

# Financial Announcement for FY2019/8 (from Sep. 1, 2018 to Aug. 31, 2019)

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# Overview of consolidated financial results for FY 2019/8 (P/L)

## Net sales continued to increase by 22.7% YoY, while operating loss of 39 million yen was registered due to a rise in strategic cost

- Main factors for increased sales but decreased profit
  - ✓ Expansion of stores due to *Sharing Delivery*, UX improvements through an overhaul of the app and the site, a growing number of orders mainly due to aggressive promotion
  - ✓ Increase in delivery agency commission due to the deployment of the directly managed offices of *Sharing Delivery*
  - ✓ For the promotion of the above measures, we expect a substantial decrease in profit compared to the beginning of the period and decreased profit due to a rising cost from expansion of the directly managed locations and up-front investment in marketing.
  
- Other
  - ✓ Business alliance with Recruit for order information sharing with Air Register for operations efficiency at stores.

Millions of yen	FY2018/8 Actual	FY2019/8 Actual	Year on year Difference	Year on year Comparison	FY2019/8 Sales ratio
<b>Net Sales</b>	<b>5,430</b>	<b>6,666</b>	<b>1,236</b>	<b>122.7%</b>	<b>100.0%</b>
<b>Gross Profit</b>	<b>3,410</b>	<b>4,196</b>	<b>786</b>	<b>123.0%</b>	<b>63.0%</b>
<b>SG &amp; A</b>	<b>2,573</b>	<b>4,235</b>	<b>1,662</b>	<b>164.6%</b>	<b>63.5%</b>
<b>Operating profit</b>	<b>837</b>	<b>▲39</b>	<b>▲876</b>	-	<b>▲0.6%</b>
<b>Ordinary profit</b>	<b>849</b>	<b>▲7</b>	<b>▲856</b>	-	<b>▲0.1%</b>
<b>Profit attributable to owners of parent</b>	<b>558</b>	<b>▲103</b>	<b>▲661</b>	-	<b>▲1.5%</b>

# Overview of consolidated financial results for FY 2019/8 (B/S)

Millions of yen	End of Aug., 2018	End of Aug., 2019	Year on year Difference	Year on year Comparison
<b>Current assets</b>	<b>5,269</b>	<b>5,555</b>	<b>+ 286</b>	<b>105.4%</b>
Cash and deposits	2,928	2,185	▲743	74.6%
Accounts receivable - other	1,864	2,994	+ 1,130	160.6%
Other current assets	477	375	▲102	78.6%
<b>Non-current assets</b>	<b>1,232</b>	<b>1,528</b>	<b>+ 296</b>	<b>124.0%</b>
Intangible assets	604	821	+ 217	136.0%
Other non-current assets	628	706	+ 78	112.4%
<b>Total assets</b>	<b>6,502</b>	<b>7,084</b>	<b>+ 582</b>	<b>109.0%</b>
<b>Current liabilities</b>	<b>3,164</b>	<b>4,203</b>	<b>+ 1,039</b>	<b>132.8%</b>
Short-term loans payable	804	803	▲1	100.0%
Accounts payable – other	1,985	3,069	+ 1,084	154.6%
Other current liabilities	375	330	▲45	88.0%
<b>Non-current liabilities</b>	<b>68</b>	<b>40</b>	<b>▲28</b>	<b>58.8%</b>
<b>Total liabilities</b>	<b>3,233</b>	<b>4,244</b>	<b>+ 1,011</b>	<b>131.3%</b>
<b>Net assets</b>	<b>3,268</b>	<b>2,839</b>	<b>▲429</b>	<b>86.9%</b>

