



March 26, 2020

Name of Company	Yume no Machi Souzou Inkai Co., Ltd.
Representative	Rie Nakamura, President & CEO (JASDAQ Code : 2484)
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Notice of the Execution of the Capital and Business Alliance Agreement with LINE Corporation and Share Subscription Agreement with LINE Corporation and Mirai Fund LLP, Issuance of New Shares by way of the Third-Party Allotment and Changes in Major Shareholder and Parent Company

We hereby announce that at the meeting of the Board of Directors held on March 26, 2020, we resolved to conclude a capital and business alliance agreement with LINE Corporation (Head Office: 4-1-6 Shinjuku, Shinjuku-ku, Tokyo; hereinafter referred to as "LINE") (hereinafter referred to as the "Capital and Business Alliance") and share subscription agreement with LINE and Mirai Fund LLP (Head Office: 4-1-6 Shinjuku, Shinjuku-ku, Tokyo; hereinafter referred to as the "Mirai Fund") and to issue new shares issued by way of a third-party allotment to LINE and Mirai Fund (hereinafter referred to as the "Third-Party Allotment."

Further, we hereby notify that our major shareholder and a parent company will be changed due to the Third-Party Allotment.

I. Purpose and Reason of the Capital and Business Alliance

We launched the service at "Demaecan", Japan's first home-delivery portal site (a portal site for placing orders with restaurants with a nationwide outing and delivery service) in 2000 as the first step of "Yume no Machi" based on our corporate philosophy, which was incorporated into Yume no Machi Souzou Inkai Co., Ltd. (former corporate name since foundation of the company in 1999, changed name to current company in November 2019), "to realize what we wish to have, from zero, like committee's activities" The "Demaecan" business, the core of our business, was an unprecedented business model at the time of its founding, and it took time for it to be widely recognized by users. However, it is now recognized as a service that brings value to both franchisees and users of Demae-can.

We believe that the significance of our existence is to create new businesses and to provide joy the greater number of people while experiencing the pain of birth (enjoyment) i.e., creating one from zero, by all executives and employees. We have adopted the basic management policy of striving to improve customer satisfaction and further improve the value of our services. In November 2019, the 21st fiscal year of our founding, we will continue to challenge the realization of our management philosophy by changing the business name of our core business, Demae-can, in order to demonstrate our determination "to establish Demae-can from a simple delivery service to a life infrastructure that is indispensable to Japan" and have kept challenge to realize our corporate philosophy.

On the other hand, as the number of users of the "LINE" communication app provided by LINE has

increased, the scope of use of the app as a marketing platform that links companies and consumers has been expanded in various forms, such as LINE official accounts, LINE stamps, and LINE@ by taking advantage of the high user base and active rate. Currently, LINE has established a position as an indispensable channel for user communication on smartphones.

In the food delivery market, which our Demae-can business targets, there is a growing need for "services that can be used on a daily basis" against the backdrop of an increase in the number of working women, work style reforms, an increase in single-person households, an aging population, and an increase in the number of high-rise homes, as well as an increase in consumer awareness and convenience in the food delivery business in line with the spread of smartphones.

In March 2016, Demae-can and LINE jointly agreed to a new business alliance that leveraged LINE's account infrastructure, and we entered into a business alliance agreement based on that agreement in May, and in October of the same year entered into the agreement toward the capital and business alliance, and therefore, we became the equity method affiliate of LINE. We have worked on various initiatives that combine our expertise in managing the delivery portal site and the user base with the user base of LINE apps owned by LINE based on that business alliance, i.e., in July 2016, we launched the LINE official account of "Demae-can," and in July 2017, we launched "LINE Delima" service, a food delivery service that enables users to readily search and order food menus from LINE apps and lead mutual customers to the other. As a result, we not only increased our market shares and improved the convenience of Demae-can users, but also strengthened our ability to make proposals to members of Demae-can, and due to increased social demand for food delivery services, we have established the largest position in the food delivery industry in Japan With over 21,200 member stores of Demae-can and 3.17 million active users (users of Demae-can who utilized it in the previous year).

Meanwhile, the competitive environment has been intensifying at an accelerating pace since the entry of the major overseas food delivery company into the domestic market in 2016, which have focused on the growth potential of the domestic food delivery market. Especially in the field of user delivery services for restaurants that do not possess in-house delivery functions (approximately 0.6 million restaurants), the number of restaurants utilizing these services is increasing at a pace that greatly exceeds our number of restaurants due to the abundant capital of our major competitors. In response to this trend, in August 2016 we launched the Sharing Delivery® business for restaurants that do not have their own delivery functions. As of February 2020, we have operated 275 bases together with delivery partners such as companies with delivery functions and local transportation companies. However, this business has not grown to the point where it is competitive and in the food delivery industry, there is a possibility that our position as Japan's largest operator may be jeopardized in the near future, and there is a concern that the major competitor will secure an overwhelming market share in the food delivery business centered on restaurants that do not have delivery functions. Furthermore, competition is expected to intensify further as major food delivery companies in Japan and overseas are expected to enter the market in the future.

Against the backdrop of an urgent sense of urgency, in FY8/2019 we implemented a certain amount of upfront investment, including renovation of apps and websites, with the aim of innovating designs, improving operability, and adding new functions. However, we believe that we have not been able to say that drastic aggressive investments have been made sufficiently compared with the major competitors with capital capabilities. In this environment, in order for us to grow steadily into the future, we recognize that it is an urgent task to establish ourselves as the No.1 platform in terms of distribution volume before major capital-powered competitors can secure an overwhelming market share. Accordingly, we have decided that we need to implement the following measures as soon as possible by creating synergy of us and LINE.

- (i) Expanding its network of directly managed facilities and strengthening its sharing delivery services to compete with competitors
- (ii) Strengthen sales to cultivate new customers
- (iii) Improving advertising efficiency by building effective marketing strategies

- (iv) Modification of system
- (v) Expansion of cloud kitchens and entry into takeaway areas
- (vi) Improving delivery efficiency

When implementing the aforementioned measures, we anticipate a temporary deterioration in our financial position due to large-scale investment. In addition, it is difficult to say that our group alone has sufficient management resources and know-how not only in terms of financial matters but also in terms of business operations. Accordingly, from December 2019 onward, we have repeatedly discussed various options, including capital and business alliances, with multiple business partner candidates that are expected to realize synergies.

