



	is revised or adjusted. In addition, it may decrease when the stock acquisition rights are not exercised during the exercise period and the stock acquisition rights the Company has acquired are cancelled.
6) Strike price and option to revise the exercise price	<p>Exercise price: 1,631 yen (hereinafter called the “minimum exercise price”)</p> <p>Exercising at an exercise price falling short of 2,000 yen requires approval of the Company. However, the exercise price will be revised to an amount (calculated to the third decimal place and any fraction after the third decimal place is rounded up) equivalent to 92% of the closing prices (if no closing price is quoted, the closing price of the immediately preceding date) for ordinary transactions of the common shares of the Company at the Tokyo Stock Exchange on the business day immediately preceding the notice date. If the revised exercise price is lower than the minimum exercise price, the exercise price is the minimum exercise price.</p>
7) Subscription or allocation method (scheduled subscriber)	It will be done by way of a third-party allocation to Macquarie Bank Limited.
8) Others	<p>The Company is to enter into a purchase agreement related to the stock acquisition rights (hereinafter called the “purchase agreement”) with the scheduled subscriber after notification based on the Financial Instruments and Exchange Law becomes effective.</p> <p>It is to be stipulated in the purchase agreement that when MBL transfers the stock acquisition rights after obtaining prior approval at the Board of Directors of the Company, a transferee shall take over from MBL all the rights and obligations of the scheduled subscriber under the purchase agreement.</p>

## 2. Purpose of and reason for the subscription

Looking at the market environment surrounding *Demae-can* business, the food delivery business has been seeing rapid growth in market size not only in Western countries but also in the Asian region. *Demae-can* business has been growing as Japan’s first meal delivery service via the Internet since the foundation of the Company twenty years ago. Participating food service providers and active users (*Demae-can* users who used the service within the last one year) have increasingly steadily as the level of recognition of *Demae-can* enhances. Moreover, the number of orders has been rising as well. The Company believes that measures to enhance the level of customer satisfaction for participating food service providers and active users will embody the management principles and enable sustainable growth in accordance with the Company’s code of conduct and realize sustainable growth. The Company acknowledges that reinforcing its system infrastructure is critical, as an Internet business operator, enhancing the operation of participating food service providers from order receipt through the completion of cooking. This includes creating an environment where users can reliably connect to the

service via communication means such as the Internet going forward, or enhancing response to ensure a stress-free experience for *Demae-can* users. In addition, what's important is to improve the function of *Demae-can* business itself, such as a search function for delivery menus or recommended menu by time of day. The Company acknowledges that needs to make investments to rapidly institute these measures.

The Company's efforts going forward will lead to an increased contribution to society at the same time. The Company believes that *Demae-can*, as "infrastructure to support a meal delivery culture" to be built up beyond sustainable growth, will serve as a solution to "social issues concerning food" such as food loss, given the business model of *Demae-can* which evolves as social infrastructure. To that end, in *Demae-can* business via the Internet, a possible new business opportunity including *Sharing Delivery* business has been presenting itself by advancing analysis of features of users' behaviors against a backdrop of big data in the marketing field where active users are increasing and the use of AI, etc., as a means of analysis. The Company is convinced that the use of new technology such as technology related to information gathering, data mining and robotics will not only enhance convenience for *Demae-can* users but also bolster its ability to make proposals and lead to improvements of store operations. The Company believes that this initiative will become more important than ever.

To drive the growth of the Group by capturing this business opportunity, it is not sufficient merely to allocate additional resources (securing human resources, branding investments) for the reinforcement of existing businesses. The Company is considering a new development method to accelerate development speed and system development investment, by adopting a structure more conducive to development to increase the probability of sustainable growth for the medium-term. At the same time, the Company also acknowledges that it is essential to proceed with capital/business collaboration or acquisition of state-of-the-art information, technology and knowhow through M&A, etc., to enable the active use of external resources.

With the aim of maximizing its shareholder value and corporate value, which are driven by a strong evaluation (a rise in the stock price) obtained through our achievement of higher and more sustainable growth, the Company and its subsidiaries (hereinafter "Group") continuously takes measures to increase the number of active users and orders in order to expand the market share of *Demae-can*, the Group's main business, under the Medium-Term Management Plan established in October 2018. While the Group was able to grow its business as planned during the fiscal year ended August 31, 2018, it recognizes the need to accelerate the growth in the number of affiliates and the active user base in order to establish a more absolute position as the leading company in delivery portal sites, taking into account the market environment and other conditions. The Group considers that it should prioritize the business scale gained by increasing the number of active users in the medium and long run, rather than pursuing short-term profit, by spending resources to raise the recognition of *Demae-can* and create opportunities to use *Demae-can* based on the growth strategies of accelerating the development of *Sharing Delivery* business and expanding the number of active users. The Group is therefore actively investing in the acquisition of active users while increasing recognition of *Demae-can*. For the purpose of maintaining this policy and continuing active investment, the Group revised downwards its financial forecast for the fiscal year ending August 31, 2019. In addition, the Group plans to actively seek and

implement capital alliances, business alliances, M&A, and other measures to acquire cutting-edge information and technical capabilities and expertise in large system development and marketing that will be able to support the sustainable growth of *Demae-can* business.

