

Demaecan

FY 8/2024 2nd Quarter Results

April 15, 2024

Business Highlights

Q2 FY8/2024 KPI Progress

- KPI results:
 - GMV¹: JPY 51.0 billion YoY 94%
 - Orders: 18.89 million YoY 94%
 - Active Users²: 5.79 million YoY 75%

Strategy Review

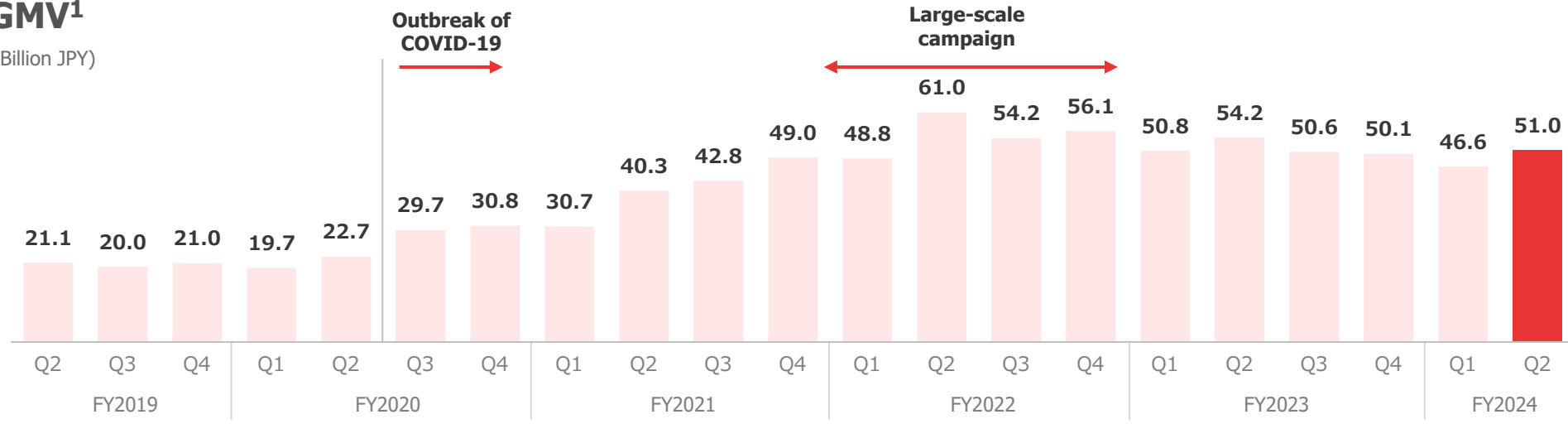
- User satisfaction improved due to fundamental service and product enhancement
- Mass marketing resumed during 2Q
- Revenue expanded 102% YoY; Operating expenses decreased 94% YoY

1. GMV (Gross Merchandise Value): item price + delivery fee before discount + other user fees
2. Active Users: users who placed more than one order within the last twelve months (unique users); as of the end of the quarter

Major KPIs

GMV¹

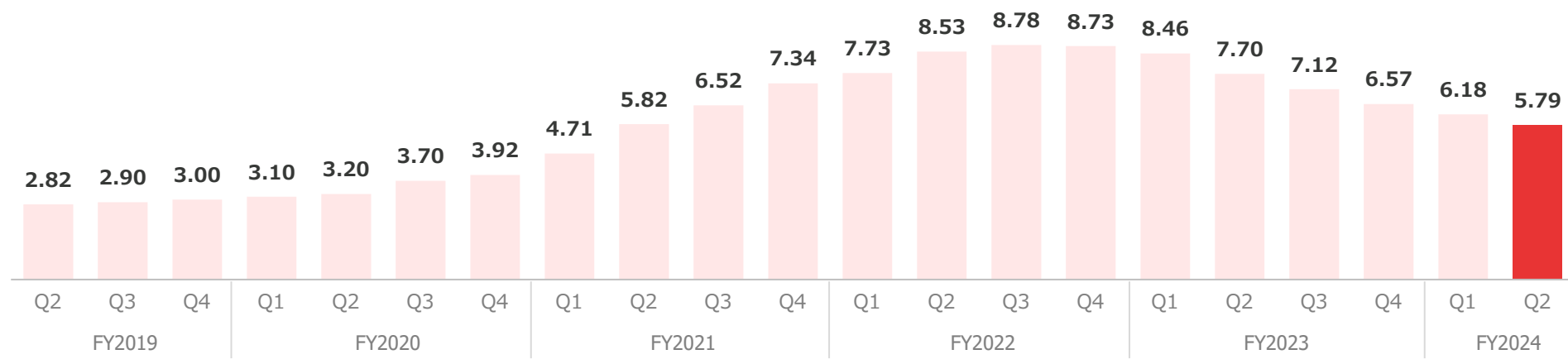
(Billion JPY)



Pre-covid
4yr CAGR
+22%

Active Users²

(Million)



Pre-covid
4yr CAGR
+16%

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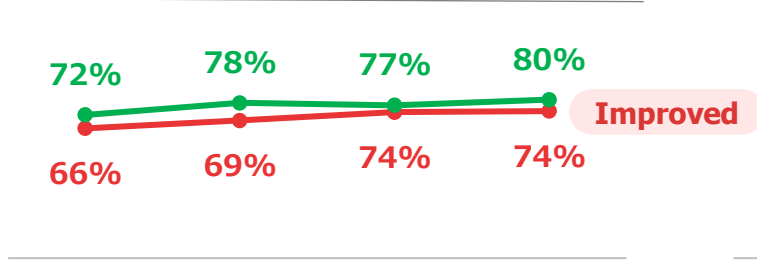
Platform Ecosystem Expansion