As a result, we had been sounded out by LINE, our largest shareholder with a business alliance relationship since March 2016, about the possibility of a capital and business alliance to further strengthen our relationships, and in January 2020 we began concrete negotiations. Following repeated discussions, we and LINE concluded that, through capital and business alliances involving large-scale capital investments, it would be possible for us to solidify our position as the No.1 platform in the industry by investing drastically in our business, thereby contributing to the enhancement of our corporate value over the medium to long term and today, we concluded a capital and business alliance agreement with LINE. With regard to funds, from the viewpoint of reducing the financial burden of LINE, a part of the fund will be provided by Mirai Fund, an investment fund whose 90% investment was made by NAVER J.Hub Corporation, a group company of NAVER Corporation, which is the largest shareholder of LINE and 10% investment was made by LINE, to support the growth of LINE and it has been decided that LINE will subscribe 20,548,000 shares and Mirai Fund will subscribe 20,548,000 shares by way of a third-party allotment.

The outline of this capital and business alliance agreement is as follows.

(i) Contents of the joint business of us and LINE

- Optimization of databases, such as user information, members information of Demae-can and order information of orders
- Optimization of the tracking systems in Demae-can
- Promotion of One ID integration in which Demae-can ID and LINE ID are integrated
- Developing business intelligence tools to realize visualization of KPI, such as the number of orders and the number of active users
- Modification of management tools (CMS tools) for restaurants
- Personalization of the front screen of Demae-can, which allows users to see the front screen tailored to each user
- Promotion of delivery (sharing delivery) services
- Promotion of takeaway service
- Optimization of web, LINE and app-marketing branding strategies
- Implementation of 1 to 1 Marketing and PDCA
- Other businesses agreed upon by us and Demae-can

(ii) Important agreements

- Change the name of the "LINE Delima" business, which is a delivery business operated by LINE, to "Demae-can"
- Integrating "Line Pokeo", the takeaway service operated by LINE, into "Demae-can," which is an on-site and delivery business operated by us through the transfer of business of LINE to us, etc.
- Dispatching persons in charge of systems and marketing from LINE to us as separately agreed between us and LINE

The outline of this Share Subscription Agreement is as follows.

(i) Major content of the agreement

- To hold our extraordinary general meeting of shareholders by the date agreed among us, LINE and Mirai Fund (the “Extraordinary Shareholders Meeting”) upon setting a day agreed among us, LINE and Mirai Fund as record date subject to the completion of the payment of the Third-Party Allotment
- LINE may propose the candidates to be appointed as 2 directors (including one director who will be appointed as representative director) at the Extraordinary Shareholders Meeting to our board of directors
- We will take necessary procedures to have Ms. Naoko Wada and Mr. Reo Shigehiro to resign from the office of our directors at the end of the Extraordinary Shareholders Meeting
- WE will take necessary procedures to have the internal and outside statutory auditors whose tenure is left at the time of the end of the general shareholders meeting for the fiscal year ending August 2020 to resign from their office at the end of such general shareholders meeting

Through the Capital and Business Alliance, we intend to leverage synergies between us and LINE to address the issues we recognize as follows.

- (i) Expanding its network of directly managed facilities and strengthening its sharing delivery services to compete with rivals

By using the funds for the Third-Party Allotment to establish a system (base, personnel, etc.) to compete with competitors, we will focus on increasing the number of restaurant franchisees that do not have a delivery function in-house.

- (ii) Strengthen sales to cultivate new customers

We will seek support of human resource from LINE and strengthen its organizational structure, and increase the number of sales staff required by using the capital increase from the Third-Party Allotment.

- (iii) Improving Advertising Efficiency by Building Effective Marketing Strategies

We will promote purchases by existing customers by integrating LINE user IDs to improve the efficiencies of acquiring new customers, and by utilizing LINE's big data.

- (iv) Modification of system

We will accelerate development by utilizing the funds obtained by the Third-Party Allotment, sharing know-how on system development of both us and LINE, and strengthening the development system by receiving dispatchment of LINE engineers to us (expected to accept approximately 50 engineers).

- (v) Expansion of cloud kitchens and entry into takeaway areas

By utilizing LINE marketing know-how and big data, we will expand the area of the Nihonbashi-based cloud kitchen (a store that only produces meals in kitchens without having actual stores (customer seats, hall staff, etc.)).

We will add a takeaway service (LINE Pokeo) that has already started its service in LINE to our service line to extend the takeaway service area, which is seeing growing demand these days.

- (vi) Improving Delivery Efficiency

Accelerate GMV expansion by improving delivery efficiency per hour by delivery personnel through system enhancement.

Meanwhile, LINE, in addition to “LINE Delima”, by leveraging our name recognition and know-how as Japan's No.1 delivery platform, is taking various measures to realize LINE's vision of "Life on LINE" by focusing on providing food order experience that is more accessible and convenient for restaurants and users by integrating online and offline operations, such as by launching the take-out service "LINE Pokeo" on April 18, 2019. Through the Capital and Business Alliance, LINE will transform each of the services provided by us to grow separately into a comprehensive marketing platform that comprehensively covers the integration of brand of the delivery services of Demae-can and LINE Delima, takeaway services utilizing “LINE Pokeo”, as well as eat-in reservations and restaurant services such as mobile (self) orders, and aims

to grow the business as a comprehensive marketing platform that links strategic sharing, marketing analyses, and the acquisition of new member restaurants and through this structure, aims to achieve accelerated business growth.

In addition to the above, we and LINE will continue discussions and considerations to generate business synergies.

We believe that the Capital and Business Alliance will enable us to secure sufficient funds needed to expand our investments in the future and to build closer relationships with LINE group, thereby creating a more stable management foundation that will enable us to achieve sustainable growth and increase corporate value over the medium to long term. We also believe that the Capital and Business Alliance will enable us to accelerate growth more than ever before by consolidating and mutually utilizing the management resources of us and LINE, and strengthening our organization through human support from LINE.

In addition, we and LINE will use the opportunity presented by the Capital and Business Alliance as an opportunity to collaborate more closely than ever before and aim for the following future visions.

- (i) Aim to achieve the No.1 distribution volume in the domestic food delivery market and expand business to become the No.1 distribution volume in Asia.
- (ii) Over the medium to long term, it will build a comprehensive marketing platform for restaurants that not only offers delivery, cloud kitchens, and takeaways, but also offers eat-in and self-ordering services.

