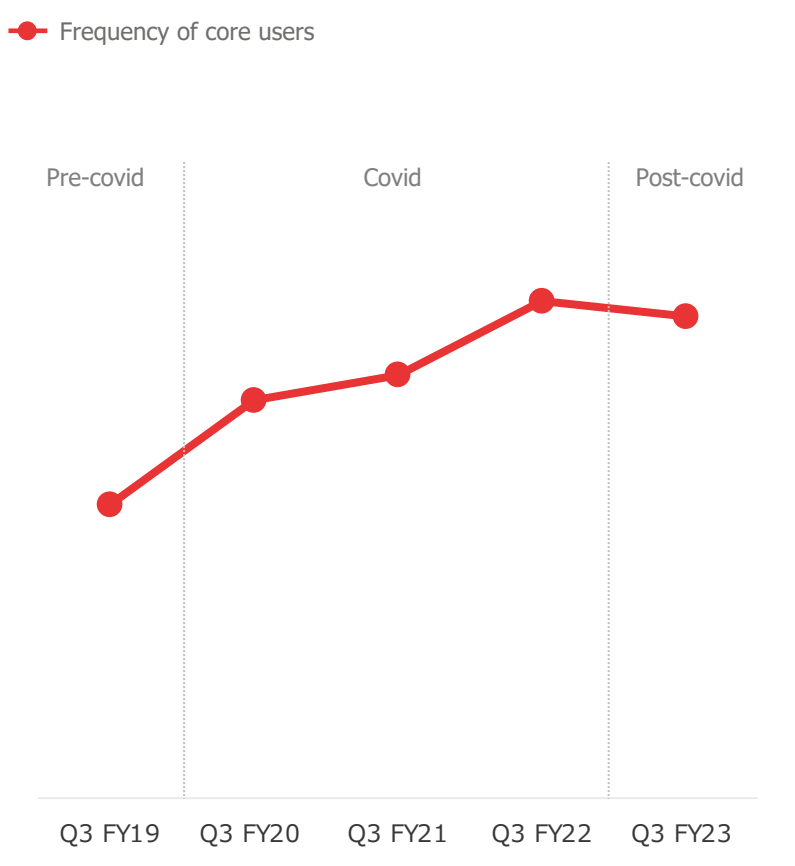
Retention of Core User

- ✓ Compared to pre-covid Q3 FY19, the number of core users grew 3.7x and their order frequency has steadily increased
- ✓ Continue to focus on nurturing and expanding core users

Core users



Frequency trend of core user



Initiatives

- 1 Expand delivery opportunity
- 2 Improve area penetration
- 3 Product upgrade

1. Core user : users who order more than 4x per month

Loyalty Program Renewal

- ✓ New loyalty program to be released on August 1st
- ✓ Enhance user engagement by increasing retention

New loyalty program

Changes

| | AS-IS | TO-BE |
|-------------------|-------------------------|-------------------------|
| Ranks | 6 | 5 |
| Evaluation period | 3 months | 1 month |
| Criterion | Number of orders | Order Value |
| Coupon | Total 200 ~1,000 JPY | Total 600 ~2,000 JPY |

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特典のUP率も増える!



New coupon initiative



- Coupon program separate to the loyalty program offered to everyone
- Area-specific & merchant-specific coupons will also be offered

User nurturing strategy

1 Renewal of loyalty program

Increase retention of core user

2 Expanding coupon initiatives

Nurture light user/new acquisition

- ✓ Localized strategies targeting specific areas contributed to user expansion, merchant cultivation, and order increase
- ✓ 83% of riders surveyed expressed their desire to continue delivery with Demae-can, leading to stable supply of riders

Localized initiatives

- Area-specific campaign focused on Keihanshin region¹



- 1 Order increase
- 2 Cultivate popular local merchants
- 3 Expand user penetration

1. Osaka, Kyoto, and Hyogo prefectures

Rider survey

- Platform of choice among riders

% of riders who are satisfied with Demae-can

As of March 2023

81%

As of June 2023¹

83%

Main reasons for satisfaction with Demae-can

- Focus on delivery quality and customer satisfaction
- Responsive and resourceful support
- Great flexibility