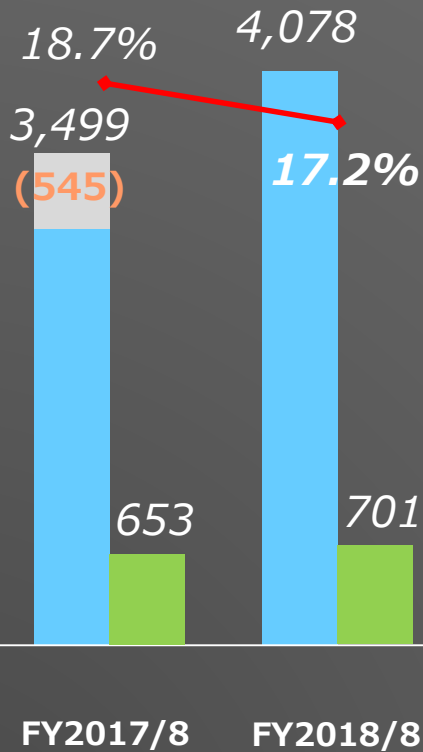
## Demae-can business

(Millions of yen)  
5,395

YoY  
132.3%

YoY  
-

▲246

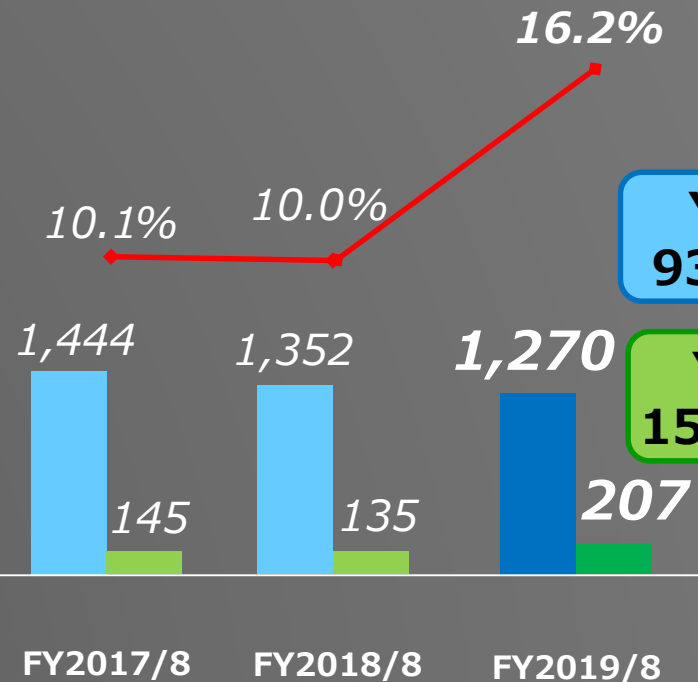


## Mail order business

(Millions of yen)