2. Outline of the Subscribers

(1) Counter Parties of the Capital and Business Alliance and the Subscribers of the Shares

(LINE)* Allotted shares: 20,548 thousand shares

(1) Name	LINE CORPORATION	
(2) Address	1-6, Shinjuku 4-chome, Shinjuku-ku, Tokyo	
(3) Title/Name of Representative	Takeshi Idezawa, Representative Director and President	
(4) Description of Businesses	Core businesses, including advertising services, stamp sales, and game services based on the mobile messenger application "LINE", as well as strategic businesses, including Fintech, AI and commerce services	
(5) Capital stock	JPY96,737 million (As of December 31, 2019)	
(6) Date of Incorporation	September 4, 2000	
(7) Number of outstanding shares	241,133,142 shares (As of December 31, 2019)	
(8) Fiscal year end	December 31	
(9) Number of employees	(Non-consolidated) 2,457 (As of December 31, 2019)	
(10) Major clients	General customers, corporations, etc.	
(11) Main banks	Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.	
(12) Major shareholders and percentage of equity ownership (As of December 31, 2019)	NAVER Corporation	72.57%
	MSIP CLIENT SECURITIES	2.15%
	MOXLEY & CO LLC	2.05%
	Shin Jung Ho	1.97%
	KSD-MIRAE ASSET DAEWOO (CLIENT)	1.92%
	GOLDMAN SACHS INTERNATIONAL	1.45%
	MLI FOR CLIENT GENERAL OMNI NON	1.43%

	COLLATERAL NON TREATY-PB		
	GOLDMAN. SACHS & CO. REG	1.43%	
	J. P. MORGAN BANK LUXEMBOURG S. A. 1300000	1.11%	
	Lee Joon Ho	0.67%	
(13) Relationship with the Company			
Capital relationship	LINE is the largest shareholder having 8,880 thousand shares of our stocks.		
Personnel Relationship	LINE dispatches 1 outside director and 1 outside corporate auditor to the Company.		
Business relationship	LINE, which will be the subscriber of shares, entered into an agreement with us in October 2016 to strengthen our capital and business alliance, and operates “LINE Delima”, which utilizes the database of “Demae-can”, our push-type online delivery service.		
Whether such person falls within a related party of the Company	LINE is the largest shareholder of 21.69% of the total issued outstanding shares of the Company (excluding treasury stocks) and is a related party.		
(14) Consolidated Operating Results and Financial Position for the Last 3 Years			
Fiscal year end	FY12/2017	FY12/2018	FY12/2019
Total capital	¥189,977 million	JPY208,514 million	JPY174,663 million
Total assets	JPY303,439 million	JPY486,587 million	JPY541,352 million
Per share equity attributable to shareholders of the Company	JPY779.30	JPY833.87	JPY659.96
Revenue	JPY167,147 million	JPY207,182 million	JPY227,485 million
Operating income	JPY25,078 million	JPY16,110 million	(JPY38,997 million)
Profit before taxes related to continuing operations	JPY18,145 million	JPY3,354 million	(JPY51,616 million)
Current net earning which belongs to our shareholders	JPY8,078 million	(JPY3,718 million)	(JPY46,888 million)
Basic current net earnings per share	JPY36.56	(JPY15.62)	(JPY196.07)
Dividends per share	-	-	-

(Mirai Fund) * Allotted shares: 20,548 thousand shares

(1) Name	Mirai Fund LLP
(2) Address	1-6, Shinjuku 4-chome, Shinjuku-ku, Tokyo
(3) Basis of establishment, etc.	Law Concerning Limited Liability Partnership Agreements
(4) Purpose of composing	Strategically invest in businesses and services that generate business synergies with LINE Group
(5) Composition Date	July 30, 2018
(6) Total amount of contribution	JPY2.3 billion (as of the date of the submission of the securities registration statement)
(7) Outline of Investors, Contributions, and Investors	2-10-44, Kami Osaki, Shinagawa-ku, Tokyo NAVER J. Hub Corporation Sang-Jin Park, Representative Director

	90% 1-6, Shinjuku 4-chome, Shinjuku-ku, Tokyo LINE CORPORATION Takeshi Idezawa, Representative Director and President 10%
(8) General Partner	Not applicable (executes business shall be determined by the unanimous consent of all partners)
(9) Domestic representative	None
(10) Relationship with the Company	
Relationship between the Listed Company and the Fund	Not applicable.
Relationship between the Listed Company and the General Partner	Our outside director, Mr. Jun Masuda, also serves as committee member of the investment committee of Mirai Fund.
Relationship between Listed Company and Domestic representative	Not applicable

(NOTE) The stocks of LINE, which will be a subscriber, are listed on the Tokyo Stock Exchange and LINE submitted the Corporate Governance Report entitled "Basic Concept for Eliminating Anti-Social Forces and Status of Development," in which LINE confirms its basic policy that "the Company shall not have any relationship with anti-social forces and shall respond to anti-social forces on an organizational basis and shall ban relations with anti-social forces resolutely" to the Tokyo Stock Exchange. Furthermore, in respect of Mirai Fund, which will be a subscriber, all of its committee members who are appointed by members namely LINE and NAVER J.Hub Corporation consist of ex-members of LINE and a South Korean listed company, NAVER Corporation, which is the parent company of LINE. Mr. Jun Masuda, a member of the Board of Directors of our company, confirms orally that the members and major shareholders of Mirai Fund have no relationship with anti-social forces, and Mirai Fund submits a written confirmation to that effect to the Tokyo Stock Exchange. LINE, which is listed on the First Section of the Tokyo Stock Exchange, owns 10% of the Company's stock. NAVER J. Hub Corporation, which is wholly owned by NAVER Corporation, owns 90% of the Company's stock.

3. Schedule of the Capital and Business Alliance

(1) Date of resolution of the Board of Directors (of us) (LINE) (Mirai Fund)	March 26, 2020
(2) Date of the Capital and Business Alliance	March 26, 2020
(3) Payment date for the Third Party Allotment	April 16, 2,020 to April 30, 2020

4. Future Outlook

For the future outlook, please refer to "II. Issuance of new shares through third-party allotment 8. Future outlook" below.

II. Issuance of new shares by way of a third-party allotment

1. Summary of the Offering

(1) Payment date	April 16, 2020
(2) Number of New Shares	41,096,000 shares of common stock
(3) Issue price	730 yen per share
(4) Amount of financing	JPY30,000,080,000
(5) Method of offering or allocation (Name of subscribers)	20,548,000 shares will be allocated to LINE and 20,548,000 shares will be allocated to Mirai Fund by way of a third-party allotment.
(6) Other	LINE and Mirai Fund, which are subscribers, entered into a Capital and Business Alliance Agreement with us on March 26, 2020. In the Capital and Business Alliance, the payment of the Third-Party Allotment is subject to the following conditions: the filing of the securities registration statement has come into force under the Financial Instruments and Exchange Act; and procedures under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade with respect to this allocation of capital to third parties (Act No. 54 of 1947, as amended thereafter) and the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended thereafter) have been completed.

2. Purpose and Reason of the Offering

Please refer to "I. Outline of the Capital and Business Alliance, 1. Purpose and Reason of the Capital and Business Alliance " above.