- ✓ User satisfaction improved due to more selections and better delivery experience
- ✓ Resumption of mass marketing resulting in increased search volume, app downloads, and new acquisition

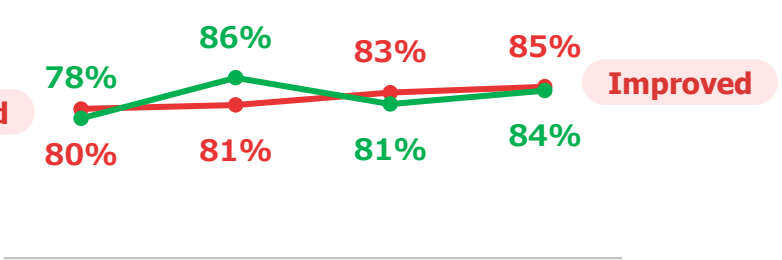
User survey¹

— Demaecan — Competitor A

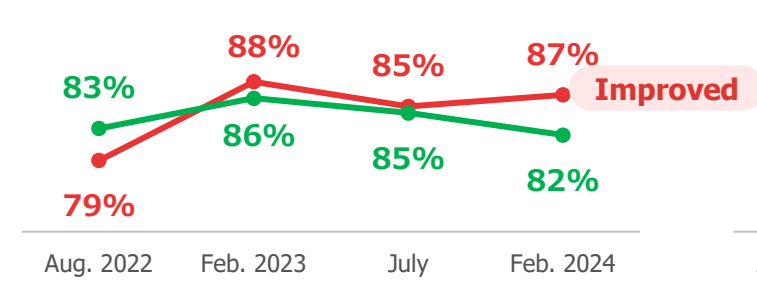
Are there stores/menus you wish to order²



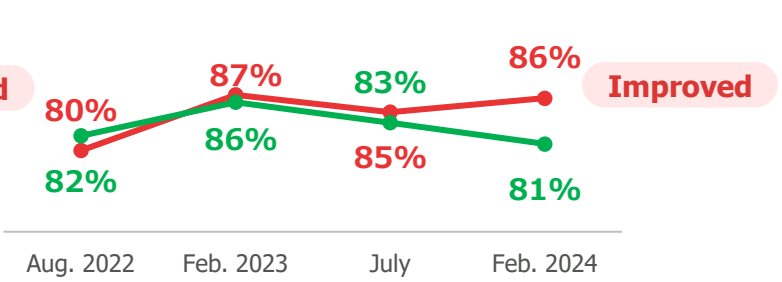
Ease of choosing/finding a store to order²



Was it delivered according to the scheduled time?²



Was the delivery speed as expected?²



Mass marketing impact (FY24 Q1 vs Q2)

Search Volume

+13%

New app downloads

+46%

New user acquisitions

+30%

1. Results of a smartphone survey conducted using the LINE Research Platform
 2. Benefit Evaluation: The proportion of users who scored more than 70 points out of a total of 100. Users who have used the service within the last month

User Experience Improvement

- ✓ Delivery quality steadily improving due to optimization of delivery system and area condition
- ✓ UI/UX renewal phase 1 released. Improved viewability through design update

Initiatives to improve delivery quality

- 1 Improvement of matching algorithm
- 2 Improved prediction model
- 3 Optimization of area condition

Delivery time

vs 2Q YoY

Reduced
2 minutes

Late delivery¹

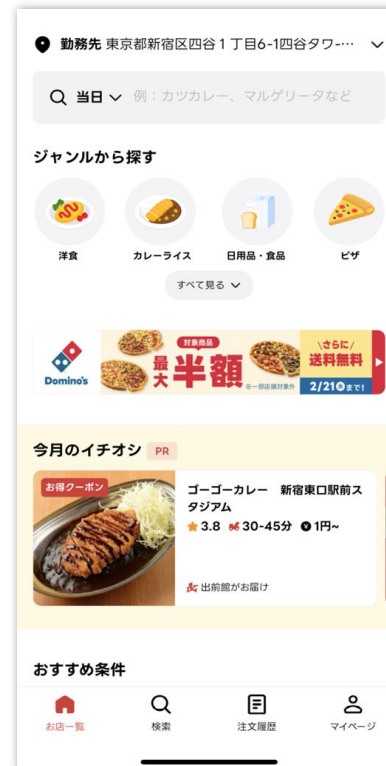
vs 2Q YoY

Down
47%

1. Deliveries delayed for more than 10 minutes

UI/UX renewal

- 1 Revamped design
 - Improved overall visibility
 - Simple genre display
- 2 Improved ranking algorithm
 - Discovery of top-rated stores
 - Reduced order cancellations and late deliveries



Merchant Experience Improvement

- ✓ The number of stores and merchant promotional budget increased due to consulting initiatives
- ✓ New merchant app released for better merchant experience

Merchant consulting initiatives

Number of stores

vs Feb. YoY

+4%

Promotional budget provided by merchants

vs 2Q YoY

1.4x

Release of new app for merchants



- 1 Flash sale feature
 - Contribution to food loss reduction
- 2 Simple menu edit and respond to user review via smartphone
- 3 Ads and coupon features to be enhanced

