March 12th, 2020

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

Announcement of revision of financial forecast

After reviewing the recent business trends, RAKSUL has decided to reverse the financial forecast for the fiscal year ending July 31st, 2020, which was announced on September 12th, 2019, as follows.

1. Revision of full-year forecast for FY2020（August 1st, 2019 ~ July 31st, 2020）

	Revenue	Operating Profit	non-GAAP Operating Profit (Loss)	Ordinary Profit (Loss)	Net Profit (Loss)	Earnings (Loss) per Share
	In JPY MM	In JPY MM	In JPY MM	In JPY MM	In JPY MM	In JPY
Previously announced forecast (A)	―	―	―	―	―	―
Revised forecast (B)	22,000 ～23,000	(560) ～(660)	（500) ～(600)	(660) ～(760)	(770) ～(870)	(27.44) ～(31.00)
Difference (B-A)	―	―	―	―	―	-
Difference in percentage (%)	―	―	―	―	―	-
(For reference) Actual result from FY2019(FYE 7/2019)	17,168	143	143	130	69	2.51

Note: 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 release non-GAAP figures because we believe that they are useful for understanding our fundamental business performance. Specifically, we have adjusted for certain one-off profits and losses that we deemed deductable (mainly stock-based compensation expenses.)

2. Reasoning for the revision of financial forecasts

In the current fiscal year, we have been focusing on achieving at least 30% growth in gross profit, which is the source of our enterprise value, and revenue. We have been actively investing in our platforms because we believe that continuous reinvestments in raising our platform value is crucial for growing our enterprise value.

As for the firmwide revenue, although we achieved 48.7% of revenue growth in FY2020 1H the full-year revenue growth is expected to be 28.1%~34.0% YoY (The bottom range assumes that the impact of the Coronavirus disease (COVID-19) will continue until the end of the current fiscal year, additionally, the maximum range assumes that the impact of the Coronavirus disease (COVID-19) will lessen by the end of 3Q). In the printing business (which includes printing, offline advertising and TVCM services), the speed of acquiring new customers is higher than planned; on top of that, we are seeing a strong trend in repeated purchases among both newly acquired

and existing users. In the logistics business, we are seeing a growing demand in the heavyweight freight segment as a result of our effort to expand the sales team (for shipper acquisition) and the supply capacity (i.e. carriers and drivers). Although the forecast above reflects the impact of the Coronavirus disease (COVID-19) as mentioned, if there had been no impact, the full-year revenue was expected to be around ¥24 billion.

Regarding profit, we expect the gross profit, which is the source of our enterprise value, to be between ¥4.8 billion and ¥5.1 billion. As for operating loss (non-GAAP), we expect it to be ¥ 500 million ~ ¥ 600 million, which is the result of our active reinvestment efforts in ad spend and the logistics business. The expected ordinary loss, including interest expenses and costs related to the issuance of convertible bonds, is ¥ 660 million ~ ¥ 760 million. The expected net loss is ¥ 770 million ~ ¥ 870 million. After a careful examination of the realizability of our deferred tax assets and the business performance of the current fiscal year, we have decided to reverse deferred tax assets of approximately ¥130 million and make necessary income tax adjustments this fiscal year.

NOTE: The forecasts presented are based on the information currently available to RAKSUL. The actual results may differ depending on a range of factors.