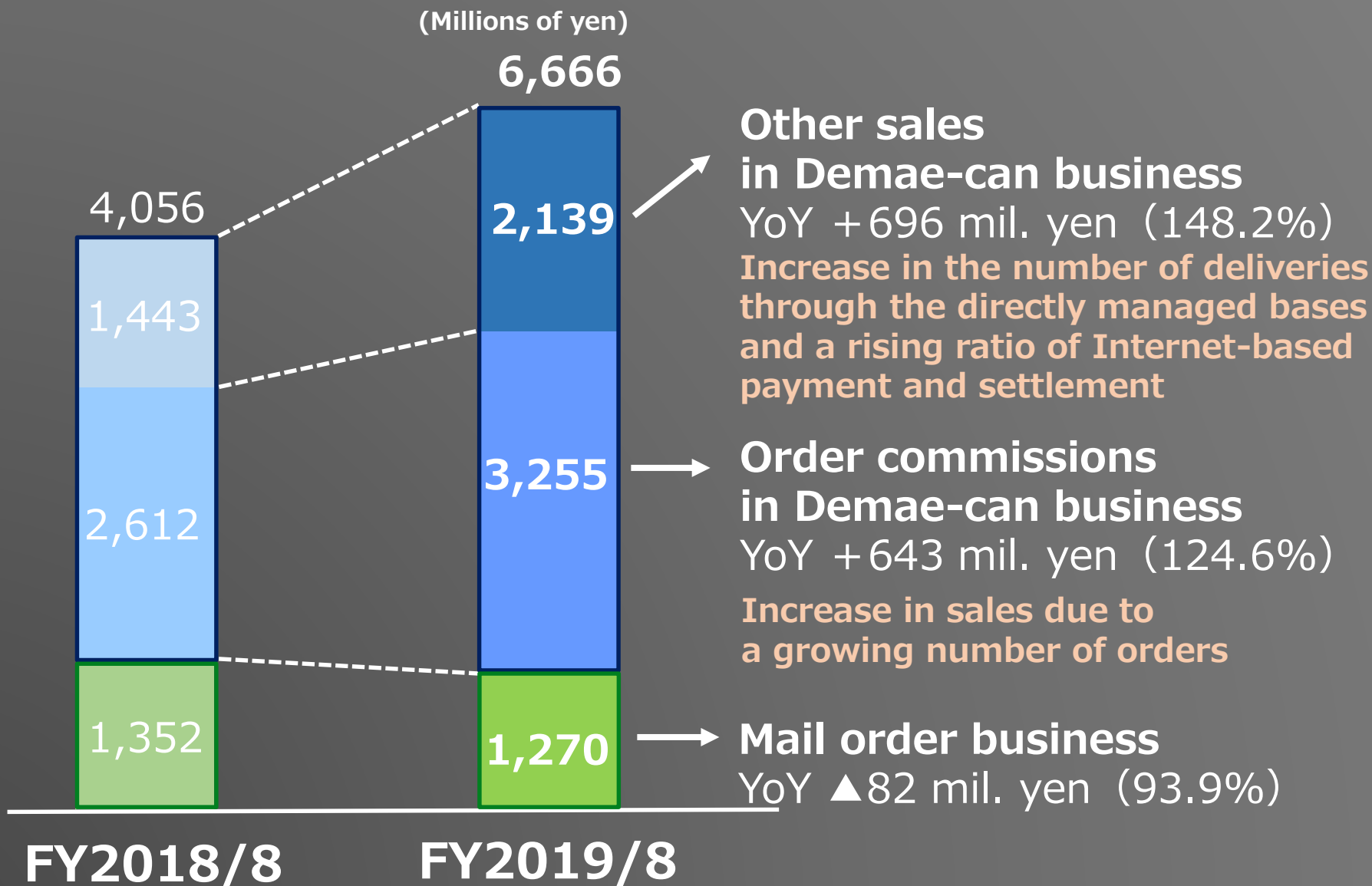
YoY  
93.9%

YoY  
153.3%

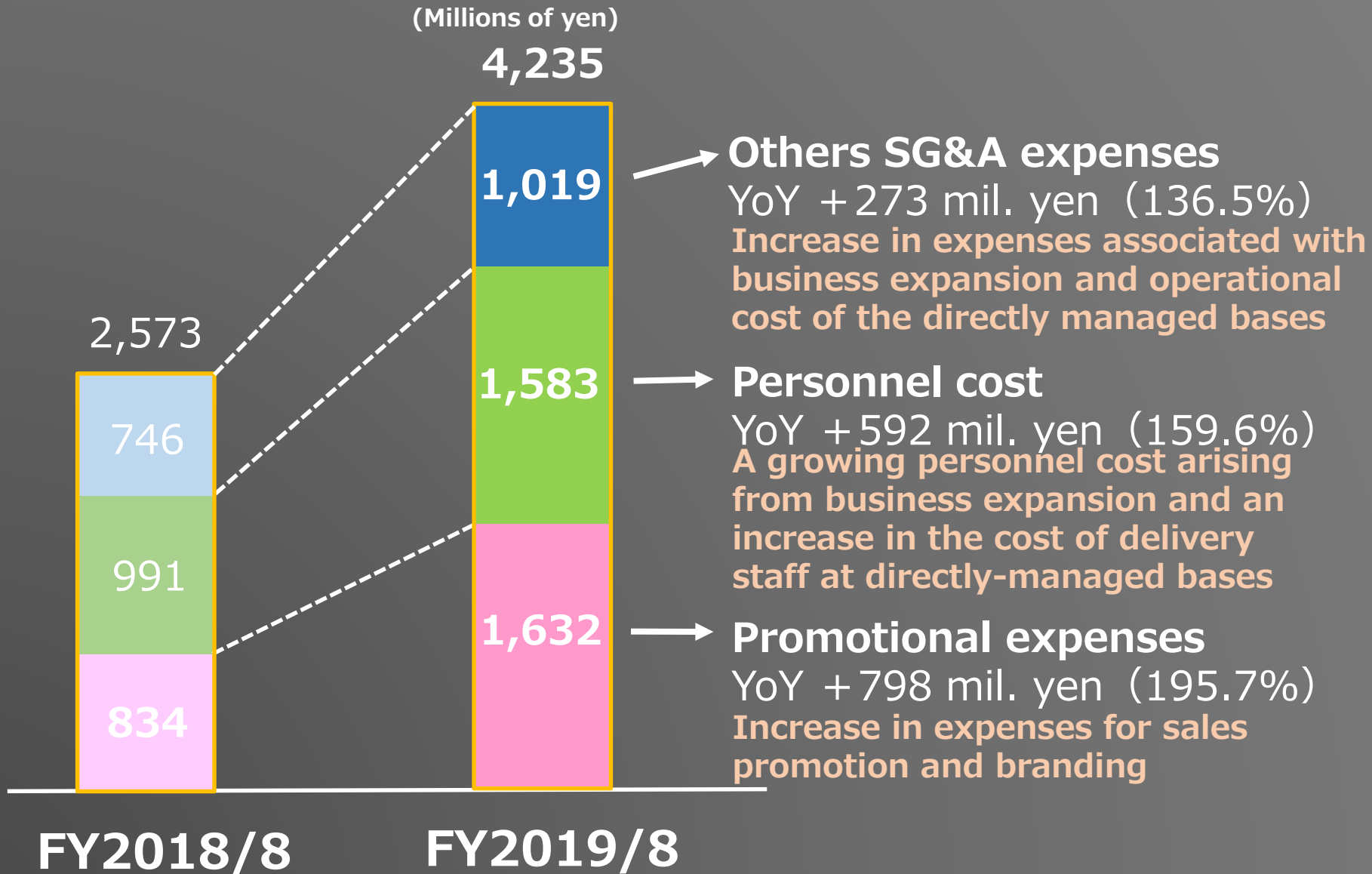


■ Net sales      ↗ Operating margin  
■ Operating profit      ■ Net sales by Delis

