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Frequently Asked Questions from Investors and Answers (March 2025)

We, dely inc., appreciate your continued interest in us and hereby disclose the main questions recently raised from investors and our answers to them.

This disclosure is intended to enhance information disclosure to investors and to ensure fair disclosure. Please be informed there may be some discrepancies in the answers due to timing differences in disclosure.

Q1. What are the full year expected results?

Both net sales and Non-GAAP OP are steadily progressing toward the FY2024 full-year business plan which was disclosed in Dec. 2024 at the time of listing.

The progress ratios of net sales and non-GAAP OP for nine months ended Dec. 31, 2024 were respectively approx. 75.4% and approx. 81.6% of the plan disclosed at the time of listing.

In particular, the progress ratios of the net sales of Media (Engagement) and Shopping (Promotion) for nine months ended Dec. 31, 2024 were respectively approx. 77.0% and approx. 75.1%. Both businesses remain steady in 4Q and we are very likely to achieve the company's plan.

Q2. What are the expected gross profit margin and Non-GAAP OP margin for the future?

Gross profit margin will slightly decline but we expect Non-GAAP OP margin to remain at the current level in the mid to long-term, with a lower Non-GAAP SG&A ratio through operating leverage.

Shopping (Promotion) has a lower gross profit margin of approx. 40 to 45% versus approx. 60 to 65% of Media (Engagement). A higher revenue increase is expected for Shopping (Promotion) in the future, and the overall gross profit margin will slightly decline due to a change in the sales mix.

On the other hand, Non-GAAP SG&A ratio will decline as the acquisition efficiency of projects improves with an increase in the number of Kurashiru Rewards users driven by the effect of operating leverage. Over the next one to two years, we see the decrease in gross profit margin will be more impactful than the decrease in Non-GAAP SG&A ratio. After that, Non-GAAP OP margin is expected to remain at the same level as the operating leverage increases.

Q3. Are there any seasonal variations in business performance?

The high demand season for Shopping (Promotion) is 3Q and on a company-level, 3Q is likely to see the highest growth in net sales.

Shopping (Promotion) sees a soaring demand from retailers and CPGs toward the year-end sales in 3Q which coincides with the promotional season for E-Commerce. Consequently, we see the largest increase in net sales in 3Q.

As Shopping (Promotion) will have a higher ratio to total sales going forward, we expect the peak demand season at the company level to approach 3Q.

Q4. What is the competitive environment of purchase-based offers (Service name: POS Age-kun)?

We consider companies who can provide digital marketing support both to retailers and CPGs will be our competitors. There are limited companies who can directly compete with us by supporting users from the stage of purchase planning and undertaking promotional activities based on the accumulated user information.

In addition, we understand there are limited internet platformers who can widely gather users and have certain valuable relationship both with retailers and CPGs as we do. Even if a new competitor enters the market, it would take a very long time to build a valuable relationship both with retailers and CPGs. A considerable lead time would be necessary before the new entrant directly competes with us.

Q5. What is your future shareholder return policy?

Currently, we do not have a fixed policy but recognize shareholder returns to shareholders to be an important management issue from a mid to long term perspective.

We have recently been able to secure profit while prioritizing growth investment. As such, we will continue to consider shareholder returns as an important issue.

End