



FY 8/2022 2nd Quarter Results

April 14, 2022

Business Highlights

Market Environment

- **Food delivery demand continues to be strong** partly due to the nationwide increase of COVID-19 cases and issuance of quasi-state of emergency measures (regionally)
- Competitors' exit or downsize of operation leading to **rationalization** of the market

Strategy Review

- **Increased market share**
 - **No.1**¹ app downloads in 2Q
 - Accelerated **acquisition** of new users and riders

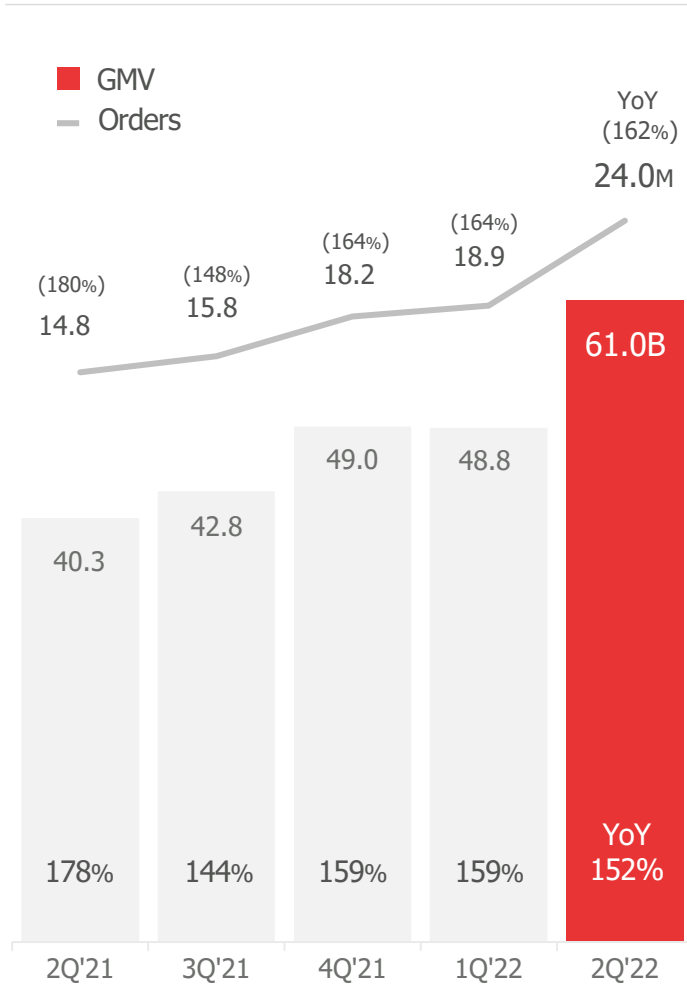
2Q KPI Progress

- **All major KPIs reached record high**
 - GMV²: JPY 61 billion YoY 152%
 - Active users: 8.54 million YoY 147%
 - Number of registered riders: YoY 399%

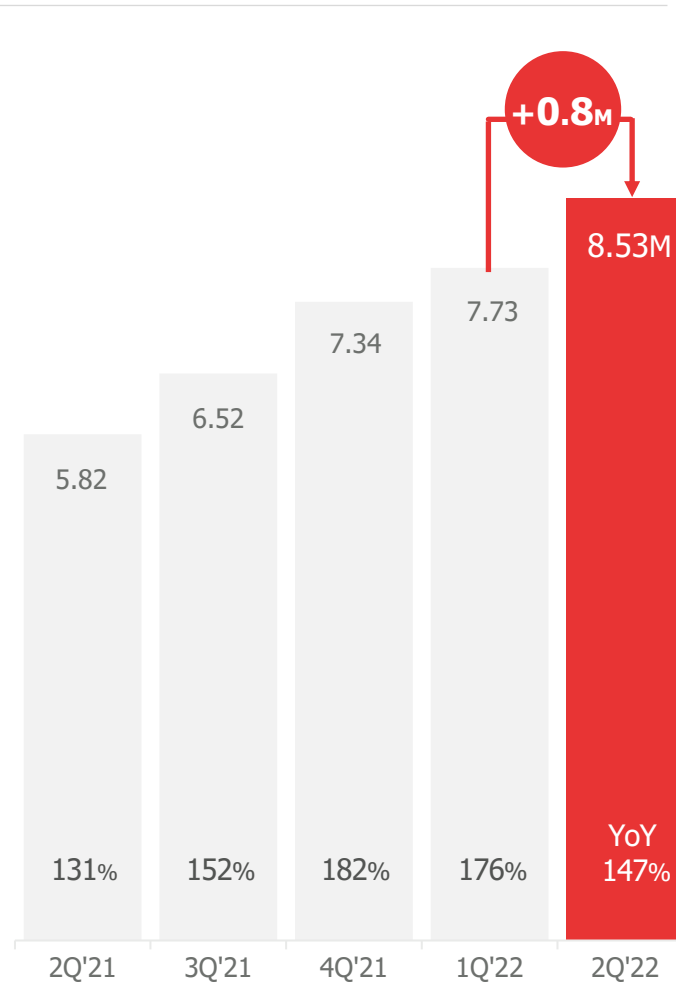
1. Source: data.ai, cumulative app downloads from Dec 2021 to Feb 2022 of "Food & Drink" and "Food Delivery/Takeout" category (iOS and Google Play combined)
2. GMV (Gross Merchandise Value): item price and delivery fee before discount

