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On **June 28, 2019**, Yume no Machi Souzou linkai Co., Ltd. announced earnings results for Q3 FY08/19.

Income statement (JPYmm)	FY08/16				FY08/17				FY08/18				FY08/19				FY08/19 Cmt. Q3	FY08/12 Cons.	FY08/19 Int. Est.	FY08/19 Est. Q2	FY08/19 % of FY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
<b>Revenue</b>	<b>949</b>	<b>1,059</b>	<b>1,037</b>	<b>1,109</b>	<b>1,210</b>	<b>1,316</b>	<b>1,285</b>	<b>1,133</b>	<b>1,207</b>	<b>1,362</b>	<b>1,436</b>	<b>1,426</b>	<b>1,434</b>	<b>1,686</b>	<b>1,728</b>	<b>1,484</b>	<b>5,431</b>	<b>7,681</b>	<b>7,000</b>	<b>69.2%</b>	
Demae-can	528	621	617	755	841	931	930	797	859	1,019	1,100	1,100	1,117	1,346	1,405	3,867	4,078	6,301	-	-	
Basic operating fees	37	75	75	75	79	83	88	90	91	103	106	109	114	118	121	353	410	-	-	-	
Order processing fees	337	408	394	407	415	502	498	524	563	679	677	716	703	855	819	2,377	2,634	-	-	-	
Advertising fees	14	19	16	11	9	14	4	6	5	3	7	4	4	7	9	21	18	-	-	-	
System development fees	10	11	20	1	21	8	-	-	-	-	53	-	-	-	43	43	53	-	-	-	
Other	95	109	113	261	318	323	341	168	200	234	260	269	295	366	412	1,073	963	-	-	-	
Mail Order	421	438	420	354	369	384	355	336	348	343	336	326	317	340	323	980	1,353	1,380	-	-	
YoY	12.1%	11.8%	10.2%	19.7%	27.5%	24.2%	23.9%	2.2%	-0.3%	3.5%	11.8%	25.8%	18.8%	23.8%	20.3%	21.0%	9.8%	41.4%	28.9%	-	
Demae-can	25.3%	21.6%	20.2%	44.6%	59.3%	49.8%	50.8%	5.5%	2.1%	9.5%	18.3%	38.1%	30.0%	32.0%	27.7%	29.9%	16.5%	54.5%	-	-	
Basic operating fees	4.9%	8.3%	9.0%	6.8%	9.4%	10.2%	17.5%	19.8%	15.4%	25.0%	20.8%	21.1%	25.1%	13.9%	14.3%	17.5%	20.6%	-	-	-	
Order processing fees	28.8%	29.6%	30.7%	24.7%	23.2%	23.1%	26.2%	28.7%	35.7%	35.1%	36.1%	36.7%	24.9%	26.0%	21.0%	23.9%	35.9%	-	-	-	
Advertising fees	4.0%	4.5%	-0.7%	-38.7%	-33.1%	-23.8%	-74.6%	-48.4%	-47.1%	-77.6%	-18.4%	17.0%	-12.1%	131.1%	192.0%	87.0%	-46.0%	-	-	-	
System development fees	84.2%	-63.0%	-57.8%	-93.8%	106.4%	-21.9%	-	-60.8%	-	-	-	-	-	-	-19.9%	-19.9%	38.6%	-	-	-	
Other	31.7%	36.6%	39.9%	197.2%	233.7%	196.9%	202.7%	-35.6%	-37.1%	-27.5%	-23.7%	59.9%	47.6%	56.2%	58.5%	54.6%	-16.3%	-	-	-	
Mail Order	-0.9%	0.4%	-1.8%	-12.4%	-12.4%	-12.2%	-15.6%	-4.9%	-5.6%	-10.9%	-5.2%	-3.1%	-8.9%	-0.7%	-3.9%	-4.5%	-6.4%	2.0%	-	-	
Cost of revenue	340	384	382	397	434	448	434	404	437	487	554	542	545	649	684	1,878	2,020	-	-	-	
Cost ratio	35.8%	36.3%	36.8%	35.8%	35.8%	34.1%	33.8%	35.7%	36.2%	35.7%	38.6%	38.0%	38.0%	38.5%	39.6%	38.7%	37.2%	-	-	-	
