

Financial Announcement for FY2018/8 (from Sep. 1, 2017 to Aug. 31, 2018)

Yume no Machi Souzou Iinkai Co., Ltd.
(JASDAQ:2484)

Net sales increased 9.8% and operating profit grew 4.6% YoY, achieving increases for the sixth consecutive year.

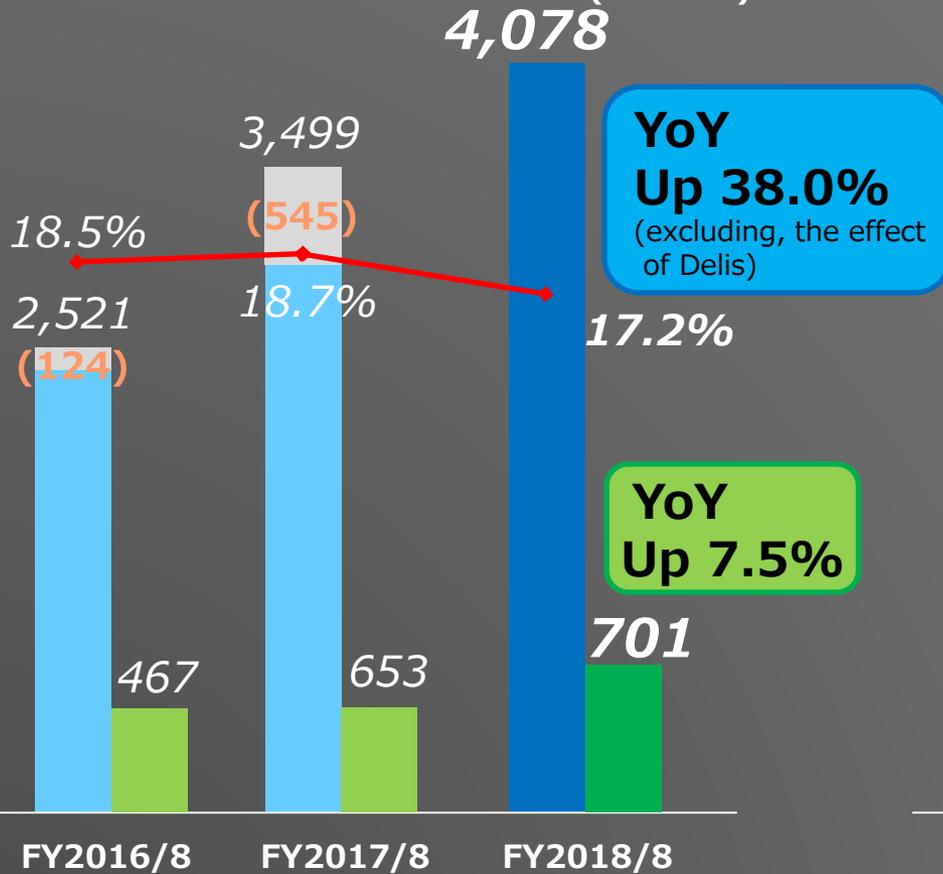
- Key factors for the increases in sales and profit
 - ✓ Excluding the impact of the deconsolidation of Delis Corporation (-545 mil. yen), the *Demae-can* business achieved a substantive increase in net sales of 38.0%.
 - ✓ The growth was driven by increased order commissions due to the increased number of orders (up 696 mil. YoY).
 - ✓ Increased investment to accelerate growth (promotion expenses up 300 mil. YoY)
- Others
 - ✓ Accelerated expansion of Sharing Delivery®
(Aug. 31, 2017: 10 offices → Aug. 31, 2018: 60 offices)

Mil. yen	FY2017/8 Results	FY2018/8 Results	Year on year Difference	Year on year Comparison	FY2018/8 Sales ratio
Net sales	4,943	5,430	487	109.8%	100.0%
Gross profit	3,223	3,410	187	105.8%	62.8%
SG & A	2,422	2,573	151	106.2%	47.4%
Operating profit	800	837	37	104.6%	15.4%
Ordinary profit	797	849	52	106.4%	15.6%
Profit attributable to owners of parent	432	558	126	129.1%	10.3%

	End of Aug., 2017	End of Aug., 2018	Year on year Difference	Year on year Comparison
Current assets	3,519	5,292	1,773	150.4%
Cash and deposits	2,262	2,928	666	129.4%
*****	736	1,864	1,128	253.3%
Other current assets	520	499	▲21	95.9%
Non-current assets	919	1,225	306	133.4%
Intangible assets	520	604	84	116.0%
Other non-current assets	398	621	223	156.1%
Total assets	4,439	6,518	2,079	146.8%
Current liabilities	1,698	3,164	1,466	186.4%
*****	75	804	800	-
*****	1,206	1,985	779	164.6%
Other current liabilities	415	375	▲40	90.8%
Non-current liabilities	28	85	57	301.2%
Total liabilities	1,726	3,249	1,523	188.3%
Net assets	2,712	3,268	556	120.5%