1. N=7,075

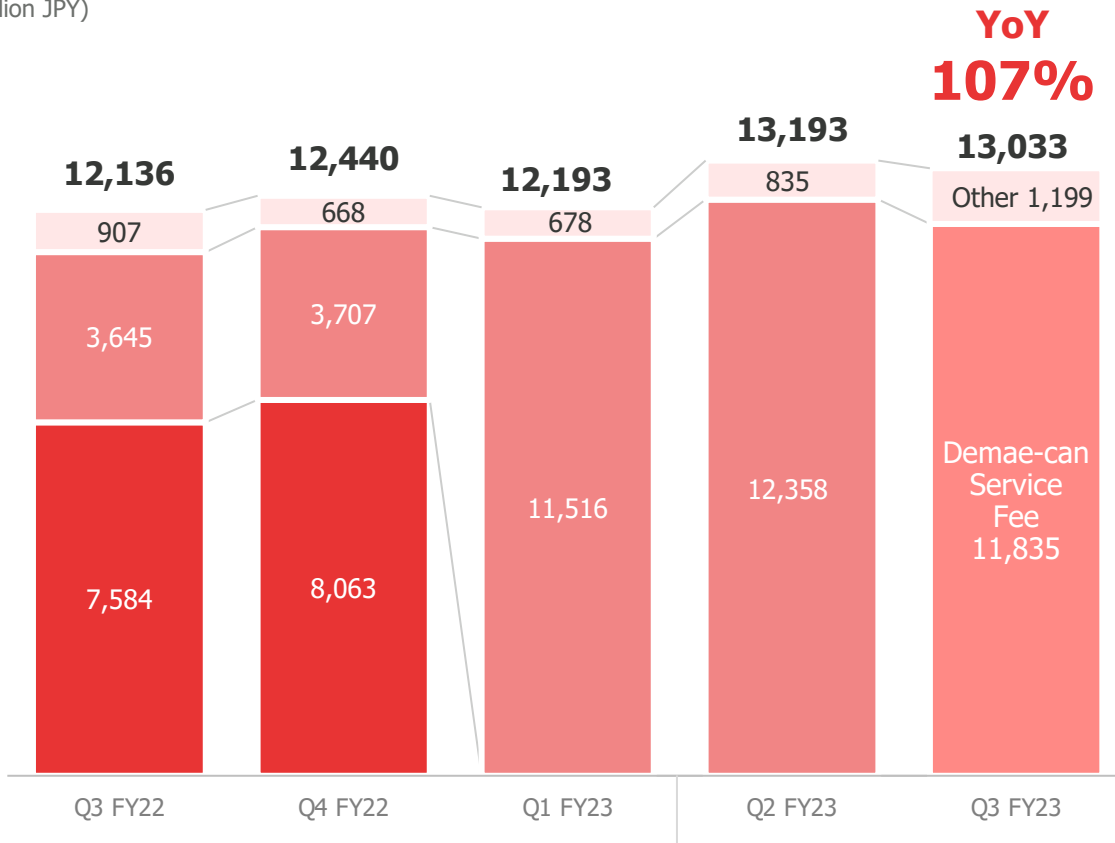
Financial Highlights

Revenue/Operating Cost

- ✓ Sales grew to 107% YoY due to higher ratio of Sharing Delivery orders
- ✓ Operating expenses declined 78% YoY due to optimization of cost of sales and control of marketing expenses