<b>Gross profit</b>	<b>609</b>	<b>675</b>	<b>656</b>	<b>713</b>	<b>776</b>	<b>867</b>	<b>851</b>	<b>729</b>	<b>769</b>	<b>875</b>	<b>882</b>	<b>884</b>	<b>888</b>	<b>1,037</b>	<b>1,043</b>	<b>2,969</b>	<b>3,410</b>	-	-	-	
<b>GPM</b>	<b>64.2%</b>	<b>63.7%</b>	<b>63.2%</b>	<b>64.2%</b>	<b>64.2%</b>	<b>65.9%</b>	<b>66.2%</b>	<b>64.3%</b>	<b>63.8%</b>	<b>64.3%</b>	<b>61.4%</b>	<b>62.0%</b>	<b>62.0%</b>	<b>61.5%</b>	<b>60.4%</b>	<b>61.3%</b>	<b>62.8%</b>	-	-	-	
SG&A expenses	472	598	449	561	656	706	692	560	564	740	662	607	786	1,140	1,019	2,945	2,573	-	-	-	
YoY	12.8%	38.3%	3.7%	23.0%	19.9%	17.9%	31.9%	-0.2%	-0.3%	4.9%	11.9%	8.5%	39.4%	54.1%	53.9%	49.8%	6.2%	-	-	-	
SG&A ratio	49.7%	56.5%	43.3%	50.6%	46.7%	53.7%	46.1%	49.4%	46.7%	54.3%	46.1%	42.6%	54.8%	67.6%	59.0%	60.8%	47.4%	-	-	-	
<b>Operating profit</b>	<b>137</b>	<b>77</b>	<b>207</b>	<b>152</b>	<b>211</b>	<b>161</b>	<b>259</b>	<b>169</b>	<b>206</b>	<b>135</b>	<b>219</b>	<b>277</b>	<b>103</b>	<b>-143</b>	<b>64</b>	<b>24</b>	<b>837</b>	<b>100</b>	<b>-300</b>	-	
Demae-can	161	102	223	190	232	171	271	180	222	144	226	272	114	-147	64	31	863	-	-	-	
Mail Order	50	51	62	54	67	78	60	54	49	59	56	55	42	64	64	170	218	-	-	-	
Adjustments	-74	-77	-78	-92	-88	-87	-72	-65	-64	-67	-63	-59	-53	-60	-64	-177	-244	-	-	-	
YoY	58.2%	-55.3%	33.2%	14.1%	53.8%	110.2%	21.7%	11.6%	-2.5%	-16.2%	-15.2%	63.4%	-50.1%	-	-70.8%	-95.7%	4.6%	-88.1%	-	-	
Demae-can	27.0%	-51.5%	85.0%	5.2%	43.9%	67.4%	-1.7%	-5.2%	-4.5%	-15.8%	-16.6%	50.7%	-48.6%	-	-71.9%	-94.8%	1.1%	-	-	-	
Mail Order	50.6%	15.5%	-38.6%	112.3%	34.7%	51.8%	-20.0%	-0.5%	-27.4%	-24.8%	-6.4%	1.8%	-13.7%	8.5%	14.7%	4.0%	-15.7%	-	-	-	
OPM	14.5%	7.2%	20.0%	13.7%	17.4%	12.3%	20.1%	14.9%	17.1%	9.9%	15.3%	19.4%	7.2%	-8.5%	3.7%	0.5%	15.4%	1.3%	-4.3%	-	
Demae-can	30.5%	16.4%	36.1%	25.2%	27.6%	18.3%	29.1%	22.7%	25.8%	14.1%	20.6%	24.7%	10.2%	-10.9%	4.5%	0.8%	21.2%	-	-	-	
Mail Order	11.8%	11.7%	14.7%	15.3%	18.2%	20.3%	16.9%	16.0%	14.0%	17.1%	16.7%	16.8%	13.3%	18.7%	19.9%	4.4%	16.1%	-	-	-	
Non-operating income (expenses)	5	1	0	0	2	-2	-1	3	5	8	9	-10	9	12	10	31	12	17	10	-	
Net financial income	0	-0	0	-1	-6	-4	-6	-1	-0	1	-0	1	-1	1	-0	0	2	-	-	-	
Equity in earnings of affiliates	2	1	1	0	2	3	4	3	4	7	9	-0	5	9	11	25	19	-	-	-	
Other	3	-1	0	2	1	-0	1	-1	1	0	0	-10	5	1	0	6	-9	-	-	-	
<b>Recurring profit</b>	<b>142</b>	<b>77</b>	<b>208</b>	<b>152</b>	<b>209</b>	<b>160</b>	<b>258</b>	<b>172</b>	<b>210</b>	<b>143</b>	<b>228</b>	<b>267</b>	<b>112</b>	<b>-131</b>	<b>74</b>	<b>55</b>	<b>849</b>	<b>117</b>	<b>-290</b>	-	
