

Consolidated Financial Results for the Six Months Ended February 29, 2024

Name of Company	Demaecan Co., Ltd
Stock exchange	Standard of Tokyo Stock Exchange (Code 2484)
URL	https://corporate.demaecan.co.jp/en/
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Scheduled ordinary general meeting of shareholders	April 15, 2024
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 February, 2024

(1) Operating results

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

	Year ended			
	February 28, 2023		February 29, 2024	
		%		%
Net sales (Millions of yen)	25,386	11.7	25,551	0.7
Operating profit (Millions of yen)	(8,739)	-	(4,394)	-
Ordinary profit (Millions of yen)	(8,687)	-	(4,310)	-
Profit attributable to owners of parent (Millions of yen)	(8,715)	-	(4,240)	-
Profit per share (Yen):				
Basic	(66.20)		(32.08)	
Diluted	-		-	
Comprehensive income:	Year ended February 29, 2024: (4,272) million yen, - % Year ended February 28, 2023: (8,713) million yen, - %			

(2) Financial position

	As of	
	August 31, 2023	February 29, 2024
Total assets (Millions of yen)	54,746	49,416
Total net assets (Millions of yen)	42,340	38,062
Equity ratio (%)	77.3	77.0
Equity:	38,062 million yen (as of February 29, 2024) 42,335 million yen (as of August 31, 2023)	

2. Dividends

	Year ended August 31, 2023	Year ended August 31, 2024
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, 2024 (forecast).

3. Financial forecasts for the fiscal year ending August 31, 2024

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

(Millions of yen unless otherwise stated)	Year ending August 31, 2024	%
Sales	56,000	8.9
Operating Profit	(8,000)	
Ordinary Profit	(7,960)	
Net income attributable to owners of the	(7,981)	
Earnings per share (Yen)	(60.36)	

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

*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 (4) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)" 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: None
 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 February 29, 2024:	132,421,230 shares
As of August 31, 2023:	132,421,230 shares
 2. Number of shares of treasury shares

As of February 29, 2024:	264,675 shares
As of August 31, 2023:	189,517 shares
 3. Average number of shares outstanding

As of February 29, 2024:	132,178,908 shares
As of February 28, 2023:	131,649,524 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.

1. Summary of Operating Results and Financial Position

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

During the fiscal year under review (September 1, 2023 to February 29, 2024), the Group sought to increase the satisfaction and retain users, riders, and merchants by making steady efforts to enhance the lineup of merchants in both the food and non-food areas, while enhancing the customer experience by improving the accuracy of the delivery time and the quality of customer service. Going forward, the Company will continue to offer services to be chosen by users, riders and merchants by focusing on the fundamental enhancement of service quality through the improvement of products, with an eye toward achieving its goal of making delivery part of everyday life.

On the cost side, the optimization of cost of sales progressed steadily. Advertising spendings were controlled focusing on cost effectiveness according to market trends.

Consequently, consolidated net sales for the fiscal year under review increased by 0.7% year on year, to 25,551 million yen, accordingly, an operating loss of 4,394 million yen (operating loss of 8,739 million yen in the previous fiscal year), an ordinary loss of 4,310 million yen (ordinary loss of 8,687 million yen in the previous fiscal year), and a loss attributable to owners of parent of 4,240 million yen (loss attributable to owners of parent of 8,715 million yen in the previous fiscal year).

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

1) Assets, Liabilities, and Net Assets

Current assets at the end of the fiscal year under review amounted to 49,007 million yen, a decrease of 5,285 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 3,297 million yen in cash and deposits and a decrease of 2,099 million yen in accounts receivable-other.

Non-current assets at the end of the fiscal year under review amounted to 409 million yen, a decrease of 45 million yen from the end of the previous fiscal year. Key factors contributing to this decrease 43 million yen in investment securities.

As a result, total assets at the end of the fiscal year under review amounted to 49,416 million yen, a decrease of 5,330 million yen from the end of the previous fiscal year.

Current liabilities at the end of the fiscal year under review amounted to 11,266 million yen, a decrease of 1,041 million yen from the end of the previous fiscal year. This was caused primarily by a decrease of 951 million yen in accounts payable - other.

Non-current liabilities at the end of the fiscal year under review decreased 11 million yen from the end of the previous fiscal year, to 86 million yen. This was mainly caused by a decrease of 11 million yen in other.

As a result, total liabilities at the end of the fiscal year under review amounted to 11,353 million yen, a decrease of 1,052 million yen from the end of the previous fiscal year.

Net assets amounted to 38,062 million yen, a decrease of 4,277 million yen from the end of the previous fiscal year. Key factors contributing to this were a decrease of capital surplus due to the posting of 4,240 million yen as a loss attributable to owners of parent.

2) Cash Flows

The balance of cash and cash equivalents ("cash") at the end of the fiscal year under review decreased 3,297 million yen from the end of the previous fiscal year to 37,609 million yen.