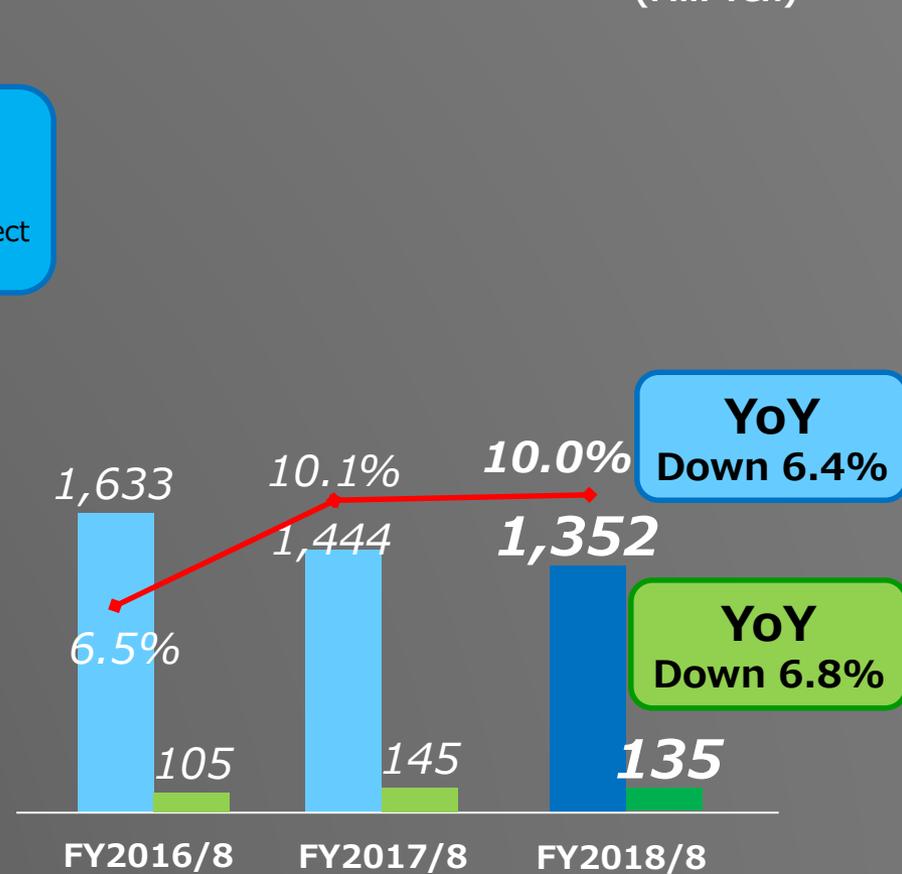
Demae-can business

(Mil. Yen)



Mail order business

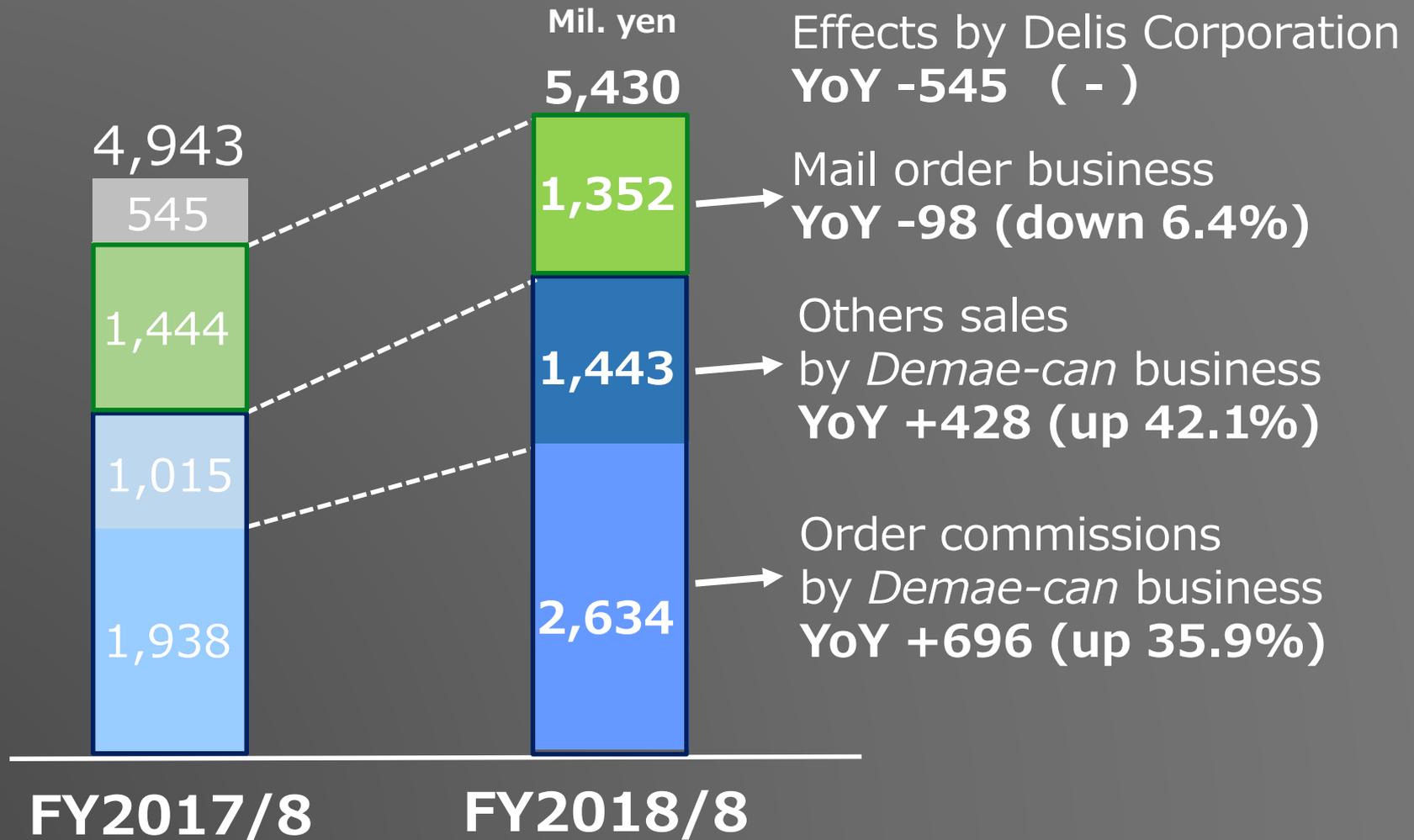
(Mil. Yen)