YoY	65.9%	-55.4%	39.0%	13.4%	46.7%	108.1%	23.9%	13.1%	0.9%	-10.3%	-11.4%	55.4%	-46.8%	-	-67.4%	-90.5%	6.4%	-86.2%	-	-	
RPM	15.0%	7.2%	20.1%	13.7%	17.2%	12.1%	20.1%	15.2%	17.4%	10.5%	15.9%	18.7%	7.8%	-7.8%	4.3%	1.1%	15.6%	1.5%	-4.1%	-	
Extraordinary gains (losses)	-	92	0	-57	-10	-53	6	-49	-1	-14	6	-1	16	-33	0	-18	-9	-	-	-	
Pre-tax profit	142	169	208	95	198	107	264	123	210	129	235	266	128	-164	74	38	840	-	-	-	
Income taxes	53	62	69	89	79	45	69	67	69	46	71	97	36	-40	48	44	282	-	-	-	
Implied tax rate	37.4%	37.0%	33.0%	93.4%	40.0%	42.3%	26.1%	55.1%	32.7%	35.6%	30.2%	36.3%	28.3%	24.1%	64.1%	117.4%	33.6%	-	-	-	
Non-controlling interests	-3	-2	-1	-0	-0	-1	-1	-1	-1	-0	0	-0	-0	-0	-0	-0	-1	-	-	-	
<b>Net income attributable to owners of parent</b>	<b>92</b>	<b>109</b>	<b>141</b>	<b>6</b>	<b>119</b>	<b>62</b>	<b>195</b>	<b>56</b>	<b>142</b>	<b>83</b>	<b>164</b>	<b>170</b>	<b>92</b>	<b>-125</b>	<b>27</b>	<b>-7</b>	<b>559</b>	<b>79</b>	<b>-300</b>	-	
YoY	187.2%	335.0%	38.7%	-	30.1%	-42.8%	38.7%	762.2%	18.7%	34.2%	-16.2%	204.6%	-35.4%	-	-83.7%	-	29.1%	-85.9%	-	-	
Net margin	9.7%	10.3%	13.8%	0.6%	9.9%	4.7%	15.2%	4.9%	11.7%	6.1%	11.4%	11.9%	6.4%	-7.4%	1.5%	-0.1%	10.3%	1.0%	-4.3%	-	
<b>EBITDA</b>	<b>211</b>	<b>153</b>	<b>284</b>	<b>244</b>	<b>299</b>	<b>249</b>	<b>331</b>	<b>236</b>	<b>270</b>	<b>202</b>	<b>282</b>	<b>327</b>	<b>156</b>	<b>-83</b>	<b>-49</b>	<b>-</b>	<b>1,082</b>	-	-	-	
YoY	30.6%	-37.3%	24.2%	17.9%	41.7%	62.1%	16.4%	-3.5%	-9.7%	-18.6%	-14.7%	38.4%	-42.3%	-	-3.0%	-	-3.0%	-	-	-	
EBITDA margin	22.3%	14.5%	27.4%	22.0%	24.7%	18.9%	25.8%	20.8%	22.4%	14.9%	19.7%	22.9%	10.9%	-4.9%	-2.8%	-	19.9%	-	-	-	
No. of affiliated stores (quarter-end)	12,505	12,529	13,018	13,656	14,206	14,559	14,953	15,318	15,712	16,081	16,439	17,207	17,834	18,572	19,452	19,452	17,207	21,125	20,258	-	
YoY	7.1%	6.1%	8.4%	11.8%	13.6%	16.2%	14.9%	12.8%	10.6%	10.5%	9.9%	12.3%	13.5%	15.5%	18.3%	18.3%	12.3%	22.8%	17.7%	-	
No. of orders (mn)	2.92	3.50	3.46	3.64	3.79	4.41	4.38	4.25	5.08	5.94	5.97	6.33	6.28	7.48	7.13	20.90	23.32	33.82	31.49	-	
YoY	25.9%	27.8%	31.0%	27.6%	29.7%	26.0%	26.5%	28.9%	34.1%	34.6%	36.4%	34.8%	23.6%	25.9%	19.5%	23.0%	35.0%	45.0%	35.0%	-	
Order processing fees / No. of orders	115.2	116.5	113.9	111.7	109.4	113.8	113.6	111.5	110.7	114.3	113.4	113.1	111.9	114.3	114.8	113.8	112.9	-	-	-	
YoY	2.3%	1.3%	-0.2%	-2.3%	-5.0%	-2.3%	-0.3%	-2.8%	1.2%	0.4%	-0.2%	1.4%	1.1%	0.0%	1.3%	0.8%	0.7%	-	-	-	
No. of orders / No. of affiliated stores	236.6	279.7	270.9	273.2	272.2	306.7	296.7	310.3	327.7	373.5	367.3	376.3	358.7	410.8	375.2						

