



January 11, 2023

## Consolidated Financial Results for the Three Months Ended November 30, 2022

Name of Company Demae-can Co., Ltd  
 Stock exchange Standard of Tokyo Stock Exchange (Code 2484)  
 URL <https://corporate.demaecan.com/en/>  
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Scheduled date of filing of quarterly report: January 13, 2023  
 Scheduled start of dividend payment: -  
 Supplementary materials for quarterly financial results: Yes  
 Hosting quarterly financial results meeting: Yes (for institutional investors & analyst)

Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.  
 2. Amounts are rounded down to the nearest million yen.

### 1. Consolidated financial highlights for the Year Ended November 30, 2022

#### (1) Operating results

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Three months ended			
	November 30, 2021		November 30, 2022	
		%		%
Net sales (Millions of yen)	10,342	147.1	12,193	17.9
Operating profit (Millions of yen)	(8,972)	-	(4,244)	-
Ordinary profit (Millions of yen)	(8,963)	-	(4,224)	-
Profit attributable to owners of parent (Millions of yen)	(8,983)	-	(4,237)	-
Profit per share (Yen):				
Basic	(77.79)		(32.19)	
Diluted	-		-	
Comprehensive income:	Three month ended November 30, 2022: (4,229) million yen, - % Three month ended November 30, 2021: (8,993) million yen, -%			

#### (2) Financial position

	As of	
	August 31, 2022	November 30, 2022
Total assets (Millions of yen)	69,190	62,830
Total net assets (Millions of yen)	54,225	49,997
Equity ratio (%)	78.4	79.6
Equity:	49,986 million yen (as of November 30, 2022) 54,215 million yen (as of August 31, 2022)	

## 2. Dividends

	Year ended August 31, 2022	Year ending August 31, 2023	Year ending August 31, 2023 (forecast)
Q1-end dividends per share (Yen)	-		
Q2-end dividends per share (Yen)	0.00		0.00
Q3-end dividends per share (Yen)	-		-
Year-end dividends per share (Yen)	0.00		0.00
Annual dividends per share (Yen)	0.00		0.00

Note: Revision to the dividends forecasts most recently announce: None  
No dividend will be paid for the fiscal year ending August 31, 2023 (forecast).

## 3. Financial forecasts for the fiscal year ending August 31, 2023

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Year ending August 31, 2023	
	%	
Sales (Billions of yen)	58-61	22.6-31.0
Operating profit (Billions of yen)	(21-19)	

(Note) Revisions to the most recently announced earnings forecasts: None

The environment surrounding the delivery market is rapidly changing and may have a significant impact on our business performance. In consideration of these circumstances, the consolidated forecasts for the fiscal year ending August 31, 2023, within the range of current assumptions, are for GMV in the range of 231.0 billion yen to 242.0 billion yen (105%~110% of the previous year), for sales in the range of 58.0 billion yen to 62.0 billion yen (123%~131%), and for operating income in the range of -21.0 billion yen to -19.0 billion yen.

### \*Notes

- (1) Important changes in subsidiaries (Changes on specific subsidiaries associated with changes in scope of consolidation): None
- (2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes  
(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)" on page 8 of the attached materials.
- (3) Changes in accounting policies, changes in accounting estimates and restatements
  1. Changes in accounting policies along with changes in accounting standards: Yes
  2. Other changes of accounting policies besides the number 1 above: None
  3. Changes in accounting estimates: None
  4. Restatements: None
- (4) Number of shares issued and outstanding (common share)
  1. Number of shares issued and outstanding (including treasury shares)

As of November 30, 2022:	131,755,230 shares
As of August 31, 2022:	131,755,230 shares
  2. Number of shares of treasury shares

As of November 30, 2022:	109,787 shares
As of August 31, 2022:	91,587 shares
  3. Average number of shares outstanding

As of November 30, 2022:	131,656,864 shares
As of November 30, 2021:	115,484,379 shares

**\* These Consolidated Financial Results are not subject to audits by certified public accountants or audit corporations.**

**\* Explanation of the appropriate use of financial forecast and other notes:**

- The financial forecasts and estimates provided in these Consolidated Financial Results are based on information available at the time of report issuance and certain assumptions judged to be reasonable by the Company and are, therefore, not guarantees of future performance. Consequently, actual results may differ substantially from those described in these Consolidated Financial Results. Please refer to 1. Summary of Operating Results and Financial Position (3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements on page 5 for further details.