Product Upgrade

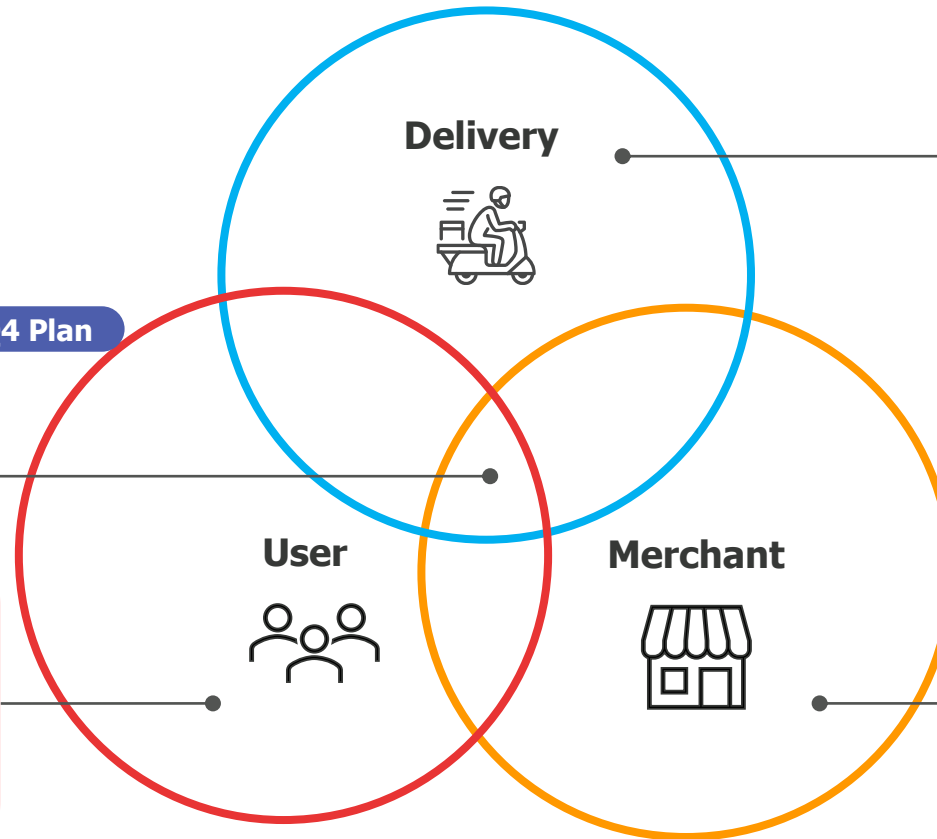
- ✓ Revamping our product platform for more competitive services and products to serve both food and non-food deliveries
- ✓ Product development is on track, with new features planned for release the second half onward

Red : New capability

Black : Expansion/improvement

- **Quality-centric delivery**
- **Dynamic pricing**
- **Pharmaceutical delivery** Q4 Plan
- **New value proposition to delivery**

- **UI/UX** Phase 1 release
- **Coupon function** Q3 Plan
- **Search and recommendation**
- **Payment methods**



- **Matching algorithm**
- **Prediction model**
- **Multiple/Double picks** Q4 Plan
- **Area mgmt. system**

- **POS integration** Q4 Plan
- **Advertising** Q4 Plan
- **Inventory integration**
- **Product picking assistance**

