

September 13, 2021

Dear Sirs and Madams

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Company Demae-can Co., Ltd.
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Notice Concerning Issuance of New Shares through Third-Party Allotments

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 through third-party allotments (the "Third-Party Allotments"), as follows.

Concurrently with the Third-Party Allotments, the Company is conducting an issuance of new shares and disposal of treasury shares through an international offering (the "International Offering"). See "Notice Concerning Issuance of New Shares and Disposal of Treasury Shares through International Offering" for details of the International Offering.

(Purpose of Financing)

The Company has been accelerating its efforts to expand Demae-can in order to realize a world where "delivery services is a part of everyday life". In August 2016, the Company launched the Sharing Delivery business with the aim of enabling restaurants that do not have delivery functions to start delivering.

Demand for food delivery services surged in response to the rising demand to stay home triggered by the spread of COVID-19 that began in the first half of 2020, and significant progress has been made concerning the introduction of delivery services at restaurants. The Company believes that the current growth in the food delivery market is not a transient one due to COVID-19, but derives from the spread of food delivery due to lifestyle changes, and can expect continuous expansion of the market into the future.

By entering into a capital and business alliance agreement with LINE Corporation ("LINE") in March 2020 and strengthening its collaboration with LINE, the Company's "Demae-can" business is enhancing its delivery ecosystem by establishing its position as one of the largest food delivery platforms in Japan, with more than 74,000 merchants and more than 6.5 million active users ("Demae-can" users who used "Demae-can" within the last year), and provides Sharing Delivery service in all 47 prefectures as of May 31, 2021. In addition, by collaborating with LINE ID, Demae-can, which was originally strong for families, is now being used by LINE users. As a result, the service is being used by young people in their 20s, etc. and becoming a more familiar service.

In July 2021, the Company, Z Holdings Corporation ("ZHD") and ASKUL Corporation ("ASKUL") started trial of "PayPay Direct by ASKUL" for daily necessities and groceries. The B-to-C-EC market scale in 2020, announced by the Ministry of Economy, Trade and Industry, was large at 12,233,300,000,000 yen, and demand is expected to increase further into the future. Through the above trial, the Company, ZHD and ASKUL aim to understand the instant delivery needs of the last one mile of the delivery destination, consider the expansion of the products handled and expansion to other regions and services, and further improve the user experience. In addition, the Company

will strive to expand the delivery business, and aim to become an infrastructure for instant delivery.

On the other hand, since major overseas food delivery operators entered the domestic food delivery market in 2016, focusing on the growth potential of the domestic food delivery market, the competitive environment has become increasingly severe, particularly due to the increase in new entrants in the last 1-2 years, and domestic food delivery operators including the Company are in the midst of intense competition for users, merchants, and riders. However, under the severe competitive environment, it has become difficult to continue such competition, and there are signs of industry consolidation such as the withdrawal of some businesses and business integration.

Under these circumstances, in order for the Company to grow steadily into the future, we believe it is essential to increase profitability by acquiring an overwhelming market share through further acquisition of users, merchants and riders, to improve the user experience through product improvement, increase merchants' sales and improve delivery efficiency, and maintain our position as the No.1 platform for distribution volume. Based on the above, we concluded that further measures to increase market share and investment for growth are essential to become a leader in the domestic food delivery industry.

In order to respond to such capital needs, the Company has resolved to raise a total of approximately 80 billion yen through the issuance of new shares and disposal of treasury shares. The Company has already realized synergies with ZHD and its subsidiary, LINE (collectively, the "ZHD Group") such as promotion of user acquisition and reduction of user acquisition costs through the LINE/Yahoo! JAPAN platform. Furthermore, considering expanding the "PayPay Direct by ASKUL" among the Company, ZHD and ASKUL as described above, the Company has assessed that ZHD Group continuing to own 38.29% of the existing substantial shareholding in the Company (the total of LINE's shareholding ratio (35.79%) and 10% of the shareholding ratio of Mirai Fund Limited Liability Partnership (24.99%), which is equivalent to LINE's equity interest) after the International Offering and procuring funds in a manner that enables the maximization of the aforementioned synergies will enhance the Company's corporate value, and has decided to conduct the Third-Party Allotment to ZHD. In addition, in order to support the Company's capital needs as much as possible, ZHD committed in the Share Subscription Agreement (hereinafter referred to as the "Share Subscription Agreement (ZHD)") to subscribe for the Third-Party Allotment up to a maximum of 22,740,700 shares even if the shareholding ratio exceeds the substantial shareholding ratio described above, with the aim of maintaining the total amount of the procured funds at approximately 80 billion yen regardless of future stock price trends. If ZHD Group subscribes for a Third-Party Allotment of 22,740,700 shares, ZHD Group's shareholding ratio in the Company (combined with LINE's shareholding ratio) is expected to be 41.99% at most.