All major KPIs reached record high

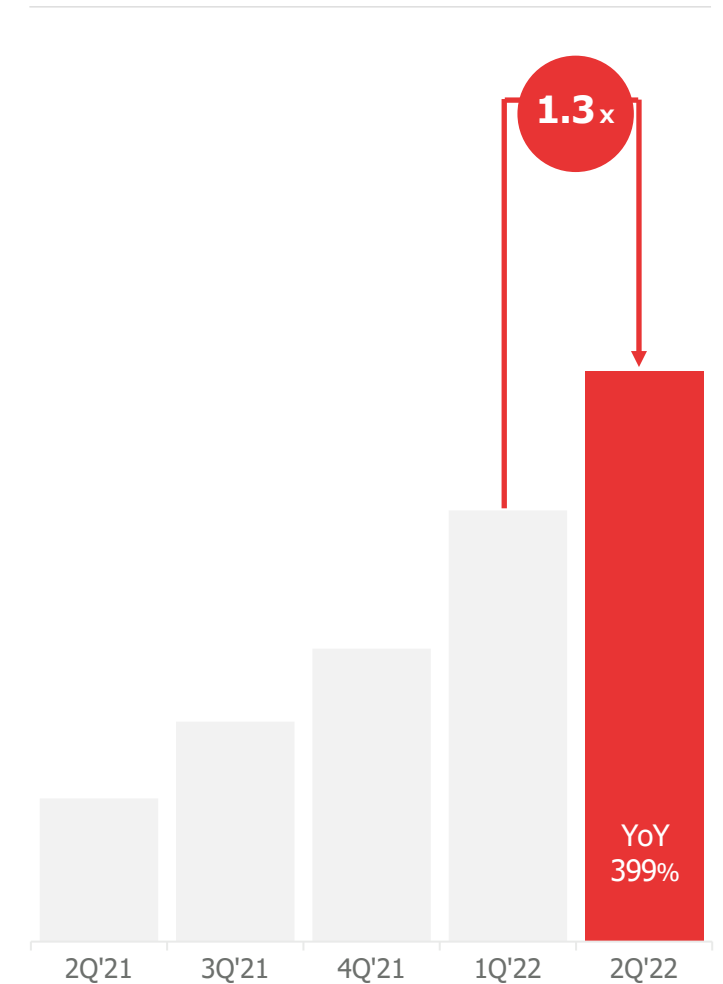
GMV / Orders



Active Users



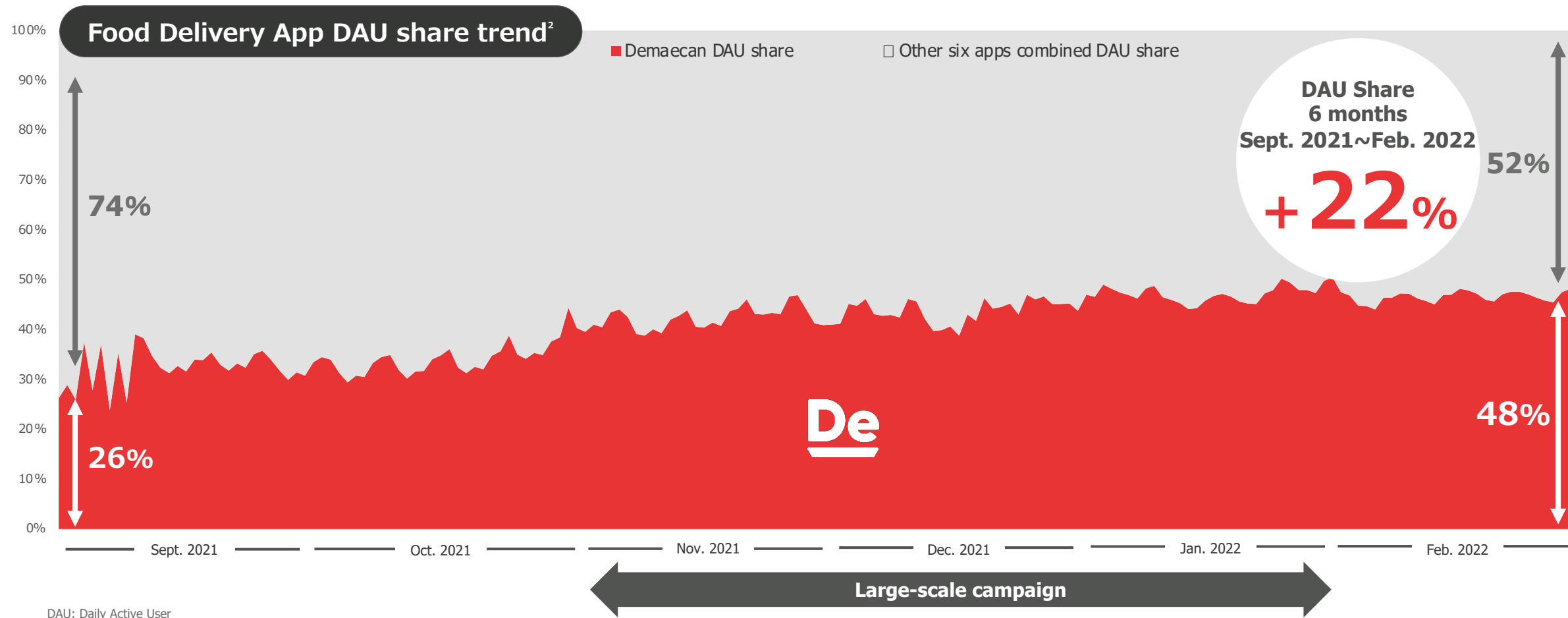
Registered Riders



GMV(Gross Merchandise Value): item price and delivery fee before discount
Active Users: users who placed more than one order within the last twelve months (unique users)
Active users and registered riders are as of the end of quarter

Market Share expanding

- ✓ Conducted large-scale promotion (Nov. - Jan.) focused in Greater Tokyo area, which account for more than 60% of Demae-can's GMV
- ✓ App downloads from Dec. to Feb. remained **No.1**; new user acquisition accelerated and market share expanded to **48%**



DAU: Daily Active User

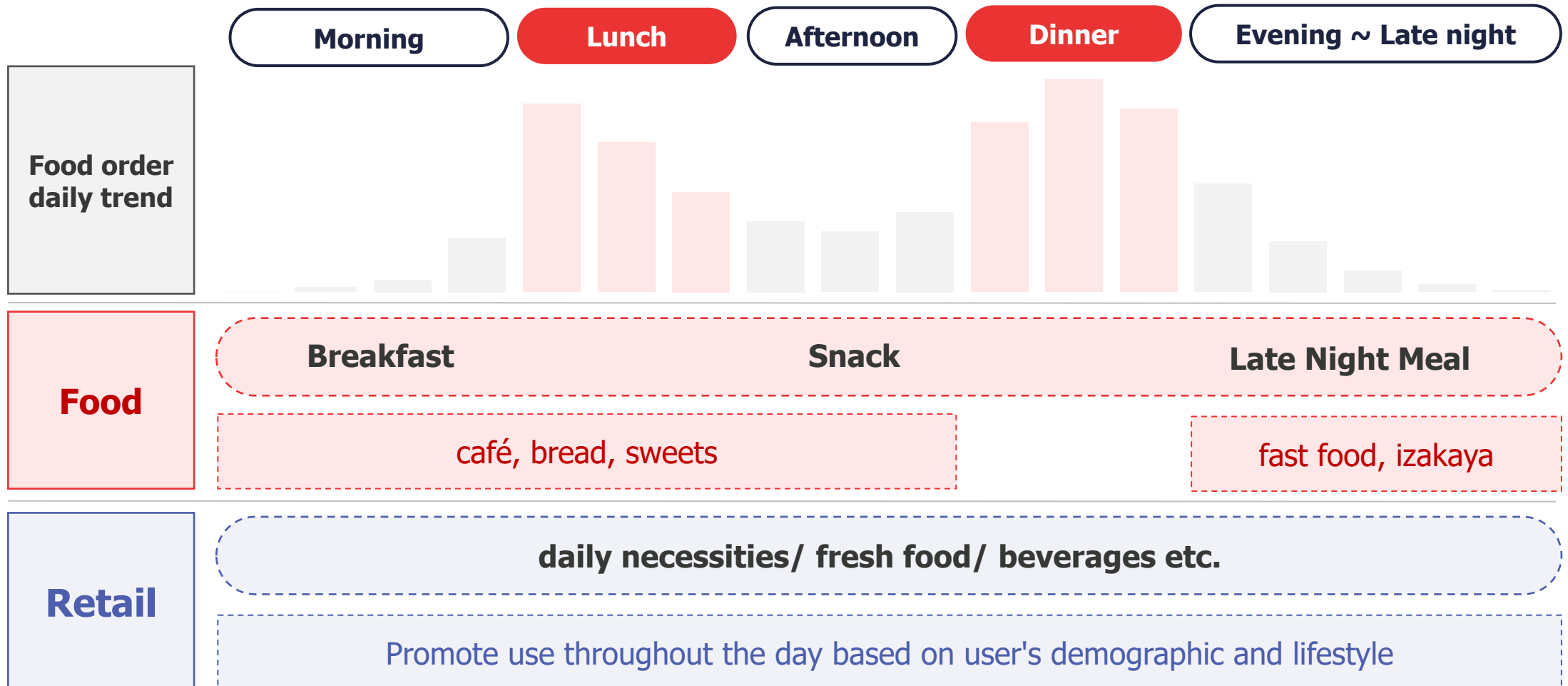
1. Source: data.ai, cumulative app downloads from Dec 2021 to Feb 2022 of "Food & Drink" and "Food Delivery/Takeout" category (iOS and Google Play combined)