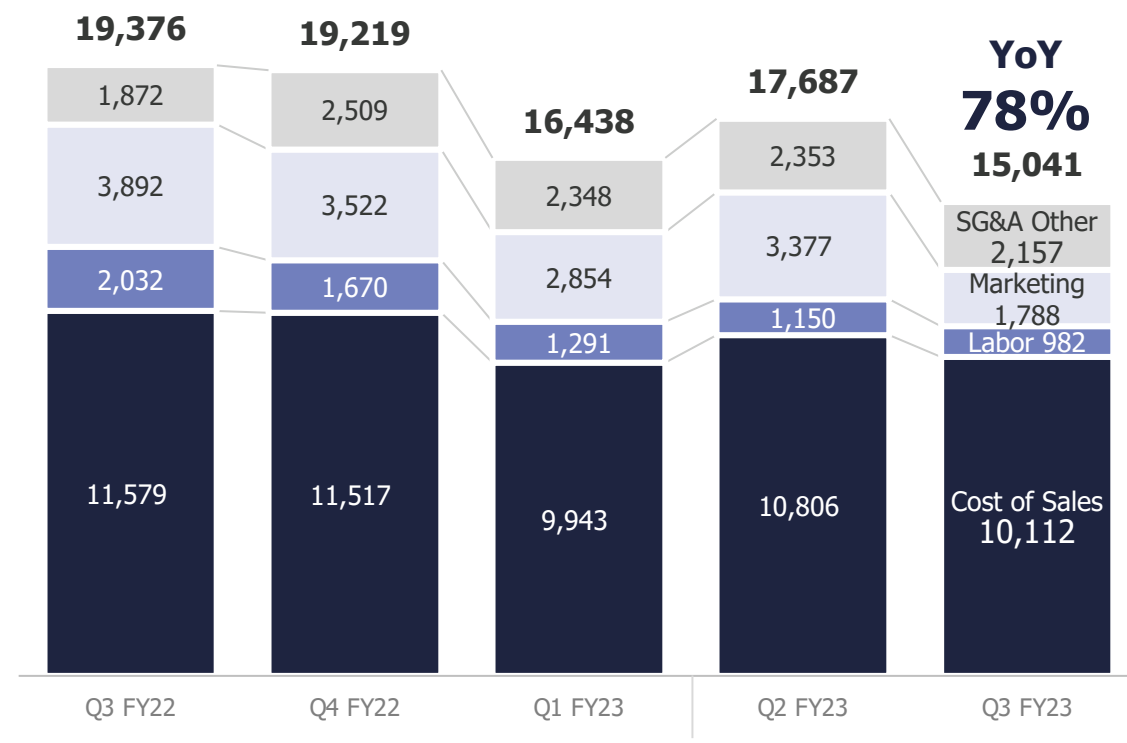
Revenue

(Million JPY)



Operating Cost

(Million JPY)



Key Initiatives to Strengthen Financial Stability and Improve Profitability

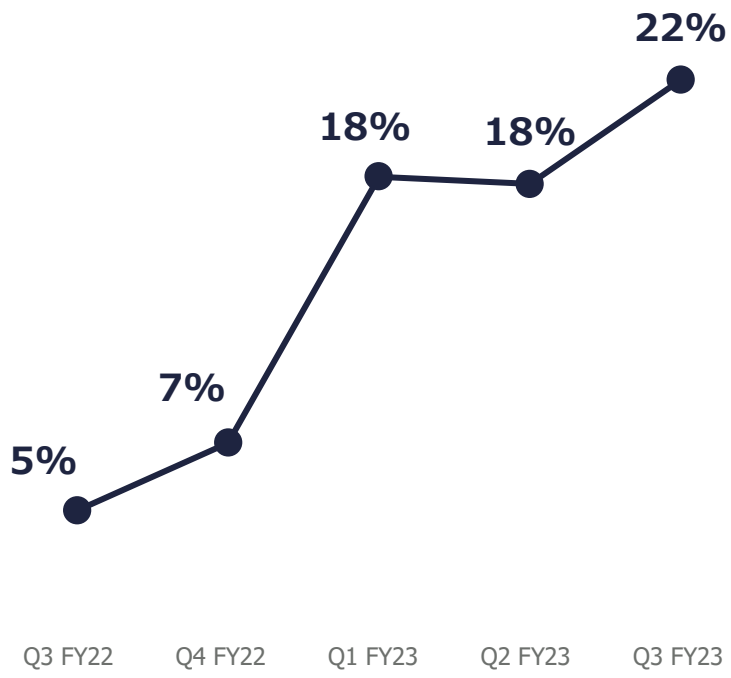
- ✓ Improving profitability from reduced fixed cost due to transformation of business model, and optimization of variable costs by product and process improvements

| | Reduction of fixed cost | Variable cost improvement |
|--|-------------------------|---------------------------|
| 1 Transformation of business model: closure of delivery stations | ✓ | |
| 2 Improved delivery efficiency through product upgrade | | ✓ |
| 3 Consolidation of call centers | ✓ | ✓ |
| 4 Improvement of customer support process | | ✓ |
| 5 Streamlined operations | ✓ | |
| 6 Outsourcing optimization | ✓ | |
| 7 Office relocation & consolidation | ✓ | |
| 8 Exit/downsizing of certain businesses | ✓ | |