3. Amount of funds to be procured, the purpose of use, and the scheduled timing of expenditure

(1) Amount of funds to be raised

(i) Total amount paid	JPY30,000,080,000
(ii) Estimated amount of the issue expenses	JPY300,000,000
(iii) Estimated amount of deductions	JPY29,700,080,000

(NOTE) 1. Estimated issuance costs do not include consumption taxes.

2. The estimated issuance expenses include financial advisory expenses, registration-related expenses, attorneys' fees, and expenses for preparation of securities registration statements.

(2) Specific Use of Funds

The specific use of funds procured through the Third-Party Allotment and the scheduled timing of disbursement are as follows. The funds procured through the Third-Party Allotment have been agreed between us and LINE to which the allotment is scheduled as the budget allocated to the funds for system enhancement/development, marketing expenses, and delivery staff enhancement. Specific explanations concerning the following uses are provided as of the date of submission of this press release.

In addition, in the event of any change in the purpose, amount, and timing of disbursement of the funds

stated below, the Company will disclose such changes in a timely manner.

Specific use		Amount (¥ hundreds of million)	Scheduled time period for spending
(i)	Capital Expenditure (System Strengthening/Development Fund)	59.0	May 2020 to August 2022
(ii)	Working capital (marketing expenses)	161.0	May 2020 to August 2022
(iii)	Working funds (delivery worker enhancing funds)	77.0	September 2020 to August 2022
	Total	297.0	

(NOTE) 1. We plan to ensure stable fund management with bank deposits until appropriation of funds procured through the payment of the Third-Party Allotment to the above-mentioned funds.

2. The priorities for using funds are not set at this point in time, and will be appropriated one by one from the earliest.

(i) System Strengthening/Development Funding

(Purpose and Time of Expenditure)

(hundreds of million yen)

Item	FY8/2020	FY8/2021	FY8/2022	FY8/2023	Total
System personnel expenses	1.3	4.0	4.0	4.0	13.3
Subcontract expenses	20.0	10.0	10.0	5.7	45.7
Total	21.3	14.0	14.0	9.7	59.0

To achieve the sustainable growth of Demae-can by increasing the number of active users and orders, we have been working to further improve the UX and UI (information users can see on the screen) in system enhancement and system development. In addition, by utilizing the Demae-can database, which we have cultivated since our founding, we have been able to secure business earnings by providing services based on our technological and development capabilities to create new added value. For example, we have developed functions that enable customers to complete orders with a single click by listing recommended orders based on the budget of an order. However, as the food delivery services have been expanded rapidly globally, the Japanese market entry of several major overseas food delivery companies continues and their aggressive investment, it is essential for us to rapidly expand our business as a service provider unique to Japan. To this end, we have to first integrate “LINE Delima” brand into “Demae-can” brand, which is the most well-known brand, and then reorganize the organization so that the system foundation can be flexibly rebuilt when reforms are made to a stronger platform, thereby building a system that is both functional and large-scale.

Specifically, it is essential to realize the following functions by strengthening systems utilizing technologies such as IoT, AI, and robotics. To this end, we plan to allocate JPY5.9 billion in system personnel expenses and outsourcing development expenses for the acceptance of LINE engineers with the number separately agreed between us and LINE.

- Identify user order characteristics and develop the assist system in user operations
- Assist the operation of the delivery staff of the sharing delivery services
- Assist the store operations of the members of Demae-can
- Increasing the frequency of use of pre-settlement services in lieu of cash payment

Although there are systems development projects under consideration as of the submission date of this press release, the above details concerning system enhancement/development funding do not include the aggregation of specifications and amounts pertaining to specific development projects. Instead, they contain reasonable estimates based on information available at the time of submission, based on the scale of personnel expenses for engineers to be dispatched from LINE and the scale of specific development projects under consideration between us and LINE. Nevertheless, in the Internet business field to which we belong, it is essential to take measures with a sense of speed, and in order to avoid the opportunity loss risk as much as possible from the inability to obtain the necessary funds in a timely manner amid the intense competition with major competitors, we have determined that it is necessary to secure funds in advance by this financing.

In addition, even if some of the funds procured for system development are not invested within the planned period of the expenditure of funds, because of the nature of our business it is necessary to continuously develop the system, we plan to use the funds for system development that will be realized in the future, and at this point in time we do not anticipate any alternative uses.

(ii) Marketing Expense

(Purpose and Time of Schedule of Expenditure) (hundreds of million yen)

Item	FY8/2020	FY8/2021	FY8/2022	Total
Measures to acquire new AU	27.1	13.3	8.8	49.2
Existing AU order promotion measures	6.8	12.6	8.4	29.8
Measures to raise awareness	23.7	17.8	11.9	53.4
Other promotions	2.8	0.7	0.4	3.9
Expenses for hiring delivery staff	3.6	9.2	13.9	26.7
Total	64.0	53.5	43.5	161.0

(NOTE) AU is an abbreviation for "active user".

Major competitors are rapidly raising the name recognition of food delivery services by investing heavily in marketing expenditures to enter the Japanese market backed by their abundant financial resources, and it is difficult for us to compete against such moves at the same level of marketing budget as in the past. To maintain and improve our business foundation, we plan to allocate JPY16.1 billion to additional marketing expenses, in addition to the initial marketing expenses.

Given that marketing expenses have an extremely large impact on management, we plan to make investments in stages after confirming the degree of realization of the benefits of the initial investment.

(iii) Fund to increase the number of delivery staff

(Purpose and Time of Schedule of Expenditure) (hundreds of million yen)

Item	FY8/2020	FY8/2021	FY8/2022	Total
Fund to increase the number of delivery staff	9.8	31.0	36.2	77.0

In order to further develop "Demae-can" whose main members are restaurants with delivery functions, we started "Sharing Delivery," which provides delivery function to restaurants that do not have delivery functions, approximately 2 years ago with the aim of expanding the business by providing restaurants

with meal opportunities and providing new profit opportunities and as of the time of submission of this press release, we have steadily grown to a structure with 275 bases. However, due to the inadequate allocation of delivery staff, it is difficult to provide services during delivery hours that satisfy users, such as during the peaking time of order times, and as a result, there are cases where the delivery staff is not providing the necessary profit-making opportunities. In order to improve this situation, we decided that it would be necessary to establish a reasonable delivery personnel system that functions flexibly in accordance with the ordering time and to strengthen the sharing delivery function by increasing the number of delivery personnel in order to expand the delivery network and we plan to allocate ¥12,780 million to this cost.

With regard to increasing the number of delivery staff with the aim of strengthening the sharing delivery function, given that the impact on management is extremely large, we plan to make investments in stages after confirming the degree to which the initial investment effect is realized.