Quick Commerce Platform

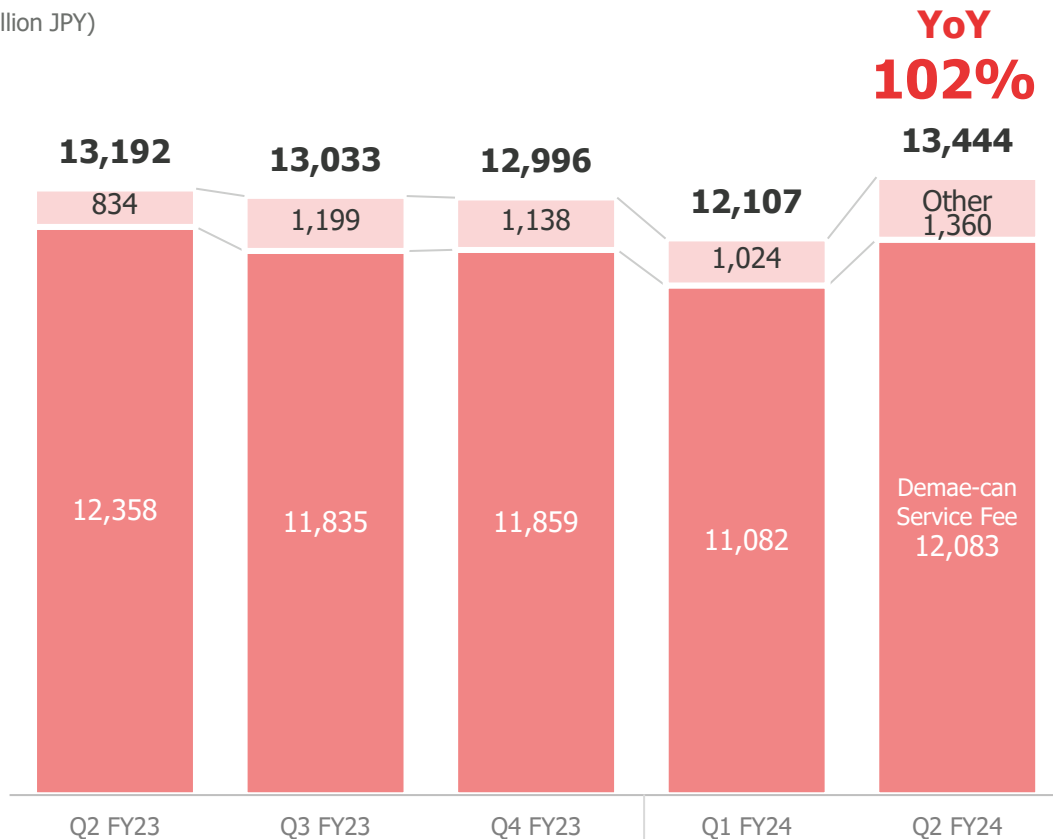
Financial Highlights

Revenue/Operating Expense

✓ Revenue expanded 102% YoY. Operating expense decreased 94% YoY

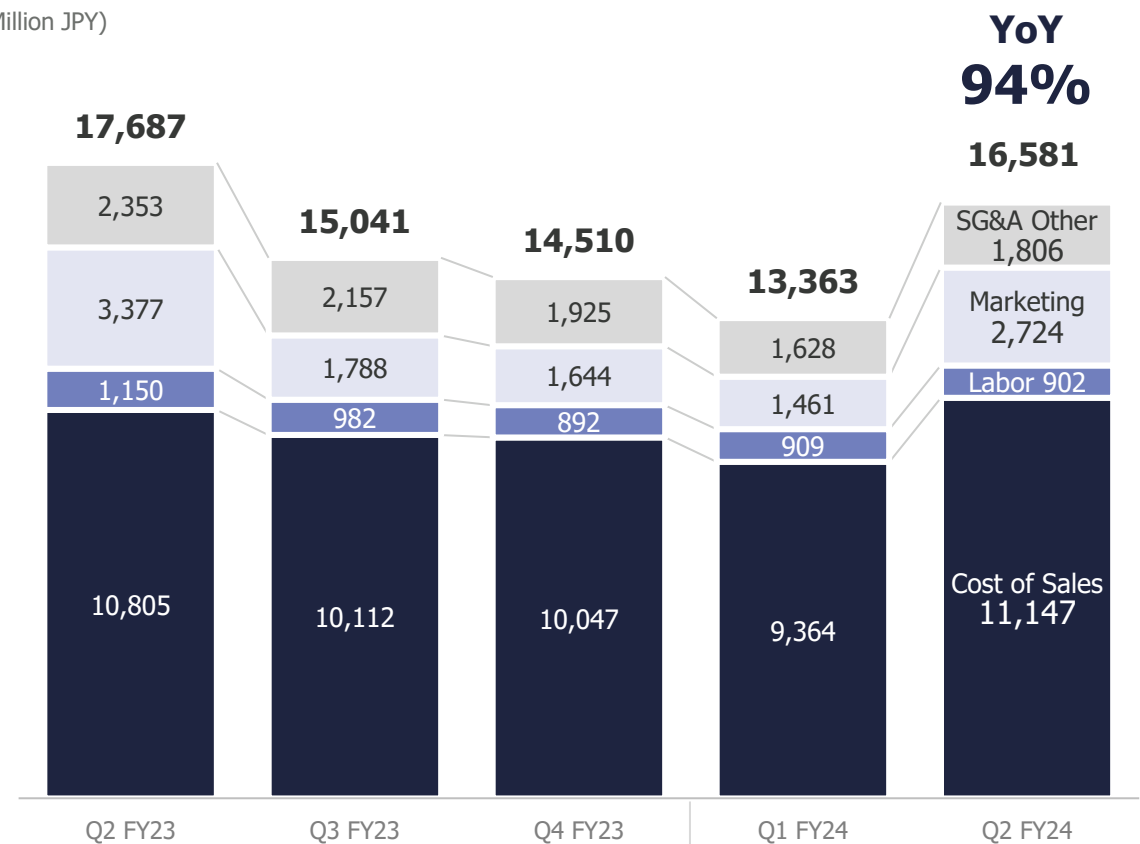
Revenue

(Million JPY)



Operating Expense

(Million JPY)