## Q3 FY08/19 results (out June 28, 2019)

### Overview

- For Q3 FY08/19, the company reported consolidated revenue of JPY1.7bn (+20.3% YoY), an operating profit of JPY64mn (-70.8% YoY), and a net income attributable to owners of parent of JPY27mn (-83.7% YoY).

### Demae-can business

Demae-can (JPYmn)	FY08/16				FY08/17				FY08/18				FY08/19			FY08/18	FY08/19	FY08/19
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Cons.	Init. Est.	Est. Q2
Revenue	528	621	617	755	841	931	930	797	859	1,019	1,100	1,100	1,117	1,346	1,405	4,078	6,301	-
YoY	25.3%	21.6%	20.2%	44.6%	59.3%	49.8%	50.8%	5.5%	2.1%	9.5%	18.3%	38.1%	30.0%	32.0%	27.7%	16.5%	54.5%	-
Operating profit	161	102	223	190	232	171	271	180	222	144	226	272	114	-147	64	863	-	-
YoY	27.0%	-51.5%	85.0%	5.2%	43.9%	67.4%	21.7%	-5.2%	-4.5%	-15.8%	-16.6%	50.7%	-48.6%	-	-71.9%	1.1%	-	-
OPM	30.5%	16.4%	36.1%	25.2%	27.6%	18.3%	29.1%	22.7%	25.8%	14.1%	20.6%	24.7%	10.2%	-10.9%	4.5%	21.2%	-	-
Order processing fees	337	408	394	407	415	502	498	524	563	679	677	716	703	855	819	2,634	-	-
YoY	28.8%	29.6%	30.7%	24.7%	23.2%	23.1%	26.2%	28.7%	35.7%	35.1%	36.1%	36.7%	24.9%	26.0%	21.0%	35.9%	-	-
No. of orders (mn)	2.92	3.50	3.46	3.64	3.79	4.41	4.38	4.70	5.08	5.94	5.97	6.33	6.28	7.48	7.13	23.32	33.82	31.49
YoY	25.9%	27.8%	31.0%	27.6%	29.7%	26.0%	26.5%	28.9%	34.1%	34.6%	36.4%	34.8%	23.6%	25.9%	19.5%	35.0%	45.0%	32.1%
Order processing fees / No. of orders	115.2	116.5	113.9	111.7	109.4	113.8	113.6	111.5	110.7	114.3	113.4	113.1	111.9	114.3	114.8	112.9	-	-
YoY	2.3%	1.3%	-0.2%	-2.3%	-5.0%	-2.3%	-0.3%	-0.2%	1.2%	0.4%	-0.2%	1.4%	1.1%	0.0%	1.3%	0.7%	-	-
No. of affiliated stores (quarter-end)	12,505	12,529	13,018	13,656	14,206	14,559	14,953	15,318	15,712	16,081	16,439	17,207	17,834	18,572	19,452	17,207	21,125	20,258
YoY	7.1%	6.1%	8.4%	11.8%	13.6%	16.2%	14.9%	12.2%	10.6%	10.5%	9.9%	12.3%	13.5%	15.5%	18.3%	12.3%	22.8%	18.7%
No. of orders / No. of affiliated stores	236.6	279.7	270.9	273.2	272.2	306.7	296.7	310.3	327.7	373.5	367.3	376.3	358.7	410.8	375.2	1,434.3	1,764.6	1,687.2
YoY	18.7%	20.0%	22.1%	15.9%	15.1%	9.6%	9.5%	13.6%	20.4%	21.8%	23.8%	21.3%	9.4%	10.0%	2.2%	20.3%	23.0%	14.7%
No. of active users (quarter-end; mn)	-	-	1.82	1.92	1.98	2.13	2.24	2.35	2.45	2.55	2.62	2.69	2.74	2.82	2.90	2.69	4.41	3.02
YoY	-	-	-	24.7%	-	-	23.2%	22.4%	23.7%	20.0%	17.0%	14.5%	11.8%	10.6%	10.7%	14.5%	63.9%	-3.5%
No. of orders / Average no. of users	-	-	-	1.9	1.9	2.1	2.0	2.0	2.1	2.4	2.3	2.4	2.3	2.7	2.5	9.3	9.5	10.2
YoY	-	-	-	-	-	-	5.0%	-	8.9%	10.5%	15.2%	16.5%	9.2%	13.3%	8.0%	14.4%	2.9%	#DIV/0!
Total users (quarter-end; mn)	7.37	7.69	7.98	8.30	8.56	8.81	-	-	-	-	-	-	-	-	-	-	-	-
YoY	14.3%	14.9%	15.8%	16.2%	16.1%	14.6%	-	-	-	-	-	-	-	-	-	-	-	-
No. of Sharing Delivery bases	-	-	-	-	-	-	2	10	17	23	33	60	78	104	161	78	210	210
YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	43	46	47	51	49	49	36	37	36	38	42	46	49	56	60	162	-	-
Amortization of goodwill	3	3	3	14	11	11	7	-	-	-	-	-	-	-	-	-	-	-
EBITDA	207	151	273	255	293	230	315	217	257	182	268	317	163	-91	123	1,025	-	-
YoY	19.9%	-40.6%	65.2%	12.7%	41.2%	52.7%	15.5%	-14.8%	-12.1%	-21.1%	-14.9%	46.1%	-36.7%	-	-54.0%	-2.9%	-	-
EBITDA margin	39.3%	24.3%	44.2%	33.8%	34.8%	24.7%	33.9%	27.3%	30.0%	17.8%	24.4%	28.9%	14.6%	-6.8%	8.8%	25.1%	-	-