(Reference: Issuance and Appropriation of Stock Acquisition Rights allotted to Macquarie Bank Limited in 2019)

On April 2019, we resolved to issue the stock acquisition rights to Macquarie Bank Limited (Head Office: Level 6, 50 Martin Place, Sydney NSW 2000, Australia; Representative: Chairman P. H Warne; CEO: M. J. Reemst) and the stock acquisition rights were allocated to Macquarie Bank Limited on May 9, 2019. In June 2019, 1 stock acquisition right was exercised and 100 shares were issued. The amount paid in is appropriated to cash on hand. Since the stock price has been below the lower limit exercise price since June 2019, the remaining stock acquisition rights have not been exercised.

Today, as described in the "Notice Concerning Acquisition and Cancellation of the 11th Stock Acquisition Rights (Third-Party Allotment)" disclosed by us, we have resolved to acquire and cancel the remaining stock acquisition rights at a total amount of 17,599,200 yen (800 yen per stock acquisition right, the same amount with the issuing price) on April 17, 2020.

4. Thought on the rationality of the use of funds

The purpose of using the procured funds in the Third-Party Allotment is as described in "3. Amount of funds to be procured, the purpose of use, and the scheduled timing of expenditure, (2) Specific Use of Funds to be Raised." We believe that appropriating funds into the investment related to the capital and business alliance with LINE is indispensable for us to compete with the competitors. We believe that funding will contribute to enhancing our medium-to long-term corporate value, strengthening our financial position, and ultimately benefiting existing shareholders, and therefore we believe that the use of such funds is reasonable.

5. Rationality of terms and conditions of issuance, etc.

(1) Grounds for calculation of the amount to be paid and specific details thereof

The issue price of the Shares was JPY730 as a result of discussions and negotiations with the subscribers, considering that the current stock market is on a downward trend due to the aftermath of the pandemic disease and that it is necessary to take into account the standardized value of the average stock price for the most recent certain period, rather than a specific point in time. The said share price shall be equal to 104.93% (rounded to the nearest third decimal place; the same shall apply in calculating the premium/discount rate hereinafter) (with the premium of 4.93%) of 694 yen, the closing price on the Tokyo Stock Exchange on the business day immediately preceding the day when the board of directors made resolutions concerning the Third-Party Allotment (hereinafter referred to as the "Resolution Date of the Board of Directors").

The issue price is also in compliance with the "Guidelines for Handling of Third-Party Allotment of Shares" (dated April 1, 2010) of Japan Securities Dealers Association, and is adding 0.34% premium against 728 yen (rounded down to the nearest integral number, the same shall apply thereafter to the

calculation of the average market price), the average closing price for the immediately preceding month (from February 26, 2020 to March 25, 2020), 24.61 % discount against 910 yen, the average closing price for the last 3 months (December 26, 2019 to March 25, 2020) and 43.70 % discount against 1,049 yen, the average closing price for the last 6 months (September 26, 2019 to March 25, 2020), and we have determined that this is not particularly advantageous to the allocated entity.

In addition, two statutory auditors who participated in the board resolutions relating to the Third-Party Allotment have expressed their opinions that the issuance price mentioned above is in compliance with the Guidelines for the Handling of Third-Party Allotment (dated April 1, 2010) issued by the Japan Security Delers Association, and does not fall under particularly advantageous issuance prices. Among our corporate auditors, Mr. Tetuya Tsuji whose tenure will be remaining after the general shareholders meeting for the fiscal year ending August 2020, and Mr. Kokan Ki, an executive officer of LINE, have not participated in the above deliberations at the Board of Directors' meetings and has not expressed any opinions with a view to avoiding doubt about conflicts of interest. Further, since Ms. Naoko Wada and Mr. Reo Shigehiro will resign from their office at the end of the Extraordinary Shareholders Meeting in connection with the execution of the Share Subscription Agreement, in order to avoid the suspicion of the conflict of interest, we took the two steps approach, namely, (i) first, directors other than Ms. Naoko Wada and Mr. Reo Shigehiro discussed and resolved as set out above with unanimous votes, and in order to secure the quorum of the board of directors, (ii) five directors including Ms. Naoko Wada and Mr. Reo Shigehiro entered into the discussion and resolution with unanimous votes.

Further, Mr. Jun Masuda, our outside director, is concurrently serving as an officer of LINE to which shares are scheduled to be allocated, and from the perspective of avoiding suspicion of conflicts of interest, he has not participated in the discussion and resolution of the Board of Directors mentioned above.

The Third-Party Allotment is expected to result in a dilution rate of 25% or more, and in order to obtain opinions on the necessity and reasonableness of the Third-Party Allotment by a person who is independent from our management in accordance with the provisions of Article 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange, we will select Mr. Hiroshi Kamiyama (attorney at law/patent attorney at Hibiya Park Law Offices) who is an outside director of our Company, Mr. Yoshiyuki Wada (representative public accountant at Wada Accounting Office), and Mr. Yuichi Bando (representative partner of XIB Capital Partners Inc.) as the members of the Special Committee (hereinafter referred to as the "Special Committee") and requested the opinion on the necessity and reasonableness of the Third Party Allotment. As a result, we have received the opinion that this capital increase by way of third-party allotment is deemed necessary and reasonable as described in "9. Matters related to the procedures under the Code of Conduct" below.

(2) Grounds for judging that the volume of issue and the scale of the dilution of shares are reasonable

The shares of common stock to be allotted by this third party allotment are 41,096 thousand shares (410,960 voting rights), which is equivalent to a dilution of 100.39% (100.40% compared to 409,285 total voting rights as of August 31, 2019) against 40,935,428 shares, excluding 3,455,074 treasury shares, from 44,390,500 shares of our common stock as of August 31, 2019, resulting in a significant dilution over existing shares.

Although this Third-Party Allotment the value per share, as described in "I. Summary of the Allotment 1. Purpose and Reason of the Capital and Business Alliance " above, the Third-Party Allotment Capital Increase is to be implemented as part of the Capital and Business Collaboration with LINE and the Share Subscription Agreement with Mirai Fund. The Capital and Business Alliance and the Share Subscription Agreement will enable us to secure sufficient funds needed to expand our investments in the future, build a more stable management foundation to achieve sustainable growth and increase corporate value over the medium to long term, and further consolidate and mutually utilize the management resources of the 2 companies, and strengthen our organization through human support from LINE. We believe this

alliance will be more beneficial to our existing shareholders, and we judge that the amount of issuance and the scale of dilution of our shares are reasonable.

6. Reason, etc. for Selection of the Company to which the Allocation is Scheduled

(1) Information for allotment

Please refer to "I. Outline of the Capital and Service Alliance 2. Outline of the Subscribers" above.

(2) Reasons for selecting the subscribers

Please refer to "I. Outline of the Capital and Business Alliance 1. Purpose and Reason of the Capital and Business Alliance " above.

