

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

**Announcement of Completion of Acquisition of DANBALL ONE, Inc. as a Wholly Owned Subsidiary,
 Recording of Extraordinary Gain and Notice concerning Consolidated Financial Forecast
 in connection with Commencement of Consolidated Accounting**

As announced on December 9, 2021 in the “Notice on the acquisition of additional shares of DANBALL ONE, Inc.,” RAKSUL INC. (the “Company”) acquired additional shares of DANBALL ONE, Inc. (“DANBALL ONE”) and made it a wholly owned subsidiary. Accordingly, the Company has decided to introduce a consolidated accounting system from the third quarter of the fiscal year ending July 31, 2022. The Company is also expecting to record extraordinary gain as detailed below.

1. Consolidated Financial Forecast for the Fiscal Year Ending July 31, 2022 (August 1st, 2021 - July 31st, 2022)

| | Revenue | Operating Profit (Loss) | non-GAAP EBITDA | Ordinary Profit (Loss) | Profit (loss) attributable to owners of the parent | Earnings (Loss) per Share |
|-----------|-------------------|-------------------------|-----------------|------------------------|--|---------------------------|
| | In JPY MM | In JPY MM | In JPY MM | In JPY MM | In JPY MM | In JPY |
| Full year | 35,600 ~36,600 | 330 ~380 | 1,440 ~1,540 | (210) ~(160) | 320 ~370 | 11.06 ~12.78 |

- (1) Non-GAAP profits are calculated by deducting or adjusting non-recurring items and other specific adjustable items from GAAP profits (Japan GAAP) based on certain rules. We disclose non-GAAP figures as we believe they are useful in understanding our fundamental business performance. Specifically, we adjust certain one-off profits and losses that we deem deductible (mainly stock-based compensation, depreciation and goodwill amortization expenses).
- (2) As the Company did not consolidate accounts for the fiscal year ending July 31, 2021, the percentage change from the previous fiscal year is not shown.

2. Overview of Consolidated Financial Forecast

The above consolidated financial forecast figures reflect the financial forecast of DANBALL ONE for the period from February 1, 2022 to July 31, 2022, following its consolidation as a subsidiary.

In addition, since it is necessary to prepare consolidated financial statements retrospectively from the beginning of the fiscal year due to the commencement of consolidated accounting in the middle of the fiscal year, the equity method investment gains and losses (including the amount equivalent to amortization of goodwill) from August 1, 2021 to January 31, 2022 of DANBALL ONE which was an affiliate at the beginning of the fiscal year, and the equity method investment gains and losses (including the amount equivalent to amortization of goodwill) of Peraichi Inc. and Net Square Co., Ltd. are factored in.

Notes:

- (1) The forecasts presented are based on the information currently available to the Company. The actual results may differ due to various factors in the future.

- (2) For further details, please refer to the "Full Year Consolidated Financial Forecast for the Fiscal Year Ending July 31, 2022" (excerpt below) disclosed today.



FY2022 Full-Year Consolidated Forecast

- Disclosing Consolidated Financial Forecast including the financials of DANBALL ONE, Inc. ("DANBALL ONE"), whose acquisition was completed as of today
- We expect to achieve growth far exceeding our initial forecast and our mid-to-long term financial policy of over 30% in gross profit
- While the most important financial indicator remains to be the gross profit, we have shifted our profit/CF indicator from operating profit (non-GAAP) to EBITDA (non-GAAP)⁽²⁾

| | FY2022 Full-year (2021/8-2022/7) | | FY2021 Full-year ⁽¹⁾ (2020/8-2021/7) | | YoY Growth | Financial Implications |
|--|---|---|---|---|------------|--|
| | Consolidated Forecast (New Revenue Recognition Standard) | Non-consolidated Forecast (New Revenue Recognition Standard) | Non-consolidated Result (New Revenue Recognition Standard) | Non-consolidated Result (New Revenue Recognition Standard) | | |
| Revenue | JPY35.6~36.6Bn | Over 33.2Bn | JPY 25.5Bn | | +39~43% | Gross profit - Continue to achieve more than 40% gross profit growth while maintaining EBITDA Margin - DANBALL ONE's contribution to financials results has started from 3Q. Gross profit growth of around 30% YoY in 2Q, with continued growth of organic businesses |
| Gross Profit | JPY10.2~10.6Bn | Over 9.3Bn | JPY 7.09Bn | | +44~49% | |
| Gross Margin | 28.7~29.0% | - | 27.8% | | +0.9~1.2pt | Gross Margin Company-wide gross margin is expected to improve to the mid to high 28% range as a result of the change in accounting standards for Novasell and the acquisition of DANBALL ONE as a wholly owned subsidiary |
| EBITDA (non-GAAP) ⁽²⁾ | JPY1.44~1.54Bn | - | JPY 1.03Bn | | +40~49% | |
| Operating Profit (non-GAAP) ⁽²⁾ | JPY1.0~1.1Bn | Over 1.0Bn | JPY 0.83Bn | | +20~32% | EBITDA (non-GAAP, excl. Ad Spend) All advertising expenses are variable costs, and cashflow (which is controllable) is steadily increasing. Depending on the economic environment, it is possible to steer the company to generate even more profit |
| Reference index | | | | | | |
| EBITDA Margin | 4.0~4.2% | - | 4.0% | | +0.0~0.2pt | ROE ROE is expected to land at around 4.5% for the current fiscal year |
| EBITDA (excl. Ad Spend, non-GAAP) | JPY 4.3~4.4Bn | - | JPY 2.98Bn | | +44~47% | |
| ROE | 4.2~4.8% ⁽³⁾ | - | 2.3% | | +1.9~2.5pt | |

Notes
 (1) Since consolidated accounting was not conducted prior to FY2021, non-consolidated accounting results and growth rates are provided for reference. The same applies hereinafter
 (2) EBITDA (non-GAAP)=Operating Profit + Depreciation + Amortization of goodwill + Stock compensation expense
 Operating Profit (non-GAAP)= Operating Profit + Stock compensation expense
 (3) As the fiscal year ending July 2022 is the first year of consolidation, the figure is calculated by dividing the forecast for Profit (loss) attributable to owners of the parent (JPY 320-370MM) by the assumed amount of equity capital at the end of the fiscal year

3. Non-consolidated financial forecast

In conjunction with the announcement of the consolidated financial forecast, we will only disclose the consolidated financial forecasts going forward, thus the non-consolidated financial forecast will be withdrawn.

4. Recording of extraordinary gain

The Company expects to record an extraordinary gain of approximately ¥750 million as a valuation gain (gain on step acquisition) due to the revaluation of its previously held stake in DANBALL ONE at the market price as at the time of the additional acquisition.