■ Net sales ↔ Operating margin
■ Operating profit Delis' net sales

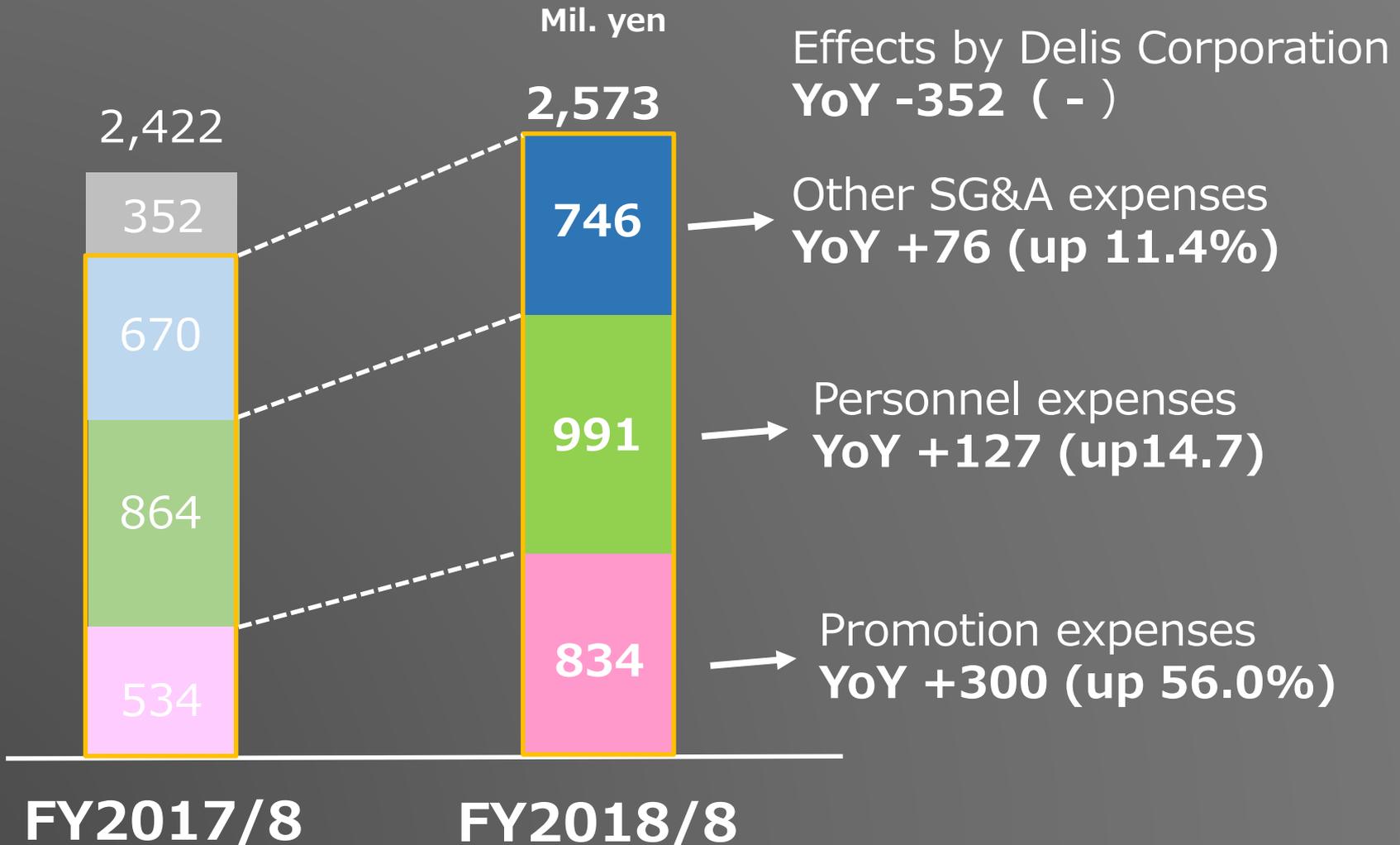
FY2018/8 Changes in Net Sales by Segment

Despite a decrease in net sales due to the influence of the deconsolidation of Delis Corporation, the *Demae-can* business achieved an increase in net sales, mainly through order commissions.



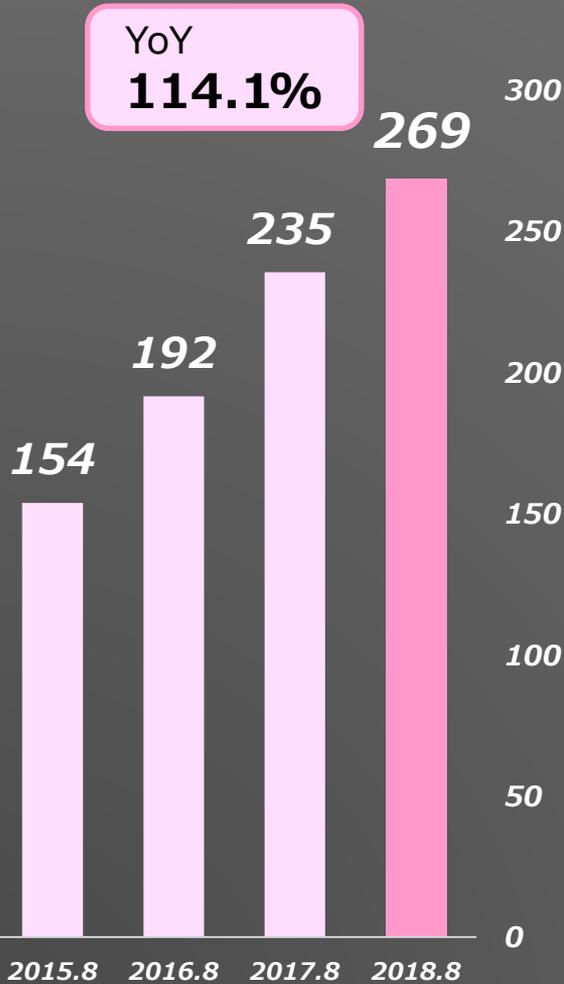
FY2018/8 Changes in SG&A

We executed marketing investments and increased the number of personnel to gain market share.