Source: Shared Research based on company data

The mainstay Demae-can business logged revenue of JPY1.4bn (+27.7% YoY) and an operating profit of JPY64mn (-71.9% YoY).

### Key performance indicators

In the Demae-can business, KPIs were as follows.

- Number of orders: 7.1mn (+19.5% YoY)
- Number of affiliated stores: 19,452 (+18.3% YoY)
- Number of active users: 2.9mn (+10.7% YoY)
- The number of Sharing Delivery® bases was 161, an increase of 57 from end-February 2019.

### Sharing Delivery®

With regard to the main strategy of accelerating development of the Sharing Delivery® business, restaurant chains, such as Sushiro were newly affiliated, and the number of popular regional local restaurants also increased steadily. As for expanding Sharing Delivery® areas, the group advanced into Hokkaido.

### App upgrade

The company announced the complete overhaul of its app on March 28, 2019. The outline is as follows:

- The app has become more intuitive, with improved visualization of waiting times and order categories.
- It is now possible to search by name of restaurant and type of food. This saves time on searching for food, and consequently time spent placing an order.
- Now, orders can be placed before the restaurant opens, where previously orders could not be placed outside of the restaurant's operating hours.
- The pre-order service—previously only available through the website (both smartphone and PC versions)—is now also available through the app.

After complete overhaul, many defects were found in the app, and as a result, the company was not able to achieve the conversion it had expected. According to the company, necessary repairs were completed by the end of May.

## Mail Order business

In Q3 FY08/19, revenue was JPY323mn (-3.9% YoY) and operating profit JPY64mn (+14.7% YoY).

