

September 13, 2021

Dear Sirs and Madams

Head Office 5-27-5, Sendagaya, Shibuya-ku, Tokyo
Company Demae-can Co., Ltd.
Representative Hideo Fujii, President and CEO
(Securities Code:2484; TSE JASDAQ Market)
Contact Motoki Kobayashi,
Finance and Accounting Division General
Manager
TEL : 050-5445-5382
URL : <https://corporate.demae-can.com/en/>

Notice Concerning Issuance of New Shares and Disposal of Treasury Shares through International Offering

Demae-can Co., Ltd. (the "Company") hereby announces that, at the meeting of the Board of Directors held on September 13, 2021, it resolved to issue new shares and dispose of treasury shares through an international offering (the "International Offering"), as follows.

Concurrently with the International Offering, the Company is conducting third party allotments (the "Third Party Allotments") to Z Holdings Corporation and NAVER Corporation, subject to increase to a maximum of 39,382,500 Shares, at the price equivalent to the offer price in the International Offering. See "Notice Concerning Issuance of New Shares through Third-Party Allotments" for details of the Third-Party Allotments.

1. Issuance of New Shares through the International Offering

- (1) Class and number of shares to be offered 16,053,900 shares of common stock of the Company
- (2) Method of determination of the amount to be paid in of The amount to be paid in shall be determined on any day between September 15, 2021 (Wed) and September 17, 2021 (Fri) (the "Pricing Date") in accordance with the same book-building method as prescribed in Article 25 of the Rules Concerning Underwriting, etc. of Securities adopted by the Japan Securities Dealers Association.
- (3) Amount of stated capital and capital reserve to be increased of stated capital increased amount of stated capital, as calculated pursuant to Article 14, Paragraph 1 of the Rules of Corporate Accounting, with any fraction less than one (1) yen resulting from such calculation being rounded up. The amount of capital reserve to be increased shall be the amount obtained by subtracting said amount of stated capital to be increased from the maximum increased amount of stated capital.
- (4) Method of offering The offering shall be made in international markets mainly consisting of Europe and Asia (provided, however, that this excludes the United States and Canada) and the underwriters shall subscribe for all shares severally but not jointly. The issue price (offer price) shall be determined on the Pricing Date, taking into consideration the level of demand and other factors, in accordance with the same book-building method as prescribed in Article 25 of the Rules Concerning

Underwriting, etc. of Securities adopted by the Japan Securities Dealers Association, with the provisional term being the price obtained by multiplying the closing price for ordinary transactions of the common stock of the Company on the Tokyo Stock Exchange, Inc. ("TSE") on the Pricing Date by 0.90 ~ 1.00 (if there is no closing price on that day, the closing price on the most recent day prior to that day) (any fraction less than one (1) yen resulting from such calculation shall be rounded down).

- (5) Consideration for underwriters The Company shall not pay any underwriting commissions to the underwriters, although the aggregate amount obtained by subtracting the amount to be paid in (the amount to be paid from the underwriters to the Company) from the issue price (offer price) shall constitute proceeds to the underwriters.
- (6) Payment date September 30, 2021 (Thu)
- (7) Delivery date October 1, 2021 (Fri)
- (8) Subscription unit 100 shares
- (9) The determination of the amount to be paid in, the amount of stated capital and capital reserve to be increased, the issue price (offer price) and any other matters necessary for the issuance of new shares through an international offering shall be delegated to the President and CEO of the Company or a person designated by him.
- (10) If the disposal of treasury shares through an international offering is canceled, the issuance of new shares through an international offering shall also be canceled.

2. Disposal of Treasury Shares through the International Offering

- (1) Class and number of shares to be offered 3,240,000 shares of common stock of the Company
- (2) Method of determination of the amount to be paid in of The amount to be paid in shall be determined on the Pricing Date in accordance with the same book-building method as prescribed in Article 25 of the Rules Concerning Underwriting, etc. of Securities adopted by the Japan Securities Dealers Association. The amount to be paid in shall be the same amount as the amount to be paid in for the issuance of new shares through an international offering.
- (3) Method of offering The offering shall be made in international markets mainly consisting of Europe and Asia (provided, however, that this excludes the United States and Canada) and the underwriters shall subscribe for all shares severally but not jointly. The disposal price (offer price) shall be determined on the Pricing Date, taking into consideration the level of demand and other factors, in accordance with the same book-building method as prescribed in Article 25 of the Rules Concerning Underwriting, etc. of Securities adopted by the Japan Securities Dealers Association, with the provisional term being the price obtained by multiplying the closing price for ordinary transactions of the common stock of the Company on the TSE on the Pricing Date by 0.90 ~ 1.00 (if there is no closing price on that day, the closing price on the most recent day prior to that day) (any fraction less than one (1) yen resulting from such calculation shall be rounded down). The disposal price (offer price) for the disposal of treasury shares through an international offering shall be the same as the issue price (offer price) for the issuance of new shares through an international offering.
- (4) Consideration for underwriters The Company shall not pay any underwriting commissions to the underwriters, although the aggregate amount obtained by subtracting the amount to be paid in (the amount to be paid from the underwriters to the Company) from the disposal price (offer price) shall constitute proceeds to the underwriters.