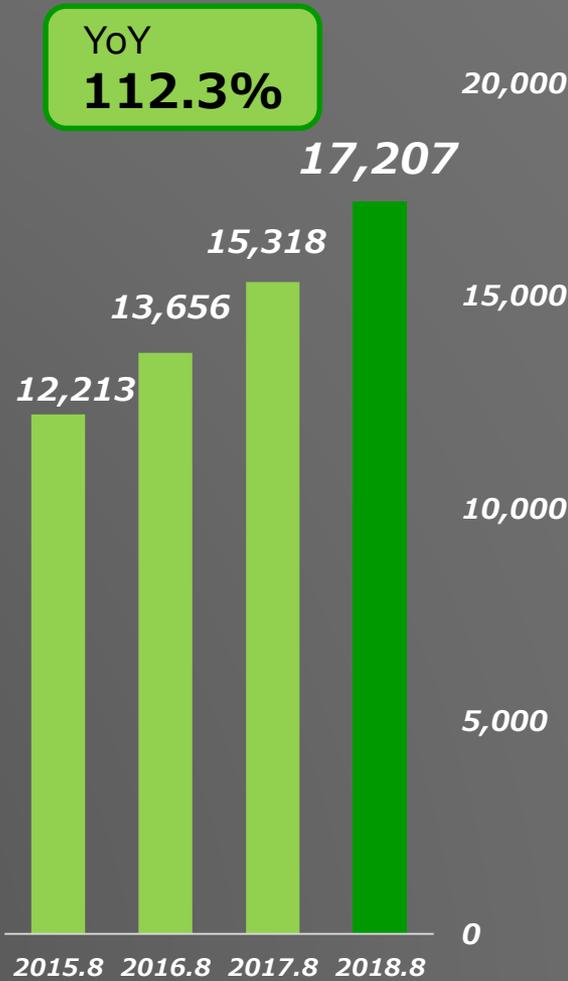


FY2018/8 Major KPI Summary

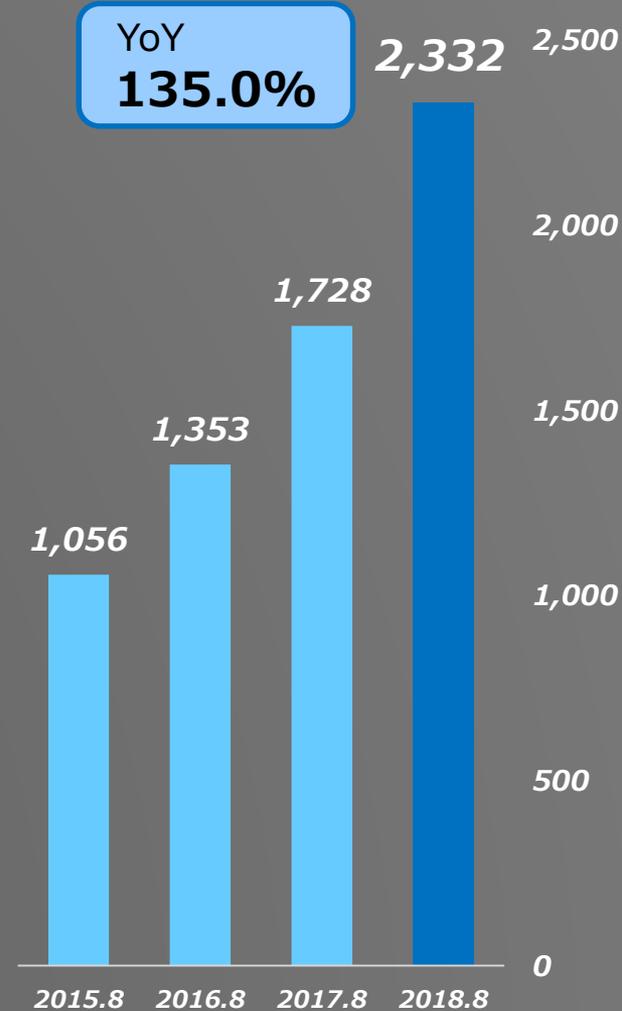
Number of active users
(as of Aug. 31)
(10,000 people)



Number of affiliated stores
(as of Aug. 31)
(Stores)



Number of orders/year
(from Sep. 1 to Aug. 31)
(10,000 orders)



Increase Exposure

Promoting the use of *Demae-can* to achieve a better work-life balance for mothers who are busy working every day