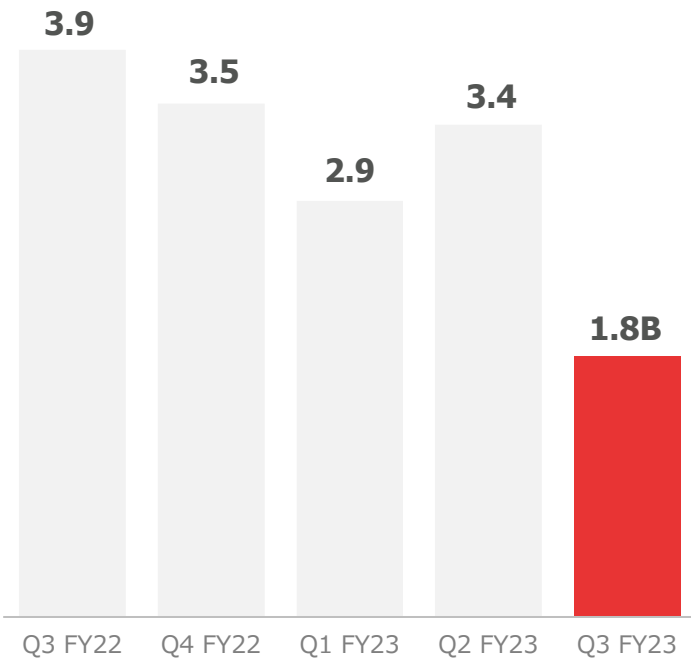
Decreasing Operating Expenses

- ✓ Gross profit margin improved to 22%
- ✓ Excluding advertising expenses, monthly positive profit during Q3

