



July 12, 2024

Consolidated Financial Results for the Nine Months Ended May 31, 2024

Name of Company Demae-can Co., Ltd
 Stock exchange Standard of Tokyo Stock Exchange (Code 2484)
 URL <https://corporate.demaecan.co.jp/en/>
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Scheduled date of filing of quarterly report: July 12, 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 May 31, 2024

(1) Operating results

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

	Nine months ended			
	May 31, 2023		May 31, 2024	
		%		%
Net sales (Millions of yen)	38,420	10.2	38,114	-0.8
Operating profit (Millions of yen)	(10,746)	-	(5,198)	-
Ordinary profit (Millions of yen)	(10,644)	-	(5,056)	-
Profit attributable to owners of parent (Millions of yen)	(10,699)	-	(5,046)	-
Profit per share (Yen):				
Basic	(81.05)		(38.19)	
Diluted	-		-	
Comprehensive income:	Nine months ended May 31, 2024: (5,078) million yen, - % Nine months ended May 31, 2023: (10,676) million yen, -%			

(2) Financial position

	As of	
	August 31, 2023	May 31, 2024
Total assets (Millions of yen)	54,746	48,046
Total net assets (Millions of yen)	42,340	37,256
Equity ratio (%)	77.3	77.5
Equity:	37,256 million yen (as of May 31, 2024) 42,335 million yen (as of August 31, 2023)	

2. Dividends

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

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

	Year ending August 31, 2024	
(Millions of yen unless otherwise stated)		%
Sales	51,000	-0.8
Operating Profit	(5,500)	
Ordinary Profit	(5,400)	
Net income attributable to owners of the	(3,300)	
Earnings per share (Yen)	(24.97)	

(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 (3) Notes to Quarterly Consolidated Financial Statements (Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)" on page 8 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 May 31, 2024:	132,421,230 shares
As of August 31, 2023:	132,421,230 shares
 2. Number of shares of treasury shares

As of May 31, 2024:	337,325 shares
As of August 31, 2023:	189,517 shares
 3. Average number of shares outstanding

As of May 31, 2024:	132,162,901 shares
As of May 31, 2023:	131,638,849 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:

(Cautionary Statement Concerning Forward-Looking Statements)

- 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 4 for further details.

(How to obtain supplementary information on financial results)

The Company plans to hold a financial result briefing for institutional investors and analysts on Friday, July 12, 2024. The presentation materials to be discussed at the meeting is published on the company's website.

(Change in the unit of presentation for monetary amounts)

- The amounts of items and other matters stated in the Company's quarterly consolidated financial statements were previously stated in units of thousand yen; however, during and after the first quarter of the fiscal year under review, units of million yen are used in stating such amounts. For easier comparison, units of million yen are also used for the previous consolidated fiscal year and the previous consolidated first Nine months.

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 May 31, 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, and the gross profit margin improved from the previous quarter to 27%. Advertising spendings were controlled focusing on cost effectiveness according to market trends.

Consequently, consolidated net sales for the fiscal year under review decreased by 0.8% year on year, to 38,114 million yen, accordingly, an operating loss of 5,198 million yen (operating loss of 10,746 million yen in the previous fiscal year), an ordinary loss of 5,056 million yen (ordinary loss of 10,644 million yen in the previous fiscal year), and a loss attributable to owners of parent of 5,046 million yen (loss attributable to owners of parent of 10,669 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 47,630 million yen, a decrease of 6,661 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 4,344 million yen in cash and deposits and a decrease of 2,210 million yen in accounts receivable-other.

Non-current assets at the end of the fiscal year under review amounted to 415 million yen, a decrease of 38 million yen from the end of the previous fiscal year. Key factors contributing to this decrease 33 million yen in guarantee deposits.

As a result, total assets at the end of the fiscal year under review amounted to 48,046 million yen, a decrease of 6,700 million yen from the end of the previous fiscal year.

Current liabilities at the end of the fiscal year under review amounted to 10,527 million yen, a decrease of 1,780 million yen from the end of the previous fiscal year. This was caused primarily by a decrease of 1,869 million yen in accounts payable - other.

Non-current liabilities at the end of the fiscal year under review increased 163 million yen from the end of the previous fiscal year, to 262 million yen. This was mainly caused by an increase of 163 million yen in other.

As a result, total liabilities at the end of the fiscal year under review amounted to 10,805 million yen, a decrease of 1,601 million yen from the end of the previous fiscal year.

Net assets amounted to 37,256 million yen, a decrease of 5,083 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 5,046 million yen as a loss attributable to owners of parent.