- The amounts of items and other matters stated in the Company's quarterly consolidated financial statements were previously stated in units of thousand yen; however, during and after the first quarter of the fiscal year under review, units of million yen are used in stating such amounts. For easier comparison, units of million yen are also used for the previous consolidated fiscal year and the previous consolidated first three months.

## **1. Summary of Operating Results and Financial Position**

### **(1) Summary of Operating Results for the Fiscal Year under Review**

During the first quarter of the fiscal year under review (September 1, 2022 to November 30, 2022), the Group stepped up its efforts to expand the Demae-can business with a view toward attaining its goal of making food delivery part of everyday life.

Approaching six months since the lifting of quasi-emergency COVID-19 measures on March 21, 2022, the three-month period under review saw an increase in the flow of people in October, reflecting the launch of nationwide travel support and significant easing of border control measures. Consequently, helped by a significant recovery in consumption activities in restaurants partly due to the resumption of the Go-to-Eat campaign in Tokyo in late October for the first time in two years, sales of the food service industry in October exceeded those in 2019, the level before the COVID-19 pandemic. (Source: Food Service Trend Survey for the month of October 2022 by the Japan Foodservice Association)

As described above, the environment surrounding the food delivery market continued to change. Even so, the Group made steady efforts to enhance the lineup of merchants while also improving its services qualities through improvements in the accuracy of waiting times and reductions in delivery time. As a result, GMV, which continued to grow in the three-month period under review as in the previous period, stood at 50.8 billion yen (up 4% year on year), while the number of active users came to 8.46 million (up 9% year on year) at the end of the first quarter of the fiscal year under review. Looking ahead to the second quarter and beyond, the Group will continue to focus on fundamentally improving its service quality through product improvements, striving to be the "service of choice" for users, riders, and merchants.

On the cost side, progress was made in the optimization of remuneration per delivery, reflecting improved delivery efficiency due to reductions in delivery time. Such efforts led to further improvements in unit economics. As a result, the gross profit ratio improved sharply to 19% from the previous quarter, coming very close to 20%, a full-year target for the current fiscal year. With respect to advertising expenses, the Group gave priority to investment efficiency while also continuing to track market trends. As a result, reductions accelerated, even in terms of the ratio to GMV.

Consequently, consolidated net sales for the first three months of the fiscal year under review increased by 17.9% year on year, to 12,193 million yen, reflecting continued business expansion. However, aggressive business development and investment resulted in operating loss of 4,244 million yen (operating loss of 8,972 million yen in the previous fiscal year), ordinary loss of 4,224 million yen (ordinary loss of 8,963 million yen in the previous fiscal year) and loss attributable to owners of parent of 4,237 million yen (loss attributable to owners of parent of 8,983 million yen in the previous fiscal year).

Effective from the first quarter of the fiscal year under review, the Group's reportable segments, which traditionally reflected two businesses, namely, the Demae-can business and the Mail Order business, are merged into a single Demae-can business segment. Segment information therefore is omitted.

### **(2) Summary of Financial Position in the Fiscal Year under Review**

#### **1) Assets, Liabilities, and Net Assets**

Current assets at the end of the first quarter under review amounted to 62,499 million yen, a decrease of 6,364 million yen from the end of the previous fiscal year. This was primarily due to decreases of 5,285 million yen in cash and deposits and 1,058 million yen in accounts receivable - other.

Non-current assets at the end of the first quarter under review amounted to 331 million yen, an increase of 4 million yen from the end of the previous fiscal year. This was mainly due to an increase of 9 million yen in investment securities.

As a result, total assets at the end of the first quarter under review amounted to 62,830 million yen, a decrease of 6,360 million yen from the end of the previous fiscal year.

Current liabilities at the end of the first quarter under review amounted to 12,780 million yen, a decrease of 2,134 million yen from the end of the previous fiscal year. This decrease mainly reflected a decrease of 1,998 million yen in accounts payable - other.