(3) Possession policy of the subscribers

(i) LINE

With respect to the shares LINE acquires, we have reached an agreement with LINE regarding the policy of holding shares on a continuing basis. We have entered into the Capital and Business Alliance Agreement and the Share Subscription Agreement as a medium-to long-term strategic partner, and has agreed to hold our shares in the medium-to long-term in order to aim to increase our corporate value.

In addition, we will receive the written commitment of LINE that, if LINE transfers all or part of our common shares issued through the Third-Party Allotment within two years from the payment date, LINE shall report the content thereof to us, to report the content thereof to the Tokyo Stock Exchange, and to agree that the content of such report will be made available for public inspection.

(ii) Mirai Fund

Regarding shares to be acquired by Mirai Fund, we have reached an agreement with Mirai Fund regarding the policy of holding shares on a continuing basis and we have entered into the Share Subscription Agreement as a medium-to long-term strategic partner and has agreed to hold shares in the medium-to long-term in order to aim to increase our corporate value.

In addition, we will receive the written commitment of Mirai Fund that, if Mirai Fund transfers all or part of our common shares issued through the Third-Party Allotment within two years from the payment date, Mirai Fund shall report the content thereof to us, to report the content thereof to the Tokyo Stock Exchange, and to agree that the content of such report will be made available for public inspection.

(4) Contents of confirmation with respect to the existence of the asset required for the payment by the subscribers

(i) LINE

LINE's operating revenue, assets, capital, cash and cash equivalents have been confirmed based on the financial position statement as of December 31, 2019 and the profit and loss statement for the period from January 1, 2019 to December 31, 2019. As a result of comprehensive considerations, it has been confirmed that there are no problems in raising funds required for the payment of the Third Party Allotment.

(ii) Mirai Fund

Mirai Fund have verbally confirmed that it will receive additional capital contributions from LINE and NAVER J.Hub Corporation, both of whom will make capital contributions to Mirai Fund in proportion to the percentage of the contribution to Mirai Fund, and that it will pay the full amount on the payment date. With respect to this additional investment, we have obtained

a document certifying the investment from LINE with the upper limit of 1,500,004,000 yen by one business day prior to the payment day to be made by Mirai Fund, an investor of the future Fund, and, even though we have not confirmed about the investment by NAVER J.Hub Corporation to Mirai Fund directly, have also obtained from NAVER Corporation a document certifying that NAVER Corporation, an 100% parent company of NAVER J.Hub Corporation, will make the investment to Mirai Fund with the upper limit of 13,500,036,000 yen by one business day prior to the payment day to be made by Mirai Fund if Mirai Fund is unable to receive additional investment from NAVER J.Hub Corporation. As a result of comprehensively considering LINE's additional investments, we have confirmed the content of LINE operating revenue, assets, capital, cash and cash equivalents in accordance with the consolidated statement of financial position as of December 31, 2019 and the consolidated statement of profit and loss for the period from January 1, 2019 to December 31, 2019, and the content of NAVER Corporation's operating revenue, assets, capital, cash and cash equivalents in accordance with the consolidated statement of financial position as of December 31, 2019 and the consolidated statement of profit and loss for the period from January 1, 2019 to December 31, 2019, in regard to investments in NAVER Corporation, which is a Korean-listed company, based on the consolidated statement of financial position for the period from December 31, 2019 to December 31, 2019.

7. Major Shareholders and Percentage of Shares after Offering

Before the offering (As of August 31, 2019)		After the offering	
LINE CORPORATION	21.70%	LINE CORPORATION	35.88%
Rie Nakamura	13.93%	Mirai Fund LLP	25.05%
Japan Trustee Services Bank, Ltd. (trust account)	5.89%	Rie Nakamura	6.95%
Asahi Shimbun Company	5.63%	Japan Trustee Services Bank, Ltd. (trust account)	2.94%
The Bank of New York Mellon 140051 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	4.78%	Asahi Shimbun Company	2.81%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.36%	The Bank of New York Mellon 140051 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	2.39%
MLI for Client General OMNI Non- Collateral Non Treaty PB (Standing proxy: Merrill Lynch Japan Securities Co., Ltd.)	3.02%	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.18%
The Bank of New York 133652 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	2.91%	MLI for Client General OMNI Non- Collateral Non Treaty PB (Standing proxy: Merrill Lynch Japan Securities Co., Ltd.)	1.51%
BBH (LUX) Fidelity Funds Japan Aggressive (Standing Proxy: MUFG Bank, Ltd.)	2.28%	The Bank of New York 133652 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1.45%
State Street Bank and Trust Company	2.23%	BBH (LUX) Fidelity Funds Japan	1.14%

505223 (Standing Proxy, Mizuho Bank, Ltd. Settlement Sales Department)	Aggressive (Standing Proxy: MUFG Bank, Ltd.)
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- (NOTE)
1. The composition of major shareholders prior to the Third Party Allotment is based on the list of shareholders as of August 31, 2019.
 2. In addition to the above, the Company hold the treasury stock of 3,455,074 shares as of August 31, 2019.
 3. The “ratio of the number of voting rights held to the total number of voting rights after allotment” is calculated by dividing the number of voting rights by the sum of the number of voting rights as of August 31, 2019 (409,285 voting rights) stated in the 20th Annual Securities Report, which we submitted on November 29, 2019, and the number of voting rights (410,960 voting rights) to be increased as a result of the Third Party Allotment (in total, 820,245 voting rights).
 4. The "ratio of the number of voting rights held to the total number of voting rights" and the "ratio of the number of voting rights held to the total number of voting rights after allotment" are rounded down to the nearest third decimal place.
 5. In the report on changes in the report of large shareholdings, which was made available for public inspection on March 13, 2020, it was stated that Asahi Shimbun Company transferred its shares to Segantii Capital Management Limited and did not hold the shares as of March 6, 2020. However, as we are unable to confirm the actual number of shares held as of today, they are not included in the above status of major shareholders. The contents of the change report in the Report of Possession of Large Volume are as follows.

Name or trade name	Address	Number of Shares Held (Shares)	Percentage of shares held (%)
Asahi Shimbun Company	3-18, Nakanoshima 2-chome, Kita-ku, Osaka	0	0

8. Future Outlook

The impact of the Capital and Business Alliance and the Third Party Allotment on our consolidated results for the year ending August 2020 is undecided, but we believe that the development and strengthening of the long-term partnership between us and LINE will contribute to the improvement of corporate value in the medium and long-term. In the future, we will promptly announce the necessity of revisions to the forecasts and any other matters that should be disclosed.