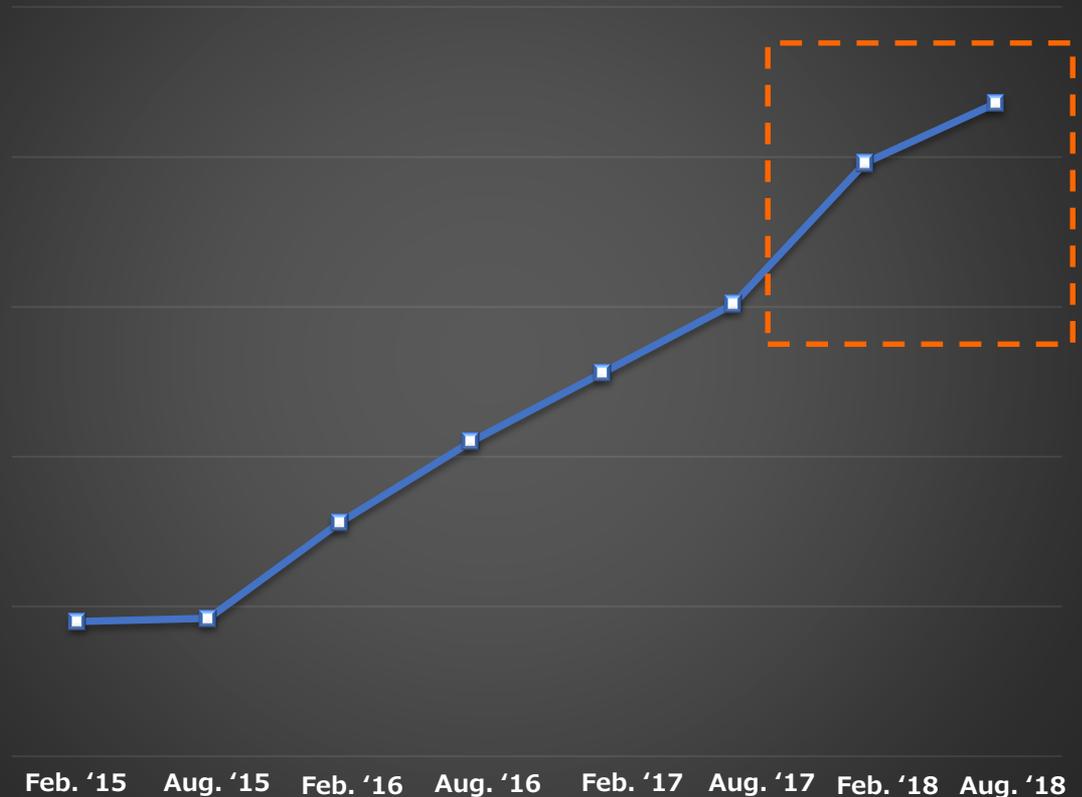
- Spot CM during the high demand period from Dec. to Jan. and program-specific CM in the second half



- Hanging ads on trains during the half price promotion



Brand recognition of *Demae-can*



Loyalty Program

Increase of high rank member ratio with the introduction of a loyalty program

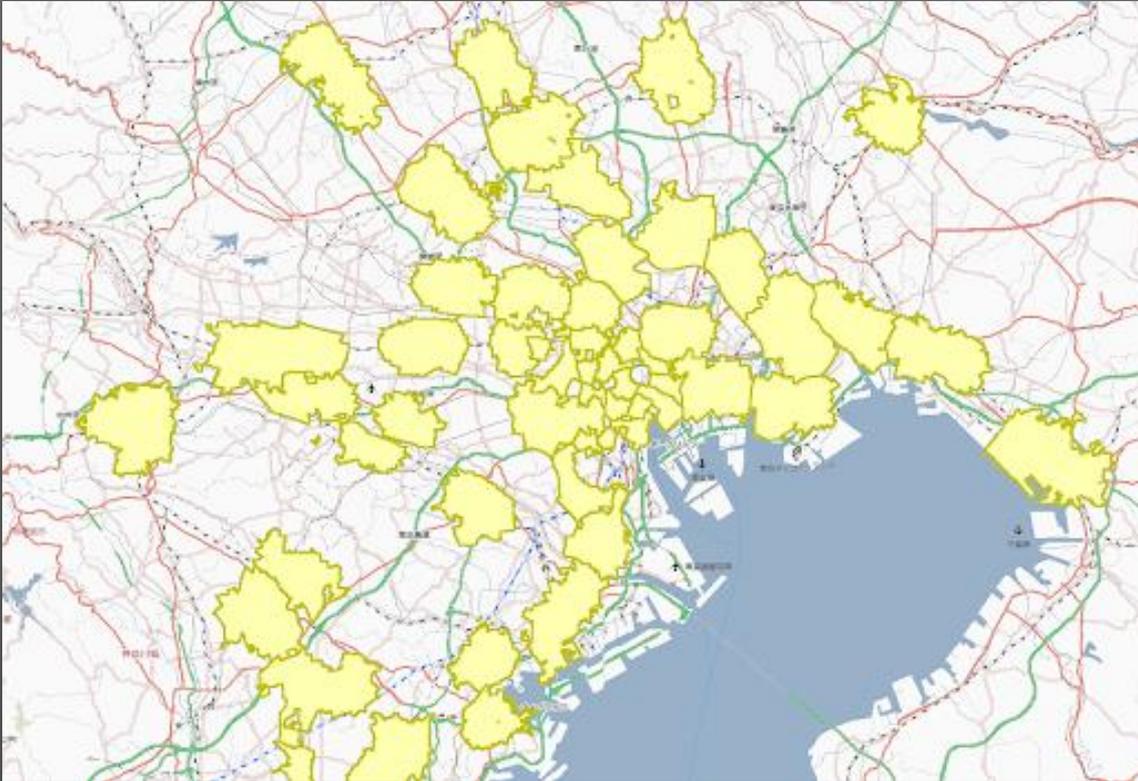
* Composition of active members, excluding unregistered users

Member rank	Number of Orders per year	End of Aug., 2017	End of Aug., 2018
 ゴッド	60times ~	2.5%	2.9% ↑
 ゴールド	30~59times	5.1%	5.7% ↑
 シルバー	10~29times	16.2%	17.9% ↑
 ブロンズ	3 ~ 9 times	29.7%	31.4% ↑
 レギュラー	1 ~ 2 times	46.5%	42.1% ↓