Mail Order (JPYmn)	FY08/16				FY08/17				FY08/18				FY08/19			FY08/18			FY08/19		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Cons.	Init.	Est.	Est.	Q2	
Sales	421	438	420	354	369	384	355	336	348	343	336	326	317	340	323	1,353	1,380	-	-	-	
YoY	-0.9%	0.4%	-1.8%	-12.4%	-12.4%	-12.2%	-15.6%	-4.9%	-5.6%	-10.9%	-5.2%	-3.1%	-8.9%	-0.7%	-3.9%	-6.4%	-	-	-	-	
Internal transaction	23	26	27	25	35	40	38	40	45	52	51	53	54	66	70	200	-	-	-	-	
Sales (incl. internal transaction)	444	464	447	379	403	425	393	376	393	394	387	379	371	407	393	1,553	-	-	-	-	
Operating profit	50	51	62	54	67	78	60	54	49	59	56	55	42	64	64	218	-	-	-	-	
YoY	50.6%	15.5%	-38.6%	112.3%	34.7%	51.8%	-3.0%	-0.5%	-27.4%	-24.8%	-6.4%	1.8%	-13.7%	8.5%	14.7%	-15.7%	-	-	-	-	
OPM	11.8%	11.7%	14.7%	15.3%	18.2%	20.3%	16.9%	16.0%	14.0%	17.1%	16.7%	16.8%	13.3%	18.7%	19.9%	16.1%	-	-	-	-	
Depreciation	2	2	2	2	2	2	3	4	3	3	4	4	4	4	4	14	-	-	-	-	
Amortization of goodwill	26	26	26	26	26	26	26	26	26	26	17	-	-	-	-	69	-	-	-	-	
EBITDA	78	79	89	82	95	106	88	83	77	88	77	59	46	68	68	301	-	-	-	-	
YoY	26.0%	6.9%	-31.1%	50.8%	21.8%	33.6%	-1.4%	2.0%	-18.2%	-17.1%	-12.6%	-29.5%	-40.5%	-22.6%	-11.3%	-19.1%	-	-	-	-	
EBITDA margin	18.5%	18.1%	21.3%	23.1%	25.7%	27.5%	24.8%	24.8%	22.2%	25.6%	22.9%	18.1%	14.5%	19.9%	21.2%	22.3%	-	-	-	-	

Source: Shared Research based on company data

## Other topics

Issue of stock acquisition rights by third party allotment with a variable exercise price

On April 19, 2019, the company announced an issue of stock acquisition rights by third party allotment with a variable exercise price.

- ▷ Date of allotment: May 9, 2019
- ▷ Exercise period of stock acquisition rights: Two years (May 10, 2019 to May 7, 2021)
- ▷ Amount to be raised: JPY3,606mn (estimated proceeds after deductions: JPY3,586mn).

The total amount to be raised may increase or decrease depending on adjustments or revisions to the exercise price.

- ▷ Number of issuable shares: 2.2mn shares (100 shares per stock acquisition right).

If all the stock acquisition rights are exercised, the total number of shares delivered will be 2.2mn with an anticipated dilution of 4.96%.

- ▷ Specific purpose of funds to be raised:
  - System development expenses for the Demae-can business: JPY3.0bn (expected to be spent from July 2019 to August 2021)
  - Future funds for M&A and capital and business alliances: JPY585mn (expected to be spent from July 2019 to August 2021)
- ▷ Minimum exercise price: JPY1,631
- ▷ Exercise price and terms of adjustment of the exercise price (initial exercise price: JPY1,631)

The initial exercise price for the stock acquisition rights is the closing price of the ordinary shares of the company on the Tokyo Stock Exchange on April 18, 2019, the day before the planned issue date. The company's consent is required for exercise of stock acquisition rights at a price below JPY2,000. However, the exercise price may be adjusted to a value equivalent to 92% of the closing price of the company's ordinary shares on the Tokyo Stock Exchange on the day prior to the notified date of exercise. If the adjusted exercise price falls below the minimum exercise price, the exercise price shall be the minimum exercise price.

- ▷ Method of allocation: Third-party allocation to Macquarie Bank Ltd.
- ▷ Number of stock acquisition rights to be issued: 22,000 units
- ▷ Total issue value: JPY17.6mn (JPY800 per stock acquisition right)

## Business alliance with Recruit

The company entered into a business alliance with Recruit Co., Ltd., an intermediate holding company under Recruit Holdings Co., Ltd. This follows the start of cooperation between Recruit Lifestyle Co., Ltd.'s POS cash register application AirREGI and Demae-can order information.

## Comparable US companies

In Japan, direct competitor Uber Eats (Japanese operations) is not listed and Rakuten Delivery is part of Rakuten (TSE1: 4755), so data are difficult to obtain. A US company operating the same business model as Yume no Machi and growing is Grubhub, Inc. (NYSE: GRUB). We compared Yume no Machi and Grubhub.