2. Source: data.ai; "Trend of Share of Daily Active User Base of Demae-can Among Top 7 Food Delivery Aggregator Apps in Japan." Among Top 7 Food Delivery aggregator apps in Japan by average smartphone DAU from Sept 1, 2021 - Feb 28, 2022; Analysis does not deduplicate users who may use multiple apps. Only Pickup and deliver apps (food delivery aggregators), does not include restaurants that offer delivery services.

FY2022 Second Half Strategy

Expanding categories & genres

- ✓ In the food domain, expand genres to capture demand outside of lunch and dinner
- ✓ Partner with category leaders beyond food to expand the delivery market

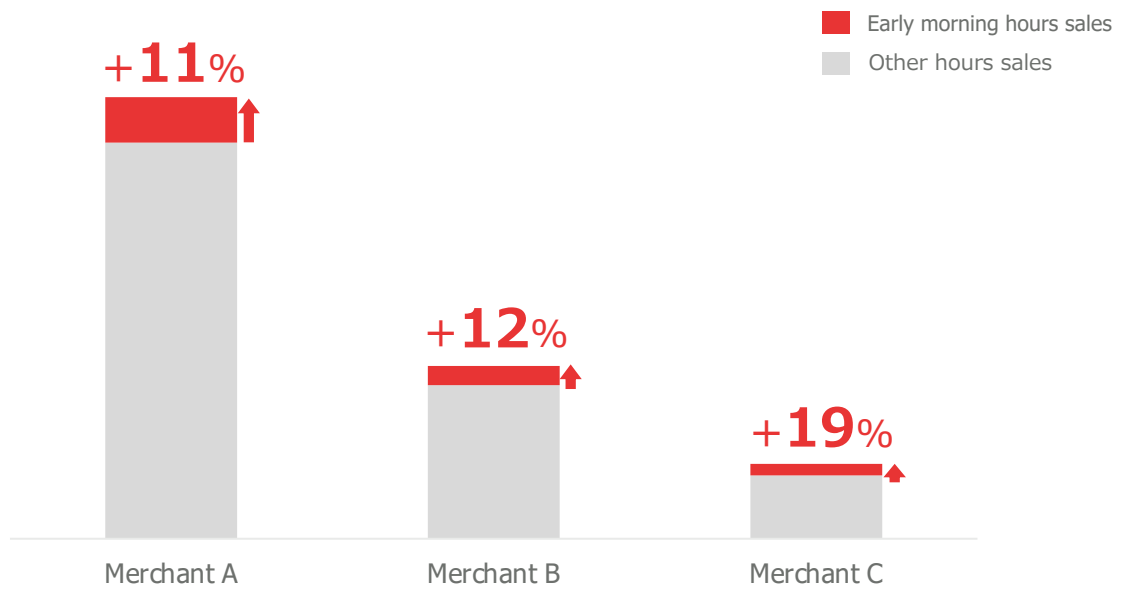


Expanding food opportunities

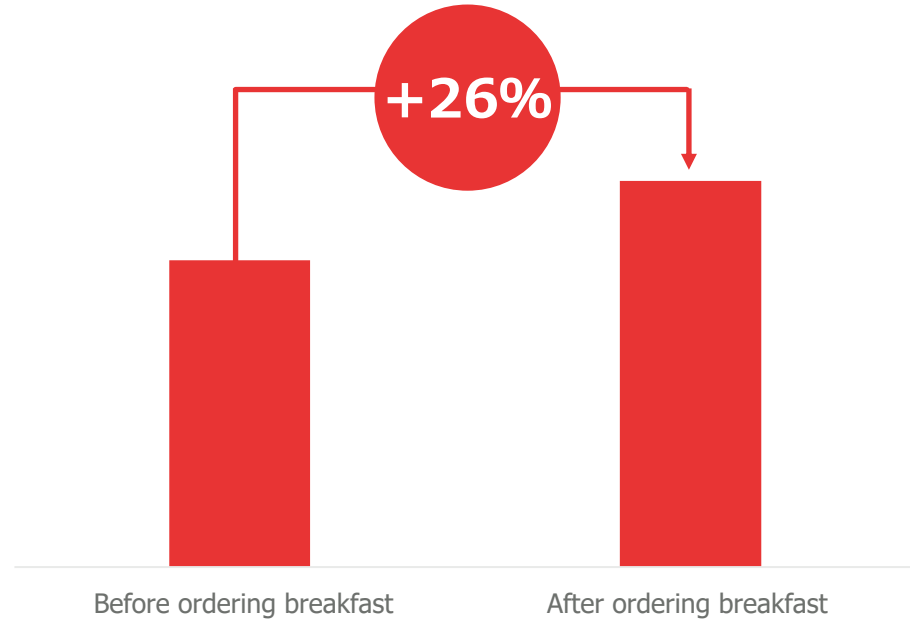
- ✓ Merchants are opening morning operations to increase sales
- ✓ Users who ordered breakfast increased their average spending by **26%**

Net increase in sales during early morning hours

Uplift to GMV for merchants that began early morning operations in January



Users spend more after ordering breakfast¹



1. Comparing 30 days before and after users placed orders between 7-10 AM in February

Expanding retail categories

- ✓ Provide delivery ecosystem to the untapped **41 trillion yen** retail markets
- ✓ Partnering with nationwide retail and cvs chains, with more to come