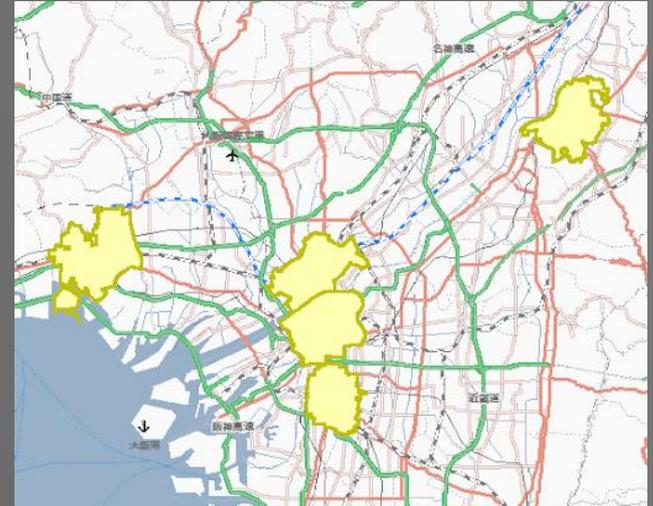
Sharing Delivery®

Expanded from 10 offices at the end of the previous fiscal year to 60 offices.
Mainly developed in the Kanto, Kansai, Tokai and Fukuoka areas

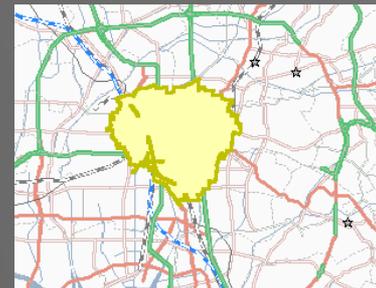
Kanto (Tokyo and three prefectures)



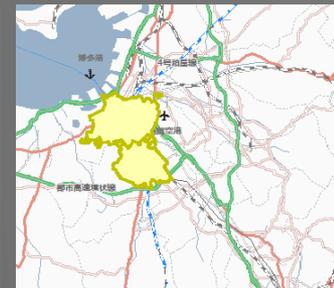
Kansai



Nagoya



Fukuoka



Sharing Delivery®

Along with the development of Sharing Delivery®, famous chain stores and popular local stores have joined us one after another.



Direction for this fiscal year

Internal factor

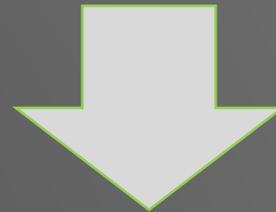
- Now confident about the business model of Sharing Delivery® that has started on a full-scale basis

External factors

- UberEats has expanded its area
- Possibilities of other global competitors entering the market