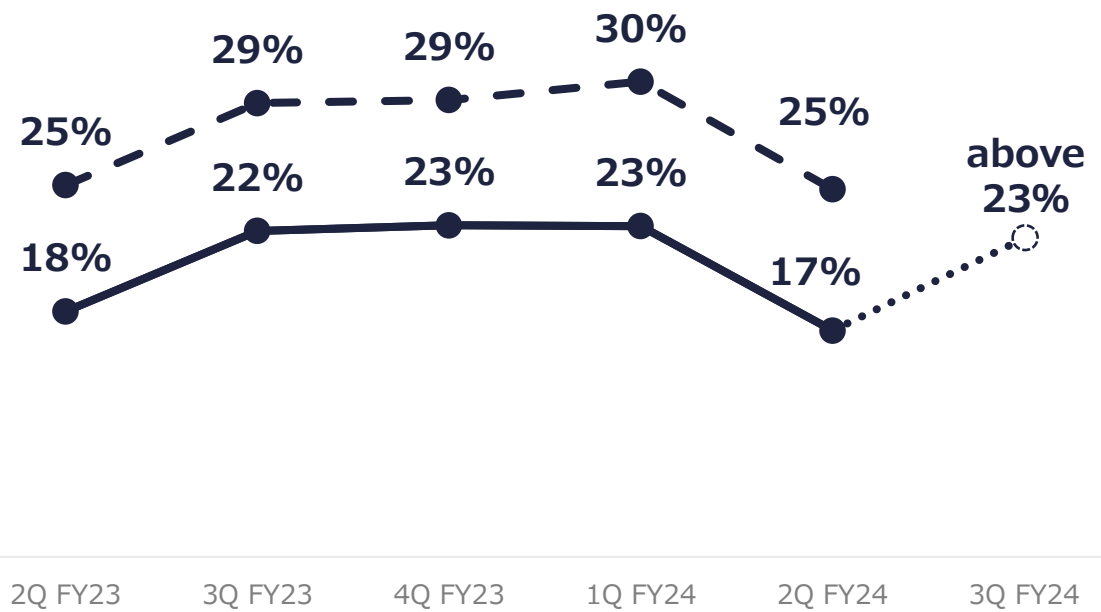


Cost of Sales

- ✓ In addition to seasonally busy period, despite a relatively calm season, sudden change in weather conditions and temperature during certain days led to more than expected driver supply in-balance
- ✓ As a result 2Q gross margin decreased; expect margin to improve above 23% during 3Q

Gross Margin¹

..... Managerial Accounting
 — Financial Accounting



- 2Q delivery cost increase due to seasonality
- Sudden inclement weather and severe temperature decrease

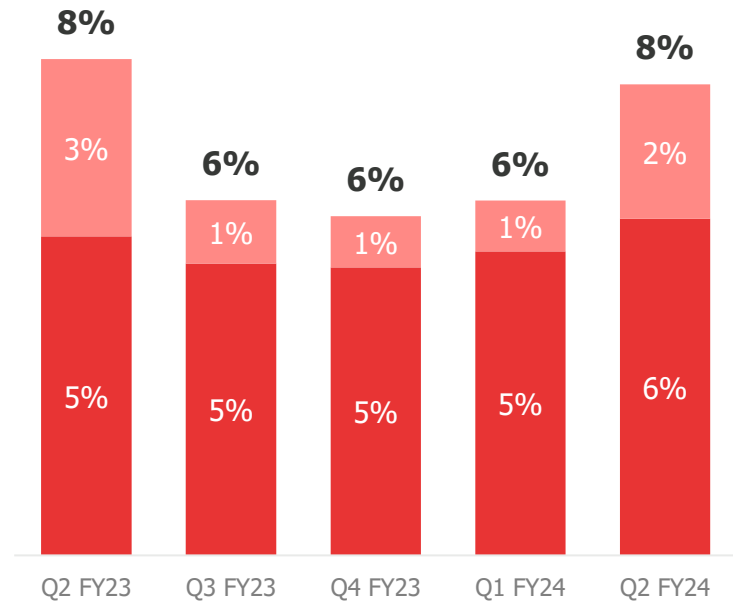
As expected

More than expected

- ✓ Sales and marketing cost increased due to resumption of mass marketing
- ✓ Newly incurred provision for coupon cost estimated for next month usage associated to the user royalty program

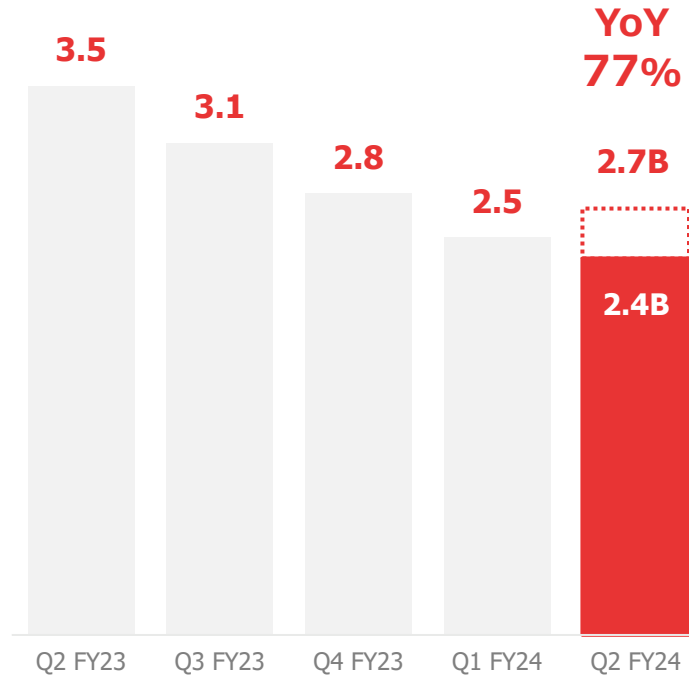
Sales & Marketing (% of GMV)

- Coupons for new acquisition, marketing costs for recognition, user attraction, etc.
- Coupons for existing users, promotion and campaign etc.