1. Source : Yano Research Institute; "White Paper on Distribution and Retail Market 2022"

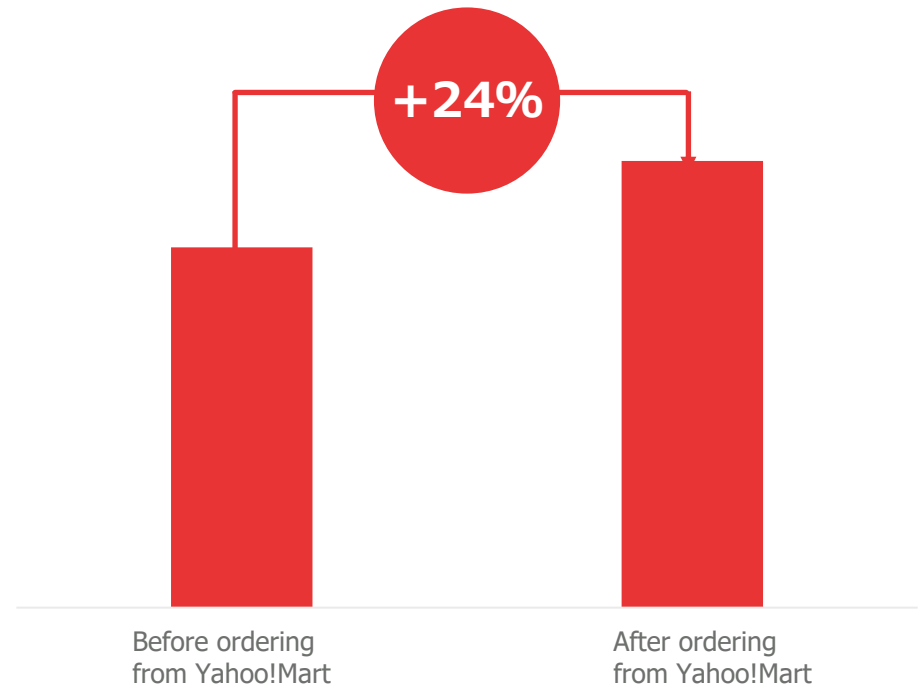
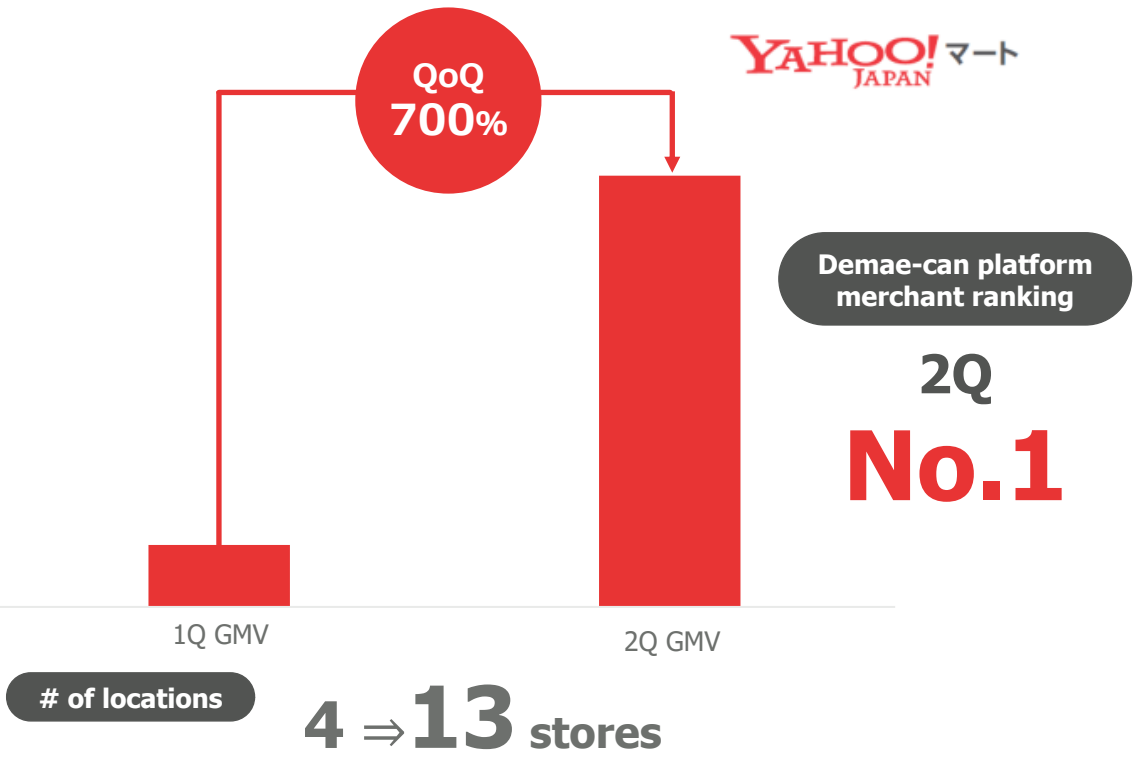
2. Yano Research Institute, "Analysis of Trends in the Next-Generation Food Service Industry In Response to the After COVID: The Trend of Contactless Restaurants"

Z Holdings Group synergies in the retail domain

- ✓ "Yahoo! Mart by ASKUL"¹ GMV increased **700%** QoQ
- ✓ "Yahoo! Mart by ASKUL" user increased average spending² by **24%** on Demae-can platform

"Yahoo! Mart by ASKUL" growing steadily

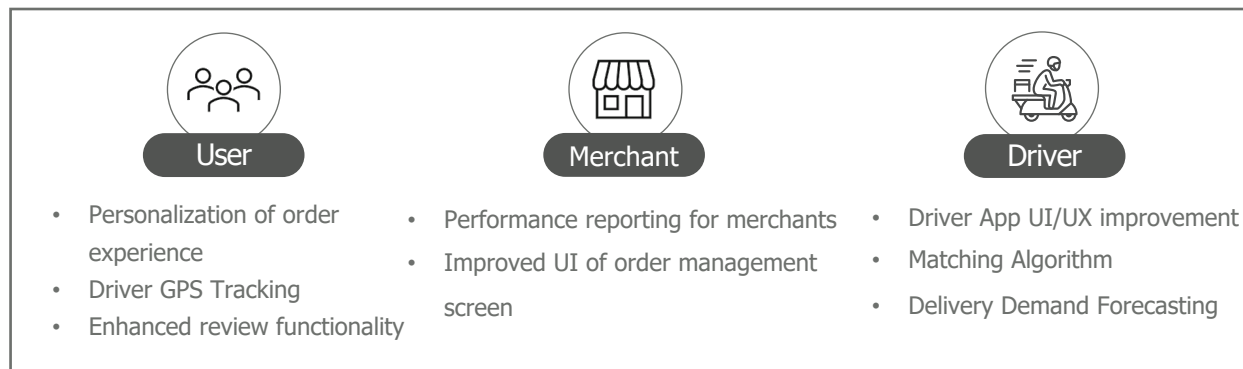
Users spend more after ordering at "Yahoo! Mart by ASKUL"



1. "Yahoo! Mart by ASKUL" is a quick commerce with Z Holdings to provide delivery service for daily goods handled by ASKUL using the Demae-can's delivery network
 2. Compare 30 days before and after of users who purchased at Yahoo! Mart by ASKUL in February

Product improvements/upgrades

- ✓ Revamped product to a global standard over the past two years
- ✓ Further strengthen development efforts to maximize user satisfaction by localizing the product to meet demands



- **Retail-specific UI/UX improvements**
- **Driver rank system to improve delivery quality**
- **Improving delivery efficiency through Machine Learning/AI**
- **Optimization of delivery incentives**
- **Improve search and enhance recommendations**

