



FY 8/2022 3rd Quarter Results

July 15, 2022

Business Highlights

3Q KPI Progress

- **Major KPI**
 - GMV¹: JPY 54 billion YoY 127%
 - Active Users: 878万人 YoY 135%
 - Number of registered riders: YoY 306%

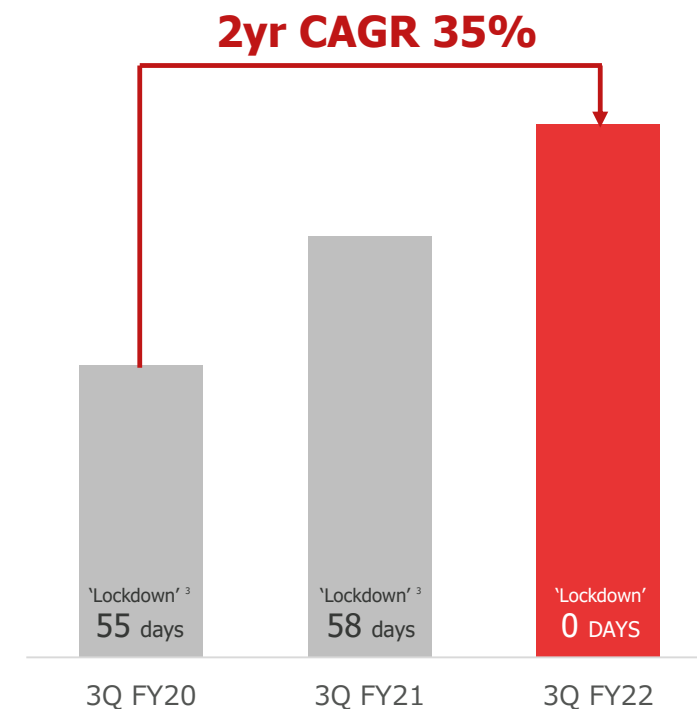
Market Environment

- **DAU share No. 1**
 - No.1² app downloads
 - Market rationalization accelerated

FY2022 Guidance Updated

- Delivery unit economics break-even level
- Updated full-year guidance

GMV



DAU: Daily Active User

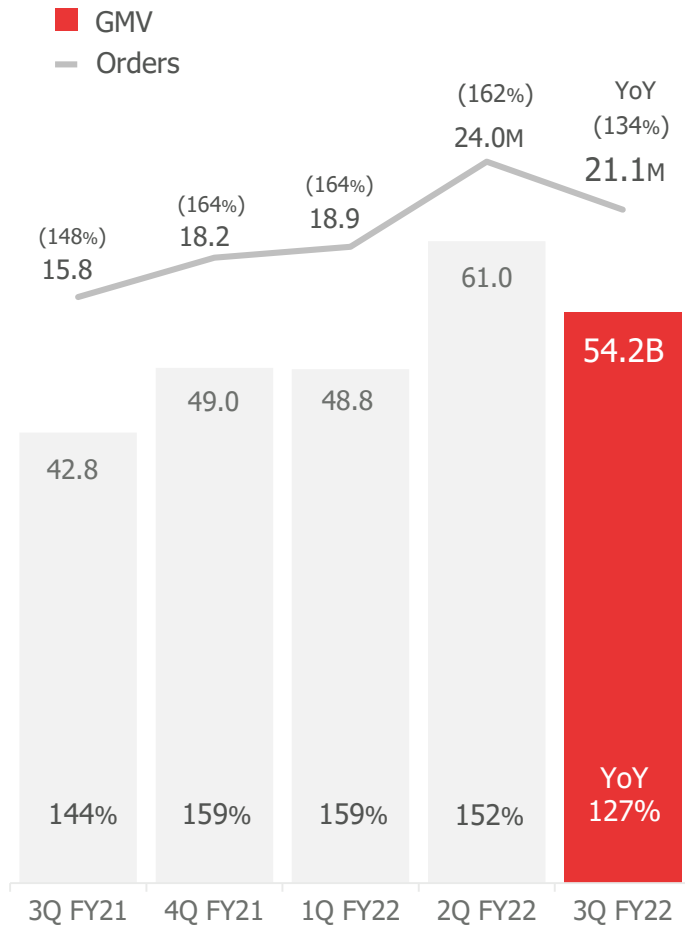
1. GMV (Gross Merchandise Value): item price + delivery fee before discount + other user fees