Non-current liabilities at the end of the first quarter under review increased 2 million yen from the end of the previous fiscal year to 52 million yen. Key factors contributing to this increase included an increase of 2 million yen in other non-current liabilities.

As a result, total liabilities at the end of the first quarter under review amounted to 12,833 million yen, a decrease of 2,132 million yen from the end of the previous fiscal year.

Net assets amounted to 49,997 million yen, a decrease of 4,228 million yen from the end of the previous fiscal year. The decrease mainly reflected a decline in retained earnings due to the posting of 4,237 million yen as a loss attributable to owners of parent.

### **(3) Explanation of Consolidated Financial Forecasts and Other Forward-Looking Statements**

The environment surrounding the delivery market is rapidly changing and may have a significant impact on our business performance. In consideration of these circumstances, the consolidated forecasts for the fiscal year ending August 31, 2023, within the range of current assumptions, are for GMV in the range of 231.0 billion yen to 242.0 billion yen (105%~110% of the previous year), for sales in the range of 58.0 billion yen to 62.0 billion yen (123%~131%), and for operating income in the range of -21.0 billion yen to -19.0 billion yen.

The above forecasts are based on currently available information, and actual results may differ significantly due to various uncertainties.

## 2. Consolidated Financial Statements and Notes to Consolidated Financial Statement

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of November 30, 2021	As of November 30, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	53,262	47,976
Notes and accounts receivable—trade	104	96
Merchandise and finished goods	17	15
Accounts receivable-other	13,332	12,274
Other	2,188	2,152
Allowance for doubtful accounts	(42)	(15)
<b>Total current assets</b>	<b>68,863</b>	<b>62,499</b>
<b>Non-current assets</b>		
Investments and other assets		
Investment securities	254	263
Guarantee deposits	59	54
Deferred tax assets	12	12
Other	1	2
Allowance for doubtful accounts	(1)	(2)
<b>Total investments and other assets</b>	<b>326</b>	<b>331</b>
<b>Total non-current assets</b>	<b>326</b>	<b>331</b>
<b>Total assets</b>	<b>69,190</b>	<b>62,830</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - other	14,615	12,616
Income taxes payable	97	11
Provision for bonuses	21	13
Other	180	138
<b>Total current liabilities</b>	<b>14,915</b>	<b>12,780</b>
<b>Non-current liabilities</b>		
Other	50	52
<b>Total non-current liabilities</b>	<b>50</b>	<b>52</b>
<b>Total liabilities</b>	<b>14,965</b>	<b>12,833</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	100	100
Capital surplus	112,269	112,269
Retained earnings	(58,184)	(62,422)
Treasury shares	(3)	(3)
<b>Total shareholders' equity</b>	<b>54,181</b>	<b>49,943</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	34	42
<b>Total valuation and translation adjustments</b>	<b>34</b>	<b>42</b>
Share acquisition rights	9	10
<b>Total net assets</b>	<b>54,225</b>	<b>49,997</b>
<b>Total liabilities and net assets</b>	<b>69,190</b>	<b>62,830</b>

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Millions of yen)

	Year ended November 30, 2021	Year ended November 30, 2022
<b>Net sales</b>	10,342	12,193
Cost of sales	9,805	9,943
<b>Gross profit</b>	<b>536</b>	<b>2,250</b>
Selling, general and administrative expenses	9,509	6,494
<b>Operating profit</b>	<b>(8,972)</b>	<b>(4,244)</b>
Non-operating income		
Share of profit of entities accounted for using equity method	8	13
Insurance claim income	3	1
Subsidy income	0	—
Settlement received	—	7
Other	2	2
Total non-operating income	14	24
Non-operating expenses		
Interest expenses	0	—
Compensation for damage	3	0
Foreign exchange losses	—	3
Other	1	0
Total non-operating expenses	5	4
<b>Ordinary profit</b>	<b>(8,963)</b>	<b>(4,224)</b>
Extraordinary income		
Gain on sales of non-current assets	3	—
Total extraordinary income	3	—
Extraordinary losses		
Loss on change in equity method	—	1
Total extraordinary losses	—	1
<b>Profit before income taxes</b>	<b>(8,959)</b>	<b>(4,226)</b>
Income taxes etc.	23	11
<b>Profit</b>	<b>(8,983)</b>	<b>(4,237)</b>
Profit attributable to owners of parent	<b>(8,983)</b>	<b>(4,237)</b>