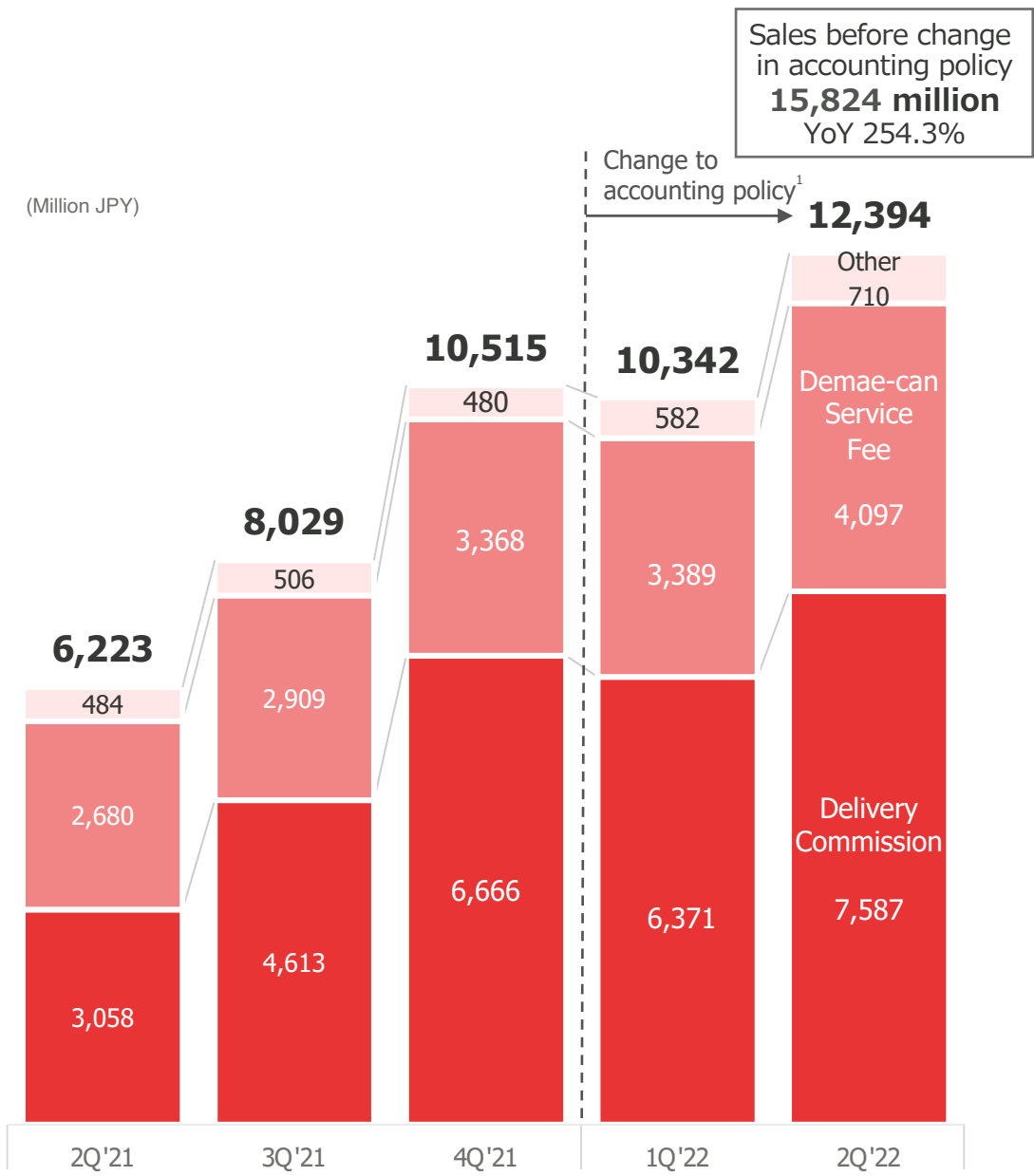
Pursuit of user satisfaction

Global standard platform

Revamp of legacy systems



Financial Highlights



Sales

Previous accounting policy: **15,824 million yen (YoY 254%)**
New accounting policy: 12,394 million yen

Other

YoY +226M JPY (YoY 147%)

Demae-can Service Fee

YoY +1,417M JPY (YoY 153%)
Increase in orders dues to the expansion of merchants and users

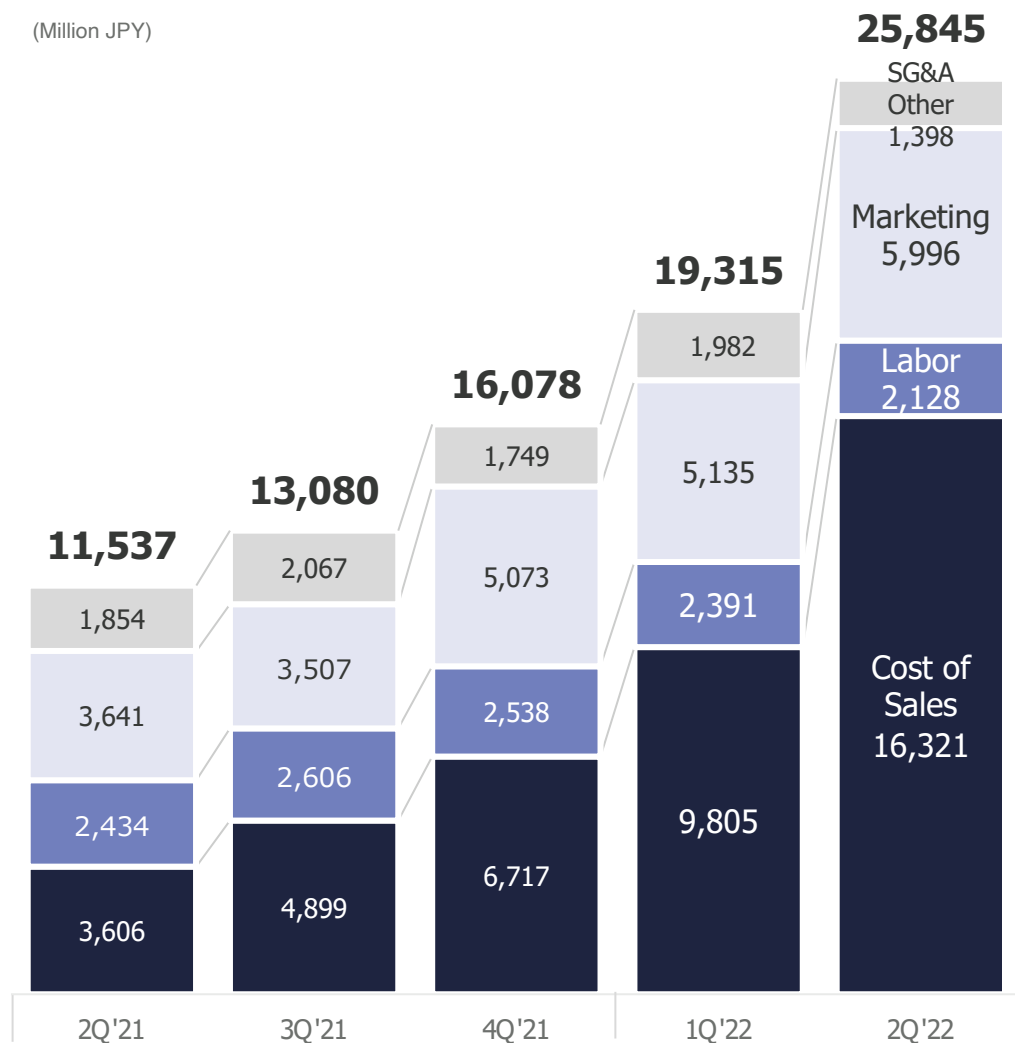
Delivery Commission

YoY +4,528M JPY (YoY 248%)
Increase in the number of sharing delivery orders

1. Accounting treatment of a part of sales promotion expenses for users, etc., which were recorded in selling, general and administrative expenses, has been changed to reduce from the transaction price