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

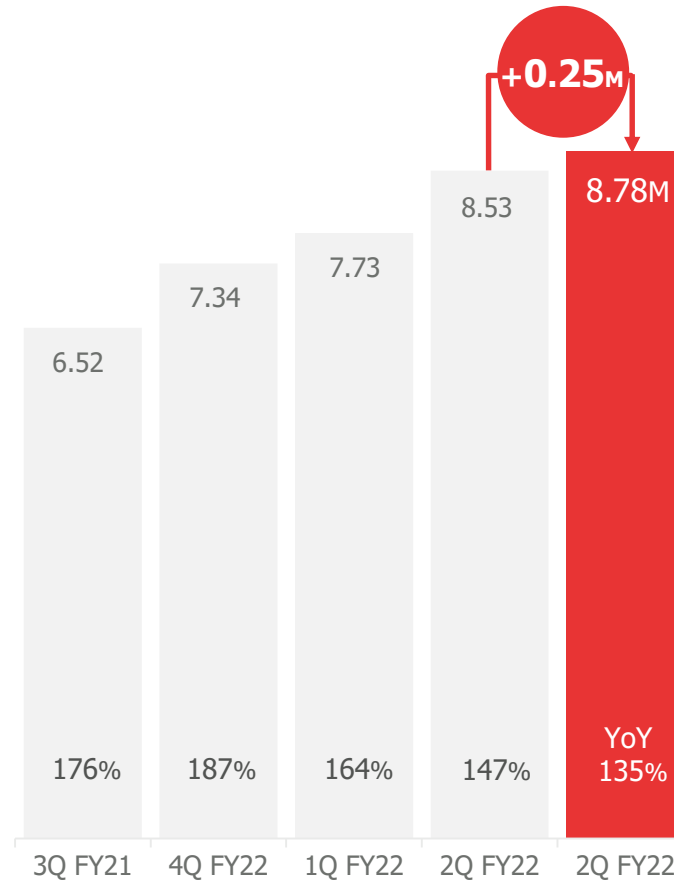
3. Tokyo and other regions

Major KPIs

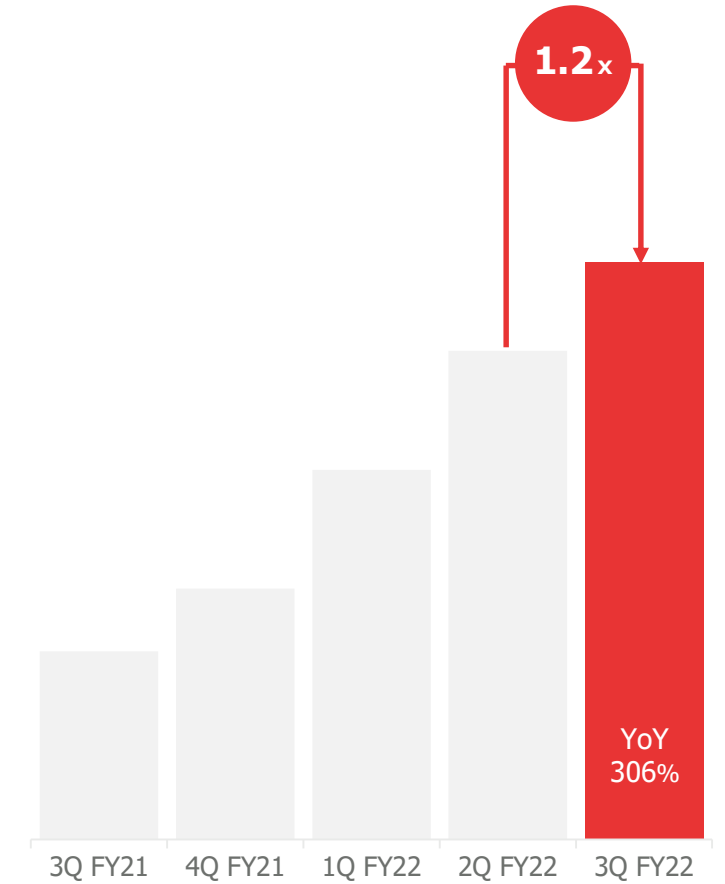
GMV / Orders



Active Users



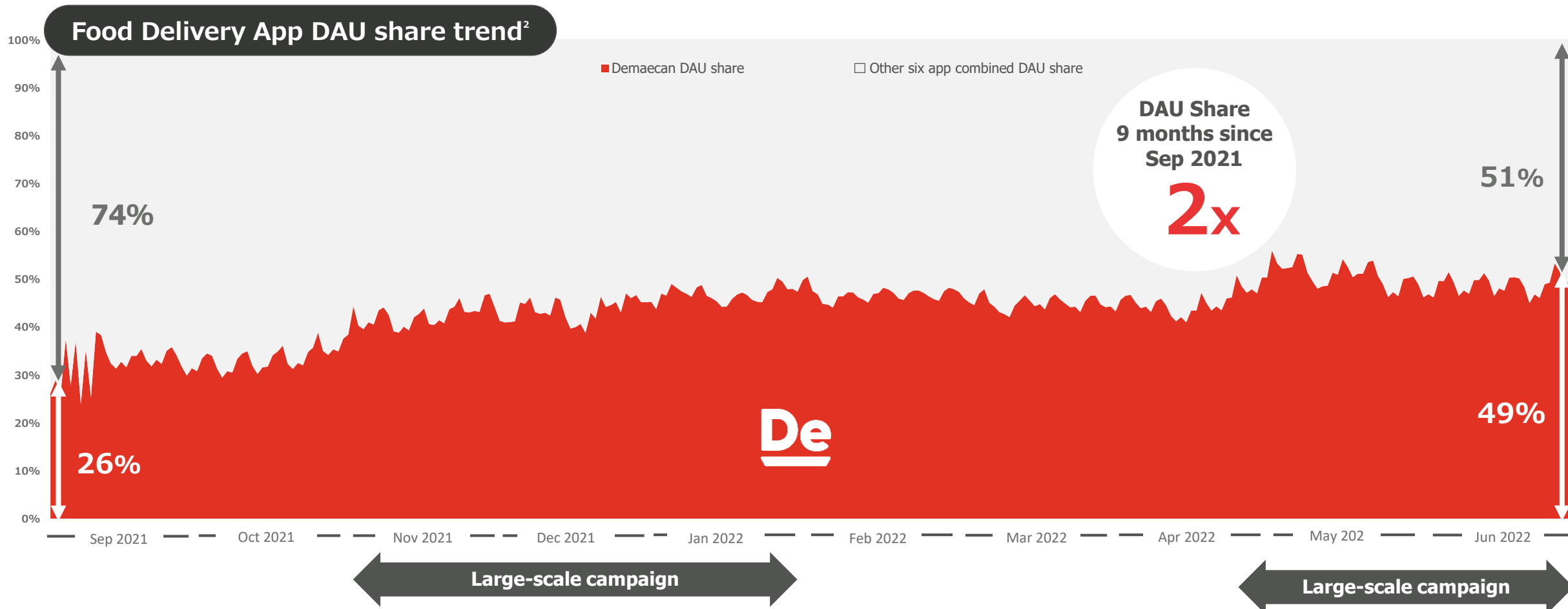
Registered Riders



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)
Active users and registered riders are as of the end of quarter

DAU share No. 1

- ✓ DAU share doubled in 9 months
- ✓ App downloads from March to May remained No.1¹; Stable DAUs share during non-campaign periods

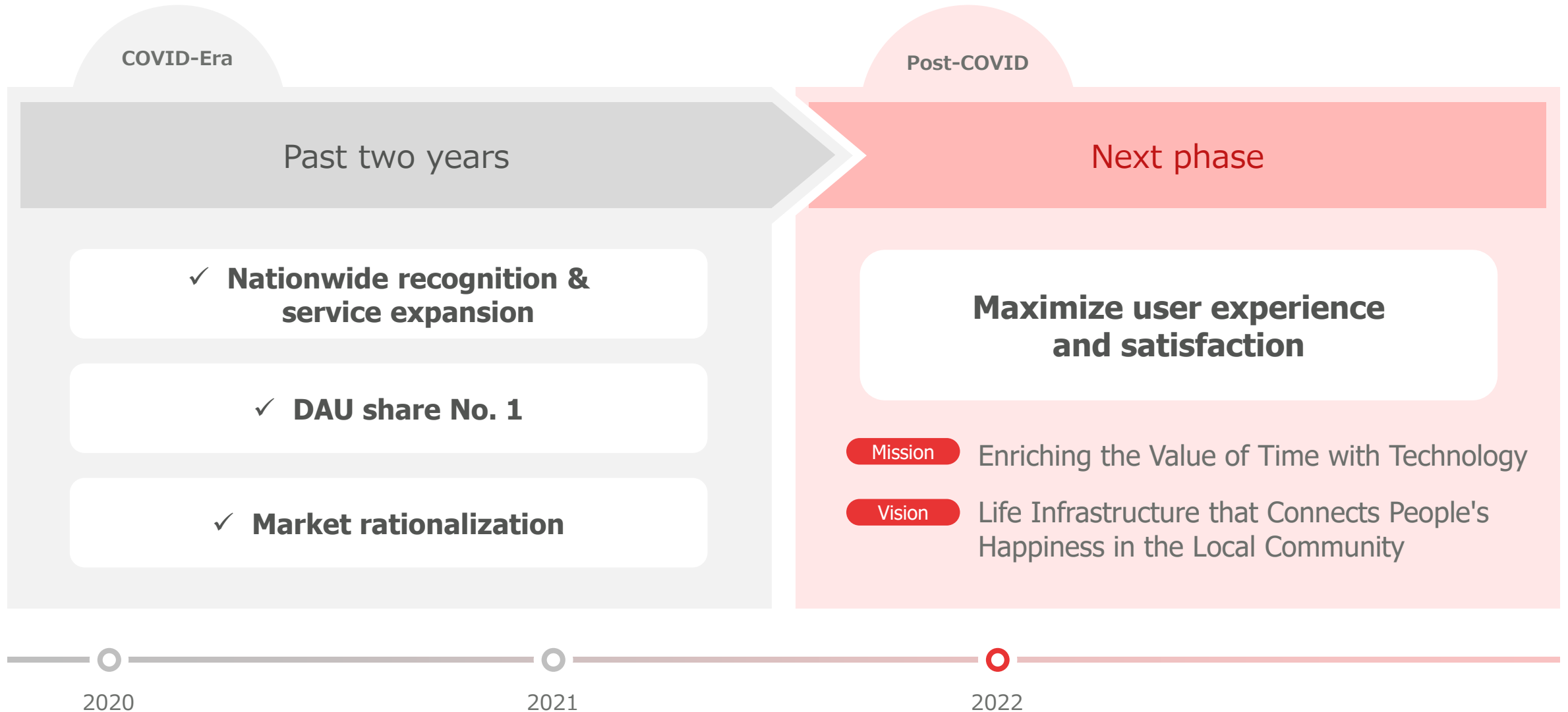


DAU: Daily Active User

1. Source: data.ai, cumulative app downloads from Mar 2022 to May 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 - June 30, 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.