Under the Share Subscription Agreement (ZHD), in addition to the above, the Company and ZHD have agreed to combine their respective strengths and consider providing human resources, sending customers and service integration in order to achieve the No. 1 distribution volume in the domestic food delivery market, and to expand the business in the daily necessities domain and other domains other than food delivery.

Furthermore, the Company has decided to conduct the Third-Party Allotment of the number of shares equivalent to 18 billion yen to NAVER Corporation ("NAVER"), which holds 90% interest in Mirai Fund Limited Liability Partnership, and is the Company's second largest shareholder as of February 28, 2021 (shareholding ratio: 24.99%), from the perspective of receiving continuous support for the Company's management as a stable shareholder. Since NAVER needs to take procedures under the Foreign Exchange and Foreign Trade Act in order to acquire the Company's shares, NAVER has agreed in the Share Subscription Agreement (hereinafter referred to as the "Share Subscription Agreement (NAVER)") with respect to the timing and number of applications and payments for the Third-Party Allotment, which is different from those for the International Offering and the Third Party Allotment to ZHD.

Issuance of New Shares through Third-Party Allotments to Z Holdings Corporation and NAVER Corporation (The Third-Party Allotments)

- (1) Class and number of shares to be offered 39,382,500 shares of common stock of the Company
The above number of shares to be offered is the number of shares to be offered based on the resolution under Article 199, Paragraph 1 of the Companies Act of

the Third-Party Allotments adopted at the meeting of the Board of Directors held on September 13, 2021 (Mon).

Among the allottees described in (4) below, ZHD plans to subscribe, within 22,740,700 shares out of the above number of shares to be offered, for the number of shares (rounded down to the nearest 100 shares) (the "Minimum Allotment") necessary to increase the ZHD Group's substantial shareholding ratio of the Company (the total of ZHD's shareholding ratio, LINE Corporation's shareholding ratio, and the 10% of Mirai Fund Limited Partnership's shareholding ratio, which is equivalent to LINE Corporation's equity interest) to 38.29% after the International Offering and the Third Party Allotments. Furthermore, if the total of the amount to be paid in for the International Offering, the amount obtained by multiplying the Number of Shares Subject to Subscription (NAVER) (as defined below) by the amount to be paid in described in (2) below and the amount obtained by multiplying the Minimum Allotment by the amount to be paid in as described in (2) below minus the amount of expenses for the issuance relating to the International Offering and the Third-Party Allotments falls below 80 billion yen, an additional subscription will be made for the number of shares obtained by dividing the difference by the amount to be paid in as described in (2) below (to be rounded down to the nearest 100 shares and shall not exceed the number of shares obtained by deducting the Minimum Allotment from 22,740,700 shares) (collectively with the Minimum Allotment, the "Number of Shares Subject to Subscription (ZHD)).

Among the allottees described in (4) below, NAVER plans to subscribe for the number of shares (rounded down to the nearest 100 shares) (the "Number of Shares Subject to Subscription (NAVER)") obtained by dividing 18 billion yen by the amount to be paid in described in (2) below, within 16,641,800 shares out of the above number of shares to be offered. However, if the payment by NAVER is made on or after October 1, 2021 (Fri), the subscription will be made to the extent that aggregate voting rights of the Company held by NAVER and Mirai Fund Limited Partnership after the International Offering and the Third-Party Allotments will not exceed 20.00% (rounded down to the nearest 100 shares). As the common stock of the Company will be issued to the extent of the subscription, the actual number of shares to be issued in the Third - Party Allotments may be reduced below the number specified above.

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| (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) (hereinafter referred to as the "Pricing Date"). The amount to be paid in shall be the same as the issue price and disposal price (offer price) of the International Offering. |
| (3) Amount of stated capital and capital reserve to be increased | of | The amount of stated capital to be increased shall be half of the maximum 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) Allottee and number of shares to be allotted | of | Z Holdings Corporation 22,740,700 shares NAVER Corporation 16,641,800 shares |
| (5) Subscription period | of | From September 29, 2021 (Wed) to October 28, 2021 (Thu) |

(Subscription date)

- (6) Payment period From September 30, 2021 (Thu) to October 29, 2021 (Fri)
- (7) Subscription unit 100 shares
- (8) The determination of the amount to be paid in, the amount of stated capital and capital reserve to be increased and any other matters necessary for the Third-Party Allotments shall be delegated to the President and CEO of the Company or a person designated by him.
- (9) The Third-Party Allotments shall be subject to the effectiveness of the registration under the Financial Instruments and Exchange Act. If the International Offering is cancelled, the Third-Party Allotments shall also be cancelled.

The payment by ZHD for the Third-Party Allotment is scheduled for September 30, 2021 (Thu). The payment by NAVER for the Third-Party Allotment is scheduled for September 30, 2021 (Thu), but may be made on a different date due to the procedures under the Foreign Exchange and Foreign Trade Act. In addition, if procedures under the Foreign Exchange and Foreign Trade Act are not completed during the subscription period, the payment by NAVER may not be made.

- (Note) In the event of payment for the issuance of new shares through the Third-Party Allotments, we will disclose the fact.

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