



FY 8/2022 Full-year Results

October 14, 2022

Business Highlights

FY8/2022 KPI Progress

- **All major KPIs achieved strong growth**; however original KPI targets were largely unmet due to shift in strategy following the change in macro environment
 - GMV¹ : JPY 220.1 billion YoY 135%
 - Active Users: 8.73 million YoY 119%
 - Number of registered riders: YoY 258%

Strategy Review

- **No.1 DAU share**: successful new user acquisition via large-scale campaign
 - **No.1 App downloads**² throughout FY2022
 - Competitors' exit or downsize of operation led to **rationalization** of the market
 - **Expanded market share**
- **Optimized investments** in-line with the market trend and **improved unit economics**

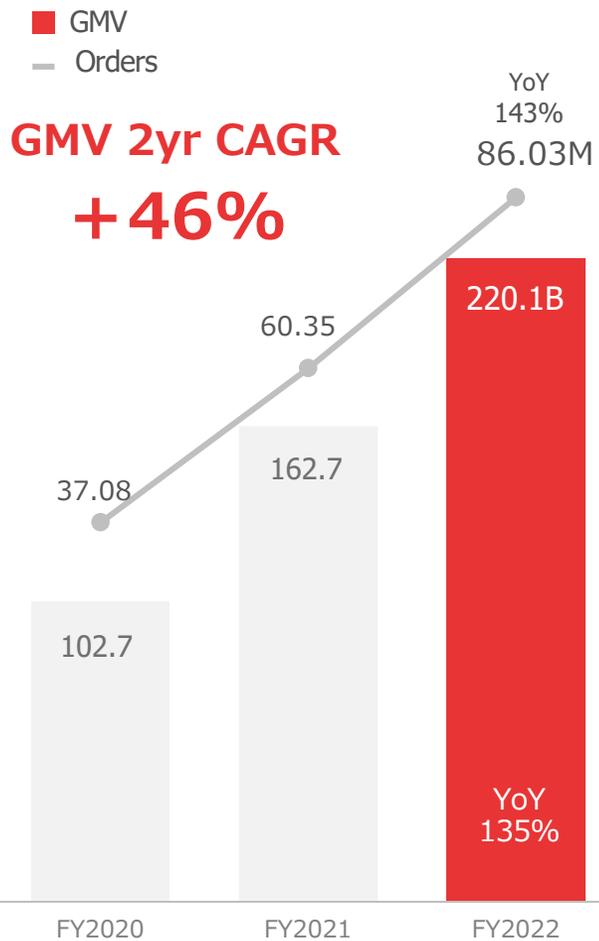
DAU: Daily Active User

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

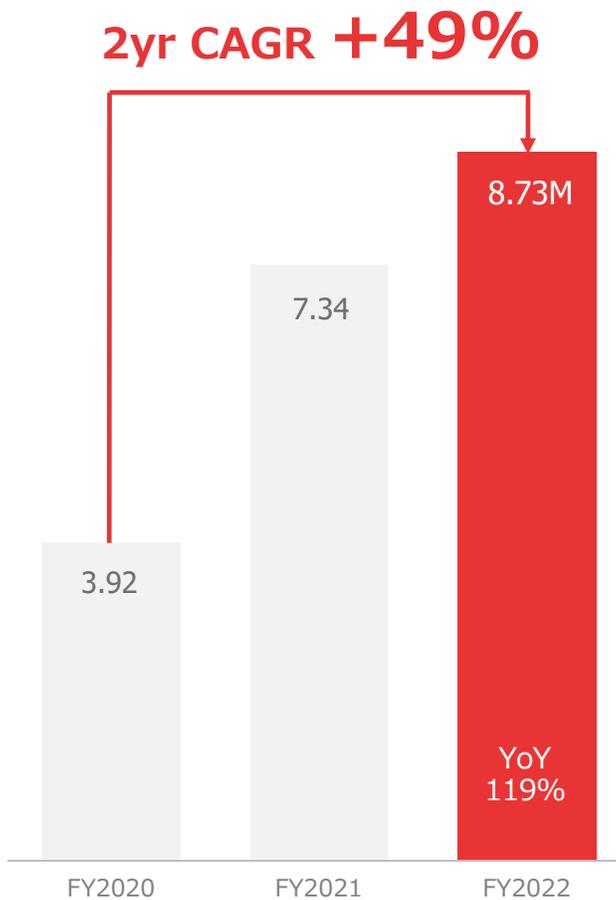
2. Source: data.ai, cumulative app downloads from Sep 2021 to Aug 2022 of "Food & Drink" and "Food Delivery/Takeout" category (iOS and Google Play combined)

Major KPIs (Full-year)

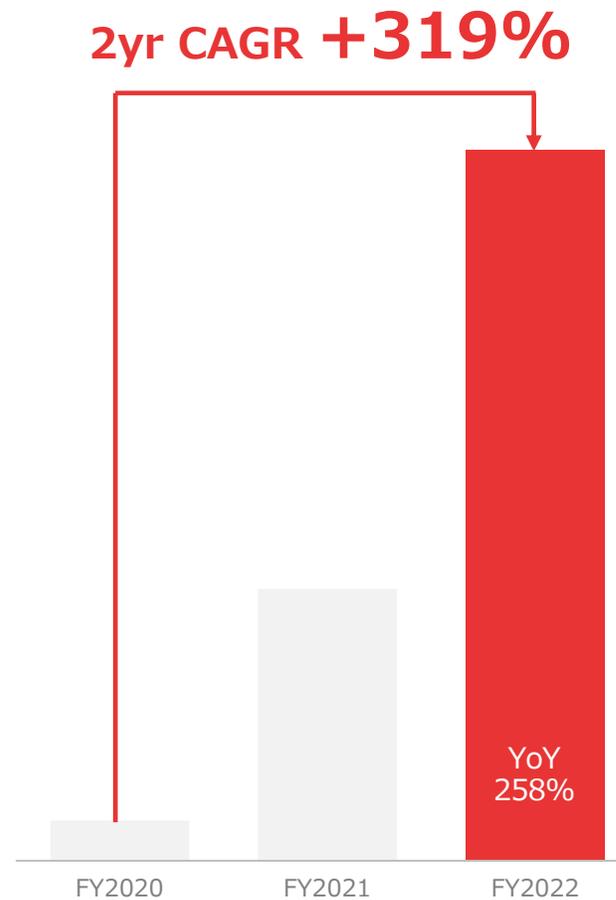
GMV / Orders



Active Users



Registered Riders



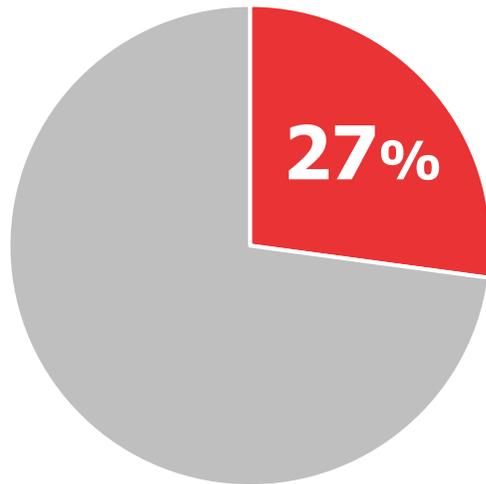
GMV (Gross Merchandise Value): item price + delivery fee before discount + other user fees
Active Users: users who placed more than one order within the last twelve months (unique users)
Active users and registered riders are as of the end of quarter