Focus and shift towards the next phase

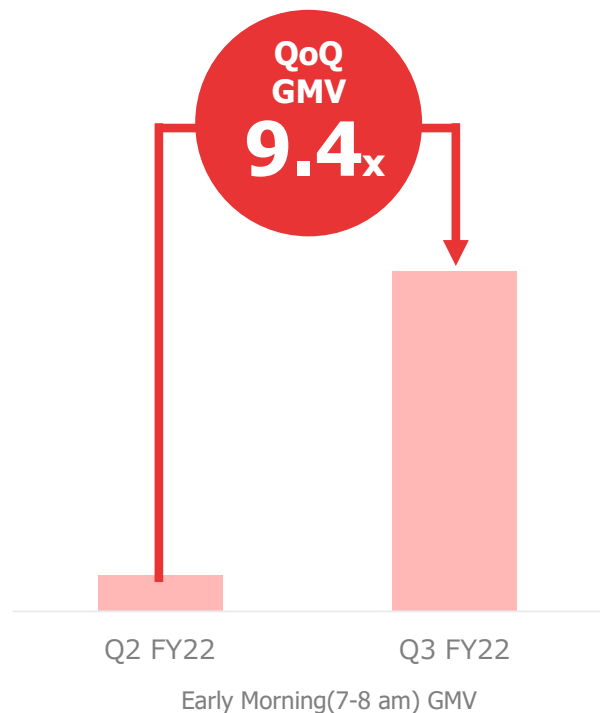


Category expansion

- ✓ Cultivating white space in the food segment outside of lunch and dinner hours
- ✓ Expanding the retail category for more selections

Food

- Early morning GMV growing

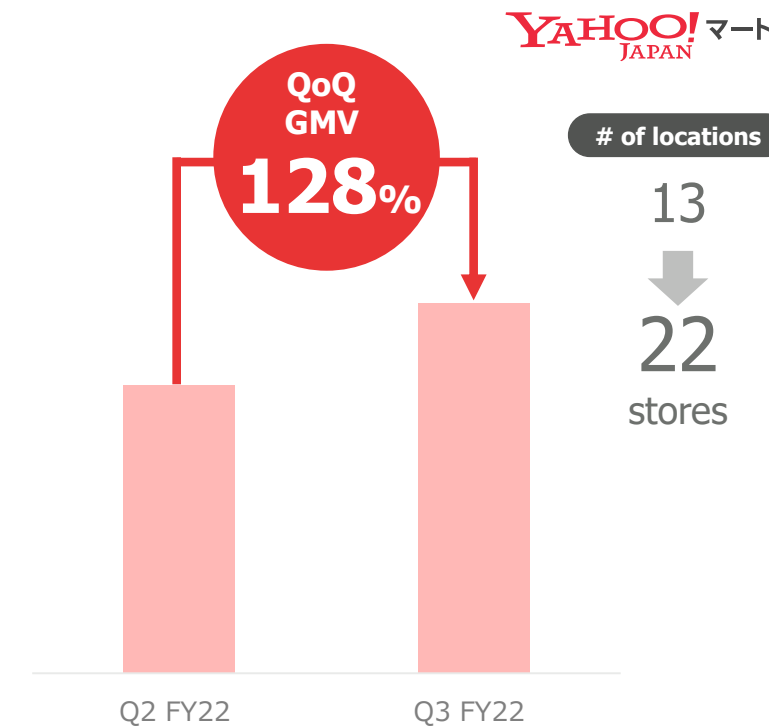


Retail

- Collaboration with popular brands and expanding selections

Supermarket 	
Convenience Store 	
General Merchandise 	DEAN & DELUCA

Quick Commerce



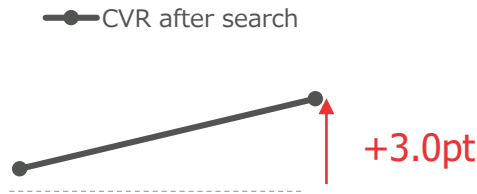
*"Yahoo! Mart by ASKUL" is a quick commerce with Z Holdings to provide delivery service for daily goods handled by ASKUL using the Demae-can's delivery network

Product update – user

- ✓ Renewal of search UI and search engine, improving CVR 3.0pts
- ✓ Enhanced ordering experience with more accurate recommendations using machine learning

Search

- Search engine, logic and UI updated
- CVR improved 3.0pt post update

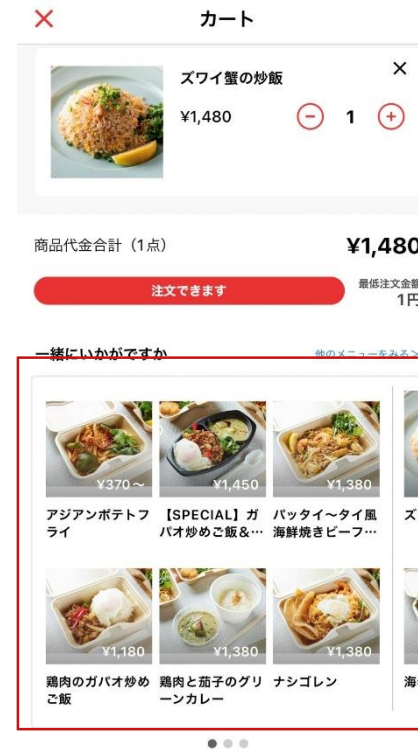


before¹ after



Recommendation

- Improved recommendation utilizing machine learning
- Higher CVR result from recommendation

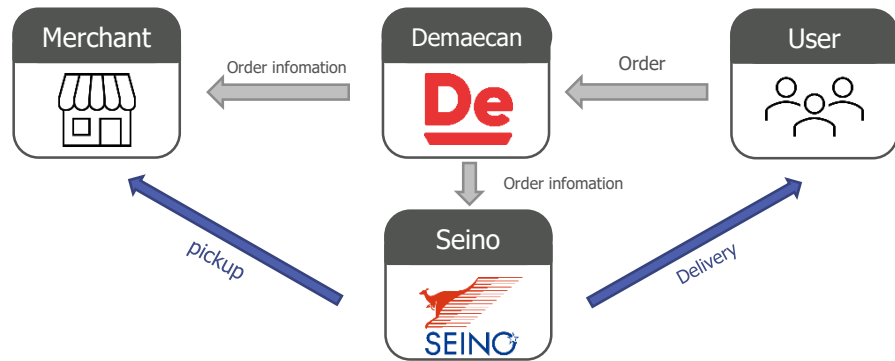


1. Before 4/25~5/9, After 5/10~23

Diversification of delivery options

- ✓ Alliance with Seino Holdings to increase delivery options
- ✓ Utilizing next-generation delivery for areas that cannot be served by conventional delivery methods

Alliance with Seino Holdings



Drone delivery PoC

- PoC in Hachijojima island funded by Tokyo metropolitan government
 - ✓ PoC of delivery service (food, beverages, daily necessities, etc.)
 - ✓ Study and trial of delivery services using new technologies and systems



- Demaekan serves as a platform for orders, which Seino HD delivery staff fulfills in-store pickup and delivery
- The quick delivery network expanded to 20 cities including regional areas
- Collaboration for new smart logistics service such as joint delivery and drone logistics for delivery in depopulated areas, mountainous regions, etc.

