

November 15, 2018

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

**Announcement Regarding Posting of Loss on Valuation of Affiliate's Shares (Extraordinary Loss)**

RAKSUL INC. (the "Company") hereby announces that the Board of Directors of the Company resolved at a meeting held today to post an extraordinary loss as follows.

1. Details of loss on valuation of an affiliate's shares (extraordinary loss)

As a result of considering the financial condition and the performance of our non-consolidated subsidiary RAKSUL INTERNATIONAL PTE. LTD., an impairment loss of 44 million yen is posted as an extraordinary loss for the first quarter of the fiscal year ending July 2019 (August 1, 2018 to October 31, 2018).

2. Forecasts

As part of efforts to expand the printing business globally, the Company has made venture investments in local printing EC companies in Indonesia and India through RAKSUL INTERNATIONAL PTE. LTD. However, due to difficulties in fund raising in both of the said countries, the Company recorded an impairment loss. Besides the aforementioned, the Company has no other venture investments in foreign companies.

The Company believes that it was an appropriate decision to make early investments in fields where it conducts business in Japan, and in emerging nations in anticipation of market growth and a shift to e-commerce. However, while the Company estimated the time necessary to establish the printing EC market in Indonesia and India to be a few years, it is expected to take about 10 years. Given that the investment was not made at an appropriate timing, the Company has posted an extraordinary loss.

Going forward, the Company will prioritize domestic and foreign investments in areas where strong synergies with existing business are anticipated. At the same time, it will also explore opportunities in new industries.

The Company expects to report net sales (unaudited result) of 3,430 million yen (up 43.6% year-on-year) and gross profit of 820 million yen (up 37.9% year-on-year) for the first quarter of the fiscal year ending July 2019. With regards to the full-year performance, there is no change from the forecast announced on September 13, 2018 that the Company expects to achieve year-on-year growth of 30% or more for net sales and gross profit, which is the source of corporate value enhancement derived from net sales. The Company also expects to generate operating profit, ordinary profit, and net profit as previously announced.

The Company believes that continuing to reinvest in enhancing the value of its Raksul and Hacobell platforms is most important to increase its corporate value. Therefore, focus will be placed on expanding the printing business (printing EC and advertising businesses) and the logistics business, both of which are its core businesses in Japan.

(Note) The above performance forecast for the first quarter of the fiscal year ending July 2019 has been prepared based on information currently available to the Company, and actual results may differ from forecasted figures due to various factors that may arise in the future.