Cost of Sales / SG&A

(Million JPY)



SG&A Other

YoY -457M JPY (YoY 75%)

Marketing

YoY +2,355M JPY (YoY 165%)
Increase in campaign and promotion cost

Labor

YoY -306M JPY (YoY 87%)
Decrease in in-house drivers

Cost of Sales

YoY +12,715M JPY (YoY 453%)
Increase in outsource drivers
Expensed 900M JPY of software development (non-budgeted)

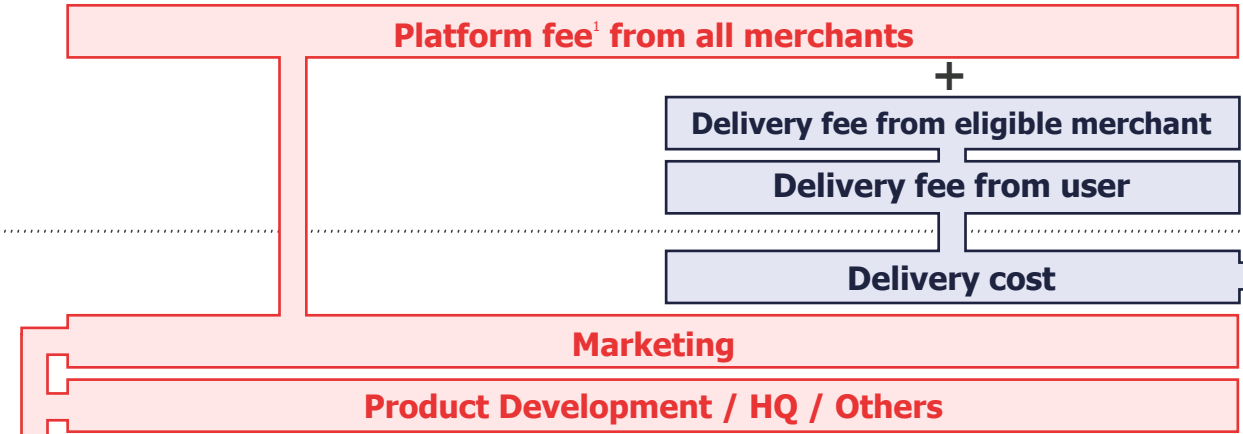
Demae-can's two business models (Ecommerce and Delivery)

2Q GMV:
61.0B (YoY 152%)

	Sharing Delivery	
	Delivery by Merchant	Delivery by Demae-can
	GMV 28.1B (YoY 94%)	GMV 32.9B (YoY 320%)

Revenue

Cost



Ecommerce

Platform P/L

Delivery

P/L per delivery

Scale

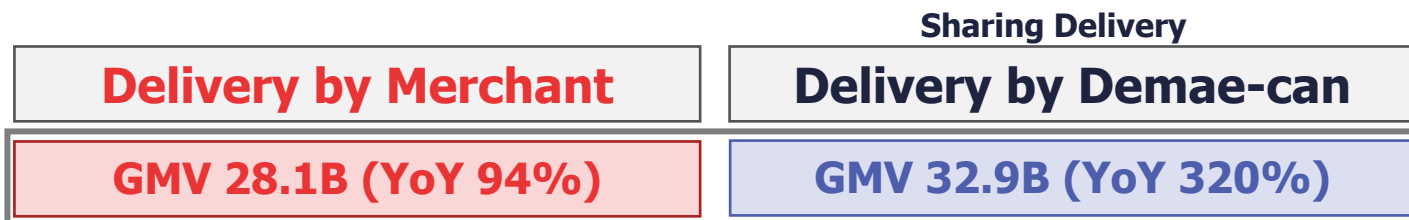
Growth Engine

Leverage = Profit

Unit Economics = Breakeven

1. Demae-can service fee + other sales including payment service fee and advertisement

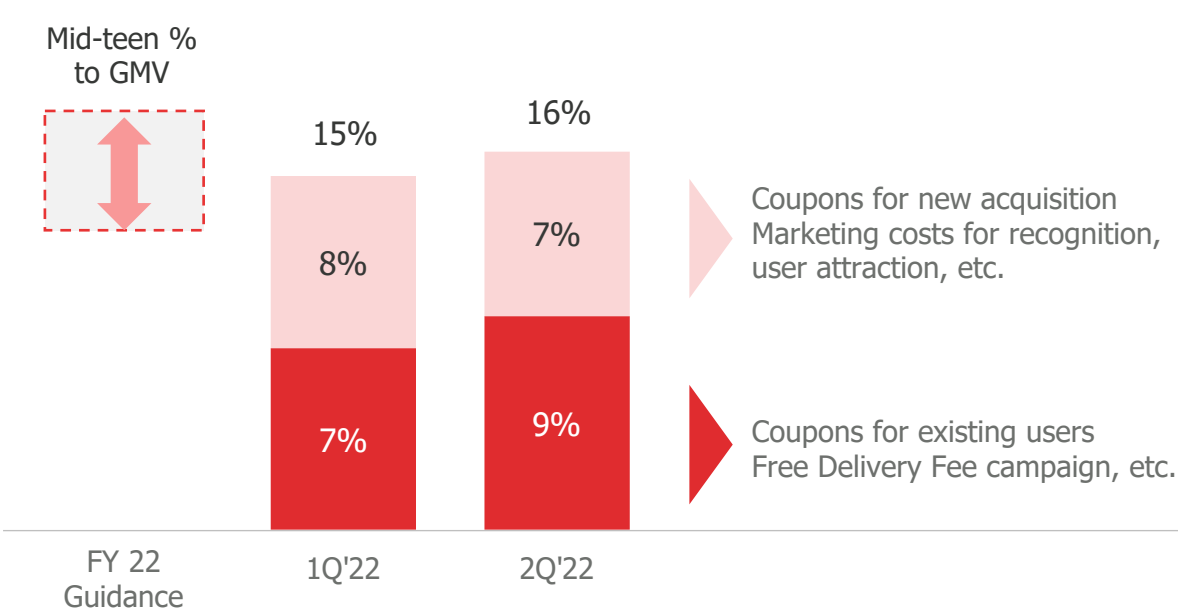
2Q GMV:
61.0B (YoY 152%)



Platform fee from all merchants

Ecommerce					
(% of total GMV)	2Q	3Q	4Q	1Q	2Q
Ecommerce sales ¹	7.5%	7.7%	7.8%	7.9%	7.6%
Marketing	9%	7%	9%	11%	10%
Delivery fee voucher	1%	1%	1%	4%	6%
Other costs ²	6%	8%	5%	5%	4%
Software investment ³				2%	2%
OP	-8%	-8%	-8%	-13%	-14%

Breakdown of Marketing Expense⁴ (as % of GMV)



✓ Advertising expenses, including delivery fee voucher, are 16% of GMV as per guidance

1. Demae-can service fee + other sales including payment service fee and advertisement
 2. Cost of sale (System operating cost, payment service fee) + SG&A (HQ employee cost + lease and supply + rent, etc.)
 3. Expense item from this fiscal year
 4. Marketing + Delivery fee voucher

2Q GMV:
61.0B (YoY 152%)

Delivery by Merchant

GMV 28.1B (YoY 94%)

