

Company name: RAKSUL INC.
Representative: Yasukane Matsumoto
Representative Director, President and CEO
(TSE First Section Code No. 4384)
Contact: Yo Nagami
Director, CFO

Notice Regarding Establishment of Subsidiary NOVASELL INC. through Company Split
(Simplified Incorporation-Type Company Split)

RAKSUL INC. (hereinafter the “Company”) resolved at the Board of Directors meeting held on December 21, 2021 to transfer the Novasell (TVCM related services platform) business through an incorporation-type company split (hereinafter the “Company Split”) to a company to be established, named NOVASELL INC., effective February 1, 2022 (scheduled). Details of the Company Split are as described below.

As the Company Split will be conducted solely by the Company, the particulars and content for disclosure have been partially omitted.

1. Reason for the Company Split

The Company launched Novasell (TVCM related services platform) business (hereinafter the "Business") in April 2020, and the market for programmatic TVCM has been expanding steadily along with the usage of Novasell accelerating within the market. The purpose of the Company Split is to promote this Business under a structure that enables decision-making of business strategies in a more agile and flexible manner.

2. Overview of the Company Split

(1) Company Split schedule

Resolution at Board of Directors meeting approving the company split plan: December 21, 2021
Date of the company split (effective date): February 1, 2022 (scheduled)

Note: As the Company Split meets the requirements for a simplified company split in accordance with the provisions of Article 805 of the Companies Act of Japan, the Company does not require approval at the General Meeting of Shareholders.

(2) Method of the Company Split

This is an incorporation-type company split, with the Company as the splitting company and NOVASELL INC. as the newly established company.

(3) Allocation of shares related to the Company Split

The newly established NOVASELL INC. will issue 1,000,000 shares of common stock and allot all of the shares to the Company.

(4) Handling of share options and bonds with share options upon the Company Split

Not applicable.

(5) Change in capital due to the Company Split

There will be no changes in the capital of the Company due to the Company Split.

(6) Rights and obligations to be succeeded by the newly established company

The newly established NOVASELL INC. will succeed the assets, liabilities, contractual status, and other rights and obligations with respect to the Business prescribed in the incorporation-type company split plan.

(7) Prospects for fulfilling financial obligations

The Company foresees no concerns in the certainty of fulfillment of financial obligations borne by the newly established NOVASELL INC. pertaining to the Company Split. The Company will assume all debts to be succeeded by the newly established company.

3. Outline of the splitting company and the newly established company

	Splitting company (As of December 21, 2021)	Newly established company (Scheduled as of February 1, 2022)
Company name	RAKSUL INC.	NOVASELL INC.
Location	2-24-9 Kamiosaki Shinagawaku, Tokyo 141-0021 JAPAN	2-24-9 Kamiosaki Shinagawaku, Tokyo 141-0021 JAPAN
Representative	Representative Director, President and CEO Yasukane Matsumoto	Representative Director and President Masaki Tabe
Business overview	Printing & offline advertising platform “Raksul”, logistics platform “Hacobell”, and TVCM related services platform “Novasell”	TVCM related services platform “Novasell”
Share capital	¥2,658 MM	¥100 MM
Date of establishment	September 1, 2009	February 1, 2022 (scheduled)
Number of issues shared	28,895,140 shares	1,000,000 shares (scheduled)
Fiscal year-end	July 31	July 31
Major shareholders and shareholding ratio (As of October 31, 2021)	<p>Yasukane Matsumoto 17.27%</p> <p>The Master Trust Bank of Japan, Ltd. (Trust Account) 13.06%</p> <p>Custody Bank of Japan, Ltd. (Trust Account) 5.95%</p> <p>NORTHERN TRUST CO. (AVFC) REIEDU UCITS CLIENTS NON TREATYACCOUNT 15.315 PCT (Standing proxy: The Hongkong and Shanghai Banking Co., Ltd. Tokyo branch) 4.11%</p> <p>THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Mizuho Bank, Ltd.) 3.85%</p>	<p>RAKSUL INC. 100.00%</p>

Financial position and performance of the splitting company in the past fiscal year

	Fiscal year ended July 31, 2021
Net assets	¥7,996 MM
Total assets	¥21,916 MM
Net assets per share	¥260.02
Net sales	¥25,523 MM
Operating profit	¥220 MM
Ordinary profit	¥130 MM
Net profit	¥160 MM
Earnings per share	¥5.62

Note: The Revenue Recognition Accounting Standards have been applied from the beginning of the fiscal year ending July 31, 2022, and the revenue for the previous fiscal year are figures after retroactive application of the aforementioned standards.

4. Overview of the business to be split

(1) Details of the business to be split

Novasell (TVCM related services platform) business

(2) Financial performance of the business to be split (Fiscal year ended July 31, 2021)

Net sales ¥2,041 MM

(Note: The Revenue Recognition Accounting Standards have been applied from the beginning of the fiscal year ending July 31, 2022, and the revenue for the previous fiscal year are figures after retroactive application of the aforementioned standards)

(3) Items and book value of assets and liabilities to be split (as of November 30, 2021)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	¥1,799 MM	Current liabilities	¥1,111 MM
Non-current assets	¥21 MM	Non-current liabilities	-
Total	¥1,821 MM	Total	¥1,111 MM

Note: The actual amount of assets and liabilities to be split will be settled after reflecting the changes in the amount up to the effective date of the Company Split.

5. Status of the Company after the Company Split

There will be no change in the Company's name, location, representative, business overview, share capital or fiscal year-end due to the Company Split.

6. Future Outlook

The impact on the Company's business results due to the Company Split is limited. Should it become necessary to revise the financial forecast or should matters arise that need be announced in the future, such information will be promptly disclosed.