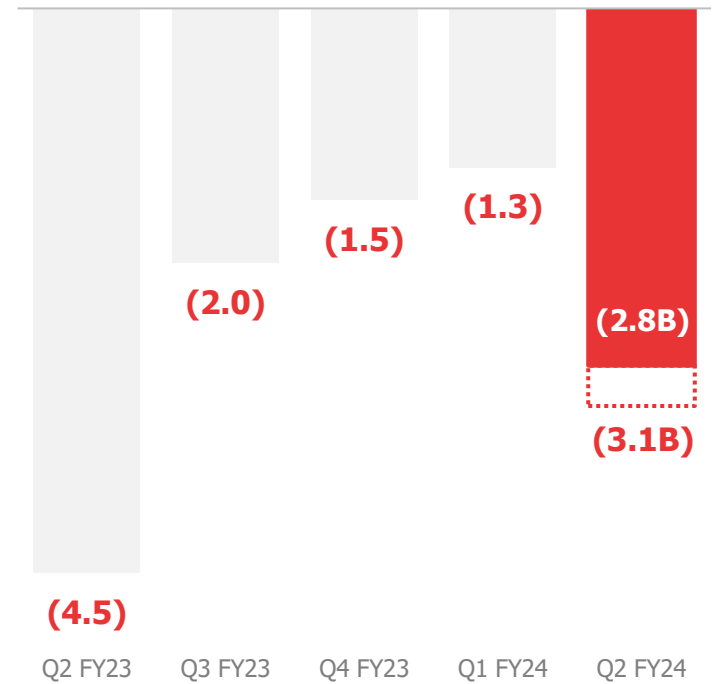
SG&A excl. Marketing Expense

- Provision (coupon cost)



Operating Profit

- Provision (coupon cost)