DAU Share No.1

- ✓ DAU market share doubled since Aug. 2020, successfully capturing market share from competitors
- ✓ No.1 App downloads throughout FY2022. Effectively acquired new users during competitive market environment

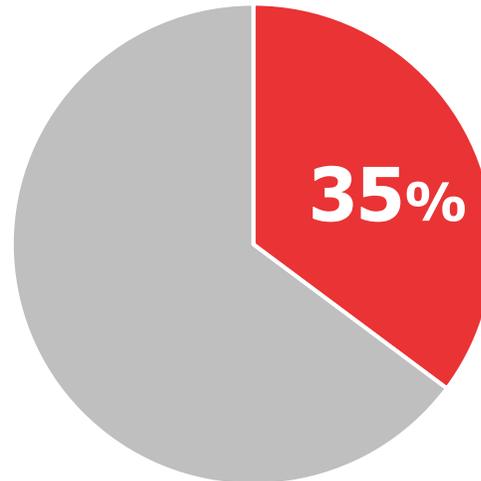
Food Delivery App DAU share evolution²

Aug. 2020



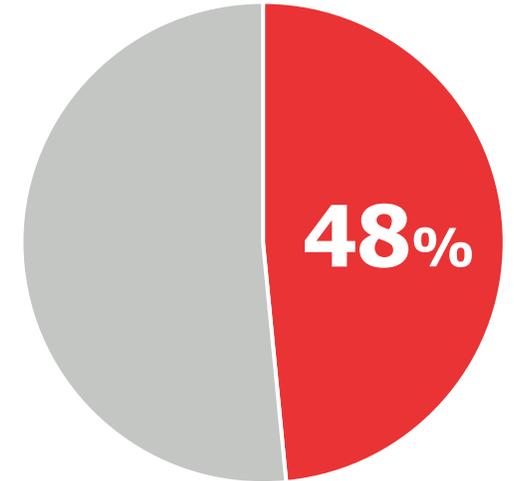
■ Demae-can ■ Others

Aug. 2021



■ Demae-can ■ Others

Aug. 2022



■ Demae-can ■ Others

DAU: Daily Active User

1. Source: data.ai, cumulative app downloads from Sep 2021 to Aug 2022 of "Food & Drink" and "Food Delivery/Takeout" category (iOS and Google Play combined)
2. Source: data.ai; Among Top 7 Food Delivery aggregator apps in Japan by average smartphone DAU of Aug. 2020 and Aug. 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.

Expansion of Platform Ecosystem

User



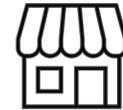
- Improved order frequency
- Updated search UI and upgraded engine

Delivery



- Nationwide launch of new delivery system
- Faster delivery time and improved delivery efficiency

Merchant

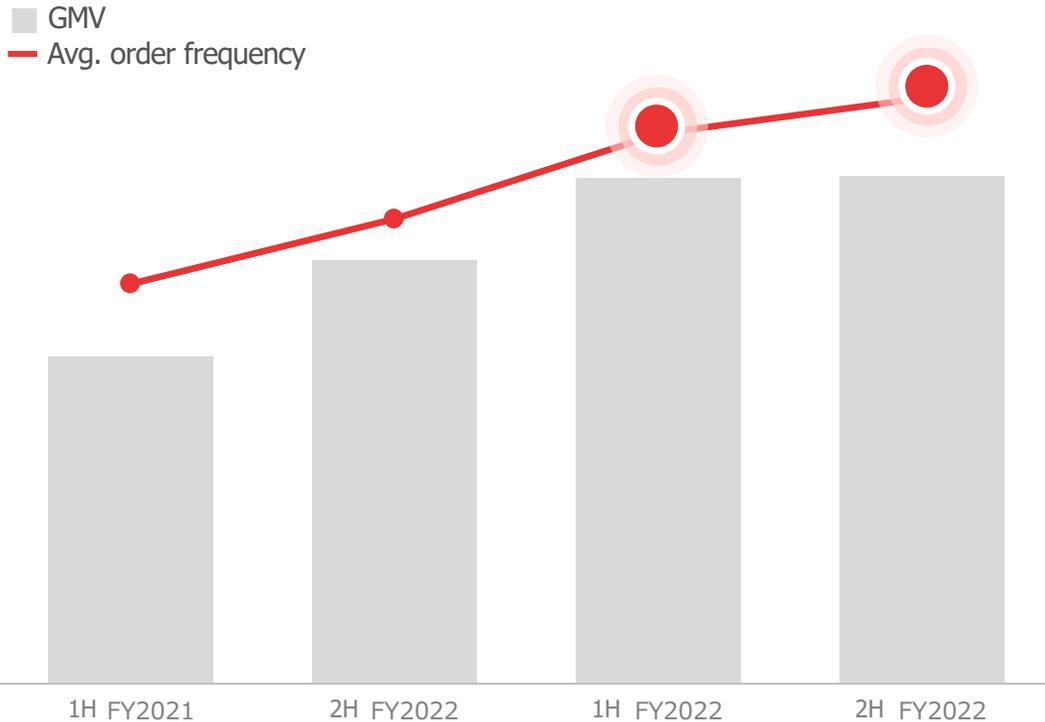


- Increased GMV in Greater Tokyo area
- Achievements from regional strategy

Improved User Experience

✓ Increase in order frequency from improved UX, such as updated recommendation and search

Avg. order frequency improvement



Key initiatives

1 Updated search UI & upgraded engine

2 Improvement of recommendation accuracy utilizing machine learning

3 Loyalty program



Enhanced Delivery Experience

- ✓ Nationwide deployment of new delivery system
- ✓ Delivery time reduced by 10min., averaging below 30min., due to better demand forecasting and improved matching algorithms

