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To whom it may concern

Z Holdings Corporation
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**Z Holdings Corporation to Subscribe for Shares of Demae-can
Through Third Party Allotment**

Z Holdings Corporation (hereinafter “ZHD”) hereby announces that it has decided to subscribe for the shares of Demae-can Co., Ltd. (hereinafter “Demae-can”) through a third party allotment to be conducted by Demae-can in parallel with the issuance of new shares and disposal of treasury stocks to overseas investors (hereinafter the issuance of new shares and disposal of treasury stocks to overseas investors, “Overseas Offering,” and the third party allotment, “Parallel Third Party Allotment”).

For details, please refer to the announcement made by Demae-can today, titled, “Notice Concerning Issuance of New Shares through Third-Party Allotments.”

This announcement is made on a voluntary basis as it does not fall under the timely disclosure standards of the Tokyo Stock Exchange.

1. Reasons for subscribing in the Parallel Third Party Allotment

ZHD substantially holds 38.29%^{*1} of Demae-can’s shares through LINE Corporation (hereinafter “LINE”), a consolidated subsidiary of ZHD, and through Mirai Fund LLP to which LINE invests. In addition to providing new value to users by breaking down the barriers between online and offline, ZHD aims to maximize e-commerce transaction value and realize a world where people can buy what they want at the best price anytime, anywhere. To this end, ZHD regards Demae-can’s delivery infrastructure as an important management resource. Thus, in collaboration and partnership with the ZHD group companies such as LINE and ASKUL Corporation (hereinafter “ASKUL”), ZHD works with Demae-can on various initiatives. More specifically, LINE and Demae-can have concluded a capital alliance and partnership agreement in March 2020, unified the food delivery services that had been provided by both companies into Demae-can, and reinforced the partnership in fields such as marketing and system development. Furthermore, in July 2021, ZHD, ASKUL and Demae-can began a demonstration experiment on “PayPay Direct by ASKUL,” which provides an immediate delivery of daily necessities and groceries. In addition to understanding the needs for immediate delivery in the last mile delivery through this demonstration experiment, ZHD, ASKUL and

Demae-can will consider expanding the range of products handled, areas covered and collaborating with other services.

While the domestic food delivery market as a whole is growing, competition to acquire users, merchants, and delivery personnel is intensifying due to the entry of overseas business operators, etc. There are also signs of industry realignment such as the withdrawal or consolidations of some business operators that find it difficult to continue such competition.

Under such circumstances, in order to meet the demand for funds for future growth, Demae-can decided to raise funds from a wide range of investors through this Overseas Offering in order to maximize the amount of funds raised, and also decided to conduct Parallel Third Party Allotments allotted to: a) ZHD in order to maintain the ownership ratio of the ZHD Group, and b) NAVER Corporation (hereinafter "NAVER"), which holds a 90% stake in Mirai Fund LLP. In order to continue promoting the abovementioned efforts through the collaboration and partnership between the Group companies and Demae-can and maintaining the ZHD Group's ownership ratio of Demae-can after the Overseas Offering, ZHD has decided to subscribe to the Parallel Third Party Allotment allotted to ZHD.

*1The total of a) LINE's direct ownership ratio of Demae-can's shares (35.79%) and b) LINE's indirect ownership ratio of Demae-can's shares (2.50%; derived by dividing by the ownership ratio of Demae-can by Mirai Fund LLP (24.99%), in which LINE has a 10% stake, proportionally by LINE's shareholding ratio).

2. Outline of the Parallel Third Party Allotment to be subscribed by ZHD

(1)	Type and number of shares to be subscribed	Out of the shares to be offered in the Parallel Third Party Allotment and within 22,740,700 shares, ZHD intends to apply for the number of shares necessary to maintain the substantial ownership ratio (38.29%)* ² of the ZHD Group in the shares of Demae-can after the Overseas Offering and the Parallel Third Party Allotment (hereinafter "Number of Basic Subscription Shares"). In addition, in the event that the amount obtained by deducting the cost of issuance related to the Overseas Offering and the Parallel Third Party Allotment from the total of a) the total amount to be paid in through the Overseas Offering, b) the total amount to be paid in by NAVER* ³ for the Parallel Third Party Allotment allotted to NAVER, and c) the total amount to be paid in by ZHD for the Parallel Third Party Allotment allotted to ZHD, is less than JPY80 billion, which is the amount of funds required by Demae-can, ZHD plans to additionally subscribe for the number of shares obtained by dividing the difference by the price of subscription noted in (2) below (the number of shares shall be rounded down to the nearest 100 shares and the maximum
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		<p>number of shares shall be the Number of Basic Subscription Shares deducted from 22,740,700 shares).</p> <p>As a result, the ZHD Group's substantial ownership ratio of Demae-can is expected to be 38.29%^{*2} or more, and the total direct ownership ratio of ZHD and LINE is not expected to exceed 41.99%^{*4}, after the Overseas Offering and the Parallel Third Party Allotment.</p> <p>^{*2} To be calculated based on the formula stipulated in the stock subscription agreement between Demae-can and ZHD dated September 13, 2021.</p> <p>^{*3} Out of the shares to be offered in the Parallel Third Party Allotment and within 16,641,800 shares, NAVER intends to subscribe for the number of shares (rounded down to the nearest 100 shares) obtained by dividing JPY18 billion by the price of subscription noted in (2) below, and the total amount to be paid in by NAVER refers to the amount to be paid in to acquire these shares. However, if the payment by NAVER is to be made on or after October 1, 2021 (Fri.), the maximum number of shares to be subscribed shall be such that the total voting right ratio of NAVER and Mirai Fund LLP of Demae-can after the Overseas Offering and Parallel Third Party Allotment does not exceed 20% (rounded down to the nearest 100 shares). The price of subscription for the Parallel Third Party Allotment to NAVER shall be the same as that noted in (2) below.</p> <p>^{*4} The total of the direct ownership ratio of ZHD and LINE after the Overseas Offering and the Parallel Third Party Allotment, and will be calculated based on the formula stipulated in the stock subscription agreement between Demae-can and ZHD dated September 13, 2021.</p>
(2)	Method of deciding the price of subscription	<ul style="list-style-type: none"> • To be decided on any day from September 15, 2021 (Wed.) to September 17, 2021 (Fri.) (the day when the issue price, etc. is decided) • The price of subscription shall be the same as the issuance price and disposal price (offer price) for the Overseas Offering
(3)	Subscription period	From September 29, 2021 (Wed.) to October 28, 2021 (Thu.)
(4)	Payment period	From September 30, 2021 (Thu.) to October 29, 2021 (Fri.)

3. Impact on the business results

Demae-can continues to be ZHD's equity method affiliate after the subscription under the Parallel Third Party Allotment. ZHD expects the impact of this matter on its FY2021 consolidated business results to be minor. Should there be any matters that need to be disclosed in the future, they will be announced promptly.

Disclaimer

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.