# Changes in net sales by segment for FY2019/8



# Changes in SG&A for FY2019/8



**Increase the number of  
Orders**

**2. Increase recognition**

**4. Streamline store operations**

**1. UX renewal**

**5. Enhance advertising  
functions**

**3. Increase the number of  
*sharing delivery* offices**

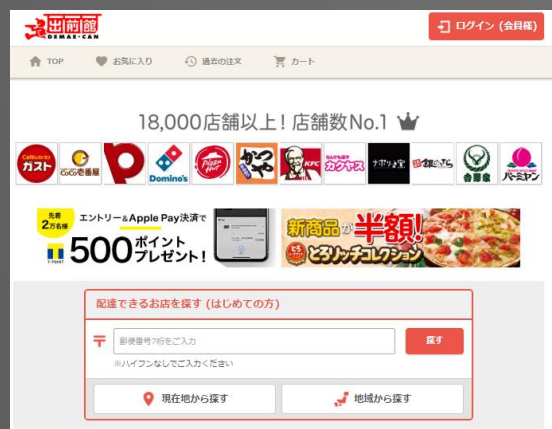
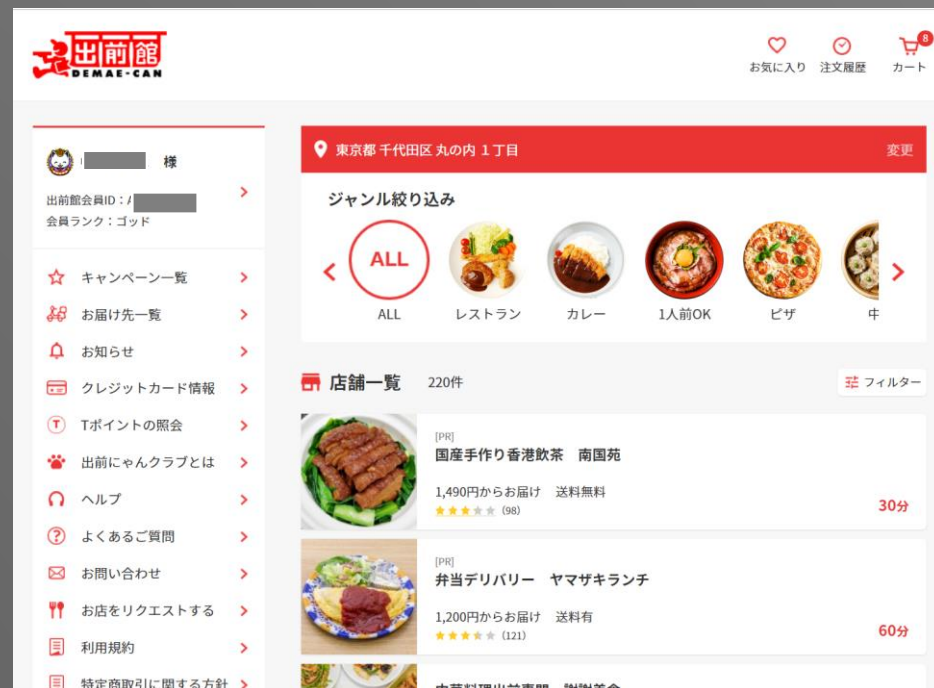
**Increase  
the number of  
users**

**Increase  
the number of  
stores**

# Initiatives for FY2019/8 “UX renewal”

## <App> March 2019

## <Browser> August 2019





## Provision of food delivery experience in various scenes



Arena delivery in all star game of B League



© RIZIN FF

Arena delivery in RIZIN.17



Food delivery experience at food festival  
(FOOD SONIC 2019 in Nakanoshima Premium sheet)

## Support of recruiting for stores and delivery office

Launch on March 13  
“shotworks delivery with Demae-can”



Matching experienced workers who want short-term work to affiliated stores or delivery office which want staff temporary.

## Buildup the ordering system for restaurants

Launch on July 29  
Connection between “Demae-can order management app” and resister app “Air REGI”



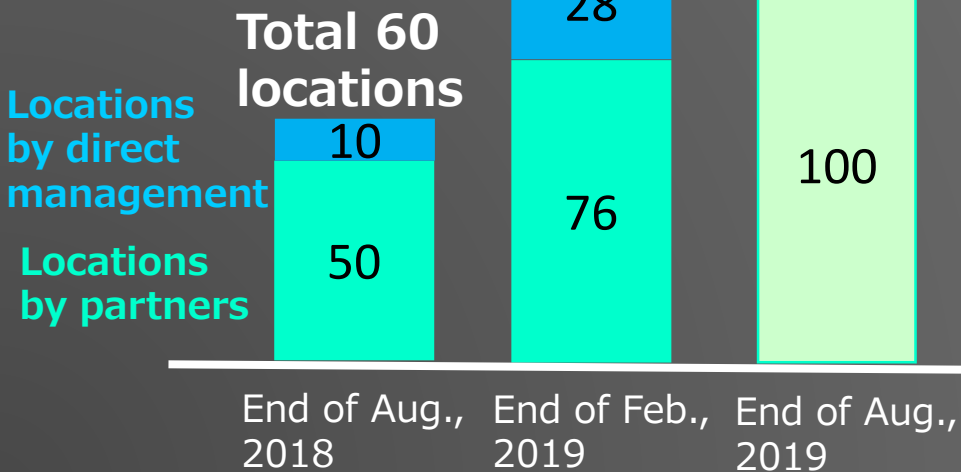
Realization of the switch to resister for multiple tax rate with low cost and the reduction of store operation at the same time