Nationwide launch of new delivery system in July

Enabling efficient and stable delivery



Demand heatmap



UI update



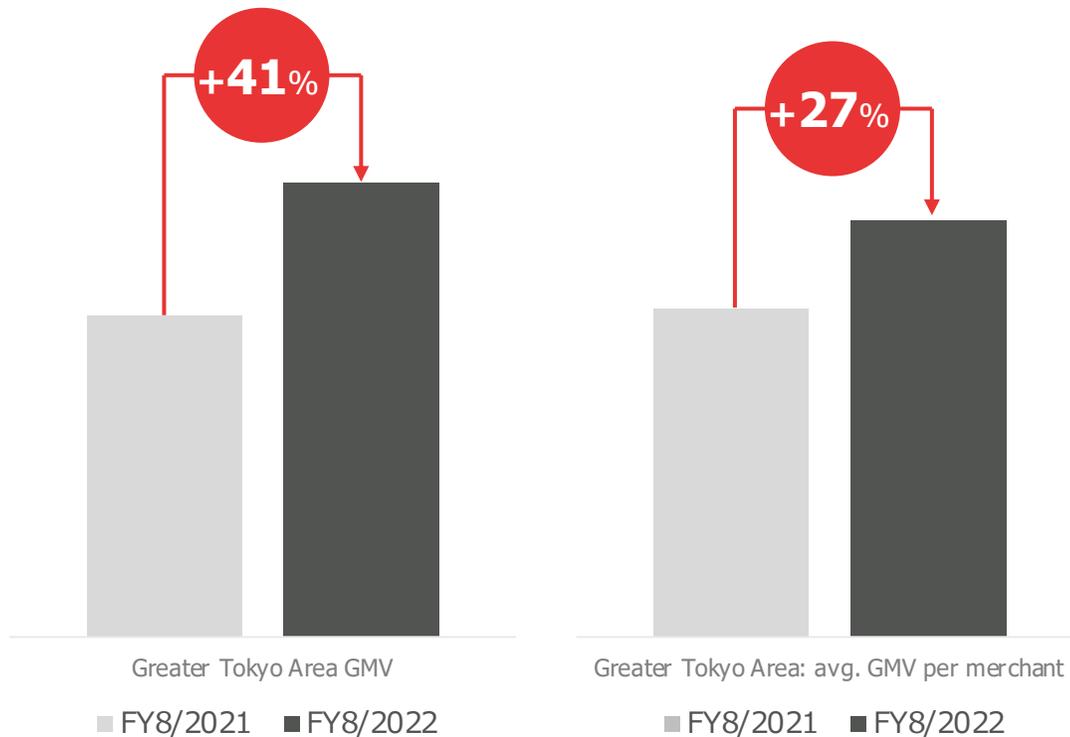
Delivery time¹
-10min.
 Averaging below 30min.

1. Compared to average delivery time per delivery from Aug. 2021-Jul 2022

Growth from Regional Strategy

✓ GMV and GMV per merchant increased due to regional large-scale campaigns

Accelerated growth in Greater Tokyo Area



Key initiatives

1 Large-scale campaign in Greater Tokyo Area¹



2 Weekly campaign with specific merchants



3 Promotions via TV ads, OOH, SNS/Web



1. Phase 1: November 1, 2021 - January 31, 2022; Phase 2: April 25 - June 30, 2022
 2. November 5, 2021 - January 27, 2022

Solutions to Social Issues and ESG Initiatives

- ✓ Providing solutions such as next-gen delivery or delivering medicines to resolve social issues
- ✓ Promoting ESG initiatives, such as reducing food loss and eco-friendly packaging, together with local governments

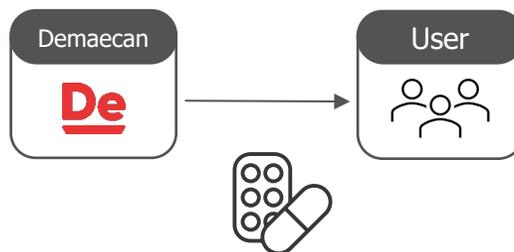
Next-gen delivery

- Drone delivery PoCs
- Delivery to depopulated areas



Life Infrastructure

- Acceptance of Class II and Class III medicine delivery
- Last mile delivery of drugs and pharmaceuticals



ESG Initiatives

- Food loss initiatives and promoting eco-friendly packaging
- Promote eco-friendly packaging with Fukuoka Prefecture
- Meal support to children in Fukuoka and Kanagawa prefecture

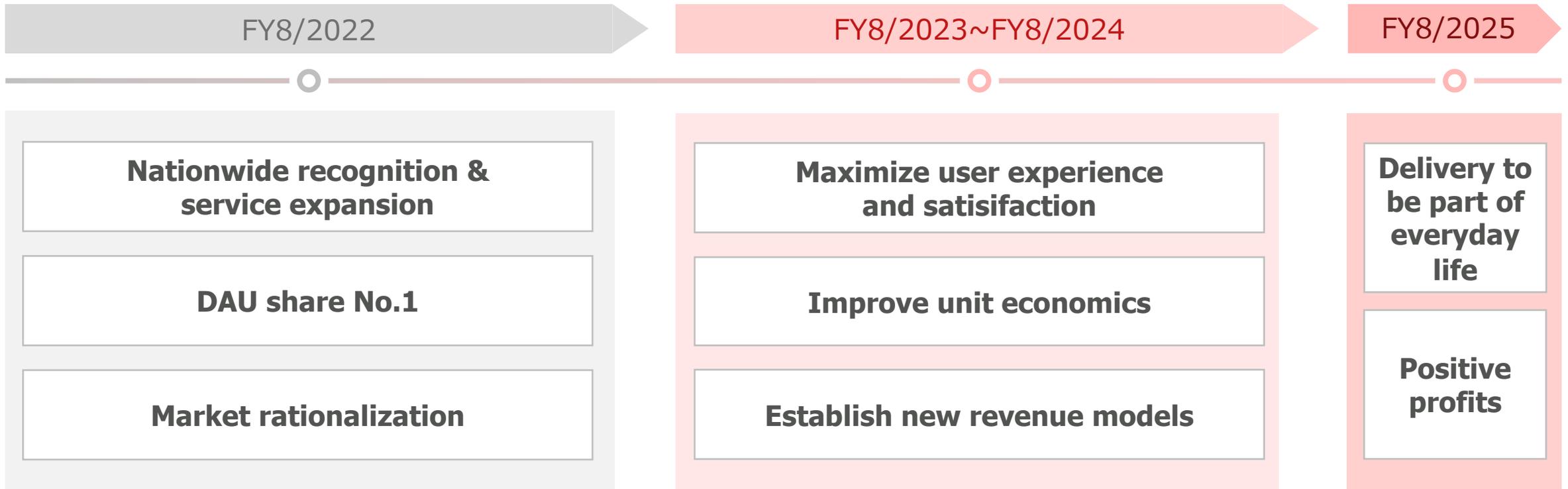


<Containers made out of bamboo & wood>



Strategic Priorities

- ✓ Enhance service quality and experience; to be the platform of choice from users, riders, and merchants
- ✓ Improve unit economics and achieve profitability in FY8/2025





User

- User-friendly UI/UX
- Accurate delivery time
- Variety of selections



Delivery

- Efficient & competitive income opportunity
- Flexible working style
- Safe working environment