Given this background, the Group considered it was urgent to employ and train engineers and data scientists for the key strategies, specifically, the acceleration of *Sharing Delivery* business development and the expansion of active users. It also required highly skilled human resources equipped with advanced technical knowledge and extensive experience, who would be capable of growing the existing business and leading its global development, in order to carry out activities in system development and marketing and aggressively promote *Demae-can* business. As a result of its efforts, the Group needs to invest in the development of *Demae-can* system and implementation of capital and business alliances, M&A, and other measures at a faster pace in order to achieve its key strategies.

The Company has concluded that it needs a financing method that can be flexibly implemented by its Board of Directors to meet the current capital requirements, allows prompt actions, and fully takes into account the interests of shareholders. As such, it decided to issue the Stock Acquisition Rights.

### 3. Specific uses of the proceeds

The Company plans to allocate the above approximate net amount, 3,585,900,000 yen, provided by the issuance of the Stock Acquisition Rights to the development of systems related to *Demae-can*, the Company's main business, and provision for future M&A and capital and business alliances. Specific uses and planned timing of use are described below.

Specific uses	Amount	Period of uses
1) development of systems related to <i>Demae-can</i> ,	3,000,000,000 yen	From July 2019 to August 2021
2) Provision for future M&A and capital and business alliances	585,900,000 yen	From July 2019 to August 2021
Total	3,585,900,000 yen	

#### 1) Development of systems related to *Demae-can*

In addition to enhancing the user experience (UX) and user interface (UI; information viewable on the screen) released in March 2019, to drive the sustainable growth of *Demae-can* in the field of system development for the purpose of increasing the number of active users and orders, aiming to grow earnings by using technical and development capabilities to create entirely new value-added services, such as a system that lists recommended orders according to customers' budgets and completes ordering with only one click, and by providing innovative products and services through the effective use of *Demae-can* database that has been built since the Company's foundation through the use of technologies such as IoT, artificial intelligence (AI), and robotics that understand users' ordering traits and other attributes and assist users' operation, the Company plans to allocate 3,000,000,000 yen as funds for developing systems. In doing so, it takes into account the fact that the amounts spent and amounts for potential projects examined for this system development ranged between several tens and several hundreds of millions of yen per project in the past five years.

While there are projects currently under consideration, this amount was not calculated assuming individual or specific specifications and amounts. This is a rational estimate based on information currently available to the Company by considering the past record and assuming the level of amounts in the projects under consideration. However, timely action is essential in the internet business industry in which the Company operates, and the Company is planning an unprecedented scale of development, including the projects and measures currently under consideration. The Company is still at the planning stage for the timing of launch and completion of this development project, and the timing of completion will be uncertain even if the Company is able to launch the project as planned. To minimize the risk of opportunity loss caused by the inability to allocate funds at the right time, therefore, the Company recognizes the need to secure funds in advance through this financing.

## 2) Provision for future M&A and capital and business alliances

For the purpose of increasing the number of active users and orders, the Group is actively seeking targets for M&A and capital and business alliances in the fields primarily of system development and marketing. More specifically, the principal targets will be companies in system development that offer technical and development technologies, products and services, or human resources to create completely new added value services, such as a system that lists recommended orders according to customers' budgets and completes ordering with only one click, by using *Demae-can* database that has been built since the Company's foundation, in addition to the improvement of the new UX and UI to drive the sustainable growth of *Demae-can*. The targets will also include companies in a marketing business that offer marketing products and services using IoT, AI, big data, analytics, or digital marketing technologies to understand users' ordering traits and other attributes and assist users' operation in order to increase earnings by raising the value-added of marketing research services or sales promotion services to improve *Demae-can* products and by developing new services.

The Group plans to allocate 585,900,000 yen as funds and expenses for multiple (three to five) projects, taking into account the fact that the amounts spent and amounts for potential projects examined as the funds and expenses for M&A, capital and business alliances, and business transfer, which will promote the sustainable growth of the number of active users and orders in *Demae-can* business, ranged between several tens and several hundreds of millions of yen per project in the past five years.

While there are no specific projects currently under consideration, this is a rational estimate based on information currently available to the Company by considering past performance and assuming the level of amounts in the projects under consideration. However, timely action is essential in the internet business industry in which the Company operates, and the timing of implementing M&A, etc. is uncertain. To minimize the risk of opportunity loss caused by the inability to allocate funds at the right time, therefore, the Company recognizes the need to secure funds in advance through this financing.