June 11th, 2020

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(TSE First Section Code No. 4384)
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Announcement of revision of financial forecast

After reviewing the recent business trends, RAKSUL has decided to revise the financial forecast for the fiscal year ending July 31st, 2020, which was announced on March 12th, 2020, 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)	22,000 ～23,000	△560 ～△660	△500 ～△600	△660 ～△760	△770 ～△870	△27.44 ～△31.00
Revised forecast (B)	20,800 ～21,200	△340 ～△420	△280 ～△360	△470 ～△550	△600 ～△680	-
Difference (B-A)	△1,200 ～△1,800	220 ～240	220 ～240	190 ～210	170 ～190	-
Difference in percentage (%)	△5.5 ～△7.8	-	-	-	-	-
(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 deductible (mainly stock-based compensation expenses.)

2. Reasoning for the revision of financial forecasts

As for the firmwide revenue, although we had achieved 48.7% of revenue growth in FY2020 1H, at the time of our previous forecast (March 12, 2020) , the ongoing revenue growth in our printing segment had been in the range of 0% ~ -10% YoY amid uncertainty surrounding the impact of COVID-19. However, we revised it to be lower than the previous forecast since our mainstay printing segment revenue experienced a fall of up to 25% YoY after the state of emergency had been declared. On the other hand, after the state of emergency was lifted in the Tokyo metropolitan areas and Kansai, the revenue from the printing segment recovered to almost the same level as in the previous year. Therefore, unless the state of emergency is declared again, we expect the improvement trend to continue until the end of this fiscal year.

Regarding profit, as we have been focused on improving gross margins in each business, we expect the gross profit, which is the source of our enterprise value, to be between ¥4.65 billion and ¥4.85 billion. As for operating loss (non-GAAP), we revised it upward to ¥ 280 million ~ ¥ 360 million, which is the result of efforts to improve productivity, a temporary reduction in ad spend, and improvement in gross margin.

The expected net loss is ¥ 600 million ~ ¥ 680 million in line with the decrease in operating loss. Furthermore, as the office environment has been reviewed with a view to shift to a new work style, we decided to close the Gotanda office in the 4Q FY2020 and will record ¥ 22 million of non-operating expenses and ¥ 20 million of extraordinary loss.

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