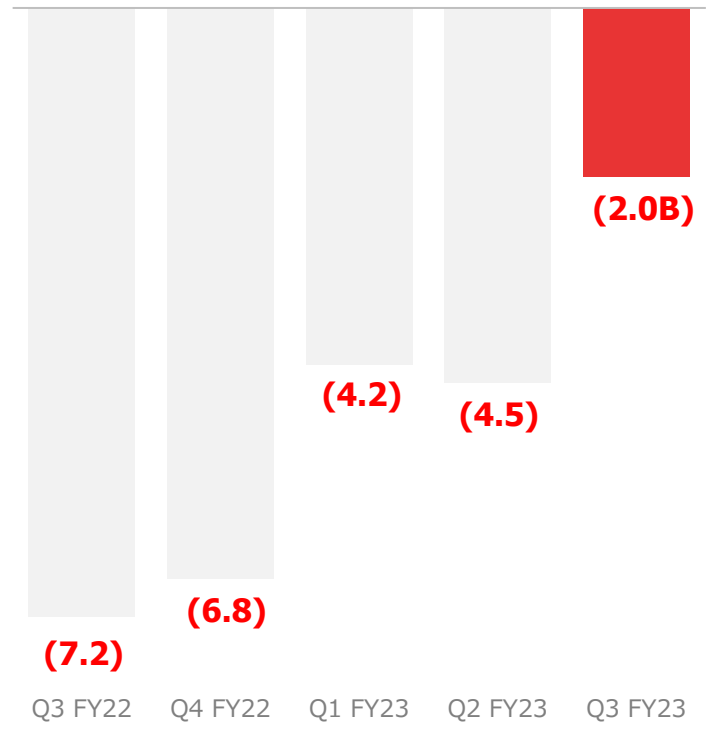
Gross margin



Marketing expense



Operating profit



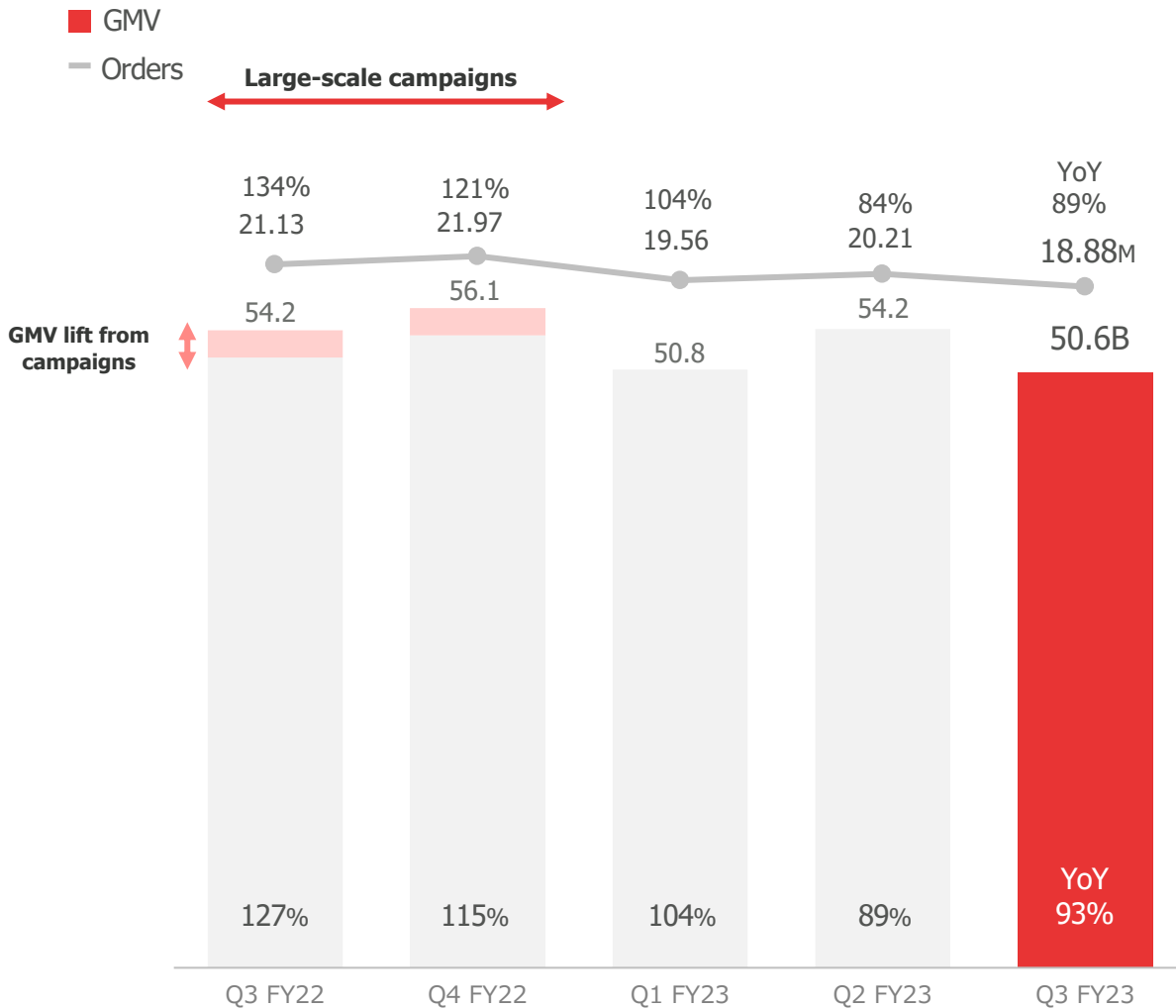
Appendix

Summary of Consolidated Income Statement

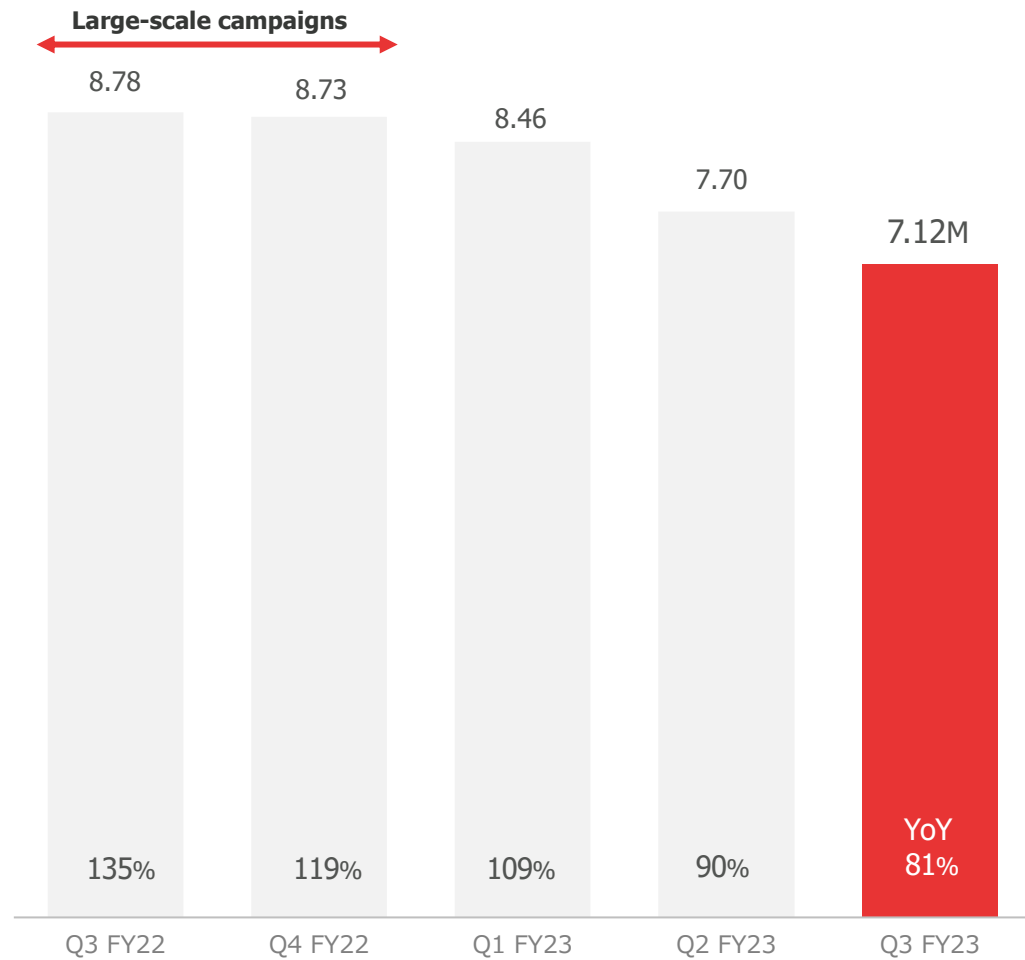
| (Million JPY) | FY 8/2022 | | | | FY 8/2023 | | | | |
|-------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | YoY | QoQ |
| Net Sales | 10,342 | 12,394 | 12,136 | 12,440 | 12,193 | 13,192 | 13,033 | 107.4% | 98.8% |
| Demae-can Service Fee | 3,389 | 4,097 | 3,645 | 3,707 | 11,516 | 12,358 | 11,835 | - | 95.8% |
| Delivery Commission | 6,371 | 7,586 | 7,584 | 8,063 | | | | | |
| Other | 582 | 710 | 907 | 668 | 678 | 834 | 1,199 | 132.2% | 143.7% |
| Cost of Sales | 9,805 | 16,321 | 11,579 | 11,517 | 9,943 | 10,805 | 10,112 | 87.3% | 93.6% |
| SG&A | 9,509 | 9,523 | 7,796 | 7,702 | 6,494 | 6,881 | 4,928 | 63.2% | 71.6% |
| Labor | 2,391 | 2,128 | 2,032 | 1,670 | 1,291 | 1,150 | 982 | 48.4% | 85.4% |
| Marketing | 5,135 | 5,996 | 3,892 | 3,522 | 2,854 | 3,377 | 1,788 | 46.0% | 53.0% |
| Other | 1,982 | 1,398 | 1,872 | 2,509 | 2,348 | 2,353 | 2,157 | 115.2% | 91.6% |
| Operating Profit | (8,972) | (13,450) | (7,239) | (6,779) | (4,244) | (4,494) | (2,007) | - | - |

Major KPIs (Quarterly)