Merchant

- Increase sales
- Cultivate new users
- Digital transformation of operations

Mission

Enriching the Value of Time with Technology

Vision

Life Infrastructure that Connects People's Happiness in the Local Community

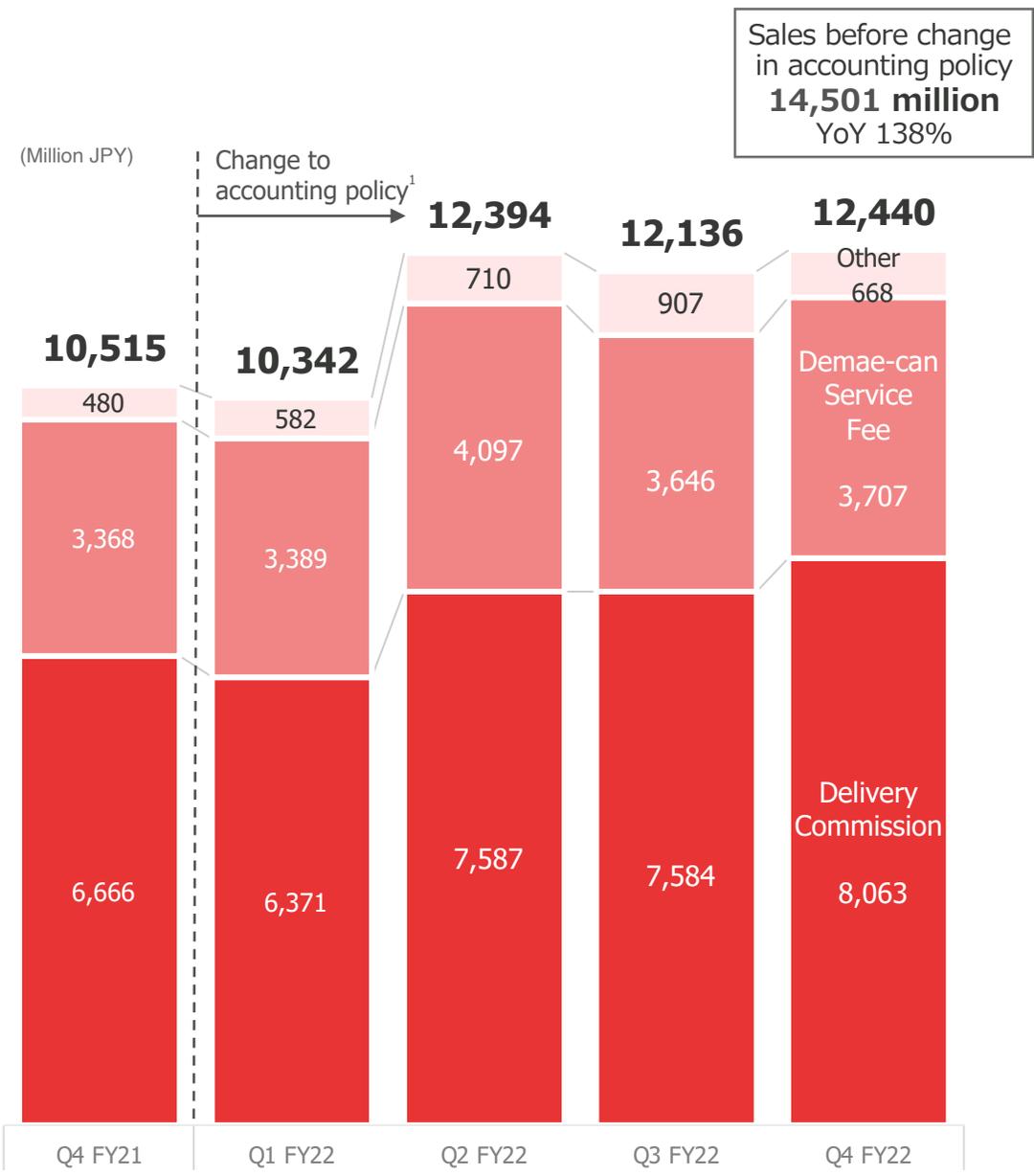
Financial Highlights

Summary of FY8/2022 Results

- ✓ FY8/2022 results were in-line with revised guidance
- ✓ Operating loss was smaller than planned, resulting in saving more capital than expected

(JPY)	Revised Guidance in 3rd quarter	FY8/2022 Actual Results	YoY
GMV	220.0 bn	220.1 bn	135%
Sales	47.0 bn	47.3 bn	163% (196% ¹)
Operating Profit	(37.0 bn)	(36.4 bn)	-
Net income attributable to owners of the parent	(36.7 bn)	(36.2 bn)	-

Revenue



Sales

Previous accounting policy: **14,501 million yen (YoY 138%)**
New accounting policy: 12,440 million yen

Other

YoY +188M JPY (YoY 139%)

Demae-can Service Fee

YoY +340M JPY (YoY 110%)
Increase in orders due to the expansion of merchants and users