- (5) Payment date The same date as the payment date for the issuance of new shares through an international offering.
- (6) Delivery date The same date as the delivery date for the issuance of new shares through an international offering.
- (7) Subscription unit 100 shares
- (8) The determination of the amount to be paid in, the disposal price (offer price) and any other matters necessary for the disposal of treasury shares through an international offering shall be delegated to the President and CEO of the Company or a person designated by him.
- (9) If the issuance of new shares through an international offering is canceled, the disposal of treasury shares through and international offering shall also be canceled.

<Reference>

Use of proceeds

(1) Use of proceeds raised this time

With respect to the estimated total net proceeds of approximately 80 billion yen from the International Offering and the Third-Party Allotments, 65 billion yen will be applied towards working capital (marketing expenses) before the end of February 2024, 10 billion yen towards capital expenditure (system enhancement/development funds) before the end of February 2024, and 5 billion yen towards working capital (funds to increase the number of riders) before the end of February 2024.

(Note)

1. The total estimated net proceeds from the International Offering and the Third-Party Allotments is an estimated amount calculated based on the closing price of the Company's common stock on the TSE as of September 10, 2021 (Fri).
2. The Company intends to ensure stable fund management through bank deposits until the funds raised through the International Offering and the Third-Party Allotments are applied to the use of proceeds described above.
3. No priority order of application of the funds raised is determined at the moment, and it is planned to appropriate the funds in order of timing of disbursement.

The specific use and scheduled timing of expenditure are as follows.

(i) Working capital (marketing expenses)

As demand for food delivery services in Japan rapidly increases and the overall market grows, competition with major food delivery operators is intensifying. In light of this competitive environment, in order for the Company to achieve sustainable growth into the future, the Company has determined that it will be necessary to focus on accelerating the growth of the gross merchandise value of the Company, which is one of the performance targets under its medium-term business plan, by carrying out more intensive marketing activities and to further increase the number of users, merchants and riders in advance. Accordingly, the Company plans to actively and flexibly implement brand advertising such as TV commercials and promotional coupons to promote the use of its service, in order to increase the number of service users and to attract merchants and riders. Before the end of February 2024, the Company plans to allocate 65 billion yen to promote the use of the service not only to existing users, but also to those who have not yet used the service, by doubling the marketing expenditures, which was approximately 15 billion yen per year in the fiscal year ending August 2021.

With regard to marketing expenses, given the significant impact on management, the Company plans to implement investments in stages after confirming the degree of realization of the initial investment effect.

(ii) Capital expenditure (system enhancement/development funds)

The Company has been working to further improve the user experience ("UX," the experience users get through services) and user interface ("UI," information users see on screen) in system enhancement and system development. In order for the Company to continue to lead the domestic food delivery industry, it is essential

to improve UX and UI increase sales at merchants, and improve delivery efficiency through proactive product improvement. In addition, the Company believes that it is necessary to flexibly construct a system foundation in the event that the "PayPay Direct by ASKUL" for daily necessities and groceries, which the Company, Z Holdings Corporation and ASKUL Corporation are conducting trials becomes full-scale in the future.

Specifically, the Company plans to apply a total of 10 billion yen before the end of February 2024 for the improvement of the existing "Demae-can" business system and the construction of a new system.

These statements are based on reasonable estimates based on currently available information. However, even if any of the funds raised for system development is not invested within the scheduled time period, it will be applied for system development to be materialized in the future, since continuous system development is required due to the characteristics of the Company's business, and an alternative use is not expected at this time.

(iii) Working capital (funds to increase the number of riders)

The rising demand of people staying home triggered by the spread of the COVID-19 has led to a sharp increase in the demand of the Company's "Sharing Delivery", which is an alternative delivery service for restaurants that do not have a delivery function. The Company strives to provide services within the delivery time that satisfies the users by utilizing both part-time delivery staffs and delivery partners (outsourced delivery staffs). At the same time, competition with other major food delivery operators for riders is also intensifying. Therefore, the Company recognizes that there is a risk that it may miss revenue opportunities in the future due to delays in delivery time during peak order times. In order to improve this situation, the Company has determined that it is necessary to establish a rational delivery staff system that functions flexibly according to the order time, and to strengthen the Sharing Delivery function by increasing the number of riders in order to expand the delivery network. As a result, the Company plans to apply 5 billion yen before the end of February 2024 as expenses used for securing riders.

The increase in riders for the purpose of enhancing the sharing delivery function will have a significant impact on management, and the Company plans to implement investments in stages after confirming the degree of realization of the initial investment effect.

End

Note: This press release has been prepared for the purpose of making a public announcement regarding the issuance of the Company's new shares and disposal of treasury shares through an international offering, and not for the purpose of soliciting investment or any other similar act within or outside Japan.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The common stock of the Company have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"). The common stock of the Company may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. Any public offering of securities in the United States will be made by means of an English prospectus prepared in accordance with the Securities Act. In such case, the prospectus may be obtained from the Company. It contains detailed information about the Company and its management, and the financial statements of the Company. The Company does not plan to register any securities in the United States in this matter.