(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 "Changes in equity method affiliates (transfer of shares, etc.), recording of extraordinary income (gain on sales of shares in affiliates), and notice regarding revision of earnings forecast," released on May 22, 2024.

2. Consolidated Financial Statements and Notes to Consolidated Financial Statement

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of August 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	40,906	36,562
Notes and accounts receivable—trade	158	127
Accounts receivable-other	12,414	10,204
Other	898	813
Allowance for doubtful accounts	(86)	(76)
Total current assets	54,292	47,630
Non-current assets		
Investments and other assets		
Investment securities	320	315
Guarantee deposits	126	92
Deferred tax assets	7	7
Other	6	4
Allowance for doubtful accounts	(6)	(4)
Total investments and other assets	454	415
Total non-current assets	454	415
Total assets	54,746	48,046
Liabilities		
Current liabilities		
Accounts payable - other	11,626	9,757
Income taxes payable	21	11
Provision for bonuses	35	28
Provision for sales promotion expenses	—	331
Other	624	398
Total current liabilities	12,307	10,527
Non-current liabilities		
Other	98	262
Total non-current liabilities	98	262
Total liabilities	12,406	10,789
Net assets		
Shareholders' equity		
Capital stock	100	100
Capital surplus	54,166	54,166
Retained earnings	(11,959)	(17,006)
Treasury shares	(3)	(3)
Total shareholders' equity	42,303	37,256
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	37,256
Total liabilities and net assets	54,746	48,046

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	(Millions of yen)	
	Nine months ended May 31, 2023	Nine months ended May 31, 2024
Net sales	38,420	38,114
Cost of sales	30,861	29,633
Gross profit	7,558	8,481
Selling, general and administrative expenses	18,304	13,680
Operating profit	(10,746)	(5,198)
Non-operating income		
Interest income	0	0
Dividend income	0	-
Share of profit of entities accounted for using equity method	67	116
Foreign exchange profit	-	0
Subsidy income	23	16
Other	15	43
Total non-operating income	106	176
Non-operating expenses		
Compensation for damage	0	3
Donation	-	30
Foreign exchange losses	3	-
Other	1	0
Total non-operating expenses	5	34
Ordinary profit	(10,644)	(5,056)
Extraordinary income		
Gain on sales of non-current assets	2	-
Gain on sales of investment securities	-	78
Gain on reversal of subscription rights to shares	6	4
Total extraordinary income	8	82
Extraordinary losses		
Loss on change in equity method	2	-
Total extraordinary losses	2	-
Profit before income taxes	(10,638)	(4,974)
Income taxes etc.	31	72
Profit	(10,669)	(5,046)
Profit attributable to owners of parent	(10,669)	(5,046)

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended May 31, 2023	Nine months ended May 31, 2024
Profit	(10,669)	(5,046)
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(32)
Total other comprehensive income	(7)	(32)
Comprehensive income	(10,676)	(5,078)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(10,676)	(5,078)
Comprehensive income attributable to non-controlling interests	-	-

(3) 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.

(Significant subsequent event)
(Changes in equity method affiliates)

At the Board of Directors meeting held on May 22, 2024, we resolved to transfer all of the shares and stock acquisition rights held by our equity method affiliate Kurumeshi Co., Ltd. (formerly Japan Food Delivery Co., Ltd.) (hereinafter referred to as "Kurumeshi") (hereinafter referred to as the "Share Transfer, etc."), and we hereby announce the details as follows. As a result, Kurumeshi will no longer be an equity method affiliate.

1. Reasons for the Share Transfer

We have received an offer to acquire all of the Kurumeshi shares and stock acquisition rights held by our company. After considering this offer, we have determined that it would be in the best interest of Kurumeshi to aim to further increase its enterprise value with the support of a new capital partner, and that our company would benefit from maximizing the enterprise value of both companies by further strengthening its financial position through this share transfer and other measures and by aiming to increase its enterprise value through growth investments, etc., and have therefore decided to accept the acquisition offer.

2. Overview of the share transferee

(1) Name	Box, Inc.	
(2) Location	4-1 Kioicho, Chiyoda-ku, Tokyo	
(3) Representative's title and name	Representative Director Akihiro Nakamae	
(4) Business Contents	Acquisition and holding of shares	
(5) Capital	This information will not be disclosed due to the wishes of the transferee.	
(6) Date of establishment	March 11, 2024	
(7) Major shareholders and shareholding ratio	Unison Capital Partners V, LPS 100%	
(8) Relationship between the listed company and the company	Capital ties	Not applicable.
	Personnel Relationship	Not applicable.
	Business Relationship	Not applicable.