## Acceleration of set up the direct management offices

Total 215 locations

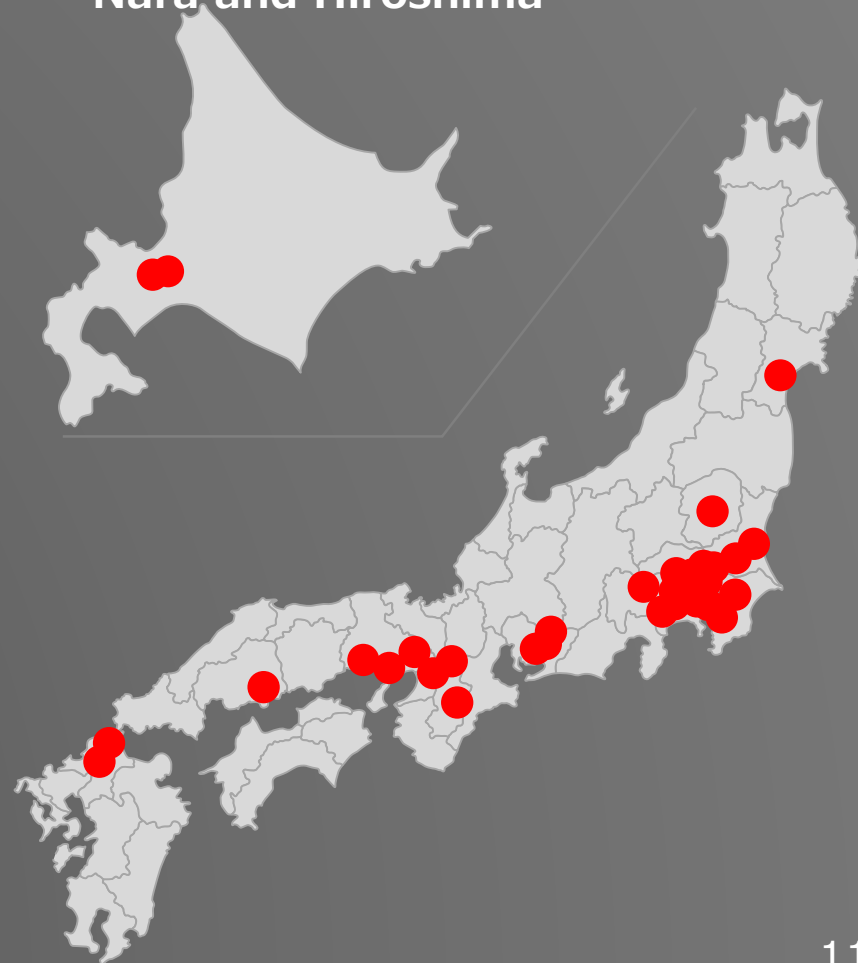
Realization of

- Improvement of delivery quality
- Shortening of waiting time
- Improvement of delivery efficiency



## Significant expansion of service areas

Newly penetrated to Hokkaido, Miyagi, Ibaragi, Tochigi, Kyoto, Nara and Hiroshima





# Maintenance & improvement of delivery quality

Diverse measures are taken to secure “delivery quality”, one of the most significant challenges in food delivery.