Product update – delivery

- ✓ New delivery system to be released nationwide in phases starting in July
- ✓ Revamp of delivery infrastructure system to improve delivery efficiency

Roadmap

Mid July~Early August

- Demand heat map
- AI/Machine learning automated delivery assignment
- Batching

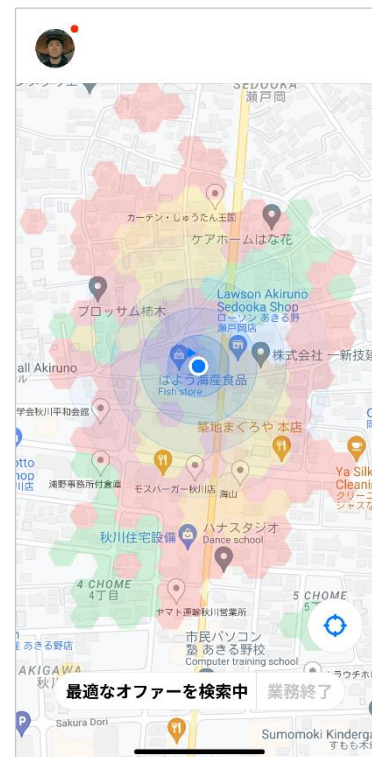
Early August

- Distance-based compensation

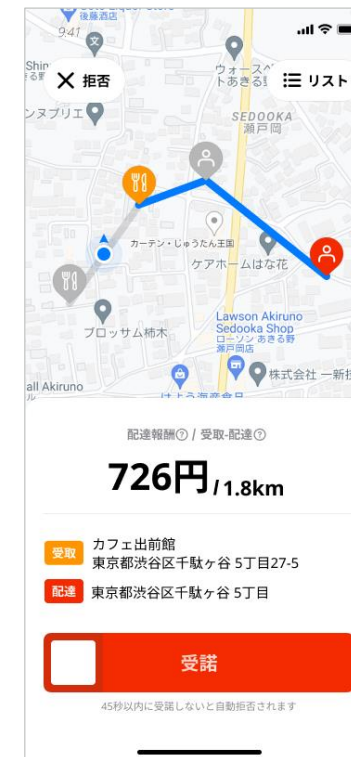
Mid September

- Optimized waiting time display

Demand heat map



UI update



Relationship with merchants

- ✓ Hosted "Demaecan Award 2021" to strengthen relationships with merchants and increase loyalty
- ✓ Popular merchants were selected and awarded from all over Japan; aiming to increase user recognition and drive orders



Product update – merchant

- ✓ Merchants can now analyze user reviews in the merchant dashboard, to help improve their service quality
- ✓ Allow merchants to offer coupons to users on the Demae-can platform

User review dashboard



Merchant-offer coupon



Badges are given for easy identification in the store listings



- Registration of merchant coupons increased YoY 215%

Coupon information at the top of the store page

Relationship with local governments and ESG initiatives

- ✓ Strengthening cooperation with more than 30 local governments to solve various social issues
- ✓ Signed an agreement with Fukuoka Prefecture to promote use of eco-friendly packaging

Closer ties with local govt.

- Various initiatives including support for shopping refugees and assistance with meals in the event of a disaster



ESG initiatives

- Encourage restaurants to switch to eco-friendly packaging
- Promotion initiatives to raise awareness
- Reduce other environmental impacts