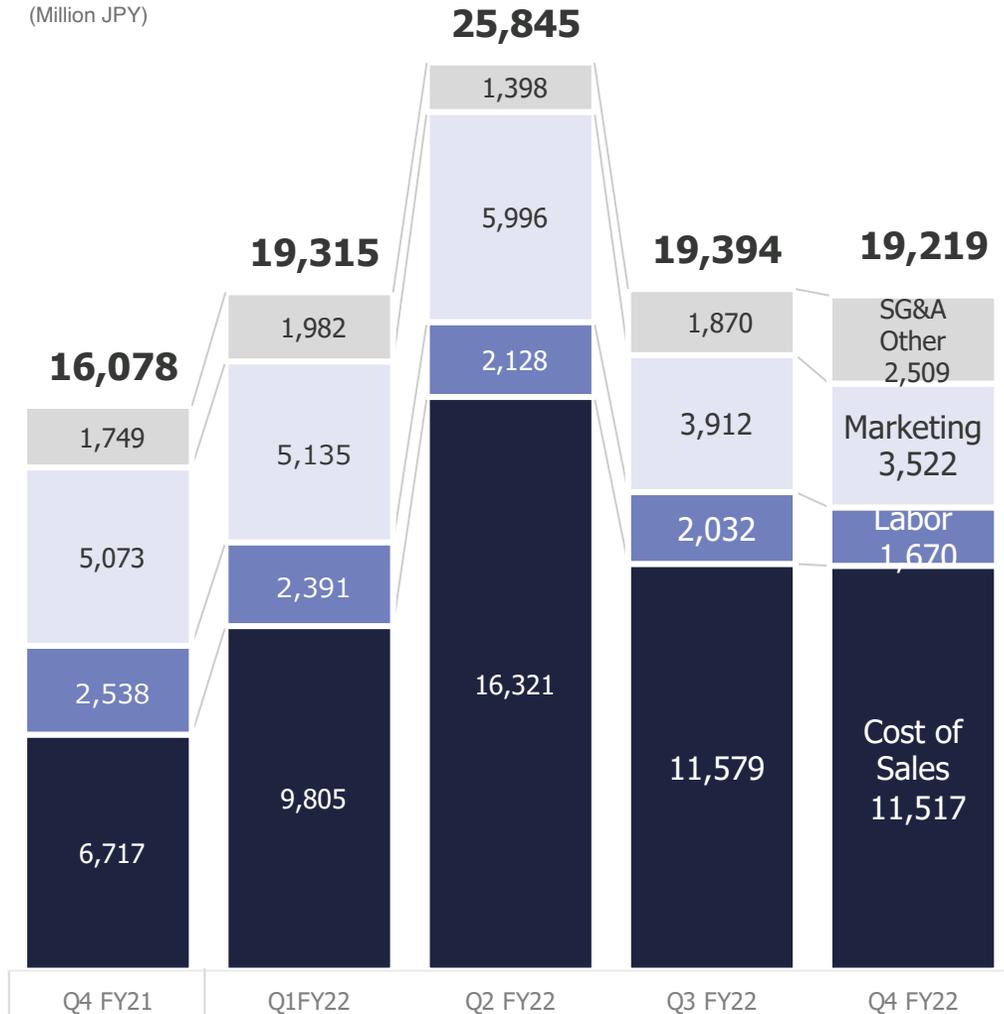
Delivery Commission

YoY +1,397M JPY (YoY 121%)
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 +761M JPY (YoY 144%)

Marketing

YoY -1,551M JPY (YoY 69%)
Decrease in campaign and promotion cost

Labor

YoY -868M JPY (YoY 66%)
Decrease in in-house drivers

Cost of Sales

YoY +4,800M JPY (YoY 172%)
Increase in outsource drivers
Expensed 600M JPY of software development (non-budgeted)

FY8/2023 Guidance

- ✓ FY8/2023 Guidance: GMV 105-110% YoY and Revenue 123-131% YoY
- ✓ Improve service quality, balancing growth and profitability. Positive profit in FY8/2025

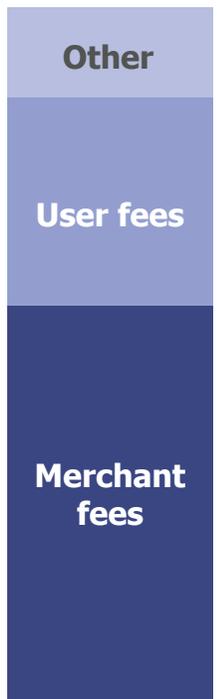
	FY2022 Actual	FY2023 Guidance	
GMV	220.1 bn	231.0 - 242.0 bn	YoY 105 - 110%
Sales	47.3 bn	58.0 - 62.0 bn	YoY 123 - 131%
Operating Profit	(36.4 bn)	(21.0) - (19.0 bn)	Positive Profit in FY8/2025

Path to Profitability: Improve Unit Economics

✓ Improve unit economics to reach profitability in FY8/2025

Revenue

- Increase order price
- Establish new revenue models, etc.



Cost

- Reduce delivery costs by improving delivery efficiency
- Improve advertising ROI
- Optimize other fixed costs, etc.

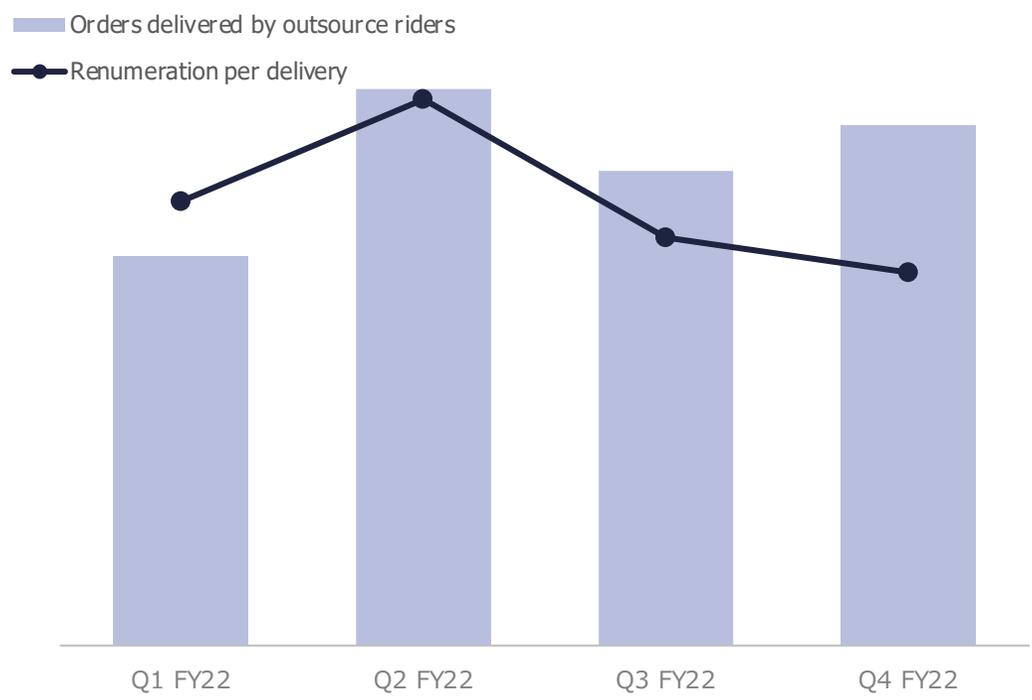


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Unit economics

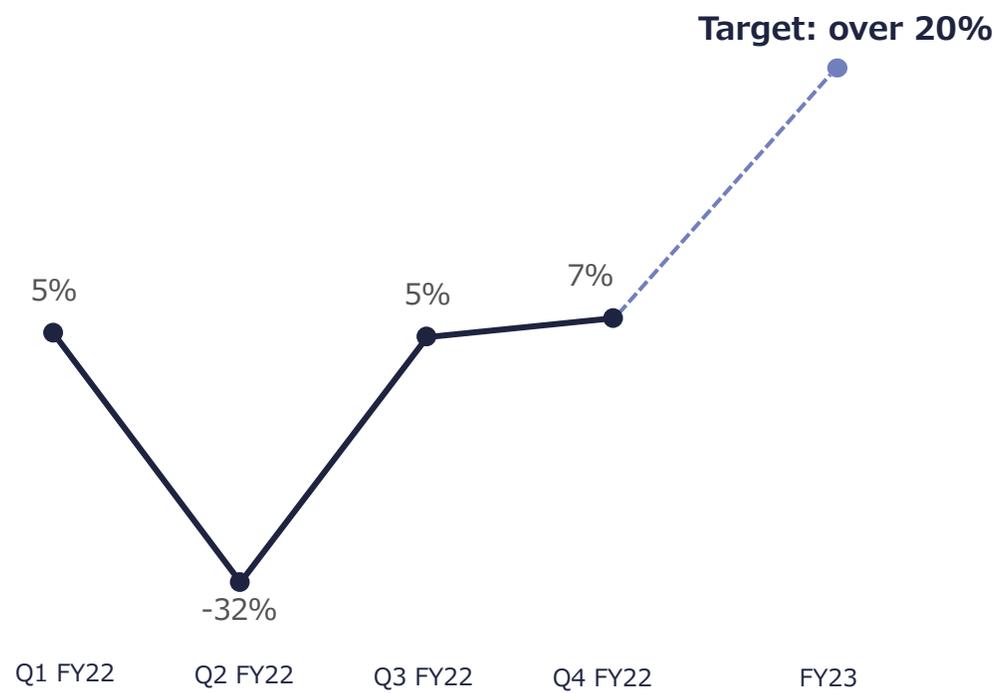
Path to Profitability: Improve Gross Margin