GMV / Orders

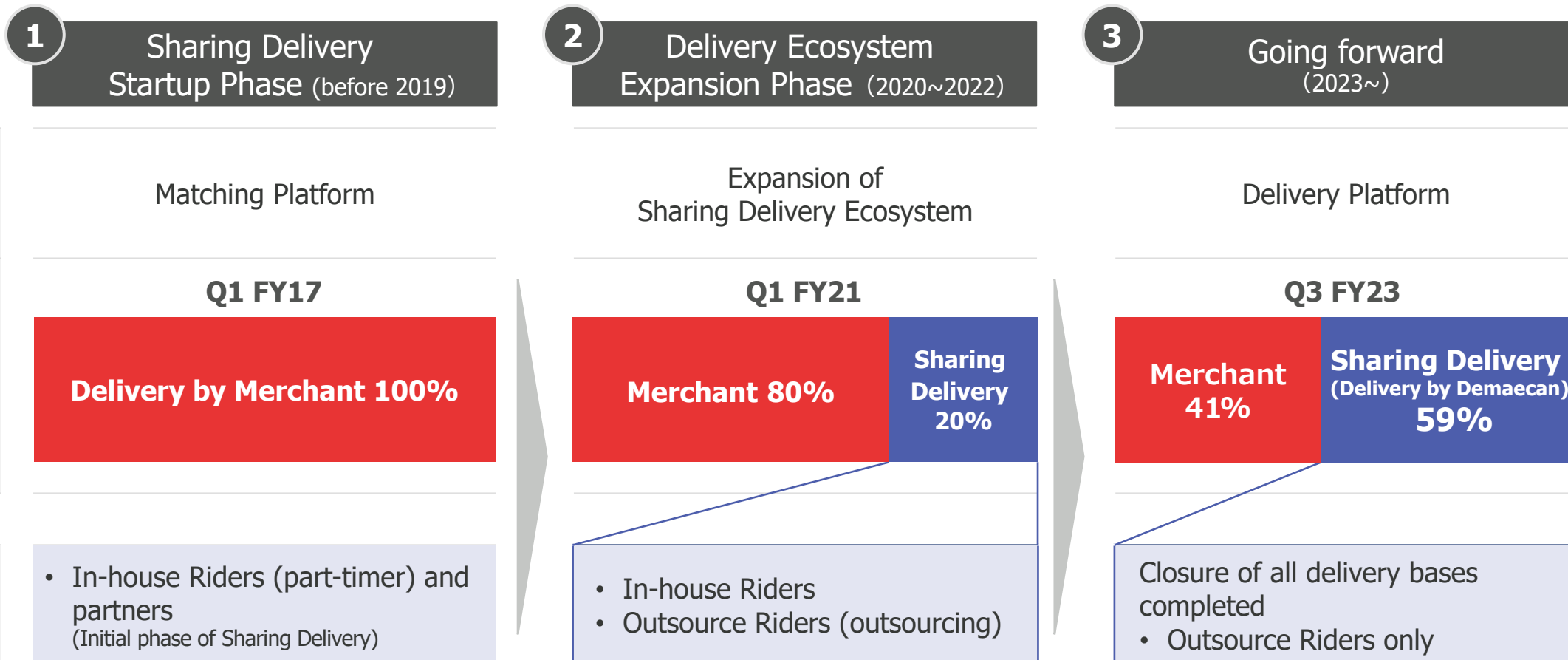


Active Users



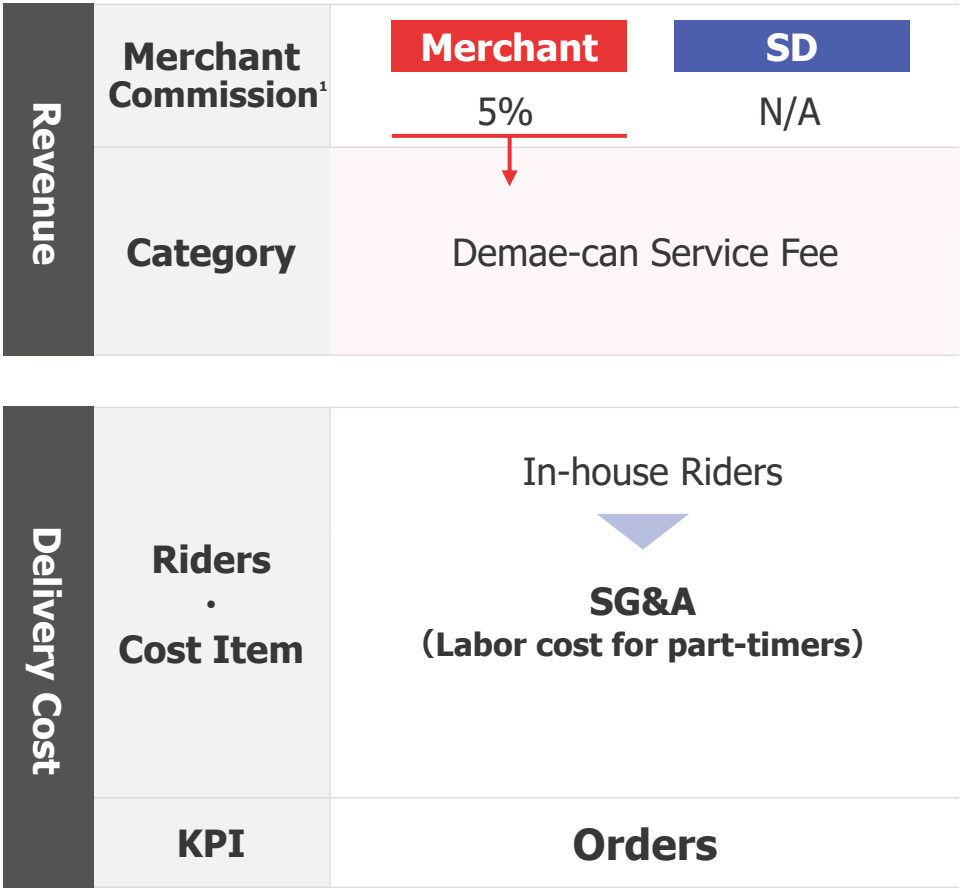
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Change of Business Model