<Containers made out of bamboo & wood>



<Wooden cutlery>



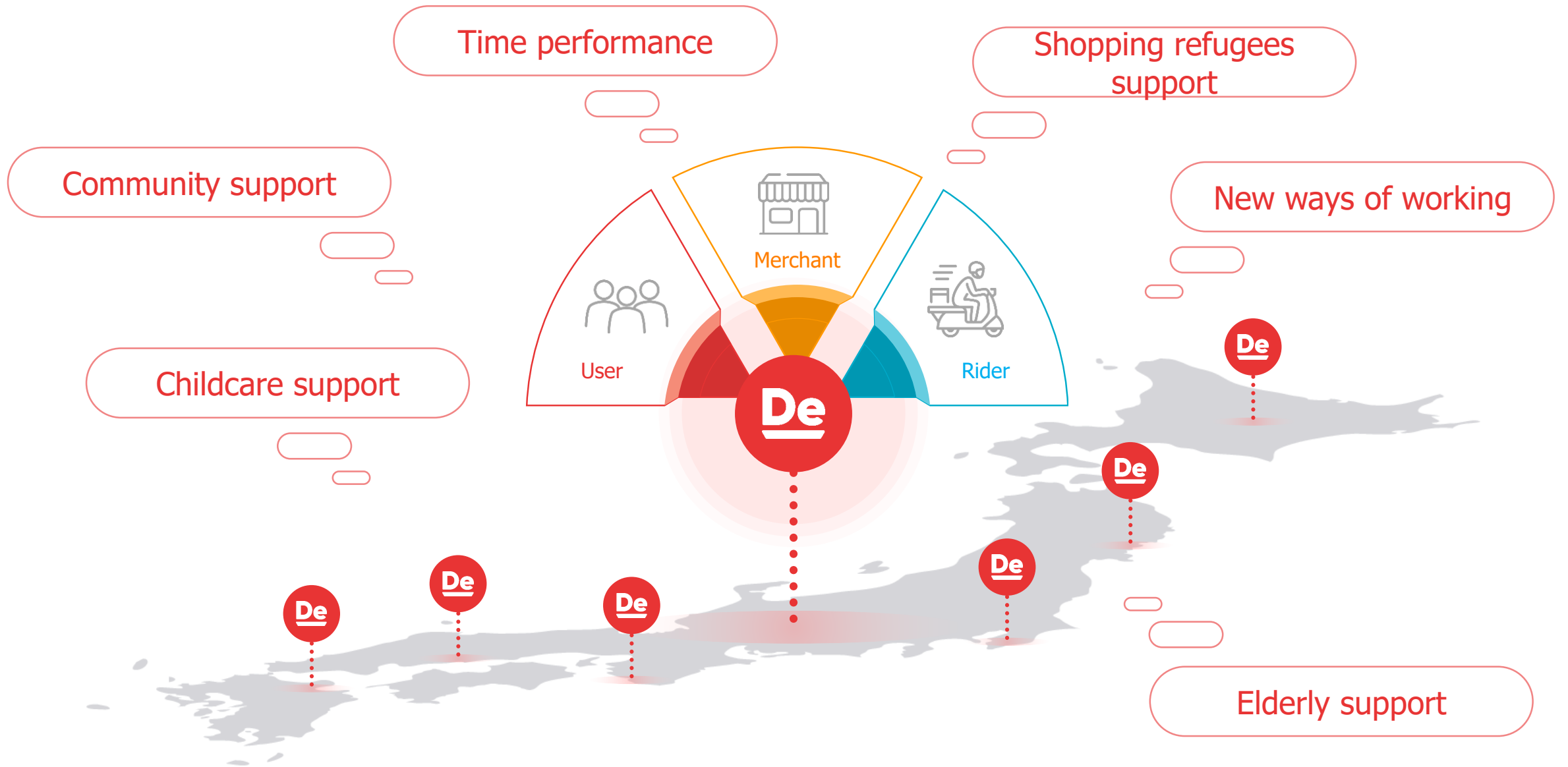
Elderly Support

- Seminars to help elders use Demaekan app

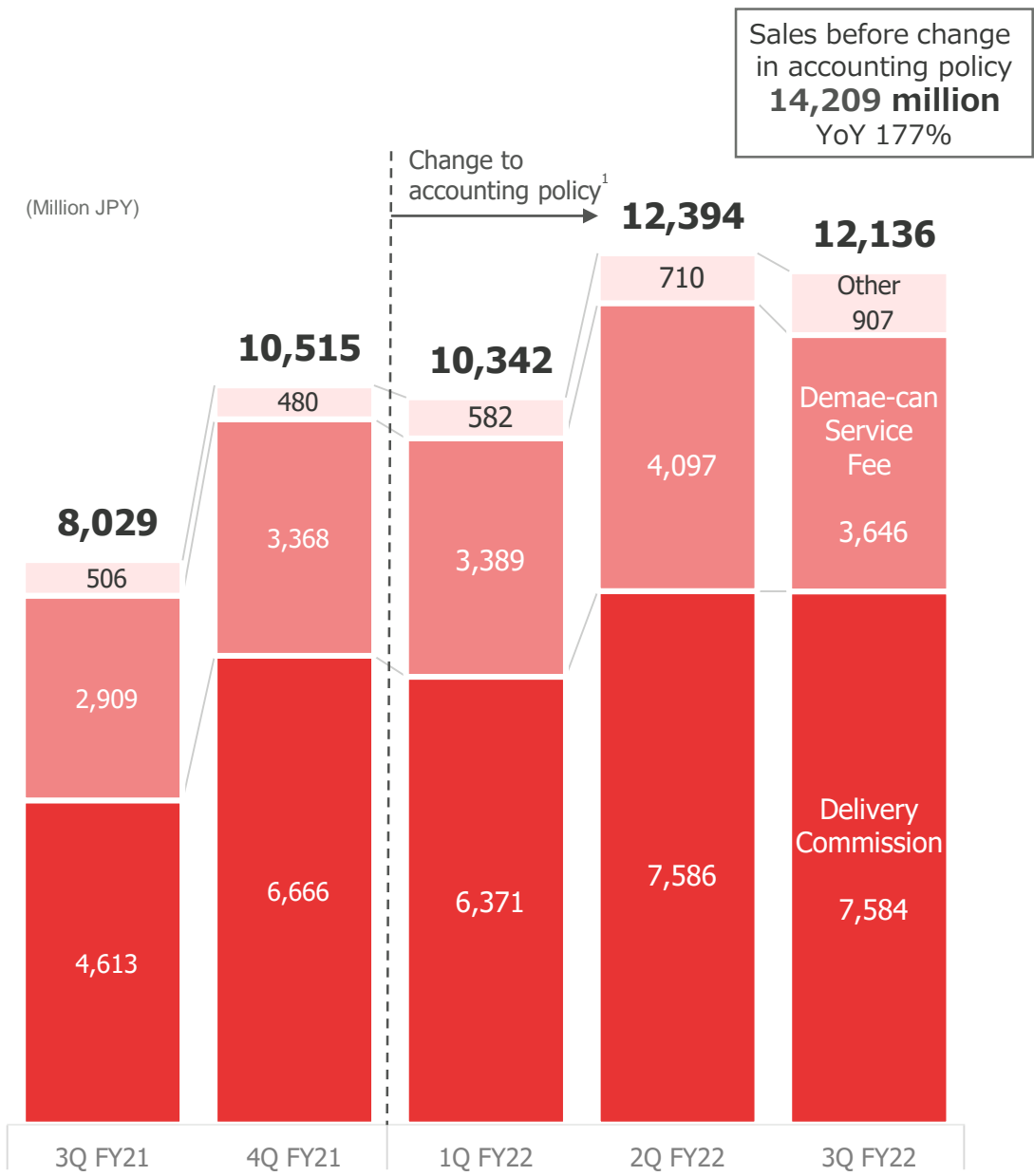


*There are some example of municipalities we are working with

Becoming an indispensable platform



Financial Highlights



Sales

Previous accounting policy: **14,209** million yen (YoY 177%)
New accounting policy: 12,136 million yen

Other

YoY +401M JPY (YoY 179%)

Demae-can Service Fee

YoY +736M JPY (YoY 125%)
Increase in orders due to the expansion of merchants and users

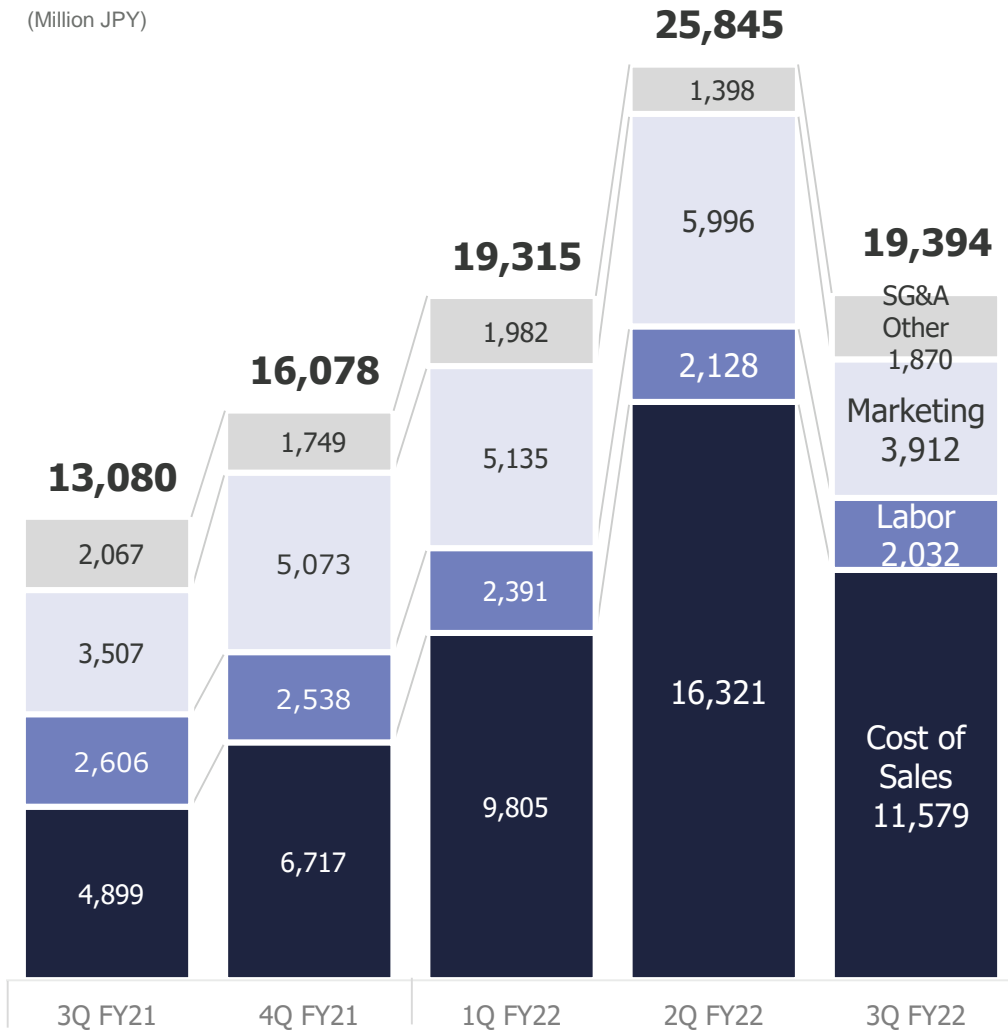
Delivery Commission

YoY +2,971M JPY (YoY 164%)
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 -195M JPY (YoY 91%)