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year ended November 30, 2021	Year ended November 30, 2022
<b>Profit</b>	<b>(8,983)</b>	<b>(4,237)</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(9)	8
<b>Total other comprehensive income</b>	<b>(9)</b>	<b>8</b>
<b>Comprehensive income</b>	<b>(8,993)</b>	<b>(4,229)</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,993)	(4,229)
Comprehensive income attributable to non-controlling interests	-	-

### (3) Notes to Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Adoption of special accounting methods for preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

With respect to the calculation of tax expenses, reasonable estimations are performed on an effective tax rate established after applying tax accounting to profit before income taxes for the consolidated fiscal year, which includes the first quarter of the consolidated fiscal year under review, and such tax expenses are calculated by multiplying this estimated effective tax rate by profit before income taxes. If the calculation of tax expenses using the estimated effective tax rate is extremely unreasonable, profit/loss before income taxes multiplied by the statutory tax rate is used and the recoverability of deferred tax assets is taken into consideration.

(Segment information)

I. Three months ended November 30, 2021 (from September 1, 2021 to November 30, 2021)

As indicated in "II. Three months ended November 30, 2022 (Matters concerning changes in the reportable segment)"

II. Three months ended November 30, 2022 (from September 1, 2022 to November 30, 2022)

Since the Group has only single business segment, the statement is omitted.

(Matters concerning changes in the reportable segment)

Effective from the first quarter of the fiscal year under review, the Group's reportable segments, which traditionally reflected two businesses, namely, the Demae-can business and the Mail Order business, are merged into single Demae-can business segment because Demae-can Communications Co., Ltd., which is a subsidiary, transferred the Mail Order business it had been conducting on June 30, 2022.

With the Group's reportable segments merged into a single business segment as a consequence of this change, segment information is omitted in conjunction with the results for the first quarter of the previous fiscal year and the first quarter of the fiscal year under review.



(Significant subsequent event)

On Reduction of Capital Reserve and Appropriation of Surplus

Demae-can Co., Ltd. (the "Company"), at the Board of Directors meeting held on November 2<sup>nd</sup> 2022, resolved to submit a proposal to the 23rd Annual Meeting General of Shareholders meeting to be held on November 29, 2022 (the "Shareholders' Meeting") regarding the reduction of capital reserve and the appropriation of surplus, which was approved at the said meeting and became effective on January 10, 2023.

1. Purpose of reduction of capital reserve and appropriation of surplus

The Company is reducing the amount of legal capital surplus and appropriating surplus for the purpose of making up the current deficit in retained earnings brought forward, thereby improving financial soundness, and ensuring flexibility and mobility of future capital policy.

2. Outline of Reduction of Capital Reserve

Pursuant to Article 448, Paragraph 1 of the Companies Act, the amount of capital reserve will be reduced and transferred to other capital surplus.

(1) Amount of capital reserve to be reduced

52,151 million yen out of capital reserve of 52,251 million yen

(2) Amount of other capital surplus to be increased

Other capital surplus 52,151 million yen

3. Outline of Appropriation of Surplus

Pursuant to Article 452 of the Companies Act, the Company will make up the deficit by transferring other capital surplus to retained earnings brought forward as follows, under the condition that the reduction in the amount of capital reserve becomes effective. As a result, the amount of retained earnings brought forward after the transfer will be 0 yen.

(1) Item and amount of surplus to be reduced

Other capital surplus 58,378 million yen

(2) Item and amount of surplus to be increased

Retained earnings brought forward 58,378 million yen

4. Schedule (subject to change)

(1) Date of resolution by the Board of Directors:	November 2, 2022
(2) Date of resolution of the Shareholders' Meeting:	November 29, 2022
(3) Date of public notice of objection by creditors:	November 30, 2022
(4) Final date for objection by creditors:	January 6, 2023
(5) Effective date:	January 10, 2023

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