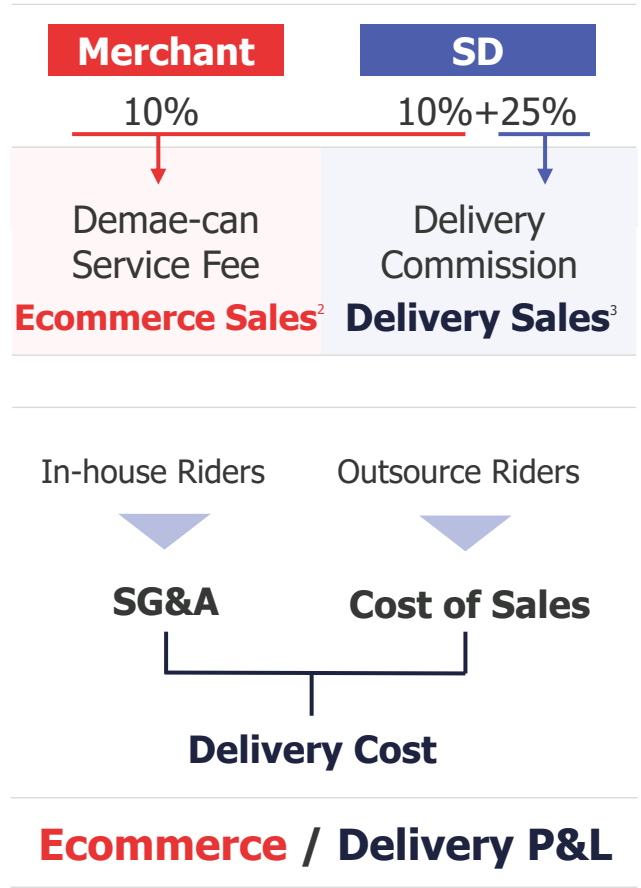


Change of P&L Model

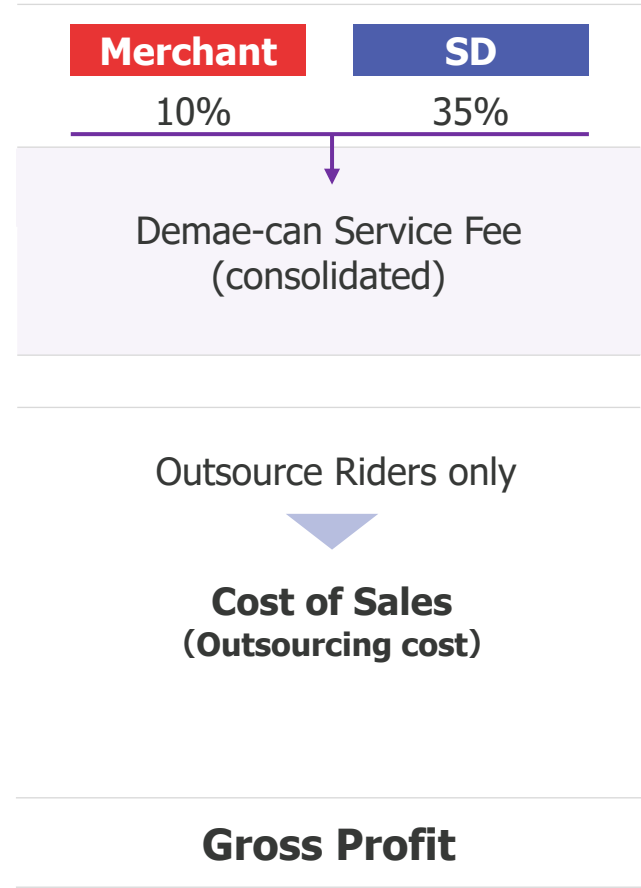
1 Sharing Delivery Startup Phase (before 2019)



2 Delivery Ecosystem Expansion Phase (2020~2022)



3 Going forward (2023~)



1. Face value offered to merchants
 2. In addition to Demae-can Service fee, other sales (advertising, payment agency fees, etc.) are included
 3. Includes user delivery fee in addition to delivery commission

Thank you 

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