Marketing

YoY +385M JPY (YoY 111%)
Increase in campaign and promotion cost

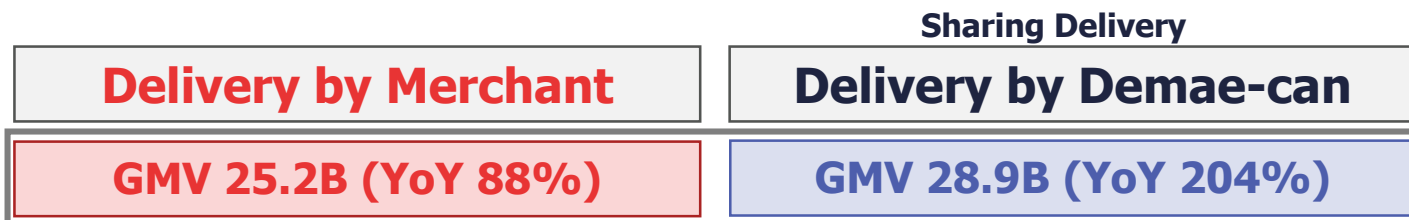
Labor

YoY -574M JPY (YoY 78%)
Decrease in in-house drivers

Cost of Sales

YoY +6,680M JPY (YoY 236%)
Increase in outsource drivers
Expensed 1.1B JPY of software development (non-budgeted)

3Q GMV:
54.2B (YoY 127%)



Platform fee from all merchants

Ecommerce					
(% of total GMV)	3Q	4Q	1Q	2Q	3Q
Ecommerce sales ¹	7.7%	7.8%	7.9%	7.6%	8.1%
Marketing	7%	9%	11%	10%	7%
Delivery fee voucher	1%	1%	4%	6%	4%
Other costs ²	8%	5%	5%	4%	6%
Software investment ³			2%	2%	2%
OP	-8%	-8%	-13%	-14%	-10%

Delivery Take Rate (merchant) & Fee (user)

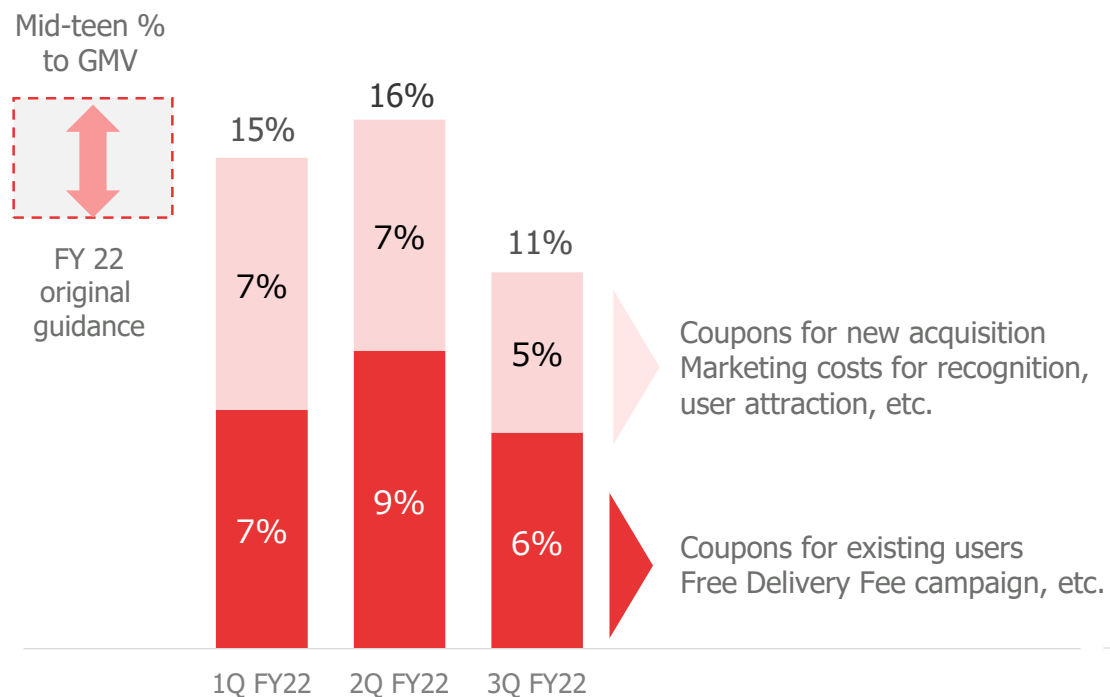
Delivery					
(% of Sharing Delivery GMV)	3Q	4Q	1Q	2Q	3Q
Delivery Sales	32%	32%	33%	33%	33%
Outsource rider cost	25%	31%	33%	44%	32%
In-house rider cost + Other cost ¹	18%	12%	10%	7%	7%
OP	-11%	-11%	-10%	-17%	-6%

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

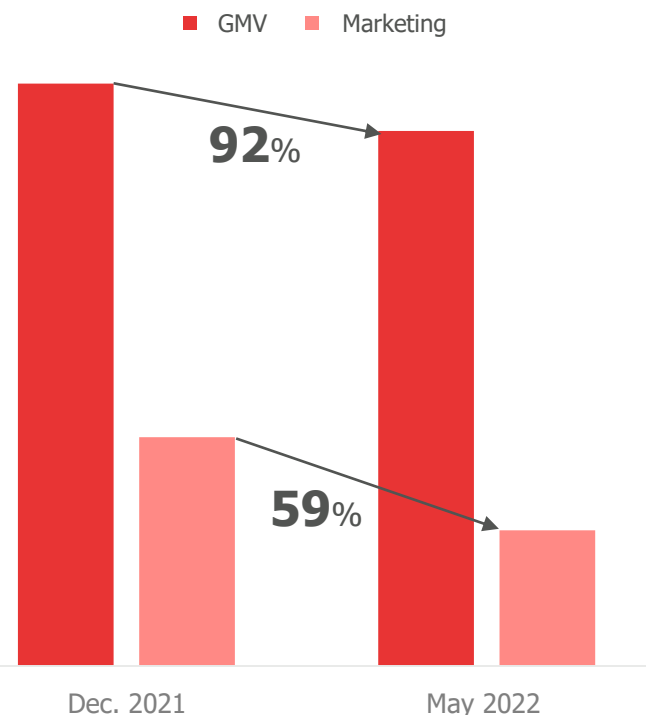
Improving investment return

- ✓ Optimize investments according to market trends. Improved investment effectiveness during major campaign
- ✓ Usage of coupons provided by merchants on Demae-can platform is steadily increasing