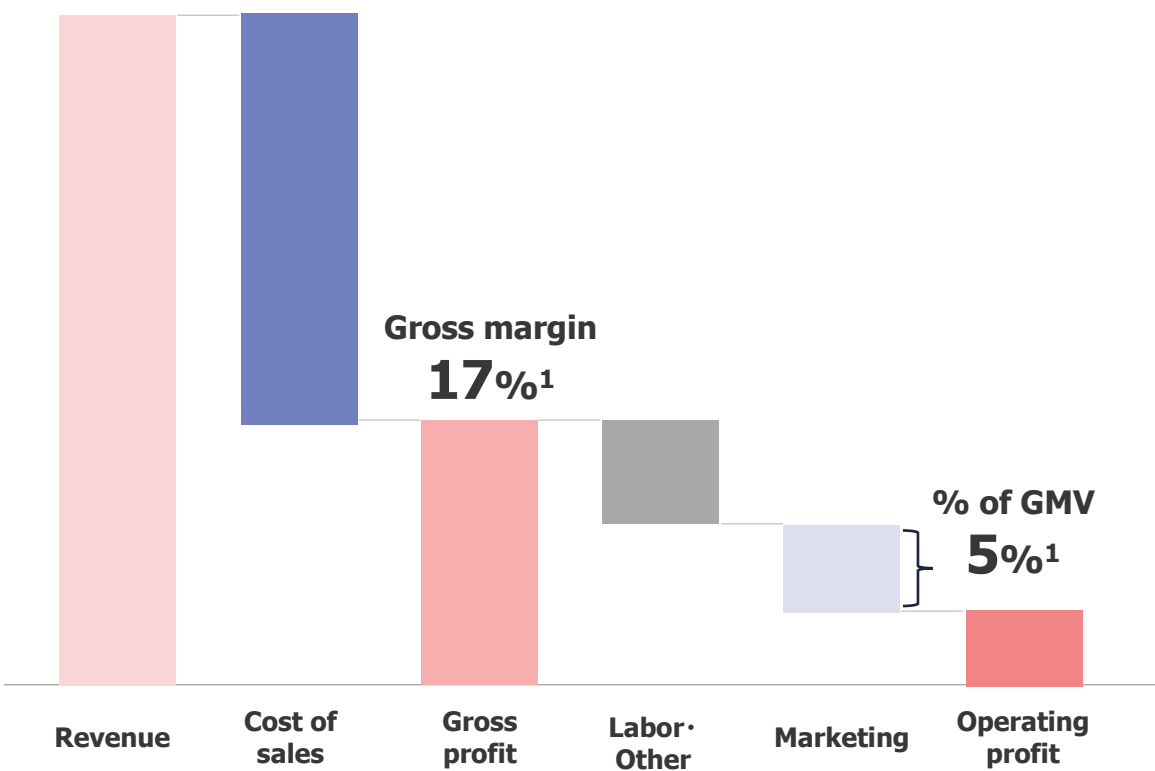
Appendix

Summary of Consolidated Income Statement

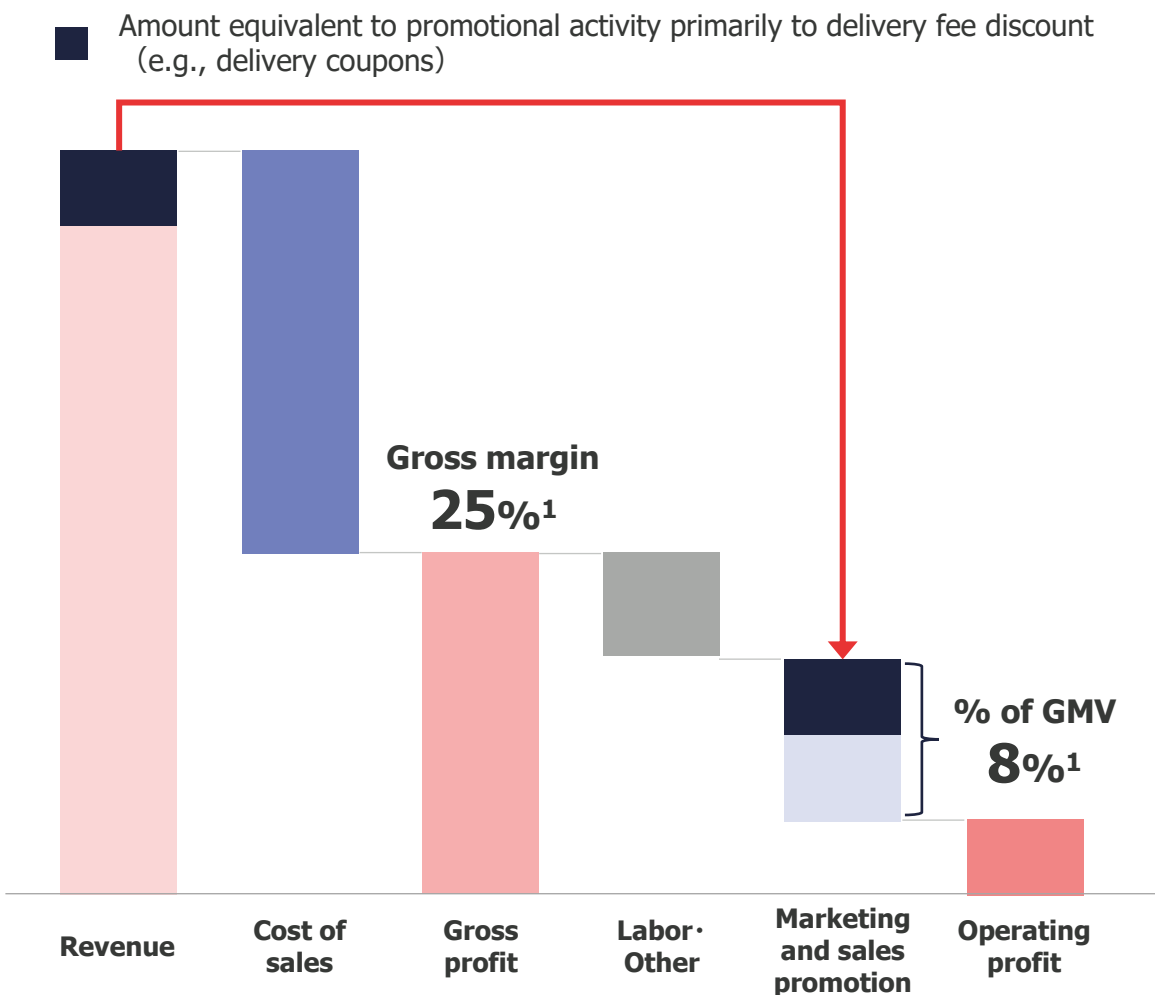
(Million JPY)	FY 8/2023				FY 8/2024			
	Q1	Q2	Q3	Q4	Q1	Q2	YoY	QoQ
Revenue	12,193	13,192	13,033	12,996	12,107	13,444	101.9%	111.0%
Demae-can Service Fee	11,516	12,358	11,835	11,858	11,082	12,083	94.4%	107.4%
Other	678	834	1,199	1,138	1,024	1,360	163.0%	132.7%
Cost of Sales	9,943	10,805	10,112	10,047	9,364	11,147	103.2%	119.0%
SG&A	6,494	6,881	4,928	4,462	3,999	5,433	79.0%	135.9%
Labor	1,291	1,150	982	892	909	902	78.4%	99.2%
Marketing	2,854	3,377	1,788	1,644	1,461	2,724	80.7%	186.4%
Other	2,348	2,353	2,157	1,925	1,628	1,806	76.8%	111.0%
Operating Profit	(4,244)	(4,494)	(2,007)	(1,513)	(1,256)	(3,137)	-	-

Financial/managerial accounting overview (illustrative)