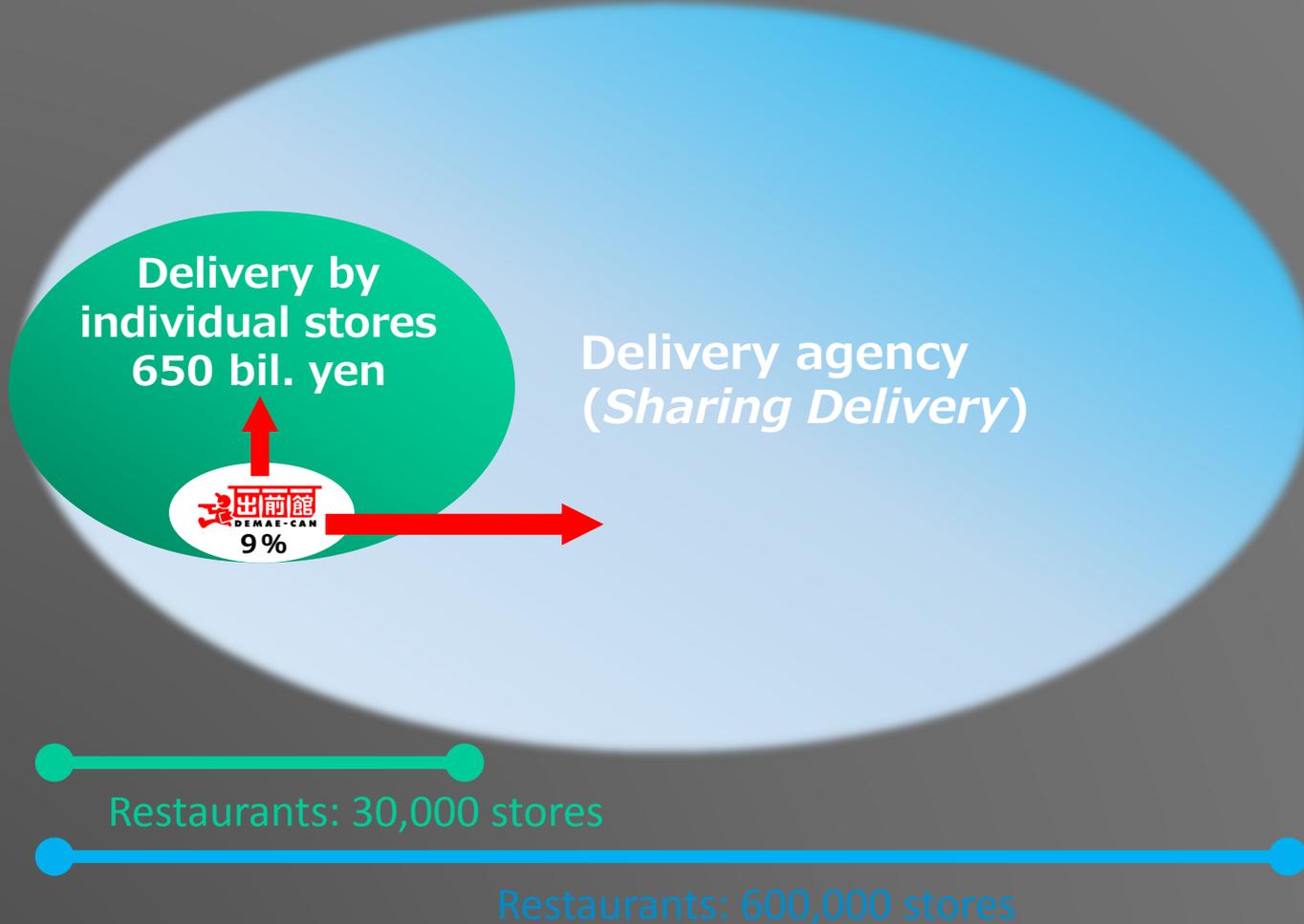
Environmental factors

- The food delivery market itself is expanding
- Increasing needs for efficient restaurant operations due to staff shortage



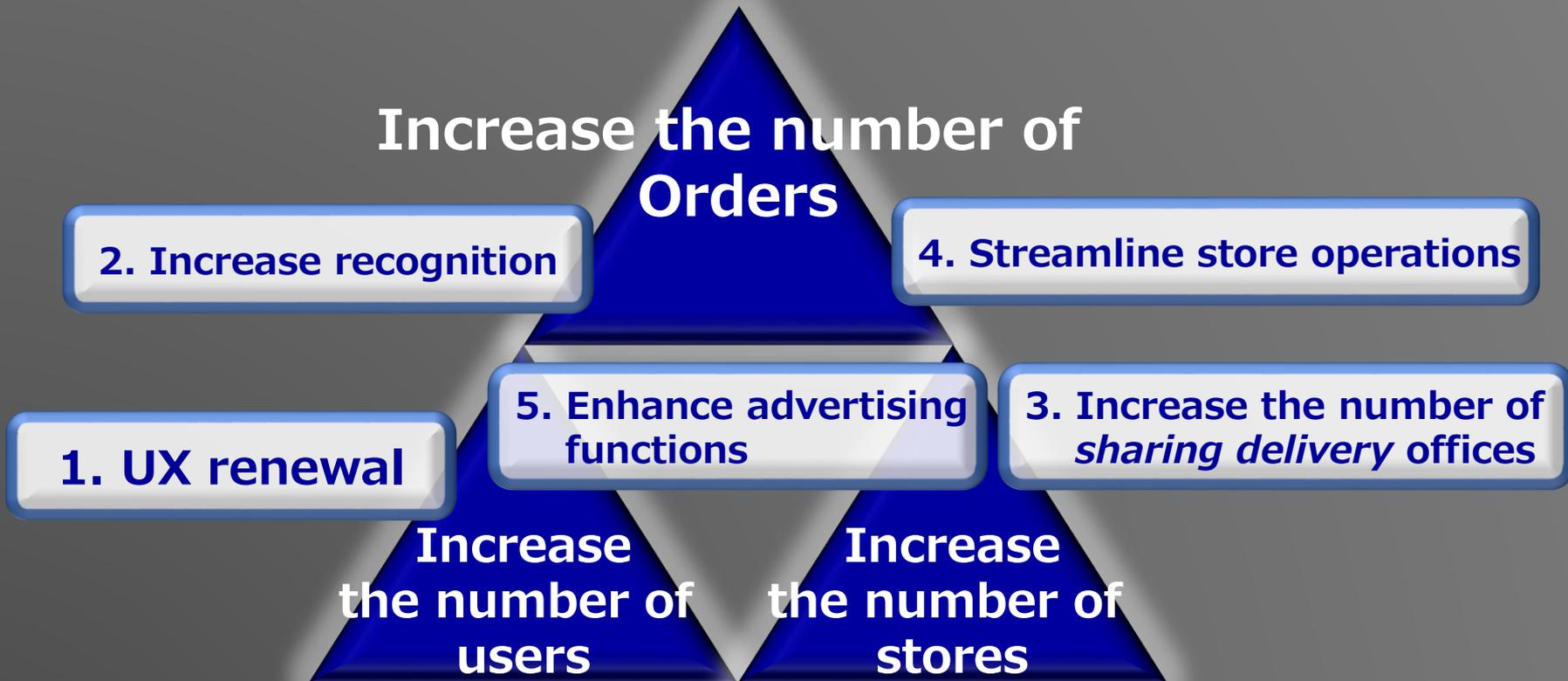
Without being constrained by short-term profit, we should establish an overwhelming basis by rapidly permeating the large market.

Target Market



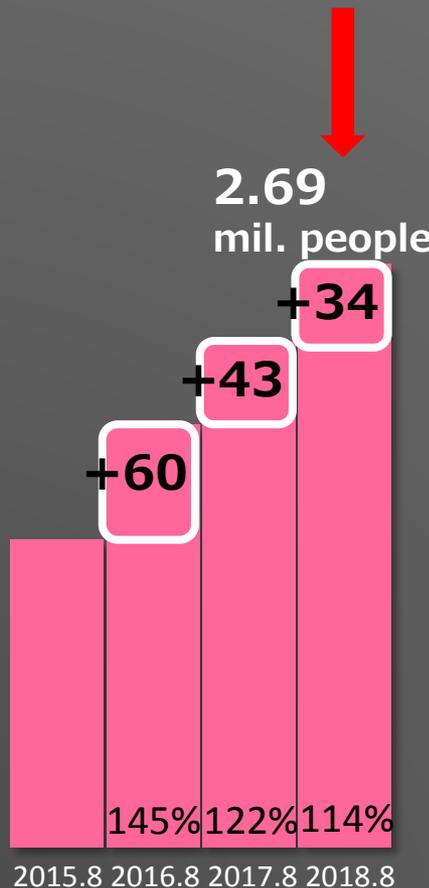
1. Promote our current online operations in the existing market to expand our share
2. Create a new market by providing Sharing Delivery to the restaurant market

