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For immediate release

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### **Notice Concerning the Establishment of an Internal Investigation Committee**

Demaecan Co., Ltd. (the "Company") hereby announces that its Board of Directors has resolved at a meeting held today regarding the establishment of an internal investigation committee as follows:

#### Details

#### 1. Background to the establishment of internal investigation committee

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, in the process of auditing procedures related to the Company's financial statements for the fiscal year ended August 2021, the accounting firm engaged in the audit indicated that it had determined the existence of an error in the balance of payables and receivables. As a result of the investigation to this date, 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. In response to this incident, the Company has formed an internal investigative team comprising officers and employees from multiple departments and has begun a full-scale internal investigation. However, the investigation also found an error in recording outsourcing expenses, which led the Company to believe it is desirable to set up an internal investigation committee including experts that will evaluate objectively. The Company therefore decided today to establish an internal investigation committee and transfer the investigation to the committee.

#### 2. Members of the internal investigation committee

Chair	Hidetaka Miyake, Lawyer (Anderson Mori & Tomotsune LPC)
Member	Toraki, Inoue, CPA (Accounting Advisory Co., Ltd.)
Member	Satoshi Yano (CFO/Executive Officer of the Company)

#### 3. Purpose of investigation

- Determining erroneous amounts of accounts receivable and accounts payable
- Examining outsourcing expenses (payments to delivery service providers)
- Confirming the existence of similar cases
- Calculating the amount of impact on the consolidated financial statements, etc.
- Analyzing the cause and recommend measures to prevent recurrence
- Other matters deemed necessary by the internal investigation committee

#### 4. Future outlook

The investigation by the internal investigation committee is expected to last until late December 2021. Therefore, the Company had 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 submitted an application for an extension of the due date for submission of the report to Kanto Local Finance Bureau today. The Company will promptly announce the results of the investigation once the investigation by the internal investigation committee is completed.

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