The status of each of the cash flow segments and contributing factors in the fiscal year under review is as follows:

(Cash flows from operating activities)

Net cash used in operating activities during the fiscal year under review was 3,401 million yen (a decrease of 8,525 million yen in the previous fiscal year). The change was mainly attributable to loss before income taxes of 4,228 million yen, a decrease in accounts receivable-other of 2,099 million yen, and a decrease in accounts payable-other of 954 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities during the fiscal year under review was 104 million yen (an increase of 7 million yen in the previous fiscal year). The change was attributable to an increase in proceeds from sale of investment securities of 103 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities during the fiscal year under review was 0 million yen (a decrease of 0 million yen in the previous fiscal year).

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

There is no change to the full-year consolidated earnings forecast for the fiscal year ending August 31, 2024, which was announced in the "Consolidated Financial Results for the fiscal year ending August 31, 2023," released on October 13, 2023.

2. Consolidated Financial Statements and Notes to Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	40,906	37,609
Notes and accounts receivable—trade	158	203
Accounts receivable-other	12,414	10,315
Other	898	963
Allowance for doubtful accounts	(86)	(85)
Total current assets	54,292	49,007
Non-current assets		
Investments and other assets		
Investment securities	320	277
Guarantee deposits	126	124
Deferred tax assets	7	7
Other	6	8
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	454	409
Total non-current assets	454	409
Total assets	54,746	49,416
Liabilities		
Current liabilities		
Accounts payable - other	11,626	10,675
Income taxes payable	21	7
Provision for bonuses	35	49
Provision for sales promotion expenses	–	318
Other	624	215
Total current liabilities	12,307	11,266
Non-current liabilities		
Other	98	86
Total non-current liabilities	98	86
Total liabilities	12,406	11,353
Net assets		
Shareholders' equity		
Capital stock	100	100
Capital surplus	54,166	54,166
Retained earnings	(11,959)	(16,200)
Treasury shares	(3)	(3)
Total shareholders' equity	42,303	38,062
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	32	–
Total valuation and translation adjustments	32	–
Share acquisition rights	4	–
Total net assets	42,340	38,062
Total liabilities and net assets	54,746	49,416

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Net sales	25,386	25,551
Cost of sales	20,749	20,512
Gross profit	4,637	5,039
Selling, general and administrative expenses	13,376	9,433
Operating profit	(8,739)	(4,394)
Non-operating income		
Interest income	0	0
Dividend income	0	—
Share of profit of entities accounted for using equity method	40	78
Other	14	37
Total non-operating income	56	116
Non-operating expenses		
Compensation for damage	0	1
Donations expenses	—	30
Foreign exchange losses	3	0
Other	1	1
Total non-operating expenses	4	32
Ordinary profit	(8,687)	(4,310)
Extraordinary gains		
Gain from sales of fixed asset	2	—
Gain on sales of investment securities	—	78
Other	—	4
Total extraordinary gains	2	82
Extraordinary losses		
Loss on change in equity method	2	—
Total extraordinary losses	2	—
Profit before income taxes	(8,687)	(4,228)
Income taxes etc.	27	12
Profit	(8,715)	(4,240)
Profit attributable to owners of parent	(8,715)	(4,240)

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year ended February 28, 2023	Year ended February 29, 2024
Profit	(8,715)	(4,240)
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(32)
Total other comprehensive income	1	(32)
Comprehensive income	(8,713)	(4,272)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,713)	(4,272)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	(8,687)	(4,228)
Share-based payment expenses	103	113
Loss (gain) on sales of investment securities	—	(78)
Increase (decrease) in allowance for doubtful accounts	(20)	(0)
Increase (decrease) in provision for bonuses	9	14
Increase (decrease) in provision for sales promotion expenses	—	318
Interest and dividend income	(1)	(0)
Loss (gain) on Exchange	—	0
Share of (profit) loss of entities accounted for using equity method	(40)	(78)
Decrease (increase) in notes and accounts receivable - trade	(20)	(45)
Decrease (increase) in prepaid expenses	120	(349)
Decrease (increase) in consumption taxes refund receivable	1,095	34
Decrease (increase) in inventories	(10)	0
Decrease (increase) in accounts receivable-other	1,838	2,099
Increase (decrease) in accounts payable-other	(2,863)	(954)
Other	31	(423)
Subtotal	(8,445)	(3,576)
Interest and dividend income received	15	47
Income taxes paid	(97)	(21)
Income taxes refund	2	148
Net cash provided by (used in) operating activities	(8,525)	(3,401)
Cash flows from investing activities		
Proceeds from sales of tangible fixed assets	2	—
Proceeds from sales of investment securities	—	103
Other	5	1
Net cash provided by (used in) investing activities	7	104

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Cash flows from financing activities		
Other	(0)	(0)
Net cash provided by (used in) financing activities	(0)	(0)
Effect of exchange rate change on cash and cash equivalents	–	(0)
Net increase (decrease) in cash and cash equivalents	(8,518)	(3,297)
Cash and cash equivalents at beginning of period	53,262	40,906
Cash and cash equivalents at end of period	44,744	37,609

(4) 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)

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