Important Strategies this Fiscal Year

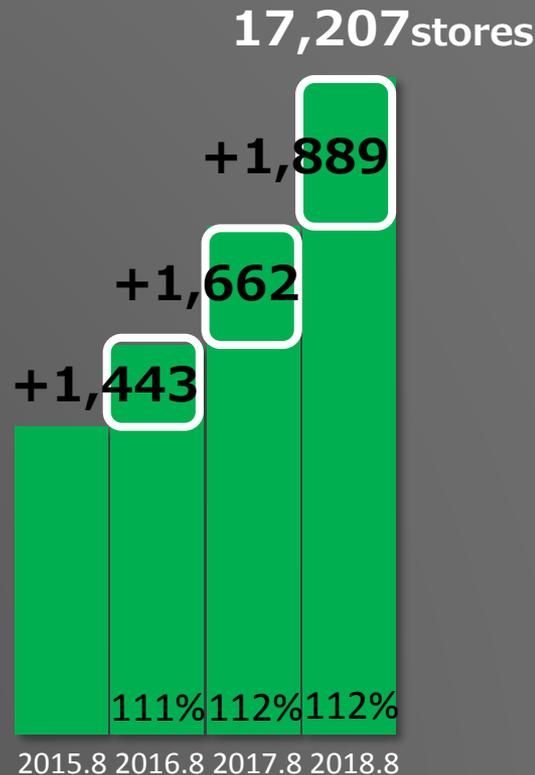


Current Issues

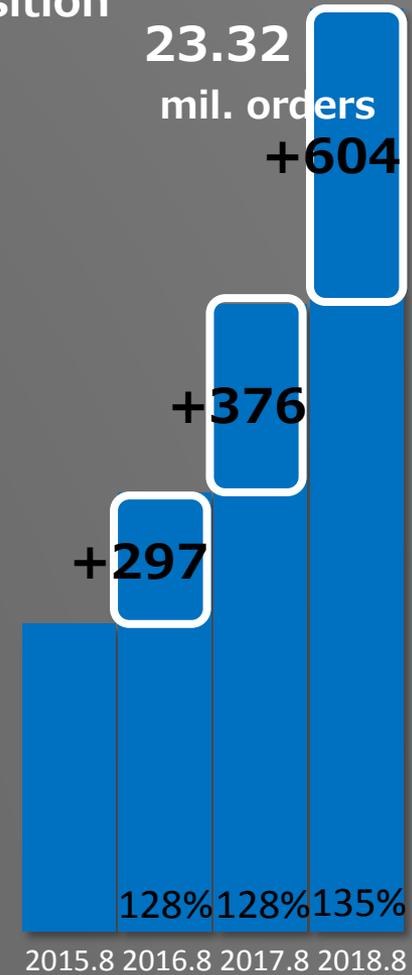
The number of orders per active user increased with Measures such as the loyalty program, but the acquisition of active users is still insufficient.



Number of AUs



Number of stores



Number of orders

Comparison with Similar Global Companies



GRUBHUB

Population: 320 mil.
Number of AUs: 15.58 mil.

5%



JUST EAT

Population: 60 mil.
Number of AUs: 11.30 mil.

18%



Demae-can

Population: 120 mil.
Number of AUs: 2.69 mil.

2%

In Japan, the dissemination and recognition of the service have not advanced yet, so there is a lot of room for acquiring active users.

Mid-Term Management Plan Targets

KPI	FY2018/8 Results	FY2019/8 Plan	FY2020/8 Plan	FY2021/8 Plan
Nuber of orders (10,000 orders)	2,332	3,382 (YoY:145%)	4,803 (YoY:142%)	6,724 (YoY:140%)
Numbeer of affiliated stores (stores)	17,207	21,125 (YoY:123%)	24,903 (YoY:118%)	28,293 (YoY:114%)
Number of active users (10,000 users)	269	441 (YoY:164%)	618 (YoY:140%)	865 (YoY:140%)

(Mil. Yen)	FY2018/8 Results	FY2019/8 Plan	FY2020/8 Plan	FY2021/8 Plan
Net sales (Consolidated)	5,430	7,681	12,900	18,800
Operating profit (Consolidated)	837	100	1,700	5,000
Operating margin (Consolidated)	15.4%	1.3%	13.2%	26.6%

【 FY2019/8 KPI targets】

	FY2018/8 Results	FY2019/8 Target	Year on year Difference	Year on year Comparison
Number of orders (10,000 orders)	2,332	3,382	1,050	145.0%
Number of affiliated stores	17,207	21,125	3,918	122.8%
Number of active users (10,000 people)	269	441	172	164.2%

【 FY2019/8 Forecast of consolidated financial results】

単位：百万円

	FY2018/8 Results	FY2019/8 Forecast	Year on year Difference	Year on year Comparison	FY2019/8 Sales ratio
Net sales	5,430	7,681	2,251	141.4%	100.0%
Operating profit	837	100	▲737	11.9%	1.3%
Ordinary profit	849	117	▲732	13.8%	1.5%
Profit attributable to owners of parent	558	79	▲479	14.1%	1.0%



Please be aware that the future forecast described in this presentation material has been prepared based on the information available as of the presentation date of this material, and actual results may differ materially due to various factors.

The amounts of money stated herein are expressed by rounding down amounts of less than one million yen.