3. Overview of the transferee of stock acquisition rights

(1) Name	Kurumeshi Co., Ltd.	
(2) Location	Fontis Building 7F, 2-23-12 Dogenzaka, Shibuya-ku, Tokyo	
(3) Representative's title and name	Representative Director Sou Ishikawa Representative Director Atsumasa Kobayashi	
(4) Business Contents	Operates a food delivery platform for corporations and organizations. The company operates "Kurumeshi Bento," Japan's largest platform dedicated to bento lunches, as well as "Chef Collection," Japan's largest platform dedicated to catering and party food, and "Hitohako," a platform specializing in daily bento lunches for offices.	
(5) Capital	103,888,750 yen	
(6) Date of establishment	August 26, 2010	
(7) Major shareholders and shareholding ratio	RiverStone Co., Ltd. 39.90% Demae-can Co., Ltd. 24.65%	
(8) Relationship between the listed company and the company	Capital ties	This is an equity method affiliate of our company.
	Human capital	Our President and CEO also serves as a director of the company.

	Business Relationship	Not applicable.
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4. Schedule

Transfer of shares held : June 7, 2024

Transfer of stock acquisition rights held : June 7, 2024

5. Overview of equity method affiliates to be transferred

(1) Name	Kurumeshi Co., Ltd.	
(2) Location	Fontis Building 7F, 2-23-12 Dogenzaka, Shibuya-ku, Tokyo	
(3) Representative's title and name	Representative Director Sou Ishikawa Representative Director Atsumasa Kobayashi	
(4) Business Contents	Operates a food delivery platform for corporations and organizations. The company operates "Kurumeshi Bento," Japan's largest platform dedicated to bento lunches, as well as "Chef Collection," Japan's largest platform dedicated to catering and party food, and "Hitohako," a platform specializing in daily bento lunches for offices.	
(5) Capital	103,888,750 yen	
(6) Date of establishment	August 26, 2010	
(7) Major shareholders and shareholding ratio	RiverStone Co., Ltd. 39.90% Demae-can Co., Ltd. 24.65%	
(8) Relationship between the listed company and the company	Capital ties	This is an equity method affiliate of our company.
	Human capital	Our President and CEO also serves as a director of the company.
	Business Relationship	Not applicable.

6. Number of shares to be transferred, transfer price, and status of shares held before and after the transfer

(1) Number of shares held before the transfer	Number of shares held 38,000 shares (Number of voting rights: 38,000) (Voting rights ownership ratio: 24.65%) Stock acquisition rights held 90 units (9,000 shares)
(2) Number of shares to be transferred	Number of shares held 38,000 shares Stock acquisition rights held 90 units (9,000 shares)
(3) Transfer price	Not disclosed due to confidentiality agreements between the parties.
(4) Number of shares held after the transfer	Number of shares held 0 shares (Number of voting rights: 0) (Voting rights ownership: 0%) Stock acquisition rights held 0 units (0 shares)

7. Future outlook

As a result of this share transfer, etc., we expect to record an extraordinary gain of approximately 2 billion yen in our consolidated financial statements. Please refer to “Changes in equity method affiliates (transfer of shares, etc.), recording of extraordinary income (gain on sales of shares in affiliates), and notice regarding revision of earnings forecast,” released on May 22, 2024.

(Notice Regarding Resolution on Details of Stock Buyback)

Demae-can Co., Ltd. (hereinafter: “Demae-can”) hereby announces that, at a meeting held on July 12, 2024, the Board of Directors resolved to authorize a stock buyback under Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act, as follows.

1 . Purpose of stock buyback

As previously announced, we are working to achieve a full-year profit for the fiscal year ending August 2025. As shown in the third quarter financial results for the fiscal year ending August 2024 announced today, this plan is progressing accordingly and we have secured sufficient cash and deposits necessary for growth investments. Under these circumstances, we recognize that the current share price does not fully incorporate future profitability of the company. Taking into consideration the recent trends in the stock market and our share price, we have decided to acquire our own shares in order to implement a flexible capital policy and further enhance shareholder returns.

The treasury shares acquired this time are in principle, scheduled to be cancelled.

2 . Details regarding stock buyback

(1) Class of shares	Common stock
(2) Total number of shares	Up to 22,000,000 shares (16.66% of total outstanding shares excluding treasury shares)
(3) Total value of shares	Up to 5,000,000,000 yen
(4) Acquisition period	From July 12, 2024 to April 10, 2025
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange