



FY 8/2022 1st Quarter Results

January 14, 2022

Business Highlights

Market Environment

- **Food delivery demand continues to be strong** despite all state of emergency declarations lifted in October and demand for dining out recovered significantly
- Demae-can's GMV reached 188.2 billion JPY during FY 2021, an increase of **57%** from last year
- A leading competitor announced the **exit and divestiture of its Japan business**

Focused Initiatives

- Focused strategy to increase **market share**
- Launched **large-scale promotion** from November 2021
 - Orders in Greater Tokyo area¹ exceeded **200% YoY**
 - **No.1** app downloads in 2021²
 - Accelerated **acquisition** of new users and riders, and improved **retention**

1Q KPI Progress

- GMV: JPY48.8 billion YoY 159%
- Active users: 7.73 million YoY 164%
- Number of registered riders: YoY 547%

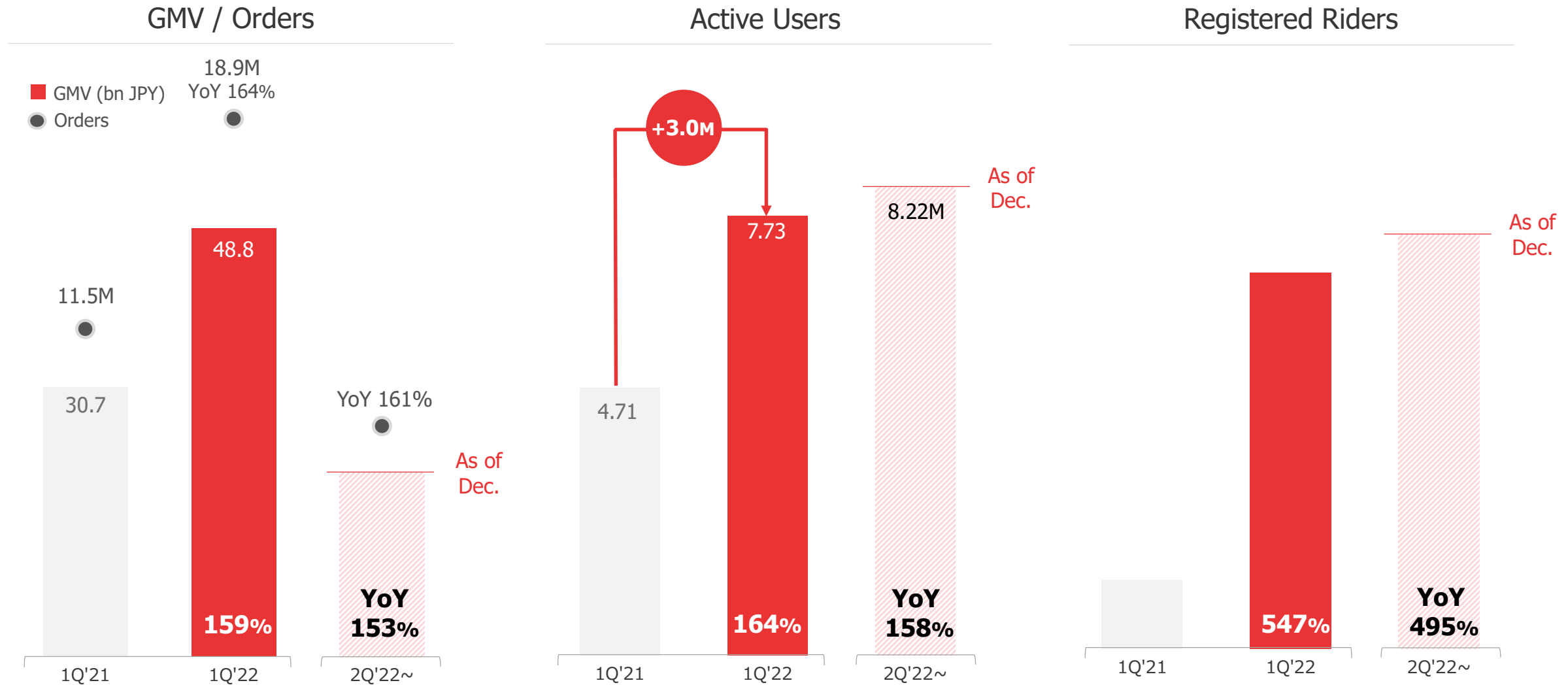
GMV(Gross Merchandise Value): item price(price before coupon discount is applied) + delivery fee before discount *GMV prior to October 2020 excluded discounts on delivery fees

1. Tokyo and 3 adjacent prefecture (Kanagawa, Saitama, Chiba)

2. Source: AppAnnie, cumulative app downloads from Jan to Dec 2021 of "Food & Drink" and "Food Delivery/Takeout" category (iOS and Google Play combined)

All major KPIs grew YoY and show steady growth in December

4



GMV(Gross Merchandise Value): item price(price before coupon discount is applied) + delivery fee before discount *GMV prior to October 2020 excluded discounts on delivery 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

5

Key Initiatives: large-scale promotion from November

- ✓ Large-scale promotion focused in Greater Tokyo area, which account for more than 60% of Demae-can’s GMV
- ✓ Market share expansion as KGI

	Large-scale promotion (November to January)		KPI
User	<ul style="list-style-type: none">Free Delivery Fee Campaign for Greater Tokyo area<ul style="list-style-type: none">No delivery fee for users ordering from Sharing Delivery merchants (Demae-can delivery)	Orders	<ul style="list-style-type: none">New acquisitionFrequency
Merchant	<ul style="list-style-type: none">Weekly special price campaign<ul style="list-style-type: none">Exclusive promotion with specific merchants		<ul style="list-style-type: none">GMV per merchant
Rider	<ul style="list-style-type: none">“Start-dash” campaign for new ridersComeback campaign to reactivate dormant ridersAdditional incentives		<ul style="list-style-type: none">New acquisitionRetention

Orders increase

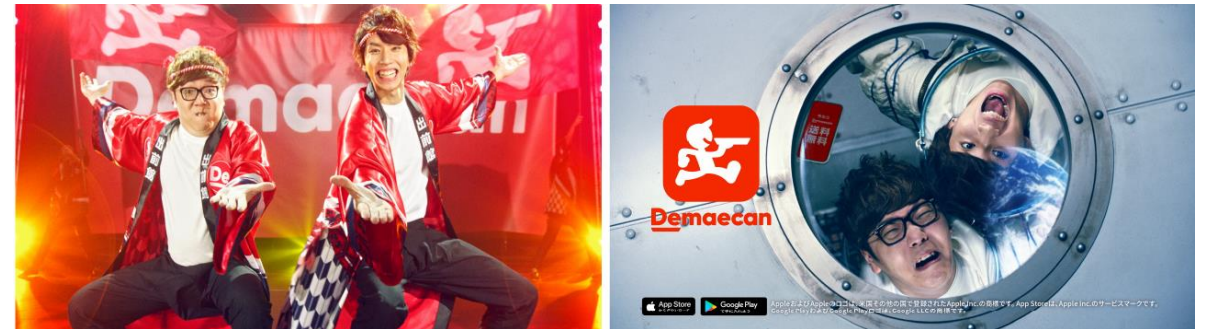
6

- ✓ Orders in November and December exceeded 200% YoY
- ✓ New TV commercial featuring popular content creators ranked 2nd most favorite TV ads

Orders¹
in Greater Tokyo area
in Nov. & Dec.

YoY **200%+**

Ranked 2nd most favorite TV ads²



De Merchants

Over **100,000³**

1. Orders in Greater Tokyo area
2. Source: CM Soken Consulting; Among 2,329 TV ads aired on five flagship stations in Tokyo during the period of Nov. 20, 2021 to Dec. 4, 2021. Survey based on 1,500 people living in Kanto region (https://www.cmdb.jp/cmindexweb/cmlikability_2021121st_20211213/)
3. Includes DeDirect merchants

New user acquisition & increased frequency

- ✓ No. 1 App download in 2021
- ✓ Expanded acquisition of new users and improving frequency

Expansion of new user acquisition

App Downloads¹

Food & Drink category
Food Delivery/Takeout category

1st

New User Acquisition²

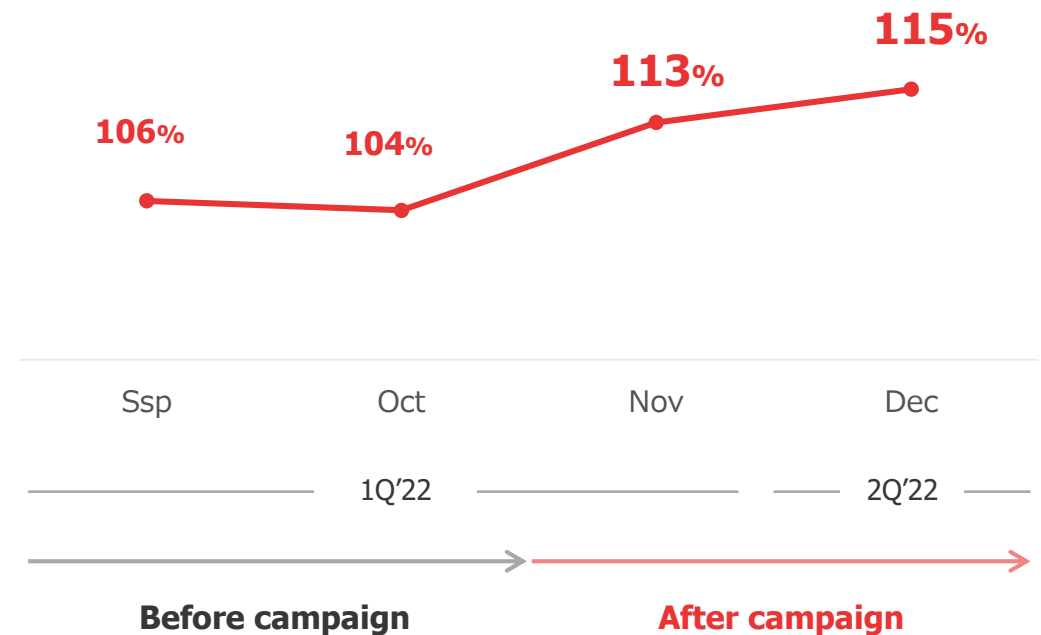
New user acquisition
before vs after
the campaign

70%UP

Acquisition of
younger generation
accelerated

Improving frequencies

Orders per PU YoY³



1. Source: AppAnnie, cumulative app downloads from Jan to Dec 2021 of "Food & Drink" and "Food Delivery/Takeout" category (iOS and Google Play combined)
2. Comparison of new users acquired in Greater Tokyo area in 2 months before (Sept-Oct) and after (Nov-Dec) promotion

3. Average number of orders per PU in Greater Tokyo area
PU: Paid User = number of orders

Increase GMV per merchant

8

- ✓ Weekly campaign at selected merchants
- ✓ GMV for participating merchants increased 3.7x WoW

Participating merchants¹

Avg. GMV per merchant²

WoW **3.7x**

Participating merchants



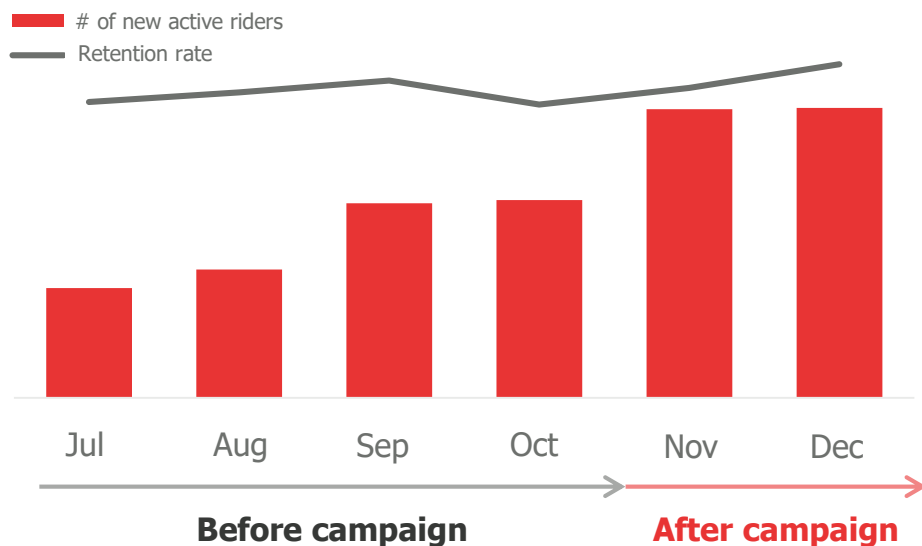
1. Special price offered by participating merchants on a weekly basis during nine weeks from November 2021 to January 2022
2. Comparison of GMV per merchant during the week before and after participating in the campaign

New rider acquisition & improved retention

9

- ✓ New active riders increased and retention of riders improved
- ✓ Ranked No. 1 in three categories of riders' satisfaction survey

New active riders x retention rate¹



New active riders²

New active riders
before vs after
the campaign

50% UP

Awarded for riders' satisfaction



- **No.1 Overall satisfaction**
- **No.1 Compensation satisfaction**
- **No.1 Support satisfaction**

Survey Method: Internet survey, Survey Period: October 22 - 27, 2021, Survey Outline: Satisfaction survey of delivery personnel for four food delivery services, Survey targets: Males and females, 20-69 years old, nationwide, more than 200 people with experience as a rider for each service (since March 2020), Survey implementation: Shopper's Eye Co. Companies to be compared: Top 3 companies in Google search for "food delivery service" (as of 22:00, September 29, 2021) *Excluding articles and advertisements, with at least 200 samples

1. Retention rate of riders who worked the following month since first month
2. Comparison of new active riders acquired in Greater Tokyo area in 2 months before (Sept-Oct) and after (Nov-Dec) promotion

Synergy with ZHD/LINE

10

- ✓ Merchants acquisition through PayPay's sales network
- ✓ Increase network promotion, by gifting to friends on LINE via LINE Gift

PayPay merchant acquisition

 PayPay × **Demaecan**

**Sales collaboration to
expand merchant base**

- Merchant acquisition leveraging PayPay's sales network

Demaecan coupon on LINE Gift

LINE GIFT × **Demaecan**

**Demaecan is now
on LINE Gift**

- Utilizing LINE Platform for new users via LINE friends network



Initiatives in the retail category

- ✓ PayPay Direct by ASKUL¹ ranked No. 1 on the Demae-can platform merchant ranking
- ✓ Partner with Seino Holdings to strengthen last mile delivery in the retail category

Demae-can platform merchant ranking²



No.1

All 5 stores
ranked in Top 10

Alliance with Seino Holdings

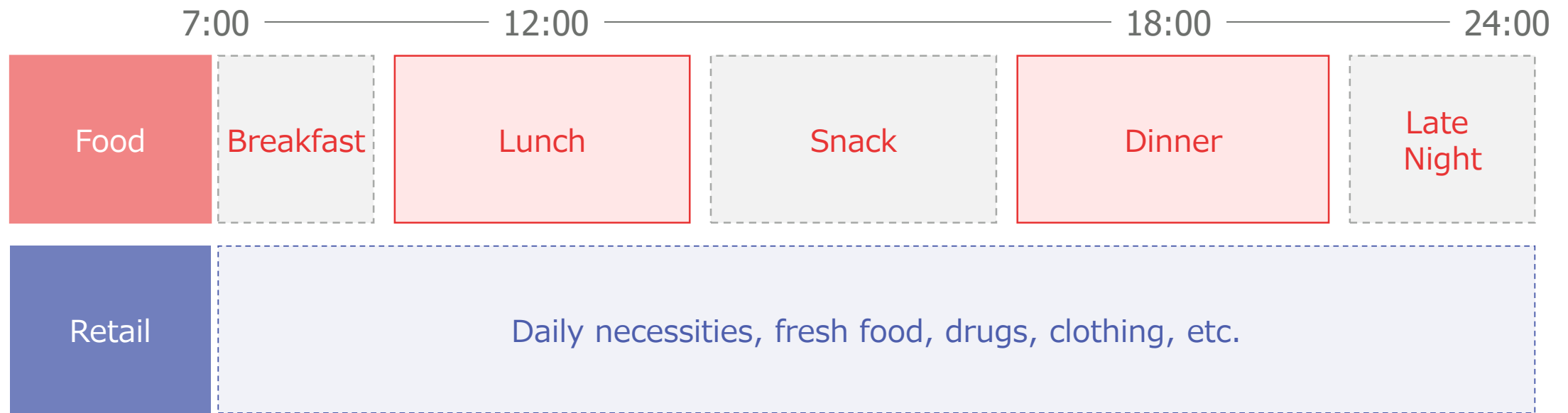
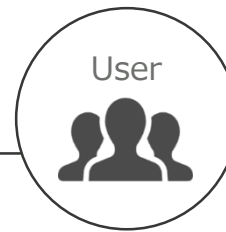


- Sharing retail customers and delivery know-hows
- Catering to users' delivery needs by providing 'scheduled' and 'quick' delivery
- Expanding area coverage to rural and suburban cities, etc.

1. PayPay Direct by ASKUL" is a PoC of quick commerce with Z Holdings to provide delivery service for daily goods handled by ASKUL using the Demae-can's delivery network
2. Actual results of December 2021

Last mile delivery as a daily infrastructure

- ✓ Expand user demand to non-lunch and dinner hours for delivery to be part of everyday life
- ✓ Seamless user experience for non-food delivery such as daily necessities
- ✓ Become the No.1 delivery platform to be the reliable last mile infrastructure for various use



Financial Highlights

Amendments to the Financial Results

Background and Error in balance	<ul style="list-style-type: none"> Error in the balance of accounts receivables and payables were identified during the auditing procedures for the fiscal year ended August 2021 Overstatement in both accounts receivable of 2,325 million yen¹ and accounts payable of 985 million yen¹ from the fiscal year ended August 2016 and thereafter 						
Cause	<ul style="list-style-type: none"> Company did not adequately recognize risks of high-volume and complex accounting process arising from the rapid expansion of the business and delayed in establishing framework to address such risks, the Company continued its business without addressing problems of operational process to ensure proper accounting 						
Measures to Prevent Recurrence	<div> <div> ① Holding regular cross-departmental risk assessment meetings including the Finance and Accounting Group ② Increasing the number of employees in the Finance and Accounting Group to strengthen its accounting structure ③ Developing accounting process manuals for transactions with franchisees and settlement agents </div> <div> ④ Strengthening and thoroughly managing accounts receivable and accounts payable by counterparty ⑤ Strengthening ratio analysis of agency fee costs ⑥ Strengthening journal entries in the franchisee process </div> </div>						
Amendments to Financial Statements	(mm yen)	Fiscal year 8/2020			Fiscal year 8/2021		
		Before correction	After correction	Variance	Before correction	After correction	Variance
	Net sales	10,306	10,316	9	29,009	28,954	-55
	Operating profit	-2,623	-2,687	-64	-17,991	-19,157	-1,166
	Profit attributable to owners of parent	-4,112	-4,177	-64	-20,652	-21,869	-1,217
	Total assets	35,986	35,376	-610	22,715	20,380	-2,335
	Total net assets	28,480	28,415	-64	8,157	6,876	-1,282

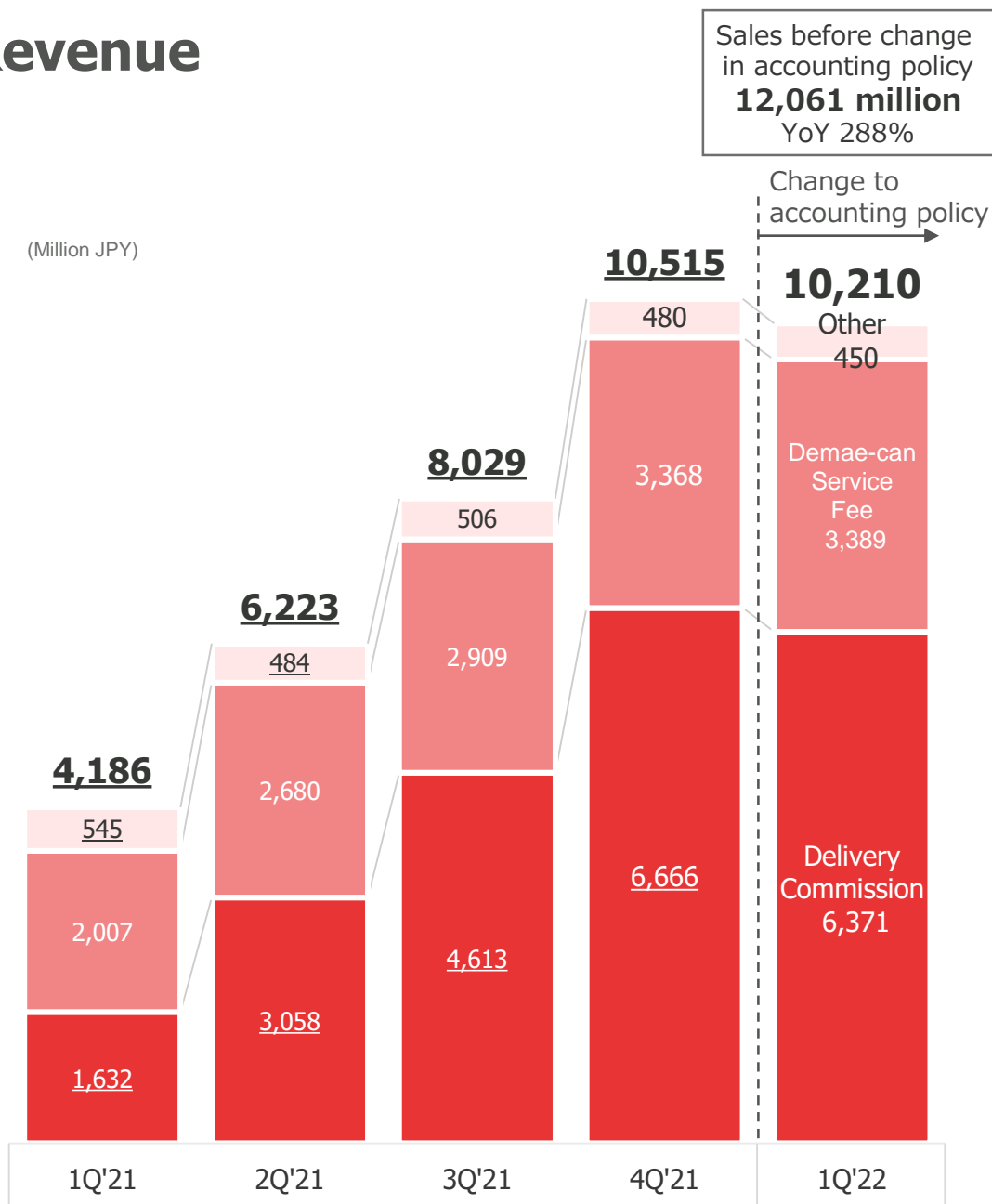
Please refer to press release on December 28, 2021 Notice of Submission of Amendments to Annual Securities Reports, etc. for Past Fiscal Years and Amendments to the Summary of Financial Results for the Year Ended August 2021 and Notice Regarding the Receipt of the Investigation Report by the Internal Investigation Committee.

¹ as of the end of August 2021

Revenue

15

(Million JPY)



Change to accounting policy¹

A portion of sales promotion expenses for users, such as discounts on delivery charges, are deducted from sales

- ✓ Revenue based on previous accounting policy 12,061 million yen, **YoY 288%**

Other

YoY (95M) JPY (YoY 83%)
Decline of business revenue from subsidiary

Demae-can Service Fee

YoY +1,382M JPY (YoY 169%)
Increase in orders dues to the expansion of merchants and users

Delivery Commission

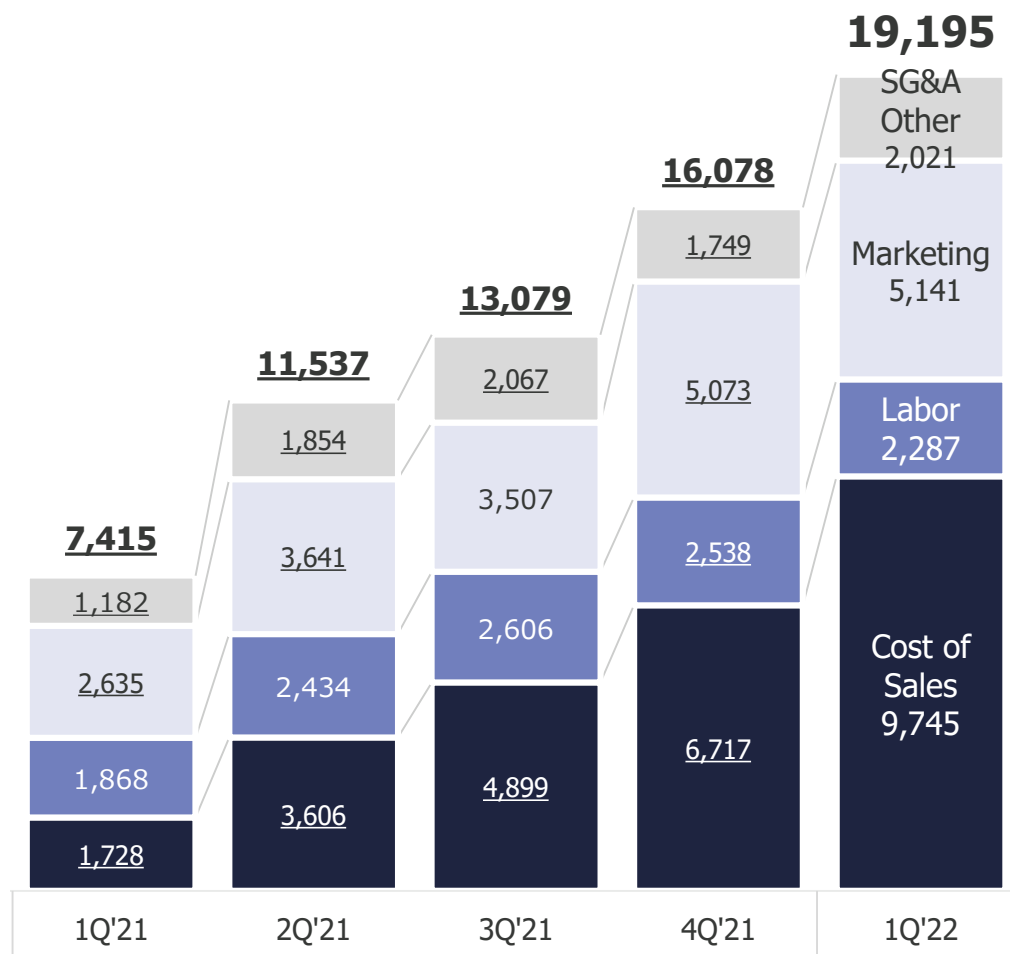
YoY +4,739M JPY (YoY 390%)
Increase in the number of sharing delivery orders

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 as transactions with variable consideration

Amendment to figures are underlined

Cost of Sales / SG&A

(Million JPY)



Amendment to figures are underlined

SG&A Other

YoY +839M JPY (YoY 171%)
Increase in outsourcing fee (merchant acquisition)

Marketing

YoY +2,506M JPY (YoY 195%)
Increase in campaign and promotion cost

Labor

YoY +419M (YoY 122%)
Increase in part-time staff (in-house delivery)

Cost of Sales

YoY +8,017M (YoY 564%)
Increase in outsourcing fee (outsource delivery)

1Q GMV:
48.8B (YoY 159%)

Delivery by

Merchant	Sharing Delivery
GMV 24.1B (YoY 97%)	GMV 24.7B (YoY 405%)

Merchant Take Rate

Ecommerce model					
(B)	1Q	2Q	3Q	4Q	1Q
Platform fee	2.0	2.6	2.9	3.4	3.4
Other revenue	<u>0.2</u>	<u>0.3</u>	0.3	0.3	0.3
Marketing	<u>2.6</u>	<u>3.4</u>	3.1	<u>4.5</u>	5.1
Delivery fee voucher	-	0.1	0.3	0.4	1.9
Other cost	<u>1.7</u>	<u>2.4</u>	<u>3.3</u>	<u>2.4</u>	2.5
Software investment ¹	-	-	-	-	0.8
OP	(<u>2.0</u>)	(<u>3.0</u>)	(<u>3.5</u>)	(<u>3.6</u>)	(6.7)

Delivery Take Rate & User Fee

Delivery model					
(B)	1Q	2Q	3Q	4Q	1Q
Net delivery fee	1.6	2.8	4.2	6.1	6.3
Delivery fee voucher	-	0.1	0.3	0.4	1.9
Gross delivery fee	<u>1.6</u>	<u>3.0</u>	<u>4.6</u>	<u>6.6</u>	8.3
In-house rider cost	1.4	1.9	2.0	1.9	1.7
Outsource rider cost	<u>1.0</u>	<u>2.8</u>	<u>3.5</u>	<u>6.4</u>	8.2
Other cost	0.3	0.5	0.5	0.5	0.6
OP	(<u>1.2</u>)	(<u>2.2</u>)	(<u>1.5</u>)	(<u>2.2</u>)	(2.2)

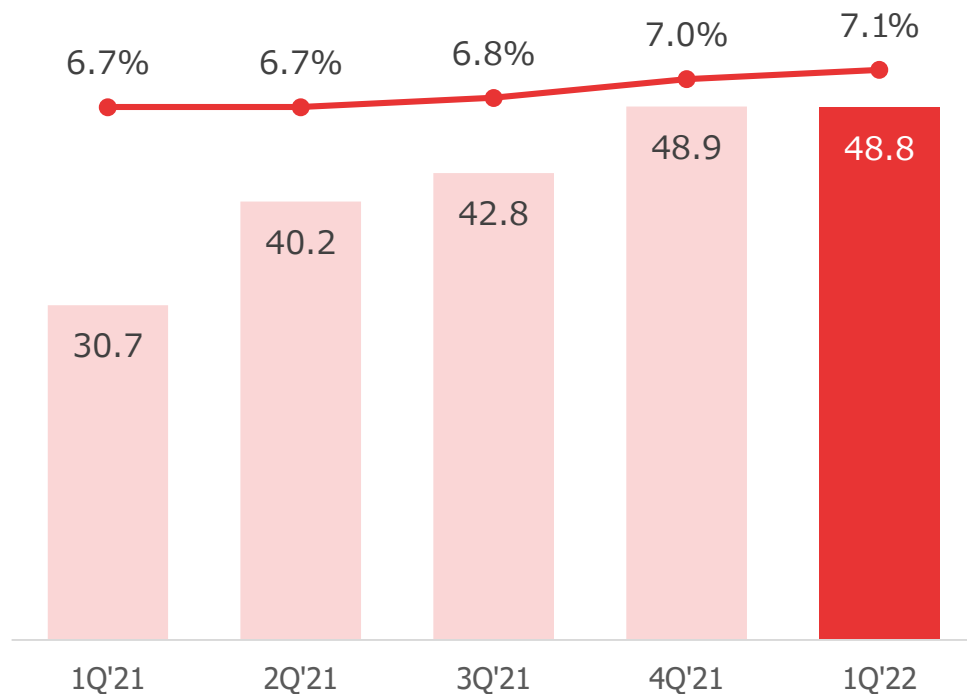
1. Expense item from this quarter
Amendment to figures are underlined

Ecommerce : Take rate and marketing cost

- ✓ 1Q take-rate was 7.1% of GMV, up 0.4 points YoY
- ✓ Marketing expense was 15% of GMV in-line with guidance

GMV and Take-rate

(B)



Breakdown of Marketing Expense

Mid-teen %
to GMV



15%
to GMV

9%

Coupons for new acquisition
Marketing costs for recognition,
user attraction, etc.

6%

Coupons for existing users
Free Delivery Fee campaign, etc.

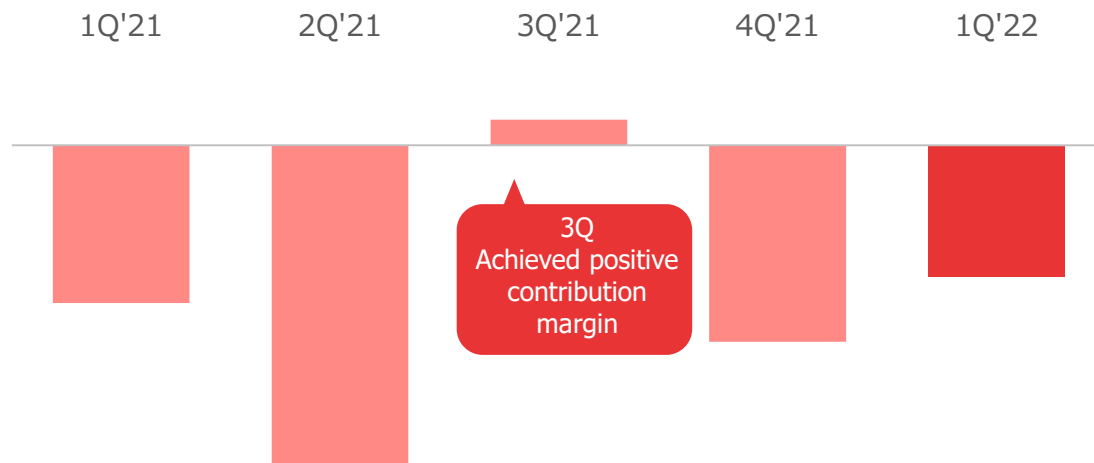
FY 22
Guidance

1Q'22

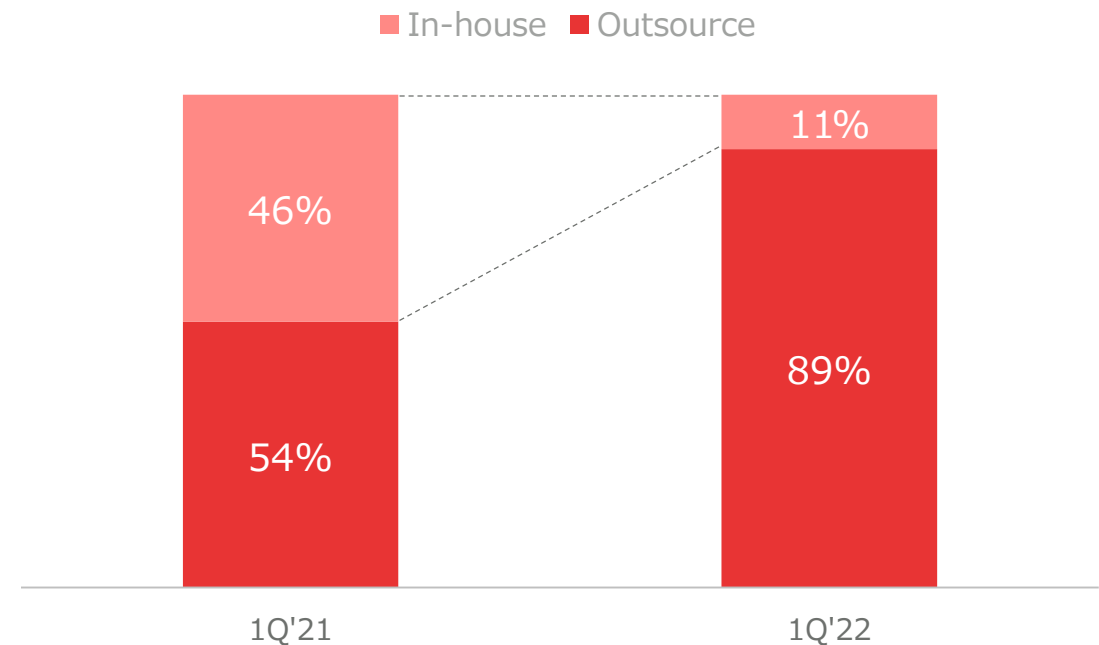
Delivery : Outsource rider unit economics

- ✓ Increased incentives to secure riders during the campaign
- ✓ Unit economics improved from 4Q

Contribution profit per delivery by outsource rider



% of orders delivered by outsource riders



Appendix

Summary of Consolidated Income Statement

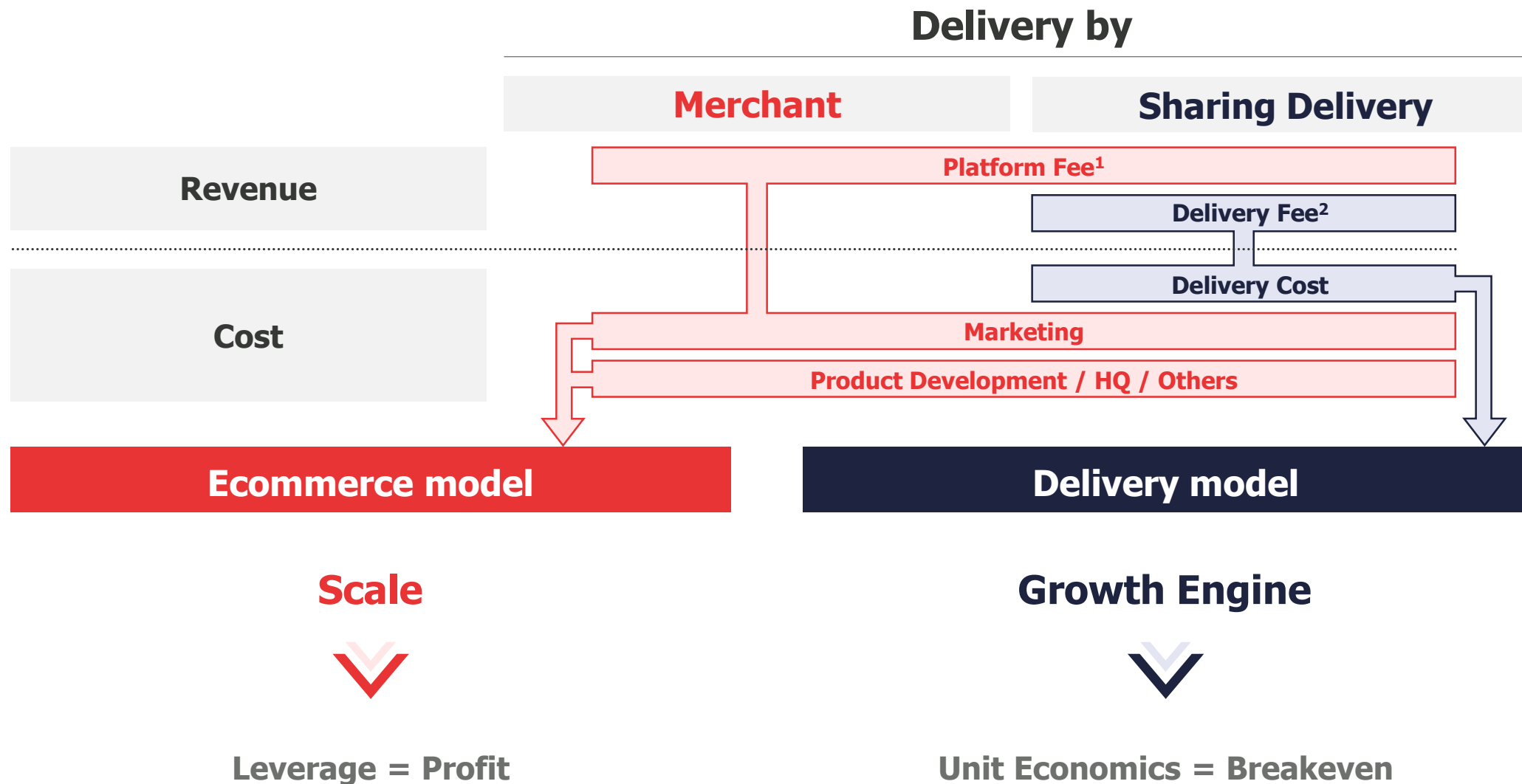
Accounting Policy Change
→

(Million JPY)	FY 8/2020				FY 8/2021				FY 8/2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Sales (New)									10,210		
Net Sales	<u>1,821</u>	<u>2,006</u>	<u>2,994</u>	<u>3,492</u>	<u>4,186</u>	<u>6,223</u>	<u>8,029</u>	<u>10,515</u>	12,061	288.1%	114.7%
Demae-can Service Fee	<u>955</u>	<u>1,079</u>	<u>1,760</u>	1,928	2,007	2,680	2,909	3,368	3,389	168.9%	100.6%
Delivery Commission	217	323	761	1,022	<u>1,632</u>	<u>3,058</u>	<u>4,613</u>	<u>6,666</u>	6,371	390.4%	95.6%
Other	<u>648</u>	<u>603</u>	<u>472</u>	<u>541</u>	<u>545</u>	<u>484</u>	506	480	450	82.6%	93.8%
Cost of Sales	<u>644</u>	<u>639</u>	<u>791</u>	<u>1007</u>	<u>1,728</u>	<u>3,606</u>	<u>4,899</u>	<u>6,717</u>	9,745	563.9%	145.1%
Gross Profit	<u>1,177</u>	<u>1,367</u>	<u>2,202</u>	<u>2,485</u>	<u>2,457</u>	<u>2,617</u>	<u>3,129</u>	<u>3,798</u>	465	18.9%	12.2%
Gross Margin	64.6%	68.1%	73.5%	71.2%	<u>58.7%</u>	<u>42.1%</u>	<u>39.0%</u>	<u>36.1%</u>	3.9%	6.6%	10.7%
SG&A	<u>1,340</u>	<u>2,181</u>	<u>2,826</u>	<u>3,571</u>	<u>5,687</u>	<u>7,931</u>	<u>8,180</u>	<u>9,361</u>	9,450	166.2%	101.0%
Labor	584	672	1,167	1,448	1,868	2,434	2,606	<u>2,538</u>	2,287	122.4%	90.1%
Marketing	475	1,140	1,042	<u>1,270</u>	<u>2,635</u>	<u>3,641</u>	3,507	<u>5,073</u>	5,141 ^{*1}	NM ^{*1}	NM ^{*1}
Other	<u>280</u>	<u>368</u>	<u>617</u>	<u>852</u>	<u>1,182</u>	<u>1,854</u>	<u>2,067</u>	<u>1,749</u>	2,021	171.0%	115.6%
Operating Profit	<u>▲162</u>	<u>▲814</u>	<u>▲624</u>	<u>▲1,086</u>	<u>▲3,229</u>	<u>▲5,313</u>	<u>▲5,050</u>	<u>▲5,562</u>	▲8,985	-	-

Amendment to figures are underlined

^{*1} Accounting policy change to net user delivery fee discount to sales

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



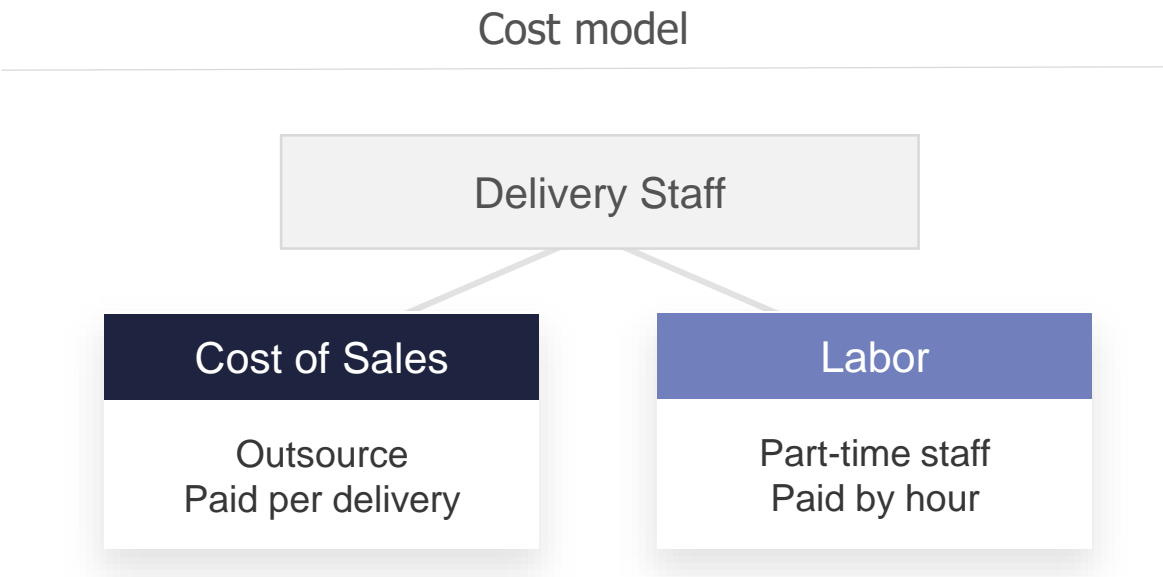
1. Fee paid by merchant per order and advertising cost paid merchants
2. Sharing delivery fee paid by merchants and delivery fee from users

Breakdown of each category

Revenue	
Demae-can Service Fee	<ul style="list-style-type: none"> Demae-can platform fee
Delivery Commission	<ul style="list-style-type: none"> Sharing delivery fee
Other	<ul style="list-style-type: none"> Payment service fee Commerce business revenue from subsidiary

Cost of Sales/SG&A	
Cost of Sales	<ul style="list-style-type: none"> Outsourcing fee (delivery staff) System operating costs, etc. Payment service fee
Labor	<ul style="list-style-type: none"> Part-time fee (delivery staff) Employee, stock option
Marketing	<ul style="list-style-type: none"> Advertisement cost Promotion cost
SG&A	<ul style="list-style-type: none"> Outsourcing fee (merchant acquisition) Lease and supplies Commissions Rent and others

Revenue model ¹			
	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		Delivery fee



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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