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For immediate release

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Notice Regarding Submission of Application for Submission Due Date Extension Approval Regarding Annual Securities Report for the Fiscal Year Ended August 2021

Demaecan Co., Ltd. (the "Company") today submitted an application for approval of an extension to the submission due date for its annual securities report as stipulated in Article 15-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Corporate Affairs to the Kanto Finance Bureau, as follows.

Details

1. Applicable Annual Securities Report
Annual Securities Report for the Fiscal Year Ended August 2021 (22nd Fiscal Year, from September 1, 2020 to August 31, 2021)
2. Submission Due Date Before the Extension
November 30, 2021
3. Submission due date in the event the extension is approved
December 28, 2021

4. Reasons for requiring an extension to the due date for submission

As mentioned in the "Notice Regarding the Holding of an Adjourned Meeting of the 22nd Annual General Meeting of Shareholders" announced on November 12, 2021 and "Notice Concerning the Establishment of an Internal Investigation Committee" announced today, the existence of errors in the balance of payables and receivables was revealed by the findings of the Accounting Auditor in the process of auditing procedures related to the Company's financial statements for the fiscal year ended August 2021. Specifically, there were errors in the balance for receivables regarding the payment settled via credit card transaction, and the balance of payables to be paid to merchants individually. Additionally, the investigation found errors in recording outsourcing expenses that will have an impact on the earnings. Accordingly, the Company expects that it will need to submit corrected versions of annual securities reports and internal control reports submitted in the past, and make corrections to the summary of financial results and related materials. While the Company has begun investigating the facts surrounding the errors, it will take considerable time to make corrections to the previous

fiscal years, and to conduct additional auditing for the period from the previous fiscal years to the fiscal year ended August 2021.

For the above reasons, the Company has determined that it will be unable to submit its Annual Securities Report for the Fiscal Year Ended August 2021 (22nd Fiscal Year) by the due date for submission as stipulated in Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, and has therefore decided to apply for an extension of the due date for submission of the report.

In response to this incident, the Company has established an internal investigative team consisting of officers and employees from multiple departments and has begun a full-scale internal investigation. Although the Company believes there is nothing to suggest the possibility of fraudulent activity as no transactions suspected to involve the fraudulent transfer of money with respect to payables and receivables have been found, the Company plans to verify whether or not there was any fraudulent intent in the process of recording the outsourcing expenses. Moreover, because other types of errors may also be revealed during the course of further investigations, the Company has decided today to establish an internal investigation committee consisting of members including independent experts and hand over the investigation to the committee to ensure an objective investigation takes place. The internal investigation committee, the internal investigative team, and the Company's auditing firm will hold regular meetings to share the status of the investigation and exchange views as needed, and the auditing firm will conduct additional auditing in parallel, so that audit findings can be submitted in a prompt manner.

5. Future Outlook

Should this application to extend the due date for submission be approved, the Company will promptly issue a notice to this effect.

We deeply apologize for the considerable inconvenience and concern this may cause shareholders, investors, and all other parties involved.