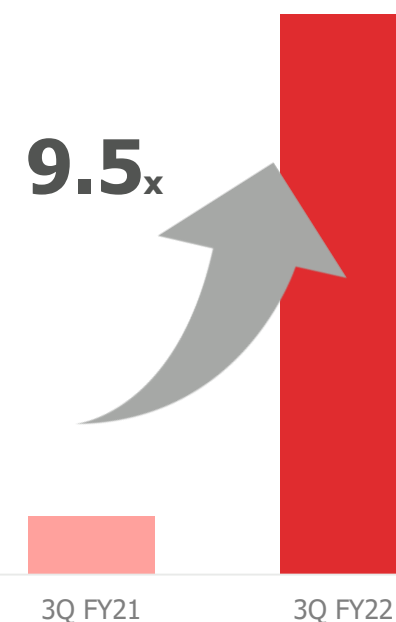
Breakdown of marketing related expenses¹ (% of total GMV)



Improved ROI during large campaign



Total value of coupons provided by merchants

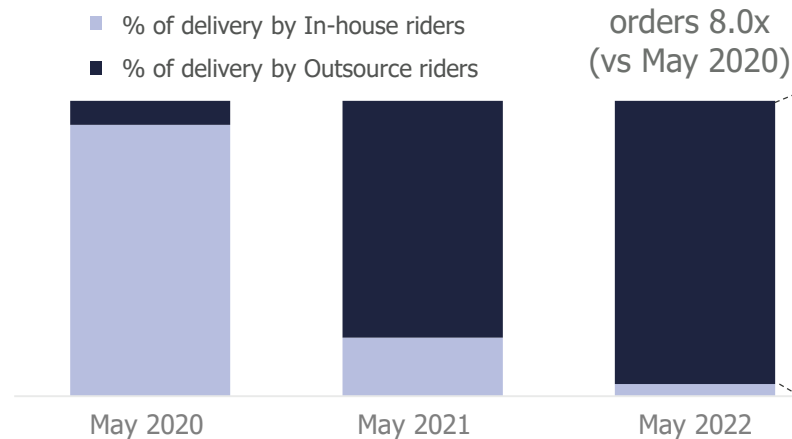


1. Marketing + Delivery fee voucher

Delivery ecosystem transformation and improving unit economics

- ✓ Driver ecosystem expanding; fixed cost reduction indicatives
- ✓ 3Q unit economics reached the breakeven level for outsource drivers; Improved overall economics for delivery model

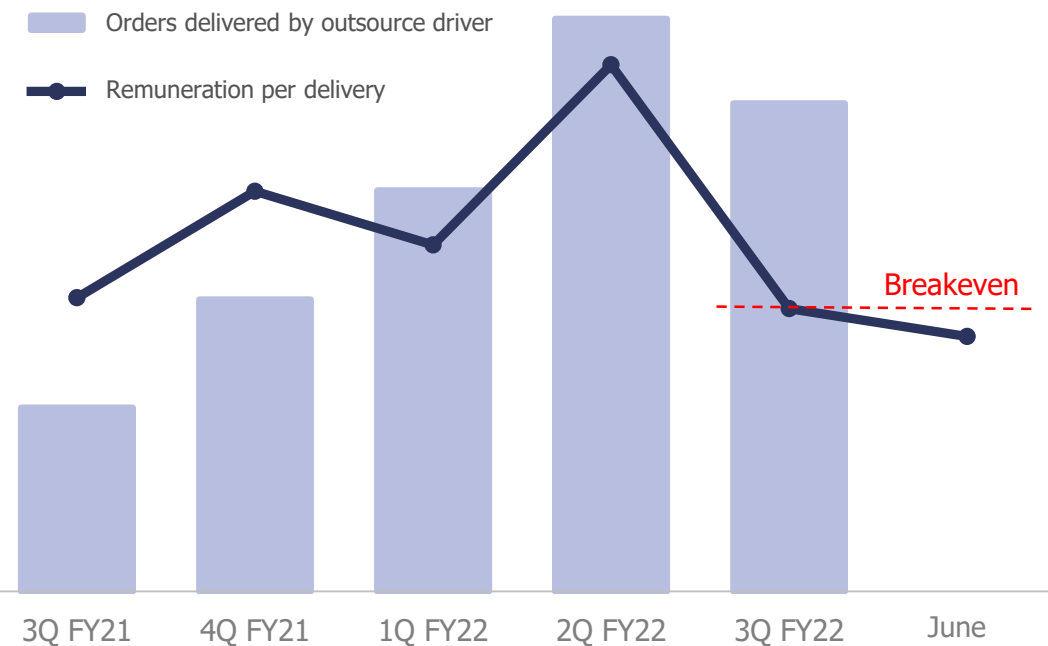
Transformation of delivery model



May 2020 Delivery Base: 71 → Aug. 2022 (est.) Delivery Base: 14

Reduction of more than 1 bn yen annually in fixed costs (excluding labor costs)

Cost per delivery (Outsource)



Earnings forecast revisions

(Billion JPY)	Initial Forecast	Revised Forecast
GMV	330.0	220.0 (YoY 135%)
Net Sales		47.0
Operating Profit	(50.0-55.0)	(37.0)
Ordinary Profit		(37.2)
Profit attributable to owners of parent		(36.7)

- After the nationwide priority measures to prevent the spread of COVID-19 was fully lifted on March 21, 2022, demand for dining out is recovering and the growth rate of the food delivery market is slower than before
- Accordingly, the GMV forecast is revised from 330 billion yen to 220 billion yen, and operating loss estimate will decrease as a result of adjusting marketing and other promotional expenses

Appendix

Summary of consolidated income statement

(Million JPY)	FY 8/2020		FY 8/2021				FY 8/2022				
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net Sales (New Accounting Policy ¹)							10,342	12,394	12,136	-	97.9%
Net Sales	2,994	3,492	4,186	6,223	8,029	10,515	12,192	15,824	14,209	177.0%	89.8%
Demae-can Service Fee	1,760	1,928	2,007	2,680	2,909	3,368	3,389	4,097	3,646	125.3%	89.0%
Delivery Commission	761	1,022	1,632	3,058	4,613	6,666	6,371	7,586	7,584	164.4%	100.0%
Other	472	541	545	484	506	480	582	710	907	179.2%	127.7%
Cost of Sales	791	1,007	1,728	3,606	4,899	6,717	9,805	16,321	11,579	236.3%	70.9%
SG&A	2,826	3,571	5,687	7,931	8,180	9,361	9,509	9,918	7,796	95.3%	81.9%
Labor	1,167	1,448	1,868	2,434	2,606	2,538	2,391	2,128	2,032	78.0%	95.5%
Marketing	1,042	1,270	2,635	3,641	3,507	5,073	5,135	5,996	3,892	111.0%	64.9%
Other	617	852	1,182	1,854	2,067	1,749	1,982	1,398	1,872	90.6%	133.9%
Operating Profit	(624)	(1,086)	(3,229)	(5,313)	(5,050)	(5,562)	(8,972)	(13,450)	(7,239)	143%	53.8%