Sharing Delivery

Delivery by Demae-can

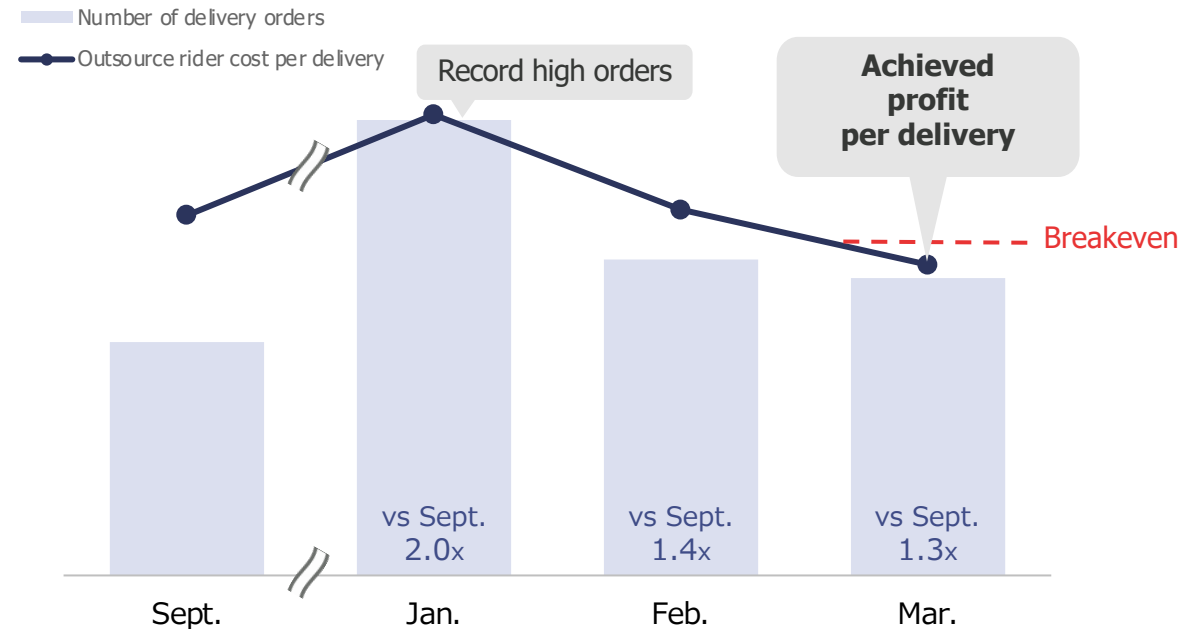
GMV 32.9B (YoY 320%)

Delivery Take Rate (merchant) & Delivery Fee (user)

Delivery					
(% of Sharing Delivery GMV)	2Q	3Q	4Q	1Q	2Q
Delivery Sales	30%	32%	32%	33%	33%
Outsource rider cost	28%	25%	31%	33%	44%
In-house rider cost + Other cost ¹	24%	18%	12%	10%	7%
OP	-22%	-11%	-11%	-10%	-17%

- ✓ Ratio of Outsource delivery over 90%
- ✓ Positive unit economics achieved in March

of Delivery Orders & Outsource Rider Cost per Delivery



1. SG&A other (Lease and supplies, Commissions, Rent, etc) related to delivery

Appendix

Summary of Consolidated Income Statement

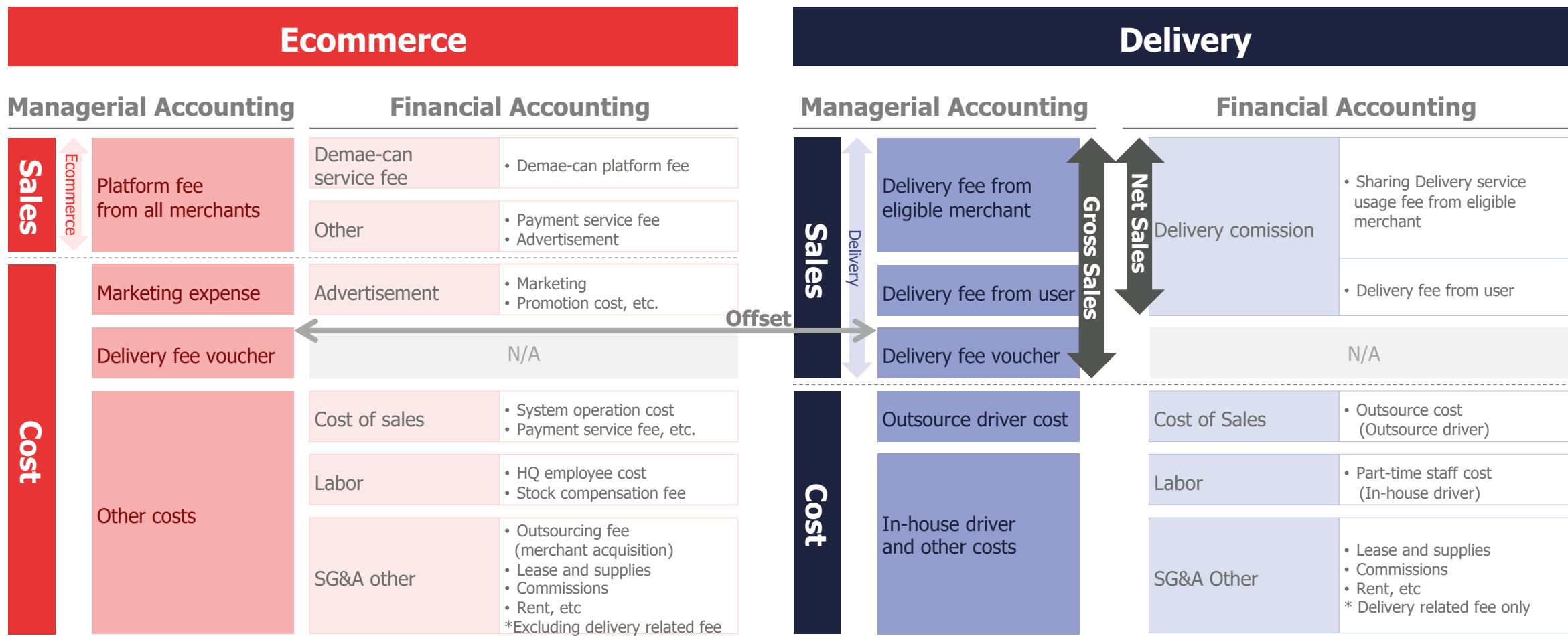
(Million JPY)	FY 8/2020			FY 8/2021				FY 8/2022			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Net Sales (New Accounting Policy ¹)								10,342	12,394	-	119.8%
Net Sales	2,006	2,994	3,492	4,186	6,223	8,029	10,515	12,192	15,824	254.3%	129.8%
Demae-can Service Fee	1,079	1,760	1,928	2,007	2,680	2,909	3,368	3,389	4,097	152.9%	120.9%
Delivery Commission	323	761	1,022	1,632	3,058	4,613	6,666	6,371	7,587	248.0%	119.1%
Other	603	472	541	545	484	506	480	582	710	146.6%	122.0%
Cost of Sales	639	791	1,007	1,728	3,606	4,899	6,717	9,805	16,321	452.6%	166.4%
SG&A	2,181	2,826	3,571	5,687	7,931	8,180	9,361	9,509	9,918	125.1%	104.3%
Labor	672	1,167	1,448	1,868	2,434	2,606	2,538	2,391	2,128	87.4%	89.0%
Marketing	1,140	1,042	1,270	2,635	3,641	3,507	5,073	5,135	5,996	164.7%	116.8%
Other	368	617	852	1,182	1,854	2,067	1,749	1,982	1,398	96.7%	90.5%
Operating Profit	(814)	(624)	(1,086)	(3,229)	(5,313)	(5,050)	(5,562)	(8,972)	(13,450)	253%	150%