9. Matters related to the procedures under the Code of Conduct

As the dilution rate of this Third-Party Allotment is 25% or more, in order to obtain opinions on the necessity and appropriateness of the Third-Party Allotment by a person who is independent from our management in accordance with Article 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange, Mr. Hiroshi Kamiyama (Attorney at Law/Patent at Hibiya Park Law Offices) who is an outside director, Mr. Yoshiyuki Wada (representative public accountant at Wada Accounting Office) and Mr. Yuichi Bando (Representative Partner of XIB Capital Partners Inc.), were selected as independent from our management and we have asked the Special Committee composed of these three members for their opinions on the necessity and reasonableness of the Third-Party Allotment.

The following is a summary of opinion on the Third-Party Allotment obtained by us from the Special Committee dated March 26, 2020.

(Opinions)

1. At present, there is a high level of need for the Third-Party Allotment.
2. Issuance of new shares pertaining to the Third-Party Allotment is lawful, and the method of a third party allotment is deemed reasonable as a fund raising means. In addition, both the selection of the

subscribers and the terms and conditions of issuance are deemed reasonable. Therefore, the issuance of new shares by way of a Third-Party Allotment is admitted as reasonable, and there are no special circumstances to overturn this.

(Reason)

1. Necessity of the Third Party Allotment

We believe that funding for some of the capital and business alliance-related investments with LINE is essential to competing against our competitors and will contribute to our future growth, increase our corporate value over the medium-to long-term, strengthen our financial position, and ultimately benefit our existing shareholders. We have determined that the use of such funds is reasonable.

In addition, in order for us to grow five years later, ten years later, and in the future, we need to acquire an overwhelming share in terms of the number of users, the number of member restaurants, the number of orders per year, and so forth, and in order to achieve this, we need to implement the measures as quickly as possible before competitors can secure their share. For the reasons stated above, in order to implement the measures described in "1. Status of the Allotment Scheduled Recipients" c. Reasons for Selection of the Subscribers (hereinafter referred to as the "Measures"), we have determined, at present, that it is necessary to implement the Third Party Allotment indispensable for the implementation of the Measures without waiting for the confusion in the stock market caused by the effects of the new type coronavirus infectious disease to be settled.

Considering the above, it is objectively and rationally recognized that under circumstances where competition is anticipated to intensify in the food delivery business, even if the stock market is confused, there is a need to implement the Measures as promptly as possible before competitors secure a dominant share, that there is a need to enter into the Capital and Business Alliance in order to implement the Measures, and that there is a need for specific use of the funds procured by way of the Third Party Allotment. In light of these facts, the high necessity to implement the Third Party Allotment is admitted at present .

The issue price of the Third-Party Allotment is determined through serious consultations and negotiations between the independent parties and is in accordance with the Japan Securities Dealers Association's Guidelines on the "Handling of Third-Party Allotment". Therefore, the issue price of the Third-Party Allotment is construed not to be a "particularly favorable price" as set forth in Article 199(3) of the Companies Act, and there are no other legal problems.

We have examined the most appropriate funding methods for implementing the Measures, and have examined funding methods other than third-party allotment. However, due to excessive procedures and time required, public offering of shares, rights offerings through shareholder allotments and stock acquisition rights cannot satisfy the demands for short-term and reliable fund-raising and promotion of growth measures, and borrowings from financial institutions cannot strengthen the financial base. Therefore, we have determined that third-party allotment is the most appropriate financing method. For the reasons stated above, in light of our current situation, which takes into account the trends of competitors in implementing the Measures, it is appropriate for us to select the Third-Party Allotment as a means of funding.

In view of the expected effects of the Capital and Business Alliance, it is deemed reasonable from an objective and rational viewpoint to select LINE and Mirai Fund as subscribers of the Third-Party Allotment.

As mentioned above, the issue price of the capital increase through the allotment to a third party is determined through serious consultations and negotiations between the independent parties, and is in accordance with the Japan Securities Dealers Association's Guidelines on the Handling of the Third Party Allotment. Therefore, it is construed that the issue price does not fall under the "particularly

favorable price" set forth in Article 199(3) of the Companies Act, and it is impossible to predict the extent to which the new-type coronaviral infectious disease affects the stock market conditions during the period, and it is certainly expected that the actual economy will be affected greatly. In light of these circumstances, it is anticipated that the stock market may not return to the level before the effects of the new coronaviruses infectious disease had appeared for a considerable period of time, even though the stock market is undergoing a series of disturbances. In addition to the above, in light of the advanced necessity of the Third-Party Allotment, the issue price pertaining to the Third Party Allotment is considered as reasonable.

In addition, the Third-Party Allotment is deemed to be highly necessary to implement it and useful to existing shareholders, and there are no sufficient circumstances to overturn it. Consequently, the size of the Third-Party Allotment is reasonable.

For the reasons stated above, the issuance of new shares pertaining to the capital increase by way of the Third Party Allotment is lawful, and the method of the third party allotment is considered to be reasonable as a fund raising means, and both the selection of the subscribers and the terms of issuance are deemed to be reasonable. Therefore, the issue of new shares by way of the Third Party Allotment is found to be reasonable, and no special circumstances are found to be sufficient to overturn the issue.

As described above, we have received the opinion of the Third-Party Committee has concerning the necessity and reasonableness of the Third Party Allotment.

At the meeting of the Board of Directors held on March 26, 2020, it was sufficiently discussed and examined with reference to the above-mentioned opinion of the Third-Party Committee. As a result, it was determined that the volume of the number of shares issued by the Third-Party Allotment and the scale of the dilution of the Company's shares were reasonable, even if the impact on existing shareholders was taken into consideration.

10. Performance and Equity Finance in the Last 3 Years

(1) Consolidated Financial Results for the Last 3 Years

	FY8/2017	FY8/2018	FY8/2019
Consolidated net sales	4,943 million yen	JPY5,430 million	JPY6,666 million
Consolidated operating income	JPY800 million	JPY837 million	(JPY39 million)
Consolidated Ordinary Income)	JPY797 million	JPY 849 million	(JPY7 million)
Net income attributable to owners of parent company	432 million yen	JPY558 million	(JPY103 million)
Consolidated net income per share	JPY10.72	JPY13.79	(JPY2.53)
Dividend per share	JPY3.30	JPY3.60	JPY3.60
Consolidated net assets per share	JPY66.65	JPY80.38	JPY68.87

(2) Number of Shares Issued and Number of Potential Shares (As of August 31, 2019)

	Number of shares	Ratio to the number of shares outstanding
Number of shares outstanding	44,390,500 shares	100.00%
Number of potential shares at the current conversion price (exercise price)	2,349.1 thousand shares	5.29%
Number of potential shares at	-	-

the conversion price (exercise price) of the lower limit		
Number of potential shares at the conversion price (exercise price) of the upper limit	-	-

(NOTE) The number of potential shares above is the number of potential shares pertaining to the 9th and 10th stock acquisition rights and the 11th stock acquisition rights (moving strike warrant).