Financial accounting



Managerial accounting

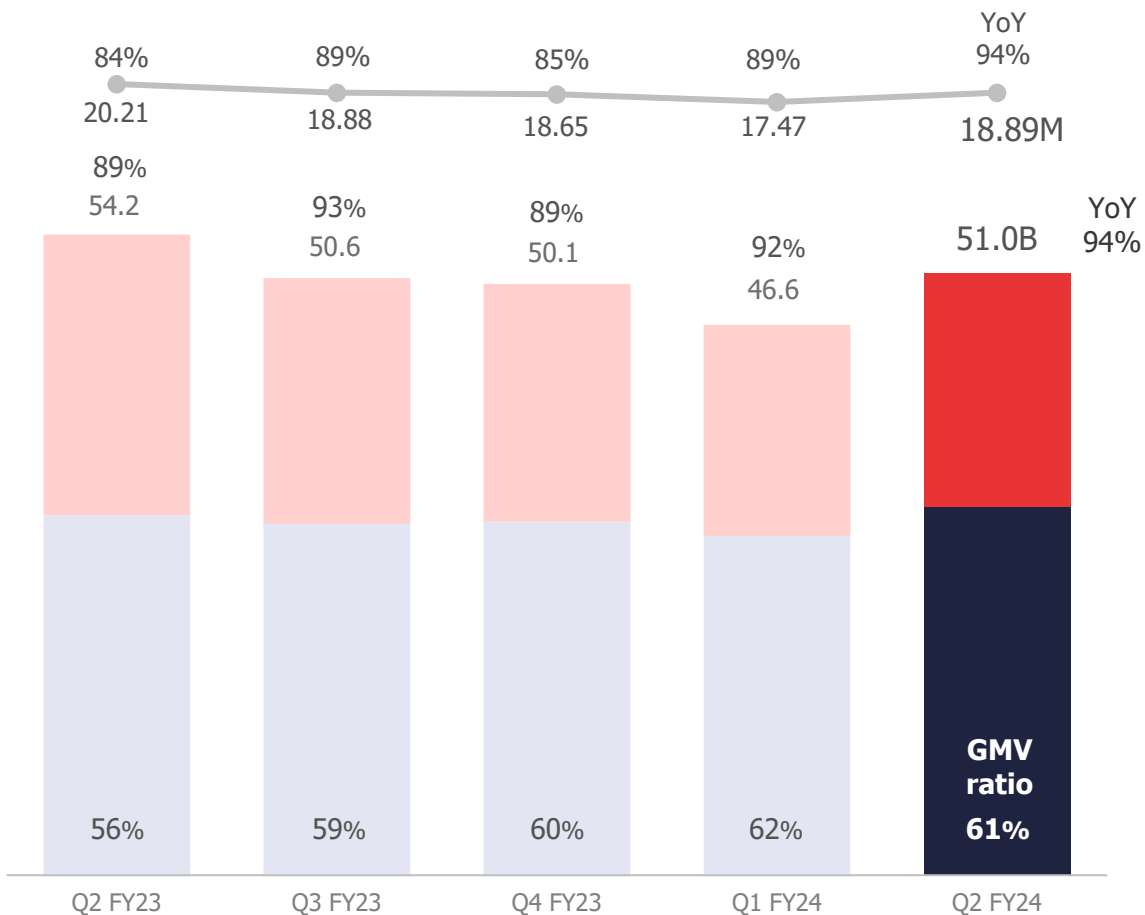


1. Actual results for the second quarter of the fiscal year ending August 31, 2024

Major KPIs (Quarterly)

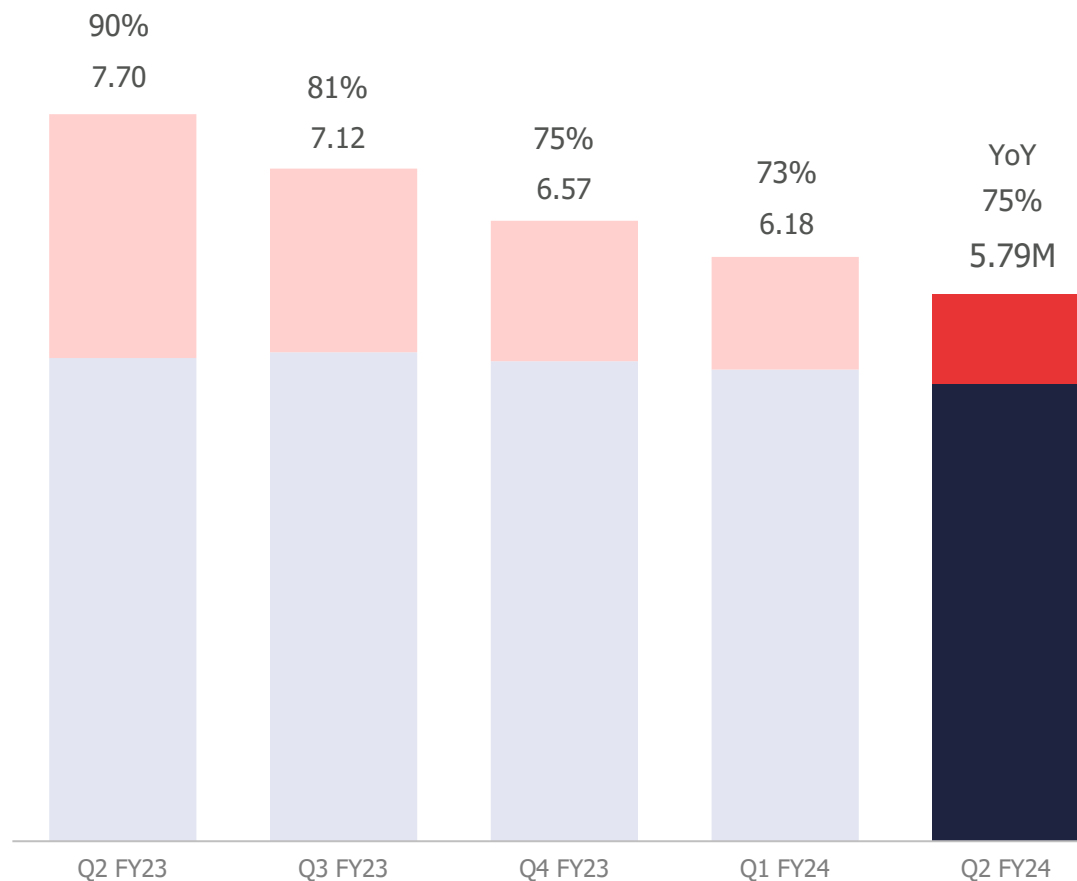
GMV¹ / Orders

■ GMV (delivery by merchant)
 ■ GMV (delivery by Demae-can)
 — Orders



Active Users (as of the end of the quarter)²

■ Users acquired within one year
 ■ Users acquired more than one year ago



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

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