Yume no Machi Souzou linkai (JPYmn)	FY08/16				FY08/17				FY08/18				FY08/19			FY08/13	FY08/18	FY08/18
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Cons.	Est. Q2
Revenue	949	1,059	1,037	1,109	1,210	1,316	1,285	1,133	1,207	1,362	1,436	1,426	1,434	1,686	1,728	5,431	7,681	7,000
YoY	12.1%	11.8%	10.2%	19.7%	27.5%	24.2%	23.9%	2.2%	-0.3%	3.5%	11.8%	25.8%	18.8%	23.8%	20.3%	9.8%	41.4%	28.8%
Total costs	807	891	829	1,014	1,012	1,209	1,021	1,011	997	1,233	1,201	1,160	1,306	1,851	1,653	4,591	-	-
YoY	3.6%	4.4%	5.6%	-1.1%	25.4%	35.7%	23.2%	-0.3%	-1.5%	2.0%	17.6%	14.7%	31.0%	50.1%	37.6%	7.9%	-	-
% of sales	85.0%	84.1%	79.9%	91.4%	83.6%	91.9%	79.5%	89.2%	82.6%	90.5%	83.7%	81.3%	91.1%	109.8%	95.7%	84.5%	-	-
Pre-tax profit	142	169	208	95	198	107	264	123	210	129	235	266	128	-164	74	840	-	-
YoY	109.5%	78.8%	33.6%	-	39.3%	-36.8%	26.4%	28.8%	5.9%	21.1%	-10.9%	117.4%	-39.2%	-	-68.3%	21.6%	-	-
Pre-tax margin	15.0%	15.9%	20.1%	8.6%	16.4%	8.1%	20.5%	10.8%	17.4%	9.5%	16.3%	18.7%	8.9%	-9.8%	4.3%	15.5%	-	-
Income taxes	53	62	69	89	79	45	69	67	69	46	71	97	36	-40	48	282	-	-
Implied tax rate	37.4%	37.0%	33.0%	93.4%	40.0%	42.3%	26.1%	55.1%	32.7%	35.6%	30.2%	36.3%	28.3%	24.1%	64.1%	33.6%	-	-
Non-controlling interests	-3	-2	-1	-0	-0	-1	-1	-1	-0	-1	-0	-0	-0	-	-	-1	-	-
Net income attributable to owners of parent	92	109	141	6	119	62	195	56	142	83	164	170	92	-125	27	559	79	-300
YoY	187.2%	335.0%	38.7%	-	30.1%	-42.8%	38.7%	762.2%	18.7%	34.2%	-16.2%	204.6%	-35.4%	-	-83.7%	29.1%	-85.9%	-
Net margin	9.7%	10.3%	13.6%	0.6%	9.9%	4.7%	15.2%	4.9%	11.7%	6.1%	11.4%	11.9%	6.4%	-7.4%	1.5%	10.3%	1.0%	-4.3%
No. of active users (quarter end; mn)	-	-	1.82	1.92	1.98	2.13	2.24	2.35	2.45	2.55	2.62	2.69	2.74	2.82	2.90	2.69	4.41	3.02
YoY	-	-	-	-24.7%	-	-	-23.2%	22.4%	23.7%	20.0%	17.0%	14.5%	11.8%	10.6%	10.7%	14.5%	63.9%	-3.5%
No. of orders / No. of active users	-	-	-	1.9	1.9	2.1	2.0	2.0	2.1	2.4	2.3	2.4	2.3	2.7	2.5	9.3	9.5	8.5
YoY	-	-	-	-	-	-	-	-5.0%	8.9%	10.5%	15.2%	16.5%	9.2%	13.3%	8.0%	14.4%	2.9%	-2.5%
No. of orders (mn)	2.92	3.50	3.46	3.64	3.79	4.41	4.38	4.70	5.08	5.94	5.97	6.33	6.28	7.48	7.13	23.32	33.82	31.49
YoY	25.9%	27.8%	31.0%	27.6%	29.7%	26.0%	26.5%	28.9%	34.1%	34.6%	36.4%	34.8%	23.6%	25.9%	19.5%	35.0%	45.0%	32.1%
No. of affiliated stores (quarter end)	12,505	12,529	13,018	13,656	14,206	14,559	14,953	15,318	15,712	16,081	16,439	17,207	17,834	18,572	19,452	17,207	21,125	20,258
YoY	7.1%	6.1%	8.4%	11.8%	13.6%	16.2%	14.9%	12.2%	10.6%	10.5%	9.9%	12.3%	13.5%	15.5%	18.3%	12.3%	22.8%	18.7%

