

Company name: RAKSUL INC.
 Representative: Yo Nagami
 Representative Director, President and CEO
 (TSE Prime Market Code No. 4384)
 Contact: Shinnosuke Nishida
 CAO, SVP of Corporate

**Notice Concerning Financing through Bank Loans and Issuance of Private Placement Bonds,
and Conclusion of Committed Credit Line Agreement**

RAKSUL INC. (the “Company”) hereby announces that a resolution was passed regarding the borrowing of funds, issuance of private placement bonds, and conclusion of committed credit line (commitment line) agreement at the Board of Directors meeting held today. The details are as follows. Through a series of financing this time, the Company will realize strong mid to long-term organic growth, continuous M&A, and optimized capital efficiency.

I. Bank Loans

1. Reasons for the borrowing

To provide working capital and to invest in growth for future business expansion

2. Details of the bank loans

(1) Lenders	Sumitomo Mitsui Banking Corporation, Resona Bank, Limited., Nippon Life Insurance Company, and other
(2) Total Amount	JPY 4.25 billion (planned)
(3) Interest Rates	0.41 – 0.85% per annum (fixed and variable, planned)
(4) Loan Execution Dates	February/March 2024
(5) Final Repayment Dates	5-10 years from loan execution dates
(6) Collateral	Unsecured and unguaranteed

II. Issuance of Private Placement Bonds

1. Reasons for issuance

To provide working capital and to invest in growth for future business expansion

2. Details of the private placement bonds

(1) Underwriters	2 domestic financial institutions
(2) Total Amount	JPY 2.45 billion (planned)
(3) All-in Costs	0.79 – 1.49% per annum (fixed, planned)
(4) Payment Dates	February/March 2024
(5) Cash-in Dates	4-5 years from execution date
(6) Collateral	Unsecured

III. Committed Credit Line Agreement

1. Reasons for conclusion of the agreement

To secure agile financing means in order to build a foundation to execute continuous M&A as part of the growth strategy of our group

2. Details of the committed credit line agreement

(1) Contracting Party	Mizuho Bank, Ltd.
(2) Agreement Type	Committed Credit Line Agreement (Commitment Line Agreement)
(3) Maximum Amount	JPY 1 billion
(4) Possible Amount of Increase Request	JPY 20 billion (total combined with the (3) maximum loan amount above)
(5) Date of Agreement	January 29, 2024
(6) Term of Agreement	1 year
(7) Special Provision	Committed credit line with acquisition clause (with request allowed for additional credit)
(8) Permitted Use of Funds	General business funds (including acquisition funds, but excluding non-consensual acquisition funds)
(9) Interest Rates	Base interest rate plus spread
(10) Collateral	Unsecured and unguaranteed

*Committed credit line (commitment line) agreement with acquisition clause (with request for additional credit)

In addition to the promise (commitment) of being able to borrow at any time within the scope of the loan limit (maximum loan amount) for a predefined period, the agreement allows the Company to request an increase in the credit line up to the amount that can be requested as acquisition finance when there are M&A deals (To increase the credit line, a screening prescribed by Mizuho Bank, Ltd. is required).

III. Impact on Financial Results

The Company expects minimal impact from this matter on the financial results for the fiscal year ending July 31, 2024.

Should it impact the Company's finances and performance in the future, such information will be promptly disclosed.

Reference



Financing Package for Medium to Long-Term Growth

- The purposes of the financing are to secure working capital to support mid-to long-term organic growth, to realize domain expansion through continuous M&A, and to achieve optimal capital efficiency
- Optimized financing conditions and interest rate costs to meet the required funding needs through a combination of bank loans, private placement bonds, committed credit lines (commitment lines), and variable/ fixed interest rates

Types	Financial Institutions	Interest Rates	Period	Total amount of Loan and Committed Credit Line
Bank Loans	Sumitomo Mitsui Banking Corporation Resona Bank, Limited. Nippon Life Insurance Company and other	0.41 - 0.85% Per annum Variable and Fixed rates (planned)	5 - 10 years	JPY 4.25Bn (planned)
Private Placement Bonds	2 domestic financial institutions	All-in cost including interest and issuance fees 0.79 - 1.49% Per annum Fixed rates (planned)	4 - 5 years	JPY 2.45Bn (planned)
Committed Credit Lines	Mizuho Bank, Ltd.	Base interest rate + spread	Renewed every year (Renewal requires an evaluation by Mizuho Bank)	JPY 1.0Bn Up to JPY 20Bn with request for increase Credit line increase up to JPY 20Bn can be requested to fund acquisitions in M&A transactions (increase in the credit line requires an evaluation by Mizuho Bank)
Total	-	-	-	JPY 26.7Bn Maximum amount to be raised, including committed credit lines and requests for increase

Consolidated BS Summary as of October 2023

(in JPY MM)

Current status of Balance Sheet and Future Outlook

- The balance sheet change expected in the future outside of business activities is the redemption of CB in November 2024 (approximately JPY 5Bn)
- This financing will increase the current level of cash and deposits, even assuming the redemption of the CB, and will also secure the means to raise funds necessary for M&A through committed credit line (commitment line)
- The finances will be used as working capital to support organic growth, and as a fund for agile M&A and capital allocation to achieve optimal capital efficiency

Cash & Deposits (30% of Total Assets) 10,223	Current Liabilities 9,145 Short-term borrowings 800 Current portion of long-term borrowings 1,604
Other Current Assets 6,800	Non-Current Liabilities 10,156 Bank Loan 4,078 CB (Due in Nov 2024) 5,010
Non-Current Assets 17,470 Goodwill 7,004	Net Assets (44% of Total Assets) 15,193 Share Capital 2,757 Capital Surplus 5,564 Retained Earnings 2,781 Treasury shares -300 Stock Acquisition Rights 1,277 Others 3,112
Assets	Liabilities & Net Assets