Accounting Policy
Change

1. Accounting treatment of a part of sales promotion expenses for users, etc., which were recorded in selling, general and administrative expenses, has been changed to reduce from the transaction price

Ecommerce/Delivery × Managerial/Financial Accounting P&L Overview

P&L Structure



Change in accounting policy (Gross sales → Net sales)

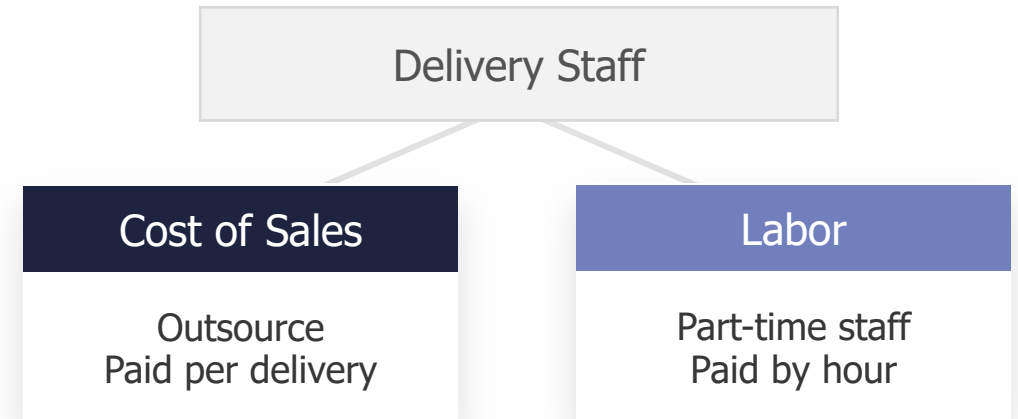
The accounting standard for revenue recognition (IFRS 15), etc. is applied from the beginning of the first quarter of the fiscal year, and an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer. Part of promotion expenses, etc. targeting users, which were posted under selling, general and administrative expenses in the past, have been changed to a reduction from transaction prices as transactions that include variable consideration.

Demae-can Business Model

Revenue model¹

	Fee type	Marketplace (Delivery by merchant)	Sharing Delivery (Delivery by Demae-can)
Merchant	Demae-can Service Fee	10% of merchant sales ²	
	Delivery Commission	—	25% of merchant sales
	Payment Service (Other)	A few % of order value	
User	Delivery Commission		Delivery fee

Cost model



1. As of September 2021. Base offer terms
 2. Includes delivery fee paid by user in the case of Marketplace

Issuance of New Shares as Restricted Stock Compensation

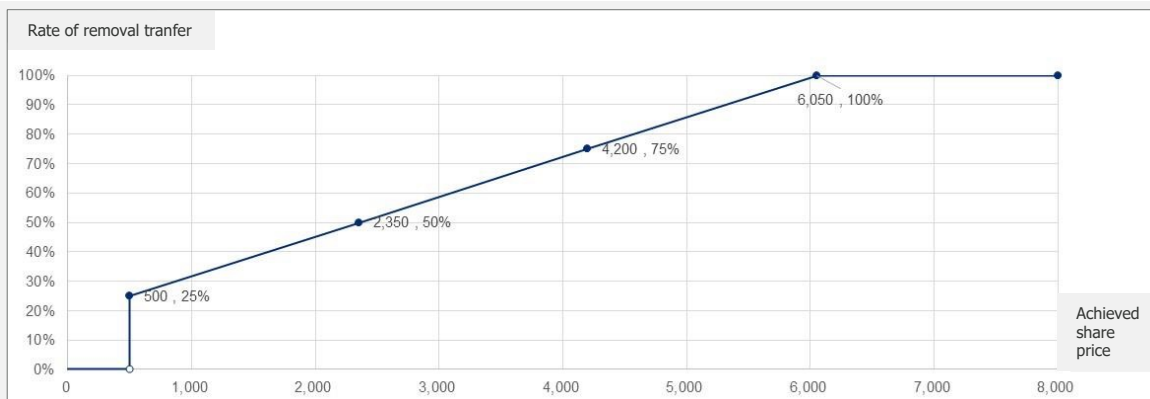
Background/ Purpose

- In the increasingly competitive food delivery market, in order to achieve a high user experience, it is necessary to further evolve our services as Japan's life infrastructure
- As a result of discussions at the Compensation Committee meeting, the Company decided to introduce a new stock-based compensation system to provide incentives to maximize corporate and shareholder value over the medium to long term, without being restricted by short-term profit levels
- Share the benefits and risks of stock price fluctuations with shareholders and motivate them to contribute more than ever to share price growth and corporate value enhancement
- To encourage bold challenges with a view to increasing corporate value over the long term, and to serve as an incentive for retention of existing excellent personnel and for future talent acquisition

Details of Restricted Stock

Type of restricted stock	Restricted Stock I,II	Restricted Stock I	Restricted Stock II
Allottees	Director of the Company*, Employees of the Company**, Directors of the Company's subsidiaries**, Employees of the Company's subsidiaries**	Eligible directors and certain employees	Employees of the Company and directors and employees of the Company's Subsidiary
Monetary compensation claims	488,691,630 yen	292,612,050 yen	196,079,580 yen
Number of shares	687,330 shares	411,550 shares	275,780 shares
Transfer restriction periods and number of shares tied to each period	① April 19, 2022~August 31, 2023 ② April 19, 2022~August 31, 2024 ③ April 19, 2022~August 31, 2025	① 69,020 shares ② 171,265 shares ③ 171,265 shares	① 40,270 shares ② 117,755 shares ③ 117,755 shares
Performance linked		Performance-linked	

Performance-linked Conditions Details



During the period from the first day of the last fiscal year of transfer restriction period of ①~② to July 31, one month prior to the expiration date of the last fiscal year, the rate of removal of transfer restrictions will vary as shown in the table left in accordance with the highest value obtained by averaging the closing prices of the Company's common stock on the Tokyo Stock Exchange for each of ten consecutive business days

Method of calculating the rate of removal of transfer restrictions:
 $(\text{Achieved Share Price} - 500) \div 7,400 + 0.25$

Note: If the Achieved Share Price is less than 500 yen, the rate of removal of transfer restrictions is 0%. If the Achieved Share Price is 6,050 yen or higher, the rate of removal of transfer restrictions is 100%.

*Excluding outside directors

**People holding concurrent positions are included in one of the above categories and do not overlap

※Please refer to "Notice Regarding Issuance of New Shares as Restricted Stock Compensation" on our corporate website (https://corporate.demae-can.com/ir_information/news.html)

Thank you 

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