- ✓ Unit economics improved in Q4: increased order volume while optimizing cost per delivery
- ✓ Continue to deliver positive gross margin improvement trend

Cost per delivery (Outsource)



Improvement of gross margin



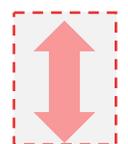
Path to Profitability: Improve Advertising ROI

- ✓ Advertising-related expenses (% of GMV) landed below guidance
- ✓ Improved acquisition costs during 2nd half as a result of controlled investments in-line with the market trends

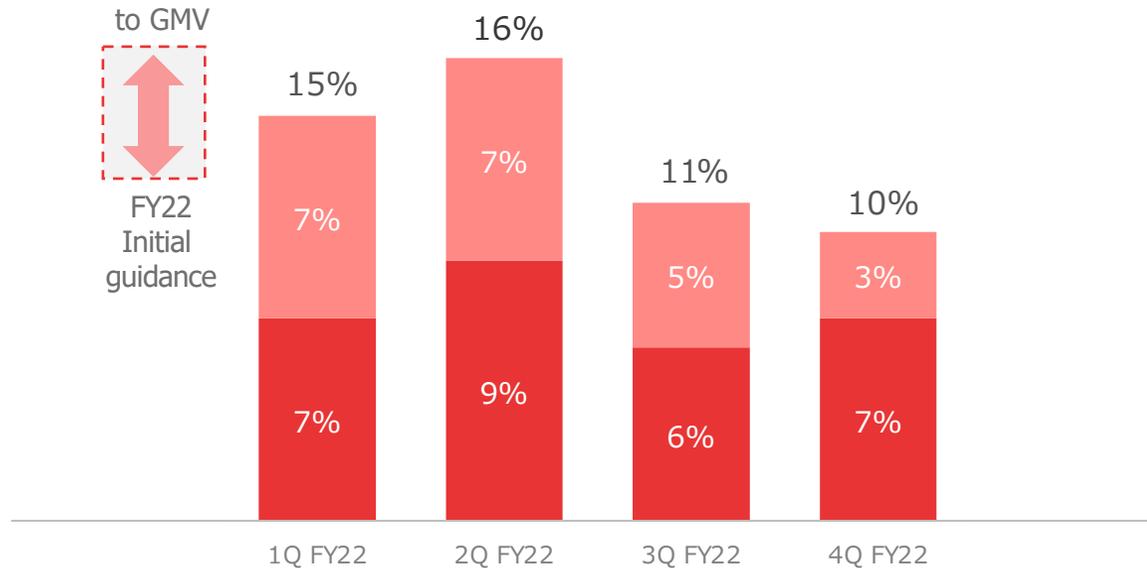
Breakdown of marketing related expenses¹(% of total GMV)