## Evolution of training program

Set up a training center



Enhanced manuals / Specialty teaching manuals



## Standardization of office operation



## Start-up of quality guidance team

Regular audits on delivery offices by dedicated personnel

Q S Cチェックシート Ver.1.0 2019/09/24

会社名 西宮 今里 前点 評価 A 達成率 88%

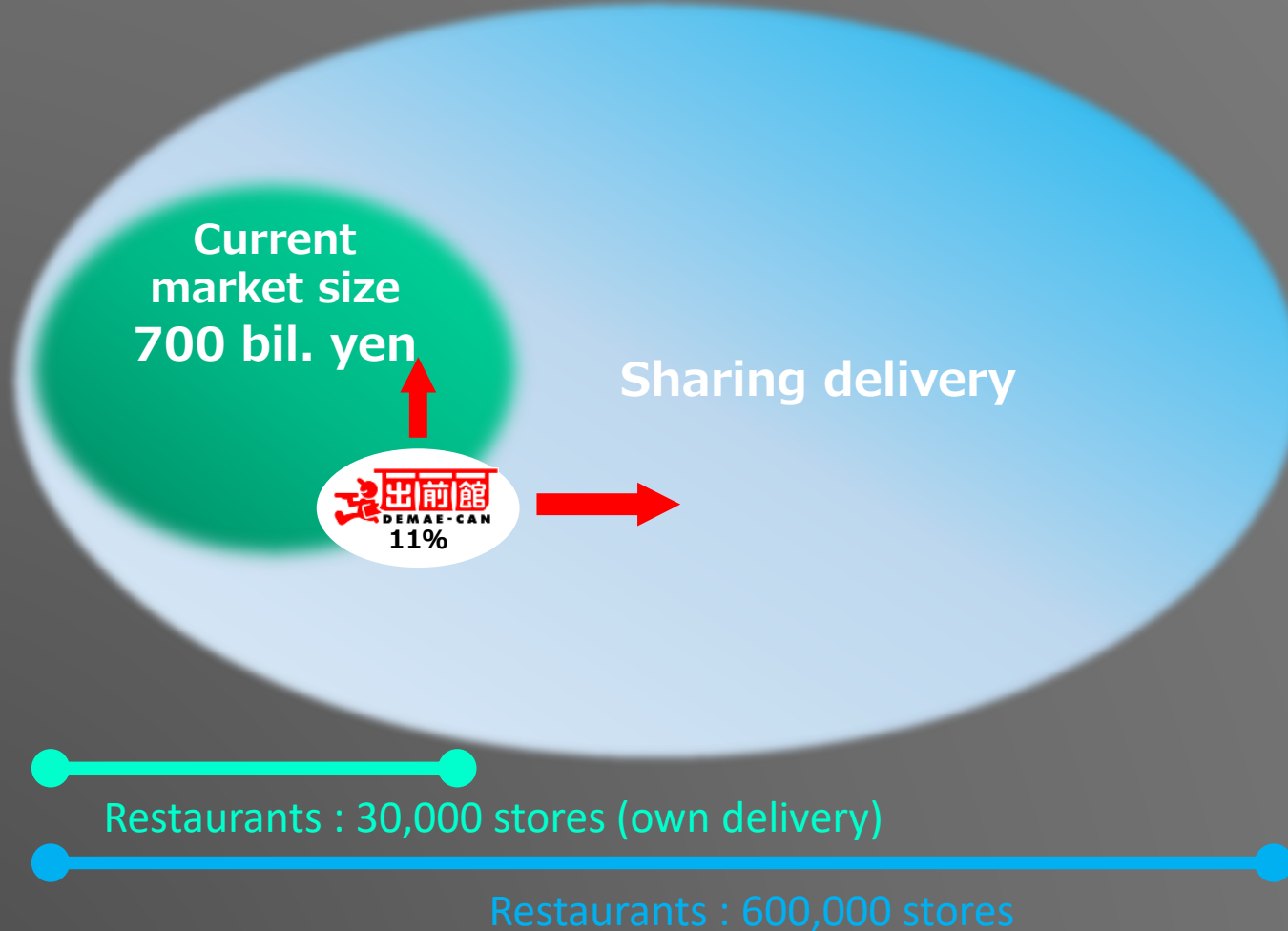
Q	QUALITY	S	SAFETY	A	CLEANLINESS
90%以上-A	21/20 105.0%	19/21 90.5%	C	19/20	95.0%
80%以上-B					
70%以上-C					
70%未満-D					

項目	2019/10/02	達成率	評価	コメント
C 1	1	100%	A	清潔感が高い
C 2	2	100%	A	清潔感が高い
C 3	3	100%	A	清潔感が高い
C 4	4	100%	A	清潔感が高い
C 5	5	100%	A	清潔感が高い
C 6	6	100%	A	清潔感が高い
C 7	7	100%	A	清潔感が高い
C 8	8	100%	A	清潔感が高い
C 9	9	100%	A	清潔感が高い
C 10	10	100%	A	清潔感が高い
C 11	11	100%	A	清潔感が高い
C 12	12	100%	A	清潔感が高い
C 13	13	100%	A	清潔感が高い
C 14	14	100%	A	清潔感が高い
C 15	15	100%	A	清潔感が高い
C 16	16	100%	A	清潔感が高い
C 17	17	100%	A	清潔感が高い

Hygiene inspection of delivery bag



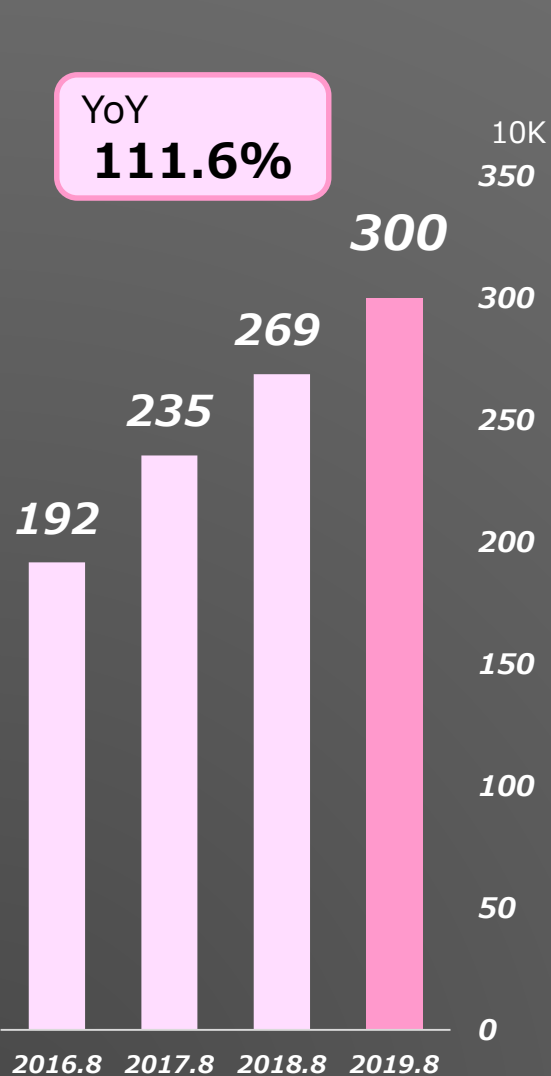
# Target market



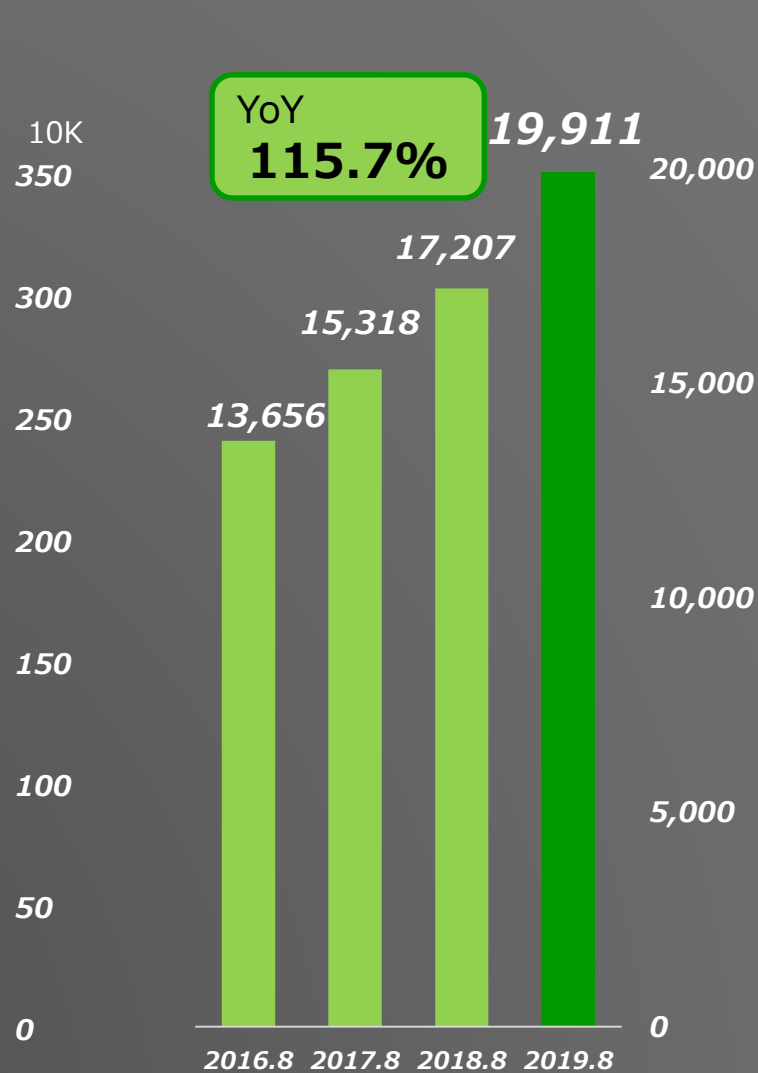
1. Promote our current online operations in the existing market to expand our share
2. Create a new market by providing Sharing Delivery to the restaurant market

# KPI summary

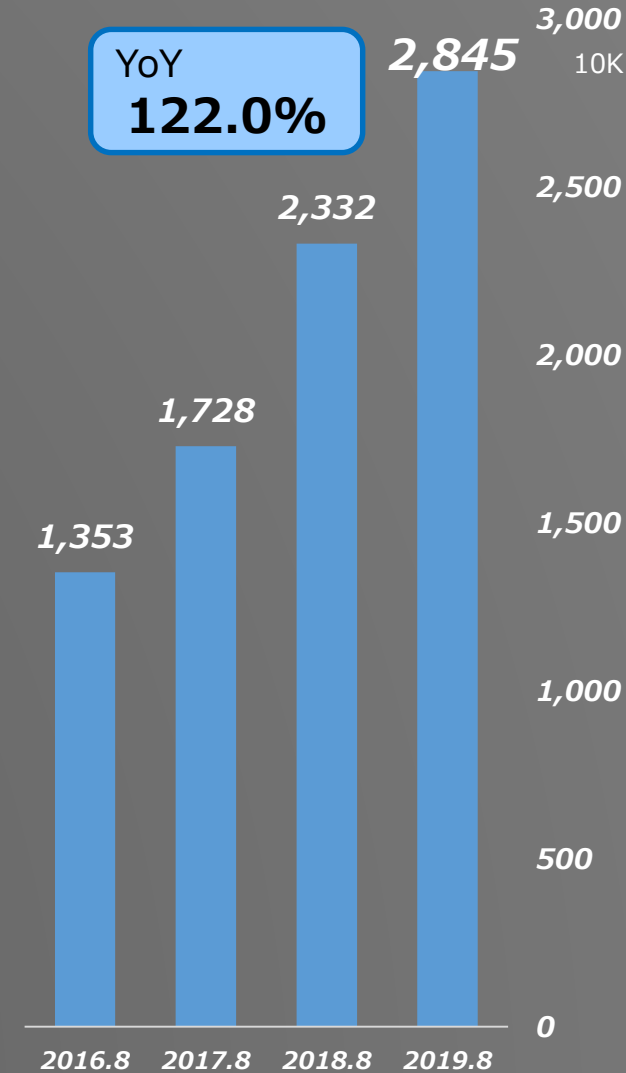
Number of active users  
(as of the end of Aug.)



Number of affiliated stores  
(as of the end of Aug.)



Number of orders  
(from Sep. 1 to Aug. 31)

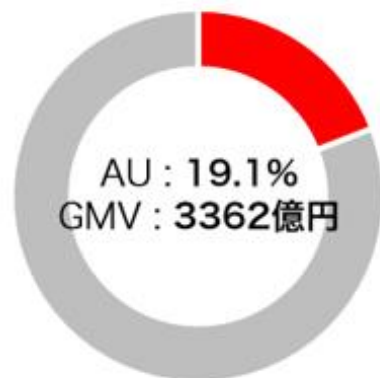


# Current status of “Demae-can” from a global perspective

## GRUBHUB



## JUST EAT



## 배달의민족



## 出前館 DEMAE-CAN



Compared to overseas food delivery markets, the Japanese market is very small in size. It is possible to further expand the overall market, not just scrambling to take a bigger market share from competitors.



*Demae-can* will transform itself from a simple **food delivery service** to essential **life infrastructure** for the future of Japan

出前館は、単なる食事の **デリバリーサービス** から、  
これからの日本に欠かせない **ライフインフラ** へ

*Demae-can* will embody the message that the Company is not just a delivery service company that connects consumers and stores, but a company that upgrades local lives and businesses.

出前館は、消費者と店舗をつなぐ宅配サービスの会社ではなく、  
地域の生活とビジネスをアップデートする企業であることを体現していく



## “Change food delivery into daily meal”

→ Reform the business model by user’s perspective

**1. Further expansion of sharing delivery and improvement of delivery efficiency (Significant reduction of delivery cost)**

**2. Change to the commission structure connected to the providing value**

**3. Marketing/promotion initiatives which lead to frequent usage**

# KPI target and consolidated financial forecast

## 【KPI Target】

	FY2019/8 Actual	FY2020/8 Target	Year on year Difference	Year on year Comparison	FY2021/8 Target
Number of Orders (10K)	2,845	3,566	721	125.4%	4,443
Number of affiliated stores	19,911	23,528	3,617	118.2%	27,925
Number of active users (10K)	300	346	46	115.4%	413
Number of sharing delivery locations	215	300	85	139.5%	400

## 【Consolidated Financial Forecast】

Millions of yen	FY2019/8 Actual	FY2020/8 Forecast	Year on year Difference	Year on year Comparison	FY2021/8 Forecast
Net sales	6,666	9,300	2,634	139.5%	13,000
Operating profit	▲39	▲1,500	▲1,461	-	1,000
Ordinary profit	▲7	▲1,500	▲1,493	-	1,000
Profit attributable to owners to parent	▲103	▲1,600	▲1,497	-	650



# Thank you!

This presentation contains forward looking statements that are based on current expectations and assumptions. Actual results could differ materially due to risks and uncertainties, which includes, but not limited to, currency fluctuation and competitive activity. Fractions are rounded down for the amount listed.