  

Grubhub inc. (USDmn)	Q4	FY12/16				FY12/17				FY12/18				FY12/15	FY12/16	FY12/17	FY12/18
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Cons.	Cons.	Cons.	Cons.
Revenue	100	112	120	123	137	156	159	163	205	233	240	247	288	362	493	683	1,007
YoY	36.3%	27.2%	36.6%	44.1%	37.5%	39.1%	32.1%	32.1%	49.2%	49.0%	51.0%	51.6%	40.3%	42.5%	36.3%	38.5%	47.5%
Total costs	84	95	98	103	114	131	137	146	179	201	205	225	290	300	409	593	922
YoY	47.8%	35.9%	36.1%	38.8%	35.5%	38.2%	40.0%	41.8%	56.7%	53.3%	50.3%	54.8%	62.3%	43.6%	36.5%	44.9%	55.4%
% of revenue	84.4%	84.6%	81.3%	83.2%	83.1%	84.0%	86.1%	89.3%	87.2%	86.4%	85.7%	91.2%	101.0%	82.9%	83.0%	86.9%	91.6%
Pre-tax profit	16	17	23	21	23	25	22	17	25	32	34	22	-5	62	84	90	81
YoY	-3.9%	-5.9%	39.0%	78.0%	48.6%	44.2%	-1.9%	-16.1%	8.2%	26.3%	55.3%	25.4%	-	37.7%	35.4%	6.9%	-9.2%
Pre-tax margin	15.6%	15.4%	18.7%	16.8%	16.9%	16.0%	13.9%	10.7%	12.3%	13.6%	14.3%	8.8%	-1.7%	17.1%	17.0%	13.1%	8.1%
Income taxes	4	7	10	8	10	7	7	4	-28	-0	4	-1	0	24	34	-9	3
Implied tax rate	27.8%	42.7%	43.1%	36.5%	41.3%	29.1%	33.2%	25.4%	-112.8%	-0.7%	12.2%	-5.6%	-4.7%	38.5%	40.9%	-10.4%	3.6%
Net income attributable to owners of parent	11	10	13	13	14	18	15	13	54	31	30	23	-5	38	50	99	78
Active Diners (mn)	6.75	6.97	7.35	7.69	8.17	8.75	9.18	9.81	14.46	15.08	15.58	16.38	17.69	6.75	8.17	14.46	17.69
YoY	34.1%	24.4%	23.9%	19.5%	21.2%	25.6%	24.8%	27.6%	76.9%	72.3%	69.8%	67.0%	22.3%	34.1%	21.2%	76.9%	22.3%
No. of orders / Average no. of users	3.4	3.6	3.4	3.3	3.4	3.5	3.2	3.0	3.0	2.7	2.5	2.4	2.5	14.1	13.5	10.8	9.9
YoY	-13.1%	-10.5%	-0.8%	4.0%	0.5%	-2.9%	-7.5%	-9.8%	-12.3%	-22.9%	-21.2%	-18.9%	-15.2%	-10.8%	-4.2%	-20.1%	-8.1%
Daily Average Grubs ('000)	242	268	271	268	293	325	314	305	393	437	423	416	468	227	275	334	436
DAG x No. of days (mn)	22.25	24.38	24.67	24.61	26.91	29.21	28.56	28.01	36.11	39.32	38.51	38.27	43.01	82.89	100.58	121.91	159.10
YoY	19.3%	15.4%	23.2%	26.5%	21.0%	19.8%	15.8%	13.8%	34.2%	34.6%	34.8%	36.6%	19.1%	24.2%	21.3%	21.2%	30.5%
Gross food sales	643	713	733	735	818	898	880	867	1,139	1,245	1,220	1,215	1,377	2,354	2,998	3,794	5,057
YoY	26.5%	20.8%	29.1%	32.8%	27.3%	26.0%	20.1%	18.0%	39.2%	38.6%	38.7%	40.0%	20.9%	31.7%	27.4%	26.5%	33.3%

Source: Shared Research based on company data.

However, because Uber was listed in 2019 (NYSE: UBER), Uber Eats figures (on a global basis) for January–March 2019 are shown for reference.

- ▷ Revenue: USD536mn (+89% YoY)
- ▷ Gross Bookings: USD3.1bn (+108% YoY)
- ▷ Adjusted Net Revenue: USD239mn (+31% YoY)

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