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

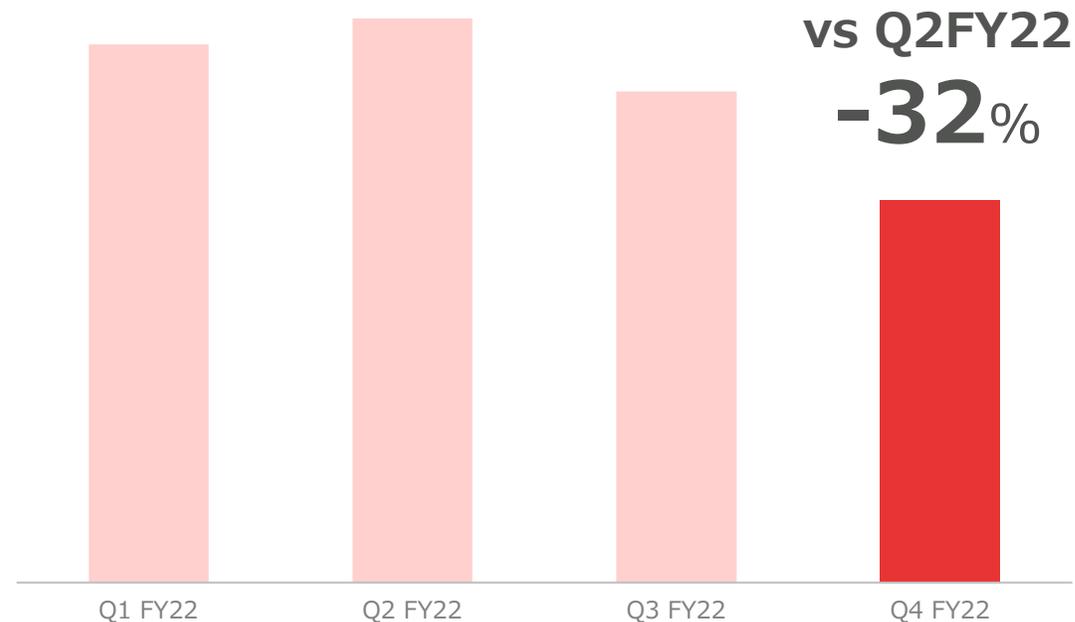
Mid-teen %
to GMV



FY22
Initial
guidance



Improvement of acquisition cost²



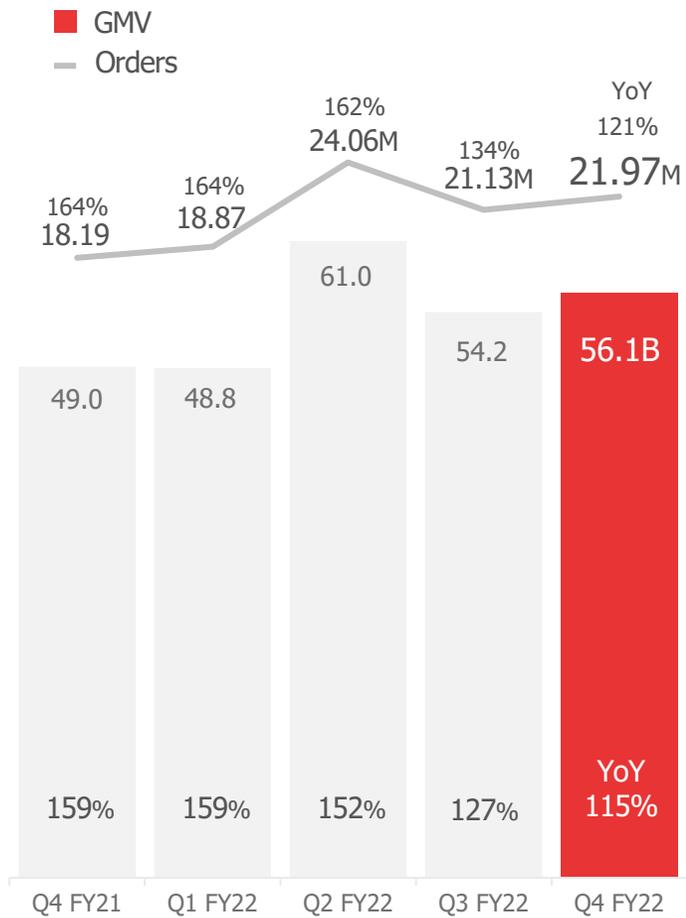
1. Marketing + Delivery fee voucher

2. Acquisition cost per new PU = new acquisition coupon cost / new PUs. monthly average

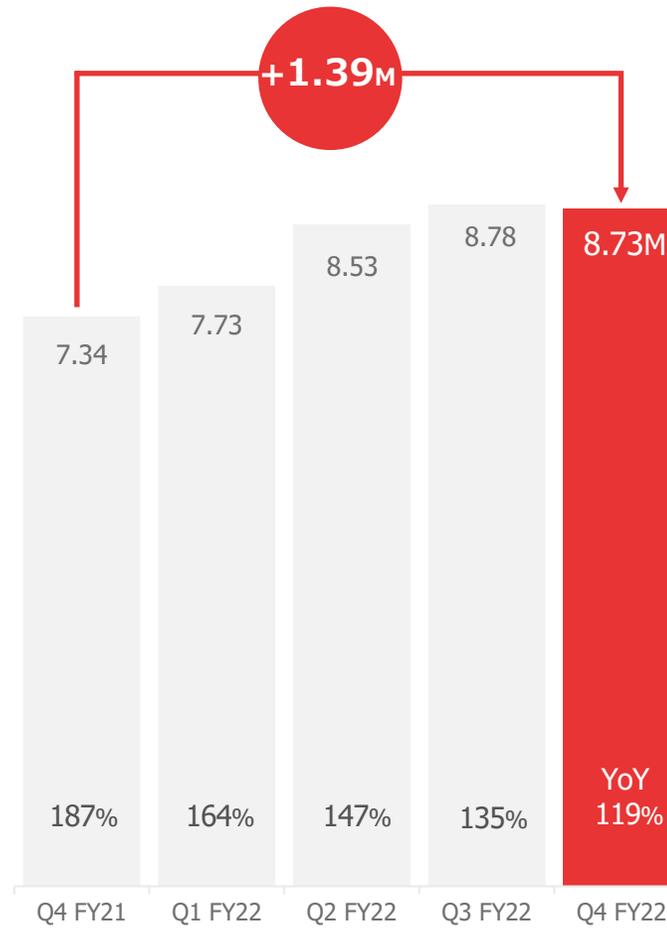
Appendix

Major KPIs

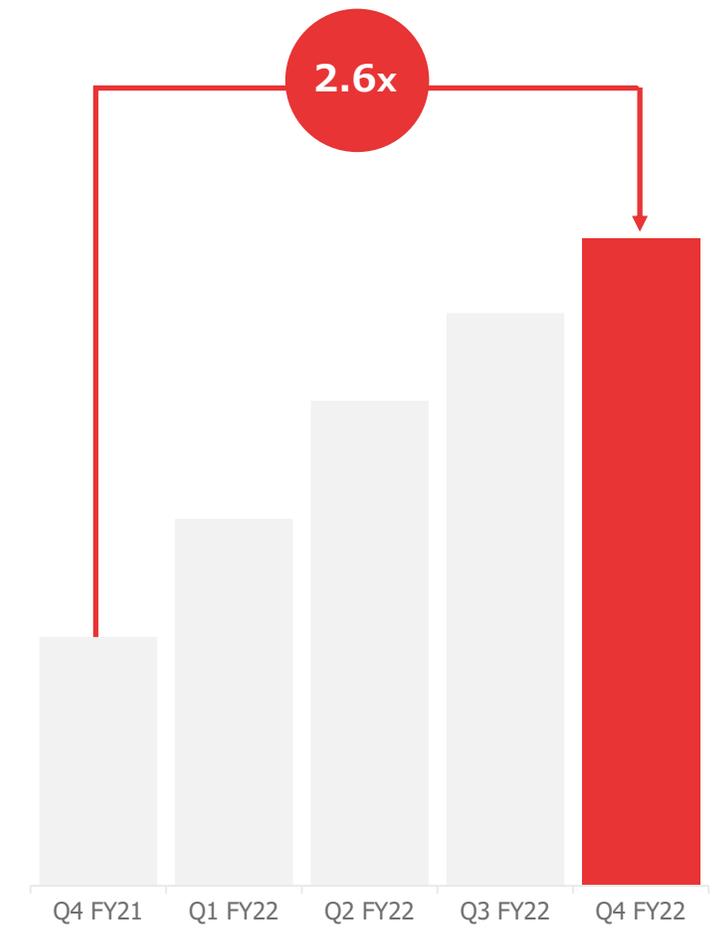
GMV / Orders



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

Summary of consolidated income statement

(Million JPY)	FY 8/2021				FY 8/2022					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	QoQ
Net Sales (New Accounting Policy ¹)					10,342	12,394	12,136	12,440	-	102.5%
Net Sales	4,186	6,223	8,029	10,515	12,192	15,824	14,209	14,501	137.9%	102.1%
Demae-can Service Fee	2,007	2,680	2,909	3,368	3,389	4,097	3,646	3,707	110.1%	101.7%
Delivery Commission	1,632	3,058	4,613	6,666	6,371	7,586	7,584	8,063	121.0%	106.3%
Other	545	484	506	480	582	710	907	668	139.1%	73.7%
Cost of Sales	1,728	3,606	4,899	6,717	9,805	16,321	11,579	11,517	171.5%	99.5%
SG&A	5,687	7,931	8,180	9,361	9,509	9,918	7,796	7,702	82.3%	98.8%
Labor	1,868	2,434	2,606	2,538	2,391	2,128	2,032	1,670	65.8%	82.2%
Marketing	2,635	3,641	3,507	5,073	5,135	5,996	3,892	3,522	69.4%	90.5%
Other	1,182	1,854	2,067	1,749	1,982	1,398	1,872	2,509	143.5%	134.1%
Operating Profit	(3,229)	(5,313)	(5,050)	(5,562)	(8,972)	(13,450)	(7,239)	(6,779)	N/A	N/A

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

Ecommerce & Delivery

Q4 GMV:
56.1B (YoY 115%)

Delivery by Merchant

GMV 25.2B (YoY 89%)

Sharing Delivery

Delivery by Demae-can

GMV 30.8B (YoY 149%)