(3) Recent situation in stock prices

(i) Situation over the last 3 years

	FY8/2017	FY8/2018	FY8/2019
Opening Price	JPY1,870	JPY1,620	JPY3,350
Highest Price	JPY3,855	JPY3,535	JPY3,725
Lowest price	JPY701	JPY1,359	JPY1,209
Closing price	JPY1,644	JPY3,345	JPY1,480

(NOTE) On March 1, 2017, we carried out a 4-for-1 stock split, and the stock price for the year ended August 31, 2017 was adjusted retroactively to reflect the stock split.

(ii) Situation over the last 6 months

	October	November	December	January	February	March
Opening Price	JPY1,607	JPY 992	JPY 1,310	JPY1,105	JPY 1,001	JPY999
Highest Price	JPY 1,622	JPY1,319	JPY 1,310	JPY1,118	JPY1,048	JPY1,039
Lowest price	JPY900	JPY989	JPY1,023	JPY929	JPY 838	JPY524
Closing price	JPY999	JPY1,315	JPY1,127	JPY1,028	JPY 990	JPY694

(NOTE) Share prices for March 2020 are as of March 25, 2020.

(iii) Share price on the business day immediately preceding the resolution date of issuance

	March 25, 2020
Opening Price	JPY715
Highest Price	JPY717
Lowest price	JPY657
Closing price	JPY694

(4) State of equity financing in the last 3 years

- Issuance of the 11th Stock Acquisition Rights (Moving Strike Warrant) by way of a Third-Party Allotment

Date of issuance	May 9, 2019
Number of Share Options Issued	22,000
Issue price	Total amount: 17,600,000 yen (800 yen per share acquisition right)
Amount of funds to be received at the time of issuance (Estimated amount actually received)	JPY3,605,800,000 (Approximate amount to be actually received: JPY3,585,900,000) (Breakdown) Proceeds from issuance of stock acquisition rights: JPY17,600,000 Proceeds from exercise of stock acquisition rights: JPY3,588,200,000
Allotment destination	Macquarie Bank Limited
Number of total outstanding shares at	44,390,400 shares

the time of offering	
Number of potential shares through such offering	Potential shares: 2,200,000 shares (100 shares per stock acquisition right) There is no upper limit on the exercise price. The lowest exercise price is JPY1,631, but even when the exercise price is adjusted to the lowest exercise price, the number of potential shares is 2,200,000 shares.
Current status of the exercise of the stock acquisition rights	100 Shares
Amount of funds procured to date (Actual received amount)	JPY 163,200
Initial use of funds at the time of issuance	(i) System development expenses in Demae-can business (JPY3bn) : July 2019 to August 2021 (ii) Future standby funds related to M&A and capital and business alliances (JPY585 million) : July 2019 to August 2021
Appropriation status to date	Cash on hand

III. Change of a Parent Company and a Major Shareholders

1. Background to the change

It is expected that our parent company and a major shareholder is changed due to the Third Party Allotment. Specifically, Mirai Fund, which is one of the subscribers, will become our major shareholders, and NAVER CORPORATION, which is the largest shareholder of Mirai Fund, will become our parent company. Ms. Rie Nakamura, one of our major shareholders, is expected to cease to be a major shareholder.

2. Summary of Shareholders to be Transferred

(1) A person who is to newly become a parent company;

The outline of NAVER CORPORATION is as follows.

(1) Name	NAVER Corporation	
(2) Address	NAVER Green Factory, 6, Buljeong-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea	
(3) Title/Name of Representative	SEONGSOOK HAN, President & CEO	
(4) Description of Businesses	Advertising based on the search engines "NAVER" and mobile messenger application "LINE", as well as the development of content services including "NAVER Webtoon" and "VLIVE"	
(5) Capital stock	16,481 Million won (JPY1,483 million) (as of September 30, 2019)	
(6) Date of Incorporation	June 2, 1999	
(6) Major shareholders and percentage of shares (as of September 30, 2019)	National Pension Service of Korea	11.10%
	BlackRock Fund Advisors	5.03%
	Harris Associates	5.01%
(7) Relationship with the Company		
	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.

Business relationship	Not applicable.
Whether such person falls within a related party of the Company	Not applicable.

(NOTE) the amount is converted to Japanese yen based on the exchange rate of one won is equal to 0.09 Japanese yen (TTM published by BTMU as of March 25, 2020)

(2) A person who is to newly become a Major Shareholder;

Please refer to "I. Outline of the Capital and Service Alliance 2. Outline of the Subscribers".

(3) A person who ceases to fall under the category of a Major Shareholder;

(i) Name	Rie Nakamura
(ii) Address	Chuo-ku, Tokyo

3. Number of voting rights (number of shares held) and percentage of voting rights held by shareholders before and after the transfer

(1) A person who is to newly become a parent company;

NAVER CORPORATION

	Attribute	Number of Voting Rights (Voting Rights Ownership Ratio)		
		Direct holdings	Aggregation target	Total
Before transfer	-	-	88,800 votes 8,880 thousand shares (21.70%)	88,800 votes 8,880 thousand shares (21.70%)
After transfer	Parent company	-	499,760 votes 49,976 thousand shares (60.93%)	499,760 votes 49,976 thousand shares (60.93%)

(2) A person who is to newly become a Major Shareholder;

Mirai Fund

	Number of Voting Rights (number of Owned Shares)	Percentage to the total voting rights of shareholders	Order in the Major Shareholders
Before transfer	-		-
After transfer	205,480 voteunits 20,548 thousand shares	25.05%	Second

(3) A person who ceases to fall under the category of a Major Shareholder;

Rie Nakamura

	Number of Voting Rights (number of Owned Shares)	Percentage to the total voting rights of shareholders	Order in the Major Shareholders
Before transfer	57,023 votes 5,702.3 thousand shares	13.92%	Second

After transfer	57,023 votes 5,702.3 thousand shares	6.95%	Third
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(NOTE) 1. The percentage of voting rights held before and after the transfer is rounded down to the nearest third decimal place.

2. The percentage of voting rights held prior to the change is based on the total number of voting rights (409,285) as of August 31, 2019 plus the number of voting rights (410,960) relating to the number of shares (41,096,000) issued by the Third Party Allotment.

4. Existence of change of non-listed parent company, etc. to be disclosed, etc.

As the shares in NAVER Corporation are listed on the Korean Stock Exchange, nothing is applicable.

5. Scheduled date of transfer

April 17, 2020

6. Future Outlook

Refer to "II. Issuance of new shares through third-party allotment 8. Future outlook" above for the future outlook.

End