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

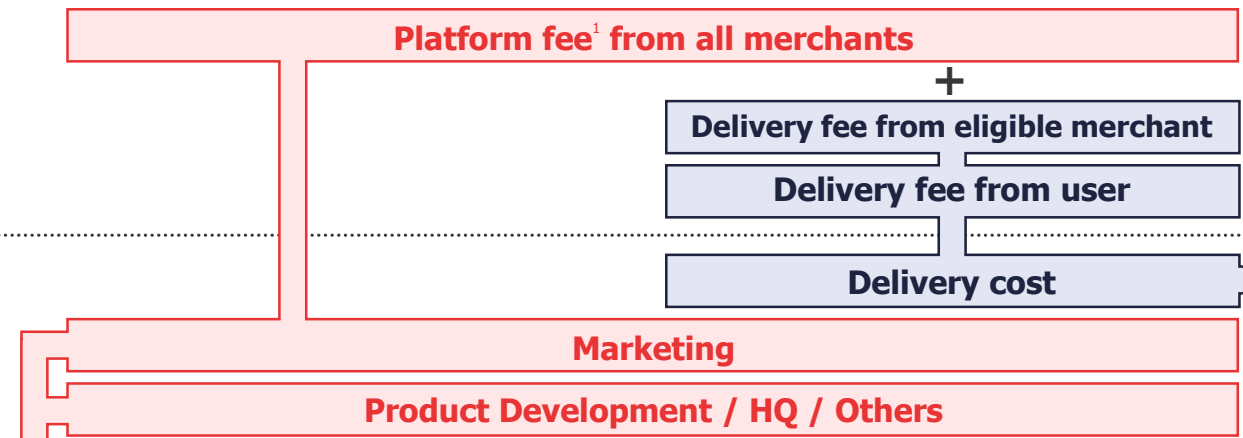
Demae-can's two business models (Ecommerce and Delivery)

3Q GMV:
54.2B (YoY 127%)

	Sharing Delivery	
	Delivery by Merchant	Delivery by Demae-can
	GMV 25.2B (YoY 88%)	GMV 28.9B (YoY 204%)

Revenue

Cost



Ecommerce
Platform P/L

Delivery
P/L per delivery

Scale

Growth Engine

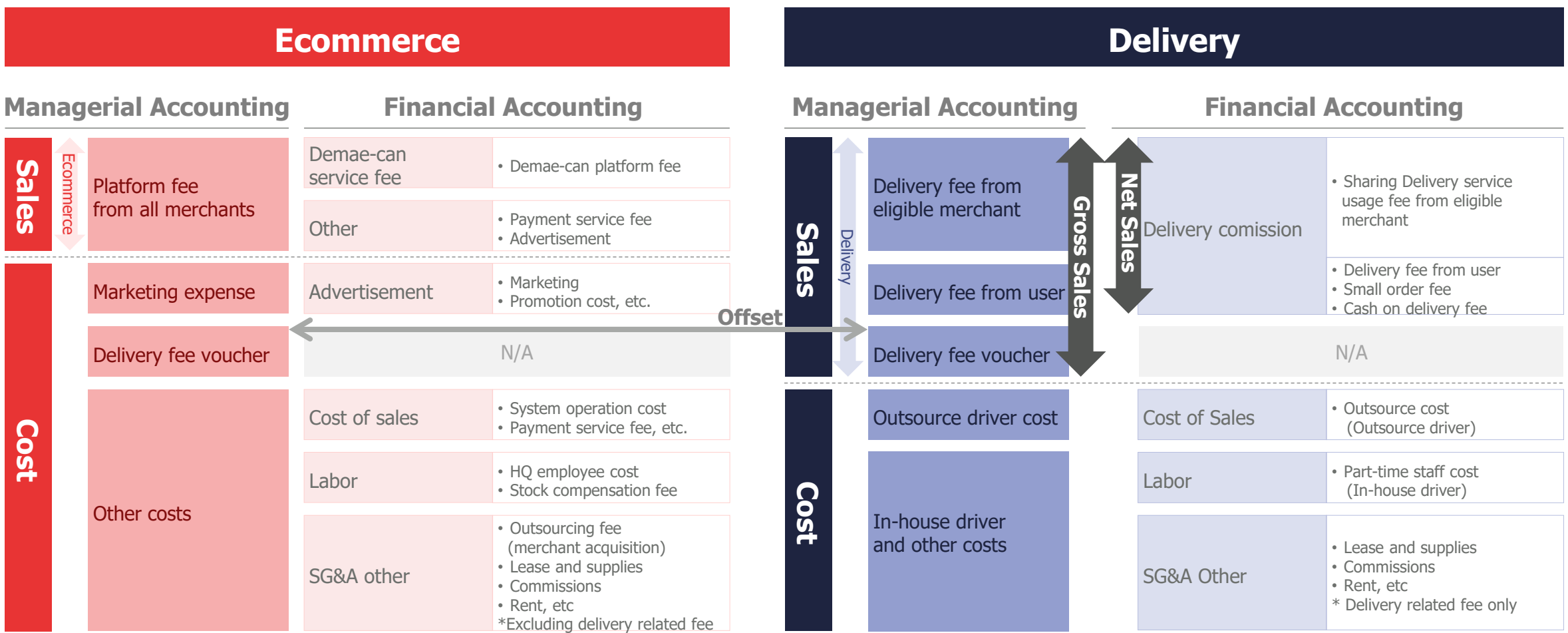
Leverage = Profit

Unit Economics = Breakeven

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

Ecommerce/Delivery × managerial/financial accounting P&L overview

P&L Structure



Change in accounting policy (Gross sales→Net sales)

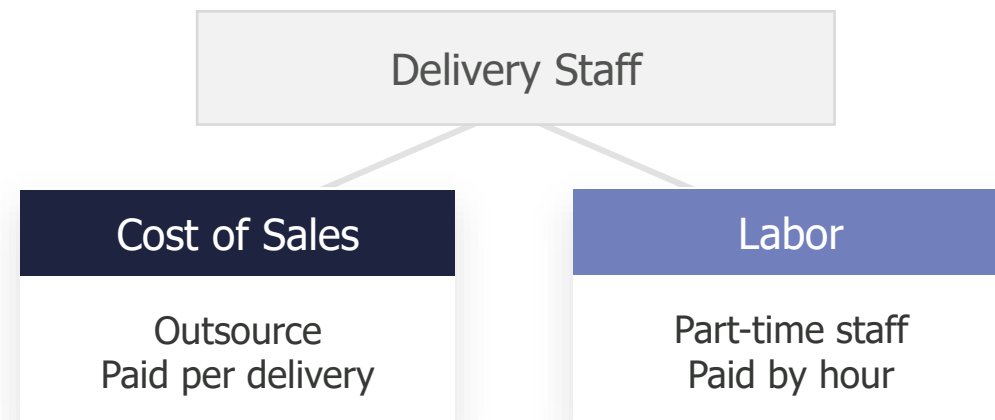
The accounting standard for revenue recognition (IFRS 15), etc. is applied from the beginning of the first quarter of the fiscal year, and an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer. 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		<ul style="list-style-type: none"> • Delivery fee • Small order fee • COD fee

Cost model



1. As of September 2021. Base offer terms

2. Includes delivery fee paid by user in the case of Marketplace

Thank you 

Please note that the future forecasts contained in this presentation material are based on the information available as of the date hereof and actual business results may differ significantly due to various factors. Please refrain from using this presentation material or data without prior permission.