Revenue

Cost

Platform fee¹ from all merchants

+

Delivery fee from eligible merchant

Delivery fee from user

Delivery cost

Marketing

Product Development / HQ / Others

Ecommerce

Platform P/L

Delivery

P/L per delivery

Scale

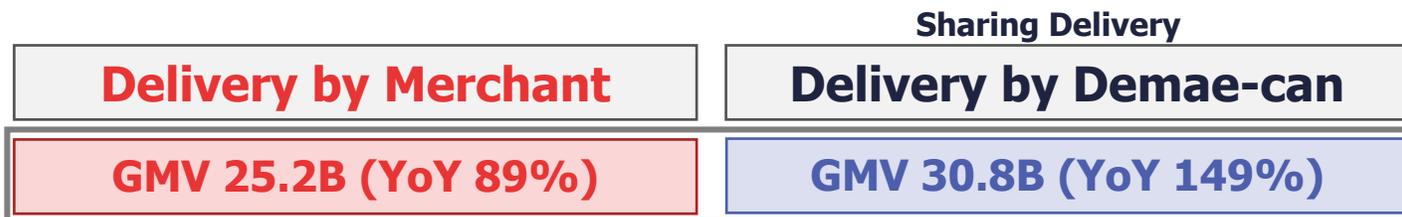
Leverage = Profit

Growth Engine

Unit Economics = Breakeven

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

Q4 GMV:
56.1B (YoY 115%)



Platform fee from all merchants

Ecommerce				
(% of total GMV)	Q1	Q2	Q3	Q4
Ecommerce sales ¹	7.9%	7.6%	8.1%	7.7%
Marketing	11%	10%	7%	6%
Delivery fee voucher	4%	6%	4%	4%
Other costs ²	5%	4%	6%	7%
Software investment ³	2%	2%	2%	1%
OP	-13%	-14%	-10%	-10%

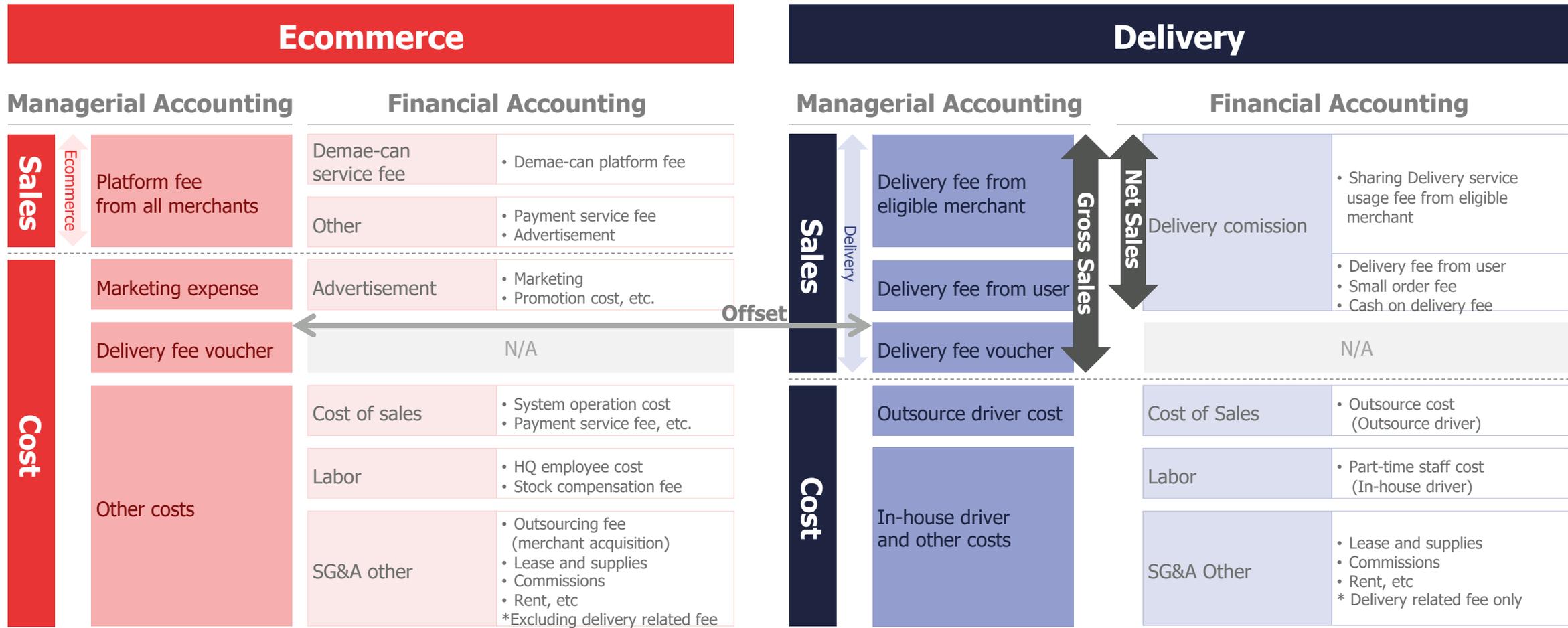
Delivery Take Rate (merchant) & Fee (user)

Delivery				
(% of Sharing Delivery GMV)	Q1	Q2	Q3	Q4
Delivery Sales	33%	33%	33%	33%
Outsource rider cost	33%	44%	32%	30%
In-house rider cost + Other cost ¹	10%	7%	7%	6%
OP	-10%	-17%	-6%	-3%

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

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

P&L Structure



Change in accounting policy (Gross sales→Net sales)

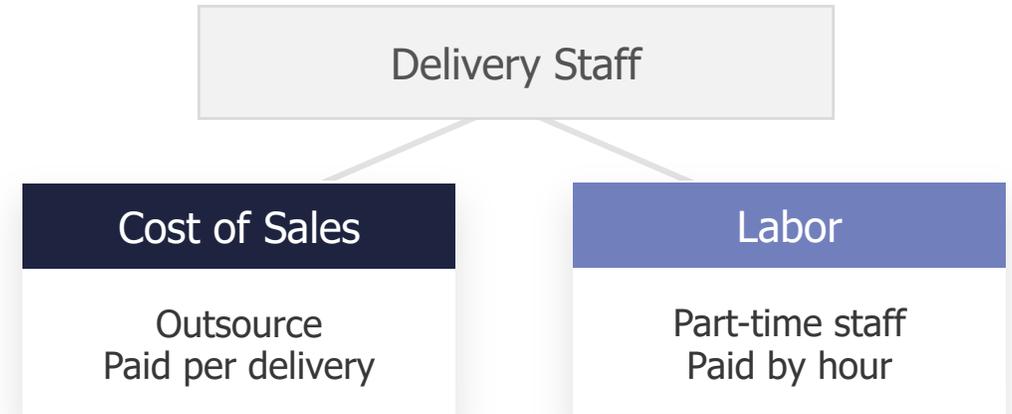
The accounting standard for revenue recognition (IFRS 15), etc. is applied from the beginning of the first quarter of the fiscal year, and an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer. 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 

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